

WITNESS STATEMENT

Jane Christine Holt

Background

1. I am 59 years old and I reside in [REDACTED].
2. I am a self-employed bookkeeper.
3. I have completed the following qualifications:
 - (a) Certificate IV in Accounting;
 - (b) the Australian Institute of Company Directors course, which I completed in 2005; and
 - (c) BAppSci Winemaking, Associate Degree Viticulture.
4. I have sat on State Government Boards including five years on the North Central Catchment Management Authority Board and three years on the Coliban Water Corporation board.

Involvement with the Health Services Union

5. In 1988, I started to perform bookkeeping services for the Victoria No. 3 Branch (No. 3 Branch) of the Health Services Union (HSU). At that time, it was known as the "Australian Health Professionals Association" (AHPA). I provided these services as a contractor.

6. From 1988 until about December 2010, I was the bookkeeper for the No. 3 Branch, a role which I performed on a contracted basis. There were no other bookkeepers for the No. 3 Branch during this time.
7. From February 2008 until June 2013, I was also the bookkeeper for the National Office of the HSU.
8. Since August 2013, I have not had any bookkeeping role with the HSU.

Duties as bookkeeper for No. 3 Branch

9. During the period that I was the bookkeeper for the No. 3 Branch, I had the responsibility for managing all of the No. 3 Branch accounts. By this I mean I would:
 - (a) pay bills, employees of the branch, and other branch expense items;
 - (b) enter the necessary data into the MYOB accounting software;
 - (c) maintain the physical records containing the supporting documentation for the financial affairs of the No.3 Branch;
 - (d) prepare financial reports for the Vic No. 3 Branch; and
 - (e) prepare the material necessary for the Vic No. 3 Branch's auditor.
10. I worked approximately one day per week performing these duties, although my practice was to be "on call" to attend to any requirements that needed immediate attention
11. In about 2007, after the No. 3 Branch moved from Victoria Street, Carlton South to an office in Park Street, South Melbourne, I had an office there and worked one or two days a fortnight in the office and worked from home as and when required. My practice was to pick up any documents I needed when in Melbourne, and then to generally work from home otherwise.
12. Until about May 2010, I directly reported to Kathy Jackson (**Ms Jackson**). Ms Jackson was the branch Secretary until May 2010. I did not receive instructions from any other person.

13. In May 2010, No. 3 Branch amalgamated with HSU Vic No. 1 branch and HSU NSW to form HSU East Branch. I continued to be the bookkeeper for what was previously No. 3 Branch until about December 2010. During this time I continued to report to Ms Jackson. I also had dealings with Mr Barry Gibson (**Mr Gibson**) who was the financial controller for HSU NSW prior to the amalgamation and was the financial controller of HSU East after the amalgamation.
14. At the No. 3 Branch office in Park Street, I had some administrative support from one employee of the No. 3 Branch, Frances Lindsay (**Ms Lindsay**). Ms Lindsay was the No. 3 Branch administration officer and was also Ms Jackson's assistant. Ms Lindsay would scan and email me, on a daily basis, any documentation pertinent to my bookkeeping role. She also maintained for me a daily log of staff attendance, that is, who was on sick leave, ADO's, annual leave etc. I did not otherwise have any assistance preparing and maintaining the financial records of the branch.

BCOM

15. The Branch Committee of Management (**BCOM**) was the body responsible overall for the management and control of the affairs of No. 3 Branch.
16. During the period 2000 to 2010, BCOM consisted of about fourteen members. Ms Jackson was a member of BCOM and was the only union official who was a member of it. The remaining members were all employees in the health industry. I understood it was a requirement that BCOM members be working in the industry that the Health Services Union represents.
17. Located behind **Tab 1** of **Holt MFI-1**, is an Operating Report for the Year ended 30 June 2004 which records at **page 22**, the members of BCOM as at that point in time. To the best of my recollection, the list is representative of the composition of BCOM during the time that I was the bookkeeper of No. 3 Branch. The BCOM membership was always listed on the annual audited accounts.
18. Each time the BCOM met, the No. 3 Branch was obliged to pay each BCOM member, with the exception of Ms Jackson, a "sitting fee". My understanding was that this was because the BCOM members (excluding Ms Jackson) were giving up their personal time to the management of the union and all had jobs outside the union. The sitting fees were usually around \$8000 per meeting and would be paid in cash at

the meeting. I did not withdraw this money in advance of the meeting. I presume it was Ms Jackson who withdrew the money but it may have been one of the other signatories to the account, Mr Bryan Yeates.

19. I never attended any of the BCOM meetings.

Expenditure and making payments

20. I started working for No. 3 Branch in 1988. Ms Jackson commenced her employment with No. 3 Branch in 1990 and became the branch secretary in 1996. On 24 May 2010 the amalgamation of the following three HSU branches occurred to form HSU East Branch:

- (a) HSU NSW – a state registered branch of HSU;
- (b) HSU Victoria No. 1 branch – a federally registered branch of HSU; and
- (c) HSU Vic No. 3 branch – a federally registered branch of HSU.

21. I was a signatory on both of the No. 3 Branch cheque accounts. In later years, the other signatories were Ms Jackson and Mr Bryan Yeates.

22. One of my responsibilities was to move money between Trading Accounts and Investment Accounts. By “Trading Accounts” I mean cheque accounts. By “Investment Accounts” I mean interest earning cash management accounts.

23. Another of my responsibilities was to make payments out of the No. 3 Branch bank accounts to pay bills, payroll and expenses.

24. I would only make authorised payments out of the No. 3 Branch bank accounts. Until I ceased providing bookkeeping services to the No. 3 Branch in about December 2010, the only person who would give me instructions was Ms Jackson.

25. I had a standing authorisation to make electronic payments for routine business expenses and wages, using the CBA Commbiz internet facility. I was the only person with authority to enter transactions in Commbiz. The cheque bank authority was for any two of three signatories for the main cheque account. The second cheque

account allowed for one signatory with a maximum transaction value of \$5000. There were other signatories, myself, and two members of the BCOM.

26. For probably the last 4 to 5 years these two signatories were Mr Bryan Yeates and Ms Jackson.
27. I was expected to pay all recurring expense items like payroll payments or GST payments. Adjustments to an employee's wage, such as annual leave and leave loading would be via a signed employment leave form, authorised by Ms Jackson. Changes in pay rates would normally be via email from Ms Jackson, advising the new rate and the date the new rate commenced. This documentation would be filed in the Payroll folder.
28. For some regular monthly expense payments such as credit-card bills and Telstra accounts, payments were made via monthly direct debit. I would then enter the transaction in MYOB allocating to the appropriate expenses accounts. Ms Jackson provided credit-card receipts and if I did not know what the expenses were for, I would ask Ms Jackson to clarify what they were for.
29. For once-off type payments, Ms Jackson would usually talk to me in person (if I was in the office) or call me on the phone and ask me to make a specific payment. I would do the transaction as an electronic funds transfer on the spot although, occasionally when something had to be paid immediately, Ms Lindsay would make a telephone payment using Ms Jackson's Mastercard. More often than not the instructions would be verbal, although Ms Jackson would send me an email when I needed more information, such as, the payee bank account details. I did not keep notes of Ms Jackson's verbal instructions.
30. It was not one of my duties, or practice, to check to see if the making of a payment had been approved by BCOM.

Recordkeeping

31. As stated above, I maintained both electronic and hardcopy files for the financial affairs of the No. 3 Branch.

Electronic records

32. From about 2000 onwards, I used MYOB accounting software. I recorded the financial records in files titled "AHPA" which is an acronym for "Australian Health Professionals' Association". I continued to use this file name even after the branch changed its trading name to being HSU Health Professionals.
33. I will now explain why a rollover is necessary for MYOB and what it does. Accounting software has defined financial year periods, and financial reporting options from MYOB software is restricted outside of the current financial period. Therefore, once the annual audit is complete, it is appropriate to rollover to the new financial year. Payroll has a separate rollover function. Payroll entries cannot, not be made in a non-current financial year. Once a year has been rolled over you can no longer enter transactions into a prior year. This ensures the integrity of the system.
34. My practice was to retain a copy (backup) of the MYOB file immediately before I performed a rollover. The reason I did this was because you cannot reverse a rollover. I considered it to be insurance, in case I was a bit hasty and needed to correct an error. Obviously this is only valid for a short period otherwise there would be too many transactions to re-enter. Like all software you also need to do frequent backups, so if the file should be corrupted you have a recent file to restore and so I made regular backups that I kept on file for a period of 2 to 3 months.
35. Located behind **Tab 2** of **Holt MFI-1** is a flash-drive containing the following files from the records that I still have in my possession:
 - (a) File "ahpa 2006 pre rollover" which is a copy of the MYOB file that I maintained for No. 3 Branch and as it stood immediately prior to performing a rollover in MYOB;
 - (b) File "ahpa 2009 pre financial rollover" which is a copy of the MYOB file that I maintained for No. 3 Branch and as it stood immediately prior to performing a rollover in MYOB, prior to the 2010 audit; and
 - (c) File "AHPA Final" which is a copy of the MYOB file that I maintained for No. 3 Branch, being the version of the file I last worked on.

36. I no longer have earlier versions of the "AHPA" MYOB file. I suspect this is because I didn't transfer them to my current laptop machine about 4 years ago. The old laptop was later reformatted. At that point I presumably saw no need to hold on to old No. 3 Branch MYOB files. The legal obligation with the Australian Taxation Office is to keep all records for 5 years.

Physical files

37. I maintained at the office of the No. 3 Branch hard copy files containing primary source documents that supported the transactions that I made using branch funds and the accounts that I maintained in MYOB.

38. I did not maintain records of what financial material went to BCOM meetings or any records of BCOM approving expenditure items. I presume that either Ms Lindsay or Ms Jackson kept these records. I did not take very much notice of the administration practices which were outside of my remit.

39. I kept the accounting paperwork in folders. I had folders labelled:

(a) Payroll;

(b) Creditor payments;

(c) Bank statements and reconciliations;

(d) BAS/Superannuation and fringe benefits tax, Superannuation, Payroll Tax;
and

(e) Credit card records and vehicles.

40. I provide the following further detail in relation to the kind of records I kept for expenditure and income:

(a) Income was essentially derived from the bank statements. Ms Lindsay maintained the membership direct debits, and I would access these if necessary.

- (b) Cheque deposits were recorded in a bank deposit book. Hospitals made direct deposits on behalf of some members. The auditors would scrutinize both my entries and the membership paper records maintained by Ms Lindsay, ensuring that they matched. The membership database generated all of this paperwork. The majority of income was from direct debits, processed in batches of fortnightly payments.
- (c) In relation to Outgoings, I would print out a MYOB payment record, and attached would be the print-out of the electronic transaction from Commbiz and supplier invoice, or emailed request. These were filed in date order. If it was a cheque, then I would again print out a MYOB transaction record and attach the relevant paperwork and file it in date order.

- 41. It was my practice to put the date on the folder, mark what the folder was for and what the folder number was. It was my practice to fill approximately two archive boxes a year with folders containing accounting paperwork and the boxes were labelled and sent to document storage offsite.
- 42. There was a flood at the No. 3 Branch, Park Street office, although I cannot now recall when it was. A lot of the No. 3 Branch paperwork was destroyed in the flood however, no accounting documentation was destroyed.
- 43. Post amalgamation, incrementally my records were despatched to the Sydney office when requested. In June 2011, Mr Gibson requested all outstanding paperwork be sent to Sydney. This was done, although the majority of the records had already been sent to Sydney in 2010.
- 44. I have not retained any copies of the hard-copy files.

Preparation of monthly accounts

- 45. 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 considered, for example, comments on unusual transactions, such as, trading in old for new vehicles. Ms Jackson would advise me when she was having a BCOM meeting and required some current financial reports. I

would then generate reports, taken from MYOB to excel, and saved as pdf files. The format varied slightly over time.

46. Located behind **Tab 3** of **Holt MFI-1**, is an example of a report that I believe I created for a BCOM meeting. It is a Profit & Loss report titled "Health Services Union – Health Prof – Profit & Loss [Compare to Last Year] – July 2004 through February 2005". I also include other examples of year to date Profit and Loss reports with a comparison to the previous financial year for the period 2005 to 2010.
47. Located behind **Tab 4** of **Holt MFI-1**, is a further example of a report that I believe I created for a BCOM meeting in about May 2010 and the covering email dated 17 May 2010 and bearing the subject line "BCOM Reports".
48. I do not have any knowledge of BCOM's formal process for approving expenditure.
49. I did not see BCOM Minutes of Meeting and so I am not aware of the committee's specific procedure.

Preparation of audited accounts

50. At the end of each financial year, there was a legal obligation that the financial records of the No. 3 Branch be audited. I dealt directly with the auditor.
51. From 2002 to 2009, Mr Iaan Dick was the auditor for No. 3 Branch.
52. Mr John Agostinelli, a partner of Agostinelli Perlen Pty Ltd Chartered Accountants, was the auditor of No. 3 Branch for the 30 June 2009 and 30 June 2010 annual accounts.
53. My practice in preparing for an audit was to ensure the following:
 - (a) that my hard copy files were complete;
 - (b) that I had completed end of year transactions such as payroll accruals;
 - (c) I would ensure all payroll related accounts were reconciled and that all bank accounts were reconciled;

- (d) I would check that both debtor and trade creditor accounts were reconciled with the balance sheet;
 - (e) I would check that any capital items were correctly allocated; and
 - (f) I would reconcile GST and PAYG payments for the year.
54. I would provide the auditor (Mr Dick) with excel financial reports generated from the MYOB file and access to hard copy records.
55. Mr Dick would make general enquiries about accounts that I would answer. Source documents were always available in the office for his referral. Questions that related to BCOM and/or Minutes of Meeting of BCOM were directed to Ms Jackson to answer.
56. For the 2009 audit both Mr Agostinelli and his assistant, Ms Kylie Arizabaleta, attended the Branch No. 3 office and worked onsite for about two full days, took a copy of the MYOB file, worked through the hard copy records and conducted their auditing processes. For the 2010 audit, Ms Arizabaleta attended the office by herself. There would usually be a few follow-up queries via email and then the auditor would provide Ms Jackson with the completed audit report. At some stage, the auditor would also provide me with any adjustment journals to make in my MYOB file.
57. The auditors had access to all of the accounts and the software that I used.
58. Once the auditor had prepared the audited reports of the No. 3 Branch, the completed audit was provided to Ms Jackson.
59. My job finished with the providing of information to the auditor. I did not question the auditor's account allocations.
60. Once finalised, the auditors' report would be presented to a meeting of the BCOM. I did not attend these meetings. Located behind **Tab 5** of **Holt MFI-1**, are copies of the unsigned auditors' reports for FY 2004 to 2008 and located behind **Tab 6** of **Holt MFI-1** are copies of the concise reports for FY 2005 to 2008.
61. The BCOM would sign off on the final report and also the concise report for members and this would be recorded in the minutes for the meeting.

62. After BCOM had approved the audited annual accounts:

- (a) a summary copy of the auditors' report was then made available to all HSU Members of the No. 3 Branch prior to the Annual General Meeting of the branch; and
- (b) the signed audited accounts would be lodged with the relevant body, currently the Fair Work Commission, but I was not responsible for the lodgement of the signed accounts. Located behind **Tab 7** of **Holt MFI-1**, are copies of the signed statutory audit reports for No. 3 Branch, for the period 2004 to 2008, including copies of the signed concise reports.

Amalgamation into HSUeast

63. On 24 May 2010, No. 3 Branch was amalgamated with HSU NSW and Victoria No. 1 Branch to form the HSU East Branch:

Exit audit

64. Mr Agostinelli completed the "exit audit" for the amalgamation date of 24 May 2010.

65. Located behind **Tab 8** of **Holt MFI-1**, is a copy of an email I received on 29 July 2010 from Ms Arizabaleta, attaching the Journal entry adjustments and final Trial Balance as at 24 May 2010 for the No. 3 Branch.

66. Located behind **Tab 9** of **Holt MFI-1**, is a copy of an email I sent on 5 August 2010 to Ms Lindsay and Mr Gibson attaching a Profit & Loss Statement for the period 1 July 2009 to 24 May 2010 and a Balance Sheet as at 24 May 2010.

Accounting post amalgamation

67. From 24 May 2010 until December 2010, HSUeast and No. 3 Branch were running dual accounts. During this period I processed the payroll and some of the Victorian office bookkeeping requirements, whilst the NSW office gradually took over the day to day office administration.

68. There was some carry over between the branches in relation to wages, bank reconciliation and taxes to the Australian Taxation Office. Located behind **Tab 10**

of **Holt MFI-1**, is a copy of an email I sent on 10 August 2010, to Mr Gibson attaching MYOB generated Profit & Loss and Balance Sheet reports for the No. 3 Branch, as at 30 June 2010.

69. HSU East received most of the income. The transfer, whereby membership fees were being paid directly into the HSU East bank account, occurred fairly soon after the amalgamation.
70. The majority of members paid their union fees by regular direct debit payments. These batch payments were generated from union membership software or were otherwise paid by cheque or by BPay or payroll deductions by their employer.
71. The only members' fees that continued to be paid into the No. 3 Branch bank account, for a longer period, were small amounts of payroll deductions from the hospital employers.

Budgets

72. Located behind **Tab 11** of **Holt MFI-1**, is a copy of an email I sent to Mr Michael Williamson (**Mr Williamson**) and Ms Jackson on 1 July 2010 with subject line "Budgets". Attached to that email are documents titled "Health Services Union – Health Prof 2011 Budget" and "HSU VIC 1". My email responded to an email dated 30 June 2010, which Ms Jackson received from Mr Williamson urgently requesting the No. 3 Branch budget as he had to submit a combined budget for HSU East to the Commonwealth Bank. Located behind **Tab 12** of **Holt MFI-1**, is a copy of this email.

National Health Development Account (NHDA)

73. In or about November 2003, \$250,000 was deposited into one of the No. 3 Branch bank accounts as part of a legal settlement with the Peter MacCallum Cancer Centre in Melbourne. The actual settlement of \$250,000 was transferred to a high interest earning No. 3 Branch bank account. I refer to page 2 of the Profit & Loss Statement and the lines worded, "*Peter MacCallum Settlement Nov-03 plus \$250,000*" and "*Payment to NHDA out of settlement Feb-04 less (\$80,000)*" which is located behind **Tab 3** of **Holt MFI-1**.

74. To the best of my recollection, the National Health Development Account (NHDA) is a bank account that was opened after those settlement monies were received for the purposes of using those funds for promoting union campaigns and advancing the HSU. I refer to page 2 of the report I prepared for the BCOM, a copy of which is located behind **Tab 13** of **Holt MFI-1**. However, I cannot be sure of what the purpose of individual transactions were, as I was just the bookkeeper with no political involvement or particular interest in these activities. Ms Jackson would often chat about the Branch activities but in all honesty it was sometimes *“in one ear and out the other”* from my perspective. These transactions were recorded openly in the accounts, and included in all financial reports to BCOM.
75. After the NHDA was established, I would periodically pay funds into it on instructions from Ms Jackson. I think that Ms Jackson’s instructions to pay money into the NHDA account were almost always, if not always, verbal. There was no real pattern to when I would be instructed by Ms Jackson to pay money into the NHDA or the quantum of the amount transferred on any one occasion.
76. When recording the transactions to the NHDA in MYOB, my practice was to code those payments. The payment was allocated to the account 6-4000, titled “NHDA”.
77. The physical records which I kept of these transactions with No. 3 Branch were the bank transaction printouts from Commbiz.
78. I have reviewed my electronic records for the purposes of preparing this statement to identify how payments made to the NHDA were recorded by me in the No. 3 Branch financial records. I have isolated the transaction records for the following transactions:

#	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 Development Account	\$5,000	Holt MF1, Tab 14, # 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	

79. The documents referred to in the table above for transactions No. 2 – 18, copies of which are located behind **Tab 14** of **Holt MFI-1**, are screen-shot views of the specific transaction record in MYOB for each of those payments. The MYOB records that I have referenced in the final column of the table above are the electronic files that I referred to in paragraph 35 above and which are located on the flashdrive, which is located behind **Tab 2** of **Holt MFI-1**.

80. I do not have any specific knowledge of how funds deposited into the NHDA were spent afterwards, other than the money was intended for the advancement of the union. It was not a union bank account that I had access to.

81. Located behind **Tab 15** of **Holt MFI-1**, is a copy of an email I sent to Mr Gibson on 20 January 2011 in response to a request from him that I supply supporting invoices for the payments into the NHDA. My email contains the text from me:

"Barry, there is no documentation for these NHDA payments – please discuss with Kathy/Michael".

82. I asked Mr Gibson to talk to Mr Williamson because he and Ms Jackson were the two top decision makers of the HSU East, so they were the best persons to ask.

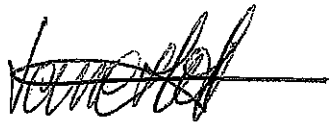
Ab Hinc

83. Behind **Tab 16** of **Holt MFI-1** is a screen-shot of a transaction record in my MYOB files for a payment made to "Ab Hinc" on 21 May 2010.

84. Behind **Tab 17** of **Holt MFI-1** is a copy of the hard copy material I kept in my files in respect of this transaction.

85. My knowledge of the payment made to "Ab Hinc" on 21 May 2010 is that it was a political donation, as recorded in the accounts, in the form of 10 dinner tickets for some sort of fundraiser (presumably ALP). This was a perfectly common occurrence. Political donations were recorded separately from non-political donations and donations over a certain value (I cannot now remember how much) were reported to the Australian Electoral Commission each year. The accounting and reporting of such donations was always transparent.

SIGNED:



JANE CHRISTINE HOLT

DATED this 3rd day of June 2014