

INTERNAL

OFFICE MINUTE

23 MAY 2012

**IN-CONFIDENCE**

SEGMENT

FORMAT

ISSUE DATE

CLASSIFICATION

**Australian Government****Australian Taxation Office**

## OFFICE MINUTE

FILE REF:

TO: Bruce Quigley, Second Commissioner Compliance.

COPIES TO:

YOUR REFERENCE:

FROM: Erin Holland, Deputy Commissioner Micro Enterprises and Individuals.

BUSINESS LINE: Micro Enterprises and  
Individuals

SECTION: Executive

CONTACT OFFICER: [REDACTED]

CONTACT PHONE: [REDACTED]

ISSUE DATE: 23 May 2012

RESPONSE DATE: Not applicable

SUBJECT: Compliance Activity: Health Services Union

### Purpose

For information.

### Background

Health Services Union of Australia came into being from 1 January 1991 as a result of the amalgamation of The Hospital Employees Federation of Australia and The Health and Research Employees' Association of Australia. The organisation's name was subsequently changed to Health Services Union with effect from 4 September 2006.

During the period 16 August 2002 until 06 December 2007 the National Secretary of the Health Services Union was Craig Thompson, currently the Federal member for Dobell. Subsequently, Kathy Jackson became National Secretary for the Health Services Union.

In April 2009, the Australian Industrial Register (AIR) requested financials for the 2007 and 2008 from the Health Services Union. In March 2010, Fair Work Australia wrote to the National Secretary of the Health Services Union (Kathy Jackson) notifying that an investigation would commence looking at record keeping, reporting and audit issues.

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## Consideration

On 7 January 2009 the Health Services Union commissioned Pitcher Partners to prepare a report to investigate certain parties and expenses. This report was completed in March 2009 and was referenced in subsequent reports by Fair Work Australia. The ATO has obtained a copy of this report.

Fair Work Australia released a preliminary report<sup>1</sup> on 23 December 2011 referencing their investigations into the Health Services Union Victoria Branch No. 1 (the Branch). A number of their findings and comments indicate the possibility of related tax compliance risks. These include:

- poor Branch recordkeeping, business administration and controls
- unauthorised payments and benefits to employees of the Branch
- use of Branch credit cards by employees for personal expenses
- transfer of Branch funds to personal bank accounts
- substantial unauthorised related party purchases
- auditor not meeting required standards in testing and reporting

The complete report was publically released on 7 May 2012.

A review has been undertaken of the findings in the preliminary Fair Work Australia report of 23 December 2011 and the Pitcher Partners report of March 2009. The complete report is currently being reviewed.

## Advice or Issue

Taxation and Superannuation impacts are being considered, with the compliance history of the individuals and entities mentioned in the report being examined.

## Action

For information.



Erin Holland  
Deputy Commissioner  
Micro Enterprises and Individuals

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<sup>1</sup> [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=eet\\_ctte/estimates/add\\_1112/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/estimates/add_1112/index.htm)