

ROYAL COMMISSION INTO TRADE UNION GOVERNANCE AND CORRUPTION

COUNSEL ASSISTING SUBMISSIONS 2 OCTOBER 2015

THE HSU, KATHERINE JACKSON AND CRAIG THOMSON

A INTRODUCTION

1. These submissions are made pursuant to Practice Direction 10 and relate to the Health Services Union (**HSU**).
2. The HSU¹ has undergone many difficulties and tribulations over the last few years. Many (though not all) of those difficulties centre around three senior figures in the Union: Michael Williamson, Craig Thomson and Katherine Jackson.
3. The allegations against each of these people have now been the subject of criminal and civil investigations and proceedings, both concluded and ongoing. Those proceedings are described further in these submissions. They concern allegations of misappropriation of the funds of the Union summarised as follows:
 - (a) in the case of Michael Williamson, charges of defrauding the HSU and the New South Wales Union (**NSW Union**) by the provision of false invoices in the amount of \$938,000;
 - (b) in the case of Craig Thomson, criminal charges concerning misuse of HSU funds for personal expenses, for which he was initially convicted of counts with a total value of \$24,583.42 but on appeal convicted of counts totalling \$5,650. In separate civil proceedings Craig Thomson was found to have

¹ The legal structure of the HSU and its related entities is discussed further in Section B of these submissions.

misused HSU funds for a number of purposes, in an amount yet to be the subject of final relief;

- (c) in the case of Katherine Jackson, civil proceedings in which she was ordered to pay compensation to the HSU of \$1,406,338.16. Katherine Jackson's activities are presently also the subject of an ongoing criminal investigation, as discussed further in section C1 of these submissions below (see paragraphs 69 and 70).
4. In overview, it is submitted, based on what follows, that the Commissioner should make findings consistent with the above. In other words, it is submitted that each of the above persons misappropriated funds in the amounts set out in the preceding paragraph, such that they have been personally responsible for the misappropriation of HSU members' money in a total amount exceeding \$2.4 million.
 5. It is further submitted in overview that this sorry history of misappropriation and deceit was facilitated by a culture then pervasive at the HSU, in which senior management operated with a sense of complete entitlement in respect of the use of members' money and at the same time without being subject to proper control or supervision.
 6. It will be helpful to begin by discussing briefly each of three persons responsible for the above misappropriations. The general approach taken by the Commission is then discussed.
 7. The balance of these submissions is then arranged as follows:
 - (a) Section B addresses the relevant rules of the HSU.
 - (b) Section C describes and considers the activities of Katherine Jackson.
 - (c) Section D describes and considers activities of Craig Thomson.
 - (d) Section E deals with governance issues.
 8. It is also worth noting that in part these submissions incorporate, and develop, relevant matters addressed in Chapters 12 and 13 of counsel assisting's submissions of 31

October 2014. For convenience, aspects of the above chapters are reproduced in these submissions.

Michael Williamson

9. Michael Williamson was for some years General Secretary of the NSW Branch. After the merger in 2010 he was General Secretary of HSU East Branch and the NSW Union. Counsel Assisting made submissions in relation to the conduct of Michael Williamson in relation to the HSU in Chapters 4.5 and 10.2 of their submissions dated 31 October 2014.
10. In about September 2011, following allegations that had been raised in the media about the conduct of Michael Williamson, the Union Council resolved to call for an independent inquiry. On 4 November 2011 Ian Temby QC and Dennis Robertson FCA commenced an inquiry into the affairs of HSU East. Their report was published on 3 July 2012.
11. On 4 October 2012 Michael Williamson was charged with various offences relating to corrupt conduct and in relation to steps he took to destroy and fabricate evidence to hinder the investigation of his wrongdoing. On 15 October 2013 Michael Williamson pleaded guilty to some of those charges. He is presently serving a custodial sentence.
12. By way of example, the charges to which Michael Williamson pleaded guilty are the subject of agreed facts signed by Michael Williamson, as follows.
13. The first charge was cheating or defrauding the HSU while a director.² Michael Williamson procured the services of Access Focus Pty Ltd to print HSU publications, and entered into an arrangement whereby Access Focus would inflate its invoices to the union and Michael Williamson and the HSU's NSW procurement manager, Cheryl McMillan, would receive cash payments. As a result of this corrupt arrangement, Michael Williamson received about \$600,000 in cash.³

² Contrary to then s 176A of the *Crimes Act* 1900 (NSW).

³ Statement of Agreed Facts dated 14 October 2003, [72]-[77].

14. The second charge related to recruiting another to assist in carrying out a criminal activity,⁴ in that he instructed John and Carron Gilleland to destroy American Express statements with the intention of hindering a police investigation. The Gillelands operated a business that produced the HSU's NSW magazine. Michael Williamson caused them to apply for American Express cards for the use of Michael Williamson (and later Craig Thomson) with the intention of avoiding scrutiny of expenditures. When the police investigation commenced, Michael Williamson instructed the Gillelands to destroy the American Express statements.⁵

15. The third charge related to cheating or defrauding the HSU while a director⁶ by issuing 22 invoices in the amount of \$15,385 to the Union from a business known as CANME Services, which was associated with Michael Williamson and his wife, and signing cheques on behalf of the HSU NSW Branch in payment of those invoices. The invoices purportedly related to the task of archiving old records. The cheques were countersigned by the Vice President of the NSW Branch, pursuant to a practice whereby the Vice President would sign blank cheques in advance.⁷ The total amount paid to CANME was \$338,470.⁸ The funds received by CANME were expended on personal expenses for the benefit of Michael Williamson and his family.⁹

16. The fourth charge related to dishonestly making a false statement while an officer of an organisation with the intention of deceiving the members or creditors of the organisation.¹⁰ The facts were that, while the Temby inquiry was underway and after enquiries had been made as to HSU East's dealings with CANME, Michael Williamson caused Peter Mylan to make a false statement to the inquiry that the payments to CANME had been approved by the Union Council. The relevant minutes of Union Council meetings were then destroyed by another union employee on Michael Williamson's instructions. He then presented to the Chief Financial Officer of HSU East, Barry Gibson, 15 invoices for the CANME services. He had Barry Gibson

⁴ Contrary to s 351A of the *Crimes Act* 1900 (NSW).

⁵ Statement of Agreed Facts dated 14 October 2003, [78]-[85].

⁶ Contrary to then s 176A of the *Crimes Act* 1900 (NSW).

⁷ Statement of Agreed Facts dated 14 October 2003, [19]-[25].

⁸ Statement of Agreed Facts dated 14 October 2003, [22].

⁹ Statement of Agreed Facts dated 14 October 2003, [36].

¹⁰ Contrary to s 192H of the *Crimes Act* 1900 (NSW).

endorse the invoice without evidence of payment. He had Peter Mylan to sign them as if they had been approved for payment. Those invoices were then provided to the Temby inquiry.¹¹ Associated charges on this count related to instructing Bradley Bird to delete files relating to CANME from Michael Williamson's computer after the criminal investigation had been announced.¹²

Craig Thomson

17. Craig Thomson was formerly National Secretary of the HSU. In 2007 he became a member of Federal Parliament. Craig Thomson was charged on 30 January 2013 with a large number of offences relating to the misuse of his union-issued credit card. On 18 February 2014 Craig Thomson was convicted by the Magistrates Court of Victoria of some 71 counts of obtaining financial advantage by deception and some 16 counts of theft.
18. Craig Thomson appealed from these convictions, which appeal was heard in December 2014 by her Honour Judge Douglas in the County Court of Victoria. The appeal proceeded by way of rehearing. Judge Douglas convicted Craig Thomson of thirteen of the charges brought by the Director of Public Prosecutions and found that he was not guilty of the remainder.
19. Craig Thomson was also party to civil proceedings in the Federal Court of Australia (VID 798 of 2012) brought by the General Manager of Fair Work Australia in respect of alleged contraventions by Craig Thomson of the *Workplace Relations Act 1996* (Cth) (**WRA**). Some of those contraventions overlap with the criminal proceedings.
20. On 11 September 2015 Jessup J delivered his decision in these proceedings, being *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001. In substance, Jessup J found that Craig Thomson had breached his statutory duties in a variety of ways, including by inappropriately using union funds. More detail is set out below. It is submitted in the present proceedings that the Commissioner should accept the findings of Jessup J in the civil proceedings.

¹¹ Statement of Agreed Facts dated 14 October 2003, [37]-[55].

¹² Statement of Agreed Facts dated 14 October 2003, [63]-[71].

Katherine Jackson

21. Katherine Jackson became Secretary of the HSU Victoria No 3 Branch (**No 3 Branch**) in about 1996, and remained in that position (with a brief interruption following her election as National Secretary) until 24 May 2010. She was appointed Acting National Secretary of the HSU in December 2007 and elected National Secretary on 23 January 2008. She held that position until February 2015.
22. As has been noted elsewhere, Katherine Jackson was instrumental in revealing Michael Williamson's conduct to the public and to the prosecution. However her own activities as a union official have now also come to light. These are discussed in detail below. In substance, as has now been found by Tracey J in *Health Services Union v Jackson (No 4)* [2015] FCA 865, Katherine Jackson misused her position as a union official to further her own interests and her political ambitions in a variety of ways and over a period of years, resulting in the misappropriation from the HSU of in excess of \$1.4 million. These matters are also considered in detail below.
23. The evidence before Tracey J is consistent with the evidence heard by the Commission before the hearing of the civil proceedings. Indeed in many instances it has been possible to put the findings of Tracey J in wider context by reference to evidence received by this Commission. It is submitted that, in those circumstances, the Commission should accept the findings of Tracey J in the civil proceedings.

The Commission's approach

24. The picture that emerges from the above outline is deeply disturbing. It is of a union in disarray. It is of a union in which the predominant culture among senior management was of entitlement, not service. At the apex of the union was a triumvirate of persons who were prepared to further their own personal interests and political ambitions at the expense of the members.
25. As already noted, the activities of this triumvirate are now the subject of binding decisions of the Courts. The Commissioner noted in Chapter 8.2 of his Interim Report, at paragraph [152], that it was appropriate in the circumstances then present to defer

findings in relation to the conduct of Katherine Jackson while proceedings were pending, however, those proceedings now having been determined:

- (a) there is a discrete body of conclusively determined factual material (much of which was ultimately uncontested) capable of assessment;
- (b) judgment in the proceedings has conclusively determined Katherine Jackson's rights in respect of the subject matter of the judgment; and
- (c) if there were a successful appeal as to the merits of the judgment, then the findings of the Commission would be assessed in that context.

26. The same applies to the position of Craig Thomson.
27. Among other things, the Commissioner can examine the facts and issues relating to the HSU's governance and look in a more widely ranging way at questions about how and why this conduct occurred. In particular, how is it that the activities of these three senior officials was able to be continued for so long and so brazenly? Why was it not detected earlier? Why did no one from the Branch Committee of Management (**BCOM**) or any auditor identify what was going on?
28. In large part, this comes down to questions of governance and transparency. The three individuals identified above were intelligent, determined and forceful – even dominating – union officials. Each was apparently bent upon pursuing his or her own interests, including their own political aspirations, come what may. It seems to have been all too easy for these individuals to prosecute their own interests ahead of those of the members. These issues will be considered further in the final section of these submissions.
29. It should be emphasised that what follows are the submissions of Counsel Assisting only. The purpose of Practice Direction 10 is to afford any person referred to in or affected by these submissions with an opportunity to respond, including with any relevant evidence. For that purpose, a significant volume of further evidence has been made available and is addressed in these submissions. After receiving submissions from

all affected parties and any further evidence the Commissioner will be in a position to make appropriate findings in relation to the matters raised in these submissions.

B THE RULES AND GOVERNANCE OF THE HSU

Structure

30. The HSU is a trade union registered under the *Fair Work (Registered Organisations) Act* 2009 (Cth). It is an old and well-established union – it has existed in various iterations since 1911. Its members are health and community services workers. It was one of the five employee associations specifically named in the Commission’s Terms of Reference.
31. HSU is a federation of various autonomous State branches. These branches collect membership fees and operate as financially independent units. Each Branch has elected officers. A BCOM is responsible for the management of the affairs of the Branch. The BCOM is comprised of the Branch Officers and rank and file members.
32. In addition to the federally registered HSU, there have existed for many years independent, but associated, State-registered unions in New South Wales (**NSW Union**), Tasmania and Western Australia. These State-registered unions are ‘employee associations’ within the definition of that term in the Commission’s Terms of Reference.
33. The HSU and the NSW Union have undergone various well-publicised upheavals in recent years.
34. Among other things, in early 2010 the Victoria No 1 Branch, the Victoria No 3 Branch and the New South Wales Branch of the HSU merged, forming the HSU East Branch. Fair Work Australia certified the rule changes necessary to implement this merger on 24 May 2010. In July of that year, the NSW Union amended its rules to permit members of the former Victorian No 1 Branch and No 3 Branch to become members of the NSW Union. Officers of HSU East Branch automatically held the same position in the NSW Union. These submissions will refer to the HSU East Branch and the enlarged NSW Union collectively as ‘HSU East’.

35. On 21 June 2012 the merger was reversed by order of the Federal Court of Australia.¹³ HSU East Branch and the NSW Union were put into administration. The various Branches were 'de-amalgamated'. The HSU East Branch ceased to exist and was broken into the Victoria No 1 Branch, the Victoria No 3 Branch and the New South Wales Branch. The Victorian members ceased to be members of the NSW Union.

Rules

36. In order to properly understand the framework for governance of the HSU, it is necessary to examine in some detail the registered rules of the Union as in force from time to time (**HSU Rules**). The rules presently in force (dating from 5 June 2014) have been significantly renumbered from those in force during the period under consideration in these submissions.¹⁴ During the relevant period, the following rules were in force:¹⁵
- (a) The rules in force as at 13 May 2000 (2000 Rules);
 - (b) The rules in force as at 29 November 2009 (2009 Rules); and
 - (c) The rules in force as at 24 May 2010 (2010 Rules).
37. In these submissions reference will be made to the numbering adopted in the 2009 Rules. There is no material difference to the content of the rules in force over the relevant period.
38. The HSU Rules provided that the National Council was the supreme governing body of the Union.¹⁶ It was required to meet annually,¹⁷ with special meetings held by

¹³ *Brown v Health Services Union; HSU East v New South Wales Minister for Finance and Services* (2012) 205 FCR 548; [2012] FCA 644.

¹⁴ Chris Brown, witness statement, 27/8/2014, para 14.

¹⁵ Chris Brown, witness statement, 27/8/2014, para 13, tab 1A (2000 Rules), tab 1B (2009 Rules), tab 1C (2010 Rules).

¹⁶ HSU Rule 21.

¹⁷ HSU Rule 22(a).

resolution of the National Council or National Executive, or by decision of the National Secretary in conjunction with the National President.¹⁸

39. The powers of the National Council included the fixing of remuneration and terms and conditions of employment of the Officers of the Union.¹⁹ HSU Rule 19 provided that one of these Officers was the National Secretary who was to be a full time paid officer.²⁰ That Rule was amended on 24 May 2010 to provide that it was for the National Council to determine, from time to time, whether the office of National Secretary was to be a full time paid office.
40. Provision was made, in the HSU Rules, for a National Executive comprising the National Officers, including the National Secretary, and the Branch Secretaries of each Branch.²¹
41. The National Executive had a general power, subject to certain qualifications, to conduct and manage the affairs of the Union and could exercise the powers of the National Council between its meetings.²² Meetings of the National Executive were to be held when decided by the National Council or the National Executive or, if considered necessary, by the National Secretary in conjunction with the National President.²³
42. The powers and duties of the National Secretary were dealt with in HSU Rule 32. They included being the registered officer with power to sue and be sued on behalf of the Union and to control and conduct the business of the Union between meetings of the National Executive.²⁴ HSU Rule 32 also conferred responsibility on the National Secretary to:
 - (e) keep or cause to be kept the records required to be kept by an organisation pursuant to the provisions of the Industrial Relations Act 1988 [sic] or as amended from time to time;

¹⁸ HSU Rule 22(b).

¹⁹ HSU Rule 21(c).

²⁰ HSU Rule 19.

²¹ HSU Rule 26.

²² HSU Rule 27(a).

²³ HSU Rule 28(a).

²⁴ HSU Rule 32(a) and (n).

- (f) lodge and file with and furnish to the Industrial Registrar all such documents as are required to be lodged, filed or furnished under the said Act at the prescribed times and in the prescribed manner;
- (g) receive all monies on behalf of the Union and pay the same within seven days of receipt into the Commonwealth Bank to the credit of the Union and enter into a book kept for that purpose particulars of all amounts received and paid to such bank;
- (h) draw up a report and balance sheet to be submitted to the National Council at its Biennial Meeting and forward a copy of the same to each branch;
- (i) submit his/her books, accounts and receipts annually or as often as may be required by the National Council or National Executive to the auditors and to give them such assistance as they may require in the audit;
- (j) be responsible for the books, records, property and moneys of the Union and, within 48 hours of receiving a request from the National Council to do so, deliver to the National Council such books, records, property and moneys;

43. HSU Rule 36 dealt with the funds and property of the Union. Rule 36(b) provided that:

[t]he funds and property of the Union shall be controlled by the National Council and the National Executive both of which shall have power to expend the funds of the Union for the purposes of carrying out the objects of the Union and all cheques drawn on the funds of the Union shall be signed by two officers of the Union and at least one Trustee. For the expenditure of funds of the Union on the general administration of the Union and for purposes reasonably incidental to the general administration of the Union, the prior authority of the National Council or National Council or the National Executive shall not be necessary before cheques are signed or accounts paid.

44. HSU Rule 36(f) provided that the Union shall not make any loan, grant or donation of any amount exceeding \$1,000 unless the National Council or the National Executive of the Union:

- (i) has satisfied itself:
 - (a) that the making of the loan, grant or donation would be in accordance with the other rules of the Union, and,
 - (b) in relation to a loan, that, in the circumstances, the security proposed to be given for the repayment of the loan is adequate and the proposed arrangements for the repayment of the loan are satisfactory and,
- (ii) has approved the making of the grant, loan or donation.²⁵

45. The HSU Rules provide for the appointment of a national auditor to be appointed annually by the National Executive and to have power to access all records of the National Council, National Executive and each Branch and be empowered to question

²⁵ Thus giving effect to the requirements of s 149(1) of the FWRO Act and its predecessors. However, rule 36(g) excluded from the operation of the rule payments made by way of provision or reimbursement of out of pocket expenses incurred by persons for the benefit of the Union.

officers and employees of the Union and require information from any bank, and to place suggestions before the National Executive, or the BCOM of any Branch, suggestions as to the financial affairs of the Union or a Branch.²⁶

46. From 12 November 2009, the HSU Rules required provision of financial reports to members, thus giving effect to the requirements of s 265(1) of the *Fair Work (Registered Organisations) Act* 2009 (Cth) (**FWRO Act**).²⁷
47. Under the HSU Rules, Branches of the Union ‘shall be completely and absolutely autonomous within the ambit of these Rules, and shall be responsible for their own Government and administration.’²⁸ The HSU Rules provide that there are five branches in Victoria, two in Tasmania, two in Western Australia and one apiece in New South Wales, South Australia and Queensland.²⁹
48. The management and control of the affairs of each Branch was in the hands of a Branch Committee of Management (the BCOM), subject to any proper direction of the National Council or National Executive.³⁰ Each Branch had officers, including a Branch Secretary.³¹ The BCOM consisted of the officers of the Branch and not less than five, nor more than 15, ordinary members who were elected from time to time.³²
49. The BCOM was empowered to transact all the business of the Branch,³³ and in particular to fix remuneration and terms and conditions of employment of officers of the Branch,³⁴ to direct the Branch Secretary on the performance of his/her duties,³⁵ to appoint a branch Auditor,³⁶ and to take any action which, in the opinion of the

²⁶ HSU Rule 35.

²⁷ HSU Rule 35A.

²⁸ HSU Rule 44.

²⁹ HSU Rule 46(a).

³⁰ HSU Rule 49(a).

³¹ HSU Rule 50(a).

³² HSU Rule 51.

³³ HSU Rule 52(a).

³⁴ HSU Rule 52(e).

³⁵ HSU Rule 52(g).

³⁶ HSU Rule 52(k).

Committee, was in the interests of the Branch, provided it did not conflict with the policies of the Union.³⁷

50. The Branch Secretary was to be the chief executive officer of the branch and was to have charge of the general conduct, administration and business of the branch, subject to the HSU Rules.³⁸ The Branch Secretary was required to:

- (b) receive or cause to be received all moneys on behalf of the branch and issue receipts and pay all moneys received by him/her on behalf of the Branch into such bank...or any other financial institution as the Branch Committee may from time to time decide;
- (c) have charge of the financial books and statements of his/her Branch;
- (d) prepare and present to each meeting of the Branch Committee an up-to-date financial statement and when called upon to do so by the Branch Committee, produce all relevant books;
- ...
- (f) conduct the business and correspondence on behalf of the Branch;
- ...
- (g) hand his/her successor, on the latter's election, all moneys and property held by him/her on behalf of the Branch;
- (k) subject to any direction of the Branch Committee appoint, engage, control and dismiss such clerical and other staff as may be necessary for the conduct of the affairs of the branch;
- (l) prepare returns required by the Industrial Relations Act 1988 (sic).

51. The HSU Rules provide for the appointment, by the Branch Committee, of a branch auditor with equivalent powers and responsibilities as that of the National Auditor.³⁹ They also deal with the funds and property of the Branch. HSU Rule 60 (amended on 24 May 2010 and renumbered 65) provided inter alia that:

- (a) The funds and property of a branch shall consist of –
 - (i) any real or personal property of which the branch by these rules or by an established practice not inconsistent with these rules, has, or, in the absence of any limited term lease, bailment or arrangement would have, the right to custody, control or management;

³⁷ HSU Rule 52(l).

³⁸ HSU Rule 56 (Rule 57 from 24 May 2010).

³⁹ HSU Rule 59 (Rule 64 from 24 May 2010).

...

- (c) All cheques drawn on the funds of a branch shall be signed by the Branch Secretary (or in his/her absence the Branch Assistant Secretary) together with any two members of the Branch Committee.
- (d) For the expenditure of the funds of a branch on the general administration of the branch, the prior approval of the Branch Committee shall not be necessary before such cheques are signed or accounts paid.

52. HSU Rule 60(e) was in equivalent terms to HSU Rule 36(e) set out above.

53. HSU Rule 68(a) (Rule 75 from 24 May 2010) provided for additional remuneration for members, as follows:

Should any member of the Union lose any part of his/her salary or wages or be required to work overtime in consequence of his/her having been engaged on the business of the Union or his/her branch under instructions from the National Executive, or his/her Branch Committee, the National Executive or his/her Branch Committee, as the case may be, shall make good all such loss or shall remunerate the member at his/her rate of salary for the time occupied by him/her whilst so engaged. Reasonable out-of-pocket expenses shall be allowed [to] members engaged on Union or branch business.

54. The proper construction of the BCOM's powers to remunerate its members pursuant to rules 52 and 68 was addressed in Chapter 12.3 of Counsel Assisting's Submissions dated 31 October 2014 at paragraphs [39]-[42], and is discussed further below.

55. Under HSU Rule 29 elections for national and branch offices of the Union were to take place every four years commencing in 2006.

C ALLEGATIONS RELATING TO KATHERINE JACKSON

C1. Background

56. Katherine Jackson became Secretary of the No 3 Branch in 1996⁴⁰ or 1997.⁴¹ She remained Secretary until 2010 when the No 3 Branch amalgamated with the Victoria No 1 Branch and HSW NSW Branch,⁴² save that for a brief period between January 2008

⁴⁰ Katherine Jackson, witness statement, p 3, para 30, 34.

⁴¹ Christopher Paul Brown, witness statement, p 12, para 22.

⁴² Katherine Jackson, witness statement, p 3, para 30.

and 13 May 2008 she did not hold the office. Mr Brian Yeates was the Secretary in the interim period.⁴³

57. The brief interregnum was caused by Katherine Jackson's appointment as National Secretary. Katherine Jackson was appointed Acting National Secretary of HSU in December 2007. She was elected National Secretary on 23 January 2008. From Katherine Jackson's reappointment as No 3 Branch Secretary on 13 May 2008 after a rule change enabled her to hold both positions, she held both roles concurrently until the amalgamation.⁴⁴
58. Proceedings in the Commission. During hearings in the Commission in 2014 a number of witnesses gave evidence and were cross-examined in relation to the issues involving and allegations against Katherine Jackson and a significant number of relevant documents were received into evidence.
59. Among other witnesses:
 - (a) Katherine Jackson gave evidence on 18 June 2014, 19 June 2014, 30 July 2014, 28 August 2014 and 29 August 2014.
 - (b) Jane Holt gave evidence on 17 June 2014 and 27 August 2014.
 - (c) Katharine Wilkinson gave evidence on 17 June 2014 and 27 August 2014.
 - (d) Christopher Brown gave evidence on 27 August 2014 and 29 August 2014.
 - (e) John Agostinelli gave evidence on 17 June 2014 and 27 August 2014.
 - (f) Iaan Dick gave evidence on 19 June 2014 and 27 August 2014.
 - (g) Jeffrey Jackson gave evidence on 27 August 2014.

⁴³ Christopher Paul Brown, witness statement, p 12, para 21.

⁴⁴ Christopher Paul Brown, witness statement, para 24.

60. In their written submissions in October and November 2014, Counsel Assisting, the HSU and Katherine Jackson each submitted that the Commissioner not make findings or recommendations concerning the allegations raised against Katherine Jackson in the Federal Court proceedings (**Allegations**) while those proceedings were ongoing.⁴⁵
61. The Commissioner did not in his Interim Report deal with the evidence which had been received up until that time in respect of the Allegations.⁴⁶
62. In his opening statement of 24 April 2015 the Commissioner indicated that issues affecting Katherine Jackson should be dealt with in the Commission unless good reason were shown for a contrary course. For the reasons stated in paragraph 25 above, Counsel Assisting submits that no good reasons not to consider these issues now exist when regard is had to the status of the civil proceedings and the criminal investigation.
63. Civil proceedings. The civil proceedings commenced by the HSU against Katherine Jackson sought relief in respect of alleged contraventions of sections of the FWRO Act,⁴⁷ as follows:
- (a) Section 285(1), which prescribes a duty of care and diligence in the exercise of a union officer's powers and duties;
 - (b) Section 286(1), which requires a union officer to exercise his or her powers and discharge his or her duties in good faith in what he believes to be the best interests of the organisation, and for a proper purpose; and
 - (c) Section 287(1), which precludes an officer or employee of a union from improperly using his or her position to gain an advantage for himself or herself or another person, or cause detriment to the organisation or another person.

⁴⁵ Counsel assisting submissions dated 31 October 2014 Chapter 1.1 at paragraph 81; HSU written submissions dated 14 November 2014 at paragraph 6(a); Katherine Jackson's written submissions dated 14 November 2014 at paragraphs 100 – 107.

⁴⁶ Royal Commission into Trade Union and Governance Interim Report, 15/12/14, vol I, ch 1, p 28, [95]; see also vol II, c 8.2, p 1067, paragraph [152].

⁴⁷ The relevant provisions of the FWRO Act existed, in the same form, in Schedule 1B of the WRA up to 26 March 2006, and Schedule 1 of the WRA until the repeal of that Act and the commencement of the FWRO Act on 1 July 2009.

64. On 19 August 2015 Justice Tracey delivered his reasons for decision in the Federal Court proceedings (**Judgment**) such that, pending any successful appeal, the Federal Court proceedings are now concluded. Katherine Jackson filed a Notice of Appeal in respect of that decision on 9 September 2015. The Notice of Appeal filed by Katherine Jackson does not seek to challenge the factual basis for the Judgment, although an amendment to the Notice of Appeal is foreshadowed.
65. The Judgment is a binding and conclusive determination of all issues between Katherine Jackson and the HSU.
66. While Katherine Jackson did not take an active part in the final hearing of the Federal Court proceedings before Tracey J, prior to the final hearing she had filed a defence and a number of detailed affidavits which contained her response to the Allegations.
67. An important feature of Katherine Jackson's defence in the civil proceedings was the fact that she did not, for the most part, challenge the fact of having incurred various expenditures and committing the Union to various obligations. Rather, her assertion was that those acts were properly authorised by the BCOM and (where relevant) the Branch Secretary.
68. A second important feature of Katherine Jackson's defence was that she contended that she was at a disadvantage in making out her defence because of the unavailability of documents relevant to her tenure as No 3 Branch Secretary. That issue was addressed in Chapter 12.2 of Counsel Assisting's Submissions dated 31 October 2014. There seems little doubt that many of the records have become unavailable, and are likely to remain unavailable. Nonetheless, the Commission must do its best on the material available to it. That material includes a significant volume of documentation and evidence of a number of persons that were involved in the HSU during the period under consideration. The objective circumstances may also be taken into account.
69. Criminal investigation. The Victorian Police Taskforce operating independently but in support of the Royal Commission is presently conducting an investigation into whether criminal conduct has occurred in relation to the Allegations. It appears likely that this investigation will not be concluded before the end of the term of this Commission.

70. In the circumstances presently arising, including the likely further lapse of time before the completion of the police investigation and the complexity of the matters the subject of that investigation, these submissions will not seek to speculate on the outcome of the investigation by canvassing whether criminal conduct may have occurred in relation to the Allegations against Katherine Jackson. It is anticipated that the outcome of the criminal investigation will be announced by the relevant authorities in due course.

C2. NHDA

71. The circumstances in which the Peter MacCallum Institute came in 2003 to pay the sum of \$250,000 to the Victoria No 3 Branch of the HSU are set out in detail in Chapter 12.3 of Counsel Assisting's October 2014 submissions.

Establishment and approval of the NHDA

72. Katherine Jackson asserts that the creation of the NHDA was authorised by a resolution of BCOM in about 2004. In Katherine Jackson's defence in the civil proceedings, the resolution was described as follows:⁴⁸

In early 2004 the BCOM discussed what should be done with the windfall "Peter Mac money" and resolved it should be earmarked as a discretionary fund to be spent over time to advance the industrial and political interests of the Vic 3 Branch and the Union more generally (Fund) and authorised Jackson to spend that money at her discretion for the purposes specified in the resolution, including an amount of \$4,000 that she was authorised to spend on her own personal expenses ...

73. Tracey J found that the 2004 resolution as contended for by Katherine Jackson did not authorise the establishment of the NHDA.⁴⁹ More particularly, the 2004 resolution did not authorise an account which was not subject to the reporting and auditing requirements of the FWRO Act and the HSU Rules.
74. The evidence adduced in the Federal Court proceedings as to the resolution to constitute the NHDA is broadly consistent with the evidence before the Commission (save that, in her evidence before the Commission Katherine Jackson said that the resolution was

⁴⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [82]; Katherine Jackson, witness statement, 18/6/14, para 423. See also Katherine Jackson, 30/7/14, T:400.44-401.3.

⁴⁹ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [120].

passed in late 2003⁵⁰ and in her defence in the civil proceedings Katherine Jackson stated that the resolution was passed at some point in 2004).

75. Katherine Jackson stated in her evidence before the Commission that she discussed with the BCOM a range of things the fund could be spent on, including 'education, travel, electioneering when the vital interest of the Union was at state [sic] and political donations.'⁵¹

76. In her written statement to the Commission, Katharine Wilkinson said:⁵²

The BCOM discussed the settlement money and decided that the money should be kept to further benefit the interests of members. I recall that the BCOM passed a resolution approving the earmarking of the Peter Mac money **as a fund that could be expended by Katherine Jackson on a discretionary basis for union purposes including advancing the industrial and political interests of the union.** I also recall that Ms Jackson was also authorised to spend for her own personal purposes because she had not been receiving sitting fees (emphasis added).

77. Reuben Dixon was a member of the HSU Victoria No 3 BCOM from late 1998 to May 2010.⁵³ After having a discussion with Katharine Wilkinson, he recalled that the 'No 3 Branch received a payment from Peter Mac' which he believed was a 'settlement payment or some kind of payment which was made following the underpaying of their staff for a long period of time'.⁵⁴ But he could not 'precisely recall what the payment was for'.⁵⁵ He could not recall the quantum of the payment, but believed it was about \$160,000.⁵⁶

78. Reuben Dixon believed that 'after the money was paid to the No 3 Branch, Katherine Jackson put it into an education fund, however [he could not] be sure of this', adding that he could not recall 'the details, how it was set up, or who was signatory to the fund'.⁵⁷ He said he recalled 'discussion at a BCOM meeting that the settlement money

⁵⁰ Katherine Jackson, witness statement, 18/6/14, para 423.

⁵¹ Katherine Jackson, witness statement, 18/6/14, para 422.

⁵² Katharine Wilkinson, witness statement, 17/6/14, para 32 and see Katharine Wilkinson, 17/6/14, T:659.10-660.47.

⁵³ Reuben Dixon, witness statement, 17/6/14, para 5; Reuben Dixon, 27/8/14, T:768.24-27.

⁵⁴ Reuben Dixon, witness statement, 17/6/14, para 32.

⁵⁵ Reuben Dixon, witness statement, 17/6/14, para 32.

⁵⁶ Reuben Dixon, witness statement, 17/6/14, para 36.

⁵⁷ Reuben Dixon, witness statement, 17/6/14, para 37.

would be invested into a fund for research purposes, as the payment represented a large part of [the branch's] assets'.⁵⁸ He did not recall a resolution authorising the transfer of money out of the Branch's account into an account conducted by Katherine Jackson.⁵⁹ He said that he recalls the discussion because:⁶⁰

...when I joined the BCOM in 1998 we had next to no money and no staff. When I left BCOM in 2010 we only had about \$900,000, and therefore, I recall the discussion about the Peter Mac settlement in the context of the No 3 Branch's finances.

79. Although Reuben Dixon's recollection was not as clear as Katherine Jackson's and Katharine Wilkinson's recollections, and the detail of his evidence did not precisely match what Katherine Jackson and Katharine Wilkinson said, his evidence was nevertheless broadly consistent with Katherine Jackson's and Katharine Wilkinson's evidence.
80. Tracey J received evidence from Olga Gountras, a member of BCOM between 1994 and 2009. Her evidence as to the passing of the resolution was summarised by Tracey J as follows:⁶¹

During this period she attended about 100 meetings of the Committee. Olga Gountras had never heard of the NHDA. She had no recollection of the 2004 resolution having been passed, although she conceded that she had missed meetings between 25 April and 30 June 2004 whilst she was overseas. The Committee was told, on occasions, that the NHDA funds were a "health fund contribution". Ms Jackson had never advised, at any meeting at which Olga Gountras had been present, that she (Ms Jackson) had transferred or was proposing to transfer Branch funds into an account which Ms Jackson alone controlled.

81. Accordingly, there is some doubt, arising from the evidence of Olga Gountras and the inconsistency in Katherine Jackson's accounts of when the BCOM resolution was passed, as to whether the resolution was in fact passed. There appears to be little doubt that the BCOM subsequently acted on the basis that the fund had been established.⁶²

⁵⁸ Reuben Dixon, witness statement, 17/6/14, para 38.

⁵⁹ Reuben Dixon, 27/8/14, T:770.11-14.

⁶⁰ Reuben Dixon, witness statement, 17/6/14, para 39.

⁶¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [98].

⁶² Because subsequent BCOM resolutions authorised funding of the NHDA from the funds of the HSU NO 3 Branch: *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [85]-[86]. See also Counsel Assisting Submissions October 2014, Chapter 12.3 [52], [56], and Katharine Wilkinson, witness statement, 13/6/2014, [33].

82. Accepting, for present purposes, that the resolution was passed in the terms identified above,⁶³ the question arises whether as a matter of proper governance the BCOM could, acting within power and for a proper purpose, commit funds of the Union to be expended in that way.

83. Tracey J set out in the Judgment a lengthy explanation by Katherine Jackson of the purpose for which she intended to deploy the NHDA funds. These included funding elections for control of branches of unions and servicing alliances with ALP politicians, including funding their electoral campaigns and contributing to ALP branch membership fees to achieve branch stacking. The advantage of this latter course is that it enables unions to have an ‘ear in government’ in respect of matters of interest to the Union’s members. The extract from Katherine Jackson’s affidavit concluded:⁶⁴

In short, one cannot be an ALP factional player without access to a fighting fund, and without the need to deploy funds in a manner that is kept secret and ignores disclosure obligations because the funds are being deployed in circumstances that “must” be kept secret.

84. Katherine Jackson gave evidence to similar effect before the Commission.⁶⁵

85. Tracey J expressed serious doubt as to whether the commitment of funds, at the discretion of a single member of the union, towards the funding of election campaigns for HSU branches or other unions, or to effect branch stacking in ALP electorates, could reasonably be in the interests of the members. His Honour referred to:⁶⁶

the blurring of the distinction between personal and Union interests. The strengthening of the position of the factional warrior who holds a Union office is assumed to advance the interests of the Union and its members. This mindset readily evolves into a pervasive sense of entitlement, on the part of the office holder, to utilise the Union’s resources to advance his or her personal interests.

86. Tracey J’s conclusion was that the terms of the 2004 resolution purportedly passed by the BCOM were not such as to authorise the creation of the account that was in fact established by Katherine Jackson, or the transfer of funds to that account.⁶⁷

⁶³ As was the approach of Tracey J: *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [106].

⁶⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [89].

⁶⁵ Katherine Jackson, 18/6/14, T:824.17-30.

⁶⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [90]-[91].

⁶⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [106]-[107], [120].

87. Each of the members of the BCOM were, by operation of s 9 of the FWRO Act and its predecessors, officers of the No 3 Branch and subject to the duties conferred in Part 2 of Chapter 9 of the FWRO Act in respect of the financial management of the Branch. For the reasons identified by Tracey J in his judgment, the 2004 resolution would not be one which a person in the position of an officer of the Branch, acting with the requisite degree of care and diligence, would make.⁶⁸ It would not be a resolution that an officer would make, acting in good faith in what he or she believes to be in the best interests of the Branch, or for a proper purpose.⁶⁹ The resolution involved the commitment of a disproportionate amount of funds due to the Union into an account that was then subject to an unfettered, and unsupervised discretion of a single officer in respect of how those funds would be disbursed. None of the controls that an officer, acting with care and diligence, would expect to be applied to the fund were to be applied on implementation of the resolution. The stated purpose of the resolution could not have anything but a remote relationship with the day-to-day interests of the members of the No 3 Branch.
88. Moreover, the conferral of a discretion on Katherine Jackson to pay herself \$4000 per annum out of the NHDA, again without any controls or oversight, or any disclosure of that benefit to the members or to the Fair Work Commission in accordance with the HSU's obligations under Chapter 8 of the FWRO Act, cannot be a proper exercise of the powers of the BCOM pursuant to HSU Rule 52(e), were they acting conformably with the duties outlined above.
89. It is difficult to identify the precise legal basis on which Katherine Jackson was operating the NHDA. No-one on the BCOM sought, nor for that matter did Katherine Jackson seek, to give consideration to this question at the time. The question was simply not addressed. In evidence to the Commission, Katherine Jackson initially agreed that whatever rights and discretionary powers she had in relation to the National Health Development Account were rights and powers exercised in her capacity as Secretary of the HSU Victoria No 3 Branch.⁷⁰

⁶⁸ As to which, see s 285(1) FWRO Act.

⁶⁹ As to which, see s 286(1) FWRO Act.

⁷⁰ Katherine Jackson, 30/7/14, T:401.29-32.

90. Later, she changed her position. She said:⁷¹

...as far as I was concerned, once the NHDA was set up, the NHDA was not an account of the union, it was a separate account, and I was authorised to use that account and to disburse money from that account regardless of whether I was branch Secretary or not.

91. Subsequently she said:⁷²

Once the money had left the Union ... I believed that it was legally held [by] me in the NHDA account but that I held that money subject to my duties as an official to deal with the money in accordance with the BCOM Approval and only spent it on purposes that I genuinely believed advanced the industrial or political interests of the Union and its members.

92. It is difficult to reconcile Katherine Jackson's belief that she was entitled to disburse the funds in the NHDA subject to her duties as an official, with her belief that that entitlement continued after she ceased to be an official.

93. Katharine Wilkinson recalled that 'over the years' Katherine Jackson informed the BCOM of her intention to spend 'some of the Peter Mac money for a particular purpose and secured the consensus of the BCOM for that expenditure'.⁷³ But no formal resolutions were passed authorising the expenditure 'on the basis that the original resolution continued to operate in relation to the Peter Mac money'.⁷⁴

94. Katherine Jackson's insistence that the funds in the NHDA were not, after transfer to the account, the property of the HSU,⁷⁵ gave rise to significant problems in relation to the manner in which the funds were accounted for:

- (a) if the funds in fact remained the property of the No 3 Branch, they should have been accounted for as such in the annual financial reports provided to the members.⁷⁶

⁷¹ Katherine Jackson, 30/7/14, T:408.38-42.

⁷² Katherine Jackson, witness statement, 28/8/14, para 10(d).

⁷³ Katharine Wilkinson, witness statement, 17/6/14, para 34.

⁷⁴ Katharine Wilkinson, witness statement, 17/6/14, para 34 and see Katharine Wilkinson, 17/6/14, T:661.26-46. See also Katharine Wilkinson, 27/8/14, T:764.24.

⁷⁵ See Counsel Assisting Submissions October 2014, Chapter 12.3 [49]; *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [103].

⁷⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [92].

- (b) if the funds were no longer the property of the No 3 Branch but were held by Katherine Jackson ‘subject to [her] duties as an official to deal with the money in accordance with the BCOM Approval and only spend it on purposes that [she] genuinely believed advanced the industrial or political interests of the members’⁷⁷ they should have (i) been accounted for in the annual financial reports provided to the members, at least in respect of the disbursements to the NHDA; and (ii) been the subject to a detailed accounting by Katherine Jackson to the No 3 Branch. If she held the funds subject to an obligation to disburse them in the interests of the Union and its members, it was an obligation analogous to that of a trustee and she should have accounted for the funds accordingly.⁷⁸ Katherine Jackson conceded that she held the funds subject to such an obligation in her defence in the civil proceedings.⁷⁹
- (c) if the funds were dedicated by the No 3 Branch to the fund for a particular political or beneficial purpose, and/or to Katherine Jackson for her own personal use, they should have been approved and disclosed either as a grant or donation to the NHDA under ss 149(1) and 237 of the FWRO Act or its predecessor, or alternatively as an employee or officer benefit paid to Katherine Jackson.⁸⁰ To the extent that they were a grant, they should have been approved as such by BCOM in accordance with HSU Rule 60(e).⁸¹

95. In fact, the payments from the No 3 Branch accounts to the NHDA were coded in the MYOB General Ledger for the branch as ‘NHDA’ and were recorded in year to date profit & loss statements prepared by Jane Holt for the purposes of BCOM meetings. The statements record only the total amount expended to the NHDA with no further explanation.⁸² They do not disclose the purposes for which funds were transferred to the NHDA on any occasion, nor do they disclose the amounts expended from the NHDA.

⁷⁷ See evidence referred to in Counsel Assisting Submissions October 2014, Chapter 12.3 [50].

⁷⁸ See the authorities cited in *Re Simersall; Blackwell v Bray* (1992) 35 FCR 584 at 587-590 per Gummow J; see *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [120].

⁷⁹ Defence filed 15 June 2015, Annexure 4, paragraph 61.

⁸⁰ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [93].

⁸¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [120].

⁸² Jane Holt, witness statement, 3/6/2014, para 76; Jane Holt, MFI-1, pp 3-15.

96. The only other record of the funds paid out of the NHDA was the exercise book that Katherine Jackson says she maintained as a handwritten list, which she asserted was lost on about 7 September 2011.⁸³
97. Because of the finding that the transfers to the NHDA were ultra vires the BCOM of No 3 Branch, Tracey J was of the view that he did not need to consider the individual transactions which had been undertaken by Katherine Jackson on the NHDA.
98. The Commission, however, has heard evidence in relation to a large number of the NHDA transactions. These are now considered in detail.

Transfers to the NHDA

99. There is no dispute that the total funds transferred to the NHDA from the accounts of the No 3 Branch between February 2004 and October 2010 was \$284,500.⁸⁴ Jane Holt's evidence is that those transfers were effected by her on Katherine Jackson's instructions.⁸⁵ The following table is reproduced from Jane Holt's statement to the Commission:⁸⁶

| # | Date | Transaction description | Amount | Reference |
|---|----------------|-------------------------------------|----------|------------------------|
| 1 | February 2004 | "Payment to NHDA out of settlement" | \$80,000 | Holt MF1, Tab 3, p. 2. |
| 2 | 23 June 2005 | National Health Development | \$20,000 | Holt MF1 Tab 14, # 2. |
| 3 | 6 January 2006 | National Health Development Account | \$10,000 | Holt MF1, Tab 14, # 3 |
| 4 | 30 June 2006 | NATIONAL HEALTH DEVELOPMENT ACCOUNT | \$8,000 | Holt MF1, Tab 14, # 4. |
| 5 | 29 June 2007 | National Health | \$5,000 | Holt MF1, Tab 14, # |

⁸³ Counsel Assisting Submissions October 2014, Chapter 12.3 [54].

⁸⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [95]; Counsel Assisting Submissions October 2014, Chapter 12.3, [57].

⁸⁵ Jane Holt, witness statement, 3/6/2014, para 75.

⁸⁶ Jane Holt, witness statement, 17/6/14, para 78. For a collection of bank statements relating to the NHDA, see Katherine Jackson, MFI-5, 28/8/14, pp 1059-1111.

| # | Date | Transaction description | Amount | Reference |
|----|------------------|-------------------------------------|------------------|-------------------------|
| | | Development Account | | 5. |
| 6 | 6 December 2007 | NHDA | \$8,000 | Holt MF1, Tab 14, # 6. |
| 7 | 21 December 2007 | NHDT | \$8,000 | Holt MF1, Tab 14, # 7. |
| 8 | 27 June 2008 | National Health Development Fund | \$7,000 | Holt MF1, Tab 14, # 8. |
| 9 | 4 September 2008 | NATIONAL HEALTH DEV ACCOUNT | \$8,000 | Holt MF1, Tab 14, # 9. |
| 10 | 5 December 2008 | NHDA | \$5,000 | Holt MF1, Tab 14, # 10. |
| 11 | 7 January 2009 | NHDA | \$12,000 | Holt MF1, Tab 14, # 11. |
| 12 | 23 March 2009 | N H D A | \$50,000 | Holt MF1, Tab 14, # 12. |
| 13 | 1 July 2009 | NHDA | \$7,500 | Holt MF1, Tab 14, # 13. |
| 14 | 3 October 2009 | N H D A | \$8,000 | Holt MF1, Tab 14, # 14. |
| 15 | 27 October 2009 | NHDA | \$8,000 | Holt MF1, Tab 14, # 15. |
| 16 | 7 April 2010 | NATIONAL HEALTH DEVELOPMENT ACCOUNT | \$22,000 | Holt MF1, Tab 14, # 16. |
| 17 | 27 May 2010 | NHDA | \$12,000 | Holt MF1, Tab 14, # 17. |
| 18 | 13 October 2010 | NHDA | \$6,000 | Holt MF1, Tab 14, # 18. |
| | TOTAL | | \$284,500 | |

Expenditure from the NHDA

100. Katherine Jackson's evidence is that she alone operated the account by means of a debit card attached to the account.⁸⁷ A schedule setting out the deposits and withdrawals on the NHDA account is at Appendix A to these submissions.

⁸⁷ Katherine Jackson, 19/6/2016, T:846.41; 850.23-28.

101. Relevant to the transfers from the NHDA are certain accounts held by Katherine Jackson and apparently under her control, to which deposits were made that correspond to the dates on which withdrawals were made from the NHDA account: a SGE credit union account jointly held with Jeff Jackson, including a mortgage account (**SGE mortgage account**), a Westpac transaction account held jointly with Jeff Jackson (**Westpac account**), a Commonwealth Bank of Australia Streamline Account held by Katherine Jackson personally (**Streamline Account**) and an American Express credit card.
102. The following pattern of expenditure emerges from the transactions on the NHDA Account:
- (a) On 27 February 2004 \$80,000 was transferred into the NHDA account from No 3 Branch Funds.⁸⁸ Katherine Jackson's evidence was that this transfer was in connection with a study trip to the United States.⁸⁹ Between 5 and 22 March 2004 there were a number of cash withdrawals from the NHDA Account, at locations including Las Vegas, Seattle, San Francisco, Washington DC and London Heathrow.⁹⁰
 - (b) On 13 April 2004 Katherine Jackson withdrew \$20,000 from the NHDA account⁹¹ and on the same day deposited the funds to a Streamline account in her name.⁹² Katherine Jackson's evidence was that she did not recall whether this withdrawal was to repay credit card debts incurred for the purposes of the United States Trip.⁹³ The \$20,000 was transferred from the Streamline account on 19 April 2004.⁹⁴

⁸⁸ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁸⁹ Katherine Jackson, 28/8/2014, T:788.37 – T:789.9.

⁹⁰ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, pp 1065 and 1066.

⁹¹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1066.

⁹² Tender Bundle 2/10/2015, Tab 2, p 11.

⁹³ Katherine Jackson, 28/8/2014, T:789.11-28.

⁹⁴ Tender Bundle 2/10/2015, Tab 2, p 11.

- (c) On 15 and 21 October 2004 Katherine Jackson withdrew \$8,000⁹⁵ and \$5,000⁹⁶ respectively from the NHDA account. On 25 October 2004 Katherine Jackson withdrew cash and made retail purchases using the NHDA debit card in Hong Kong.⁹⁷ Katherine Jackson denied that the cash withdrawals were for the purposes of the Hong Kong trip but otherwise could not remember why they were made.⁹⁸
- (d) On 31 March 2005 Katherine Jackson withdrew \$5,000 from the NHDA Account.⁹⁹ On the same day she deposited \$3,800 into her Streamline account.¹⁰⁰ Katherine Jackson was on a trip to the United States between 24 March 2005 and 17 April 2005.¹⁰¹ During that time, a number of withdrawals were made from her Streamline Account, including two cash withdrawals in Los Angeles.¹⁰²
- (e) On 23 June 2005 Katherine Jackson caused \$20,000 to be deposited to the NHDA¹⁰³ and on 6 January 2006 she caused \$10,000 to be deposited to the NHDA.¹⁰⁴ The next substantial withdrawals from the NHDA were on 2 February 2006 (\$6,500),¹⁰⁵ 17 March 2006 (\$7,500),¹⁰⁶ 22 March 2006 (\$4,800),¹⁰⁷ and 3 April 2006 (\$3,000).¹⁰⁸ The latter withdrawal corresponded with a deposit of \$3,000 to Katherine Jackson's Streamline account on 7 April 2006.¹⁰⁹ Between 4 and 20 April 2006 Katherine Jackson was in the United

⁹⁵ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

⁹⁶ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

⁹⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

⁹⁸ Katherine Jackson, 28/8/2014, T:790.11-45.

⁹⁹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1070.

¹⁰⁰ Tender Bundle 2/10/2015, Tab 2, p 42.

¹⁰¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹⁰² Tender Bundle 2/10/2015, Tab 2, p 44.

¹⁰³ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1071.

¹⁰⁴ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1073.

¹⁰⁵ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1073.

¹⁰⁶ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

¹⁰⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

¹⁰⁸ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

¹⁰⁹ Tender Bundle 2/10/2015, Tab 2, p 77.

States and Mexico.¹¹⁰ On 18 April 2006 Katherine Jackson transferred \$3,500 from her Streamline account with the description ‘Cuba’.¹¹¹ There are cash withdrawals from the Streamline account in Mexico and Los Angeles¹¹², and from the NHDA in Los Angeles.¹¹³ Katherine Jackson accepted that the 17 and 22 March 2006 withdrawals were ‘possibly’ associated with the United States trip, and that the NHDA funds were in part deployed for the purposes of her overseas trips.¹¹⁴

- (f) On 30 June 2006 Katherine Jackson caused \$8,000 to be deposited to the NHDA¹¹⁵ and on 8 and 15 August 2006 Katherine Jackson withdrew \$6,000¹¹⁶ and \$3,000¹¹⁷ respectively. Deposits were made of \$5,000 to the Westpac account on 18 August 2006¹¹⁸ and \$4,000 to her Streamline account on 25 August 2006.¹¹⁹ On 18 August 2006 there was a withdrawal from the Westpac account of \$3,930.¹²⁰ Between 25 August 2006 and 9 September 2006, Katherine Jackson travelled to Hong Kong and Europe.¹²¹ There were withdrawals and charges from the Westpac¹²² and Streamline¹²³ accounts from Hong Kong and Europe during this period.
- (g) On 30 November 2006 there was a withdrawal of \$5,500 from the NHDA.¹²⁴ There was a corresponding deposit of \$2,000 to Katherine Jackson’s

¹¹⁰ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹¹¹ Tender Bundle 2/10/2015, Tab 2, p 77.

¹¹² Tender Bundle 2/10/2015, Tab 2, p 77.

¹¹³ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

¹¹⁴ Katherine Jackson, 28/8/2014, T:791.10-20.

¹¹⁵ Jackson MFI-5, 28/8/14, – Court Book, Volume 5, p 1075.

¹¹⁶ Jackson MFI-5, 28/8/14 – Court Book, Volume 5, p 1075.

¹¹⁷ Jackson MFI-5, 28/8/14 – Court Book, Volume 5, p 1076.

¹¹⁸ Tender Bundle, 2/10/2015, tab 3, p 902.

¹¹⁹ Tender Bundle, 2/10/2015, tab 2, p 90.

¹²⁰ Tender Bundle, 2/10/2015, tab 3, p 902.

¹²¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹²² Tender Bundle, 2/10/2015, tab 3, p 904 to 910.

¹²³ Tender Bundle, 2/10/2015, tab 2, pp 91, 93.

¹²⁴ Jackson MFI-5, 28/8/14 – Court Book, Volume 5, p 1077.

Streamline account.¹²⁵ Between 30 November 2006 and 14 December 2006 Katherine Jackson travelled to Hong Kong.¹²⁶ There were a number of cash withdrawals and transactions from Katherine Jackson's Streamline account from Hong Kong during this period.¹²⁷

- (h) On 29 June 2007, Katherine Jackson caused \$5,000 to be deposited to the NHDA¹²⁸ and on 26 July 2007 she withdrew \$2,500 from the NHDA.¹²⁹ On 9 August 2007 Katherine Jackson deposited \$2,000 cash to her Streamline Account.¹³⁰ In August 2007 Katherine Jackson travelled to Falls Creek.¹³¹ There are transactions from various retail outlets in Falls Creek on the Streamline account over the period 10 to 13 August 2007.¹³²
- (i) On 6 and 21 December 2007 Katherine Jackson caused two sums of \$8,000¹³³ to be deposited to the NHDA.¹³⁴ A sum of \$6,000 was withdrawn on 6 March 2008¹³⁵ Katherine Jackson says that she cannot recall the reason for this withdrawal.¹³⁶ On 8 March 2008 Katherine Jackson travelled to Sydney and stayed at a hotel in Darlinghurst.¹³⁷
- (j) On 14 May 2008 Katherine Jackson withdrew \$4,000 from the NHDA Account.¹³⁸ Her evidence was that this was for 'political purposes'.¹³⁹

¹²⁵ Tender Bundle, 2/10/2015, tab 2, p 128.

¹²⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹²⁷ Tender Bundle, 2/10/2015, tab 2, p 101.

¹²⁸ Tender Bundle, 2/10/2015, tab 1, p 1.

¹²⁹ Tender Bundle, 2/10/2015, tab 1, 1.

¹³⁰ Tender Bundle 2/10/2015, tab 2, p 128.

¹³¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹³² Tender Bundle, 2/10/2015, tab 2, p 128.

¹³³ Katherine Jackson MFI-4, 19/6/2014, p 9.

¹³⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [96].

¹³⁵ Katherine Jackson MFI-4, 19/6/2014, p 10.

¹³⁶ Katherine Jackson, 19/6/2014, T:849.8-45.

¹³⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹³⁸ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 12.

¹³⁹ Katherine Jackson, 19/6/2014, T:851.3-14.

- (k) On 29 May 2008, Katherine Jackson withdrew \$4,000 from the NHDA Account.¹⁴⁰ Also on 29 May 2008 Katherine Jackson deposited \$4,700 to a mortgage account with SGE.¹⁴¹ Katherine Jackson admitted in the Federal Court proceedings that the source of the funds for this deposit was two cheques drawn on the Union's funds on 19 May 2008 in the amount of \$4,500 and 3 June 2008 in the amount of \$6,500.¹⁴²
- (l) On 27 June 2008, Katherine Jackson caused a deposit of \$7,000 to be made to the NHDA.¹⁴³ On 23 July 2008, Katherine Jackson withdrew \$3,000 from the NHDA¹⁴⁴ and on the same day deposited \$3,000 cash to her SGE mortgage account.¹⁴⁵ On 23 July 2008 Katherine Jackson also cashed a cheque in the amount of \$8,500 on the Union's funds.¹⁴⁶
- (m) On 4 September 2008, Katherine Jackson caused \$8,000 to be deposited to the NHDA.¹⁴⁷ On 23 September 2008 Katherine Jackson withdrew \$3,000 from the NHDA.¹⁴⁸ Her evidence is that she cannot recall the purpose for the withdrawal.¹⁴⁹ On 26 November 2008, Katherine Jackson withdrew \$7,000 from the NHDA.¹⁵⁰ Her evidence is that the withdrawal would have been for industrial or political purposes.¹⁵¹ On 26 November 2008 Katherine Jackson deposited \$3,000 to her SGE mortgage account.¹⁵²

¹⁴⁰ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 12.

¹⁴¹ Tender Bundle, 2/10/2015, tab 8, p 2338.

¹⁴² Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98].

¹⁴³ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 12.

¹⁴⁴ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 12.

¹⁴⁵ Tender Bundle 2/10/2015, tab 8 p 2338.

¹⁴⁶ Statement of Craig McGregor dated 16 June 2014, MFI-1, tab 11, p 174.

¹⁴⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [96].

¹⁴⁸ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 14.

¹⁴⁹ Katherine Jackson, 19/6/2014, T:851.16-19.

¹⁵⁰ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 15.

¹⁵¹ Katherine Jackson, 19/6/2014, T:851.21-30.

¹⁵² Tender Bundle 2/10/2015, tab 8 p 2339.

- (n) On 5 December 2008 Katherine Jackson caused \$5,000 to be deposited to the NHDA.¹⁵³ On 24 December 2008 Katherine Jackson deposited \$5,000 into her SGE mortgage account.¹⁵⁴ On the same date, Katherine Jackson cashed a cheque on the Union's funds.¹⁵⁵ Katherine Jackson admits that this cheque was the source, or a significant part of the source, of this transfer into her SGE account.¹⁵⁶
- (o) on 7 January 2009 caused a further \$12,000 to be deposited.¹⁵⁷ Katherine Jackson gave evidence that most of the cash withdrawals from the NHDA from late 2008 were 'devoted' to costs associated with resisting Ms Pauline Fegan's attempt to gain control of the Victoria No 1 Branch.¹⁵⁸ Pauline Fegan was the president of the Victoria No 1 Branch.¹⁵⁹ However, a withdrawal of \$7,500 from the NHDA account on 4 March 2009¹⁶⁰ predated Katherine Jackson's departure to Hong Kong on 6 March 2009.¹⁶¹
- (p) On 23 March 2009 Katherine Jackson caused Jane Holt to deposit \$50,000 to the NHDA.¹⁶² On the same day Katherine Jackson purchased a bank cheque made out to Jeff Jackson and \$50,000 was deposited to the Westpac account which was in their joint names.¹⁶³ The evidence relating to this transaction is set out in greater detail below.
- (q) On 1 July 2009 Katherine Jackson caused \$7,500 to be deposited to the NHDA.¹⁶⁴ Withdrawals of \$1,500 were made on 18 August 2009¹⁶⁵ and

¹⁵³ Tender Bundle 2/10/2015, tab 8, p 2339.

¹⁵⁴ Tender Bundle 2/10/2015, tab 8, p 2339.

¹⁵⁵ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 195.

¹⁵⁶ Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98].

¹⁵⁷ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 15.

¹⁵⁸ Katherine Jackson, witness statement, 28/8/14, para 97.

¹⁵⁹ Katherine Jackson, witness statement, 28/8/14, para 13.

¹⁶⁰ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 16.

¹⁶¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹⁶² Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 16.

¹⁶³ Tender Bundle 2/10/2015, tab 3, p 636.

¹⁶⁴ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 17.

¹⁶⁵ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 18.

\$4,800 on 29 September 2009.¹⁶⁶ On 29 September 2009 \$3000 was deposited in cash to Katherine Jackson's Streamline account.¹⁶⁷ On 29 September 2009 Katherine Jackson cashed a cheque for \$6,000 on the Union's funds.¹⁶⁸ Katherine Jackson admits that the funds drawn on this cheque were the source, or significant part of the source, of this transfer into the SGE account.¹⁶⁹

- (r) On 5 October 2009 Katherine Jackson caused an amount of \$8,000 to be transferred to the NHDA.¹⁷⁰ Withdrawals of \$5,000 on 16 October 2009¹⁷¹ and \$3,500 on 22 October 2009¹⁷² could not be explained by Katherine Jackson.¹⁷³
- (s) On 27 October 2009 Katherine Jackson caused \$8,000 to be deposited to the NHDA.¹⁷⁴ There were then withdrawals of \$2,000 on 29 October 2009¹⁷⁵ and \$3,000 on 2 December 2009.¹⁷⁶ Katherine Jackson said that, depending on the timeframe, these withdrawals might have been used for election purposes, but she could not be positive.¹⁷⁷ The three withdrawals in October 2009 preceded Katherine Jackson's departure for Hong Kong on 29 October 2009.¹⁷⁸
- (t) On 7 April 2010¹⁷⁹ and 27 May 2010¹⁸⁰, Katherine Jackson caused deposits of \$22,000 and \$12,000 to be made to the NHDA, and on 13 October 2010 a final withdrawal of \$6,000.¹⁸¹ The pattern of expenditure changed from this point,

¹⁶⁶ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 18.

¹⁶⁷ Tender Bundle, 2/10/2015, tab 2, p 188.

¹⁶⁸ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 166.

¹⁶⁹ Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98].

¹⁷⁰ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 18.

¹⁷¹ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 18.

¹⁷² Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 18.

¹⁷³ Katherine Jackson, 19/6/2014, T:852.14-19.

¹⁷⁴ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 18.

¹⁷⁵ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 18.

¹⁷⁶ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 19.

¹⁷⁷ Katherine Jackson, 19/6/2014, T:852.21-853.2.

¹⁷⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹⁷⁹ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 20.

¹⁸⁰ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 21.

¹⁸¹ Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 21.

in that there were a number of large withdrawals that did not, with one exception, coincide with an overseas journey. The one exception was a withdrawal of \$2,100 on 21 July 2011,¹⁸² which preceded Katherine Jackson's departure for Los Angeles on 22 July 2011.¹⁸³ The balance of the withdrawals was explained by Katherine Jackson as being for election purposes (including an amount of \$9,000 on 6 September 2012 that Katherine Jackson says was provided to Mr Bolano, Ms Behrens and Ms Hart for their election campaigns).¹⁸⁴ There were also a number of smaller withdrawals from automatic teller machines in South Melbourne, which Katherine Jackson explained as being for staff entertainment or the purchase of envelopes or stamps.¹⁸⁵

- (u) The deposits and payments made after 24 May 2010 were made after Katherine Jackson ceased to be secretary of the No 3 Branch, and without the authority of the HSU East Branch. After 21 June 2012, payments were made from the NHDA despite the fact that Katherine Jackson was no longer the Secretary of the reconstituted No 3 Branch. This is discussed further below.
- (v) Throughout the period during which the NHDA was in use, there were withdrawals of smaller amounts from automatic teller machines in Melbourne, and charges for retail expenditure. Katherine Jackson justified the latter expenditures as falling within the \$4,000 per annum allowance authorised by the BCOM.¹⁸⁶ She also accepted that the smaller automatic teller machine withdrawals were for personal purposes.¹⁸⁷
- (w) The account was closed, with a balance of \$1,423.83, on 26 November 2013. Katherine Jackson says that she retained the balance to compensate for debts

¹⁸² Katherine Jackson MFI-4 – bank documents, 19/6/2014, p 25.

¹⁸³ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [232].

¹⁸⁴ Katherine Jackson, witness statement, 14/8/2014, para 32; Katherine Jackson, 28/8/2014, T:801.2-10.

¹⁸⁵ Katherine Jackson, witness statement, 14/8/2014, para 97.

¹⁸⁶ Katherine Jackson, 19/6/2014, T:847.14-47.

¹⁸⁷ Katherine Jackson, 19/6/2014, T:850.44-T851.1.

she had incurred, including having engaged a private investigator in relation to Michael Williamson.¹⁸⁸

103. Two observations may be made at the outset in relation to this pattern of expenditure:
- (a) First, a number of the transactions are unexplained, or subject to the barest of explanations that necessarily depend solely on Katherine Jackson's recollections, made years later and without the assistance of proper records that might shed better light on the fate of the funds in the NHDA account.
 - (b) Secondly, the surrounding circumstances strongly suggest that the funds were deployed in the main, not for the purposes outlined by Katherine Jackson in her evidence in the civil proceedings (being the advancement of the political objects of the Union), but instead for the purpose of remunerating herself in relation to various journeys that she claims to be work related. While Katherine Jackson suggested to the Commission that one of the purposes of the NHDA was to fund travel, the evidence of the BCOM members as to what they were told about the nature of the expenditures from the NHDA does not include payments to Katherine Jackson for overseas trips.¹⁸⁹ In any event, and for the reasons set out in section C4 below, the nature of the expenditures could not comfortably be described as travel for purposes related to the business of the Union.
104. If Katherine Jackson's explanation is to be accepted, there would be no reason for her to be recompensed for overseas journeys from a fund separate to the ordinary accounts of the No 3 Branch. Indeed, it would be inappropriate for that to occur. Accepting for present purposes that it would ever be acceptable conduct to establish a secret 'fighting fund' to further the political objects of the No 3 Branch and the Union while avoiding statutory disclosure obligations, that explanation does not apply to payments that are obviously unrelated to that purpose. There was no reason to cause payments to be made from the NHDA to fund various overseas trips taken by Katherine Jackson unless the

¹⁸⁸ Katherine Jackson, 28/8/2014, T:801.12-28; Katherine Jackson, witness statement, 14/8/2014, para 35.

¹⁸⁹ Katharine Wilkinson, witness statement, 13/6/2014, paras 39-43.

purpose was to conceal the expenditure from the financial oversight procedures contained in the HSU Rules.

Payments benefiting Jeff Jackson

105. Katherine Jackson agreed that at ‘various times’ during the period when those transactions occurred she provided sums withdrawn from the NHDA to Jeffrey Jackson, her former husband.¹⁹⁰ Although some withdrawals from the NHDA were used to meet requests for money for political purposes from persons other than Jeff Jackson, Katherine Jackson’s evidence was that the ‘bulk of the withdrawals’ in the relevant time period were provided to Jeff Jackson for him to use in his ‘battle against Pauline Fegan’.¹⁹¹
106. On 23 March 2009, Jane Holt transferred \$50,000 from the No 3 Branch account to the NHDA.¹⁹² The next day, 24 March 2009, Katherine Jackson authorised the withdrawal of \$50,000 from the NHDA,¹⁹³ and a cheque for that amount was drawn in favour of Jeff Jackson. Jeff Jackson was at that time separated from Katherine Jackson. He was also at that time an officer of the Victoria No 1 Branch.¹⁹⁴ Katherine Jackson and Jeff Jackson separated permanently in March 2008.¹⁹⁵
107. Jeff Jackson deposited that money into an account which was jointly in his and Katherine Jackson’s names.¹⁹⁶ However, it is not in dispute that Katherine Jackson left

¹⁹⁰ Katherine Jackson, 28/8/14, T:793.15.

¹⁹¹ Katherine Jackson, 28/8/14, T:793.17-31; Katherine Jackson, witness statement, 28/8/14, para 97.

¹⁹² Jane Holt, witness statement, 17/6/14, para 78; see also Jane Holt MFI-1, 17/6/14, p 334.

¹⁹³ Jackson MFI 30 July 2014 Vol 1, 30/7/14, p 190.

¹⁹⁴ Jackson MFI 30 July 2014 Vol 1, 30/7/14, p 191; Katherine Jackson, 30/7/14, T:410.12-27; Katherine Jackson, witness statement, 28/8/14, para 13.

¹⁹⁵ Katherine Jackson, witness statement, 28/8/14, para 12. See also Katherine Jackson, 28/8/14, T:795.26 and Katherine Jackson, 30/7/14, T:410.22.

¹⁹⁶ Katherine Jackson, 28/8/14, T:791.47-792.2; Jeffrey Jackson MFI-1, 27/8/14, pp 22, 7; Jeffrey Jackson, 27/8/14, T:704.18-28.

the ‘conduct and maintenance’ of the account to Jeff Jackson; he controlled the account.¹⁹⁷

108. On 30 July 2014, Katherine Jackson stated that her belief at the time of making the payment was that it was ‘to do with a fight that was going on in the No 1 Branch’ which involved Pauline Fegan.¹⁹⁸ Following that explanation, Katherine Jackson reiterated in a supplementary statement that the \$50,000 was paid to Jeff Jackson ‘to help pay a range of costs incurred in relation to the attempts by [him] and his supporters to resist what may be described as a ‘hostile takeover’ of the Victoria No 1 Branch by Pauline Fegan in late 2008.¹⁹⁹
109. Asked whether she had disclosed to the BCOM that she proposed to ‘pay over \$50,000 to Jeff Jackson’, Katherine Jackson’s initial response was: ‘I may have raised it with certain people on BCOM ...’²⁰⁰ She then added: ‘Just from memory, probably, yes’.²⁰¹
110. Katherine Jackson did not disclose the payment in the accounts of HSU Victoria No 3 Branch as a ‘related party transaction’. She said that was because, in her view, the payment was not a ‘related party transaction because the NHDA was not an account of the HSU’.²⁰² Katherine Jackson accepted that the payment would have constituted an ‘impermissible use of union money’ had the money been paid directly from the Victoria No 3 Branch account to Jeff Jackson.²⁰³
111. However, Katherine Jackson’s evidence was that the payment did not bear that character because the money was paid through the NHDA.²⁰⁴ That followed, on Katherine Jackson’s contention, because once funds were transferred from the HSU Victoria No 3 Branch account into the NHDA, the funds ceased to be ‘union funds’.²⁰⁵ Katherine

¹⁹⁷ Katherine Jackson, 28/8/14, T:792.5-27. See also Katherine Jackson, 29/8/14, T:987.29-45 and Jeffrey Jackson, 27/8/14, T:704.28-36, 721.10-25.

¹⁹⁸ Katherine Jackson, 30/7/14, T:411.24-27; 412.9-11.

¹⁹⁹ Katherine Jackson, witness statement, 28/8/14, para 97; Katherine Jackson, 28/8/14, T:791.41-45.

²⁰⁰ Katherine Jackson, 30/7/14, T:412.45-47.

²⁰¹ Katherine Jackson, 30/7/14, T:413.12.

²⁰² Katherine Jackson, 30/7/14, T:413.25-26.

²⁰³ Katherine Jackson, 30/7/14, T:413.37-43.

²⁰⁴ Katherine Jackson, 30/7/14, T:413.45-414.1.

²⁰⁵ Katherine Jackson, 30/7/14, T:415.12-15.

Jackson also denied the proposition that the payment from the Victoria No 3 Branch account to the NHDA ought to have been disclosed as a related party transaction if, as appeared to follow from her evidence, the money was being transferred to her to do with ‘in effect’ as she saw fit.²⁰⁶

112. Katherine Jackson admitted that from late 2008 she provided funds from the NHDA to Jeff Jackson.²⁰⁷ This included the amount of \$50,000 in March 2009 (see above).²⁰⁸
113. Jeff Jackson gave evidence that the \$50,000 he received in March 2009 was ‘in relation to a property settlement’.²⁰⁹ However, there are real difficulties with Jeff Jackson’s evidence. His memory, by his own admission, was unreliable. He suffered ‘memory dysfunctions’ as a result of a four to five month coma he fell into in his late 30s.²¹⁰ He explained that, particularly in the ‘last few years’, the fault in his memory had come to the fore and that ‘parts of [his] memory just completely dissipate’.²¹¹ Further, medication he takes to treat diabetes also adversely affects his memory.²¹²
114. Under cross-examination by Katherine Jackson’s counsel, Jeff Jackson accepted that he probably did need money in the first part of 2009 for ‘political electioneering purposes’ relating to the Victoria No 1 Branch, and that it was probable that he had asked Katherine Jackson for funding for those purposes.²¹³ He could not deny that the payment of \$50,000 he received in March 2009 from Katherine Jackson was ‘in relation to political electioneering purposes for the No 1 Branch’.²¹⁴
115. Although he recalled an ‘allocation of moneys for [his] property settlement’,²¹⁵ he could not be certain whether he received ‘hard money’ for the property settlement or a

²⁰⁶ Katherine Jackson, 30/7/14, T:414.3-8; 415.17-23.

²⁰⁷ Katherine Jackson, 28/8/14, T:793.15.

²⁰⁸ Jackson MFI 30 July 2014 Vol 1, 30/7/14, p 191; Katherine Jackson, 30/7/14, T:410.12-27.

²⁰⁹ Jeffrey Jackson, 27/8/14, T:703.37.

²¹⁰ Jeffrey Jackson, 27/8/14, T:721.37-42.

²¹¹ Jeffrey Jackson, 27/8/14, T:721.44-45.

²¹² Jeffrey Jackson, 27/8/14, T:721.46-722.3.

²¹³ Jeffrey Jackson, 27/8/14, T:726.21-29.

²¹⁴ Jeffrey Jackson, 27/8/14, T:727.6-16.

²¹⁵ Jeffrey Jackson, 27/8/14, T:731.32-34.

‘notional allocation [of] moneys’.²¹⁶ The figure of \$102,000 was notional in the sense that it reflected payments already made by Katherine Jackson relating, for example, to the care of their children.²¹⁷

116. Ultimately, Jeff Jackson accepted that what he ‘reconstructed’ or what he had ‘come to recall’ was the product, at least in part, of what he had read in *The Australian* newspaper.²¹⁸ Further, during an interview on 20 August 2014 with Commission staff, Jeff Jackson was asked whether he remembered why Katherine Jackson drew a cheque in his favour in March 2009 for \$50,000. He responded: ‘I’ve been thinking I’d run up bills in terms of my involvement in [a] campaign, et cetera, whether it was legal expenses and other things’.²¹⁹ This earlier answer, which is inconsistent with Jeff Jackson’s later evidence to the Commission that the payment he received was in connection with the property settlement between him and Katherine Jackson, further reinforces the unreliability of Jeff Jackson’s memory.
117. Given the uncertainties in Jeffrey Jackson’s recollection, it is important to have regard to the documentary record. There is documentary evidence to suggest Jeff Jackson spent the \$50,000 Katherine Jackson paid to him on personal, as opposed to campaign, expenses.²²⁰ The \$50,000 was deposited into the Westpac account on 27 March and within approximately one month, had been disbursed on cash withdrawals, and what appears for the most part to be personal or household expenditure. It could possibly be that Katherine Jackson paid the \$50,000 to Jeff Jackson expecting or intending that he would use it for his campaign against Pauline Fegan, and, unknown to her, he did not deploy it for that purpose. However, even if one makes that assumption for the purposes of argument, the fact is that money was taken from the NHDA and expended in a way other than consistently with the BCOM resolution, such that Katherine Jackson would be liable to compensate the HSU for that money.

²¹⁶ Jeffrey Jackson, 27/8/14, T:731.36-40.

²¹⁷ Jeffrey Jackson, 27/8/14, T:730.26-29, 41-47.

²¹⁸ Jeffrey Jackson, 27/8/14, T:731.45-732.3.

²¹⁹ Jeffrey Jackson MFI-3, 27/14, p 9.

²²⁰ Jackson MFI-5, 28/8/14, pp 1141-1157.

Payments to the NHDA after the HSU branch amalgamation

118. On 24 May 2010, the Victoria No 3 Branch merged with the Victoria No 1 Branch and the NSW Branch of the HSU to form the HSU East Branch.²²¹ Until then, Katherine Jackson was Secretary of the Victoria No 3 Branch.²²² Upon the merger of the branches, she became Executive President of the HSU East Branch.²²³ Michael Williamson became the General Secretary of the HSU East Branch, a position he held until September 2011.²²⁴ Relevantly, the ‘assets, funds and property of, and the debts and liabilities incurred by’, the Victoria No 3 Branch became the ‘assets, fund and property of, and the debts and liabilities of, the HSU East Branch.’²²⁵
119. But even after she ceased to be the Secretary of the Victoria No 3 Branch – since it no longer existed – Katherine Jackson continued to cause money to be transferred to the NHDA, including an amount of \$12,000 on 27 May 2010.²²⁶ Katherine Jackson said that in making these transfers she continued to rely on the authorisation she had been given by the BCOM in 2003 even though the BCOM had ceased to exist since the Victoria No 3 Branch itself no longer existed.²²⁷ Although the branch no longer existed, Katherine Jackson said the ‘accounts of the organisation hadn’t properly been merged’ by 24 May 2010,²²⁸ and she advised Michael Williamson that she was going to transfer the \$12,000 amount to the NHDA.²²⁹
120. On 13 October 2010, nearly 5 months after the merger of the HSU branches, Katherine Jackson caused a further \$6,000 to be transferred from the Victoria No 3 account to the NHDA.²³⁰ To withdraw money from any account of the union, Katherine Jackson, who

²²¹ Christopher Brown, witness statement, 27/8/14, para 22.

²²² Christopher Brown, witness statement, 27/8/14, para 22.

²²³ Christopher Brown, witness statement, 27/8/14, para 24 and Annexure 1C at 241. See also Katherine Jackson, 28/8/14, T:837.3.

²²⁴ Christopher Brown, witness statement, 27/8/14, para 27. See also Katherine Jackson, 28/8/14, T:836.46.

²²⁵ Christopher Brown, witness statement, 27/8/14, Annexure 1C at 242. Katherine Jackson, 28/8/14, T:838.12.

²²⁶ Katherine Jackson, 28/8/14, T:798.8 and Jackson MFI-5, 28/8/14, p 1093.

²²⁷ Katherine Jackson, 28/8/14, T:797.44 and Katherine Jackson, witness statement, 28/8/14, para 155.

²²⁸ Katherine Jackson, 28/8/14, T:798.27-39.

²²⁹ Katherine Jackson, 28/8/14, T:798.28-799.16.

²³⁰ Katherine Jackson, 28/8/14, T:799.18-22 and Jackson MFI-5 28 August 2014 at 1094.

at this stage was Executive President of the HSU East Branch, needed the authority of that branch.²³¹ She did not obtain that authority.²³² Nevertheless, she did not agree that there was ‘no legal basis on which [she] could cause funds to be withdrawn [from the No 3 Branch account] on 13 October 2010’.²³³ She said in evidence to the Commission:²³⁴

I would say that at that time, while we were still consolidating our affairs, the understanding between the parties was that it was business as usual in relation to off-line accounts, slush funds, whatever you’d like to call them.

121. However, she added that payments into or out of the NHDA still needed to be consistent with the ‘original reason for setting up the account’.²³⁵

Disclosure to and approval by the BCOM of NHDA expenditures

122. Tracey J found that Katherine Jackson provided only minimal details to BCOM about the NHDA and the expenditure made from it. His Honour held as a consequence that the BCOM did not give informed consent to the transfer of funds into the NHDA.²³⁶
123. There is evidence in the Commission that the BCOM was provided with some information concerning transfers into the NHDA. Katharine Wilkinson gave evidence that BCOM would, aside from the annual auditor’s financial report, ‘get financial statements throughout the year at BCOM meetings’ which would show how much money BCOM had; she described these ‘loosely’ as ‘profit and loss statements’.²³⁷ In her evidence to the Commission, Jane Holt said:²³⁸

In relation to the financial material which went to BCOM, I provided a year to date Profit and Loss report with a comparison to the same period for the previous financial year. I provided a brief cash flow statement, and sometimes a short document highlighting financial matters to be

²³¹ Katherine Jackson, 28/8/14, T:799.24-27, 35.

²³² Katherine Jackson, 28/8/14, T:799.39.

²³³ Katherine Jackson, 28/8/14, T:799.41-44.

²³⁴ Katherine Jackson, 28/8/14, T:799.44-800.1.

²³⁵ Katherine Jackson, 28/8/14, T:800.12-13.

²³⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865 at [108]-[110].

²³⁷ Katharine Wilkinson, witness statement, 17/6/14, paras 15-16; Katharine Wilkinson, 17/6/14, T:657.33-41.

²³⁸ Jane Holt, witness statement, 17/6/14, para 45.

considered, for example, comments on unusual transactions, such as, trading in old for new vehicles.

124. Jane Holt provided to the Commission examples of that material for the period 2004 to 2010.²³⁹ Relevantly, that material showed payments to the NHDA.²⁴⁰ Having been shown some of the reports Jane Holt prepared, Katharine Wilkinson agreed that they were the ‘sorts of reports that Jane Holt would prepare’; that Katherine Jackson would bring reports of that kind with her to BCOM meetings; that they would be discussed at meetings; and that BCOM would approve the reports.²⁴¹ That was the position throughout Katharine Wilkinson’s time on the BCOM.²⁴²
125. The minutes of the 3 July 2008 BCOM meeting show that BCOM agreed that the ‘HSU Vic 3 Branch fund the NHDA up to \$90,000 per annum, for the next 3 financial years.’²⁴³ The Commission also has a record of the content of a meeting held on 25 February 2010, which notes the BCOM resolved: ‘That the Vic No 3 Branch fund the NHDA up to \$90,000 for the next financial year.’²⁴⁴
126. Reuben Dixon recalls discussion of some contributions to campaign expenses (such as EBA campaigns), donations to ALP election candidates and payment of some debts of the Victoria No 1 Branch.²⁴⁵ He has little to no recollection of the NHDA, save that he believes that the BCOM approved investment into a fund for research purposes, and he believes that this resolution would have been minuted.²⁴⁶ He said:²⁴⁷

I do not know what happened to the Peter Mac settlement money since it was discussed. I imagine it has been sitting in an account collecting interest for our use.

127. Katharine Wilkinson’s evidence as to the disclosures made to the BCOM about expenditures from the NHDA was that Katherine Jackson would raise her intention to

²³⁹ Jane Holt, MFI-1, 17/6/14, pp 3-15.

²⁴⁰ Jane Holt, MFI-1, 17/6/14, pp 4, 6, 7, 8, 9, 11 and 14.

²⁴¹ Katharine Wilkinson, 17/6/14, T:657.12-31. See also Katharine Wilkinson, 17/6/14, T:649.21-650.26, T:653.4-10, 654.30-36, 655.37; Jane Holt, 17/6/14, T:688.9-24; Katherine Jackson, 19/6/14, T:863.10, 23-36.

²⁴² Katharine Wilkinson, 17/6/14, T:657.31.

²⁴³ Katherine Jackson, MFI-1, 30/7/14, p 106.

²⁴⁴ John Agostinelli, MFI-3, 17/6/14, p 742.

²⁴⁵ Reuben Dixon, witness statement, 5/6/2014, para 26-29.

²⁴⁶ Reuben Dixon, witness statement, 5/6/2014, para 30-41.

²⁴⁷ Reuben Dixon, witness statement, 17/6/14, para 42.

expend funds and seek consensus for that expenditure, but that no formal resolutions were passed. She described the process as ‘more a case of Katherine Jackson keeping the BCOM informed.’²⁴⁸ Katharine Wilkinson said that the BCOM minutes recorded a summary of the discussion of various expenditure proposals.²⁴⁹

128. Set out below is a table recording significant transactions on the NHDA that are contemporaneous with the BCOM Minutes that are available. Any discussion of NHDA expenditure, or any specific non-employment related expenditure, is noted.

| Expenditure | Ref | Minute | Ref |
|--|-----|---|-----------------------------------|
| 27 June 2008 Deposit of \$7000 to NHDA. 23 July 2008 \$3000 withdrawn from NHDA. | | 3 July 2008 <i>There was discussion about our continuing support to National Health Development Association.</i> <i>Moved That HSU Vic 3 Branch fund the NHDA up to \$90 000 per annum, for the next 3 financial years.</i> | Jackson MFI 30/7/2014, p 105 |
| | | 19 August 2008 | Agostinelli MFI-1, 17/6/14, p 172 |
| 4 September 2008 \$7000 deposited to NHDA. 23 September 2008 \$3000 withdrawn from NHDA. | | 25 September 2008 | Agostinelli MFI-1, 17/6/14, p 176 |
| 26 November 2008 \$7000 withdrawn from NHDA. 5 December 2008 \$5000 deposited to NHDA. | | 11 December 2008 | Agostinelli MFI-1, 17/6/14, p 182 |
| 7 January 2009 \$12,000 deposited to NHDA. | | 11 February 2009 | McGregor MFI-2, 17/6/2009, page 6 |
| 4 March 2009 \$7500 withdrawn from NHDA. 23 March 2009 \$50,000 deposited to and withdrawn from NHDA. | | 27 March 2009 | Agostinelli MFI-1, 17/6/14, p 189 |
| | | 12 May 2009 | Agostinelli MFI-1, 17/6/14, p 192 |
| 1 July 2009 \$7500 deposited to NHDA. | | 24 June 2009 | Agostinelli MFI-1, 17/6/14, p 196 |

²⁴⁸ Katharine Wilkinson, witness statement, 13/6/2014, para 43.

²⁴⁹ Katharine Wilkinson, witness statement, 13/6/2014, para 46.

| Expenditure | Ref | Minute | Ref |
|--|-----|-------------------|---|
| 29 September 2009 \$1500 and \$4800 withdrawn from NHDA. 5 October 2009 \$8000 deposited to NHDA. 6 October 2009 \$5000 withdrawn from NHDA. 22 October 2009 \$3500 withdrawn from NHDA. 27 October 2009 \$8000 deposited to NHDA. | | 29 September 2009 | Agostinelli MFI-3, 17/6/2014, page 743 |
| 2 December 2009 \$3000 withdrawn from NHDA. | | 21 December 2009 | Agostinelli MFI-3, 17/6/2014, page 743 |
| | | 9 February 2010 | Agostinelli MFI-3, 17/6/2014, page 742. |
| | | 25 February 2010 | Agostinelli MFI-3, 17/6/2014, page 742 |
| | | 23 March 2010 | McGregor MFI-2, 23/3/2010, page 10 |
| 7 April 2010 \$22,000 deposited to NHDA. 27 May 2010 \$12,000 deposited to NHDA. | | 9 April 2010 | Agostinelli MFI-3, 17/6/2014, page 741 |

129. None of the BCOM Minutes obtained by the Commission record a discussion of the disbursement of moneys from the NHDA. It seems that no questions were asked. No-one from the BCOM saw fit to interrogate Katherine Jackson on how significant sums of money committed to the NHDA were being spent. The complete absence of any such proper discussion or debate by the BCOM is considered further below in section E.

C3. Cashed cheques

130. Between July 2007 and May 2010 at least 38 cheques were drawn on the Victoria No 3 Branch account authorising payment in cash. The total of the amounts drawn, using these cheques, was \$239,837. A further \$19,900 was drawn from the HSU East Branch account using two cash cheques drawn between 24 May 2010 and 30 June 2010.²⁵⁰ Each of the cheques was signed by Katherine Jackson.

²⁵⁰ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [126].

131. Tracey J found that none of the 40 cheques drawn bore the necessary number of authorised signatories under the HSU's rules.²⁵¹ His Honour also found that, between 23 January 2008 and 19 May 2008 and between 24 May 2010 and 30 June 2010, Katherine Jackson herself had no authority, under the Rules, to sign the cheques used to draw cash from the Union's account, because she was not the Branch Secretary during these periods.²⁵²
132. The evidence before the Commission also reveals that Jane Holt was a signatory of the No 3 Branch cheque accounts (contrary to HSU Rule 60(c)), and kept pre-signed cheques in a locked drawer in her office, and that she was comfortable adopting such a practice because of the trust she placed in Katherine Jackson.²⁵³
133. Twenty of the cheques drawn were presented on the eve of BCOM meetings. At each of the meetings, members of the BCOM were given \$100 in cash, and Katherine Jackson retained the balance of the cash drawn herself.²⁵⁴ The members of the Branch Committee of Management received sittings fees or honorariums.²⁵⁵ Katharine Wilkinson gave evidence that the members 'received modest sitting fees to defray the costs associated with attending meetings'.²⁵⁶ The amount was usually \$100 in cash per meeting.²⁵⁷ Katherine Jackson said it was to 'cover parking and petrol'.²⁵⁸
134. Katharine Wilkinson recalled that the BCOM had resolved that higher sitting fees would be paid, and that members had agreed to contribute the difference between what they were paid, and the amount that had been authorised for payment, 'towards expenses associated with protecting and advancing the interests of the union.'²⁵⁹ Katharine

²⁵¹ Katherine Jackson accepted that this was position in her evidence before the Commission: see Counsel Assisting Submissions dated October 2015, Chapter 12.4 [56].

²⁵² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [140].

²⁵³ Jane Holt, witness statement, 3/6/2014, para 21; and see Counsel Assisting Submissions dated October 2015, Chapter 12.4 [56].

²⁵⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [129].

²⁵⁵ Katharine Wilkinson, witness statement, 17/6/14, paras 50-52; Jane Holt, witness statement, 17/6/14, para 18.

²⁵⁶ Katharine Wilkinson, witness statement, 17/6/14, para 50; Katharine Wilkinson, 17/6/14, T:653.21-23.

²⁵⁷ Katharine Wilkinson, witness statement, 17/6/14, para 51; Katharine Wilkinson, 17/6/14, T:663.31-32; Katharine Wilkinson, 27/8/14, T:755.34-36. See also Reuben Dixon, 27/8/14, T:768.44-769.1.

²⁵⁸ Katherine Jackson, 18/6/14, T:825.27.

²⁵⁹ Katharine Wilkinson, witness statement, 17/6/14, para 51; Katharine Wilkinson, 17/6/14, T:663.37-664.5; Katharine Wilkinson, 27/8/14, T:754.41-756.1.

Wilkinson could not recall a resolution to this effect; she said that it was discussed at a Branch Committee of Management meeting, but accepted that there may have been a resolution.²⁶⁰ Katherine Jackson retained the balance.²⁶¹ The balance was placed in a kitty.²⁶² Katharine Wilkinson did not know what the precise amount was that was retained on any one occasion.²⁶³

135. Jane Holt's evidence to the Commission was that the 'sitting fees were usually around \$8,000 per meeting and would be paid in cash'.²⁶⁴ These payments would partly be recorded in the accounts of the No 3 Branch as 'honarium', partly as 'conference/seminar' and partly as 'professional fees'.²⁶⁵ Jane Holt said one of the committee members, who she later identified as Brian Yeates,²⁶⁶ would advise her 'as to the break up of the payment'.²⁶⁷
136. Katherine Jackson explained that, usually on the day the Branch Committee of Management was scheduled to meet, she and/or Brian Yeates would withdraw money from the Commonwealth Bank, and return to the Branch office.²⁶⁸ Then, she or Brian Yeates 'would hand out \$100 to each committee member for their attendance'.²⁶⁹ Since the money was 'their honarium', the members of the Branch Committee of Management members could have elected to take more, 'but they decided that the rest of the money would sit in a kitty', a 'little steel box' that sat in a cupboard.²⁷⁰
137. On 3 July 2008 and 24 February 2010 the BCOM passed resolutions providing that amounts (of \$9,500 and \$9,800, respectively) would be paid to the BCOM at meetings.²⁷¹ Katherine Jackson contended in her defence that a resolution was passed

²⁶⁰ Katharine Wilkinson, 27/8/14, T:756.13-28.

²⁶¹ Katharine Wilkinson, witness statement, 17/6/14, para 52.

²⁶² Katharine Wilkinson, 27/8/14, T:755.41-43.

²⁶³ Katharine Wilkinson, 27/8/14, T:757.17.

²⁶⁴ Jane Holt, witness statement, 17/6/14, para 18; Jane Holt, 17/6/14, T:677.21-25.

²⁶⁵ Holt MFI-2, 17/6/14; Jane Holt, 17/6/14, T:683.17-21; Jane Holt, 27/8/14, T:775.31-33.

²⁶⁶ Jane Holt, 28/8/14, T:775.25-26.

²⁶⁷ Jane Holt, 17/6/14, T:683.17-18.

²⁶⁸ Katherine Jackson, 18/6/14, T:823.17-27.

²⁶⁹ Katherine Jackson, 18/6/14, T:823.28-29.

²⁷⁰ Katherine Jackson, 18/6/14, T:823.32-34.

²⁷¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [131].

prior to 2008 to the same effect, although there was no supporting evidence of this.²⁷²

The 3 July 2008 resolution was in the following terms:²⁷³

That the honorarium and training/conference allowances to be paid up to \$9500 per meeting to the [Branch Committee of Management], this would be paid in cash at every meeting that was attended.

138. Katherine Jackson retained the ‘kitty’ funds to be disbursed on matters at her discretion, in her words ‘to advance the industrial and political interests of the Branch and the Union’.²⁷⁴ In her evidence before the Commission, Katherine Jackson referred to some of the expenditures she would make from the ‘kitty’, including funding of ALP candidates in local elections, and donations to political candidates and other unions.²⁷⁵ Members ‘in need’ could apply for money out of the kitty, and the funds would also be used to, among other things, pay for conferences and to reimburse members for expenses, such as taxi fares.²⁷⁶ At other times, Katherine Jackson explained, the money was used to purchase overnight bags, which she said were ‘quite expensive’; the money was used to build a ‘stockpile of overnight bags and paper ... to be used in political and industrial campaigns.’²⁷⁷ Katherine Jackson also recalled that Ms Asmar was given money out of the kitty to fund expenses relating to her campaign for election to a local council,²⁷⁸ presumably Darebin Local Council.
139. Katherine Jackson frankly disclosed that the purpose of the fund was to avoid the HSU’s disclosure obligations under what is now the FWRO Act.²⁷⁹ When asked whether the funds were declared, Katherine Jackson responded to Counsel for the HSU: ‘Of course not’, adding frankly: ‘That’s why you have those funds, Mr Irving’.²⁸⁰

²⁷² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [134]-[135].

²⁷³ Jackson MFI-1, 30/7/14, p 106.

²⁷⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [134].

²⁷⁵ Katherine Jackson, 18/6/14, T:824.18-30.

²⁷⁶ Katherine Jackson, 18/6/14, T:823.36;824.7; T:824.32-825.3.

²⁷⁷ Katherine Jackson, 18/6/14, T:826.29-33.

²⁷⁸ Katherine Jackson, 18/6/14, T:826.35-827.2.

²⁷⁹ Katherine Jackson, 28/8/14, T:863.17-22.

²⁸⁰ Katherine Jackson, 28/8/14, T:863.22-25.

140. Katharine Wilkinson did not know how the funds in the kitty were expended.²⁸¹ The expenditure of the funds was not reported in the Branch's financial returns or audited by the Branch auditor.²⁸² Any expenditures from the 'kitty' were not the subject of any declarations under s 237 of the FWRO Act or its predecessors.²⁸³ To the extent that they were used to fund an election campaign for union positions, even if in relation to another branch or another union, that raises the spectre of an offence against s 190 of the FWRO Act and its predecessors.
141. Katherine Jackson's position appears to be that accounting for the funds in the manner outlined above would defeat the purpose of the fund. That is a deeply irresponsible position for the senior executive official of the Union to take. It cannot be in the interests of the No 3 Branch or its members to expose the Branch to penalties for a failure properly to manage its financial affairs and comply with its statutory disclosure obligations. Nor can it be in the interests of members deliberately to avoid disclosure obligations and therefore scrutiny.
142. Tracey J found that, apart from the amounts paid to BCOM, each of the cash withdrawals was unauthorised.²⁸⁴
143. Tracey J also found that the BCOM did not have power under Rule 68 of the HSU Rules to authorise the making of payments to BCOM members, a portion of which would then be donated back to the Union or Secretary for the funds to be disbursed at the discretion of the Branch Secretary. Tracey J said that, to the extent that any of the pre-2008, 2008 or 2010 resolutions purported to authorise these additional payments, they were ultra vires the HSU Rules.²⁸⁵
144. In the period up to 24 May 2010, the rules relevantly provided for the 'government, management and ... control of the affairs of each branch' to be vested in a branch

²⁸¹ Katharine Wilkinson, 27/8/14, T:758.28-34.

²⁸² Christopher Brown, witness statement, 27/8/2014, [13], *Health Services Union v Jackson (No 4)* [2015] FCA 865, [129].

²⁸³ Katherine Jackson, 28/8/2014, T:863.17-22.

²⁸⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [142].

²⁸⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [138].

committee.²⁸⁶ The BCOM had enumerated powers. Among other things, the BCOM could, subject to the rules and the control of branch members, ‘transact all the business of the branch’ and ‘take any action which in its opinion’ was in the ‘interests of the branch, provided that such action does not conflict with the policies of the Union’.²⁸⁷ Relevantly, rule 68 also specifically entitled members ‘engaged on Union or branch business’ to be paid reasonable out of pocket expenses, and to be reimbursed – at their rate of salary – for any loss of salary or wages as a consequence of being engaged on branch business under the instructions of the BCOM.²⁸⁸

145. As appears from the rules, which, accepting Christopher Brown’s evidence, were in force in the period up to 24 May 2010, the BCOM of the No 3 Branch had at least two broadly expressed heads of power that could arguably have supported the payment of honorariums to its members of up to \$9,500 (or \$9,800) per meeting. The countervailing argument is that the specific provision in the Rules for members engaged, relevantly, on branch business to be paid reasonable out of pocket expenses prevails over (or cuts down) the general, and more broadly expressed, heads of powers conferred on the Branch Committee of Management. That construction is reinforced by the consideration that the enumerated powers of the Branch Committee of Management were expressed to be ‘subject to’ the rules.
146. On the other hand, the specific provision in the rules dealing with out of pocket expenses, properly construed, may simply establish a *minimum* entitlement. On that construction, the rule constitutes a floor and not a ceiling. This would have the consequence that, although members were *at least* entitled to be reimbursed their reasonable out of pocket expenses, the Branch Committee of Management could authorise the payment of an honorarium in a greater amount.
147. It appears that Tracey J adopted at least the narrower construction of the rules referred to above. Alternatively, it may be that his Honour considered that, whatever the *scope* of the remuneration power conferred upon the BCOM under the HSU Rules, the *content* of

²⁸⁶ Christopher Brown, witness statement, 27/8/14, para 13, Annexure 1A (see rule 47) and Annexure 1B (see rule 49).

²⁸⁷ Christopher Brown, witness statement, 27/8/14, para 13, Annexure 1A (see rule 50) and Annexure 1B (see rule 52).

²⁸⁸ Christopher Brown, witness statement, 27/8/14, para 13, Annexure 1A (see rule 67) and Annexure 1B (see rule 68).

the power did not extend to directing the manner in which any remuneration was to be treated by the recipient members. In any event, the following is clear:

- (a) First, Tracey J found that regardless of the form of the authorisation, the practice was not such as to constitute a payment or donation from the BCOM members to the Union after receipt of a large honorarium. Rather, the reality of the transaction was that Katherine Jackson drew the cash, paid \$100 to each member, and kept the remainder of the cash to disburse as she pleased.²⁸⁹ That is not what was contemplated by the resolutions in evidence.
- (b) Secondly, 20 of the cash cheques did not coincide with BCOM meetings and therefore were wholly outside the authority conferred by the resolutions.²⁹⁰

148. Katherine Jackson admitted in her defence that she had used some of the funds from the ‘kitty’, totalling \$12,500.00, for personal purposes, including deposits to a mortgage account and her personal account.²⁹¹ Tracey J concluded that some, at least, of the other cash withdrawals were undertaken by Katherine Jackson with the intention of using the funds for personal purposes. His Honour drew this inference on the basis of the temporal proximity of the withdrawals from Branch accounts and deposits into personal accounts of Katherine Jackson’s.²⁹²

149. Tracey J found that Katherine Jackson used her positions, as Branch Secretary of the Victoria No 3 Branch and as Executive President of the HSU East Branch, improperly to gain an advantage for herself (and in some instances her husband) and thereby contravened section 287 of the FWRO Act and section 182 of the *Corporations Act* 2001 (Cth).²⁹³ Tracey J ordered Katherine Jackson to pay compensation to the union in the amount of \$238,937.²⁹⁴

²⁸⁹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [139].

²⁹⁰ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [141].

²⁹¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [130].

²⁹² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [145].

²⁹³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [147].

²⁹⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [148].

150. Appendix B to these submissions sets out Tracey J's findings as to the individual cheque withdrawals²⁹⁵ and the evidence available as to likely personal expenditure of the cash retained from the cash cheques. In some cases, the evidence of contemporaneous deposits to Katherine Jackson's personal accounts also aligns with a contemporaneous withdrawal from the NHDA. It is impossible to identify from which source the funds in Katherine Jackson's accounts were drawn, but it is submitted that the overwhelming inference is that those deposits came from one or other of the NHDA funds or the funds retained by Katherine Jackson from the proceeds of the cash cheques.
151. It is respectfully submitted that the Commissioner should accept the reasoning and conclusions of Tracey J on these issues.
152. A larger question relates to how this arrangement came to be implemented in the first place, and how and why it continued for so long without objection including from anyone in the BCOM or the auditor. In that connection, the following observations may be made now (and this issue is considered further in section C7 below).
153. The arrangement was not transparent. The way in which it was recorded in the records of the branch gave the appearance that the BCOM members were being paid an honorarium up to \$9,500 or \$9,800. But the reality was different. The amount each BCOM member in fact received, \$100 per meeting, as distinct from what they were purportedly entitled to receive, was relatively modest.
154. Moreover, nowhere is it explained why the BCOM members required remuneration in amounts far exceeding the \$100 that they were accustomed to receive. Katherine Jackson's evidence was that the \$100 was to cover expenses such as petrol and parking. There is no explanation as to why the BCOM members would have determined that they were so out of pocket for attending a monthly meeting that an entitlement of up to 8 times that amount was warranted, particularly as, on Katherine Jackson's version, the BCOM members simply dedicated the funds back to the No 3 Branch.
155. By the arrangement adopted, thousands of dollars that stood to the credit of the Branch's bank account were withdrawn, ostensibly to cover the payment of an honorarium to the

²⁹⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [147].

Branch Committee of Management members, and ended up in a kitty for use in the ‘interests of’ the union (broadly defined). Expenditure from the kitty was not accounted for in the books and records maintained by the Branch.

156. The arrangement, by Katherine Jackson’s own admission, was designed to avoid the strictures of what is now the FWRO Act, including the requirement in s 237 to disclose donations.
157. Propriety dictates that where an officer receives funds to be used for the benefit of the union, those funds ought be receipted, and accounted for, as branch funds. The use of a cash ‘kitty’ defeats transparency and accountability. It also, as proceedings of the Commission demonstrate, generates suspicion and accusation. The facts surrounding the No 3 Branch ‘kitty’, and the arrangements adopted by Katherine Jackson and the Branch Committee of Management to fund that kitty, in effect, from branch funds, evidence the undesirable nature of the existence and operation of this kind of relevant entity.

C4. Credit card expenditure

Introduction

158. During her tenure as No 3 Branch Secretary three separate credit cards were held by Katherine Jackson in her name, a Diners Club Card, a CBA Mastercard and a Citibank Mastercard.²⁹⁶
159. There is no controversy that Katherine Jackson made regular use of these cards. In her evidence to the Commission, Katherine Jackson said that she had three union credit cards,²⁹⁷ the monthly account statements for which were sent to the Union.²⁹⁸ She said that two of the cards were issued in her name because the relevant issuing financial

²⁹⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [225]-[228].

²⁹⁷ Katherine Jackson, witness statement, 18/6/14, para 374; Katherine Jackson, 18/6/14, T:813.47-814.12; Jane Holt, 17/6/14, T:680.8-10.

²⁹⁸ Katherine Jackson, witness statement, 18/6/14, para 374. See also Katherine Jackson, 18/6/14, T:814.18-19; Jane Holt, 17/6/14, T:680.12-681.19, 682.25-28.

institution required that the card be issued in the name of an individual.²⁹⁹ Katherine Jackson said in evidence:³⁰⁰

They were union credit cards issued in my name. There were no reimbursements. They were never personal credit card, as has been splashed across the newspapers. They were always union credit cards.

160. According to Katherine Jackson, she was not the only person within the HSU who incurred charges on the card; other staff members also incurred charges for union-related purposes, including, for example, accommodation.³⁰¹

161. Katherine Jackson added, in her evidence before the Commission:³⁰²

There was a large annual expenditure on credit cards.

I say that the total amounts charged to credit cards each year for the whole of the No 3 Branch Expenditure by credit card, which was well under 10% of total expenditure of the No 3 Branch, is unremarkable.

162. However the HSU contended that some of the credit card expenditure incurred by Katherine Jackson was for non-work related purposes and was incurred for the benefit of Katherine Jackson and her family, not the HSU.

163. In the Federal Court proceedings Tracey J acceded to this contention and held that Katherine Jackson should pay the HSU compensation in a total amount of \$305,828.30 in relation to misuse of credit cards.³⁰³

164. Tracey J identified a number of different categories of impugned credit card transaction and it will be helpful to adopt his Honour's nomenclature. A chronological summary of the relevant credit card expenditure, other than in connection with travel expenses set out in the table at paragraph 166 below, is at Appendix C to these submissions.

²⁹⁹ Katherine Jackson, 18/6/14, T:814.27-28.

³⁰⁰ Katherine Jackson, 18/6/14, T:817.31-34.

³⁰¹ Katherine Jackson, 18/6/14, T:814.30-37. See also Jane Holt, witness statement, para 29.

³⁰² Katherine Jackson, witness statement, 13/6/14, paras 375-376.

³⁰³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, at [276].

Travel expenses

165. This was the largest category of expense. Between July 2003 and August 2011 Katherine Jackson undertook 24 overseas trips and 10 domestic trips. On some of these trips, Katherine Jackson was accompanied by a family member.³⁰⁴ The HSU contended that Katherine Jackson used her union credit card during many of these trips for personal purposes.

166. The following table sets out the travel related credit card expenditure in the credit cards issued to Katherine Jackson, based on the credit card statements that are in evidence and Tracey J's findings as to Katherine Jackson's travel history.³⁰⁵

| Trip | Date | Card | Expense | Amount | Evidence |
|---|-------------|--------|--|------------|---|
| New Zealand Trip (9 July to 14 July 2003) | 2 Jul 2003 | Diners | Qantas Holidays International | \$3,122.84 | Tender Bundle, 2/10/2015, Tab 5, p 1607 |
| | 2 Jul 2003 | Diners | Qantas Holidays | \$1,272.88 | Tender Bundle, 2/10/2015, Tab 5, p 1607 |
| | 14 Jul 2003 | Diners | Hertz Rent a Car Head Office | \$115.60 | Tender Bundle, 2/10/2015, Tab 5, p 1610 |
| Gold Coast Trip (September 2003) | 12 Sep 2003 | Diners | Hyatt Regency Sanctuary Cove | \$89.20 | Tender Bundle, 2/10/2015, Tab 5, p 1615 |
| | 12 Sep 2003 | Diners | Noosa Village B-Shop 45665 | \$289.85 | Tender Bundle, 2/10/2015, Tab 5, p 1616 |
| | 21 Sep 2003 | Diners | Avis Rent A Car Mascot, pick up and drop off in Maroochydore APO | \$1,548.59 | Tender Bundle, 2/10/2015, Tab 5, p 1615 |
| Hong Kong and United States Trip (5 December 2003 to 22 March 2004) | 22 Nov 2003 | Diners | Ted's Camera Stores | \$1,429.90 | Tender Bundle, 2/10/2015, Tab 5, p 1622 |

³⁰⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [231].

³⁰⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

| Trip | Date | Card | Expense | Amount | Evidence |
|------|-------------|----------|--|---------------------------------|--|
| | 5 Dec 2003 | Diners | Flight Centres NSW P/N:Jackson/Jeffrey Mr TkT: 9141608338 R/N: Not Supplied CX:L MEL/HKG – CX:L HKG/JFK, Date Travel 26/12/03 | \$3,807.14 | Tender Bundle, 2/10/2015, Tab 5, p 1621 |
| | 29 Dec 2003 | Citibank | Body Map Tullamarine | \$193.75 | Tender Bundle, 2/10/2015, Tab 7, p 2237 |
| | 30 Dec 2003 | Citibank | The Excelsior Hotel Hong Kong HK | \$1,586.47 | Tender Bundle, 2/10/2015, Tab 7, p 2237 |
| | 8 Jan 2004 | Diners | Paramount Hotel New Yo, New York | \$2,993.72 \$13.65 \$5.03 | Tender Bundle, 2/10/2015, Tab 5, p 1626 |
| | 8 Jan 2004 | Citibank | Star Market #121 S8g Brighton Us | \$81.91 | Tender Bundle, 2/10/2015, Tab 7, p 2231 |
| | 11 Jan 2004 | Diners | Westin Hotel- Copley Place, Bosto | \$834.57 | Tender Bundle, 2/10/2015, Tab 5, p 1626 |
| | 12 Jan 2004 | Citibank | 1336 Massachusetts Cambridge Ma Us Cambridge, Boston, Massachusetts | \$650.22 | Tender Bundle, 2/10/2015, Tab 7,p 2233 |
| | 13 Jan 2004 | Citibank | Dana Hill Liquors Cambridge Us | \$296.62 | Tender Bundle, 2/10/2015, Tab 7, p 2233 |
| | 13 Jan 2004 | Citibank | Trattoria Il Panino Restaurant, Boston, Us | \$189.29 | Tender Bundle, 2/10/2015, Tab 7, p 2233 |
| | 14 Jan 2004 | Citibank | Star Market #21 58g Brighton Us | \$159.77 | Tender Bundle, 2/10/2015, Tab 7, p 2233 |
| | 16 Jan 2004 | Citibank | 1336 Massachusetts Cambridge Ma US | \$926.79 | Tender Bundle, 2/10/2015, Tab 7, p 2233 |
| | 17 Jan 2004 | Citibank | Radio Shack 00113811 Cambridge, US | \$434.01 | Tender Bundle, 2/10/2015, Tab 7,2233 |
| | 20 Jan 2004 | Citibank | Grafton Street Cambridge | \$293.78 | Tender Bundle, 2/10/2015, |

| Trip | Date | Card | Expense | Amount | Evidence |
|------|-------------|----------|--|-----------|--|
| | | | | | Tab 7, p 2233 |
| | 21 Jan 2004 | Citibank | Harvard Coop Business Allston US | \$829.53 | Tender Bundle, 2/10/2015, Tab 7, p 2234 |
| | 21 Jan 2004 | Citibank | Star Market #121 58g Brighton US | \$215.15 | Tender Bundle, 2/10/2015, Tab 7, p 2234 |
| | 21 Jan 2004 | Citibank | The Wine Shop Brighton Us | \$154.55 | Tender Bundle, 2/10/2015, Tab 7, p 2234 |
| | 23 Jan 2004 | Citibank | Gap #2233/The Boston Us | \$83.22 | Tender Bundle, 2/10/2015, Tab 7, p 2234 |
| | 26 Jan 2004 | Citibank | 1336 Massachusetts Cambridge Ma US | \$915.75 | Tender Bundle, 2/10/2015, Tab 7, p 2234 |
| | 6 Feb 2004 | Citibank | Amtrak Boston South Us | \$74.47 | Tender Bundle, 2/10/2015, Tab 7, p 2227 |
| | 9 Feb 2004 | Citibank | Westin Hotels, Boston, Us | \$716.78 | Tender Bundle, 2/10/2015, Tab 7, p 2229 |
| | 11 Feb 2004 | Citibank | Harvard Co-op Square #3 Cambridge Us | \$845.88 | Tender Bundle, 2/10/2015, Tab 7, p 2229 |
| | 13 Feb 2004 | Citibank | Amtrak Boston South Us | \$181.43 | Tender Bundle, 2/10/2015, Tab 7, p 2229 |
| | 14 Feb 2004 | Citibank | Expedia*Travel 800-367-3476 Us | \$1172.40 | Tender Bundle, 2/10/2015, Tab 7, p 2229 |
| | 16 Feb 2004 | Citibank | Dana Hill Liquors Cambridge US | \$224.91 | Tender Bundle, 2/10/2015, Tab 7, p 2229 |
| | 17 Feb 2004 | Citibank | 1336 Massachusetts Cambridge Ma US | \$896.24 | Tender Bundle, 2/10/2015, Tab 7, p 2229 |
| | 18 Feb 2004 | Citibank | Radio Shack 00113811 | \$205.78 | Tender Bundle, 2/10/2015, Tab 7, p 2229 |

| Trip | Date | Card | Expense | Amount | Evidence |
|------|-------------|-----------------------|---|------------|--|
| | 18 Feb 2004 | Citibank | Harvard Coop Square #3 Cambridge Us | \$226.09 | Tender Bundle, 2/10/2015, Tab 7, p 2230 |
| | 18 Feb 2004 | Citibank | Uhs Pharmacy Cambridge Us | \$359.23 | Tender Bundle, 2/10/2015, Tab 7, p 2230 |
| | 19 Feb 2004 | Citibank | The Ups Store #0681 Cambridge Us | \$1337.76 | Tender Bundle, 2/10/2015, Tab 7, p 2230 |
| | 20 Feb 2004 | Citibank | Union Oyster House Boston US | \$744.17 | Tender Bundle, 2/10/2015, Tab 7, p 2230 |
| | 20 Feb 2004 | Citibank | J.Crew #542 Boston Us | \$1742.75 | Tender Bundle, 2/10/2015, Tab 7, p 2230 |
| | 21 Feb 2004 | Citibank | The Ups Store #0681 Cambridge Us | \$452.23 | Tender Bundle, 2/10/2015, Tab 7, p 2230 |
| | 27 Feb 2004 | CBA Master card | Governors House Hotel Washington DC | \$1,105.16 | Tender Bundle, 2/10/2015, Tab 7, p 1944 |
| | 1 Mar 2004 | Citibank | Mail Boxes Etc #4275 Albuquerque Us | \$103.13 | Tender Bundle, 2/10/2015, Tab 7, p 2230 |
| | 4 Mar 2004 | Citibank | Bellagio Hotel & Casin Las Vegas Us | \$756.46 | Tender Bundle, 2/10/2015, Tab 7, p 2230 |
| | 11 Mar 2004 | Citibank | Ups (800) 811-1648 San Franciscous | \$410.18 | Tender Bundle, 2/10/2015, Tab 7, p 2224 |
| | 12 Mar 2004 | Citibank | American Sanfrancisco Us | \$167.37 | Tender Bundle, 2/10/2015, Tab 7, p 2224 |
| | Various | Citibank | Phone services, recorded on the accounts statements as Resort Direct Dial or Vacation phone services (10/1/2004), (23/1/2004), (26/1/2004), (1/2/2004), (2/2/2004), (10/2/2004), | \$418.00 | Tender Bundle, 2/10/2015, Tab 7, pp 2227, 2229, 2230, 2231, 2234 |

| Trip | Date | Card | Expense | Amount | Evidence |
|---|-------------|----------|--|-------------------------------|---|
| | | | (11/2/2004) and (20/2/2004) | | |
| Hong Kong Trip (21 October to 25 October 2004) | 21 Oct 2004 | Diners | Balwyn Flight Centre | \$525 | Tender Bundle, 2/10/2015, Tab 5, p 1648 |
| US Trip (21 October to 25 October 2004) | 24 Mar 2005 | Diners | Qantas Airways Limited P/N: JacksonKatherineMs TKT: Not Supplied QF: V MEL/LAX – QF: V LAX/JFK Date Travel: 01/04/05 | \$4,539.86 | Tender Bundle, 2/10/2015, Tab 5, p 1666 |
| | 24 Mar 2005 | Diners | Bellagio – Room Res, Las Vegas USD | \$434.84 | Tender Bundle, 2/10/2015, Tab 5, p 1666 |
| | 5 Apr 2005 | Citibank | Bellagio Hotel & Casin Las Vegas Us | \$901.02 | Tender Bundle, 2/10/2015, Tab 7, p 2187 |
| | 10 Apr 2005 | Citibank | 44 th St Cameras & Elec New York US | \$1864.89 | Tender Bundle, 2/10/2015, Tab 4, p 1207 |
| | 13 Apr 2005 | Citibank | Wyndham Hotels 58 th St New York Us | \$2857.62 | Tender Bundle, 2/10/2015, Tab 4, p 1207 |
| Mt Buller Trip (July 2005) | 5 July 2015 | Diners | Mercure Grand Mt Buller | \$1,130 | Tender Bundle, 2/10/2015, Tab 5, p 1675 |
| Falls Creek Trip (August 2005) | 3 Aug 2005 | Citibank | Astra Alpine Lodge, Falls Creek AU | \$9,000 \$2,000 \$2,000 | Tender Bundle, 2/10/2015, Tab 4, p 1219 |
| | 11 Aug 2005 | Citibank | Mt Hotham Falls Creek Au | \$4,650.50 | Tender Bundle, 2/10/2015, Tab 4, p 1223 |
| | 15 Aug 2005 | Citibank | Falls Creek Sprts – Sn Falls Creek Au | \$745 | Tender Bundle, 2/10/2015, Tab 4, p 1223 |
| | 15 Aug 2005 | Citibank | Fc Resort Management Falls Creek Au | \$300 | Tender Bundle, 2/10/2015, Tab 4, p 1224 |
| | 18 Aug 2005 | Citibank | Astra Alpine Lodge Falls Creek Au | \$4,351 | Tender Bundle, 2/10/2015, |

| Trip | Date | Card | Expense | Amount | Evidence |
|---|-------------|----------|---|------------|---|
| | | | | | Tab 4, p 1224 |
| India Trip (12 September to 26 September 2005) | 25 Aug 2005 | Diners | Travel Talk International | \$1,377 | Tender Bundle, 2/10/2015, Tab 5, p 1682 |
| US Holiday (4 April to 20 April 2006) | 10 Mar 2006 | Citibank | Sta Travel Pty Ltd Abbotsford Au | \$300 | Tender Bundle, 2/10/2015, Tab 4, p 1249 |
| | 17 Mar 2006 | Diners | Sta Travel 57 | \$3,852 | Tender Bundle, 2/10/2015, Tab 5, p 1721 |
| | 17 Mar 2006 | Diners | Sta Travel 57 | \$437 | Tender Bundle, 2/10/2015, Tab 5, p 1721 |
| | 26 Mar 2006 | Citibank | Alaska A Seattle Us | \$365.24 | Tender Bundle, 2/10/2015, Tab 4, p 1249 |
| | 26 Mar 2006 | Citibank | Us Airwa Atlanta Us | \$375.41 | Tender Bundle, 2/10/2015, Tab 4, p 1249 |
| | 27 Mar 2006 | Citibank | United Atlanta US | \$138.51 | Tender Bundle, 2/10/2015, Tab 4, p 1249 |
| | 30 Mar 2006 | Citibank | Sta Travel Pty Ltd 57 Carlton Au | \$288.60 | Tender Bundle, 2/10/2015, Tab 4, p 1249 |
| | 6 Apr 2006 | Citibank | Qfc#5807 Slr Seattle WA | \$260.71 | Tender Bundle, 2/10/2015, Tab 4, p 1253 |
| | 6 Apr 2006 | Citibank | Hitchcock Seattle WA | \$2,086.68 | Tender Bundle, 2/10/2015, Tab 4, p 1253 |
| | 7 Apr 2006 | Citibank | Twist Seattle WA | \$1,430.22 | Tender Bundle, 2/10/2015, Tab 4, p 1253 |
| | 22 Apr 2006 | Citibank | Holiday Inns – City Cen Los Angeles Ca | \$439.62 | Tender Bundle, 2/10/2015, Tab 4, p 1253 |
| Port Douglas Trip (23 June to 1 | 8 Jun 2006 | Diners | Jetstar P/N: Jackson/Katherine TKT:9990010359 | \$2,814 | Tender Bundle, 2/10/2015, |

| Trip | Date | Card | Expense | Amount | Evidence |
|--|-------------|----------|---|---|--|
| July 2006) | | | R/N: Not Supplied JQ-L MEL/CNS/MEL Date travel 29/06/06 Ref: X88LAL | | Tab 5, p 1694 |
| | 15 Jun 2006 | Citibank | Avis Australia Mascot Au | \$3,136.21 | Tender Bundle, 2/10/2015, Tab 4, p 1262 |
| | 26 Jun 2006 | Citibank | Raywhite Port Douglas Au | \$4,151.25 | Tender Bundle, 2/10/2015, Tab 4, p 1261 |
| | 27 Jun 2006 | Citibank | Sun Palm Express Port Douglas Au | \$180 | Tender Bundle, 2/10/2015, Tab 4, p 1261 |
| | 30 Jun 2006 | Citibank | Coles 4546 Port Douglas | \$522.11 | Tender Bundle, 2/10/2015, Tab 4, p 1262 |
| | 30 Jun 2006 | Citibank | Village Cellars Port Douglas Au | \$72.90 | Tender Bundle, 2/10/2015, Tab 4, p 1262 |
| | 3 Jul 2006 | Citibank | Sheraton Hotels Port Douglas AU | \$4,082.45 | Tender Bundle, 2/10/2015, Tab 4, p 1262 |
| | 8 Jul 2006 | Citibank | Sheraton Hotels Pt Douglas | \$656 | Tender Bundle, 2/10/2015, Tab 4, p 1265 |
| | 28 Jul 2006 | Citibank | Port Douglas Car R Port Douglas | \$1,248 \$500 \$188 \$500 | Tender Bundle, 2/10/2015, Tab 4, p 1266 |
| Hong Kong Trip (30 November to 14 December 2006) | 29 Nov 2006 | Citibank | Sta Travel Pty Ltd 57 Carlton Au | \$826 | Tender Bundle, 2/10/2015, Tab 4, p 1279 |
| | 4 Dec 2006 | Citibank | Wotif.Com Abingdon Gb | \$321.55 | Tender Bundle, 2/10/2015, Tab 4, p 1279 |
| | 14 Dec 2006 | Citibank | Jia Boutique Hotel Hong Kong Hk | \$1,983.31 (Hong Kong dollars) | Tender Bundle, 2/10/2015, Tab 4, p 1283 |
| European Trip (26 March to 19 | 22 Mar 2007 | Diners | Qantas Airways Limited P/N JacksonStephanieMi | \$2,810.63 | Tender Bundle, 2/10/2015, |

| Trip | Date | Card | Expense | Amount | Evidence |
|--------------------------------------|-------------|-----------------|---|----------------------|---|
| April 2007) | | | ss TKT: Not Supplied R/N: Not Supplied QF: L MEL/SYD – QF: L SYD/FRA Date Travel 26/3/07 REF2TJUOJ | | Tab 5, p 1740 |
| | 22 Mar 2007 | Diners | Qantas Airways Limited PN: JacksonStephanieMiss TKT: Not Supplied R/N Not Supplied | \$2,110.63 | Tender Bundle, 2/10/2015, Tab 5, p 1740 |
| US Holiday (4 May to 18 May 2007) | 12 May 2007 | Citibank | Hotel Qt New York Us | \$1,094.07 | Tender Bundle, 2/10/2015, Tab 4, p 1306 |
| | 17 May 2007 | Citibank | Sorrento Hotel Seattle Us | \$1,996.63 | Tender Bundle, 2/10/2015, Tab 4, p 1306 |
| | 27 Jun 2007 | Citibank | Ftd*Fiori Floral and G Seattle US | \$304.14 | Tender Bundle, 2/10/2015, Tab 4, p 1311 |
| Falls Creek Trip (early August 2007) | 6 Aug 2007 | Citibank | Falls Creek Chamber of Falls Creek | \$30.66 \$3035.34 | Tender Bundle, 2/10/2015, Tab 4, p 1317 |
| | 7 Aug 2007 | Citibank | Falls Creek Chamber of Falls Creek | \$300 | Tender Bundle, 2/10/2015, Tab 4, p 1317 |
| | 10 Aug 2007 | Citibank | Café Maximum Falls Creek | \$365 | Tender Bundle, 2/10/2015, Tab 4, p 1322 |
| Port Douglas Trip (August 2007) | 29 Aug 2007 | Diners | Qantas Airways Limited P/N JacksonKatherinMs TKT: Not Supplied R/N: Not Supplied QF : K MEL/SYD – QF: K SYD/CNS | \$957.10 | Tender Bundle, 2/10/2015, Tab 5, p 1752 |
| | 4 Sep 2007 | CBA Master card | Sheraton Mirage Port Douglas | \$147.05 | Tender Bundle, 2/10/2015, Tab 7, p 2012 |
| Sydney Trip (early March 2008) | 6 Mar 2008 | Citibank | Qantas Mascot Au | \$595.60 | Tender Bundle, 2/10/2015, Tab 4, p 1350 |
| | 6 Mar 2008 | Citibank | Needitnow Com Au Camperdown Au | \$483.85 | Tender Bundle, 2/10/2015, Tab 4, p 1350 |

| Trip | Date | Card | Expense | Amount | Evidence |
|---|-------------|----------|---|------------|--|
| | 8 Mar 2008 | Citibank | Contemporary Hotels Darlinghurst | \$1000 | Tender Bundle, 2/10/2015, Tab 4, p 1350 |
| Hong Kong Trip (June 2008) | 1 May 2008 | Citibank | Qantas Mascot Au | \$830.59 | Tender Bundle, 2/10/2015, Tab 4, p 1358 |
| | 1 May 2008 | Citibank | Qantas Mascot Au | \$781.18 | Tender Bundle, 2/10/2015, Tab 4, p 1358 |
| | 1 May 2008 | Citibank | Wotif.Com Hotels Milton Au | \$583.85 | Tender Bundle, 2/10/2015, Tab 4, p 1358 |
| | 1 May 2008 | Citibank | Wotif.Com Hotels Milton Au | \$723.85 | Tender Bundle, 2/10/2015, Tab 4, p 1358 |
| Port Douglas Trip (6 July to 13 July 2008) | 8 Jul 2008 | Diners | Virgin Blue P/N: Jackson/Katherine TKT: 9990060193 | \$773 | Tender Bundle, 2/10/2015, Tab 5, p 1793 |
| | 10 Jul 2008 | Diners | Avis Rent A Car Mascot | \$414.39 | Tender Bundle, 2/10/2015, Tab 5, p 1795 |
| | 10 Jul 2008 | Diners | Wotif Com Pty Ltd | \$235.15 | Tender Bundle, 2/10/2015, Tab 5, p 1794 |
| | 13 Jul 2008 | Diners | Rydges Sabaya Resort | \$4,160.23 | Tender Bundle, 2/10/2015, Tab 5, p 1795 |
| US Trip (28 October to 10 November 2008) | 6 Oct 2008 | Citibank | Carrion Accessories 34 Tullamarine Au | \$560 | Tender Bundle, 2/10/2015, Tab 4, p 1381 |
| | 15 Oct 2008 | Diners | Carrion Accessories | \$391.40 | Tender Bundle, 2/10/2015, Tab 5, p 1804 |
| | 24 Oct 2008 | Citibank | Southwes 8004359792 Us | \$435.14 | Tender Bundle, 2/10/2015, Tab 4, p 1384 |
| | 30 Oct 2008 | Citibank | Southwes 8004359792 Us | \$666.44 | Tender Bundle, 2/10/2015, Tab 4, p 1385 |

| Trip | Date | Card | Expense | Amount | Evidence |
|--|-------------|----------|---|------------|--|
| | 3 Nov 2008 | Citibank | The Ups Store #2638 Albuquerque US | \$601.70 | Tender Bundle, 2/10/2015, Tab 4, p 1384 |
| | 8 Nov 2008 | Citibank | Yunyichajugongyipi ndia, Shenzhen, Ch | \$548.27 | Tender Bundle, 2/10/2015, Tab 4, p 1384 |
| | 8 Nov 2008 | Citibank | Zhuyufushi, Shenzhen, Cn | \$529.09 | Tender Bundle, 2/10/2015, Tab 4, p 1384 |
| | 9 Nov 2008 | Citibank | Giordano Ltd Hong Kong Hk | \$429.81 | Tender Bundle, 2/10/2015, Tab 4, p 1384 |
| | 9 Nov 2008 | Citibank | Sz Luohu Dc Anny Shop, Shenzhen, Cn | \$354.99 | Tender Bundle, 2/10/2015, Tab 4, p 1384 |
| | 9 Nov 2008 | Citibank | Sz Luohu Tiantian Groc, Shenzhen, Cn | \$406.64 | Tender Bundle, 2/10/2015, Tab 4, p 1384 |
| | 10 Nov 2008 | Diners | The Excelsior Hotel | \$1,427.19 | Tender Bundle, 2/10/2015, Tab 5, p 1803 |
| | 10 Nov 2008 | Diners | Nuance Watson Sound and Vis, Hong Kong | \$1,090.18 | Tender Bundle, 2/10/2015, Tab 5, p 1804 |
| | 11 Nov 2008 | Citibank | FedEx Shp 11/04/08 Ab# 865- 862347175us | \$583.47 | Tender Bundle, 2/10/2015, Tab 4, p 1384 |
| Gold Coast Trip (15 September to 17 September 2009) | 15 Sep 2009 | Citibank | Jonday Holdpl Thrifty Coolangatta Au | \$414.34 | Tender Bundle, 2/10/2015, Tab 4, p 1419 |
| | 17 Sep 2009 | Citibank | Sheraton Mirage Resort Main Beach Au | \$829.40 | Tender Bundle, 2/10/2015, Tab 4, p 1420 |
| Hong Kong Trip (29 October to 3 November 2009) | 29 Oct 2009 | Citibank | Wotif.Com Hotels Milton Au | \$427.30 | Tender Bundle, 2/10/2015, Tab 4, p 1425 |
| | 3 Nov 2009 | Citibank | The Excelsior Hotel, Causeway Bay Hk | \$1,822.56 | Tender Bundle, 2/10/2015, |

| Trip | Date | Card | Expense | Amount | Evidence |
|--|-------------|----------------|--|--|---|
| | | | | | Tab 4, p 1425 |
| Hong Kong Trip (10 April to 16 April 2010) | 15 Mar 2010 | Citibank | Qantas Mascot Au | \$2504.42 \$1564.05 | Tender Bundle, 2/10/2015, Tab 4, p 1437 |
| | 19 Mar 2010 | Citibank | Flora Floriculture Ltd Hong Kong Hk, Hong Kong, a store that sells flowers and similar items | \$576.70 | Tender Bundle, 2/10/2015, Tab 4, p 1440 |
| | 25 Mar 2010 | Citibank | Qantas Mascot Au | \$2859.30 \$1270.80 \$635.40 \$563.40 \$907.40 | Tender Bundle, 2/10/2015, Tab 4, p 1440 |
| European Trip (26 August to 1 October 2010) | 17 Jun 2010 | CBA Mastercard | Qantas Mascot Aus | \$6,896.22 | Tender Bundle, 2/10/2015, Tab 6, p 2137 |
| | 18 Aug 2010 | Citibank | Qantas Mascot Au | \$8382.42 | Tender Bundle, 2/10/2015, Tab 4, p 1455 |
| | 18 Aug 2010 | Citibank | Wotif.com Hotels Milton Au | \$159.95 | Tender Bundle, 2/10/2015, Tab 4, p 1455 |
| | 25 Aug 2010 | Citibank | Wotif.Com Hotels Milton Au | \$1,400.93 | Tender Bundle, 2/10/2015, Tab 4, p 1457 |
| | 26 Aug 2010 | CBA Mastercard | Wotif.com Hotels | \$891.84 | Tender Bundle, 2/10/2015, Tab 6, p 2125 |
| US Trip (22 July to 21 August 2011) | 4 Aug 2011 | Citibank | Ebookers.Com Gb | \$1,015.20 | Tender Bundle, 2/10/2015, Tab 4, p 1478 |

167. As noted above, Katherine Jackson does not appear for the most part to deny incurring the travel related credit card expenses of the kind summarised in the above table. Indeed any such denial would be problematic: the evidence in the credit card statements noted

above appears incontrovertible, particularly when taken with Tracey J's findings as to her international movements over the relevant period.³⁰⁶

168. Rather, the position taken by Katherine Jackson in substance is that each of the travel expenses incurred by her on union credit cards was expressly or implicitly authorised by the BCOM.
169. In order to consider this contention in more detail it will be useful to focus on a particular example. The following discussion will concentrate on Katherine Jackson's trip to the United States in late 2003 and early 2004.
170. In her defence, Katherine Jackson says the following in respect of this trip (at paragraph 128(a)):

In relation to trip (iii), in 2004 Katherine Jackson won a U.S state department/NSW Trades & Labour Council sponsorship to attend the Harvard Train [*sic, presumably Trade*] Union Training Program, the premier professional development course for union officials in the world. The BCOM approved her attendance at that program and associated expenses not covered by the sponsorship. Time on the Program was probably treated as work time not leave. Katherine Jackson says that she was also entitled to spend money in accordance with the BCOM HESTA Fees Approval, the Contractual Travel Entitlement in relation to that travel. Katherine Jackson graduated from the Harvard Course, delivering the graduation speech on behalf of the class.

171. Katherine Jackson's oral evidence in the Commission was consistent with the above. For example, when asked about expenses incurred from the NHDA in relation with a trip to the United States in early 2004, Katherine Jackson responded that this was associated with a trip for a scholarship she had received to 'the Harvard Program'.³⁰⁷ Katherine Jackson also testified that her then husband accompanied her for at least part of that trip.³⁰⁸
172. As a matter of fairness to Katherine Jackson a number of points concerning this trip can be made. First, it seems *prima face* reasonable for a union to assist a senior official to obtain a further qualification, particularly if a third party is providing some 'sponsorship' in relation to that qualification, provided at least that the qualification will enable the official more effectively to perform his or her duties on behalf of the

³⁰⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

³⁰⁷ Katherine Jackson, 28/8/14, T:788.47-789.1.

³⁰⁸ Katherine Jackson, 28/8/14, T:789.36.

members. Also, it must have been obvious to the BCOM and others at the No 3 Branch that Katherine Jackson was at Harvard for a period of time obtaining this qualification; she seems to have been away for a number of months. The fact of her obtaining the qualification appears to have been no secret. To this extent, the trip to the US in late 2003 and early 2004 seems *prima facie* less problematic than some of the other trips noted above, which even Katherine Jackson seems to concede were holidays.

173. Nevertheless, and even taking all the above points into account, the expenses incurred by Katherine Jackson on her US trip in late 2003 and 2004 as set out above are impossible to justify. It should be emphasised that the expenses impugned in the above table in relation to this trip do not include, for example, any cost of tuition: indeed this may have been covered by the sponsorship referred to in the defence. Nor do they include expenses which would necessarily have been incurred by Katherine Jackson for the purposes of this course, such as her own airfare or the purchase of course materials.
174. Rather, the expenses impugned in the above table in relation to this trip are expenses that could not reasonably or necessarily have been incurred for the purposes of Katherine Jackson attending the Harvard Trade Union Training Program. Let it be assumed for the sake of argument that the BCOM was prepared to, and did, authorise Katherine Jackson to attend that Program. Even making this assumption it is unclear why the BCOM would, or legally could, have authorised another member of her family to travel with her at union expense. If Katherine Jackson wished to be accompanied by a family member that was a matter for her.
175. Likewise, it is unclear why the BCOM would, or legally could, have authorised further trips which appear to have been taken during the course of this travel, including to Las Vegas, Seattle and Hong Kong. Such trips appear to have nothing to do with the Harvard Trade Union Training Program. Nor could expenses incurred at clothing shops such as the Gap and the like have been expenses necessarily incurred for the Harvard Trade Union Training Program.
176. In other words, even if it is assumed in Katherine Jackson's favour that BCOM authorised in advance, or ratified subsequently, her trip to the US in 2003 and 2004 for the purposes of completing the Harvard Trade Union Training Program, the expenses set out above go well beyond what could reasonably have been authorised by BCOM for

that purpose, and also beyond what Katherine Jackson could reasonably have been understood to be authorised. Rather, the expenses summarised in the above table in relation to this U.S. trip are explicable only by reference to: (1) a sense of entitlement on Katherine Jackson's part pursuant to which her obligations to members (including her obligation to incur expenses only where necessary for the purposes of advancing their interests) was abandoned and she regarded herself as at liberty to deploy union credit cards for her own purposes and as she saw fit; and (2) an absence of any, or any meaningful, supervision, review or checking by the BCOM. This latter aspect is addressed further below.

177. Katherine Jackson in her defence justifies other trips and expenses in various ways. Generally, she asserted that a number of the other trips were work trips for which the credit card expenditure was authorised. His Honour rejected that contention in respect of a number of the trips because there was no objective evidence that this was so.³⁰⁹ Specifically, Katherine Jackson argued that the trips were undertaken, in accordance with:

- (a) An approval by BCOM, allegedly given in 1999, that Katherine Jackson was entitled to an allowance equivalent to the board fees payable to her as a directors of the HESTA Superannuation fund, but contingent on remission of her HESTA Board fees to the No 3 Branch (BCOM HESTA Board Fees Approval).³¹⁰
- (b) A decision by BCOM, allegedly made in 2002, to confer on Katherine Jackson an entitlement to spend up to \$28,000 per annum on travel for conference and sabbatical purposes, which travel counts as time at work for leave entitlement purposes, and including authority to expend monies on the costs of travel for accompanying family members (Annual Travel Entitlement),³¹¹ or

³⁰⁹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [237]-[238].

³¹⁰ Katherine Jackson Amended Defence dated 15 June 2015, [116]; *Health Services Union v Jackson (No 4)* [2015] FCA 865, [240].

³¹¹ Katherine Jackson Amended Defence dated 15 June 2015, [119]; *Health Services Union v Jackson (No 4)* [2015] FCA 865, [241].

(c) as part of “approved annual leave with expenditure during the trip authorised by the BCOM HESTA Board Fees or the Annual Travel Entitlement.”³¹²

178. In rejecting the contention by Katherine Jackson that she had such allowances or entitlements. In his judgment Tracey J makes a number of points, including: (1) the granting and payment of such allowances was not reported in the union’s accounts between 2000 and 2010 as forming part of Katherine Jackson’s remuneration; (2) an examination of those minutes of the BCOM which are available do not mention any such allowances; (3) in 2010 Katherine Jackson’s salary was reviewed by an external consultant, who was provided with details of Katherine Jackson’s remuneration, none of which disclosed the receipt by Katherine Jackson of any such allowances; and (4) Katherine Jackson did not disclose the receipt of any such alleged allowances or entitlements as income in her taxation returns for the financial years between 2003 and 2011.³¹³
179. It is respectfully submitted that these are powerful points and are sufficient, of themselves, to resolve this issue adversely to Katherine Jackson.
180. However the points made by Tracey J can be supplemented by a number of further observations arising out of the evidence received by this Commission.
181. *First*, the proposition that Katherine Jackson had the benefit of travel allowances or entitlements of the kind now claimed by her is not revealed in the audit records prepared by John Agostinelli. Nor is there any reference to those allowances or entitlements in the audit reports of Iaan Dick (although there has been some criticism elsewhere of the effectiveness of Iaan Dick’s audits). The exit audit of May 2010 undertaken by John Agostinelli verified the payment of unpaid leave entitlements to Katherine Jackson following the conclusion of her employment as Branch Secretary in January 2008. The supporting papers disclose calculations of Katherine Jackson’s entitlements to annual leave, long service leave and accumulated days off, not to any other entitlement.³¹⁴

³¹² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [239].

³¹³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [244].

³¹⁴ Agostinelli MFI-2, 17/6/2014, tab D.76.

182. *Secondly*, ultimately the question whether Katherine Jackson had travel allowances or entitlements of the kind for which she contends does not assist her. Let it be supposed for the sake of argument that Katherine Jackson in fact had allowances or entitlements for travel of the kind and in the quantum she asserts. Even making such an assumption any such allowances or entitlements must still have been deployed to meet expenses unequivocally and necessarily associated with union work. The problem with the expenses incurred by her is that, as explained above, they do not, or do not all, fall within this category. In other words, even if Katherine Jackson had had such a travel allowance it could not have been spent on purposes extraneous to her own Union related travel, such as buying clothing or personal goods.
183. *Thirdly*, it seems objectively highly unlikely that the BCOM would, or legally could, have conferred such lavish allowances and entitlements. This Commission has not heard evidence of such allowances or entitlements being given to any other union official. Indeed the sheer number of the trips taken by Katherine Jackson should be emphasised. For example, as appears from the above table, in 2006 Katherine Jackson went on holidays to the US in April, to North Queensland in June, to Europe in August and to Hong Kong in December. It is objectively unlikely that a BCOM acting reasonably would, or could, have regarded travel of this kind as necessary for, or consistent with, advancing the interests of the members of the union. Moreover, the BCOM could not properly, or legally, have approved or ratified the credit card expenditure so as to permit discretionary spending on retail and entertainment matters entirely unrelated to the business of the union and the interests of its members, and closely related to the enjoyment of one's holiday.
184. *Next*, again even if it be assumed for present purposes that some travel allowance or other entitlement had been given to Katherine Jackson in her capacity as Branch Secretary of the No 3 Branch that arrangement:
- (a) cannot have persisted during the period between her assumption of the role of National Secretary on 22 January 2008 and her resumption of the role of No 3 Branch Secretary on 13 May 2008;

- (b) to the extent that it conferred some entitlement to take holidays without claiming her annual leave entitlements, that could only apply during the period of her employment by the Branch, which concluded on 22 January 2008; and
 - (c) must have ended on or by the merger.
185. As noted above, on or by 24 May 2010, Fair Work Australia had certified the rule changes necessary to implement the merger of the No 3 Branch with the Victoria No 1 Branch and the New South Wales Branch of the HSU, forming the HSU East Branch. As and from that time Katherine Jackson had ceased to be Branch Secretary of the No 3 Branch; indeed, in law that Branch had ceased to exist.
186. However as appears from the above table: (a) in March 2008 Katherine Jackson incurred expenditures on the Citibank Card including airfares and accommodation in relation to a trip to Sydney, when she was not Branch Secretary; and (b) after 24 May 2010 Katherine Jackson travelled on a European holiday in August 2010, a U.S holiday in December 2010 and a further U.S holiday in July 2011. Even if, despite all of the above, any such travel entitlement had been given while she was Branch Secretary of No 3 Branch it had plainly ceased by the time of those trips.
187. The fact that those trips cannot on any view be justified undermines the general position taken by Katherine Jackson on these issues.
188. *Lastly*, it is worth noting that a number of BCOM members gave evidence to the Commission concerning Katherine Jackson's allowances and in particular the suggestion that she had a \$4,000 per year personal allowance from funds maintained in the NHDA. Those BCOM members did not suggest that, in addition, and separately, Katherine Jackson was also entitled to a further allowance or entitlement, including a travel allowance of \$28,000 a year. Moreover, Katherine Jackson did not raise these entitlements in her evidence before the Commission.
189. Tracey J concluded that the expenses were incurred by Katherine Jackson on holidays or to facilitate travel for personal purposes.³¹⁵ For the reasons his Honour gives, and for

³¹⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [246].

the additional reasons outline above, it is submitted that the Commissioner should adopt those findings.

Retail Expenses

190. Katherine Jackson incurred retail expenses at large department stores such as Myer and David Jones, electrical, computer, camera, clothing, shoes, accessories and children's wear stores and at homewares and furniture outlets. She also incurred expenditure at a party warehouse and car dealerships.³¹⁶
191. Katherine Jackson pleaded in her defence that each of the retail expenses was "*work related, properly incurred and properly approved*". She denied that any of the purchases for personal purposes had been paid for with Union funds.³¹⁷ Tracey J rejected this contention, holding that the purchases were not approved by BCOM and, in any event, it was difficult to conceive of why purchases in the nature of department store goods, electrical items and babywear would be necessary for union business. Moreover, assuming that the expenses were for staff gifts, there would be questions about the propriety of purchasing gifts to that value with members' funds.³¹⁸

Food and alcohol purchases

192. Between 2004 and 2008 Katherine Jackson used credit cards on at least 15 occasions to make purchases from supermarkets and liquor stores near her home. In addition, she spent large amounts at various liquor and grocery outlets between 2003 and 2010.³¹⁹
193. Katherine Jackson contended, in her defence, that each of the food and alcohol purchases was "*work related, properly incurred and properly approved*".³²⁰

³¹⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [248].

³¹⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [254].

³¹⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [255].

³¹⁹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [256].

³²⁰ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [259].

194. The purchases in the first group were made at premises close to Katherine Jackson's residence. Tracey J considered it more likely than not that Katherine Jackson made the former category of purchases for domestic purposes. His Honour found that the number and the monetary amount of liquor purchases and the absence of evidence to suggest that consumption occurred at Union functions made it difficult to conclude that any of the second group of purchases were for Union purposes. His Honour found that the food and liquor purchases were non-union related, but allowed a discount of \$5,000 to account for the possibility that some of the food and liquor was purchased for Union-related purposes.³²¹

Health and fitness expenses

195. Between 2004 and 2008 Katherine Jackson used the credit cards to pay for services and equipment from gymnasia and health facilities.³²²
196. In her defence, Katherine Jackson said that all of these expenses had been "*work related, properly incurred and properly approved...*". She further argued that these expenses "*related to other staff and were expenses incurred pursuant to express BCOM approval in relation to a staff health and well-being programme*". She also asserted that the treadmills had been purchased for the Branch office for health purposes and that the expenditure had been approved by the BCOM. Tracey J noted there was no evidence to support these claims.³²³

Entertainment expenses

197. Katherine Jackson incurred large sums at restaurants and bars in and around Melbourne.³²⁴
198. Katherine Jackson defended the claims on the ground that each of the purchases was "*work related, properly incurred and properly approved*". She expressly denied that the

³²¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [260].

³²² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [261].

³²³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [263].

³²⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [264].

purchases had been made for her personal use or had improperly been paid for from Union funds.³²⁵

199. Katherine Jackson did not provide particulars in seeking to demonstrate that the restaurant bills arose from work-related entertainment. Nor was there evidence to support a claim that restaurant entertainment for Union purposes had been authorised by the relevant BCOM either generally or in respect of particular occasions.³²⁶
200. Tracey J applied a discount of 30 percent to the claim in respect of entertainment expenses on the basis that during the period in which the expenses were incurred Katherine Jackson was the holder of either or both offices of the National Secretary and the Secretary of the Victoria No 3 Branch, so that some of the expenses might be justified under Rules 36(b) and 60(d) as being “*reasonably incidental to the general administration of the Union or the Branch*”.³²⁷

Compensation

201. Tracey J found that Katherine Jackson used the credit cards substantially for her own purposes and in contravention of s 187 of the FWRO Act and s 182 of the *Corporations Act* 2001 (Cth). Tracey J found that Katherine Jackson incurred the following expenses on the Union credit cards for her own personal purposes:³²⁸
 - (a) Travel related expenses - \$175,154.
 - (b) Retail expenses - \$101,792.10.
 - (c) Food and alcohol expenses - \$14,639.
 - (d) Health and fitness expenses - \$5,237.
 - (e) Entertainment expenses - \$20,864.20.

³²⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [269].

³²⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [270].

³²⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [271].

³²⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [229].

202. For the reasons stated above it is submitted that the Commissioner should make similar findings.

C5. \$63,000 Honorarium

203. On 23 March 2010, prior to the amalgamation to form the HSU East Branch, the No 3 BCOM passed a resolution, which took effect on 24 May 2010, in the following terms:

The BCOM also reminded the Secretary that she had not claimed the \$21 000 honorarium that she has been entitled to for the past 3 years, and she should arrange payment. The BCOM also noted that the Secretary should be paid the full \$21 000 honorarium in total, for this financial year, not pro rata, regardless of the date of amalgamation as a sign of thanks and appreciation for her service to health professionals.

204. Jane Holt explained in her evidence that the Branch Committee of Management had agreed to pay Katherine Jackson an honorarium for her ‘time in managing’ the Branch when she was the National Secretary of the HSU, and not a paid official of the No 3 Branch.³²⁹ Counsel for the HSU explored that topic with Katherine Jackson in cross-examination on the last occasion she appeared before the Commission.³³⁰
205. Tracey J found that Katherine Jackson wrote a cheque for \$63,000 on an account operated by HSU East Branch. The cheque was signed by Katherine Jackson and countersigned by one but not two members of the HSU East BCOM.³³¹ She did not inform the National Executive of the payment to her.³³² She did not know whether she made any remittance to the Commissioner of Taxation in respect of the payment.³³³
206. Tracey J held that the BCOM did not have power under the Rules to make this resolution because, while the BCOM had broad powers to manage and control the affairs of the Branch and to take action which was in the interests of the Branch (Rules 49(a), 52(e) and 52(1)), it had no express powers to grant honoraria to Branch or National Officers. During the period to which the payment related, Katherine Jackson was an officer, but not an employee, of the Branch. In the absence of any express

³²⁹ Jane Holt, 17/6/14, T:679.14-36. See also Holt MFI-2, 17/6/14.

³³⁰ Katherine Jackson, 28/8/14, T:839.33-842.2.

³³¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [151].

³³² Katherine Jackson, 28/8/14, T:842.18.

³³³ Katherine Jackson, 28/8/14, T:842.10-13.

provision in the Rules for the making of payments to honorary office holders, Katherine Jackson had no entitlement to additional remuneration.³³⁴ His Honour rejected:

- (a) Katherine Jackson’s contention that there was an established practice of paying honoraria to unpaid office holders, both on the basis that there was no evidence to support it and because in any event that could not be a legitimate source of authority;³³⁵ and
- (b) Katherine Jackson’s contention that it was appropriate for her to pay the honorarium to herself from HSU East funds after the amalgamation, because of an alleged direction from Michael Williamson, following the amalgamation, to continue conducting the financial affairs of the No 3 Branch on a “business-as-usual” basis until the various branch accounts were merged.³³⁶

- 207. Tracey J held that Katherine Jackson improperly used her positions as Branch Secretary and Executive President to gain an advantage for herself.³³⁷ Tracey J ordered that Katherine Jackson pay the union the amount of \$63,000.³³⁸
- 208. The payment of the Honorarium at the time that it was paid is self-evidently problematic. Leaving aside questions of whether Katherine Jackson could properly be entitled to a payment of \$21,000 over three years for her services to the Branch (particularly when regard is had to the numerous other entitlements that she now claims), for Katherine Jackson to give effect to an agreement to use the funds of the HSU East Branch, without any formal approval of that Branch and in respect of a transaction that was entirely for her benefit, is improper.

³³⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [153], citing *Guinness PLC v Saunders* [1990] 2 AC 663 at 690.

³³⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [154].

³³⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [157], see also Katherine Jackson, 28/8/2014, T840.15-45, T841.1-8.

³³⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [158].

³³⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [160].

C6. Other issues

209. The following matters were at the commencement of the hearings in the Royal Commission the subject of the Federal Court proceedings. They have not previously been dealt with in this Commission. Each has now been considered and determined in the Judgment.

Elliot Memorandum

210. This issue relates to a memorandum of agreement between Rob Elliott and the HSU of 25 February 2010 pursuant to which Rob Elliott was employed by the HSU to provide certain advice. The date of the agreement is the date on which the NSW and No 3 BCOMs endorsed the merger of the respective branches.³³⁹ His Honour made the following findings of fact as to what transpired on that day:³⁴⁰

In the course of that day Mr Elliott told Mr Williamson that he (Mr Elliott) needed to be “looked after” following any merger. Mr Elliott said he wanted a contract to work for the new HSU East Branch. He wanted to be paid \$150,000 per year. Mr Williamson responded that it was too late for such a contract to be entered into because all the branches had voted to merge. Mr Elliott then told Mr Williamson that the Victoria No 1 Branch Committee of Management was yet to vote and that the members of that Committee would not vote on the merger until Mr Elliott had been “looked after”. Mr Williamson reluctantly agreed to enter into a contract but made it a condition that Mr Jackson had also to sign on behalf of the Union.

211. The Memorandum of Agreement was signed by Katherine Jackson, on her account, as a witness.³⁴¹ In purported performance of the Memorandum of Agreement:

- (a) Rob Elliott was paid \$150,000 per year (subject to CPI increase) at a rate of \$2000 per day for 75 days per year as a consultant at HSU East, a substantial increase on the \$442.24 per day he was then earning as a consultant for the No 3 Branch;
- (b) Rob Elliott was entitled to be paid accrued long service and annual leave from his employment at Nos 1 and 3 Branches at his new rate of pay;³⁴²

³³⁹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [162].

³⁴⁰ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [163].

³⁴¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [164].

- (c) Rob Elliott was assured of nomination by HSU to the HESTA Board and to retain all entitlements to director's fees and other payments relating to that role, notwithstanding that that was a matter for the approval of the National Office;³⁴³
 - (d) The performance of the agreement to completion would have committed the HSU to providing Rob Elliott with benefits in excess of \$1 million over the four year life of the contract;³⁴⁴
 - (e) Following formation of HSU East Katherine Jackson kept no records of the days and times that Rob Elliott worked, if, indeed, he did any work;³⁴⁵
 - (f) Rob Elliott was paid a total of \$88,038.59 (inclusive of superannuation) in the period between 25 May 2010 and 3 December 2010, and the NSW Union had paid the balance of the money due to Rob Elliott up to demerger of HSU East on 31 August 2012, causing a loss of \$248,939.27. Following the demerger the Victoria No 3 Branch paid \$34,585 was paid by way of salary and superannuation between 1 September 2012 and 16 November 2012.³⁴⁶
212. No issue was raised in respect of this arrangement until questions were asked by the administrator of the HSU East Branch following his appointment. Rob Elliott then sued for his entitlement and the proceedings were settled with a payment to Rob Elliott of \$40,073.³⁴⁷
213. The HSU alleged that Katherine Jackson misused her position to gain an advantage for Rob Elliott or to cause detriment to the Union. Tracey J found that Katherine Jackson exceeded her authority as Secretary of the No 3 Branch (or as Executive President nominate of HSU East) by purporting to fix the terms and conditions of employment of

³⁴² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [167].

³⁴³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [168].

³⁴⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [180].

³⁴⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [181].

³⁴⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [185], [191]-[192].

³⁴⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [170].

the HSU East Branch, a matter within the power of the HSU East BCOM.³⁴⁸ She did not report the execution of the Memorandum of Agreement to the National Council or National Executive, and there was no evidence to support her claim that HSU East had ratified her conduct.³⁴⁹

214. Moreover, there was no need for the Memorandum of Agreement to be executed at the time that it was. It was not an ordinary operating expense of the Union. There was no suggestion that it was budgeted or that it was disclosed to or approved by the Finance Committee. There was no urgency requiring the execution of the Memorandum of Agreement at that time. Rob Elliott remained an employee of the No 3 Branch until the new branch was formed.³⁵⁰
215. It is submitted that the Commissioner should accept the reasoning of Tracey J on this issue.

Toomey Pegg matter

216. This issue is in a similar category to the Elliott Memorandum discussed above.
217. Following an investigation undertaken by Fair Work Australia into various matters relating to the HSU, the delegate of the General Manager of Fair Work Australia sent three letters, dated 14 December 2011, the first of which notified Katherine Jackson in her capacity of National Secretary of the HSU of various allegations that the Union had contravened provisions of the FWRO Act. The other two letters were addressed to Katherine Jackson and Michael Williamson, notifying each of them of allegations that they had personally contravened the FWRO Act.
218. Katherine Jackson secured a resolution of the National Executive on 19 December 2011, that lawyers be retained to respond to the letter concerning the Union. While she did disclose to the National Executive that she had received a letter in respect of allegations against her, she did not advise the National Executive that she would require separate

³⁴⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [174]-[175].

³⁴⁹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [176]-[177].

³⁵⁰ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [178]-[179].

representation or secure a resolution to that effect. On 18 January 2012 Katherine Jackson retained solicitors to act for her personally, at the Union's expense. Between that time and 7 February 2012, those solicitors prepared a response to the letter from Fair Work Australia and rendered two invoices totalling \$40,882.16. On 29 March 2012 the National Executive, having been advised of the invoices, refused to ratify the expense and resolved that the retainer was unauthorised and would not be paid by the HSU. The invoices remained unpaid until November 2012 at which time the solicitors issued a letter of demand and the HSU accepted that it had no good defence to the claim and settled the claim by payment of \$34,725.³⁵¹

219. The HSU claimed in the civil proceedings that Katherine Jackson misused her ostensible authority to commit the Union to pay the solicitors' fees in her interest. Tracey J rejected the contention that, by raising the matter with one national officer at a meeting on 11 January 2012 and receiving no objection, she obtained the requisite authority. That authority should have come from the National Executive.³⁵² Tracey J also rejected Katherine Jackson's contention that she was authorised by Union Rule 32(n) to retain the solicitors as part of the business of the Union,³⁵³ or various delegations in the Financial Management Policy and Procedures authorising the National Secretary to make ordinary or extraordinary expenditures. The expenditure was not part of the ordinary business of the Union as it was for Katherine Jackson's personal benefit. In particular, there was no evidence that the expenditure was reported to the Finance Committee before or after it was incurred as required by those delegations.³⁵⁴ Tracey J observed:³⁵⁵

Ms Jackson had many opportunities to seek formal approval of the retainer or prompt ratification of her actions from the National Executive. The fact that she chose not to do so until late in March 2012 strongly suggests that she considered that, had she sought approval from either the Finance Committee or the National Executive at any earlier stage, that approval would not have been forthcoming.

220. Again, it is submitted that the Commissioner should accept the reasoning of Tracey J on this issue.

³⁵¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [195]-[211].

³⁵² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [214]-[215].

³⁵³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [216].

³⁵⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [217]-[222].

³⁵⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [223].

C7 Circumstances in which the conduct occurred

221. In this section the financial approvals and oversight that existed within the No 3 Branch are considered further, with a view to determining how it is that Katherine Jackson was able to conduct herself in the manner in which she did. The picture that emerges is of a person in respect of whom the staff and auditors, and the BCOM, reposed complete practical control over the financial affairs of the branch. No one person exercised an independent voice so as to identify potential improprieties in the manner in which Katherine Jackson handled the funds of the No 3 Branch.
222. Against that background, and by her own admission, Katherine Jackson handled branch funds with a view to avoiding basic financial scrutiny and taking total control over large portions of the Union's funds. It may be that she genuinely believed that this was the correct and efficient way to achieve the Union's aims. It may be that she acted as she believed her contemporaries in the Union behaved, and that this was how one survived in what was patently a cut-throat and fractious Union. The result, however, was that she placed herself in a position in which she was able to prefer her own interests to those of the Union members.
223. This conduct occurred in relation to a Branch that did not have a strong asset base. Set out below is a table indicating the balance sheet position of the No 3 Branch for the financial years 2004 to 2010.³⁵⁶

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Assets | 1,071,275 | 1,097,191 | 920,478 | 889,752 | 1,009,708 | 1,265,314 | 1,313,077 |
| Liabilities | 189,074 | 273,785 | 317,031 | 372,679 | 369,568 | 379,208 | 343,070 |
| Net position | 882,201 | 823,405 | 603,446 | 517,074 | 640,140 | 886,106 | 970,007 |

³⁵⁶ Iaan Dick, witness statement dated 3 June 2014, MFI-1, tab 1 (financial year ending 2004), tab 5 (financial year ending 30 June 2005), tab 6 (financial year ending 30 June 2006), tab 7 (financial year ending 30 June 2007), tab 10 (year ending 30 June 2008) Agostinelli witness statement dated 13 June 2014, Agostinelli MFI-1, Tab 1 (financial year ended June 2009), Agostinelli MFI-1, Tab 2 (exit audit for period ending 24 May 2010)

224. The amounts by which Katherine Jackson benefited, both personally and by aggregating branch funds to her control, represented a significant proportion of the total funds available for the proper business of the No 3 Branch.

The financial management practices of the Branch and BCOM

225. Jane Holt was the bookkeeper of the No 3 Branch from 1988 to December 2010.³⁵⁷ Jane Holt reported directly to Katherine Jackson.³⁵⁸ She was partially assisted in her role by Katherine Jackson's assistant and No 3 Branch administrator, Frances Lindsay.³⁵⁹ Jane Holt had sole authority to make payments on the No 3 Branch's electronic banking facilities, and did so on the instructions of Katherine Jackson.³⁶⁰ However, expenses such as credit card bills were paid by direct debit.³⁶¹ Cheques were raised on a written requisition, almost every one of which was signed by Katherine Jackson.³⁶²
226. Jane Holt gave evidence that she retained records, such as invoices and receipts, collected by Katherine Jackson that supported her credit card expenditure during her tenure as No 3 Branch Secretary, and that the expenditure was duly recorded in MYOB and allocated to an appropriate expense account.³⁶³ Similarly, she prepared remittance advices with supporting documentation for each other expenditure and those transactions would also be coded within MYOB.³⁶⁴ It was not Jane Holt's practice to verify whether a particular expenditure was approved by BCOM.³⁶⁵ Her record keeping did not extend to recording approvals made, or financial information received, by

³⁵⁷ Jane Holt, witness statement, 3/6/2014, para 6.

³⁵⁸ Jane Holt, witness statement, 3/6/2014, para 12.

³⁵⁹ Jane Holt, witness statement, 3/6/2014, para 14.

³⁶⁰ Jane Holt, witness statement, 3/6/2014, paras 24, 27, 29; Katherine Jackson, witness statement, 13/6/14, para 362.

³⁶¹ Jane Holt, witness statement, 3/6/2014, para 28.

³⁶² Katherine Jackson, witness statement, 13/6/14, para 367.

³⁶³ See Counsel Assisting Submissions dated October 2014, Chapter 12.4, para 6.

³⁶⁴ Katherine Jackson, witness statement, 13/6/14, para 371.

³⁶⁵ Jane Holt, witness statement, 3/6/2014, para 30.

BCOM.³⁶⁶ Jane Holt was not aware of the process for BCOM approvals of expenditure.³⁶⁷

227. It does not appear to be in dispute that Jane Holt was a meticulous record keeper,³⁶⁸ however it is equally clear from her own evidence that Jane Holt did not exercise any oversight of the financial practices of the No 3 Branch. She did not concern herself with whether Branch expenditure was properly approved, and nor did she turn her mind independently to the question of whether any of the expenditure she documented was appropriate.
228. The BCOM discharged its governance role at regular meetings. Katharine Wilkinson's evidence was that the No 3 Branch BCOM was generally harmonious, and that there was no discord or dissatisfaction amongst the members.³⁶⁹
229. Katherine Jackson says that the BCOM was provided with monthly financial reports including a year-to-date profit and loss summary, and a schedule of expenses.³⁷⁰ She made a similar claim in her defence in the civil proceedings but went further, claiming that the BCOM were presented with and approved the credit card statements and supporting materials.³⁷¹ She also says that she was 'scrupulous' to secure BCOM approval for Branch expenditure and to ensure that the approval was properly minuted,³⁷² and therefore all expenditure was both approved and minuted.³⁷³
230. The minutes that are in evidence, and the very existence of funds such as the NHDA and the 'kitty', discloses that that cannot possibly be the case.

³⁶⁶ Jane Holt, witness statement, 3/6/2014, para 38.

³⁶⁷ Jane Holt, witness statement, 3/6/2014, para 48.

³⁶⁸ Katherine Jackson, witness statement, 13/6/14, para 362. Agostinelli, witness statement 13/6/2014, [30].

³⁶⁹ Katharine Wilkinson, witness statement, 13/6/2014, para 9.

³⁷⁰ Katherine Jackson, witness statement, 13/6/14, paras 379-380.

³⁷¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [272]; see also Katherine Jackson, witness statement, 13/6/14, paras 377-378.

³⁷² Katherine Jackson, witness statement, 13/6/14, para 383.

³⁷³ Katherine Jackson, witness statement, 13/6/14, para 385.

231. On the question of whether the BCOM reviewed and approved a schedule of expenses, other BCOM members make no mention of any expenses schedule. Jane Holt makes no mention of preparing one.
232. In the civil proceedings the evidence of Olga Gountras, a member of the BCOM between about 1994 and 2009, was that Katherine Jackson's credit card statements were not provided to the BCOM and were not examined by it.³⁷⁴
233. Katharine Wilkinson said that she received 'some outline of the financial statements' at BCOM meetings. She said that the BCOM members would receive the audited annual reports, as well as financial statements that she would 'loosely describe' as profit and loss statements (and Jane Holt, who prepared the reports, described as 'a brief cash flow statement'³⁷⁵). The BCOM would examine the statements and get advice on what they saw.³⁷⁶ Katharine Wilkinson remembers that Reuben Dixon was particularly forensic and would seek advice as to all of the accounts on the financial statements.³⁷⁷ Katherine Jackson was the person available to answer questions of BCOM members as to the financial statements.³⁷⁸
234. Reuben Dixon also gave evidence as to the provision of financial statements at BCOM meetings.³⁷⁹ He said that the BCOM would review the statements and query items that were out of the ordinary. Katherine Jackson would direct the BCOM to any expenditure.³⁸⁰ He relied on the accounts provided by Jane Holt and does not recall seeing any bank statements detailing any accounts or where they were held.³⁸¹ He expected that any extraordinary expenditure greater than \$5000 would be itemised and raised at a BCOM meeting.³⁸²

³⁷⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [272].

³⁷⁵ Jane Holt, witness statement, 3/6/2014, [45].

³⁷⁶ Katharine Wilkinson, witness statement, 13/6/2014, paras 12, 15-16.

³⁷⁷ Katharine Wilkinson, witness statement, 13/6/2014, paras 20-21; Reuben Dixon, witness statement, 5/6/2014, para 55.

³⁷⁸ Katharine Wilkinson, witness statement, 13/6/2014, para 23.

³⁷⁹ Reuben Dixon, witness statement, 5/6/2014, para 18.

³⁸⁰ Reuben Dixon, witness statement, 5/6/2014, paras 21-22.

³⁸¹ Reuben Dixon, witness statement, 5/6/2014, para 43.

³⁸² Reuben Dixon, witness statement, 5/6/2014, para 46.

235. The minutes of BCOM meetings that are available invariably record a motion ‘that the financial report be accepted’ or ‘that the financial report be received and noted.’³⁸³ No minute is made of an approval of the expenditure in the financial report or receipt of any expenses schedule. Accordingly, the Commission should find, consistently with the findings of Tracey J above, that no approval was given by BCOM to Katherine Jackson’s credit card expenditure, or to any other expenditure detailed above.
236. Reuben Dixon was trustee of the No 3 Branch from the mid to latter part of his time on the BCOM.³⁸⁴ He says that, as trustee he did not have any visibility on the investment account held by the Branch. His role was limited to providing guidance as to where the money was to be invested.³⁸⁵ Reuben Dixon expressed the following view as to the financial reporting at the No 3 Branch:³⁸⁶

On some occasions I recall not being happy that we did not receive a financial statement to look at during the BCOM meetings.

We might only get a statement at every second meeting and often did not get them in advance.

I believe I raised this issue initially, but it became normal.

There were various excuses as to why a financial statement was not provided. We would be told that Jane Holt was sick or that by reason of an illness it was not available.

In hindsight it would have been better and certainly more helpful to have had more information at the time.

Reporting and auditing responsibilities

237. The No 3 Branch was required to prepare a ‘general purpose financial report’ in accordance with the Australian Accounting Standards as soon as practicable after the end of each financial year.³⁸⁷ The Branch’s auditor was required to audit the financial report of the Branch for each financial year and ‘make a report in relation to the year to

³⁸³ Craig McGregor, MFI-2, 17/6/14; John Agostinelli, MFI-1, 17/6/14, pp 172-199; John Agostinelli, MFI-3, 17/6/14, pp 741-743; Katherine Jackson, MFI-1, 30/7/14, p 106.

³⁸⁴ Reuben Dixon, witness statement, 17/6/14, para 6.

³⁸⁵ Reuben Dixon, witness statement, 17/6/14, para 44.

³⁸⁶ Reuben Dixon, witness statement, 17/6/14, paras 60-64.

³⁸⁷ Section 253(1) of the ‘Registration and Accountability of Organisations’ schedule (the **RAO schedule**) of the *Workplace Relations Act 1996* (later, s 253(1) of the *Fair Work (Registered Organisations) Act 2009*: see Sch 22 of the *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009* which came into force on 1 July 2009 (see s 2)). See also the definition of ‘reporting unit’ in s 242.

the reporting unit' stating whether 'in the auditor's opinion the general purpose financial report [was] presented fairly in accordance with' specified requirements (to the extent they applied), including the Australian Accounting Standards.³⁸⁸ The form and content of the report needed to be 'in accordance with the Australian Auditing Standards',³⁸⁹ defined as 'the auditing and assurance standards issued by CPA Australia and the Institute of Chartered Accountants in Australia as in force, or applicable, from time to time.'³⁹⁰

238. Until February 2006, CPA Australia and The Institute of Chartered Accountants Australia developed professional standards that applied to members of those professional bodies.³⁹¹ The Accounting Professional and Ethical Standards Board, formed by CPA Australia as well as the Institute of Chartered Accountants and later joined by the National Institute of Public Accounts (subsequently the Institute of Public Accountants), then took over that function.³⁹² Standards developed by the Accounting Professional and Ethical Standards Board are mandatory for accounting professionals who are members of CPA Australia, The Institute of Chartered Accountants Australia or the Institute of Public Accountants.³⁹³
239. For the financial years ending 30 June 2004, 30 June 2005, 30 June 2006, 30 June 2007, 30 June 2008, 30 June 2009 and 24 May 2010 (when the No 3 Branch merged with the Victoria No 1 Branch and the NSW Branch) there were in force a number of auditing standards, issued by the Auditing and Assurance Standards Board of the Australian Accounting Research Foundation and later the Auditing and Assurance Standards Board as constituted under statute.
240. A relevant standard dealt with 'Audit Evidence'. That standard relevantly addressed the requirement to 'obtain sufficient appropriate audit evidence' to enable an auditor to

³⁸⁸ Section 257(1), (5) of the RAO schedule of the *Workplace Relations Act* 1996 (Cth) (see later s 257(1), (5) of the *Fair Work (Registered Organisations) Act* 2009 (Cth)).

³⁸⁹ Section 257(8) of RAO schedule of the *Workplace Relations Act* 1996 (Cth) (later s 257(8) of the *Fair Work (Registered Organisations) Act* 2009 (Cth)).

³⁹⁰ See the definition of 'Australian Auditing Standards' in s 6 of the RAO schedule of the *Workplace Relations Act* 1996 (Cth) (see later s 6 of the *Fair Work (Registered Organisations) Act* 2009 (Cth)).

³⁹¹ Accounting Professional and Ethical Standards Board: <http://www.apesb.org.au/superseded-pronouncements>.

³⁹² Accounting Professional and Ethical Standards Board: <http://www.apesb.org.au/apesb-content/47/about-us>.

³⁹³ Accounting Professional and Ethical Standards Board: <http://www.apesb.org.au/apesb-content/76/standards-and-guidance>.

‘draw reasonable conclusions’ on which to base an audit opinion.³⁹⁴ For most of the relevant financial years, the relevant standard provided that ‘enquiry alone ordinarily does not provide sufficient audit evidence to detect a material misstatement at the assertion level’.³⁹⁵ In short, ‘assertions’ refer to the representations made in a financial report by those responsible for the governance of an entity.³⁹⁶ Also, for most of the relevant financial years, the relevant standard provided that an auditor needed to ‘test the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level’ if their risk assessment included an expectation of the effectiveness of an entity’s controls.³⁹⁷ This is known as ‘test of controls’.

241. The approaches of the two No 3 Branch Auditors during the period under consideration by the Commission, Iaan Dick and John Agostinelli, were divergent. It is evident that the approach of Iaan Dick was deficient in a number of respects.

242. Iaan Dick was the auditor of the No 3 Branch between 2002 and 2008.³⁹⁸ He described the audits he conducted in that period as ‘quite low-level’.³⁹⁹ He explained:⁴⁰⁰

I would normally obtain a copy of the MYOB database from Jane Holt and I would take it off-site and review it for about three to four hours. I would also print out the transaction log (**general ledger**) for the year and go through the transactions. I undertook this primarily to look for and identify any misallocations.

243. That was his practice throughout the period he was the auditor of the No 3 Branch.⁴⁰¹ In his statement to the Commission Iaan Dick explained:⁴⁰²

³⁹⁴ For the financial years ending 30 June 2007, 30 June 2008, 30 June 2009 and 24 May 2010, see para 5 of Auditing Standing ASA 500 (‘Audit Evidence’) issued April 2006 (see para 3 for operative date). For the financial year ending 30 June 2006, see para 2 of AUS 502 (‘Audit Evidence’) issued February 2004 (see para 39 for operative date). For financial years ending 30 June 2004 and 30 June 2005, see para 2 of AUS 502 (‘Audit Evidence’) issued October 1995 (see para 26 for the operative date).

³⁹⁵ See para 37 of Auditing Standing ASA 500 (‘Audit Evidence’) issued April 2006; para 32 of AUS 502 (‘Audit Evidence’) issued February 2004. Compare para 22 of AUS 502 (‘Audit Evidence’) issued October 1995.

³⁹⁶ See para 19 of Auditing Standing ASA 500 (‘Audit Evidence’) issued April 2006; para 15 of AUS 502 (‘Audit Evidence’) issued February 2004; and para 13 of AUS 502 (‘Audit Evidence’) issued October 1995.

³⁹⁷ See paras 24(b), 26 of Auditing Standing ASA 500 (‘Audit Evidence’) issued April 2006; paras 19(b), 21 of AUS 502 (‘Audit Evidence’) issued February 2004. See also para 11 of AUS 502 (‘Audit Evidence’) issued October 1995.

³⁹⁸ Iaan Dick, witness statement, 19/6/14, para 17.

³⁹⁹ Iaan Dick, witness statement, 19/6/14, para 22.

⁴⁰⁰ Iaan Dick, witness statement, 19/6/14, para 24 (emphasis in original); Iaan Dick, 19/6/14, T:873.3-12.

It was not a high-level transaction audit, for example, I didn't go into much paper to check transactions. I would only do this if some particular expense account looked a bit odd and I would then go and look at it more thoroughly. Most of the time, however, I was not digging very deeply.

244. He went on to say later: 'most of the expenditure transactions in the No.3 Branch were not major items, so I only queried a small percentage of the transactions.'⁴⁰³ His understanding, he explained, was that BCOM 'approved the accounts and the expenditure at various stages during the year.'⁴⁰⁴ He said: 'If the BCOM had approved an item of expenditure, I would not dig much further to check those transactions.'⁴⁰⁵ He believed that, generally, he would not have asked for an invoice from Jane Holt or Katherine Jackson if they had given him an explanation for expenditure.⁴⁰⁶
245. Iaan Dick identified that \$80,000 had been paid to the NHDA during the financial year ending on 30 June 2004 (**2004 financial year**); \$20,000 was paid during the financial year ending 30 June 2005 (**2005 financial year**); \$18,000 was paid during the financial year ending 30 June 2006 (**2006 financial year**); and \$5,000 was paid during the financial year ending 30 June 2007 (**2007 financial year**).⁴⁰⁷ There were also transfers totalling \$25,000 into the NHDA from the Victoria No. 3 account in the 2008 financial year.⁴⁰⁸
246. But Iaan Dick recorded payments to the NHDA in the financial reports of the HSU Victoria No 3 Branch inconsistently. The report for the 2004 financial year included the \$80,000 paid to the NHDA in 'Other expenses from ordinary activities'.⁴⁰⁹ The report for the 2005 financial year expressly identified the amount paid to the NHDA in that year – \$20,000 – and in the previous financial year – \$80,000.⁴¹⁰

⁴⁰¹ Iaan Dick, 19/6/14, T:873.11-12.

⁴⁰² Iaan Dick, witness statement, 19/6/14, para 30.

⁴⁰³ Iaan Dick, witness statement, 19/6/14, para 37.

⁴⁰⁴ Iaan Dick, witness statement, 19/6/14, para 45.

⁴⁰⁵ Iaan Dick, witness statement, 19/6/14, para 46.

⁴⁰⁶ Iaan Dick, witness statement, 19/6/14, para 60.

⁴⁰⁷ Iaan Dick, witness statement, 19/6/14, para 57.

⁴⁰⁸ Jane Holt, witness statement, 17/6/14, para 78.

⁴⁰⁹ Iaan Dick, MFI-1, 19/6/14, p 3; Iaan Dick, 19/6/14, T:875.2-4.

⁴¹⁰ Iaan Dick, MFI-1, 19/6/14, 47; Iaan Dick, 19/6/14, T:875.25-28.

247. For the 2006 financial year, Iaan Dick took the approach of ‘netting off’ – or offsetting – the payment to the NHDA against the ‘other’ or ‘sundry’ income of the branch.⁴¹¹ He did the same for the 2007 financial year.⁴¹² He explained that it was his ‘normal practice to net off all minor items of sundry income and expenditure in the financial statements in order to reduce the volume of accounts that the BCOM had to absorb.’⁴¹³ Australian Accounting Standard 101, with which the No 3 Branch was required to comply in the preparation of its general purpose financial report,⁴¹⁴ provides that income and expenses ‘shall not be offset unless required or permitted by an Australian Accounting Standard’.⁴¹⁵ It relevantly states:⁴¹⁶

It is important that assets and liabilities, and income and expenses, are reported separately. Offsetting in the income statement or the balance sheet, except when offsetting reflects the substance of the transaction or other event, detracts from the ability of users both to understand the transactions, other events and conditions that have occurred and to assess the entity’s future cash flows.

248. Iaan Dick’s rationale for ‘netting off’ in the 2006 and 2007 financial year cannot be reconciled with this statement in the Australian Accounting Standard. He said: ‘As an auditor, you are trying to make the accounts appear meaningful. By having many little categories, the accounts become less meaningful.’⁴¹⁷ Contrary to Iaan Dick’s evidence, offsetting would, except in the circumstances contemplated by the Accounting Standard, appear to make an entity’s accounts less meaningful. In the case of transfers to the NHDA, it removed the existence of these payments entirely from mention in the audited accounts.
249. Iaan Dick was not aware that the NHDA was an account operated by Katherine Jackson.⁴¹⁸ His audit approach was deficient in a number of respects, not least of which was that he relied heavily on BCOM approval of expenditure. In other words, his audits

⁴¹¹ Iaan Dick, 19/6/14, T:876.33-46. Iaan Dick, witness statement, 19/6/14, para 63.

⁴¹² Iaan Dick, witness statement, 19/6/14, para 63.

⁴¹³ Iaan Dick, witness statement, 19/6/14, para 65.

⁴¹⁴ Section 253 of the RAO schedule of the *Workplace Relations Act 1996* (Cth) (see later s 253 of the *Fair Work (Registered Organisations) Act 2009* (Cth)).

⁴¹⁵ See para 32 of Australian Accounting Standard 101 as in force for the financial year beginning 1 July 2005 and ending 30 June 2006 and the financial year beginning 1 July 2006 and ending 30 June 2007.

⁴¹⁶ See para 33 of Australian Accounting Standard 101 as in force for the financial year beginning 1 July 2005 and ending 30 June 2006 and the financial year beginning 1 July 2006 and ending 30 June 2007.

⁴¹⁷ Iaan Dick, witness statement, 19/6/14, para 70.

⁴¹⁸ Iaan Dick, 27/8/14, T:780.24-26.

depended on the effectiveness of the BCOM as a ‘control’ mechanism. Although it is legitimate to rely on controls as a source of evidence to draw reasonable conclusions on which to base an audit opinion, the ‘operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level’ cannot – and ought not to be – assumed. However, by Iaan Dick’s own admission, if ‘the BCOM had approved an item of expenditure, [he] would not dig much further to check those transactions.’⁴¹⁹ Finally, as also appears from Iaan Dick’s evidence, if he queried an item of expenditure and either Jane Holt or Katherine Jackson had given him an explanation, he generally would not have asked for an invoice. The deficiency in that approach is obvious. It is the reason the relevant standard provides that, ordinarily, ‘enquiry alone ... does not provide sufficient audit evidence to detect a material misstatement at the assertion level’.

250. By contrast, the approach of John Agostinelli was more robust. His audit documentation shows, for example, that he conducted expenditure testing. For the financial year ending 30 June 2009, he randomly selected 30 items, above a ‘certain material amount’, to test.⁴²⁰ If John Agostinelli made inquiries in relation to particular items of expenditure, he required supporting documents to resolve the inquiry. Generally, he required an invoice.⁴²¹
251. In relation to payments to the NHDA for the period ending 24 May 2010, John Agostinelli noted:⁴²²

Amounts are paid at the discretion of Kathy, no invoice or supporting documentation to support amount being paid.

NHDA is the National Health Development Account. All branches contribute to this account for research/campaign purposes. Payments are made at the discretion of the Branch Secretary whereby they determine the amount and timing of the payment. As per minutes they can only contribute up to a \$90K limit. The payments are made at the discretion of the Branch Secretary or when the National office requests it.

Last year the NHDA expense was \$75K due to more contributions being made for the election campaign. This year no such campaign was run and therefore contribution decreased.

⁴¹⁹ Iaan Dick, witness statement, 19/6/14, para 46.

⁴²⁰ John Agostinelli, 17/6/14, T:702.4 -702.16.

⁴²¹ John Agostinelli, witness statement, 17/6/14, paras 28-29; John Agostinelli, 17/6/14, T:708.26 -708.28.

⁴²² John Agostinelli, MFI-3, 17/6/14, p 903; John Agostinelli, 17/6/14, T:710.16-46.

252. John Agostinelli later noted: ‘Based on discussion with Branch Secretary, Kathy Jackson, she confirmed that the amount of \$45,500 was authorised by her for payment in to the NHDA’.⁴²³ \$45,500 is the amount transferred to the NHDA in the period from 1 July 2009 to 24 May 2010.⁴²⁴
253. Like Iaan Dick, John Agostinelli was not aware – because he was not informed – that the NHDA was an account held in Katherine Jackson’s name.⁴²⁵
254. Notwithstanding the relative thoroughness of John Agostinelli’s approach, proper oversight into the workings of, in particular, the NHDA, and the practices in relation to cash cheques and Katherine Jackson’s credit card expenditure, were not detected during the audit seemingly for two reasons: first, because John Agostinelli applied a sample materiality threshold of \$10,000 and most individual transactions incurred in respect of the 2009 and 2010 audits were below this amount; and secondly, because John Agostinelli relied primarily on Jane Holt for provision of information and did not have access to Katherine Jackson to explain the matters of which she exerted direct control.⁴²⁶ However, Jane Holt did not review or question the auditors’ account allocations or attend the BCOM at which the audited accounts were discussed and approved.⁴²⁷ This is not intended as a criticism of John Agostinelli.⁴²⁸ It does, however, indicate the dangers of concentrating control over Branch finances in the hands of one person. There was no other person with oversight of Katherine Jackson’s expenditures, and who might thereby have been in a position to communicate practices of concern to the auditors. Systemic misuses of union funds are less readily detected when this occurs.
255. Reuben Dixon said that the audited accounts of the No 3 Branch were approved by the BCOM with ‘next to no discussion’.⁴²⁹ A summary of the accounts was sent to member

⁴²³ John Agostinelli, MFI-3, 17/6/14, p 905; John Agostinelli, 27/8/14, T:749.22.

⁴²⁴ John Agostinelli, MFI-3, 17/6/14, pp 903-904.

⁴²⁵ John Agostinelli, 27/8/14, T:749.31-33.

⁴²⁶ John Agostinelli, witness statement, 13/6/2014, paras 25-30.

⁴²⁷ Jane Holt, witness statement, 3/6/2014, paras 59-60.

⁴²⁸ John Agostinelli’s audit workpapers for the 2009 and exit audit make plain that he queried honorarium fees and credit card use policies: Agostinelli MFI-2, tab E.1.1 and E.2.1.

⁴²⁹ Reuben Dixon, witness statement, 5/6/2014, para 50.

but it did not disclose specific expenditure and was described by Reuben Dixon as ‘not really meaningful’.⁴³⁰

D ALLEGATIONS AGAINST CRAIG THOMSON

D1 Procedural background

256. Craig Thomson’s tenure as National Secretary of the HSU lasted from 16 August 2002 until his resignation on election to Federal Parliament on 14 December 2007. He was succeeded by Kathy Jackson.
257. Fair Work Australia commenced an investigation into the affairs of Craig Thomson after auditors, engaged by the National Executive of the HSU, identified concerns about misuse of union funds by Craig Thomson. The Fair Work Australia investigation proceeded for three years and the report of the investigation was tabled in the Senate on 7 May 2012.⁴³¹ The background to the investigation is addressed in Chapter 13.1 of Counsel Assisting’s Submissions dated 31 October 2014.
258. Civil proceedings were commenced by the General Manager of the Fair Work Commission on 15 October 2012. Broadly, the civil claim was based on alleged contraventions of sections 285(1), 286(1) and 287(1) of Schedule 1B (later Schedule 1) of the WRA (referred to above at [63]).
259. Craig Thomson filed a defence on 4 December 2012 effectively denying or not admitting the factual allegations made by the General Manager. He did not file any further defence (despite multiple amendments to the Statement of Claim), led no evidence, and made no submissions on the merits of the case.⁴³²

⁴³⁰ Reuben Dixon, witness statement, 5/6/2014, para 52.

⁴³¹ Terry Nassios ‘Investigation into the National Office of the Health Services Union under section 331 of the Fair Work (Registered Organisations) Act 2009’, 28 March 2012.

⁴³² *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 (11 September 2015) at [2].

260. On 30 January 2013, 149 charges were laid against Craig Thomson for breaches of various provisions of the *Crimes Act 1958* (Vic), principally s 74 (theft), s 81 (obtaining property by deception) and s 82 (obtaining a financial advantage by deception). A further five charges were laid against Craig Thomson on 5 February 2013. Jessup J refused an application to stay the whole of the civil proceedings, pending the outcome of the criminal proceedings, on 26 April 2013.⁴³³
261. Having been convicted on 18 March 2014 of 87 of the counts of theft and obtaining financial advantage by deception, Craig Thomson appealed against 65 of the convictions. Judge Douglas of the County Court of Victoria, in a ruling dated 15 December 2014, acquitted Thomson of all of the counts of obtaining a financial advantage by deception, but convicted Thomson of 13 of the counts of theft.⁴³⁴ In sentencing Craig Thomson for those counts, Her Honour noted at paragraph 6 of her judgment dated 19 December 2014:
- It is important that today I reiterate my statement that my decision on that day [*i.e.*, 15 December 2014] to acquit the appellant of those 49 charges, must not be taken as an endorsement by this Court in relation to his conduct of using HSU funds for his own purposes. It does not.
262. An application by Craig Thomson, acting for himself on the first day of the trial of the civil proceedings, that the case against him be dismissed or struck out was dismissed on 30 March 2015.⁴³⁵
263. Jessup J gave judgment on 11 September 2015, finding that Craig Thomson's conduct constituted a number of contraventions of sections 285, 286 and 287 of Schedule 1 to the WRA.⁴³⁶
264. The question of the relief arising from Jessup J's reasons (including the General Manager's prayers for penalty and compensation orders) has been listed for hearing on 9 November 2015.

⁴³³ *General Manager of the Fair Work Commission v Thomson* [2013] FCA 380 at [25]. Some parts of the civil proceedings directly referable to the criminal charges were held to be stayed by operation of s 312 of the FWRO Act.

⁴³⁴ *DPP v Craig Thomson* (Victorian County Court, Judge Douglas, 15/12/2014).

⁴³⁵ *General Manager of The Fair Work Commission v Thomson (No 2)* [2015] FCA 308 at [23].

⁴³⁶ Until 26 March 2006, Schedule 1B to that Act, later Schedule 1 to the FWRO Act.

D2 Specific allegations

265. The particular allegations against Craig Thomson may be summarised as follows:

- (a) Personal expenditure on union-issued credit cards,
- (b) Obtaining the services of Criselee Stevens, at the cost of the HSU, to work on his federal election campaign;
- (c) Utilising the services and meeting the expenses of Matthew Burke, by use of an HSU credit card, while working on his federal election campaign;
- (d) Using the funds of the HSU to meet the expenses of his federal election campaign;
- (e) Using the funds of the HSU to meet the expenses of a community group, Coastal Voice, rather than the business of the Union;
- (f) Causing the HSU to enter into a sponsorship agreement with the Central Coast Rugby League club; and
- (g) Causing the HSU to make donations without proper authority.

Personal expenditure – criminal charges

266. The charges against Craig Thomson fell within two broad categories:

- (a) That Craig Thomson dishonestly obtained a financial advantage by use of HSU credit cards, either by using the card to pay for unauthorised expenses (including sexual services and travel expenses), or by representing that the expenses charged to the cards were authorised and for the purposes of HSU business; and

- (b) That Craig Thomson obtained property by deception by making cash withdrawals using HSU credit cards.

267. The appeal before Judge Douglas proceeded on a statement of undisputed facts dated November 2014.
268. The judge accepted that (a) Craig Thomson opened a business account with the Commonwealth Bank of Australia (CBA) on 25 October 2002 for the HSU National Office in Victoria and was issued with a CBA Mastercard, for which he was the only signatory and in respect of which he established a cash withdrawal facility using a PIN;⁴³⁷ (b) the HSU National Executive was ignorant of the existence of the CBA Mastercard;⁴³⁸ (c) it could not be proved beyond reasonable doubt that it was beyond Craig Thomson's authority to maintain a cash withdrawal facility on the card;⁴³⁹ and (d) the authority to expend union funds in reimbursement of union-related travel expenses did not extend to the withdrawal of cash for purposes other than the business of the HSU.⁴⁴⁰
269. Judge Douglas accepted that Craig Thomson on each of the occasions in respect of which he was convicted of theft, withdrew cash using his CBA credit card and then used that cash for purposes unrelated to HSU business, namely the services of an escort (and on one occasion, dinner with his then wife).⁴⁴¹ On most occasions, the withdrawals were accounted for in the MYOB accounts of the HSU as 'Travel Expense' or 'Meetings – National Office'.
270. In respect of the charges of obtaining a financial advantage by deception, Craig Thomson was acquitted on the basis that the charges were formulated in terms of Craig Thomson having unlawfully evaded a debt to the relevant credit card issuer, when the

⁴³⁷ Statement of undisputed facts, November 2014, [40].

⁴³⁸ *DPP v Craig Thomson* (Victorian County Court, Judge Douglas, 15/12/2014), page 42.22-30; Statement of undisputed facts, November 2014, [43].

⁴³⁹ *DPP v Craig Thomson* (Victorian County Court, Judge Douglas, 15/12/2014), page 43.14-22.

⁴⁴⁰ *DPP v Craig Thomson* (Victorian County Court, Judge Douglas, 15/12/2014), page 49.1-5.

⁴⁴¹ *DPP v Craig Thomson* (Victorian County Court, Judge Douglas, 15/12/2014), pages 61-83; Statement of undisputed facts, November 2014, [108]-[118] (charge 9), [142]-[159] (charge 22), [160]-[176] (charge 151), [191]-[209] (charge 32), [210]-[226] (charge 160), [231]-[246] (charge 163), [247]-[256] (charge 47), [257]-[268] (charge 219), [290]-[302] (charge 58), [303]-[319] (charge 169), [334]-[338] (charge 173), [339]-[352] (charge 223).

relevant debt relationship existed between the HSU and the credit card issuer, and every debt the subject of the charges was satisfied by the HSU.⁴⁴²

271. On 17 December 2014 Thomson was sentenced to a fine of \$25,000 for the theft offences.⁴⁴³

Personal expenses – civil proceedings

272. In the civil proceedings Jessup J made findings that Craig Thomson used his Diners Club card and his CBA Mastercard to pay for escort services while on trips away from his residences from time to time.⁴⁴⁴ In his Defence to the original Statement of Claim Craig Thomson denied the allegations as to use of the escort services.⁴⁴⁵
273. On those occasions, Jessup J held that Craig Thomson caused the expenditures to be described as “meetings” or “teleconferencing” within the HSU National MYOB system, caused the credit card debts to be paid by the HSU, and did not disclose the expenditures to the National Executive.⁴⁴⁶
274. The total expenditure incurred by Craig Thomson in this way was \$4,708.
275. Jessup J also considered personal expenses associated with Craig Thomson’s relocation from Melbourne to the Central Coast in late 2005. Craig Thomson took a day’s leave on Friday 16 September 2005, travelled with his wife to Sydney, and stayed at the Westin Hotel until Monday 19 September. Jessup J found that \$3575.68 in flights, accommodation, car and meal expenses were charged to Thomson’s HSU Diners Club Card and were unrelated to the business of the Union. They were paid for by the HSU in discharging the credit card debt and the expenditure was not disclosed to nor

⁴⁴² *DPP v Craig Thomson* (Victorian County Court, Judge Douglas, 15/12/2014), page 86.16-26, 87.8-18.

⁴⁴³ *DPP v Craig Thomson* [2014] VCC (17 December 2014) at [51].

⁴⁴⁴ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [23]-[24], [29]-[32], [35]-[37], [49]-[53], [56]-[59].

⁴⁴⁵ Defence filed 4 December 2012, [18], [20], [23], [24], [26], [28], [31], [33], [37], [40], [45].

⁴⁴⁶ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [25], [33], [38], [54], [60].

authorised by the National Executive.⁴⁴⁷ In his Defence, Craig Thomson did not admit that the expenditures were incurred, and denied that he authorised the payment of the credit card debt and that the expenditure was not disclosed to and authorised by the National Council or National Executive.⁴⁴⁸

276. Jessup J held that the use of HSU credit cards to procure sexual services and other personal expenses was in contravention of both s 286(1) and 287(1) of the Schedule to the WRA.⁴⁴⁹
277. The use of Union issued credit cards for personal expenditure, in the knowledge that the debts created by that use will be discharged by the Union, is an obvious misfeasance. It is readily apparent from the undisputed facts of the expenditures that Craig Thomson incurred expenditures that could not on any view be described as related to the business of the Union. Craig Thomson did not, unlike Katherine Jackson, attempt to justify the expenses as having been approved by the National Council or National Executive. Rather, he sought in most cases to conceal them by making cash withdrawals to avoid a traceable record of his more nefarious expenditures, and by causing false MYOB categories to be allocated to them.

Election campaign staff

278. In about August 2005 Craig Thomson interviewed and employed Criselee Stevens as a trainee with the National Office of the HSU. Criselee Stevens was a resident of the Central Coast, and was active in the ALP. She worked from home in Woongarrah on the Central Coast, completing her traineeship and communicating with her HSU mentor (located in Melbourne) by email. She also performed duties for Craig Thomson, which she described as campaigning to “increase the profile of the HSU on the Central Coast” and “to get rid of Workchoices and to get the ALP elected.” From April 2007, Criselee

⁴⁴⁷ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [40]-[45].

⁴⁴⁸ Defence filed 4 December 2012, [71]-[72].

⁴⁴⁹ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [26]-[28], [34], [39], [55], [61], [46]-[47].

Stevens worked full time in Craig Thomson’s campaign office and dedicated herself to that campaign, while remaining employed and paid by the HSU.⁴⁵⁰

279. Jessup J rejected Criselee Stevens’ explanation that her energies were devoted to a “Your Rights at Work” campaign being undertaken by the ACTU. On the evidence, that part of the campaign directed at the seat of Dobell was organised by Unions New South Wales and not the HSU.⁴⁵¹
280. Criselee Stevens’ employment at the National Office was not reported to the National Council or the National Executive. Jessup J held that the majority of Criselee Stevens’ work was directed at building Craig Thomson’s profile on the Central Coast and then prosecuting his election campaign. His Honour concluded that Craig Thomson had no right to use a member of the employed staff of the HSU in this manner without disclosing that fact to the National Executive or National Council and obtaining their approval.⁴⁵² It did not matter whether, on the evidence, the HSU might not expect a trainee to devote herself fully to union work, or that Criselee Stevens may in fact have performed some work for the benefit of the union:

[76] Without the authorisation of the National Council or the National Executive, the respondent did not have authority to use the services of staff of the HSU on work or activities not related to the functions or legitimate interests of the HSU (indeed, the National Council and the National Executive themselves may not have had that authority, an issue which it is unnecessary to investigate in the present case). And, if he did not in fact know, at least he ought to have known, of that limitation on his authority. Under the Rules, the respondent was responsible for the property and moneys of the HSU, and, between meetings of the National Executive, he had control and conduct of the business of the HSU. His position was a fiduciary one: *Allen v Townsend* (1977) 31 FLR 431, 483–485. The avoidance of conflicts of interest is a fundamental element (or “theme”) of the fiduciary obligation: *Chan v Zacharia* (1984) 154 CLR 178, 198–199. If the respondent intended, as he clearly did, to deploy Ms Stevens on work which was of benefit to himself and of little or no benefit to the HSU, it was his duty to secure the HSU’s fully-informed consent to such an arrangement.

[77] To use the services of Ms Stevens for his own purposes was the clearest of improprieties on the respondent’s part. It was no different from the manager of a construction company, for example, using the services of a carpenter employed by the company to carry out renovations on his or her domestic premises without the authorisation of the board of directors (or possibly, depending on the company’s constitution, the shareholders).

[78] In these circumstances, it would not lie upon the HSU to prove how much of Ms Stevens’ time was occupied on what I would call illegitimate activities. As the fiduciary, the respondent

⁴⁵⁰ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [62]-[67]. These allegations were denied by Craig Thomson in his defence filed on 4 December 2012: [115]-[126].

⁴⁵¹ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [68]-[71].

⁴⁵² *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [72]-[73].

would have to account. And, in a case brought by a regulator such as the present one, it does not lie upon the applicant to prove how much of Ms Stevens' time was so occupied.

281. Jessup J concluded that the conduct of Craig Thomson in relation to the employment of Criselee Stevens contravened s 285(1) of the Schedule to the WRA (to the extent that Craig Thomson failed to keep an account of the work performed by Criselee Stevens on union and non-union purposes) and ss 286(1) and 287(1). In so finding, Jessup J it was impossible for Craig Thomson to fairly believe that the deployment of Criselee Stevens' services in service of his campaign was in the best interests of the HSU.⁴⁵³
282. Craig Thomson also employed Matthew Burke, a delegate of the Federal Electoral Council for the seat of Dobell, from about July 2006. Prior to that Matthew Burke received a payment from the HSU of \$3000.00 on 4 April 2006. Matthew Burke worked from his home in Wamberal, elsewhere in the Central Coast and occasionally in Sydney. He was responsible for the HSU website, but otherwise worked on Coastal Voice (discussed further below) and as a 'media/executive assistant' to Craig Thomson. Matthew Burke resigned from the HSU to work as an electoral officer for Senator Hutchins but worked for Craig Thomson on a voluntary basis. Craig Thomson caused Matthew Burke to be issued with a HSU Diners Club card and for expenses on that card to be paid by the HSU. Between March and December 2007 \$10,120.37 was paid by the HSU in respect of Matthew Burke's credit card.⁴⁵⁴
283. Jessup J held that the conduct of Craig Thomson in relation to the employment of Matthew Burke contravened ss 285(1), ss 286(1) and 287(1) of the Schedule to the WRA in the same way as it did in respect of Criselee Stevens' employment.⁴⁵⁵

Election expenses

284. The Federal Court also investigated a number of expenses incurred by the HSU in relation to Craig Thomson's election campaign. Jessup J found in respect of each of them that the expenses were attractable to Craig Thomson's campaign, and had nothing

⁴⁵³ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [78]-[84] (esp [80]).

⁴⁵⁴ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [85]-[87]. Craig Thomson denied these allegations in his Defence filed 4 December 2012: [136]-[146], [150]-[153].

⁴⁵⁵ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [87]-[88].

to do with the HSU. His Honour concluded that the HSU should never have paid them.⁴⁵⁶ The expenses include:

- (a) The purchase of tables at Dobell Federal Election Council functions in July and December 2006, without disclosure to or authorisation by the National Council or National Executive.⁴⁵⁷
- (b) Expenses relating to the establishment of Craig Thomson's campaign office in Long Jetty, including the purchase of furniture and an air conditioner, and internet access, using Craig Thomson and Criselee Stevens' credit cards, as well as telephone and facsimile services which were billed direct to the HSU.⁴⁵⁸
- (c) Expenses relating to the maintenance of a campaign bus, which were billed direct to the HSU and paid by Belinda Ord at Craig Thomson's direction.⁴⁵⁹
- (d) Postage charges associated with campaign mailouts, which was invoiced to Craig Thomson personally but paid by the HSU.⁴⁶⁰
- (e) Advertising charges from the ALP, invoiced to the HSU with Craig Thomson's name as the customer reference, which was approved and paid by the HSU in 2008. It is unclear who approved the invoice for payment, but Jessup J found that the expenditure was not raised and approved by the National Council or National Executive, which being outside the usual business of the union it should have been.⁴⁶¹

⁴⁵⁶ Craig Thomson denied these allegations in his Defence filed 4 December 2012: [174]-[175].

⁴⁵⁷ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [101]-[102]. Craig Thomson denied these allegations in his Defence filed 4 December 2012: [163]-[164].

⁴⁵⁸ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [104]. Craig Thomson denied these allegations in his Defence filed 4 December 2012: [165]-[168].

⁴⁵⁹ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [107]. Craig Thomson did not admit these allegations in his Defence filed 4 December 2012: [169].

⁴⁶⁰ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [110]-[111]. Craig Thomson denied these allegations in his Defence filed 4 December 2012: [170].

⁴⁶¹ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [114]-[116]. Craig Thomson did not admit these allegations in his Defence filed 4 December 2012: [171].

(f) Advertising charges from Central Coast Radio Centre, addressed to Craig Thomson but paid by HSU National Office, and one advertising invoice paid by Craig Thomson using his CBA Mastercard.⁴⁶²

(g) Charges by a stationer for printing campaign materials, some of which was paid using Craig Thomson's CBA Mastercard.⁴⁶³

285. The total of these transactions was \$58,141.53. Jessup J found that Craig Thomson caused each expenditure to be paid by the HSU, in contravention of ss 285(1), 286(1) and 287(1) of the Schedule to the WRA.⁴⁶⁴

Coastal Voice

286. In about March-April 2006 Craig Thomson established an unincorporated association, Coastal Voice Community Group Incorporated. The intention of the group was to campaign on local issues of concern to the residents of the Central Coast, but that it would not have an affiliation with a political party. Craig Thomson was appointed interim president and Criselee Stevens interim secretary, but no formal elections of office bearers were held. Advertisements published for Coastal Voice were paid for with Criselee Stevens' HSU Diners Club Card. Payments relating to the launch of Coastal Voice were made by Craig Thomson and Criselee Stevens using their HSU credit cards. These expenses were not disclosed to or approved by the HSU National Council or National Executive.⁴⁶⁵

287. Jessup J held that, despite the objects of Coastal Voice being community minded rather than for the furtherance of Craig Thomson's personal political objectives, the commitment of union funds was not part of the business or administration of the Union so as to enable Craig Thomson to authorise the expenditure within his authority as

⁴⁶² *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [119]. Craig Thomson did not admit these allegations in his Defence filed 4 December 2012: [172].

⁴⁶³ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [122]. Craig Thomson did not admit these allegations in his Defence filed 4 December 2012: [173].

⁴⁶⁴ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [103], [106], [109], [113], [118], [121], [123].

⁴⁶⁵ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [92]-[93]. Craig Thomson did not admit, or denied these allegations in his Defence filed 4 December 2012: [192]-[200].

National Secretary. Having regard to the location of the community to which Coastal Voice was committed, Jessup J concluded that the group was established for the purpose of furthering Craig Thomson's profile and political career, such that there was a direct conflict of interest requiring disclosure to the National Council or National Executive. The commitment of HSU funds and employees to the activities of Coastal Voice was an abuse of Craig Thomson's fiduciary position and a contravention of ss 285(1), 286(1) and 287(1) of the Schedule to the WRA.⁴⁶⁶

Central Coast Rugby League

288. HSU entered into a contract for the sponsorship of the Central Coast Rugby League Division for the 2006 to 2008 seasons. The sponsorship contract provided for annual payments of \$30,000 exclusive of GST over three years with a consumer price index adjustment. The HSU received season passes and sponsors' box access, and Craig Thomson presented the grand final trophy in 2006 and 2007. The invoices in respect of the first two instalments were paid on the approval of Craig Thomson. The final invoice was paid in 2008 after Craig Thomson had resigned his post, on the authority of the National Executive because they considered that the union was contractually obliged to make the payment.⁴⁶⁷
289. Jessup J found that entry into the transaction was beyond Craig Thomson's authority, regardless of whether it was of any benefit to the HSU. His Honour observed that, had the matter been raised with the National Council or National Executive, the sporting body chosen may not have been one that directly benefited Craig Thomson's political ambitions.⁴⁶⁸ His Honour found that Craig Thomson contravened s 265(1) of the Schedule to the WRA by failing to seek the approval of the National Council or National Executive, and found that this was the more so because of the possible conflict of interest.⁴⁶⁹

⁴⁶⁶ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [96]-[99].

⁴⁶⁷ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [124]-[126]. Craig Thomson admitted the agreement, but did not admit, or denied these allegations in his Defence filed 4 December 2012: [252]-[255].

⁴⁶⁸ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [127].

⁴⁶⁹ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [128].

Donations

290. The Federal Court also considered the making of five donations exceeding \$1,000 at Craig Thomson's instigation. One of the donations was to a fund-raiser with which the wife of the then President of the HSU was associated. Another was to a charity on the Central Coast and another was a donation of goods to a fundraising lunch held by the Dobell Federal Electoral Council.⁴⁷⁰
291. Jessup J held that the donations were in each case in breach of r 36(f) of the HSU Rules, being made without the prior approval of the National Council or the National Executive. In causing them to be made, Jessup J held that Craig Thomson acted in contravention of s 285(1) and s 286(1) of the Schedule to the WRA.⁴⁷¹ Where the donations were made in respect of 'Central Coast' causes, Jessup J also found that the existence of a conflict of interest arising from the obvious furtherance of Craig Thomson's political ambitions also created a contravention of s 287(1) of the Schedule to the WRA.⁴⁷²

D3 The circumstances in which the conduct occurred

292. Craig Thomson's wrongdoing fell into two categories:
- (a) Causing the HSU to pay for personal expenses; and
 - (b) Causing the HSU to pay for, and to deploy its resources in aid of, his campaign for election to the Central Coast seat of Dobell.
293. That Craig Thomson was in a position to effect either of those matters raise the prospect of a conflict between his personal interests and those of the Union he represents.

⁴⁷⁰ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [129]-[139], Craig Thomson did not admit, or denied these allegations in his Defence filed 4 December 2012: [210]-[213], [223]-[230], [239]-[243], [317]-[318].

⁴⁷¹ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [130], [132], [134], [137].

⁴⁷² *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [133], [137], [139].

294. As to the latter matter, the prospect of impropriety arising from an unregulated dedication of resources to an election hopeful is well known. It may arise just as easily by, for example, a developer making donations to a State government candidate in the hope of a favourable outcome in relation to future development proposals. That is why there are laws regulating the disclosure of donations.
295. The manner in which Craig Thomson caused the HSU to contribute funds and resources towards his ultimate success at the 2007 Federal Election is not cured by any suggestion that the HSU might have been pleased at that outcome. He took decisions as to what should be done without, it seems, any meaningful discussion with the National Council or National Executive as to how the HSU's resources might best be deployed to further its political aims. By acting unilaterally, he directly benefited his own campaign rather than some broader political object. By committing Union resources in the manner that he did, he also caused the HSU to avoid any proper disclosure of the manner in which members' funds were deployed for political purposes. The effect of this was not only to expose the Union to penalties for breaches of the disclosure laws outlined above, it contained an assumption that what was good for Craig Thomson was good for the members of the HSU.
296. The statement of undisputed facts provides relevant background as to the discretionary spending powers Craig Thomson was conferred in his position as National Secretary, and the National Executive's oversight of those powers:
- (a) Union funds were sourced almost entirely from the payment of members' fees, paid to the State Branches. The Branches then pay capitation fees to the National Office, which are managed and accounted for by the National Secretary and the National Office.⁴⁷³ The National Secretary has responsibility for keeping accounts and records of capitation fees and National Office expenditure.⁴⁷⁴

⁴⁷³ Statement of undisputed facts, November 2014, [13].

⁴⁷⁴ Statement of undisputed facts, November 2014, [17], Registered Rules 32(e)-(j), [29]-[30].

- (b) Craig Thomson was paid a salary of \$130,000 per annum and had entitlements to the use of a mobile telephone and motor vehicle for business and personal use, and a Diners Club Card;⁴⁷⁵
- (c) The performance of his duties as National Secretary included extensive travel, often overnight, the expenses for which were met through bookings made by the National Office and paid for on the Diner's Club Card;⁴⁷⁶
- (d) The entitlements were approved by the National Executive on 23 July 2002, and varied by a resolution in February 2003 to empower Craig Thomson to approve expenditure up to \$50,000 at any one time. Craig Thomson's entitlements were otherwise governed by the 'Health Services Union of Australia – Health Professionals – Victorian Public Sector' Enterprise Agreement 2002-2004, which made no provision for credit card or personal expenses.⁴⁷⁷
- (e) The undisputed evidence of members of the National Executive, Finance Committee, and branch executives was to the effect that the HSU did not require cash for its operations.⁴⁷⁸ To the extent that cash was required for union-related expenditure, the practice of union officials was to use their own cash and claim a reimbursement from the union, verifying that the expense was union related.⁴⁷⁹
- (f) The HSU issued credit cards to its officers and those cards drew on HSU funds.⁴⁸⁰ The purpose of these credit cards was to enable payments that were necessary for operating the Union and simple accounting for those payments.⁴⁸¹ The card generally issued for HSU National Office officers was

⁴⁷⁵ Statement of undisputed facts, November 2014, [3].

⁴⁷⁶ Statement of undisputed facts, November 2014, [10].

⁴⁷⁷ Statement of undisputed facts, November 2014, [4].

⁴⁷⁸ Statement of undisputed facts, November 2014, [68].

⁴⁷⁹ Statement of undisputed facts, November 2014, [69].

⁴⁸⁰ Statement of undisputed facts, November 2014, [35].

⁴⁸¹ Statement of undisputed facts, November 2014, [36].

Diners Club.⁴⁸² HSU was the holder of these cards and responsible for all invoices. These cards were issued without a PIN and did not have a cash withdrawal facility.⁴⁸³ Some HSU National Executives and staff members (including Craig Thomson) were issued with a CBA MasterCard.⁴⁸⁴

- (g) There was no formal spending limit in relation to credit card use and no written policy in place for credit card use.⁴⁸⁵ There was, however, a union-wide policy that recoverable expenses were to be strictly business related and not personal.⁴⁸⁶ Craig Thomson personally communicated this requirement to HSU staff.⁴⁸⁷
- (h) Accordingly, it was not the practice of HSU officials and staff to use HSU credit cards issued to them to incur personal expenses and then reimburse the Union.⁴⁸⁸
- (i) In about December 2005, the then financial controller of the HSU National Office, Belinda Ord, prepared a policy document concerning the use of mobile phones and credit cards, namely that they were to be used solely for Union business purposes.⁴⁸⁹
- (j) The policy also established a procedure for the verification of union-related credit card expenditures. The procedure required the production of receipts and vouchers attached to a signed credit card statement on a regular basis, explanation of any unusual transactions or transactions for which there was no receipt, and an obligation to ensure that the expense is cost effective.⁴⁹⁰ Each official had to verify that the expenses were work-related and the statements

⁴⁸² Statement of undisputed facts, November 2014, [37].

⁴⁸³ Statement of undisputed facts, November 2014, [38].

⁴⁸⁴ Statement of undisputed facts, November 2014, [39].

⁴⁸⁵ Statement of undisputed facts, November 2014, [38].

⁴⁸⁶ Statement of undisputed facts, November 2014, [44], [46].

⁴⁸⁷ Statement of undisputed facts, November 2014, [74]-[75].

⁴⁸⁸ Statement of undisputed facts, November 2014, [47].

⁴⁸⁹ Statement of undisputed facts, November 2014, [49]-[50]; *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [48].

⁴⁹⁰ Statement of undisputed facts, November 2014, [50], [52], [60]-[61].

were checked by Craig Thomson, who also signed them.⁴⁹¹ Expenditures were accounted for within MYOB using designations that were typical to Union expenditure (meetings, travel etc),⁴⁹² nominated by Craig Thomson.⁴⁹³ The designations were not detailed and the individual expenditure items were not made available to the Finance Committee or National Committee.⁴⁹⁴

- (k) In respect of cash withdrawals, explanations were initially provided to accounts staff orally by Craig Thomson, supported where possible by receipts.⁴⁹⁵ Later, when Belinda Ord commenced as financial controller, typed memoranda were supplied justifying cash expenses.⁴⁹⁶
- (l) On a single occasion Craig Thomson asked Nurten Ungen to withdraw cash using his CBA Mastercard for the purpose of buying stationery and other supplies. The expenses were justified by attaching receipts to the relevant credit card statement in accordance with the established practice.⁴⁹⁷
- (m) The financial reporting practices during Craig Thomson's tenure were not made subject to any policies, and detailed information about National Office expenditure was rarely provided when requested by the National Executive.⁴⁹⁸ Craig Thomson in February 2003 drew up a finance policy that set expenditure limits and established a finance committee. However, neither the Finance Committee nor the National Executive reviewed individual items of expenditure.⁴⁹⁹ Members of the National Executive, including Chris Brown, were of the opinion that during Craig Thomson's tenure the provision of information in respect of National financial expenditure and controls was limited. This, combined with the autonomous nature of the individual Branches

⁴⁹¹ Statement of undisputed facts, November 2014, [62].

⁴⁹² *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [21].

⁴⁹³ Statement of undisputed facts, November 2014, [5], [64].

⁴⁹⁴ Statement of undisputed facts, November 2014, [67].

⁴⁹⁵ Statement of undisputed facts, November 2014, [64](a).

⁴⁹⁶ Statement of undisputed facts, November 2014, [65].

⁴⁹⁷ Statement of undisputed facts, November 2014, [71].

⁴⁹⁸ Statement of undisputed facts, November 2014, [53]-[54].

⁴⁹⁹ Statement of undisputed facts, November 2014, [57].

and limited contact between the Branches and the National Office, meant that awareness of Craig Thomson's activities was limited.⁵⁰⁰

- (n) From about late 2005, Craig Thomson established a National Office in Pitt Street, Sydney, away from the original National Office in Melbourne. The evidence before the Federal Court did not establish whether anyone else worked from that office. Through 2006 and 2007, Craig Thomson involved himself more heavily in activities on the Central Coast of New South Wales, with a view to furthering his campaign in his future electorate.⁵⁰¹ This must have further limited oversight of Craig Thomson's activities.
- (o) At no time did the National Executive approve, or become aware of, expenditure by Craig Thomson on sexual services or other personal expenses charged to his union issued credit cards;⁵⁰²
- (p) All Thomson's expenditure was audited by Mr Iaan Dick until December 2007. No item of expenditure was challenged or queried by the auditor during that time.⁵⁰³

297. The above account again paints a picture of a Union head office in which all of the financial control is reposed in a single powerful figure. No staff and no other officer was given the responsibility of testing and querying the financial outlays of the National Secretary. The National Executive was not supplied with sufficient information to enable a proper control of expenditure, either by Craig Thomson or by the Union at his instigation. The reasons for this are both structural and cultural: structural, because branch autonomy and the relative size of the National Office led to a lack of oversight over the conduct of the National Office by the general membership and those representing them (and vice versa); and cultural, because there is an obvious degree of centrality to the manner in which Craig Thomson ran the National Office. His level of control over expenditure policies and approvals gave him the opportunity to take advantage of the systems that were in place.

⁵⁰⁰ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [13]-[14].

⁵⁰¹ *General Manager of the Fair Work Commission v Thomson (No 3)* [2015] FCA 1001 at [15]-[17].

⁵⁰² Statement of undisputed facts, November 2014, [33]-[34].

⁵⁰³ Statement of undisputed facts, November 2014, [5].

298. Perhaps ironically, Craig Thomson introduced some financial accountability and control during his tenure as National Secretary, and then proceeded to enforce it as it related to his officials and staff, and circumvent it as it related to him.
299. It can be inferred, based on the information available as to the manner in which Iaan Dick conducted the audits of the No 3 Branch, that his audits of the National Office were equally deficient.

E GOVERNANCE ISSUES

300. Governance issues are not merely technical or matters of form. A senior union official occupies a position of great responsibility and great power. The official enjoys great responsibility because he or she must protect and advance the interests of the union's members. Those members rely upon the official to discharge his or her duties properly and carefully.
301. Katherine Jackson conceded, at paragraphs 8 and 242 of the submissions made on her behalf and dated 14 November 2014, that her conduct fell short of proper governance practices. In particular, she accepted (at paragraph 210) that the use of an exercise book to record the disbursements from the NHDA was unsatisfactory; and (at paragraph 223) that no disclosure was made of the \$50,000 payment to Jeff Jackson was not disclosed as a related party transaction, and presumably that it should have been; and (at paragraphs 231 to 232) that the slush fund constituted by the NHDA was another example of poor governance; and (at paragraph 238) that the 'kitty' arrangement led to breaches of s 237 the FWRO Act. She also accepted, in her evidence before the Commission, that the way that she conducted the NHDA account 'would fall short of proper practice in relation to what the public expect'.⁵⁰⁴
302. The civil findings against both Katherine Jackson and Craig Thomson disclose serious breaches of their statutory duties as officers of the HSU. In both cases, the breaches can be characterised as a cynical exploitation of their positions so as to prefer their personal interests over those of the members of the union under their control.

⁵⁰⁴ Katherine Jackson, 19/6/2014, T:865.28-865.36.

303. Without being exhaustive, some of the trends in governance failures identified in these submissions are as follows.

E1 Financial accountability

304. Take as an example the use of union issued credit cards for the purposes of discretionary spending (see sections C4 and D2). That is not an uncommon business practice, and there appears to have been an understanding that the use of the cards was limited to purposes relating to the business of the Union. Certainly, in the case of Craig Thomson, steps were taken to implement controls on personal spending on union issued credit cards. The vice that manifested itself at both the No 3 Branch and the National Office was that the person tasked with accounting for the expenditure was, in each case, the person incurring it. There was no independent oversight of the expenses incurred by Katherine Jackson and Craig Thomson that might have allowed their scandalous levels of personal expenditure to be detected earlier than it was.
305. It is obvious that the principal financial oversight mechanism provided for in the HSU Rules was the BCOM (in the case of the No 3 Branch) and the National Council and National Executive (in the case of the National Office). It is evident, from the evidence before the Commission, that the financial information provided to the BCOM was high level at best. The minutes of the BCOM meetings that are available record no meaningful discussion of the financial reports of the No 3 Branch and only rarely is there an express approval of an expenditure item. Katherine Jackson's contentions that the BCOM were given, and approved, itemised statements of expenditure should be rejected. The reality was that the BCOM simply had no idea what was being charged to Katherine Jackson's cards and had no means of testing the propriety of the expenditures. It can be inferred that a similar situation prevailed in relation to the National Executive of the HSU. Certainly, it appears to be accepted that the information given to the National Executive to permit them to discharge their financial oversight responsibilities under HSU Rules 27 and 36 was deficient. There is equally no doubt that the records of the BCOM's meetings (such as they are available) are lacking in detail as to what the BCOM is fact considered, or approved, at any one meeting. Relevant to these observations are the matters addressed in section 3.3 of the Commission's Discussion Paper on Options for Law Reform dated 19 May 2015 (Discussion Paper).

306. One feature of Katherine Jackson's explanation of her conduct is particularly relevant to the governance issues facing the No 3 Branch. She claims that much of the credit card expenditure that would otherwise be questionable was in some way 'pre-approved' by means of various allowances conferred upon her by the BCOM. Whether those approvals were in fact made, and whether they were capable of authorising the expenditures incurred over the whole of the relevant period, is addressed in sections C4 and C7 of these submissions.
307. However, even assuming that the BCOM in fact did approve discretionary allowances of this kind, the propriety of such allowances and the means of ensuring that they were properly taken is seriously questionable. How were the entitlements to be accounted for? Who was to ensure that Katherine Jackson was properly claiming expenditure that fell within the terms of the allowance? Who was checking that she kept within the monetary limit of the allowance? The suggestion that the No 3 BCOM would be so cavalier with the funds of the Branch's members, for the sole benefit of one person, bespeaks a serious lack of proper attention to the financial governance of the branch. This is especially so when one has regard to the relatively modest asset position of the No 3 Branch (as to which see paragraph 223).
308. Moreover, during the relevant period, there was a single external mechanism of oversight of the Branch finances, being the auditor of accounts. For the reasons already canvassed, the practices adopted by the auditors leave much to be desired.

E2 The use of discretionary funds

309. The governance issues that attend on Katherine Jackson's use of discretionary 'slush' funds are addressed in sections C2 and C3 of these submissions.
310. To those submissions may be added one further observation: the attitude of Katherine Jackson to the accounting and reporting requirements that attach to the discretionary funds she established was, as mentioned above, almost disarmingly frank. However, they reveal a real uncertainty about the proper scope of the reporting and disclosure obligations that attach to union funds. Katherine Jackson disclosed an awareness of the requirements and an intention to get away with them by means of some quite dubious

attributions of the status of the funds. The possible solutions to the issues that arise in this context are addressed in greater detail in section 3.4 of the Discussion Paper.

E3 The use of union funds for political purposes

311. The issues that arise from the unrestricted and undeclared expenditure of Union resources on political objects is discussed in sections C2 and D3 above. Possible law reform issues that might address these problems are the subject of section 3.5 of the Discussion Paper.

E4 Governance structures

312. The governance issues that arise over the tenures of Katherine Jackson and Craig Thomson were, in the main, permitted to happen because of the concentration of power in the position of Secretary. It is evident that both Katherine Jackson and Craig Thomson acted as chief executive of their respective branches with very little executive input from anyone else. The No 3 Branch BCOM was ineffectual at best. That is no criticism of the individual members of the BCOM. Each of them was a professional who dedicated themselves to their roles part time and for little remuneration. It is understandable that there would in those circumstances be a degree of deference to the executive who is dedicated full time to the management of the branch. This is almost certainly exacerbated by the minimal degree of information given to the BCOM members to enable them to discharge their functions.
313. Both National and Branch Secretaries were given significant power to manage the business of the Union between meetings of the governing body. Moreover, each had, by HSU Rules 32 and 56, total responsibility for accounting for the management and finances of the Union. That degree of power, coupled with control over the Union's oversight mechanisms, invites a lack of accountability.
314. In the case of the No 3 Branch, that manifested itself in accounting practices that were, on their face, typical business practices and competently done, but on closer scrutiny depended too heavily on Katherine Jackson for information and oversight. The BCOM, for its part, seemingly readily accepted Katherine Jackson's suggestions that they adopt

financial management practices that further removed accountability for the funds of the Union. The use of the NHDA and the ‘kitty’ are examples of this.

315. It is likely that changes to the Rules to ensure that there is greater proportion of executive governance in the day-to-day management of the Union would go a long way to removing the opportunity for a single figure to exert power over the Union’s finances. For example, a requirement that there be a separate Treasurer with responsibility for financial reporting, but no authority over expenditure, would be an effective dispersal of power.
316. A requirement that there be governance training to ensure that BCOM and National Executive members are properly apprised of their responsibilities would also be of assistance.

E5 Recent Reforms

317. In his undated statement to the Commission, Mr Christopher Brown set out the reforms that the Union has made to its policies and Rules, in response to that matters that have occurred in the period 2002 to 2012 involving Michael Williamson, Craig Thomson and Katherine Jackson.
318. The Union has introduced policies dealing with the authorisation of expenditure, credit card use, travel, related party transactions, conflicts of interest and board appointments.⁵⁰⁵
319. The HSU Rules were changed in June 2014. The main changes regarding financial accountability are summarised in Christopher Brown’s statement as follows:
 - (a) Rule 74 expressly adopted the statutory duties contained in the FWRO Act.
 - (b) Rule 74 also created an express duty to ensure that the financial reports of the Union and its Branches are prepared in an accurate and timely manner. All officers are expressly obliged to answer fully and frankly such questions as are

⁵⁰⁵ Statement of Christopher Brown, paras 169 to 170, tab 22F.

reasonably asked, and provide such information as is reasonably requested, by the National Executive, the National Auditor, a Branch committee of management or a Branch Auditor.

- (c) Rule 74 created an express duty to inform the Executive, BCOM and the Auditor, of any matter that the officer is aware of which, unless disclosed, might result in the financial reports not providing a true and fair view of the financial position and performance of the Union.
- (d) Rule 75 required that there be a Finance Committee of the National Executive and each BCOM, with functions including developing a budget; monitoring and reporting on the financial performance against the budget; ensuring that there are adequate internal control systems in place and functioning to promote operational efficiency, minimise financial risk and fraud, and to ensure financial accountability; examining and monitoring all credit card expenditure to ensure compliance with applicable policy and procedures; ensuring applicable rules and Financial Management Policy and Procedures are complied with at all times; monitoring and ensuring that the Union or Branch is complying with all statutory obligations regarding financial management and reporting requirements. The Committee also co-operates with the auditor to ensure obligations are met and that the financial statements are accurate and matters of concern (or recommendations for change) are brought before the relevant Executive or BCOM.
- (e) Rule 76 requires the National Executive to adopt policies and procedures governing all matters associated with the control of Union funds and property.
- (f) Rule 84 makes clear that members of National Executive have the right of access to the financial records of the union. These records include all records kept – every invoice, receipt and transfer.
- (g) Rule 85 requires every officer to disclose, in writing, the remuneration the officer (or a related party) receives from boards to which he or she was nominated etc by the Union and account for that remuneration to the Union.

- (h) Rule 91 required each officer whose duties relate to financial management to undertake training approved by the General Manager of the Fair Work Commission that covers the financial duties of the officer.

320. It can be observed that many of these rules are repetitions or augmentations of the rules that were in force during the period considered in these submissions (particularly as they relate to the availability of financial information to the officers of the union and its members). Notwithstanding this, many of these altered rules should be effective to introduce better governance practices within the HSU. However, as is apparent from the matters addressed in these submissions, the culture of the governing members of the Union can be such that the rules of the Union are disregarded or actively circumvented.
321. It is therefore of equal importance that there be a change of the culture of the Union. The evidence before the Commission⁵⁰⁶ has revealed a procession of figures whose primary focus appears to be the attainment and maintenance of power, at the obvious expense of the members. The factionalism of the HSU figureheads appears to have led to a culture in which some of those that led the Union would stop at nothing to further their ambitions. In order to achieve that, they had to exert dominance over their supporters and attack their opponents. Once that position is attained, it is a short leap to using the funds and resources of the union for one's personal benefit.

⁵⁰⁶ And set out, inter alia, in Counsel Assisting's submissions dated 31 October 2014 at Chapters 10 to 12.

Appendix A – NHDA transactions

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|-------------------------|---|--|-------------------------|---|---|--|----------------------|
| 27 Feb 2004 | \$80,000 ⁵⁰⁷ | | | | Ms Jackson was on a trip in Hong Kong and the US from 5 December 2003 to 22 March 2004 ⁵⁰⁸ | | Ms Jackson gave evidence that the \$80,000 transferred to the NHDA was spent in connection with her scholarship to the United States. ⁵⁰⁹ | |
| | | 5 Mar 2004 | 3500 Las Vegas BL | \$676.80 ⁵¹⁰ | | | | Overseas expenditure |
| | | 8 Mar 2004 | *500 Olive Way #2 Seattle WA | \$678.89 ⁵¹¹ | | | | Overseas expenditure |
| | | 8 Mar 2004 | Washington Mutual Seattle WA | \$678.89 ⁵¹² | | | | Overseas expenditure |
| | | 10 Mar 2004 | Washington Mutual San Francisco CA | \$670.51 ⁵¹³ | | | | Overseas expenditure |
| | | 12 Mar 2004 | Washington Mutual San Francisco CA | \$683.29 ⁵¹⁴ | | | | Overseas expenditure |
| | | 12 Mar 2004 | *Market-4 th -30 San Francisco CA | \$686.35 ⁵¹⁵ | | | | Overseas expenditure |
| | | 15 Mar 2004 | AFL-CIO Employees FCU Washington DC | \$701.21 ⁵¹⁶ | | | | Overseas expenditure |
| | | 15 Mar 2004 | *SFO-United HUB-72 San Francisco CA | \$701.21 ⁵¹⁷ | | | | Overseas expenditure |
| | | 15 Mar 2004 | AFL-CIO Employees FCU Washington DC | \$691.71 ⁵¹⁸ | | | | Overseas expenditure |

⁵⁰⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁵⁰⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁵⁰⁹ Katherine Jackson, 28/8/2014, T:788.37 – T:789.9.

⁵¹⁰ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁵¹¹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁵¹² 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁵¹³ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁵¹⁴ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁵¹⁵ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁵¹⁶ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1065.

⁵¹⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1066.

⁵¹⁸ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1066.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|--------------------|---|--|---------------------------|---------------------------|---|---|----------------------|
| | | 22 Mar 2004 | Woolwich Barcla Heathrow | \$498.28 ⁵¹⁹ | | | | Overseas expenditure |
| | | 8 Apr 2004 | ABWDL Carlton B | \$800 ⁵²⁰ | | | | ATM withdrawal |
| | | 13 Apr 2004 | Withdrawal | \$20,000 ⁵²¹ | | On 13 April 2004 Jackson deposited \$20,000 into her CBA streamline account. ⁵²² | Ms Jackson gave evidence that she does not believe this withdrawal was made to pay off credit card bills from her overseas trip. ⁵²³ | Cash withdrawal |
| | | 27 Apr 2004 | Withdrawal | \$9,300 ⁵²⁴ | | | Ms Jackson gave evidence that she does not believe this withdrawal was to pay off credit card bills from her overseas trip. ⁵²⁵ | Cash withdrawal |
| | | 8 Jun 2004 | Withdrawal | \$3,500.00 ⁵²⁶ | | | | Cash withdrawal |
| | | 21 Jun 2004 | ABWDL Central Melb | \$800.00 ⁵²⁷ | | | | ATM withdrawal |
| | | 22 Jun 2004 | ABWDL Central Melb | \$800.00 ⁵²⁸ | | | | ATM withdrawal |
| | | 9 Jul 2004 | ABWDL Carlton B | \$800.00 ⁵²⁹ | | | | ATM withdrawal |
| | | 4 Aug 2004 | Tonys Gourmet Delights Greythorn | \$30.40 ⁵³⁰ | | | | Retail expenditure |
| | | 23 Aug 2004 | ABWDL 150 Lonsdale | \$800 ⁵³¹ | | | | ATM withdrawal |

⁵¹⁹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1066.

⁵²⁰ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1066.

⁵²¹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1066.

⁵²² Tender Bundle 2/10/2015, Tab 2, p 11.

⁵²³ Katherine Jackson, 28/8/2014, T:789.11 – T789.28.

⁵²⁴ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1066.

⁵²⁵ Katherine Jackson, 28/8/2014, T:789.11 – T789.28.

⁵²⁶ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1067.

⁵²⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1067.

⁵²⁸ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1067.

⁵²⁹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1067.

⁵³⁰ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1067.

⁵³¹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|-------------------------|---|--|-------------------------|--|---|--|----------------------|
| | | 9 Sept 2004 | ABWDL 150 Lonsdale | \$800 ⁵³² | | | | ATM Withdrawal |
| | | 15 Oct 2004 | Withdrawal | \$8,000 ⁵³³ | Ms Jackson was on a trip in Hong Kong from 21 October to 25 October 2004. ⁵³⁴ | | Ms Jackson denied that these withdrawals were in connection with the October 2004 Hong Kong trip. ⁵³⁵ | Cash withdrawal |
| | | 21 Oct 2004 | Withdrawal | \$5,000 ⁵³⁶ | | | | Cash withdrawal |
| | | 25 Oct 2004 | Hase/a-Exp HK St Hong Kong | \$426.58 ⁵³⁷ | | | | Overseas expenditure |
| | | 25 Oct 2004 | Hase/Central-J MTR St Hong Kong | \$355.49 ⁵³⁸ | | | | Overseas expenditure |
| | | 23 Dec 2004 | ABWDL 150 Lonsdale | \$800 ⁵³⁹ | | | | ATM withdrawal |
| | | 4 Jan 2005 | ABWDL 150 Chinatown B | \$600 ⁵⁴⁰ | | | | ATM withdrawal |
| | | 25 Feb 2005 | Victoria Loftes Melbourne | \$500 ⁵⁴¹ | | | | Retail expenditure |
| | | 9 Mar 2005 | Withdrawal | \$2,000 ⁵⁴² | Ms Jackson was on holiday in the United States from 1 April to 17 April 2005. ⁵⁴³ | On 31 March 2005, Ms Jackson deposited \$3800 into her CBA streamline account. ⁵⁴⁴ | Ms Jackson gave evidence that she could not recall the purpose of these withdrawals. ⁵⁴⁵ | Cash withdrawal |
| | | 31 Mar 2005 | Withdrawal | \$5,000 ⁵⁴⁶ | | | | Cash withdrawal |
| 23 Jun | \$20,000 ⁵⁴⁷ | | | | | | | |

⁵³² 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

⁵³³ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

⁵³⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁵³⁵ Katherine Jackson, 28/8/2014, T:790.26 to T:790.29.

⁵³⁶ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

⁵³⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

⁵³⁸ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1068.

⁵³⁹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1069.

⁵⁴⁰ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1069.

⁵⁴¹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1070.

⁵⁴² 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1070.

⁵⁴³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁵⁴⁴ Tender Bundle 2/10/2015, Tab 2, p 42.

⁵⁴⁵ Katherine Jackson, 28/8/2014, T:791.2 – T:791.8.

⁵⁴⁶ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1070.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|-------------------------|---|--|-------------------------|---|--|---|---------------------|
| 2005 | | | | | | | | |
| | | 24 Oct 2005 | ABWDL R.M.I.T | \$800 ⁵⁴⁸ | | | | ATM withdrawal |
| | | | | | | | | |
| 6 Jan 2006 | \$10,000 ⁵⁴⁹ | | | | | | | |
| | | 30 Jan 2006 | ABWDL Balwyn East Op | \$500 ⁵⁵⁰ | | | | ATM withdrawal |
| | | 2 Feb 2006 | Withdrawal | \$6,500 ⁵⁵¹ | | | | Cash withdrawal |
| | | 17 Mar 2006 | Withdrawal | \$7,500 ⁵⁵² | Ms Jackson was on a trip in the United States from 4 April to 20 April 2006. ⁵⁵³ | | Ms Jackson says this withdrawal was "possibly" associated with a trip to the US. ⁵⁵⁴ | Cash withdrawal |
| | | 22 Mar 2006 | Withdrawal | \$4,800 ⁵⁵⁵ | | | Ms Jackson says this withdrawal was "possibly" associated with a trip to the US ⁵⁵⁶ | Cash withdrawal |
| | | 29 Mar 2006 | ABWDL Balwyn B | \$800 ⁵⁵⁷ | | | | ATM withdrawal |
| | | 3 Apr 2006 | Withdrawal | \$3,000 ⁵⁵⁸ | | On 7 April 2006 Ms Jackson deposited \$3,000 in cash into her CBA streamline account. ⁵⁵⁹ | | Cash withdrawal |
| | | 20 Apr | American Airlines FCU Los Angeles CA | \$681.27 ⁵⁶⁰ | | | | Overseas |

⁵⁴⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1071.

⁵⁴⁸ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1072.

⁵⁴⁹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1073.

⁵⁵⁰ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1073.

⁵⁵¹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1073.

⁵⁵² 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

⁵⁵³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁵⁵⁴ Katherine Jackson, 28/8/2014, T:791.10 to T:791.35.

⁵⁵⁵ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

⁵⁵⁶ Katherine Jackson, 28/8/2014, T:791.10 to T:791.35.

⁵⁵⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

⁵⁵⁸ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

⁵⁵⁹ Tender Bundle 2/10/2015, Tab 2, p 77.

⁵⁶⁰ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|------------------------|---|--|-------------------------|---|---|--|----------------------|
| | | 2006 | US | | | | | expenditure |
| | | 21 Apr 2006 | *Wilshire-Grand-01 Los Angeles CA US | \$689.10 ⁵⁶¹ | | | | Overseas expenditure |
| | | 18 May 2006 | Withdrawal | \$2,700 ⁵⁶² | | | | Cash withdrawal |
| 30 Jun 2006 | \$8,000 ⁵⁶³ | | | | | | | |
| | | 23 Jun 2006 | Myer Melbourne | \$40 ⁵⁶⁴ | | | | Retail expenditure |
| | | 10 Jul 2006 | Bi-Lo Balwyn East | \$35.04 ⁵⁶⁵ | | | | Retail expenditure |
| | | 10 Jul 2006 | ABWDL Balwyn East Op | \$100 ⁵⁶⁶ | | | | ATM withdrawal |
| | | 8 Aug 2006 | Withdrawal | \$6,000 ⁵⁶⁷ | Ms Jackson was on a trip to Europe from 25 August to 9 September 2006. ⁵⁶⁸ | On 18 Aug 2006 Jackson deposited \$5,000 into her Westpac account ⁵⁶⁹ On 25 Aug 2006 Jackson deposited \$4,000 into her CBA streamline account. ⁵⁷⁰ | | Cash withdrawal |
| | | 15 Aug 2006 | Withdrawal | \$3,000 ⁵⁷¹ | | | | Cash withdrawal |
| | | 9 Oct 2006 | Issa Homes Ivanhoe Vic | \$126.60 ⁵⁷² | | | | Retail Expenditure |
| | | 23 Oct 2006 | Safeway, 3127 Balwyn VIC | \$358.44 ⁵⁷³ | | | | Retail expenditure |
| | | 30 Nov | Withdrawal | \$5,500 ⁵⁷⁴ | Ms Jackson was on a trip | On 30 Nov 2006 Ms | | Cash |

⁵⁶¹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

⁵⁶² 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1074.

⁵⁶³ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1075.

⁵⁶⁴ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1075.

⁵⁶⁵ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1075.

⁵⁶⁶ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1075.

⁵⁶⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1075.

⁵⁶⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁵⁶⁹ Tender Bundle 2/10/2015, Tab 3, p 902.

⁵⁷⁰ Tender Bundle 2/10/2015, Tab 2, p 90.

⁵⁷¹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1076.

⁵⁷² 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1076.

⁵⁷³ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1076.

⁵⁷⁴ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1077.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|------------------------|---|---|-------------------------|---|--|---|---------------------|
| | | 2006 | | | in Hong Kong from 30 November 2006 to 14 December 2006 ⁵⁷⁵ | Jackson deposited \$2,000 in cash into her CBA streamline account ⁵⁷⁶ | | withdrawal |
| | | 27 Dec 2006 | ABWDL Balwyn East Op | \$800 ⁵⁷⁷ | | | | ATM withdrawal |
| | | 29 Dec 2006 | ABWDL Balwyn East Op | \$200 ⁵⁷⁸ | | | | ATM withdrawal |
| | | 29 Jan 2007 | Withdrawal | \$3,000 ⁵⁷⁹ | | | | Cash withdrawal |
| 29 Jun 2007 | \$5,000 ⁵⁸⁰ | | | | | | | |
| | | 26 Jul 2007 | Withdrawal | \$2,500 ⁵⁸¹ | In August 2007 Ms Jackson travelled to Falls Creek. ⁵⁸² | On 9 Aug 2007 Ms Jackson deposited \$2,000 cash into her Streamline account. ⁵⁸³ On 7 August 2007 Ms Jackson cashed a cheque for \$8,400 on the Union's funds. ⁵⁸⁴ | | Cash withdrawal |
| | | 1 Nov 2007 | ANZ ATM South Melbourne CSouth Melb VIC | \$500 ⁵⁸⁵ | | | Ms Jackson gave evidence that this withdrawal was expended for union purposes. ⁵⁸⁶ | ATM withdrawal |
| | | 26 Nov 2007 | Y.G's Young Generat | \$214.80 ⁵⁸⁷ | | | Ms Jackson gave evidence this was a personal expense as | Retail expenditure |

⁵⁷⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁵⁷⁶ Tender Bundle 2/10/2015, Tab 2, p 99.

⁵⁷⁷ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1077.

⁵⁷⁸ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1077.

⁵⁷⁹ 28/8/14, Jackson MFI-5 – Court Book, Volume 5, p 1077.

⁵⁸⁰ Tender Bundle, 2/10/2015, Tab 1, p 1.

⁵⁸¹ Tender Bundle, 2/10/2015, Tab 1, 1.

⁵⁸² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁵⁸³ Tender Bundle 2/10/2015, Tab 2, p 128.

⁵⁸⁴ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 177.

⁵⁸⁵ 19/6/2014, Jackson MFI-4, Bank Documents, 8.

⁵⁸⁶ Katherine Jackson, 19/6/2014, T:846.35 – T:847.4.

⁵⁸⁷ Katherine Jackson, 19/6/2014, MFI-4 - Bank Documents, 9.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|------------------------|---|--|-------------------------|--|---|---|---------------------|
| | | | | | | | part of her \$4000 allowance per annum. ⁵⁸⁸ | |
| | | 4 Dec 2007 | Kip McGrath Educatio | \$400 ⁵⁸⁹ | | | Ms Jackson says this was a personal expense as part of her \$4000 allowance per annum. ⁵⁹⁰ | Retail expenditure |
| 6 Dec 2007 | \$8,000 ⁵⁹¹ | | | | | | Ms Jackson says in relation to the money that was transferred into the NHDA in December 2007, that when it was withdrawn it, "sat in that grey box", i.e. the kitty. ⁵⁹² | |
| 21 Dec 2007 | \$8,000 ⁵⁹³ | | | | | | | |
| | | 3 Mar 2008 | Grangers Camping World Nunawading | \$800 ⁵⁹⁴ | | | Ms Jackson gives evidence that, despite not being Branch Secretary from January 2008 to May 2008, she was entitled to withdraw funds because the NHDA account was not an account of the Union's. ⁵⁹⁵ | Retail expenditure |
| | | 6 Mar 2008 | Withdrawal | \$6000 ⁵⁹⁶ | Ms Jackson was on a trip to Sydney in early March 2008. ⁵⁹⁷ | | Ms Jackson could not recall the purpose of this withdrawal. ⁵⁹⁸ | Cash withdrawal |
| | | 19 Mar 2008 | Cr Camberwell | \$115.80 ⁵⁹⁹ | | | | Retail expenditure |
| | | 26 Mar | D.Jones Bourke Street | \$510 ⁶⁰⁰ | | | | Retail |

⁵⁸⁸ Katherine Jackson, 19/6/2014, T:847.14 – T:847.47.

⁵⁸⁹ 19/6/2014, Jackson MFI-4 - Bank Documents, 9.

⁵⁹⁰ Katherine Jackson, 19/6/2014, T:847.14 – T:847.47.

⁵⁹¹ Katherine Jackson, 19/6/2014, MFI-4, 9.

⁵⁹² Katherine Jackson, 19/6/2014, T:848.2 – T:849.6.

⁵⁹³ Katherine Jackson, 19/6/2014, MFI-4, 9.

⁵⁹⁴ Katherine Jackson, 19/6/2014, MFI-4, 10.

⁵⁹⁵ Katherine Jackson, 30/7/2015, T407.20 – T:409:11.

⁵⁹⁶ Katherine Jackson, 19/6/2014, MFI-4, 10.

⁵⁹⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁵⁹⁸ Katherine Jackson, 19/6/2014, T:849.8 – T:849.35.

⁵⁹⁹ 19/6/2014, Jackson MFI-4 - Bank Documents, 10.

⁶⁰⁰ 19/6/2014, Jackson MFI-4 - Bank Documents, 10.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|--------------------|---|--|-------------------------|--|--|---|----------------------|
| | | 2008 | | | | | | expenditure |
| | | 14 Apr 2008 | JB HI FI | \$151.88 ⁶⁰¹ | | | | Retail expenditure |
| | | 18 Apr 2008 | FIFTY 4 | \$349 ⁶⁰² | | | Ms Jackson gave evidence that this expenditure was for a personal purpose. ⁶⁰³ Ms Jackson agrees that the smaller amounts taken from the account were generally for personal purposes and the larger withdrawals were generally for some other purpose. ⁶⁰⁴ | Retail expenditure |
| | | 24 Apr 2008 | ABWDL 150 Lonsdale | \$700 ⁶⁰⁵ | | | | ATM withdrawal |
| | | 6 May 2008 | Dr Mala Desai | \$508.66 ⁶⁰⁶ | | | Ms Jackson says this expenditure was for a personal purpose. ⁶⁰⁷ | Retail expenditure |
| | | 12 May 2008 | Laser Medical Centre Melbourne | \$165 ⁶⁰⁸ | | | | Personal expenditure |
| | | 14 May 2008 | Withdrawal | \$4000 ⁶⁰⁹ | Ms Jackson was on a trip to Hong Kong in June 2008. ⁶¹⁰ | On 29 May 2008 Ms Jackson deposited \$4,700 in cash into SGE mortgage account ⁶¹¹ and \$550 in cash deposited into SGE Access account. ⁶¹² Ms Jackson also | Ms Jackson says that these withdrawals were either for political or industrial purposes. ⁶¹⁶ | Cash withdrawal |
| | | 29 May 2008 | Withdrawal | \$4000 ⁶¹⁷ | | | | Cash withdrawal |

⁶⁰¹ 19/6/2014, Jackson MFI-4 -Bank Documents, 10.

⁶⁰² 19/6/2014, Jackson MFI-4 - Bank Documents, 10.

⁶⁰³ Katherine Jackson, 19/6/2014, T:850.41 – T:850.42.

⁶⁰⁴ Katherine Jackson, 19/6/2014, T:850.44 – T:851.1.

⁶⁰⁵ 19/6/2014, Jackson MFI-4 - Bank Documents, 10.

⁶⁰⁶ 19/6/2014, Jackson MFI-4 - Bank Documents, 11.

⁶⁰⁷ Katherine Jackson, 19/6/2014, T:850.31 to T:850.36

⁶⁰⁸ 19/6/2014, Jackson MFI-4 -Bank Documents, 10.

⁶⁰⁹ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶¹⁰ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁶¹¹ Tender Bundle, 2/10/2015, Tab 8, p 2338.

⁶¹² Tender Bundle 2/10/2015, Tab 8 p 2289.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|------------------------|---|--|-----------------------|---|---|--|---------------------|
| | | | | | | cashed cheques on the Union's funds for \$4,500 on 19 May 2008 ⁶¹³ and \$6,500 on 3 June 2008. ⁶¹⁴ Ms Jackson admits that the cash drawn from the cheques was the source, or a significant part of the source of the deposits into the SGE accounts. ⁶¹⁵ | | |
| 27 Jun 2008 | \$7,000 ⁶¹⁸ | | | | | | | |
| | | 30 Jun 2008 | ABWDL Balwyn East Op | \$700 ⁶¹⁹ | | | | ATM withdrawal |
| | | 7 Jul 2008 | No.Five Port Douglas Qld | \$275 ⁶²⁰ | Ms Jackson was on a trip to North Queensland from 6 July 2008 to 13 July 2008. ⁶²¹ | | | Retail expenditure |
| | | 14 Jul 2008 | Your Eyedentity Port Douglas | \$189 ⁶²² | | | | Retail expenditure |
| | | 21 Jul 2008 | Gaz Man Hawthorn East | \$118 ⁶²³ | | | | Retail expenditure |
| | | 23 July 2008 | Withdrawal | \$3000 ⁶²⁴ | | On 23 July 2008 Ms Jackson deposited \$3,000 in cash into her SGE | | Cash withdrawal |

⁶¹⁶ Katherine Jackson, 19/6/2014, T:851.3 – T:851.14.

⁶¹⁷ 19/6/2014, Jackson MFI-4 -Bank Documents, 12.

⁶¹³ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 173.

⁶¹⁴ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 172.

⁶¹⁵ Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98].

⁶¹⁸ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶¹⁹ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶²⁰ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶²¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁶²² 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶²³ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶²⁴ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|------------------------|---|--|-------------------------|---------------------------|--|---|----------------------|
| | | | | | | Mortgage account ⁶²⁵ On 23 July 2008 Ms Jackson also cashed a cheque for \$8,500 on the Union's funds. ⁶²⁶ | | |
| | | 4 Aug 2008 | ABWDL Victoria GDN | \$300.00 ⁶²⁷ | | | | ATM withdrawal |
| | | 4 Aug 2008 | Safeway Balwyn | \$167.99 ⁶²⁸ | | | | Retail expenditure |
| | | 4 Aug 2008 | Maple Homewares and Balwyn Vic | \$262.40 ⁶²⁹ | | | | Retail expenditure |
| | | 5 Aug 2008 | Gaz man Nunawading | \$254.95 ⁶³⁰ | | | | Retail expenditure |
| | | 6 Aug 2008 | Gaz man South Melbourne | \$444.90 ⁶³¹ | | | | Retail expenditure |
| | | 13 Aug 2008 | Balwyn North Podiatry North Balwyn | \$32.30 ⁶³² | | | | Personal expenditure |
| | | 14 Aug 2008 | Bob Stewart of Kew, Kew Vic 2 | \$77.80 ⁶³³ | | | | Retail expenditure |
| 4 Sept 2008 | \$8,000 ⁶³⁴ | | | | | | | |
| | | 22 Sep 2008 | Eyeballs Eyewear Paddington NSW | \$590 ⁶³⁵ | | | | Retail expenditure |
| | | 23 Sep 2008 | Withdrawal | \$3,000 ⁶³⁶ | | | Ms Jackson cannot recall the purpose of this withdrawal. ⁶³⁷ | Cash withdrawal |
| | | 26 Nov | Withdrawal | \$7,000 ⁶³⁸ | | On 26 | Ms Jackson cannot | Cash |

⁶²⁵ Tender Bundle 2/10/2015, Tab 8 p 2338.

⁶²⁶ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁶²⁷ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶²⁸ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶²⁹ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶³⁰ 19/6/2014, Jackson MFI-4 - Bank Documents, 12.

⁶³¹ 19/6/2014, Jackson MFI-4 - Bank Documents, 13.

⁶³² 19/6/2014, Jackson MFI-4 - Bank Documents, 14.

⁶³³ 19/6/2014, Jackson MFI-4 - Bank Documents, 14.

⁶³⁴ Katherine Jackson, 19/6/2014, MFI-4, 14.

⁶³⁵ 19/6/2014, Jackson MFI-4 - Bank Documents, 14.

⁶³⁶ 19/6/2014, Jackson MFI-4 - Bank Documents, 14.

⁶³⁷ Katherine Jackson, 19/6/2014, T:851.16 – T:851.19.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|-------------------------|---|--|-------------------------|---------------------------|---|---|---------------------|
| | | 2008 | | | | November 2008 Ms Jackson deposited \$3,000 in cash into her SGE mortgage account. ⁶³⁹ | recall the purpose of this withdrawal, but says it would have been for industrial or political purposes. ⁶⁴⁰ | withdrawal |
| 5 Dec 2008 | \$5,000 ⁶⁴¹ | | | | | | Ms Jackson gave evidence that the bulk of withdrawals from the end of 2008 were provided to Jeff Jackson in the battle against Pauline Fegan and to meet requests for money from political allies of the Union within the ALP or other unions. ⁶⁴² | |
| | | 24 Dec 2008 | Withdrawal | \$5,000 ⁶⁴³ | | On 24 December 2008 Ms Jackson deposited \$5000 into her SGE Mortgage account. ⁶⁴⁴ On the same date, Ms Jackson cashed a cheque on the Union's funds. ⁶⁴⁵ Ms Jackson admits that this cheque was the source, or a significant part of the source, of this transfer into her SGE account. ⁶⁴⁶ | Jackson cannot recall the purpose of this \$5,000 withdrawal, but says that it would have been for political or industrial purposes. ⁶⁴⁷ | Cash withdrawal |
| 7 Jan 2009 | \$12,000 ⁶⁴⁸ | | | | | | | |
| | | 29 Jan 2009 | ABWDL South Melb | \$800.00 ⁶⁴⁹ | | | Ms Jackson said that | ATM |

⁶³⁸ 19/6/2014, Jackson MFI-4 - Bank Documents, 15.

⁶³⁹ Tender Bundle 2/10/2015, Tab 8 p 2339.

⁶⁴⁰ Katherine Jackson, 19/6/2014, T:851.21 – T:851.30.

⁶⁴¹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 15.

⁶⁴² Katherine Jackson, 28/8/2014, T:792.39 – T:793.31, Katherine Jackson statement 14/8/2014, para 38.

⁶⁴³ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 15.

⁶⁴⁴ Tender Bundle 2/10/2015, Tab 8, p 2339.

⁶⁴⁵ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 195.

⁶⁴⁶ Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98].

⁶⁴⁷ Katherine Jackson, 19/6/2014, T:851.21 – T:851.30.

⁶⁴⁸ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 15.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|-------------------------|---|---|----------------------------|--|--|--|---------------------|
| | | | 03 | | | | withdrawals from South Melbourne were commonly used for entertainment expenses for union staff and purchases of envelopes and/or stamps. ⁶⁵⁰ | withdrawal |
| | | 10 Feb 2009 | Bunnings Nunawading 6140 Reg 04 | \$265.13 ⁶⁵¹ | | | | Retail expenditure |
| | | 2 Mar 2009 | STG ATM Paddington Branch Paddington N/AU | \$800.00 ⁶⁵² | | | | ATM withdrawal |
| | | 4 Mar 2009 | Withdrawal | \$7,500.00 ⁶⁵³ | Ms Jackson went on a trip to Hong Kong from 6 March 2009 to 11 March 2009 ⁶⁵⁴ | | | Cash withdrawal |
| 23 Mar 2009 | \$50,000 ⁶⁵⁵ | | | | | | | |
| | | 24 Mar 2009 | Withdrawal | \$50,000.00 ⁶⁵⁶ | | On 24 March 2009, \$50,000 was deposited into the Westpac account of Mr and Mrs Jackson ⁶⁵⁷ | Ms Jackson says her relationship with Mr Jackson was acrimonious at this time and that in no circumstances would she have gifted money to him for his personal benefit. ⁶⁵⁸ Ms Jackson says she believes that payments were in relation to the debts of the No 1 Branch. ⁶⁵⁹ | Cash withdrawal |

⁶⁴⁹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 15.

⁶⁵⁰ Katherine Jackson statement, 14/8/2014, 97.

⁶⁵¹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 16.

⁶⁵² Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 16.

⁶⁵³ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 16.

⁶⁵⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁶⁵⁵ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 16.

⁶⁵⁶ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 16.

⁶⁵⁷ Tender Bundle 2/10/2015, Tab 3, p 636.

⁶⁵⁸ Katherine Jackson statement dated 14 August 2014, 12.

⁶⁵⁹ Katherine Jackson statement, 14/8/2014, 12 – 15, Katherine Jackson, 19/6/2014, T:851.32 to T:852.12 and T:861.45 – T:863.42, Katherine Jackson, 28/8/2014, T:791.41 – T:792.27.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|------------------------|---|---|-------------------------|---------------------------|---|--|---------------------|
| | | 27 Mar 2009 | ABWDL Balwyn | \$300.00 ⁶⁶⁰ | | | | ATM withdrawal |
| | | 5 May 2009 | ABWDL 150 Lonsdale | \$800.00 ⁶⁶¹ | | | | ATM withdrawal |
| | | 11 May 2009 | ABWDL 150 Lonsdale | \$800.00 ⁶⁶² | | | | ATM withdrawal |
| | | 11 May 2009 | ABWDL 150 Lonsdale | \$800.00 ⁶⁶³ | | | | ATM withdrawal |
| | | 22 May 2009 | Cashcard 7-11 William St 1213 Melbourne | \$300.00 ⁶⁶⁴ | | | | ATM withdrawal |
| | | 18 Jun 2009 | ABWDL 150 Lonsdale | \$800.00 ⁶⁶⁵ | | | | ATM withdrawal |
| | | 29 Jun 2009 | NAB ATM Sydney – 101-103 Pitt S | \$400.00 ⁶⁶⁶ | | | | ATM withdrawal |
| 1 Jul 2009 | \$7,500 ⁶⁶⁷ | | | | | | | |
| | | 18 Aug 2009 | Withdrawal | \$1,500 ⁶⁶⁸ | | | | Cash withdrawal |
| | | 7 Sep 2009 | Bunnings Nunawading 6140 Reg 11 | \$64.02 ⁶⁶⁹ | | | | Retail expenditure |
| | | 29 Sep 2009 | Withdrawal | \$4,800 ⁶⁷⁰ | | On 29 September 2009 Jackson deposited \$3,000 in cash into her streamline account. ⁶⁷¹ On the same date Ms Jackson cashed a cheque for \$6,000 on | | Cash withdrawal |

⁶⁶⁰ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 16.

⁶⁶¹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 16.

⁶⁶² Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 16.

⁶⁶³ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 17.

⁶⁶⁴ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 17.

⁶⁶⁵ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 17.

⁶⁶⁶ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents 17.

⁶⁶⁷ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 17.

⁶⁶⁸ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁶⁹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁷⁰ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁷¹ Tender Bundle, 2/10/2015, Tab 2, p 188.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|------------------------|---|--|---------------------------|--|---|---|---------------------|
| | | | | | | the Union's funds. ⁶⁷² Ms Jackson admits that this cheque was the source, or a significant part of the source, of this transfer into her SGE account. ⁶⁷³ | | |
| 5 Oct 2009 | \$8,000 ⁶⁷⁴ | | | | | | | |
| | | 16 Oct 2009 | Withdrawal | \$5000 ⁶⁷⁵ | Ms Jackson was on a trip to Hong Kong from 29 October 2009 to 3 November 2009 ⁶⁷⁶ | | Ms Jackson cannot recall the purpose of this withdrawal. ⁶⁷⁷ | Cash withdrawal |
| | | 22 Oct 2009 | Withdrawal | \$3,500 ⁶⁷⁸ | | | Ms Jackson cannot recall the purpose of this withdrawal. ⁶⁷⁹ | Cash withdrawal |
| | | 26 Oct 2009 | Safeway 3221 Camberwell VIC | \$289.72 ⁶⁸⁰ | | | | Retail expenditure |
| | | 26 Oct 2009 | POB Aust Post Balwyn East 1 VIC | \$500.00 ⁶⁸¹ | | | | Cash withdrawal |
| 27 Oct 2009 | \$8,000 ⁶⁸² | | | | | | | |
| | | 29 Oct 2009 | Withdrawal | \$2,000.00 ⁶⁸³ | | | Ms Jackson says depending on the timeframe, she would have used the money withdrawn from NHDA from this point onwards for election purposes, depending on the timeframe but | Cash withdrawal |

⁶⁷² Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 166.

⁶⁷³ Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98].

⁶⁷⁴ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁷⁵ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁷⁶ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [96].

⁶⁷⁷ Katherine Jackson, 19/6/2014, T:852.14 – T:852.19.

⁶⁷⁸ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁷⁹ Katherine Jackson, 19/6/2014, T:852.14 – T:852.19.

⁶⁸⁰ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁸¹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁸² Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁸³ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|-------------------------|---|--|---------------------------|---|---|---|---|
| | | | | | | | was "not positive". ⁶⁸⁴ | |
| | | 29 Oct 2009 | Ray's Outdoors Carlton | \$259.99 ⁶⁸⁵ | | | | Retail expenditure |
| | | 2 Dec 2009 | Withdrawal | \$3,000.00 ⁶⁸⁶ | | | | Cash withdrawal |
| | | 14 Jan 2010 | ABWDL 150 Lonsdale | \$800.00 ⁶⁸⁷ | | | | ATM withdrawal |
| | | 19 Mar 2010 | Handyway Grays AFRD 0001 South Melbourne | \$98.00 ⁶⁸⁸ | | | | Retail expenditure |
| 7 Apr 2010 | \$22,000 ⁶⁸⁹ | | | | | | Ms Jackson denies that this payment, or earlier payments, were in connection with her property settlement. ⁶⁹⁰ | |
| 27 May 2010 | \$12,000 ⁶⁹¹ | | | | | | | Ms Jackson gives evidence that the consolidation of VIC 3 and HSU East Branch was not completed until late 2010. ⁶⁹² |
| | | 4 Jun 2010 | Withdrawal | \$5,500 ⁶⁹³ | Ms Jackson was on a trip in Europe from 26 August 2010 until 1 October 2010. ⁶⁹⁴ | | | Cash withdrawal |

⁶⁸⁴ Katherine Jackson, 19/6/2014, T:852.21 – T:853.2.

⁶⁸⁵ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 18.

⁶⁸⁶ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 19.

⁶⁸⁷ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 19.

⁶⁸⁸ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 20.

⁶⁸⁹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 20.

⁶⁹⁰ Katherine Jackson, 28/8/2014, T:793.33 – T:797.17, T:800.16 – T:800.32.

⁶⁹¹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁶⁹² Katherine Jackson statement 13/6/2014, para 407 to 412, Katherine Jackson, 18/6/2014, T:793 – T:794, Katherine Jackson statement, 14/8/2014, paras 153 to 155, Katherine Jackson 28/8/2014, T:797.19 – T:800.14.

⁶⁹³ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁶⁹⁴ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|------------------------|---|--|----------------------|---------------------------|---|--|---------------------|
| | | 7 Jun 2010 | The Observatory Hotel Sydney | \$518 ⁶⁹⁵ | | | | Retail expenditure |
| | | 16 Jun 2010 | ABWDL South Melb B | \$400 ⁶⁹⁶ | | | | ATM withdrawal |
| | | 21 Jun 2010 | ABWDL Balwyn East | \$800 ⁶⁹⁷ | | | | ATM withdrawal |
| | | 22 Jun 2010 | ABWDL South Melb B | \$400 ⁶⁹⁸ | | | | ATM withdrawal |
| | | 1 Jul 2010 | ABWDL St Vincents A | \$480 ⁶⁹⁹ | | | | ATM withdrawal |
| | | 19 Jul 2010 | ABWDL South Melb B | \$300 ⁷⁰⁰ | | | | ATM withdrawal |
| 13 Oct 2010 | \$6,000 ⁷⁰¹ | | | | | | | |
| | | 26 Oct 2010 | ABWDL St James B | \$500 ⁷⁰² | | | | ATM withdrawal |
| | | 5 Nov 2010 | ABWDL South Melb B | \$800 ⁷⁰³ | | | Ms Jackson said that withdrawals from South Melbourne were commonly used for entertainment expenses for union staff and purchases of envelopes and/or stamps. ⁷⁰⁴ | ATM withdrawal |
| | | 6 Dec 2010 | ABWDL Box Hill C | \$500 ⁷⁰⁵ | | | | ATM withdrawal |
| | | 19 Jan 2011 | ABWDL Kew A | \$800 ⁷⁰⁶ | | | | ATM withdrawal |

⁶⁹⁵ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁶⁹⁶ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁶⁹⁷ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁶⁹⁸ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁶⁹⁹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁷⁰⁰ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁷⁰¹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁷⁰² Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁷⁰³ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 21.

⁷⁰⁴ Katherine Jackson statement, 14/8/2014, 97.

⁷⁰⁵ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 23.

⁷⁰⁶ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 23.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|--------------------|---|--|------------------------|---------------------------|---|--|---------------------|
| | | 20 Jan 2011 | Withdrawal | \$8,000 ⁷⁰⁷ | | | | |
| | | 9 Feb 2011 | ABWDL South Melb A | \$500 ⁷⁰⁸ | | | | ATM withdrawal |
| | | 17 Feb 2011 | ABWDL South Melb B | \$800 ⁷⁰⁹ | | | Ms Jackson said that withdrawals from South Melbourne were commonly used for entertainment expenses for Union staff and purchases of envelopes and/or stamps. ⁷¹⁰ | ATM withdrawal |
| | | 25 Mar 2011 | Withdrawal | \$5,000 ⁷¹¹ | | | | Cash withdrawal |
| | | 20 May 2011 | Withdrawal | \$1,600 ⁷¹² | | | | Cash withdrawal |
| | | 30 May 2011 | AWBDL South Melb B | \$800 ⁷¹³ | | | Ms Jackson said that withdrawals from South Melbourne were commonly used for entertainment expenses for union staff and purchases of envelopes and/or stamps. ⁷¹⁴ | ATM withdrawal |
| | | 28 Jun 2011 | ABWDL South Melb B | \$800 ⁷¹⁵ | | | Ms Jackson said that withdrawals from South Melbourne were commonly used for entertainment expenses for union staff and purchases of envelopes and/or stamps. ⁷¹⁶ | ATM withdrawal |
| | | 18 July | ABWDL 21 Swanston | \$800 ⁷¹⁷ | | | | ATM |

⁷⁰⁷ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 23.

⁷⁰⁸ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 24.

⁷⁰⁹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 24.

⁷¹⁰ Katherine Jackson statement, 14/8/2014, 97.

⁷¹¹ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 24.

⁷¹² Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 25.

⁷¹³ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 25.

⁷¹⁴ Katherine Jackson statement, 14/8/2014, para 97.

⁷¹⁵ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 25.

⁷¹⁶ Katherine Jackson statement, 14/8/2014, para 97.

⁷¹⁷ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 25.

| Date of transfer of funds from VIC 3 to NHDA | Amount transferred | Date funds withdrawn / expended from NHDA | Description of withdrawal/ expenditure | Amount expended | Trips taken by Ms Jackson | Deposit of funds into Ms Jackson's personal account | Katherine Jackson evidence before Commission | Type of expenditure |
|--|--------------------|---|--|---------------------------|--|---|--|---------------------|
| | | 2011 | B | | | | | withdrawal |
| | | 21 July 2011 | Withdrawal | \$2,100 ⁷¹⁸ | Ms Jackson was on a trip to the United States from 22 July to 21 August 2011. ⁷¹⁹ | | | Cash withdrawal |
| | | 6 Sep 2012 | Wdl Branch South Melbourne | \$9,000.00 ⁷²⁰ | | | Ms Jackson says that this amount was provided in cash to Mr Bolano, Ms Behrens and Ms Hart for their election campaigns. ⁷²¹ | Cash withdrawal |
| | | 14 Aug 2013 | Budget Rent a Car Mascot NS Aus | \$126.69 ⁷²² | | | Ms Jackson says that this expense was within BCOM approval. ⁷²³ | Retail expenditure |
| | | 27 Aug 2013 | Rental Car Toll Ph131865 Parramatta AUS | \$8.87 ⁷²⁴ | | | Ms Jackson says that this expense was within BCOM approval. ⁷²⁵ | Retail expenditure |
| | | 26 Nov 2013 | Closed Account Branch Doncaster S Town – balance withdrawn | \$1,423.83 ⁷²⁶ | | | Ms Jackson says that when she closed this account, she kept the remaining balance to compensate for Union-related debts she had incurred. ⁷²⁷ | Cash withdrawal |

⁷¹⁸ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 25.

⁷¹⁹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [96]

⁷²⁰ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 34.

⁷²¹ Katherine Jackson, 28/8/2014, T:801.2 to T:801.10

⁷²² Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 38.

⁷²³ Katherine Jackson statement 14/8/2014, 97.

⁷²⁴ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 38.

⁷²⁵ Katherine Jackson statement 14/8/2014, 97.

⁷²⁶ Katherine Jackson, 19/6/2014, MFI-4 – Bank documents, 39.

⁷²⁷ Katherine Jackson, 28/8/2014, T:801.12 to T:801.28, Katherine Jackson statement, 14/8/2014, 35.

Appendix B – Cheques drawn on Vic No 3 Branch

| Date | Cheque number | BCOM meeting held within 7 days of withdrawal ? | Amount drawn | Attendees | Retained by Ms Jackson | Proximate transfers to personal and mortgage accounts | Proximate trips |
|-----------|-----------------------|---|--------------|-----------|------------------------|---|--|
| 3/7/2007 | 003308 ⁷²⁸ | Yes | \$4,800 | 11 | \$3,700 | | Ms Jackson was on a trip in North Queensland from 6 July to 13 July 2008. ⁷²⁹ |
| 7/8/2007 | 003311 ⁷³⁰ | No | \$8,400 | | \$8,400 | On 9 August 2007 Jackson deposited into her CBA Streamline account an amount of \$2,000.00. ⁷³¹ On 26 July 2007 she withdrew \$2,500 from the NHDA. ⁷³² | Ms Jackson was on a trip in Fall's Creek in early August 2007. ⁷³³ |
| 29/8/2007 | 003312 ⁷³⁴ | Yes | \$8,000 | 11 | \$6,900 | | |
| 11/9/2007 | 00316 ⁷³⁵ | Yes | \$7,500 | 11 | \$6,400 | | |
| 1/10/2007 | 00318 ⁷³⁶ | No | \$4,000 | | \$4,000 | | |
| 2/11/2007 | 003319 ⁷³⁷ | Yes | \$8,500 | 11 | \$7,400 | | |
| 8/11/2007 | 003321 ⁷³⁸ | No | \$8,000 | | \$8,000 | | |
| 6/12/2007 | 003322 ⁷³⁹ | Yes | \$8,000 | 11 | \$6,900 | | |

⁷²⁸ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 176.

⁷²⁹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷³⁰ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 177.

⁷³¹ Tender Bundle, 2/10/2015, Tab 2, p 128.

⁷³² Tender Bundle, 2/10/2015, Tab 1, p 1.

⁷³³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷³⁴ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 178.

⁷³⁵ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 179.

⁷³⁶ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 180.

⁷³⁷ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 181.

⁷³⁸ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁷³⁹ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 182.

| Date | Cheque number | BCOM meeting held within 7 days of withdrawal ? | Amount drawn | Attendees | Retained by Ms Jackson | Proximate transfers to personal and mortgage accounts | Proximate trips |
|------------|-----------------------|---|--------------|-----------|---|---|--|
| 24/12/2007 | 003328 ⁷⁴⁰ | No | \$8,000 | | \$8,000 | | |
| 22/12/2007 | 003324 ⁷⁴¹ | No | \$500 | | \$500 | | |
| 22/12/2007 | 003326 ⁷⁴² | No | \$500 | | \$500 | | |
| 17/1/2008 | 003325 ⁷⁴³ | No | \$500 | | \$500 | | |
| 4/2/2008 | 003329 ⁷⁴⁴ | Yes | \$8,500 | 11 | \$7,400 | | |
| 26/2/2008 | 003320 ⁷⁴⁵ | Yes | \$1,000 | 11 | \$0 | | |
| 6/3/2008 | 003331 ⁷⁴⁶ | No | \$5,000 | | \$5,000 | | Ms Jackson was on a trip in Sydney in early March 2008. ⁷⁴⁷ On 6 March 2008 Ms Jackson withdrew \$6,000 from the NHDA. ⁷⁴⁸ |
| 31/03/2008 | 003330 ⁷⁴⁹ | No | \$5,000 | | \$5,000 | | |
| 19/05/2008 | 003332 ⁷⁵⁰ | Yes | \$4,500 | 11 | \$3,400. Ms Jackson admits that this cheque was the source, or a significant part of the source, of a \$4,700 cash deposit on 29 | | Ms Jackson was on a trip to Hong Kong in June 2008. ⁷⁵² |

⁷⁴⁰ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁷⁴¹ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 184.

⁷⁴² Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 185.

⁷⁴³ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 187.

⁷⁴⁴ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 183.

⁷⁴⁵ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 188.

⁷⁴⁶ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁷⁴⁷ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷⁴⁸ Katherine Jackson, 19/6/2014, MFI-4, 10.

⁷⁴⁹ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁷⁵⁰ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 173.

| Date | Cheque number | BCOM meeting held within 7 days of withdrawal ? | Amount drawn | Attendees | Retained by Ms Jackson | Proximate transfers to personal and mortgage accounts | Proximate trips |
|-----------|-----------------------|---|--------------|-----------|---|---|--|
| | | | | | May 2008 into the SGE Credit Union Mortgage Account of Ms Jackson and Mr Jeff Jackson. ⁷⁵¹ | | |
| | | | | | | | |
| 3/06/2008 | 003333 ⁷⁵³ | No | \$6,500 | | \$5,400 | | |
| 3/07/2008 | 003308 ⁷⁵⁴ | Yes | \$4,800 | 9 | \$3,900 | | Ms Jackson was on a trip in North Queensland from 6 July to 13 July 2008. ⁷⁵⁵ |
| 4/07/2008 | 003334 ⁷⁵⁶ | No | \$5,300 | | \$5,300 | | |
| 23/7/2008 | 003318 ⁷⁵⁷ | No | \$8,500 | | \$8,500 | On 23 July 2008, \$3,000 was deposited into Ms Jackson's SGE mortgage account. ⁷⁵⁸ I | |
| 12/9/2008 | 003335 ⁷⁵⁹ | No | \$9,400 | | \$9,400 | | |

⁷⁵² *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷⁵¹ Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98(b)] and [98(d)].

⁷⁵³ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 172.

⁷⁵⁴ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁷⁵⁵ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷⁵⁶ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 189.

⁷⁵⁷ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁷⁵⁸ Tender Bundle, 2/10/2015, Tab 8, p 2338.

⁷⁵⁹ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 190.

| Date | Cheque number | BCOM meeting held within 7 days of withdrawal ? | Amount drawn | Attendees | Retained by Ms Jackson | Proximate transfers to personal and mortgage accounts | Proximate trips |
|------------|-----------------------|---|--------------|-----------|--|---|---|
| 9/10/2008 | 003336 ⁷⁶⁰ | Yes | \$8,000 | 10 | \$7,000 | | Ms Jackson was on a trip in the US and Hong Kong between 28 October and 10 November 2008 ⁷⁶¹ |
| 11/12/2008 | 003338 ⁷⁶² | Yes | \$7,000 | 8 | \$6,200 | | |
| 18/12/2008 | 003339 ⁷⁶³ | No | \$4,500 | | \$4,500 | | |
| 24/12/2008 | 003340 ⁷⁶⁴ | No | \$7,500 | | \$7,500. Ms Jackson admits that this cheque was a source of a \$5,000 cash deposit on 24 December 2008 into Ms Jackson's SGE mortgage account which reduced the mortgage owed by Ms Jackson. ⁷⁶⁵ | | |
| 11/02/2009 | 003341 ⁷⁶⁶ | Yes | \$7,800 | 8 | \$7,000 | | |

⁷⁶⁰ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 191.

⁷⁶¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷⁶² Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 193.

⁷⁶³ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 194.

⁷⁶⁴ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 195.

⁷⁶⁵ Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98].

⁷⁶⁶ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 196.

| Date | Cheque number | BCOM meeting held within 7 days of withdrawal ? | Amount drawn | Attendees | Retained by Ms Jackson | Proximate transfers to personal and mortgage accounts | Proximate trips |
|------------|-----------------------|---|--------------|-----------|---|---|---|
| 27/03/2009 | 003342 ⁷⁶⁷ | Yes | \$8,500 | 9 | \$7,600 | | Ms Jackson was on a trip in Hong Kong from 8 April 2009 to 14 April 2009. ⁷⁶⁸ |
| 8/5/2009 | 003343 ⁷⁶⁹ | Yes | \$1,000 | | \$1,000 | | |
| 29/09/2009 | 003350 ⁷⁷⁰ | Yes | \$6,000 | 11 | \$4,900. Ms Jackson admits that this cheque was a source of a \$5,000 cash deposit on 29 September 2009 into Ms Jackson's CBA Streamline account. ⁷⁷¹ | | |
| 6/10/2009 | 003403 ⁷⁷² | No | \$12,000 | | \$12,000 | | Ms Jackson was on a trip in Hong Kong from 29 October 2009 to 3 November 2009. ⁷⁷³ |
| 10/12/2009 | 003404 ⁷⁷⁴ | No | \$9,600 | | \$9,600 | | |
| 21/12/2009 | 003405 ⁷⁷⁵ | Yes | \$1,300 | 11 | \$200 | | |
| 21/12/2009 | 003406 ⁷⁷⁶ | Yes | \$5,600 | 11 | \$4,500 | | |

⁷⁶⁷ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 197.

⁷⁶⁸ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷⁶⁹ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁷⁷⁰ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 166.

⁷⁷¹ Amended Defence of Katherine Jackson dated 15 June 2015 (VID1042/2013), [98].

⁷⁷² Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 174.

⁷⁷³ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷⁷⁴ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 167.

⁷⁷⁵ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 168.

⁷⁷⁶ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 169.

| Date | Cheque number | BCOM meeting held within 7 days of withdrawal ? | Amount drawn | Attendees | Retained by Ms Jackson | Proximate transfers to personal and mortgage accounts | Proximate trips |
|--------------|-----------------------|---|--------------|-----------|------------------------|---|--|
| 9/02/2010 | 003407 ⁷⁷⁷ | Yes | \$9,500 | 11 | \$8,400 | | |
| 24/02/2010 | 003409 ⁷⁷⁸ | Yes | \$8,900 | 11 | \$7,800 | | |
| 6/04/2010 | 003412 ⁷⁷⁹ | No | \$8,037 | | \$8,037 | | |
| 9/4/2010 | 003413 ⁷⁸⁰ | Yes | \$9,400 | 11 | \$8,300 | | Ms Jackson was on a trip in Hong Kong from 10 April to 16 April 2010. ⁷⁸¹ |
| 28/5/2010 | 003414 ⁷⁸² | No | \$11,500 | | \$11,500 | | |
| 25/6/2010 | 003415 ⁷⁸³ | No | \$8,400 | | \$8,400 | | |
| Total | | | \$259,737 | | \$238,937 | | |

⁷⁷⁷ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 201.

⁷⁷⁸ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 202.

⁷⁷⁹ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 203.

⁷⁸⁰ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 204.

⁷⁸¹ *Health Services Union v Jackson (No 4)* [2015] FCA 865, [232].

⁷⁸² Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 170.

⁷⁸³ Statement of Craig McGregor dated 16 June 2014, MFI-1, Tab 11, p 171.

Appendix C – Credit Card expenditure (other than in connection with travel)

| | | | | | |
|-----------------------------|--------------|----------------|----------------------------------|----------|--------------------------------------|
| Myer and David Jones | 22 Nov 2003 | Diners | Myer Melbourne City 001 | \$474 | Tender Bundle 2/10/2015, Tab 5, 1622 |
| | 10 Nov 2004 | Citibank | Myer 001 Melbourne Au | \$100 | Tender Bundle 2/10/2015, Tab 7, 2199 |
| | 10 Nov 2004 | Citibank | David Jones Limited Melbourne Au | \$321.10 | Tender Bundle 2/10/2015, Tab 7, 2199 |
| | 25 Nov 2004 | Diners | Myer Melbourne City 001 | \$203.95 | Tender Bundle 2/10/2015, Tab 5, 1653 |
| | 26 Dec 2004 | Citibank | Myer Megamart 327 Chadstone Au | \$3,000 | Tender Bundle 2/10/2015, Tab 7, 2196 |
| | 26 Dec 2004 | Diners | Myer Megamart, Waverley | \$4,000 | Tender Bundle 2/10/2015, Tab 5, 1656 |
| | 29 Dec 2004 | Diners | Myer Megamart, Waverley | \$4,154 | Tender Bundle 2/10/2015, Tab 5, 1656 |
| | 19 Dec 2005 | Citibank | Myer 001 Melbourne Au | \$2,400 | Tender Bundle 2/10/2015, Tab 4, 1238 |
| | 20 Dec 2005 | Citibank | Myer 001 Melbourne Au | \$500 | Tender Bundle 2/10/2015, Tab 4, 1238 |
| | 8 May 2006 | Diners | David Jones Australia Melbourne | \$89.85 | Tender Bundle 2/10/2015, Tab 5, 1724 |
| | 30 July 2006 | Diners | Myer Doncaster 008 | \$2,867 | Tender Bundle 2/10/2015, Tab 5, 1698 |
| | 19 Dec 2006 | Citibank | Myer 008 Doncaster Au | \$1,600 | Tender Bundle 2/10/2015, Tab 4, 1238 |
| | 31 Dec 2007 | CBA Mastercard | Myer, Doncaster Vic aUS | \$99 | Tender Bundle 2/10/2015, Tab 6, 2025 |

| | | | | | |
|--|----------------|-------------------|---------------------------------------|------------|---|
| | 26 Mar 2008 | Diners | David Jones Australia Melbourne | \$200 | Tender Bundle 2/10/2015, Tab 5, 1784 |
| | 5 Apr 2010 | CBA Mastercard | Myer 219 Sydney NSW | \$558.95 | Tender Bundle 2/10/2015, Tab 6, 2146 |
| Retail, electrical, computer and camera store | 15 Mar 2003 | Diners | Harvey Norman Electrics Nunawad | \$1,098 | Tender Bundle 2/10/2015, Tab 5, 1599 |
| | 17 Nov 2003 | Diners | Tasman AV Pty Ltd | \$3,260 | Tender Bundle 2/10/2015, Tab 5, 1622 |
| | 15 Dec 2003 | Citibank | Harvey Norman Elect Nunawading | \$325 | Tender Bundle 2/10/2015, Tab 7, 2237 |
| | 15 Apr 2004 | Citibank | Teds Cam 40 Melbourne Au | \$66 | Tender Bundle 2/10/2015, Tab 7, 2223 |
| | 20 May 2004 | Citibank | Teds Cam 40 Melbourne | \$84.95 | Tender Bundle 2/10/2015, Tab 7, 2219 |
| | 10 Jul 2004 | Citibank | Betta Electronics Pty Greythorn Au | \$960 | Tender Bundle 2/10/2015, Tab 7, 2210 |
| | 3 Dec 2004 | Citibank | Teds Cam 40 Melbourne Au | \$69.95 | Tender Bundle 2/10/2015, Tab 7, 2199 |
| | 6 May 2005 | Citibank | Next Byte, NSW Pl Melbourne Au | \$5,800 | Tender Bundle 2/10/2015, Tab 4, 1209 |
| | 11 Sep 2005 | Diners | Michaels Camera & Video | \$2,684.40 | Tender Bundle 2/10/2015, Tab 5, 1685 |
| | 11 Sep 2005 | Diners | Ted's Camera's | \$1,249.85 | Tender Bundle 2/10/2015, Tab 5, 1682 |
| | 23 Jan 2007 | Citibank | Camberwell Elecrc Camberwell Au | \$670.95 | Tender Bundle 2/10/2015, Tab 4, 1287 |

| | | | | | |
|---|--------------|-------------------|---|------------|---|
| | 17 Oct 2007 | CBA Mastercard | Clive Peters Electrical, Richmond | \$946 | Tender Bundle 2/10/2015, Tab 6, 2015 |
| | 7 Nov 2007 | Citibank | Dell Computer P/L Sydn Frencs Foresau | \$5,999.40 | Tender Bundle 2/10/2015, Tab 4, 1332 |
| | 21 Apr 2008 | Citibank | JB Hi-Fi Essendon Au | \$1,070.72 | Tender Bundle 2/10/2015, Tab 4, 1358 |
| | 21 July 2008 | Citibank | Camberwell Electrc Camberwell Au | \$3,514 | Tender Bundle 2/10/2015, Tab 4, 1373 |
| | 22 Nov 2008 | Citibank | Apple Store Chadstone Chadstone Au | \$9,100 | Tender Bundle 2/10/2015, Tab 4, 1388 |
| | 30 Jun 2009 | CBA Mastercard | Apple Store George St Sydney | \$3,999.95 | Tender Bundle 2/10/2015, Tab 6, 2042 |
| | 30 Jun 2009 | CBA Mastercard | Apple Store George St Sydney | \$879 | Tender Bundle 2/10/2015, Tab 6, 2042 |
| | 22 Mar 2010 | Citibank | Ngs*Online Genographic 800-437-5521 Us | \$648.66 | Tender Bundle 2/10/2015, Tab 4, 1440 |
| | 11 Jun 2010 | CBA Mastercard | Progressive Radio South Melbourne Vic | \$1,156 | Tender Bundle 2/10/2015, Tab 6, 2137 |
| Retail clothing, shoes. accessores and children's stores | 30 Sep 2003 | Citibank | Crumpler Fitzroy Au | \$200 | Tender Bundle 2/10/2015, Tab 7, 2245 |
| | 29 Sep 2004 | CBA Mastercard | Poppyshop | \$270 | Tender Bundle 2/10/2015, Tab 6, 1964 |
| | 9 Oct 2004 | Citibank | L & L Shoes, Box Hill Au | \$25 | Tender Bundle 2/10/2015, Tab 7, 2200 |
| | 19 Feb 2006 | Citibank | Smiggle Hawthorn Au | \$118.10 | Tender Bundle 2/10/2015, Tab 4, |

| | | | | | |
|--|-------------|-------------------|--|----------|--------------------------------------|
| | | | | | 1245 |
| | 25 Feb 2006 | Citibank | Smiggle Hawthorn Au | \$84.55 | Tender Bundle 2/10/2015, Tab 4, 1245 |
| | 17 Jun 2006 | Citibank | Smiggle Hawthorn Au | \$79.95 | Tender Bundle 2/10/2015, Tab 4, 1261 |
| | 15 Sep 2006 | Citibank | Smiggle Chadstone Au | \$107.40 | Tender Bundle 2/10/2015, Tab 4, 1272 |
| | 30 Sep 2006 | Citibank | Smiggle Chadstone Au | \$66.10 | Tender Bundle 2/10/2015, Tab 4, 1272 |
| | 21 Jan 2007 | Citibank | Smiggle Chadstone Au | \$118.65 | Tender Bundle 2/10/2015, Tab 4, 1287 |
| | 9 Mar 2007 | CBA MasterCard | Poppysshop | \$255.75 | Tender Bundle 2/10/2015, Tab 6, 1991 |
| | 10 Mar 2007 | CBA MasterCard | Seed 054 Carlton Vic | \$322.65 | Tender Bundle 2/10/2015, Tab 6, 1991 |
| | 5 Aug 2007 | CBA MasterCard | Smiggle Chadstone | \$90.60 | Tender Bundle 2/10/2015, Tab 6, 2042 |
| | 24 Sep 2009 | Citibank | Baby Stitch Peakhurst Au | \$139.95 | Tender Bundle 2/10/2015, Tab 4, 1422 |
| Retail: homewares, furniture and party expenses | 20 Jun 2004 | CBA MasterCard | Lombard Part Whouse Nunawading VIC | \$160 | Tender Bundle 2/10/2015, Tab 6, 1948 |
| | 14 Aug 2004 | CBA MasterCard | The Rock Framing Studi, Balwyn Aus | \$300 | Tender Bundle 2/10/2015, Tab 6, 1956 |
| | 8 Dec 2004 | Citibank | S/Wall In-Hse Of Xmas Abbotsford Au | \$330.64 | Tender Bundle 2/10/2015, Tab 7, 2194 |
| | 24 Nov 2004 | Citibank | Kleen Design Fitzroy Au | \$81 | Tender Bundle 2/10/2015, Tab 7, |

| | | | | | |
|--|----------------|-------------------|---------------------------------------|----------|---|
| | | | | | 2199 |
| | 10 Dec 2004 | Citibank | Lombard Part Whour Nunawading Au | \$379.50 | Tender Bundle 2/10/2015, Tab 7, 2194 |
| | 17 Nov 2005 | Citibank | Kleen Design Fitzroy Au | \$213.50 | Tender Bundle 2/10/2015, Tab 4, 1234 |
| | 21 Dec 2005 | Citibank | Bellbird Grdn Dsgn Blackburn Au | \$90 | Tender Bundle 2/10/2015, Tab 4, 1238 |
| | 29 Dec 2005 | Citibank | Lombard Part Whouse Nunawading Au | \$192.40 | Tender Bundle 2/10/2015, Tab 4, 1238 |
| | 25 May 2006 | CBA MasterCard | Kleen Design Fitzroy Au | \$1,235 | Tender Bundle 2/10/2015, Tab 6, 2076 |
| | 9 Jun 2006 | Citibank | Enjo Pty Ltd – Oca Myaree Au | \$350 | Tender Bundle 2/10/2015, Tab 4, 1261 |
| | 16 Jun 2006 | Citibank | Enjo Pty Ltd – Oca Myaree Au | \$880 | Tender Bundle 2/10/2015, Tab 4, 1261 |
| | 19 Sep 2007 | Citibank | Kleen Design Fitzroy Au | \$1,290 | Tender Bundle 2/10/2015, Tab 4, 1327 |
| | 8 Oct 2007 | CBA MasterCard | Minimax Pty Ltd Camberwell Aus | \$238.65 | Tender Bundle 2/10/2015, Tab 6, 2015 |
| | 8 Oct 2007 | CBA MasterCard | The Works – Bed, Bath Hawthorn VIC | \$133.30 | Tender Bundle 2/10/2015, Tab 6, 2015 |
| | 25 Dec 2007 | CBA MasterCard | RG Madden South Yarra VIC | \$89 | Tender Bundle 2/10/2015, Tab 6, 2025 |
| | 16 Jun 2008 | Citibank | The Metropolitan Mus Mascot Au | \$679.65 | Tender Bundle 2/10/2015, Tab 4, 1364 |
| | 23 Aug 2008 | Citibank | Compleat Interiors, Richmond Au | \$1,915 | Tender Bundle 2/10/2015, Tab 4, 1377 |
| | 30 Jan 2009 | Citibank | Lawson Menzies Pty Annandale Au | \$4,636 | Tender Bundle 2/10/2015, Tab 4, 1395 |

| | | | | | |
|---|-------------|-------------------|---|----------|---|
| | 10 Feb 2009 | Citibank | Compleat Interiors Richmond, Au | \$1,650 | Tender Bundle 2/10/2015, Tab 4, 1395 |
| | 12 Aug 2010 | Citibank | Vintage Posters Only, Armadaale Au | \$1,800 | Tender Bundle 2/10/2015, Tab 4, 1455 |
| | 13 Oct 2010 | Citibank | Vintage Posters Only Armadaale Au | \$1,000 | Tender Bundle 2/10/2015, Tab 4, 1459 |
| | 15 Oct 2010 | Citibank | The Frame Shop Moonee Ponds Au | \$255 | Tender Bundle 2/10/2015, Tab 4, 1459 |
| | 7 Dec 2010 | CBA MasterCard | S/Wall Ind – Hse of Xm Abbotsford Au | \$945.71 | Tender Bundle 2/10/2015, Tab 6, 2092 |
| Retail: miscellaneous expenses | 10 Feb 2006 | Diners | Montblanc Collins Street | \$420 | Tender Bundle 2/10/2015, Tab 5, 1713 |
| | 21 Sep 2006 | Diners | Mont Blanc Collins Street | \$440 | Tender Bundle 2/10/2015, Tab 5, 1705 |
| | 15 Feb 2007 | Citibank | Paypal *Ilovetoflyj 402935773 Au | \$117.65 | Tender Bundle 2/10/2015, Tab 4, 1291 |
| | 15 Feb 2007 | Citibank | Paypal *Ebayq 4029357733 Au | \$366.28 | Tender Bundle 2/10/2015, Tab 4, 1291 |
| | 15 Feb 2007 | Citibank | Paypal *Redbison 4029357733 Au | \$71.89 | Tender Bundle 2/10/2015, Tab 4, 1291 |
| | 15 Feb 2007 | Citibank | Paypal *Abovebeyond 4029357733 | \$5.34 | Tender Bundle 2/10/2015, Tab 4, 1291 |
| | 2 Jun 2007 | Diners | Expenditure incurred at Silverstone Jaguar, a car dealership that sells, leases and services Jaguars, luxury cars and related products | \$5,000 | Tender Bundle 2/10/2015, Tab 5, 1744 |
| | 7 Oct 2007 | CBA | CR Camberwell | \$641.65 | Tender Bundle 2/10/2015, Tab 6, |

| | | | | | |
|---|-------------|----------------|--------------------------------------|------------|--------------------------------------|
| | | MasterCard | Camberwell AU | | 2015 |
| | 8 Dec 2009 | Citibank | Silverstone Doncaster Au | \$1149.25 | Tender Bundle 2/10/2015, Tab 4, 1427 |
| | 31 Mar 2010 | Citibank | Silverstone Doncaster Au | \$2985 | Tender Bundle 2/10/2015, Tab 4, 1440 |
| | 29 Dec 2010 | Diners | Downtown Duty Free 6 Tullamarine | \$1,893.35 | Tender Bundle 2/10/2015, Tab 5, 1912 |
| | 23 Mar 2011 | Citibank | Silverstone Doncaster Au | \$2320.65 | Tender Bundle 2/10/2015, Tab 4, 1468 |
| Food and alcohol: the local supermarket expenses | 20 Jun 2004 | CBA MasterCard | Safeway W3127 Balwyn Aus | \$441 | Tender Bundle 2/10/2015, Tab 6, 1948 |
| | 16 Aug 2004 | Citibank | Coles 565 Balwyn North Au | \$200.47 | Tender Bundle 2/10/2015, Tab 7, 2208 |
| | 19 Mar 2005 | Citibank | Coles 503 Box Hill Au | \$342.03 | Tender Bundle 2/10/2015, Tab 7, 2187 |
| | 18 Jun 2005 | Citibank | Safeway Liquor W3127 Balwyn | \$904.01 | Tender Bundle 2/10/2015, Tab 4, 1216 |
| | 21 Dec 2005 | Citibank | Wine Clearance W/Hse North Melbourne | \$1,071.20 | Tender Bundle 2/10/2015, Tab 4, 1238 |
| | 20 Dec 2006 | Citibank | McCoppins Fitzroy | \$743.35 | Tender Bundle 2/10/2015, Tab 4, 1283 |
| | 30 May 2007 | Citibank | Estate Cellars, Balwyn, Au | \$740 | Tender Bundle 2/10/2015, Tab 4, 1306 |
| | 8 Nov 2007 | Citibank | V/CVellars 3728 Sth Melbourneau | \$1,080.83 | Tender Bundle 2/10/2015, Tab 4, 1337 |
| | 24 Nov 2007 | CBA | Purvis Wine Cellars – | \$1,682.30 | Tender Bundle 2/10/2015, Tab 6, |

| | | | | | |
|------------------------------------|-------------|----------------|---|------------|--------------------------------------|
| | | MasterCard | Surry Hills Aus | | 2021 |
| | 23 May 2008 | Citibank | Cloudwine Cellars South Melbourau | \$303 | Tender Bundle 2/10/2015, Tab 4, 1363 |
| | 24 Oct 2008 | Citibank | Vintage Cellars, South Melboursa | \$464.60 | Tender Bundle 2/10/2015, Tab 4, 1385 |
| | 25 Oct 2008 | Citibank | Estate Cellars Balwyn | \$353.43 | Tender Bundle 2/10/2015, Tab 4, 1384 |
| | 8 Nov 2010 | CBA MasterCard | Expenditure at Costco, Docklands, a wholesale store on groceries and/or related items | \$1,162.30 | Tender Bundle 2/10/2015, Tab 6, 2021 |
| | 3 Dec 2010 | CBA MasterCard | Costco Wholesale Docklands Vic | \$976.51 | Tender Bundle 2/10/2015, Tab 6, 2092 |
| | 21 Dec 2010 | CBA MasterCard | Vintage Cellars South Melbourne | \$898.55 | Tender Bundle 2/10/2015, Tab 6, 2092 |
| Health and Fitness expenses | 17 Jun 2004 | CBA MasterCard | Beach House Fitness Melbourne AUS | \$605 | Tender Bundle 2/10/2015, Tab 6, 1948 |
| | 7 Oct 2005 | Citibank | Space Health Clubs Neutral Bay Au | \$2,240 | Tender Bundle 2/10/2015, Tab 4, 1330 |
| | 30 Sep 2006 | Citibank | Aroma Science Pty Lt Chadstone | \$529.90 | Tender Bundle 2/10/2015, Tab 4, 1272 |
| | 10 Jul 2007 | Citibank | Treadmill Hire & Sale Preston Au | \$430 | Tender Bundle 2/10/2015, Tab 4, 1316 |
| | 4 Oct 2007 | Citibank | Treadmill Hire & Sale Preston Au | \$1,065 | Tender Bundle 2/10/2015, Tab 4, 1327 |
| | 31 May 2008 | Citibank | Skintrition Day Spa South Melbourne | \$368 | Tender Bundle 2/10/2015, Tab 4, 1363 |
| Entertainm ent | 14 Dec 2003 | Citibank | Fenix Rest and Events | \$14,000 | Tender Bundle 2/10/2015, Tab 7, |

| | | | | | |
|--|----------------|-------------------|------------------------------------|----------|---|
| expenses at 'hatted' restaurants | | | Richmond Au | | 2235 |
| | 20 May 2004 | Citibank | Hotel Lincoln, Carlton Au | \$400 | Tender Bundle 2/10/2015, Tab 7, 2219 |
| | 24 July 2004 | CBA Mastercard | Café Distasio St Kilda Aus | \$743 | Tender Bundle 2/10/2015, Tab 6, 1956 |
| | 10 Nov 2004 | Diners | Expenditure at Sarti Restaurant | \$400 | Tender Bundle 2/10/2015, Tab 5, 1648 |
| | 16 Dec 2004 | Citibank | Hotel Lincoln, Carlton Au | \$257.20 | Tender Bundle 2/10/2015, Tab 7, 2196 |
| | 15 Feb 2005 | Citibank | Hotel Lincoln, Carlton | \$780.90 | Tender Bundle 2/10/2015, Tab 7, 2188 |
| | 3 May 2005 | Citibank | Hotel Lincoln, Carlton, Au | \$256.40 | Tender Bundle 2/10/2015, Tab 4, 1209 |
| | 5 Jun 2005 | Citibank | 6 Russell Place Melbourne Au | \$750 | Tender Bundle 2/10/2015, Tab 4, 1212 |
| | 19 Aug 2005 | Citibank | Sarti Melbourne Au | \$280 | Tender Bundle 2/10/2015, Tab 4, 1223 |
| | 22 Sep 2006 | Citibank | Hotel Lincoln, Carlton | \$750 | Tender Bundle 2/10/2015, Tab 4, 1272 |
| | 20 Oct 2006 | Citibank | Sarti Restaurant Au | \$120.60 | Tender Bundle 2/10/2015, Tab 4, 1276 |
| | 30 Nov 2006 | Citibank | Hotel Lincoln, Carlton Au | \$600 | Tender Bundle 2/10/2015, Tab 4, 1279 |
| | 19 Dec 2006 | Citibank | Sarti Restaurant | \$1,470 | Tender Bundle 2/10/2015, Tab 4, 1283 |
| | 7 Dec 2006 | Citibank | Expenditure at Sarti Restaurant | \$500 | Tender Bundle 2/10/2015, Tab 4, 1283 |

| | | | | | |
|---|-----------------|-------------------|--|------------|---|
| | 15 Aug 2007 | CBA MasterCard | Sarti Melbourne Aus | \$180 | Tender Bundle 2/10/2015, Tab 6, 2008 |
| | 5 Dec 2007 | CBA MasterCard | Hotel Lincoln, Carlton AU | \$580 | Tender Bundle 2/10/2015, Tab 6, 2021 |
| | 17 Dec 2007 | CBA MasterCard | Hotel Lincoln, Carlton AU | \$270 | Tender Bundle 2/10/2015, Tab 6, 2021 |
| | 26 Mar 2008 | Diners | Sarti Rest | \$601.80 | Tender Bundle 2/10/2015, Tab 5, 1783 |
| | 8 May 2008 | Citibank | Expenditure at Sarti Restaurant | \$199.40 | Tender Bundle 2/10/2015, Tab 4, 1359 |
| | 27 June 2008 | Citibank | Sarti Melbourne Au | \$326 | Tender Bundle 2/10/2015, Tab 4, 1368 |
| | 27 Sep 2008 | Citibank | Press Club Restaurant & Bar | \$2,200 | Tender Bundle 2/10/2015, Tab 4, 1380 |
| | 22 Dec 2009 | Citibank | Sarti Restaurant Melbourne Au | \$1190 | Tender Bundle 2/10/2015, Tab 4, 1430 |
| Miscellaneous entertainment expenses | 19 Dec 2003 | Citibank | Village City Centre Melbourne Au | \$859.10 | Tender Bundle 2/10/2015, Tab 7, 2237 |
| | 20 Dec 2005 | Citibank | Village City Centre Melbourne Au | \$1,605.05 | Tender Bundle 2/10/2015, Tab 4, 1238 |
| | 7 Aug 2006 | Citibank | The Undertaker Restaurant, Hawthorn | \$1,550 | Tender Bundle 2/10/2015, Tab 4, 1269 |
| | 6 Feb 2007 | Citibank | The Italian Restaurant Melbourne Au | \$520 | Tender Bundle 2/10/2015, Tab 4, 1288 |
| | 25 Jun 2008 | Citibank | Sharkfin Inn Restaurant | \$550 | Tender Bundle 2/10/2015, Tab 4, 1368 |
| | 14 Nov 2008 | Citibank | Town Hall South | \$833.80 | Tender Bundle 2/10/2015, Tab 4, |

| | | | | | |
|--|-------------|-------------------|--|--------------------------------|---|
| | | | Melbourne | | 1385 |
| | 23 Feb 2010 | Citibank | Cta Business Blub Ld Sydney Au | \$1,332 | Tender Bundle 2/10/2015, Tab 4, 1436 |
| | 26 Feb 2010 | Citibank | Cta Business Club Ld Sydney Au | \$2179 \$228.70 \$181.50 | Tender Bundle 2/10/2015, Tab 4, 1436 |
| | 7 Apr 2010 | CBA MasterCard | CTA Business Club Ld, Sydney Aus | \$402.50 | Tender Bundle 2/10/2015, Tab 6, 2146 |
| | 21 Jul 2010 | Citibank | Syracuse Restaurant Melbourne Au | \$480.00 | Tender Bundle 2/10/2015, Tab 4, 1454 |
| | 19 Nov 2010 | CBA MasterCard | CTA Business Club LD Sydney NSW | \$1,029.50 | Tender Bundle 2/10/2015, Tab 6, 2117 |
| | 26 Nov 2010 | CBA MasterCard | CTA Business Club Ltd Sydney NSW | \$396 | Tender Bundle 2/10/2015, Tab 6, 2092 |
| | 26 Nov 2010 | CBA MasterCard | Churrasco Sydney Pty WoolloomoolooAus | \$450 | Tender Bundle 2/10/2015, Tab 6, 2092 |
| | 22 Feb 2011 | CBA MasterCard | CTA Business Club Ld Sydney NSW | \$294.50 \$33 | Tender Bundle 2/10/2015, Tab 6, 2104 |