

State of Victoria

Statutory Declaration

I, Robert John Kernohan

Of 33 View Street, Castlemaine, Victoria 3450

Workcover recipient, do solemnly and sincerely
declare that:-

Between approximately 1992 and 1995, financial fraud was rampant within the Victorian Branch of the AWU. Bruce Wilson was Victorian Branch Secretary, then National Construction Branch Secretary, based in Victoria between 1992 and 1995. By this time the unauthorised accounts had been in operation for at least 4 years.

The extent of this fraud is set out in sworn affidavits made in 1995 by then AWU National General Secretary, Ian Cambridge and present AWU Queensland Secretary and National President Bill Ludwig.

I was President of the Victorian General Branch of the AWU during the time a number of these frauds were occurring. In 1995 I was made aware of a

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number of unauthorised bank accounts/trusts that had been established in the name of the AWU by Bruce Wilson and his colleagues. Wilson was not authorised to establish these accounts and I became aware that money that should have rightfully gone into legitimate AWU accounts was being directed into the unauthorised accounts. These accounts were controlled by Wilson and not the AWU. Wilson was secretary of the AWU construction branch at the time. Wilson and Julia Gillard were in a relationship for an extended period, I believe including the time when the fraud was uncovered.

Julia Gillard was a partner of Slater & Gordon at the time and had done a great deal of legal/industrial work for Wilson's AWU branch over several years. This included work relating to the union's rules and internal union disputes. It has previously been reported that Julia Gillard, acting on instructions from Wilson set up these accounts.

There is evidence in the Ludwig and Cambridge affidavits that many hundreds of thousands of dollars of AWU member's money from these unauthorised accounts was used by Wilson for his own purposes, without the legal authority of the AWU. Ludwig's lawyers told the Federal Industrial Relations Court in 1996 that the full extent of the fraud exceeded well over one million dollars. A property was purchased in 1993 by

Wilson and Ralph Blewitt with some of this money. Slater & Gordon did the legal work related to the purchase of this property. Wilson lived in the house after it was renovated. The house was sold just after Wilson left the union as part of a deal that was designed to 'hush the fraud up'. None of the proceeds of the house sale came back to AWU members. Bruce Wilson was clearly a beneficiary of the unauthorised accounts, as he had established the funds. He and Ralph Blewitt (Secretary of the WA branch of the AWU) were signatories for the accounts. A number of Wilson's AWU colleagues also benefitted financially from these arrangements.

I became aware of the fraud in 1995. By this time the unauthorised accounts had been in operation for 4 years. During 1995, the then State Secretary of the AWU Victoria General Branch was approached by building contractors demanding payment for work carried out on two houses during Wilson's tenure as State Secretary that was purportedly authorised by the AWU. One of these houses was the property purchased by Wilson, in Kerr Street, Fitzroy with funds from the unauthorised accounts. AWU Secretary Bob Smith, AWU official Bill Shorten and myself believed that the other property was owned by Bruce Wilson's then partner, Julia Gillard.

Following the revelation of the frauds, the AWU's National Office took over responsibility for cleaning up the mess. I was not personally involved in this process, nor was I involved in the deal that resulted in Wilson and his colleagues leaving the AWU. I personally made a statement about the Wilson fraudulent accounts to the Fedpol Fraud Squad. I had a significant falling out with other AWU officials in relation to the handling of the matter. I believe other AWU officials were determined to cover up the affair and not pursue the vast sums of money that had been defrauded.

I was informed by Bob Smith, with Bill Shorten present, that some thousands of dollars were paid illegally from union funds, by Wilson, for house renovations to Julia Gillard's property. These payments were made from AWU funds out of one of the fraudulent accounts. In 1996, the AWU still had contractors chasing money for work they had carried out on other properties and were yet to be paid.

A number of high profile AWU officials who have moved into state and federal parliaments knew that Wilson and Julia Gillard were in a relationship at the time and that she was doing industrial legal work for Wilson during this period. They were also involved and/or aware of negotiations

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regarding the deal that resulted in Wilson and others leaving the AWU.

Wilson has never been held to account for these frauds notwithstanding a court order granted to Ludwig to recover over \$40,000 paid to Wilson as a redundancy payment. Wilson resigned from the AWU as a result of the deal reached. This deal was signed by then Victorian AWU Secretary Bob Smith, now a Victorian MP. This deal included various measures to keep details of the fraud quiet. As part of the negotiations surrounding this deal, I was personally offered preselection for a safe Victorian Labor seat if I kept my mouth shut. I declined the offer.

To my knowledge, well over one million dollars in funds that rightly belonged to AWU members has never been recovered. In the interest of AWU members I continue to hold the view that these matters require a full and open investigation, as also advocated at the time by Ian Cambridge, Joint National Secretary and supported by Bill Ludwig, Queensland AWU Secretary and National President, to ensure that justice is done.

I acknowledge that this declaration is true and correct, and I make it with the understanding and belief that a person who makes a false declaration is liable to the penalties of perjury.

Declared at Castlemaine

This 11 day of August 2010

Bob Kemaher -
.....
signature of person making this declaration(to be
signed in front of an authorised witness)

Before me,

 M. CRANE SIC 3491
Signature of Authorised Witness
CASTLEMAINE POLICE STATION
50 LYTTLETON STREET
CASTLEMAINE 3450

The authorised witness must print or stamp his or
her name, address and title under section 107A of
the Evidence(Miscellaneous Provisions) Act
1958(as of 1 January 2010), (previously Evidence
Act 1958)