

RESPONSE TO THE INTERIM REPORT OF GEOFFREY WATSON SC

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ADMINISTRATOR

On Thursday, September 12th, I received the interim report of Geoffrey Watson SC, who had been engaged to “investigate allegations of criminal and corrupt conduct made against the Victorian and Tasmanian Branch of the CFMEU’s Construction and General Division.” A copy of the terms of reference are attached.

I consider the matters addressed by Mr Watson SC to be of the utmost seriousness and concern. In particular, I note the following comments contained within the report:

- “Because my investigation is incomplete, I am unable to make specific finding about the conduct of particular officers or employees of the CFMEU. “(7)
- “Based on the information uncovered during my investigation, the Victorian Branch has been caught up in a cycle of lawlessness, where violence was an acceptable part of the culture, and threats of violence were a substitute for reasoned negotiations. “(10)
- “Among the officials with whom I spoke, there was a general acceptance that threats, intimidation and violence were part of the landscape in which the Victorian Branch operated.” (15)
- “From my investigation, it appeared to me that, in this cycle of intimidation and violence the CFMEU had lost control.”(19)
- “On the information available to me, I consider that the Victorian Branch has been infiltrated by OMCG’s and by organised crime.” (26)

Mr Watson SC’s recommendations are attached in Annexure A of this response.

I note that the Watson report was limited in its ability to conduct a thorough review as a result of:

- The limited scope of the terms of reference.
- The limitation of matters to events in Victoria.
- The lack of coercive power to compel officers and employees to produce documents and provide other information or assistance.
- An inability to offer potential witnesses any promise of confidentiality.

I am not constrained by any of these limitations.

I have now had an opportunity to consider, at least in a preliminary way, Mr Watson SC’s report. I have accepted all of his recommendations.

Some recommendations I have already acted on. For others I am initiating a number of actions immediately:

1. I have asked Mr Watson to continue his investigation in Victoria and to provide me with a comprehensive report by no later than 1 December 2024. My intention is that the coercive powers vested in me will be able to be exercised to enable Mr Watson to overcome any limitation that might previously applied to him in the conduct of his investigation. This will include an investigation into the specific matters concerning Mr Derek Christopher and Mr Harry Korras referred to in the Report which Mr Watson SC has found warrant further investigation.
2. I have decided to establish an Integrity Unit within my Administration to systematically investigate the mounting number of allegations that have been and continue to be raised with me.
3. Further, in relation to Victoria, I have directed this new Team to make initial enquiries to several suppliers and their relationship with certain removed former senior officials and other former employees of the union.
4. I intend to initiate a broader investigation into the operation of labour hire, initially in Victoria. Of particular focus will be the circumstances in which EBAs have been entered into with labour hire agencies; the extent of connection between those agencies, organised crime and outlaw motorcycle groups; any illegal payments made by labour hire agencies directly or indirectly to certain removed persons and other former employees of the union (or relatives of those persons); and the appropriateness of labour hire being the mode of engagement of a large section of the construction workforce.
5. I have established an anonymous whistleblower service to enable members, delegates and employees of the CFMEU, and other industry participants, to report wrongdoing within the union and the industry.
6. I will give directions to all employees of the CFMEU involved in the EBA process. The directions will concern their obligation to act in the best interests of the members, including the obligations not to misuse their position, to declare conflicts of interest, and not to act in their own self-interest when dealing with EBAs.
7. I am taking steps to build cooperative relationships with regulatory authorities in accordance with s 323B of the Act.
8. I am of the view that members of outlaw motorcycle gangs (**OMCG**) and those connected with organised crime should not play any role in industrial relations in the construction industry, whether on the side of employees or the side of the employer. I will be working with a range of stakeholders (including regulators, governments and employers) to make it so.
9. I am initiating a detailed investigation into a series of issues in Queensland in relation to:

- a. The involvement of OMCG and those connected with organised crime in industrial relations in the construction industry, whether on behalf of the Union, on behalf of employers or as third parties;
- b. Whether former officers and employees breached their fiduciary obligations, including their obligations not to misuse their positions, to declare conflicts of interest, and not to act in their own self-interest when exercising any of their powers;
- c. Unlawful 'kick-backs' and secret benefits of any kind offered by employers to CFMEU delegates and officers connected with industrial relations, and the receipt of such benefits;
- d. Transfer of funds or resources from the CFMEU to Your Union Your Choice Pty Ltd and whether former officers breached their fiduciary obligations whilst still engaged by the CFMEU in taking steps preparatory to establish that entity;
- e. The use of 'charity' trusts and similar arrangements in the conduct of industrial relations within the CFMEU and the state registered union, and the extent to which that conduct contravened laws, involved undisclosed conflicts of interest, involved the misuse of the position, and resulted in former officers acting failing to act in the best interests of the members;
- f. The movement of funds, members and employment between the Federally registered Branch and the State Registered union and the financial viability of the Branch should the State Registered union be deregistered;
- g. Menacing behaviour, violence and threats of violence by or against those involved in industrial relations in the construction industry, including conduct by and against delegates, organisers and others;
- h. Any other matter related to corruption and criminal activity in the construction sector.

10. I am initiating a detailed investigation into the NSW Branch in relation to:

- a. The involvement of OMCG and those connected with organised crime in industrial relations in the construction industry, whether on behalf of the Union, on behalf of employers or as third parties;
- b. Whether former officers and employees met their fiduciary obligations, including their obligations not to misuse their positions, to declare conflicts of interest, and not to act in their own self-interest when exercising any of their powers;
- c. Financial irregularities including the operation of multiple accounts and trusts and entities, including the use of 'charity' trusts and similar arrangements in the conduct of industrial relations within the CFMEU and the State registered union;

- d. The failure of certain officers to properly exercise their fiduciary obligations in relation to the payment of legal fees in a criminal matter for Mr Michael Greenfield and Mr Darren Greenfield;
- e. Whether Mr Michael Greenfield and Mr Darren Greenfield breached statutory obligations in relation to allegations that they allegedly received payments from employers;
- f. The actions of the former President in relation to these matters;
- g. Menacing behaviour, violence and threats of violence by or against those involved in industrial relations in the construction industry, including conduct by and against delegates, organisers and others; and
- h. Unlawful 'kick-backs' and secret benefits of any kind offered by employers to CFMEU delegates and officers connected with industrial relations, and the receipt of such benefits.

11. I am initiating a detailed investigation in to the South Australian branch in relation to:

- a. Sexual harassment of female delegates
- b. Unlawful 'kick-backs' and secret benefits of any kind offered by employers to CFMEU delegates and officers connected with industrial relations, and the receipt of such benefits;
- c. Menacing behaviour, violence and threats of violence by or against those involved in industrial relations in the construction industry, including conduct by and against delegates, organisers and others;
- d. The involvement of OMCG and those connected with organised crime in industrial relations in the construction industry, whether on behalf of the Union, on behalf of employers or as third parties;
- e. Whether former officers and employees breached their fiduciary obligations, including their obligations not to misuse their positions, to declare conflicts of interest, and not to act in their own self-interest when exercising any of their powers; and
- f. Any other matter related to corruption or criminal activity in the construction sector.

The initiation of these investigations does not presuppose that those whose conduct will be examined have committed any civil or criminal wrong. They are investigations to discover the facts. Where the facts reveal wrongdoing, the investigations may result in civil action against wrongdoers, including the any former officers who contravened the law, any employers who were accessories to the wrongs by former officers, and the reference of matters to regulators and police in appropriate cases.

The establishment of the investigations does not mean I will refrain from taking prompt action based on credible evidence before the conclusion of these investigations.

Further announcements about these and other investigations will be made in the coming weeks.