

WITNESS STATEMENT

Craig Ferguson McGregor

1. My name is Craig Ferguson McGregor and I am 43 years of age.
2. I live in [REDACTED]
3. From time to time in this statement I refer to documents. Copies of those documents appear behind numbered tabs in the folder accompanying this statement (**McGregor MFI-1**).

Background

4. With the exception of a period of about 3 years spent travelling internationally, from 1993 to 2012, I worked as a radiographer in Victoria.
5. I have a Bachelor of Applied Physics (in Medical Radiations) and a Bachelor of Social Science (Hons).
6. I have been a member of the Health Services Union (**HSU**) since about 1993 (other than when I have been overseas and some other brief periods).
7. In November 2012 I was elected Secretary of the Victorian No. 3 Branch (**No 3 Branch**) of the HSU. I was elected as a result of the elections that followed the de-merger of the No. 3 Branch from the HSU East Branch of the HSU and also from HSUeast. The No 3 Branch was reconstituted on about 22 August 2012. I have held the position of Secretary of the No 3 Branch since about 28 November 2012 and I continue to hold that position.
8. I am not a member of any political party.
9. I had long felt that No 3 Branch was being poorly run and that the needs of the membership were not being met. I determined to run for election after reading media reports alleging corruption within the HSU.

10. My understanding of the internal workings (political, financial and operational) of the HSU prior to my election in 2012 is very limited. Other than based on documentary evidence which I have located (and which is outlined in this statement), I cannot speak with certainty on events occurring in the No 3 Branch or the HSU generally prior to my election.
11. It is clear to me from my experience since November 2012 that the current National Executive of the HSU takes matters relating to governance very seriously. In particular, I have worked closely with Chris Brown (Acting National Secretary), Lloyd Williams (Secretary Victoria No 2 Branch) and Rosemary Kelly (Secretary Victoria No 4 Branch) and consider that these officials have a strong commitment to good governance and financial practices.

Records of the No. 3 Branch

12. About a month after my election as Secretary of the No. 3 Branch, Diana Asmar (**Ms Asmar**) was elected Secretary of the Victorian No 1 Branch of the HSU (**No 1 Branch**).
13. From my examination of the records No 3 Branch I have discovered what I consider to be gaps in those records. Those gaps are discussed in further detail below. As the result of the state of the records I have been unable to work out what records have been lost, and what records never in fact existed.
14. When the demerger took place in 2012, the Court appointed administrator of the No 3 Branch was The Honourable Michael Moore. Mr Jim Simmonds was an assistant administrator. Mr Simmonds took primary responsibility for running both the No 1 Branch and the No 3 Branch as part of the "divorce" of these branches from HSU East Branch and HSUEast, and from each other.
15. At the time the No 1 Branch and No 3 Branch were "handed over" to the successful candidates of the 2012 elections, the administrator had arranged for the branches to share common premises in Park Street, Melbourne.
16. The administrator had also arranged:

- (a) for the physical records of both the No 1 Branch and the No 3 Branch to be located at the premises. These records were stored together in a room that was meant to be secure;
 - (b) for the No 1 Branch and the No 3 Branch to share a common industrial officer and a finance officer. The finance officer hired by the administrator was Mr Stephen Miller (**Mr Miller**); and
 - (c) the purchase of two new computer servers, one for each Branch.
17. My team (**the No 3 team**) moved into the premises a few days after the election results were declared on about 28 November 2012. Ms Asmar moved in in about late December 2012. I understand that was because challenges to her election were at that time the subject of proceedings in the Federal Court.
18. About a week after Ms Asmar arrived in the premises she fired Mr Miller without any consultation with me or my No 3 Branch team. Sometime later Ms Asmar replaced Mr Miller with Ms Kerry Georgiev. The fact that the No 3 Branch was without a finance officer for some time limited our ability to pay staff or other expenses. For example, I paid for job advertisements myself. Further, the No 3 Branch team did not have full details regarding our bank accounts and including who the signatories were.
19. In January 2013, I hired Mr Neil Bowker (**Mr Bowker**) as finance officer of the No. 3 Branch. He remains in this position. His title is Finance and Services Manager.
20. As to the physical records of the No 3 Branch, these were meant to be in a secure room. It is my understanding that Mr Edward Sussex (Administration Manager) had access to these records and he would let people in to that room if they requested access. I did not see the state of the records at the time when I arrived in the premises.

21. In early January 2013, after Ms Asmar's arrival at the Park Street premises, the records were relocated without any consultation with me or my team to a padlocked room. My team no longer had access to those No 3 Branch records.
22. The No 3 Branch engaged Maurice Blackburn Lawyers to assist us in getting access to our records. A letter was sent to Ms Asmar for this purpose. The letter is located at **tab 1**.
23. Following the letter from Maurice Blackburn, Ms Asmar agreed to give the No 3 Branch access to the room holding the No 3 Branch records. I believe that someone sorted through the documents over the weekend before the No 3 Branch was given access to them. I say this because Ms Linda Jenkin (Lead Organiser at the No 3 Branch) was in the Park Street office on the Sunday and called me to tell me that the documents had been moved and sorted. What appeared to be the No 3 Branch records were moved to one side of the adjoining room, and what appeared to be the No 1 Branch records were piled up on the other side of the room.
24. When I, and other No 3 Branch staff, gained access to the records, there was no order to the documents.
25. The No 3 Branch now has limited financial information in hard copy. Branch No 3 is missing a large number of documents. The Branch has no complete hard copy financial records for any year. The No 3 Branch does have some creditor files, and about six boxes of files that were returned to us in about February 2014 by Detective Jenkins of Victoria Police Fraud Squad. I understand that the Fraud Squad had seized about ten boxes of documentation from the HSU Park Street premises in late 2012. I am unsure what, if any, HSU-related documents have been retained by the Fraud Squad.
26. In terms of electronic documents, until recently when I contacted the previous auditors of the No 3 Branch, being Mr Iaan Dick (**Mr Dick**) and Mr John Agostinelli (**Mr Agostinelli**), No 3 Branch only had MYOB records for the financial year 2009/2010. Behind **tab 2** are copies of my email correspondence with Mr Dick and Mr Agostinelli regarding the MYOB records. In March 2014, as

a result of searches, a CD was discovered that contained MYOB records for 2002/2003 and 2003/2004.

27. Despite my communications with Mr Agostinelli (behind **tab 2**) he has not provided me with all the documents held by him for the purposes of performing his role as auditor.
28. Despite my communications with Mr Dick and Mr Agostinelli (behind **tab 2**) I do not have a complete set of the MYOB records of the No 3 Branch. For example, the records of transactions made by the Branch prior to 2009-2010 (save for 2002/2003 and 2003/2004) are not contained in the MYOB system.

Production in response to the Notice to Produce to the HSU

29. On about 31 March 2014, No 3 Branch received a Notice to Produce from the Royal Commission into Trade Union Governance and Corruption (**the Royal Commission**) requiring it to produce certain hard-copy and electronic documents in its possession (**the Notice**). Many of the documents required to be produced went back to the period since 1 January 2007. Behind **tab 3** is a copy of that notice to produce.
30. Staff from the No 3 Branch first sorted all the historical documents in relation to financial-type documents (which may be required to be produced under the Notice) and other documents (such as industrial documents) which were not required to be produced under the Notice. Some preparation had commenced after the Royal Commission was formally announced, prior to the Notice being received.
31. I was primarily assisted by Mr Bowker, Industrial Officer Mr Alex Leszczynski and No 3 Branch Assistant Secretary Mr Andrew Hewat in undertaking the necessary searches to collect material in compliance with the Notice.
32. In the course of searching the No 3 Branch records to comply with the Notice, I became aware of certain matters of which I was not previously aware. They are:

- (a) References to the "NHDA" or "National Health Development Account" (NHDA) in the financial records for the No 3 Branch (although I was previously aware of various references to the NHDA in financial documents, I did not know what it was);
 - (b) A reference in the No 3 Branch May 2010 audit to a donation to "Australia Bringing Hope Incorporated". From my searches of the MYOB files of the No 3 Branch, conducted with the assistance of Mr Bowker, I have not been able to find reference to "Australia Bringing Hope Incorporated" in the accounts. Rather, there is a recording of a donation with the reference "AB HINC" (**AB HINC**); and
 - (c) A donation to "IR21 Ltd" (**IR21**) which I understand is a separate entity or election fund associated with the National Union of Workers. Behind **tab 4** is a copy of a tax invoice to Kathy Jackson (**Ms Jackson**) at the HSU from IR21 and a receipt indicating a payment of \$4500.00 from the No 3 Branch to IR21.
33. On 7 April 2014, I sent a number of emails to the Acting National Secretary of the HSU, Mr Chris Brown (**Mr Brown**) relating to matters including the NHDA and IR21. Behind **tab 5** is a copy of my email to Mr Brown concerning the NHDA.
34. On 23 April 2014, I sent a further series of emails to Mr Brown drawing the matters set out above to his attention. I also indicated that I believed these matters should be presented to the HSU National Executive, the Royal Commission and the General Manager of the Fair Work Commission and the relevant police force. I did this in accordance with resolution NE57/2014 of the National Executive, which requires all officers of the HSU who have evidence of corruption in the HSU, serious breaches of the HSU Rules or the *Fair Work (Registered Organisations) Act* to report these matters to the National Executive and relevant authorities including the Royal Commission, the General Manager of the Fair Work Commission and the police.
35. Behind **tab 6** is a copy of my covering email to Mr Brown concerning the NHDA, AB HINC and IR21.

36. Behind **tab 7** is a copy of a subsequent related email that I sent to Mr Brown concerning the NHDA. Together with that email, I sent Mr Brown a zip folder with a large number of documents. I have included behind **tab 7** the content of the zip folder, other than those general financial documents which don't relate solely to the NHDA.
37. Behind **tab 8** is a copy of a subsequent related email and its attachments that I sent to Mr Brown concerning IR21.
38. Behind **tab 9** is a copy of a subsequent related email and its attachments that I sent to Mr Brown concerning AB HINC.
39. Mr Bowker and I compiled, from the records that the No 3 Branch has, MYOB transaction records in respect of cash withdrawals made by Ms Jackson, or made during the time Ms Jackson was the No 3 Branch Secretary. Behind **tab 10** are copies of the MYOB records compiled in respect of these withdrawals. Also behind tab 10 is a spreadsheet prepared by Mr Bowker and I. Other than a withdrawal on about 30 March 2010 for \$46,290 (which we understand is partly referable to the purchase of a Volvo vehicle), the spreadsheet lists all cash withdrawals in the period July 2007 to June 2010 that we are aware of. The cash withdrawals in the spreadhseet total \$222,904.00.
40. In addition to the MYOB transfer records behind tab 10, the No 3 Branch also has bank statements for the period July 2007 to June 2010 which refer to each of these withdrawals as "cashed cheque", some copies of the cheques themselves (behind **tab 11**) and some supporting documents for BAS statements which refer to the withdrawals. Other than these documents, the No 3 Branch does not have any other hard-copy or electronic records explaining these withdrawals.
41. Further, in May 2014, Mr Bowker and I contacted the Commonwealth Bank regarding the Commonwealth Bank cheque account which the No 3 Branch had with the Bank. We requested documentation relating to transactions which had been recorded in bank statements or other records as cashed cheques. The Bank provided copies of a number of cheques. Behind **tab 11** are copies of emails with the Bank, and documentation received.

42. Mr Bowker has compiled, from the records that we have, MYOB transaction records in respect of reimbursements on two credit cards that I understand were personal credit cards of Ms Jackson, one being a Diners Club and another being a Citibank Mastercard. The No 3 Branch has records for transactions reimbursed on the Diners Club credit card for the financial year 1998/1999 but does not have any other physical documentation in respect of that expenditure. Behind **tab 12** is a spreadsheet prepared by Mr Bowker which he compiled from MYOB in respect of the credit card expenditure for the period April 1998 to May 2011 for the two credit cards. There is also an additional column which summarises the cash withdrawals referred to in paragraphs 39 and 40. In total, reimbursement on the two personal credit cards amounts to \$1,136,211.70.
43. With the assistance of Mr Bowker, I have also collected material concerning payments made by the No 3 Branch in the late 1990s and in 2002 to a company known as Neranto No 10 Pty Ltd. The No 3 Branch retains copies of at least some invoices provided to the No 3 Branch for what is usually described as "Industrial Services". Behind **tab 13** are copies of all documents the No 3 Branch retains in respect of transactions involving Neranto No. 10 Pty Ltd.
44. The No 3 Branch sent all hardcopy documents we considered fell within the Notice to the HSU National Office on about 4 April 2014. Electronic documents were placed on a communal "cloud" storage system accessible by the National Office or on electronic hard drives. On about 3 June 2014, I also provided the HSU National Office with a copy of all documents on our server relating to the period prior to my election to the No 3 Branch.
45. Given the significant time pressure involved in the exercise of locating and reviewing all relevant documents to ensure compliance with the Notice, the No 3 Branch did not keep a copy of, or a list of, all documents which were provided to the National Office pursuant to the Notice.
46. Subsequent to providing the documents to the National Office pursuant to the Notice, I provided certain documents directly to the Royal Commission on 6 May 2014. I was keen to ensure compliance with National Executive resolution NE57/2014 and did not know which documents provided by the No 3 Branch to the National Office had already been forwarded to the Royal Commission. I did

not keep a record of the further documents provided to the Royal Commission. Those documents concerned matters including NHDA, AB HINC and IR21.

47. I do not have any knowledge of the details of the allegations against Ms Jackson that the Victoria Police are or have previously investigated. I do not know if any of the documents and matters referred to above form part of those investigations.
48. I have never spoken to Peter Mylan, Michael Williamson or Craig Thomson.

Current arrangements at the No 3 Branch

49. Behind **tab 14** are copies of documents recording the current branch structure of No 3 Branch and the salaries that apply to employees.
50. The No 3 Branch currently has about 3,500 members.

Craig McGregor

16 June 2014