



Alan Jones interviews Michael Smith

July 23, 2012

As a matter of public importance, we provide here the transcript of Alan Jones' 30-minute interview on Sydney Radio 2GB with Michael Smith on the four-year relationship of Julia Gillard with Bruce Wilson, who misappropriated union funds.

Julia Gillard, Bruce Wilson and Slater & Gordon

Alan Jones 2GB Talk Back Radio, 20 July, 2012

Transcript by Tony Thomas

Alan Jones: Look I have argued for months now that there must be more to this Thomson affair than we know. Why has it taken three years to investigate Thomson, which is basically about the misappropriating of union funds. Let's forget for the moment that they might have been used for travel or brothels or whatever; the fact is that there are 1.8 million union members in the country, they pay about 10 bucks a week minimum in union fees, that is \$18m a week or nearly a billion a year, so let's be honest, who is going to miss a couple of hundred thousand. This is just a running tap. If you have 72 Labor members in the House of Representatives and 32 are former union officials, how many of them might have done what Thomson did. If you have 23 out of 32 Labor senators who are former union officials, how many of them might not pass the kind of scrutiny being applied to Thomson?

Now one of the most trenchant supporters of Thomson has been Julia Gillard. The presumption of innocence must apply, she said. Mind you it didn't apply when they were attacking the [then] Governor-General Archbishop Hollingsworth; there was no evidence of anything against Hollingsworth, they didn't care then about the presumption of innocence. Is there more to this than meets the eye, you have to ask. The most powerful union in this nation is the Australian Workers Union. In 1992 Bruce Wilson was a senior official with the union in WA. He was married with young children. He had a reputation for militant behavior. He was known to act outside the law.

He met Julia Gillard in the early 1990s. She was a partner in the law firm Slater & Gordon. She lived in Melbourne. She started a romantic relationship with him. On April 22, 1992, Julia wrote out an application to the WA Corporate Affairs Commissioner to register a new legal entity. It was an incorporated association, the sort of entity a local youth club might set up for a hockey team or a kids' footie club. It allows the association to set up bank accounts, appoint a treasurer etc. BHP, I might add, doesn't run its business through incorporated associations. Optus doesn't operate through such associations. If the local manager of the NSW branch of Telstra went to a lawyer mate and asked the lawyer to set up the Telstra

NSW Accounts Receivable Association and started to pay Telstra bills into the account, he would be in the dock along with the lawyer. Unions don't operate their activities either through associations.

A union is a registered organisation under industrial relations laws. Julia, and as I understand it her handwriting is on it, wrote out the application to register the AWU Workplace Reform Association way back in April 1992. According to a report by Detective Sergeant McAlpine of the WA Fraud Squad, who was, when this matter was before the Australian Industrial Relations Court because that is where it was registered, in WA, and investigated this quote "fraud" unquote, only two people in the AWU knew anything about the existence of this association. Wilson and his accomplice this bloke Ralph Blewitt.

McAlpine wrote, aside from Wilson and Blewitt, no other person in the AWU had any knowledge of the existence of this organization. Its formation or incorporation had not been authorized by the AWU, despite the fact that one of the objects of this new association was to promote the development of unions.

Detective McAlpine described how Wilson would visit large building companies and have them write out cheques to the AWU Workplace Reform Association and apparently at least \$540,000 went into the accounts. McAlpine of the Fraud Squad wrote, quote: In addition to incorporating this new association and conducting negotiations with Thiess Contractors without the knowledge of the AWU, Blewitt and Wilson obtained a private letterbox at the Northbridge [WA] Post Office to which all mail for the AWU Workplace Reform Association was addressed. The AWU, says McAlpine, was unaware of its existence. So Julia Gillard, a partner in the law firm is in a romantic relationship with this bloke Bruce Wilson. He asks her to set up a new legal entity for the union. She asks for no resolution of the union, no minutes of the union meetings, no national approval for the new legal entity. She doesn't point out to her boyfriend that the rules of the union prohibit the establishment of a new entity like this association.

If the new association ran the tea club or a Tattsлото account that might be one thing, but this little cash cow did much more than that. As I understand it, a few months after it was set up, Wilson moved to Melbourne.

On February 13 1993 he set up a contract to buy a house in Fitzroy. He paid \$23,000 in deposit. A few days earlier he signed a cheque from the association's bank account for \$25,000. Bear in mind that Julia says she knew nothing about why her boyfriend needed this new association for union business.

She said she was young and naïve, and she was, quote, terribly distressed when she found out what he had been up to. According to her, he was concealing it all from her. He must have been very good (at that) because he chose her legal firm Slater & Gordon to do the conveyancing on the purchase of the house. Slater & Gordon, the firm in which Julia was a partner, wrote a letter to say that the amount of \$67,722.30 would be required from Wilson and Blewitt to complete the sale.

The law firm said it needed a bank cheque. Well, the firm must have trusted Wilson because there was no bank cheque, Wilson signed a cheque from the very association that Julia Gillard had set up just a few months before.

One of the rules of the association written to satisfy the WA Corporate Affairs Commissioner, was, quote: "the property and income of the Association must be applied solely in accordance with the objects of the Association. No part of that property or income

may be paid or otherwise distributed directly or indirectly to members unquote.” Well, Wilson and Blewitt at that stage still didn’t have quite enough money in the account to buy the house. They needed an extra \$150,000. Who lent them the money? Slater & Gordon, Julia Gillard’s law firm. It gave them as I understand it a mortgage for \$150,000 and the firm did the conveyancing for free. This bloke Wilson obviously was an important client. Julia Gillard was in a romantic relationship with him for four years, until he was caught out, as I understand it, in similar frauds using bank accounts in Melbourne. He was sprung in August 1995.

Wilson had by then renovated the house he bought with the money he had taken out of the union in 1993. He was dealing with many builders. Julia Gillard owned a house too. It was renovated during that time. And as the bank statements point out, huge amounts of cash came out of the AWU Workplace Reform Association, cash cheques for \$50,000, \$8,000, \$5000, every few days. It does make Craig Thomson look a bit of a miser. We don’t know where the cash went. Julia Gillard later produced a handwritten receipt from a builder, to say that she had paid for the renovation to her own home herself. No-one yet knows why \$18,000 was paid directly to a women’s fashion boutique in Melbourne, Town Mode.

In August 1995 it all came crashing down. Wilson left the union. The union paid back tens of thousands of dollars to various construction companies. In October 1995 it was becoming very public. Wilson was gone. The matter had been raised in the Victorian Parliament. It had been reported that Julia Gillard was being sacked from her job with Slater & Gordon. Julia Gillard was interviewed by *The Australian* on October 12, 1995. She told the reporter Ebru Yaman, “I am still a partner with Slater & Gordon, and I have no intention of going anywhere.” Soon after that story ran, she was gone, her desk was cleaned out. She has never practiced law since. She was without a job, as I understand it, for six months, until Joan Kirner arranged a role for her as chief of staff with John Brumby. Wilson was never charged. He and his accomplice Blewitt sold the house, and the union received not one cent of its money. A couple of people lost their jobs after trying to report this story. Michael Smith is one of them.

Michael Smith was a policeman in Victoria. He served in the busy Collingwood and Port Melbourne stations. He was in the regular army for eight years. He has been a successful businessman, CEO of a national mobile communications carrier in Jakarta Indonesia, the head of Telstra’s global satellite business. He was chairman of the board of the Queensland University Business School and director of the board of the Queensland Symphony Orchestra and actually ran the orchestra as CEO for three years. He was offered a job on Radio 4BC Brisbane, in 2008 and was very successful at that. He moved home to Sydney and last year he hosted Radio 2UE’s afternoon show, and he was the top rating day-time host on that station, but he lost his job over this matter.

Michael, you have tried to raise this matter and lost your job, how powerful have been the forces seeking not to have this matter discussed?

Michael Smith: Immensely. It has been done through back channels, never through a direct legal approach. I know that on the morning that I was going to broadcast this matter, Julia Gillard herself phoned the CEO of News Ltd, John Hartigan and made three demands of him

1. Hartigan withdraw a column that Glenn Milne had published in *The Australian* that day
2. That *The Australian* apologise for that

3. That News Ltd give her an undertaking that it would never again report in any way on websites or in its newspapers on this matter.

Jones: Why would anyone agree to those sorts of demands?

Smith: You would have to be present in the conversation with Hartigan. What I was told by a very senior News Ltd executive is that threats were made by the Prime Minister to harm the interests of News Ltd if it didn't comply with her direct demands of it. In my case, I worked for a radio station owned by Fairfax. Ten minutes before I was due to go to air after having recorded an interview with the former head of the union, Bob Kernohan, after having that exhaustively checked legally over the weekend and producing the various documents that my external defamation lawyer that Fairfax had engaged, required to substantiate the truth of the things we were saying. We had been right through that process, 2UE was promoting the fact that this interview was going to go to air, so it had been approved by 2UE management for broadcast. Ten minutes before I was going to air, a senior executive in Fairfax from Melbourne phoned and said you are not to broadcast it. And then it went on and on for a week or so. Ultimately they would not permit it to be broadcast or spoken about in any fashion. And you have to wonder what influence was brought to bear.

Jones: This union fellow Wilson, surely he can be located? Has he changed his name or appearance?

Smith: I have spoken with him, I know where he is, what job, what city.

Jones: He probably can't speak without incriminating himself?

Smith: Absolutely right. If he is to speak, the man seeks protection and immunity. There are others far more senior than him who are involved in this matter. It goes to the heart of unionism and the power of unionism.

Jones: And the Thomson affair?

Smith: It is identical, Alan. Michael Williamson the HSU guy, who is in the slot himself. Williamson was to Craig Thomson exactly as another very senior union man, Bill Ludwig, was to this bloke Wilson.

The best way I can illustrate it is this: If you leave home to go to work, lock the house up and you left \$5000 on the kitchen table, you come home and it is gone, you call police, "My money is stolen!". The police say they will investigate for you. They find the fingerprints, they find the crook. Here he is, here is the man who stole it. You look at the crook. It is your cousin. You go, "Oh shit!"

The police say they will charge him if you give them a statement. "I can't make that statement, I can't do it to my cousin". If it is your money and he is your cousin. That's stiff for you, that is your decision. But if you are a union official, it is not your money, it is the members' money. You can't say if you are Williamson, "Look, Craig Thomson has used all this money etc" but say to the police. "I am not going to give you a statement". That is exactly what happened with Wilson. The union chiefs would not give a statement to police that stated we owned this money. If you go to the Police Academy you learn the point of proof for theft, dishonesty, you appropriate property belonging to another with intention permanently to deprive the other of it. If you don't have a statement from the owner of the money, there is no charge and no offence.

Jones: The recently appointed CEO of News Ltd Kim Williams said at the SA Press Club last week that the public's right to know is sacrosanct. Without apportioning innocence or guilt to the Prime Minister, does the public have a right to know what went on in this matter?

Smith: Absolutely. To have confidence in our system we have a right to know. You look at the face of someone in their 50s or 60s who has been subjected to terrible abuse as a child. If the offender is brought to the dock even a generation later, it gives us confidence in the fact that this is a just place, a just community.

Jones: When the News Ltd stuff happened in Britain, phone hacking, Julia Gillard said that news organisations had serious questions to answer. From your understanding of this issue, does Julia Gillard have questions to answer, without in any way suggesting she is innocent or guilty?

Smith: Absolutely. I can't make a judgement about innocence or guilt. But, as a former policeman, I can look at the facts put in front of me and work out in my own head whether there is a prima facie case to answer.

Jones: Well, Robert McClelland is her former Attorney General. He, not me, has raised this matter in Federal Parliament. Was not he solicitor at the Sydney law firm Turner Freeman acting for the AWU union officials at the time, Bill Ludwig and Ian Cambridge?

Smith: Absolutely. It was Ian Cambridge, a former union official in AWU, who was the first union official in this country to call for a Royal Commission into his own organization. The former Attorney General Rob McClelland prepared the paperwork for that. He asked for the Royal Commission, I can see why.

Jones: To trace the misappropriated funds?

Smith: Absolutely, and to look at the role of senior union officials who can say to police when they knock on the door saying here is all the evidence, such as with Thomson, for example, and the brothels and the cash and the ATMs, how can it be just that union officials can say to police, no I will not give you a statement?

Jones: If Cambridge called for a Royal Commission then, Julia Gillard has subsequently appointed him to Fair Work Australia?

Smith: You have to look at a number of appointments, including the recent appointment of a federal court judge who was a partner in the same law firm with her, in the same IR department. I would be looking very closely at a number of these appointments if I was conducting the Royal Commission of Inquiry into this matter.

Jones: Cambridge has been calling on the one hand for a Royal Commission but then is appointed (to FWA). He was the author of the affidavit when McClelland was the solicitor. Cambridge is now in the union controlled Fair Work Australia, which has delayed the investigation into Thomson and, as I understand it, he has not pursued the Wilson-Gillard matter since.

Smith: That is true. He swore an affidavit with penalty of perjury if falsely sworn. You read it; read what he said about Slater & Gordon, and its role and Ms Gillard was a partner who was involved in this position where she had a conflict of interest having a sexual relationship with the man who headed up her client, the AWU, that was undisclosed to her partners. The Law Council would have a view about the appropriateness of that.

Jones: Did she, as a lawyer, set up accounts into which extorted funds were diverted? This union heavy was going around saying: I want this money, 25 thousand from you and 30 thousand from you in order to get work done. This was 20 years ago, and that money was shoved into another account the AWU would not know about. Did she set up those accounts?

Smith: I know that her handwriting is present. I have had that analysed by the country's pre-eminent forensic handwriting analyst, Paul Westwood. He is the same guy who helped me out on the Craig Thomson matter, who analysed the hand-writing on the credit card chits, the signature.

I am a layman. I can look at her handwriting, I have a copy here and the handwriting on that form. It is identical. But the forensic analyst tells me it is in all likelihood, balance of probabilities, written by the same person, by her.

Jones: The accounts set up that she as a lawyer opened at the direction of Wilson and Blewitt have been described by an AWU executive as unauthorized, invalid, irregular and used for quote, possibly illegal purposes. There were 13 of them.

Smith: Yes, a large number of accounts were set up. Wilson was given the flick from the AWU when the accounts that were established in Melbourne were discovered and he was allowed to leave the union, and in fact got redundancy payments. The money was paid back to the organisations that had paid the money into those accounts, in Melbourne. Julia Gillard was questioned in Melbourne and said: I have done nothing wrong. At that point the account she had set up in 1992 in Perth had not been discovered. It was discovered later, after he had left the union and after she had made the public protestation that she did nothing wrong. She had a duty as a lawyer acting for the AWU, upon a report to her law firm that fraud had been discovered, she had a duty to assist her client to find the location of any further monies that might be owing to it, including her knowledge, the fact that a cheque drawn on the association she had set up, had been used to buy a house for a person, not for the union, and she said nothing. This was in March 1993. Slater & Gordon were involved in the purchase of this property at 85 Kerr St, Fitzroy, and money that Thiess Contractors paid was used to pay for the property. Wilson's signature was on the cheque.

Smith: Absolutely.

Jones: Thiess was apparently not aware it was paying money into a fraudulent account. The house was sold in 1996, proceeds of the sale went to Wilson and Blewitt.

Smith: Correct

Jones: That was when Cambridge, the then national secretary of the AWU, swore an affidavit that he was unable to understand how Slater & Gordon who were then acting for the Victorian branch of the union, could have permitted use of the funds, which were obviously taken from the union in the purchase of private property of this nature, without seeking and obtaining proper authority from the union.

Smith: Absolutely. And when his Melbourne frauds were discovered in 1995 she said nothing about the existence of the Perth accounts or about acting for him and his offsider for purchase of the house in Melbourne, an asset the union could then have realized to try to get its money back. And weeks after that she had left the law firm Slater & Gordon and never again practiced law.

Jones: So basically this business, this fund came into existence as a result of an application to the WA Corporate Affairs Commissioner...

Smith: Absolutely. This business, this fund came into existence as a result of an application to the WA Corporate Affairs Commissioner to register an incorporated association that the AWU knew nothing about it, and money was being funneled out into the bank accounts of that.

Jones: And Cambridge became aware of all this and swore this affidavit.

Smith: He hit the roof mate, as did Bob Kernohan, or would any just person in looking at this. That is why he was so active calling for a Royal Commission into his own union. He wrote to the chief industrial relations Federal Minister Laurie Brereton: Look mate, the only way to get to the heart of this, who was involved, is by having a Royal Commission.

Jones: McClelland who was sacked, the dismissed Attorney-General, he was acting for Ludwig and Cambridge, he encouraged both of them, as I understand it, to submit affidavits to the NSW Industrial Relations Court.

Smith: Well, Con Sciacca was acting for Ludwig, up in Brisbane. It is factual that McClelland was acting for Cambridge. And McClelland prepared the papers and saw the documents and could see clearly what had gone on.

Jones: He was in the Federal Parliament.

Smith: He said in the House of Representatives, “What I saw then in the mid-1990s, when I was one side as lawyer and Julia Gillard was on the other side as lawyer, has colored my view about unions.” When I look at Thomson and the HSU it is eerily similar. I have spoken with Rob about this. The Thomson matter could not have happened if the call for reform which McClelland is now making, had been heeded.

Jones: He wants laws tightened as they apply to union accountability?

Smith: Absolutely. If you are a shareholder of BHP and the boss there is ripping off money for brothels and pulling out large amounts of cash, you as a shareholder can go to the Securities Commission and they will look into it.

If you are a HSU worker you put on your purple dress, get up at 5.30 am every morning and work in the furnace-like laundry of the hospital, and you see Thomson ripping off money for brothels, you have no means to bring that to the attention of the authorities.

Jones: Ian Cambridge who swore the affidavit and had called for a Royal Commission into his own union, was appointed by Julia Gillard to the union-controlled Fair Work Australia, which has taken an eternity and has still not fully reported on Thomson.

Smith: There are number of appointments I would suggest require some scrutiny.

Jones: The Industrial Court at the time ordered Wilson to repay some excessive redundancy pay he awarded himself?

Smith: Yes.

Jones: What happened to all the other money? Was it spent like Thomson on credit cards, and massage parlours.

Smith: I went through Thomson’s bank statements chapter and verse, and look, as a copper I saw that a lot of frauds started small, 100 or 200 bucks, and a bloke says, hey I’m getting away with this, and it becomes big. It’s the same with the Wilson matter. Except in the olden

days there were no ATMs, it is cheques. They are small now, then huge. This is great, I will buy a house, away we go. At the time when it was discovered and when Cambridge brought his action so vigorously before the court, the union went back to court with an application for more time to find where its assets were and the union, headed by Ludwig, allowed that to lapse. No-one did anything. And now Howes, boss of the union, tells the ACTU Congress that we must run to ground all malfeasance, all crooks, they must be found and put in gaol, and every cent of members' money recovered. Mate he has the files. He could commence today an investigation and he could heed the call by McLelland to go and find the assets. He could find (those) assets, and he has not.

Jones: As a lawyer with Slater & Gordon, Julia Gillard wrote out the application to register the AWU Reform Association and yet Slater & Gordon were representing that union and lawyers for Slater & Gordon would automatically know that unions don't operate their activities through associations of this kind.

Smith: That association was a sham. I have independently spoken to various defamation lawyers about that statement. I am absolutely confident in the truth of it. It was established to do six things and did none of them. It advised the Corporate Affairs Commissioner that if he registered the association in WA, it would not do one thing — distribute money to its members. But all the six things it was set up to do, it did none of them, and it did the one thing it promised not to do, give money to the blokes who set it up. No-one else in the union knew about it. It set up a private post box office. It is inconceivable that bills that could have been generated by the law firm and forwarded to the union's accounts payable for advice and work setting up this association, it is inconceivable that (the bills) could have been paid if it was fairly and properly conducted.

Jones: Is this the reason why the government has been very, very slow to act on Thomson and very, very silent in offering no criticism about him?

Smith: The Labor Party is so closely affiliated with the union movement. It is so full of people who owe their job to the support of an individual union at the Labor Congress. The AWU is the most powerful of them.

Jones: That is Bill Shorten's union.

Smith: Have a think about this one point. On the night that Rudd got the knife, who was it went on TV on ABC LateLine to announce why Rudd was going, that he would be replaced by Julia Gillard. It was Paul Howes, head of the AWU.

Julia is from the far left, socialist left. Bill Ludwig, national president of the AWU, is of the far right. It is just noteworthy that she stood by him at the AWU's National Congress and said, "I am proud to call Bill Ludwig my friend."

Well Ms Gillard, that doesn't surprise me in the slightest.

Jones: A final comment: Julia has said previously when questioned that she was young and naïve, and she was terribly distressed when she found out what the boyfriend Wilson had been up to. Would that be Wilson's account of things?

Smith: (*laughs loudly*), Alan, no.

Jones: According to her, Wilson was concealing it all from her.

Smith: Yeah (*laughs*). Bruce Wilson lives in a coastal town, he goes to work in a very old car, he is working in the kitchen at a registered club, he works shifts there cooking meals. He looks at Tim Mathieson and Julia Gillard getting on the plane and thinks to himself about what he knows. What if he was approached by the authorities? What would he have to say under oath? His account is very different from hers. And look Alan, you just add this up, the weight of Cambridge's affidavit, what Ludwig has to say, what his offsider Blewitt has to say, and all the documents, all the bank statements, all the handwriting analyses, put that on one side of the scale, on the other side of the scale put this statement: "I did nothing wrong, I was young and naïve."

Jones: OK, that is Mike Smith, actually when he last tried to raise these matters he lost his job. It is very strange, the world we inhabit.

Smith: Will you please indulge me, the hero of this affair is a man called Robert Kernohan, who was offered inducements, offered seats in Parliament, who was bashed senseless in the street, who had bullets mailed to his home address. That man has suffered immensely and has never once wavered in his pursuit of the return of his members' money, and he Rob Kernohan is a hero.

Jones: There we are. The public has to work that out for themselves. But nonetheless the people are asking questions about how this Thomson matter still remains unresolved. The genesis of that failure to resolve may lie in matters that occurred many, many years ago.

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