

Ashworth, Matthew

From: Kathy Jackson [REDACTED]
Sent: Tuesday, 29 July 2014 3:34 PM
To: Ashworth, Matthew
Subject: Draft Statement
Attachments: KJ Witness Statement re NHDA - Draft 1.docx

Dear Matthew

I refer to recent discussions.

Attached is the current state of my draft statement.

I should have the balance done within about an hour.

This is most of it.

Regards

Kathy Jackson

WITNESS STATEMENT

Katherine JACKSON

1. My full name is Katherine ("Kathy") JACKSON and I reside in the [REDACTED]
2. I have prepared this statement on my own initiative as a response to events that have occurred since 17 June 2014 when the Commission received evidence relating to the financial affairs of the Victoria No 3 Branch of the Health Services Union and the NHDA.

Background – NHDA first raised by journalists

3. The NHDA was first raised with me by a journalist, Mr Nick McKenzie, on 26 April 2014. Mr McKenzie first contacted me by telephone. He then sent me questions by email. I had an email exchange with Mr McKenzie a copy of which is located behind Tab 1.
4. The NHDA was established in December 2003. At the time I was contacted by Mr McKenzie my memory of the dispute that gave rise to the settlement that became the "Peter Mac money" was very hazy. In the time available to me to respond to Mr McKenzie I was unable to locate documents to assist me in refreshing my memory.
5. The first articles adverts to me in relation to the NHDA were published in the Age in the SMH on 29 April 2014.
6. Further allegations were made against me in May and early June 2014:
 - (a) 25 May 2014: An article in the Fairfax papers by Royce Millar and Ben Schneiders entitled "Inquiry to look at claims Philip Morris backed HSU candidates Kathy Jackson and David Feeney"

That headline was false and misleading and the allegation of my knowing involvement in the provision of funds in an HSU election by a tobacco company. No Tobacco ever backed me as a candidate. I have no involvement in the soliciting or provision of funds by a Tobacco company for the election in question for any other purpose. I refer to paragraph *** of my Statement of ***.
 - (b) On 6 June 2014: an article in the Fairfax papers by Messrs McKenzie, Baker and Schneiders entitled "Whistleblower used \$1m in union funds" which alleges that \$1m of Vic 3 Branch funds were used to pay my person credit cards with the implication being that \$1m of union money was used to pay for my personal expenses. The same article alleges misuse of \$220,000 in union cash.

Each of those allegations is false and the falsity of those allegations was established by the evidence of the two auditors and the book-keeper.
 - (c) Also on 6 June 2014 the same journalists published a further story entitled "Statement says Jackson knew about graft claims for a decade". That story states:

“A Fairfax Media investigation has also obtained a leaked NSW police statement that alleges Ms Jackson knew of serious corruption claims involving

Health Services Union boss Michael Williamson and Craig Thomson more than a decade before she reported the pair to police in 2011.

The witness, Sydney businesswoman Carron Gilleland, told detectives she asked for Ms Jackson's help in 1999 after discovering the possible "illicit" use of union members' funds by the pair.”

I have never seen Ms Gilleland's statement. However, Ms Gilleland and her husband were the principals of Communigraphix, a corrupt contractors that layed out the union magazine and charge an amount somewhere between 5 and 10 times the true cost of the magazine. Ms Gilleland never asked for my help in the manner claimed in the article. She asked for my help to bring the corrupt contract of her own company to an end? The suggestion is absurd and a bare-faced lie.

- (d) 15 June 2014: Mr Norington wrote an article in the Australian entitled “Whistleblower Kathy Jackson faces heat”. That article repeats all of the allegations in relation to \$1m of union money to pay my personal credit cards, misuse of cash etc.

Events of 17 June 2014 and the morning of 18 June 2014

7. The Commissions hearings in relation to the Health Services Union (HSU) began on 16 June 2014 with the evidence of Mr Mark Hardacre and Mr Marco Bolano.
8. The witnesses who gave evidence on 17 June 2014 were:
 - Ms Kate Wilkinson, the president and Branch Committee of Management (BCOM) of the Victoria No. 3 Branch of the Union (Vic 3 Branch).
 - Ms Jane Holt, the bookkeeper of the Vic 3 Branch throughout the period I was secretary through until the time of the amalgamation to form HSU East Branch
 - Mr John Agostinelli, the auditor of the Vic three branch for the 2009 Audit and the amalgamation audit of 24 May 2010.
 - Mr Craig McGregor, the Secretary of the Vic three branch since December 2012.
9. The evidence of those witnesses was overwhelmingly focused on the accounting and financial affairs of the Vic 3 Branch during the period in which I was the Secretary and sole full-time official of that Branch.
10. The witness statements of those witnesses were made available to journalists and the public that same day.
11. On 17 June 2014 Senior Counsel Assisting took the Commission through a series of documents, and a course of oral evidence, demonstrating:

- (a) That there was a separate expense ledger in the MYOB books of account for the NHDA – account 6-4000 entitled “NHDA”. [Holt Statement *** and oral evidence at T***]
- (b) The fact of the separate earmarking of the Peter Mac money was explicitly recorded in profit & lost reports prepared by the Book Keeper and provided to the BCOM. [Example of P&L Report from 2004 is at Holt MFI 1, Tab 3. See also Holt Statement at 46 and Transcript at T688/10ff].
- (c) That the NHDA routinely appeared as a separate expense listing in the monthly financial reports prepared for the BCOM by the book keeper, Jane Holt [eg Holt Statement ***, Holt MFI1 Tab 4, Transcript T689].
- (d) Every payment from the bank accounts of the Branch to the NHDA was entered into the books of account as a payment in the NHDA expense account – that is was accounted for openly in the books of account as a payment to the NHDA. [***]
- (e) The Branch Committee of Management approved the establishment of the Fund, and the disbursement of funds in the manner that subsequently occurred [Kate Wilkinson T***; Jane Holt T***]
- (f) [See also statement of Kathy Jackson at paras *** to *** and her statement generally in relation to the evidence establishing that the last known whereabouts of the minute book of the Vic 3 Branch was when all remaining Vic 3 Branch records in the Park St office were loaded into a van under the supervision of Gerard Hayes, on behalf of Peter Mylan, and driven to Sydney on 20 February 2012. Mylan confirmed that he had established secure custody of all of the Vic 3 Branch records in a resolution of endorsement moved by him at an HSU East Branch Executive on 28 March 2012 (Jackson MFI 1, Tab ***. The Minute Book was available to the auditor John Agostinelli in late 2010 when he was undertaking the amalgamation audit. His audit file contained a number of notions recording that he tested a transaction for BCOM approval and found the minutes to contain the relevant approval.
- (g) Wilkinson recalled that, although I was not obliged to do so, I usually discussed the application of NHDA funds with the BCOM [Wilkinson statement at [34], oral evidence at T***].
- (h) The books of the Vic 3 Branch were well kept, showing few errors. [Auditor John Agostinelli, who performed the 2009 audit and the 24 May 2010 amalgamation audit, at T***, corroborating the evidence of Holt as to her meticulous book keeping practices – see Holt statement *** and transcript at ***.
- (i) Upon the amalgamation, the Vic 3 Branch was absorbed into the amalgamated HSU East Branch. Kathy Jackson ceased to be Vic 3 Branch Secretary and, following a period of consolidation of the accounts of the three branches, the accounting and statutory reporting functions for the whole of HSU East Branch were controlled by Barry Gibson, Williamson’s NSW based Financial Controller. Holt continued doing bookwork in relation to the Vic 3 Branch during the consolidation period and provided documents and files to Gibson as required. [Holt statement ***, oral evidence at T***]

(j) Save for whatever was thrown out in the August 2010 "chuckfest" by Williamson, Mylan and other NSW officials when Jackson was overseas (Bob Hull's contribution to recording played on , the financial records of the Vic 3 Branch were intact when Jane Holt ceased her involvement, that is, at the time when Kathy Jackson ceased to have any further role in relation to Vic 3 Branch accounts or records. [Holt statement *** and oral evidence at T***.

12. I say that these matters should have been evident to any competent journalist following the proceedings of the Commission and intending to write a story about the Peter Mac settlement money.
13. Most importantly, the evidence was that the ear-marking of the Peter Mac settlement money, and the transfer of that money to the NHDA bank account in the manner that occurred was done with the explicit approval of the Branch Committee of Management and consequently that I was lawfully authorised to act as I did in relation to the Peter Mac money.
14. My witness statement, and thus what I said about the NHDA in that statement, was not available to journalists until the morning of 18 June 2014 when I began giving evidence.

Peter Mac Allegation – That Jackson siphoned money that was the outstanding entitlements of particular members at the Peter MacCallum Cancer Institute

At 1:34 PM on 17 June 2014 Mr Benns of the Telegraph posted an article online

[THIS SECTION IS YET TO BE DONE]

15. My evidence before the Commission commenced on the morning of 18 October 2013. By the time I gave evidence before the Commission in relation to the NHDA on 19 June 2014 I had been able to obtain from counsel who had acted for the Branch in relation to the Peter Mac dispute a copy of the legal advice he had provided in connection with the dispute. That advice is Tab *** to my first statement witness Statement
16. Since 19 June 2014 I, and others, have made various enquiries to better establish the facts of what occurred in relation to that Dispute and the settlement that was obtained by the Union on behalf of members and other employees in the Research Division and on its own behalf in relation to its separate claim for penalties, in addition to the claim advanced on behalf of employees in respect of their outstanding entitlements.

Schneiders questions of 18 July 2014

17. On 18 July 2014 I received an email from Mr Ben Schneiders, a copy of which is at Tab 2.
18. I interpreted the questions in that email as indicating that Mr Schneiders was intending to write an article that would be extremely adverse to me and would

report those matters as effectively conclusive evidence that I had engaged in the theft of money that represented the actual entitlements of particular members.

19. I was particularly distressed by this email because I anticipated that that article would persuade many that I was in fact a corrupt hypocrite. I prepared a detailed response to those matters and decided that I would forward it to Mr Michael Smith and then forward a copy of that response (under a covering note) to Mr Schneiders by his specified deadline. A copy of that response and covering note is at Tab 3 (**Detailed Response**).
20. The factual matters asserted in that response (my Detailed Response) are true to the best of my knowledge.
21. Mr Schneiders published an article in the Age and SMH on 21 July 2014 entitled "*Peter MacCallum scientists miss out on millions as HSU leader Kathy Jackson cuts deal*". I say that Mr Schneiders article was anything but fair and reasonable and that it did not, on any view, incorporate the substance of my response.
22. Since the publication of that article further evidence has emerged that has corroborated the matters put in my Detailed Response. Most significantly is a transcript of proceedings before the Australian Industrial Relations Commission in 2004 in which the circumstances of the Peter Mac dispute and its settlement were established. A copy of that transcript is at Tab 4.
23. Where is the Deed of Settlement for the Peter Mac dispute? I do not have a copy. The Union has not produced a copy from its records (no doubt missing). Why has Peter Mac not produced a copy of the Settlement Deed from its records?

Norington questions of 28 July 2014

24. On 28 July 2014 Mr Norington sent me an email raising further matters that are clearly preparatory to yet another attack on me by Mr Norington. A copy of that email is at Tab 5.
25. In answer to Mr Norington's questions I say that the NHDA account was not a union account and therefore was not caught by the requests for information made by the Administrator of the HSU East branch. It was my account in my name, albeit that I was obliged to spend that money in accordance with the BCOM Approval. That is what I did.

Particular NHDA Transactions

26. Prior to giving evidence before the Commission on 18 and 19 June 2014 I had not been asked to review the NHDA bank statements and identify the purpose of as many transactions as I could. I had undertaken a very large amount of preparation for that hearing but had not reviewed the NHDA bank statements.
27. I have prepared four separate spreadsheets that analyse every debit transaction in the available bank statements (other than bank fees).
28. Table 1 is behind Tab 6 lays out every transaction in a fashion that allows the reader to see visually when the money was spent. Tab 7 contains three further tables analysing that data.
29. I have been asked by a journalist whether I created a new record of expenditure out of the NHDA after the theft of my sole record of NHDA expenditure that

occurred while I was committed to a psychiatric unit in early September 2011. I note from the available NHDA bank statements that there are only three transactions (other than bank fees) in that period of some two years:

- A cash withdrawal of \$9,000 on 6 September 2012.
- A car rental in August 2013 for \$137,56 (two charges for the one rental).
- A cash withdrawal of \$1422.83 on 26 November 2013 being the final balance withdrawn when the account was closed.

30. I did not re-establish a separate record for NHDA monies spent September 2011 because the account was essentially inactive and I was fully occupied dealing with the corruption in HSU East. As at September 2011 the remaining balance in the NHDA was around \$10,000 and I intended to retain that amount against the likely need to use all of most of that money to support worthy candidates in the elections within HSUeast that were inevitable at some point after I went to the police.
31. That is what occurred.
32. The \$9,000 withdrawn on 6 September 2012, plus additional cash previously withdrawn and not spent, was divided between Marco Bolano, Fleur Behrens to and Katrina Hart assist them in their 2012 election campaigns.
33. That support was to no avail. They were outspent by their opponents and each was the subject of a very professional smear campaign that was successful. Remember that those opposed to me had managed to procure a situation where the 2012 elections in the disamalgamated branches were proceeding in the absence of any public scrutiny of the actions of officials in the period after I went to the police with allegations of serious corruption against Michael Williamson, allowing Mr Hayes in particular - the person who now effectively controls the HSU by virtue of the dominant voting power of the NSW Branch - to present a false picture of himself and his team to the members with vast amounts of support from union/ALP sources who were determined to ensure that the HSU remained in the control of allies of the ALP Right faction leaders in NSW and Victoria. In relation to Marco Bolano's campaign against Diana Asmar, I knew Asmar to be a dishonest fraudster that her victory would see the Vic 1 Branch totally debauched. That is what has occurred.
34. The only other transaction in the period between September 2011 and the closing of the account in November 2013 was a single car rental in August 2013 (resulting in two separate charges). I say that expenditure was within the BCOM approval.
35. When the NHDA account was closed by me on the basis that it would no longer be utilised by me, I retained the residual balance of \$1,422.83. I considered that I was entitled to retain that modest amount as within my lawful entitlement, as reimbursement for purely union related expenses I had made out of my own monies in the preceding period in order to address the corruption in the union (for example \$20,000 paid out of my private funds to the private investigator retained to locate compelling evidence of Mr Williamson's corruption).
36. Turning to other transactions recorded in the NHDA bank statements I note that in a number of newspaper reports it was falsely asserted that I was unable to remember what an amount of \$50,000 withdrawn on 24 March 2009 was for.

The transcript records that I recollect that the money was for the Victoria No 1 Branch. Senior Counsel Assisting did not press me at that time for further details. I provide further detail now.

37. That amount was paid to Jeff Jackson to help pay a range of costs incurred in relation to the attempts by Jeff Jackson and his supporters to resist what may be described as a "hostile takeover" of the Branch launched by Ms Pauline Fegan in late 2008. I was aware that Ms Fegan was supported at that time by Mr Shorten and Mr Conroy. I was also aware that Ms Fegan had arranged for the purchase by the Victoria No 1 Branch of \$180,000 worth of merchandise from "Urban Giftware", a business owned and operated by her husband. I was aware that at least some of those purchases were at absurdly inflated prices. I believed that Ms Fegan was a bully. I considered that the interests of the HSU – including the Victoria No 3 Branch – would be seriously harmed if Ms Fegan were to gain control of the Victoria No 1 Branch. I considered it in the clear interest of the HSU that Ms Fegan be defeated in her attempts to gain control of the Victoria No 1 Branch.

38. Turning to other withdrawals in the NHDA bank statements I say as follows:

- (a) Most of the cash withdrawals in the period from late 2008 were devoted to costs associated with resisting Ms Fegan's attempt to gain control of the Victoria No 1 Branch. Some of the withdrawals were utilised to meet requests for money from political allies of the Union within the ALP or other unions.
- (b) In relation to amounts withdrawn prior to late 2008 I simply cannot remember the particular purpose for each withdrawal. However, I am confident that the overwhelming majority was devoted to meeting requests for contributions made by union/ALP allies of the Union. At this remove of time, and without the benefit of any records, I simply cannot recall which amount was paid to which person.
- (c) it will be noted that most of the ATM withdrawals are for an amount of \$800. It will be noted that most of the cash withdrawals are from "South Melbourne", that is, an ATM close to the union office in Park Street South Melbourne. Those amounts were most commonly used for:
 - entertainment – especially paying for staff and/or member drinks that I regarded as important in terms of maintaining and developing the esprit de corps amongst the staff and active members of the Union;
 - purchase of envelopes and/or stamps

39. There are 32 pages of available NHDA bank statements. I challenge any person to be shown 32 pages of their bank statements and be able to recall, without the benefit of records, what each transaction related to, between 5 and 7 years after the event, particularly when their life has been as eventful as mine has been in the intervening period. I say it is unremarkable that I cannot recall, without the aid of other records, what the purpose of each of the payments and cash withdrawals recorded in those bank statements were for.

SIGNED: _____
KATHERINE JACKSON

DATED this 29th day of July 2014

14_04_29 - Age (McKenzie Baker) - Kathy Jackson slush fund supported political allies.pdf

14_04_29 - Age (McKenzie Baker) - Questions but few answers surround curious bank account.pdf

14_04_30 - ABC AM (Uhlmann) - HSUs Jackson ran secret slush fund report - McGregor.pdf

14_04_30 - ABC Lateline - Slush funds linked to Kathy Jackson.pdf

14_04_30 - SMH (McKenzie Baker) - Kathy Jackson slush fund supported political allies.pdf

14_05_03 - Herald Sun - Ex HSU official is chased over funds.pdf

14_05_09 - SMH (Dunckley) - HSU demands Kathy Jackson repay \$250,000.pdf

14_05_10 - Aust (Wallace) - Ex-HSU secretary Kathy Jackson 'mov.pdf

14_05_25 - SMH (Millar Schneiders) - Inquiry to look at claims Philip Morris backed HSU candidates Kathy Jackson and David Feeney.pdf

14_06_06 - Age (McKenzie Baker Schneiders) - Whistleblower used \$1m in union funds - CASH + CREDIT CARDS.pdf

14_06_06 - SMH(McKenzie Baker Schneiders) - Statement says Jackson knew about graft claims for a decade - CASH + CREDIT CARDS.pdf

14_06_16 - ABC Lateline - Royal Commission focus shifts to Jackson.pdf

14_06_16 - ABC TWT - Royal Commission examines HSU.pdf

14_06_16 - Guardian (AAP) - Royal commission told big tobacco funded Health Services Union nominee.pdf

14_06_16 - McGregor RC Statement Doc - Table of Credit Card and cash payments (McGregor MFI 1 Tab12).pdf

14_06_17 - 1334 Telegraph (Benns) - Health Services Union whistleblower Kathy Jackson had access to \$250,000 of members' entitlement money.pdf

14_06_17 - 1630 ABC PM - KJ to front RC to face questions about misuse of members' funds - MCGREGOR PMAC SMEAR.mp3

14_06_17 - 1630 ABC PM - KJ to front RC to face questions about misuse of members' funds - MCGREGOR PMAC SMEAR.pdf

14_06_17 - 1747 Aust (Norington) - Kathy Jackson approved shifting of \$284,000 in HSU funds, inquiry told - PMAC SMEAR.pdf

14_06_18 - AFR (Mather Parker) - \$1.1m spent on cards - CREDIT CARDS.pdf

14_06_18 - Aust (Norington) - Kathy Jackson attacked over cash 'siphons' - BCOM CASH - NHDA.pdf

14_06_18 - Paul Murray - HSU In The Spotlight - Norington PMAC SMEAR ETC.mp4

14_06_18 - Telegraph (Benns) - KJ has three union credit cards, inquiry hears_ Accused of misusing HSU funds - Midnight AM.pdf

14_06_19 - ABC News (Grimm) - Questions about different accounts, as whistleblower Kathy Jackson continues evidence.pdf

14_06_19 - ABC PM (Grimm) - Questions about different accounts.mp3

14_06_19 - ABC PM (Grimm) - Questions about different accounts.pdf

14_06_19 - SMH (Schneiders) - HSU's Kathy Jackson_ brave whistleblower or union crook.pdf

14_06_19 - Telegraph (Benns) - HSU whistleblower Kathy Jackson says book with details of \$250,000 account was in her desk but is now missing.pdf

14_06_20 - Aust (Norington) - Kathy Jackson fell short on standards STANDARDS.pdf

14_06_20 - Herald Sun (Benns) - Kathy Jackson's book of secrets_ Struggles to answer questions at HSU corruption inquiry.pdf

14_06_21 - SMH (Schneiders) - HSU's Kathy Jackson_ brave whistleblower or union crook - Print Version.pdf

14_06_24 - KJ phone messages recorded (4pm).WMA

14_06_25 - KJ to Norington re conflict of interest.pdf

14_06_26 - Aust (Norington) - Kathy Jackson in spending spree with HSU funds.pdf

14_06_26 - Aust (Norington) - linked PDF - 604563-aus-news-file-ndha-bank-statement - MISDESCRIPTION.pdf

14_06_28 - Aust (Norington) - Kathy Jackson spent in absentia - 0659 on 28 June.pdf

14_06_28 - Aust (Norington) - Kathy Jackson spent in absentia - 8 Jul print.pdf

14_06_28 - Aust (Norington) - Messenger Kathy Jackson becomes focus of suspicion - MAJOR PIECE.pdf

14_07_16 - KJ to Amy at TRUC - Providing NDHA analysis.pdf

14_07_19 - KJ to Schneiders.pdf

