



Union rorts trail leads to ALP top

Rick Wallace

Victorian political reporter

DESIGNER clothes, dental work and drinking sessions at a favourite Labor Party watering hole were charged to a Health Services Union credit card, according to the latest claim of expenses rorts at the troubled ALP-affiliated union.

The revelations follow allegations that members' money was spent in a brothel and on trips to China, as well as unauthorised \$5000 payments and questionable merchandise tenders.

The scandal, involving outlandish spending by a union

INSIDE STORY

representing poorly paid workers, has spread from Victoria to NSW and into the federal parliament through rort allegations against federal MP Craig Thomson.

Statements seen by *The Weekend Australian* show a card allegedly issued to prominent unionist and Labor identity Jeff Jackson was used to pay the tab at the Hotel Lincoln — an inner Melbourne pub described as the “spiritual home of the Labor Right” — five times in six weeks.

The card was used at the same Sydney escort agency where a card allegedly issued to Mr Thomson, a former HSU national leader, was used.

Both Mr Jackson, secretary of the union's No 1 branch, and Mr Thomson deny the brothel claims and any other misuse of members' funds.

Key figures in the union say a vicious internal brawl has left the branch in a financial crisis after \$500,000 was spent on legal fees during internal feuding.

The row is being closely watched by federal and state Labor MPs, as the outcome will decide who controls 14 or more state conference votes — minis-

terial aspirant Bill Shorten or Victorian senator David Feeney.

The former friends are now on opposite sides of the Right, and whoever garners the HSU votes will control a spot on the party's national executive.

John Brumby has been drawn into the row, with Mr Jackson's former wife, current HSU national secretary Kathy Jackson, accusing ALP state secretary Ste-

phen Newnham of spreading the brothel claims, and calling on the Premier to dump him.

She has accused Mr Newnham

Continued — Page 8

Inquirer — Page 19

of using Mr Jackson's arch-enemy in the union, president Pauline Fegan, to try to seize control of the HSU's ALP conference votes to shore up his own position.

“I knew two weeks ago that Stephen Newnham had been talking to the press (saying) that he had statements relating to escort services,” she said.

“Stephen Newnham has been ... giving that information to the media. He was a dead man walking at ALP head office and he's found his personal lap dog in Pauline Fegan, who has not got any street smarts whatsoever.”

Ms Jackson has called on the branch's whole leadership team, including her former husband, to resign to allow fresh elections to be held.

The leaked credit card statements are purported to be those of Mr Jackson's Bendigo Bank union Visa card, although he has queried their authenticity.

The statements show the card was used at men's clothing stores in Melbourne, and Sydney, and also to pay a bill at a dentist in Balwyn for \$480. It was also used for a \$247.50 purchase at Collingwood Football Club and a \$310 purchase at a Balwyn liquor store.

The statements show payments in 2004 at the Lincoln on March 28 (\$408.70), April 15 (\$143.20), April 21 (\$411.90), April 23 (\$159) May 5 (\$139.80).

A Labor source told *The Weekend Australian* Mr Jackson hosted regular HSU-funded drinking sessions for the Labor Right at the hotel.

Mr Jackson is an influential figure in the state ALP, who has been waging a war against the Right faction leaders including Mr Shorten and federal Communications Minister Stephen Conroy.

Ms Fegan yesterday repeated her call for Mr Jackson to resign over the credit card bills. “It appears ... the secretary has been buying clothes and visiting the dentist on union funds,” she said. “And it would appear the card was used way too frequently at the Hotel Lincoln for it all to be union business.”

An audit of the union's finances by Pitcher Partners raised concerns about the issuing of blank cheques, unauthorised expenses and a \$150,000 tender that was issued to a company controlled by Ms Fegan's husband. The audit, which also queried credit card bills and union-funded trips to China, was referred to police but it is believed they found no evidence of criminality.

Mr Jackson could not be contacted yesterday but has denied any misuse of union money and said he would summon the original credit card statements from the archives to prove his innocence.

At his behest, the industrial registrar is also examining the union's books and the merchandise tender, which Ms Fegan claims her husband won on his merits despite no evidence of competing bids.

Ms Jackson in turn has accused Ms Fegan and her allies of using union funds to pay their personal legal bills and has had her lawyers demand repayment.

Mr Newnham did not return calls and Mr Brumby declined to comment.