



**REPORT OF AN AUDIT INTO THE
LONDON OFFICE OF THE AGENT-GENERAL
UNDER THE TENURE OF THE
HONOURABLE NEIL PICKARD**





BOX 12 GPO
SYDNEY NSW 2001

The Honourable the Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Mr Speaker

Pursuant to Section 52(3) of the Public Finance and Audit Act 1983, I present to you a report on an audit into the London Office of the Agent-General under the tenure of the Honourable Neil Pickard.

Yours faithfully

A handwritten signature in dark ink, appearing to read "A C Harris".

A C HARRIS

17 May 1993



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PART 1

EXECUTIVE SUMMARY

SUMMARY OF MAJOR AUDIT FINDINGS

As the specific parts of this Report indicate, this audit has involved, inter alia, a detailed review of source documents at the London Office during the tenure of the Agent-General, the Honourable Neil Pickard. The documents primarily focus on certain expenditures and information in the daily appointment sheets of the Agent-General, and the London Office Monthly Reports furnished to the Director-General.

Such a detailed review of any similar Office could be expected to expose some internal control deficiencies in financial management: no financial system (and perhaps no public servant) can be expected always to meet the stringent financial responsibilities properly expected of them.

The audit is also characterised by its concentration on financial management. Although there was evidence that the Office made achievements from time-to-time in its enhanced role of attracting business investment for New South Wales, no overall judgement about its effectiveness can be made in this Report. Further discussion on this is below.

Notwithstanding these comments, it is clear from the evidence outlined in this Report that the Honourable Neil Pickard, among other things, consistently confused private and public expenditures.

The public ought not to bear, as it did, expenditures: on private holidays or private journeys; on personal entertainment; for the consumption of other private goods and services; on a medical bill for a personal friend; for the use of an official motor vehicle by Mrs Pickard for routine, personal matters; and so on.

I cannot be confident that all such personal expenditures have been identified by this audit. The Report recommends that the Government investigate further the appropriateness of certain public expenditure authorised by Mr Pickard. Indeed, the Honourable Neil Pickard's invalid practice of using the Government's credit card for some personal expenditures and his private credit card for some public expenditures, together with sometimes scant descriptions of expenditures or their purpose, compounded the difficulty in this area.

In explanation, the Honourable Neil Pickard noted: that his tenure as Agent-General has left him in debt; that the position of Agent-General required him always to be on duty – in a manner similar to Ministers of the Government; that the credit limit on the Government's credit card was inadequate for his purposes, thus requiring the blending of available personal and Government credit; and that he gave instructions (which evidence was not supported by officers of the London Office) that he would meet all identified personal expenditures initially met from the public purse.

These responses, neither individually nor collectively, address adequately the totality of evidence in this report.

The Honourable Neil Pickard ought not, in the first instance, to have incurred a public debt for private purposes. Further, he ought not to have authorised the acquittal of that debt from public funds. Further, he ought to have repaid such inappropriately incurred expenditures earlier than he did. Indeed, amounts remain outstanding.

The evidence in this report also indicates that the Honourable Neil Pickard had an inadequate grasp of those responsibilities and obligations of public servants that he acquired when he became Agent-General. In spite of that, he was also reluctant to take advice or direction from superiors.

His appointing a personal acquaintance to the London Office, without merit selection procedures; his entering commitments above the approved financial delegation to refurbish the official residence; his appointment of several staff, contrary to the instructions of his superiors; his appointment of Mr Cordle as an ad hoc consultant, under an oral contract; his persisting with travel arrangements without approval from, and contrary to the instruction of, superiors; and his authorisation of a private sale, to his friend, of an Office motor-vehicle, demonstrate that inadequate grasp.

And I also do not find the responses of the Honourable Neil Pickard to these issues to offer much by way of mitigation. It is not appropriate to employ an acquaintance or relative without merit selection because he was available; it is not appropriate to exceed delegated expenditure authority on capital works (especially from the recurrent budget of the London Office after earlier admitting to the department that funds had not been included in the budget); it is not appropriate to expose the public service to claims of self-interest, by ignoring due process in dealing with relatives and friends; it is not appropriate to form, in the way he did, a view that superiors' instructions to him were not applicable to him.

In various parts of this report, reference is made to a Mr Anthony Cordle who, it is understood, holds a position as a Trustee of the Timothy Trust. Mr Cordle was engaged under an oral contract – without a stipend but with certain expenses approved by the former Agent-General met by the London office – to assist the Honourable Neil Pickard in meeting persons of influence who potentially could benefit New South Wales.

Presumably in this position and presumably to this end, Mr Cordle frequently met with the Honourable Neil Pickard in London, and travelled with him on numerous occasions when public expenditures were involved.

Apart from this, little information is available to me about Mr Cordle or about the specific purposes of the Timothy Trust or its source of resources. It is understood, however, that Mr Cordle was known to the Honourable Neil Pickard, before he became Agent-General designate, through their common religious interests.

It is unexceptional that officials – or Ministers – might wish to bring to bear their religious beliefs in the performance of their office. It is also unexceptional that officials would wish – in their private time – to see those beliefs sustained and furthered. However, when the persons concerned hold positions of public prominence, some care is required to maintain that separation of church and state that characterises Australia's Governments.

At the same time, that separation seems more strictly to be enforced in Australia than in many European or other countries. And if persons of influence overseas find that the religious affiliations of an associate offers them comfort, this ought not, per se, engender criticism.

Criticism can emerge when the accountability requirements of Governments suffer where, as is the case here, persons who sought official associations founded at least in part on religious affiliations have strong needs for privacy.

Such privacy, and to some extent secrecy, requirements appear evident in the association between Messrs Pickard and Cordle on the one hand, and between them and their associates on the other. This desire for privacy militated against any meaningful assessment in this inquiry of the effectiveness of Mr Cordle's significant involvement in the affairs of the London Office. Such privacy also leaves unresolved any suspicion (which Mr Pickard might or might not have contemplated) that religious or other private issues, rather than the Office's goals, were the dominant feature of the relationship.

There is some evidence that Mr Cordle's assistance was relevant to the Office's objectives. But it is insufficient to support the conclusion that the assistance was cost effective. The London Office had over a period of time established other relationships and networks (including new business strategies outlined in a draft business plan prepared by Mr Brunsdon) which, per force, were given reduced attention by the Honourable Neil Pickard.

Another issue addressed in the report is the proximate cause that allowed the activities outlined above.

There was, as is clear, a lack of effective internal control. As noted above, vouchers approved and authorised for payment by the Honourable Neil Pickard, for his own expenditure, included items which ought not to have been paid for from the public purse.

In part, this was due to the unwillingness or apparent inability of the staff of the London Office to identify private expenditures, to press their concerns with the Agent-General or to address their unresolved concerns to the Department of State Development in Sydney. Evidence indicates that only the London Office raised with the former Agent-General questions about the appropriateness of some accounts. But it did not pursue the issue further when the former Agent-General reaffirmed his decision that the expenditure was of an official nature. To some extent, this inability or unwillingness to pursue issues could have been expected. It is easy to understand why overseas staff, who are appointed as temporary officers, who have a former Minister as a superior, and who have no convenient direct communication channels with the head office, would be reluctant, in order to keep their jobs, to pursue an issue against the views of an Agent-General.

To overcome this problem, it is suggested that the Department consider the benefit of regular internal audit scrutiny of the details of its Tokyo and London offices' expenditures. Alternatively, the Department could consider establishing a reporting mechanism that requires the offices' accountants to raise directly with the Head Office the detail of abnormal expenditures where advice or another opinion would be useful. Such abnormal expenditures should include expenditures that prima facie could be seen as personal expenditures, expenditures for which no delegated authority exists and expenditure on advances that remain outstanding for more than several weeks. There is also a need to improve management information systems so that expenditure trends can be regularly monitored.

It would have been useful if the contract between the Government and the Agent-General had been more detailed, and less ambiguous, in describing conditions of employment. For example, there is in the standard contract little advice on the purposes for which the Agent-General's representation allowance can be used. And because there is no requirement to account for its use, it would be surprising if it were always used in a manner intended by the Government. For some officers, it could merely be seen as a tax-advantage salary top-up. Similarly, the contractual limitation on spouse official travel, to no more than six trips each twelve months, could be interpreted as applying to all trips or to non-domestic (UK) trips. The penultimate Agent-General, who had no or limited European responsibilities, interpreted the clause in its most stringent sense, while the Honourable Neil Pickard, who had European responsibilities, viewed it in its generous meaning as applying only to non-UK trips. Further, there is a lack of clarity on the use of the Agent-General's official vehicle for private purposes; and on the means to account for and meet eligible health expenditures.

While oral briefing can assist a senior appointee to understand the intent of the contract, it would be preferable for future contracts for the chief overseas officers in Tokyo and London to be amplified.

A third issue concerns the accountability and reporting chain for an Agent-General. Correspondence indicates that the Government endeavoured to ensure that the Honourable Neil Pickard had a single accountability, to the Director-General of the Department of State Development. Advice and instructions to this effect were provided to the Honourable Neil Pickard on several occasions (by the then Premier, the Honourable Nick Greiner, by the Director-General of the Department of the Premier, by the Ministers for State Development during Mr Pickard's tenure, and by the Director-General of the Department of State Development himself).

Nevertheless, perhaps because of the nature of the appointment or of the appointee, that single channel of accountability was not always followed.

The announced abolition of the office of Agent-General and the associated removal of consular-type responsibilities from the London Office will reduce the potential for future accountability problems. And these changes will make easier the assessments of whether expenditure made by the Office is efficient and effective.

Future accountability problems would be further reduced if, as was once intended, appointments of the chief officer in New South Wales' overseas establishments were not – as seems to have been the case here – mainly or solely based on resolving political problems.

Another question concerns the restitution of moneys inappropriately paid from the public account. The Honourable Neil Pickard has indicated his continued willingness to repay amounts owing to the State. The parts below indicate – to the extent that records allow – that the total sum of money owing is likely to be sizeable, even if all the ambiguities in the contract of employment are read in favour of the Honourable Neil Pickard.

But it is not only clear that Mr Pickard owes the Government money; it is also clear that had the Government known earlier of the issues raised in this report, the Honourable Neil Pickard, as a public official, would have been liable to severe disciplinary action.

PART 2

THE REVIEW

INQUIRY INTO LONDON OFFICE OF THE AGENT-GENERAL

History of London Office

The Agent-General represented New South Wales in London from colonial times; the first appointment was made on 1 January 1863. The Government of the day made appointments to the position on a contract basis through the Premier's Department. Appointments to the position have been mainly former politicians, although, particularly during the past twenty years, appointments from the private sector were made.

Duties of the Agent-General

Until the end of the term served by the Honourable Kevin Stewart late in 1988, the prime responsibility had always been that of a diplomatic role. The former Premier of New South Wales, the Honourable Nick Greiner, changed the direction of the role of Agent-General so that the occupant focused primarily on strategies to promote new business to New South Wales. The Premier's Department appointed Mr Norman Brunson, Chartered Accountant, on 6 February 1989 to meet the challenge of the new direction. On 8 July 1989 the responsibility of the Agent-General, for reporting purposes, was transferred from the Premier's Department to the Director General, Department of State Development. This change emphasised the new role, duties and responsibilities.

Government Proposals to Close London and Tokyo Offices

The Government decided in the early part of 1991 to close the above offices. The Minister for State Development, at that time the Honourable Michael Yabsley MLA, stated in a letter to the Premier dated 11 July 1991 that the timing of the closure was dependent on the development of performance agreements with AUSTRADE. Treasury Budget Papers for 1991-92 had quantified the expected savings from the closure of both Offices. This proposal was subsequently reversed by the Government.

Events Surrounding Appointment of the Honourable Neil Pickard

In a radio interview with John Laws on 28 March 1991, the Honourable Nick Greiner explained some of the background to the Honourable Neil Pickard's appointment to London.

The former Premier noted that the appointment was inconsistent with the approach to the position that he previously espoused but that it enabled the Government to solve some issues caused by an electoral distribution. At the same time, the former Premier pointed out that the Honourable Neil Pickard had management skills that were evident from his time as a Minister in the Government.

SERVICE AS AGENT-GENERAL, LONDON

Appointment

The Honourable Neil Pickard was appointed Agent-General, London for 3 years commencing on 1 September 1991 (as specified in an agreement, prepared by the Premier's Department, signed on 20 May 1991). Remuneration details are set out hereunder. For the period from 27 May 1991 Mr Pickard was appointed as the Agent-General Designate until he officially took up duties in the London Office on 16 September 1991. During this period Mr Pickard did not receive either of the allowances listed.

Salary	-	\$48,230 per annum
Living Allowance	-	\$32,780 per annum
Representation Allowance	-	£Stg 14,640 per annum

Dismissal

The Premier the Honourable John Fahey MLA, in a letter of 1 September 1992 to the Agent-General outlined, among other things, a restructure of the London Office, which would be headed by a Director, Trade and Investment, to concentrate on the core activities of expanding and diversifying the State's commercial links with the region. The letter also stated it was essential that the refocussing of the activities of the Office proceed in a smooth and constructive fashion. To meet this objective, the Premier has decided to give the Agent-General six (6) months notice that his contract be terminated; the last day of duty in London was to have been 1 March 1993. (Mr Pickard's agreement required, in the ordinary course, a minimum 3 month's prior notice.)

The Premier in a letter dated 27 October 1992 stated:-

I refer to the Department of State Development Information Bulletin No. 92/70 regarding international travel restrictions. That Bulletin advised that the Minister for State Development wished to give approval to all international travel. I note that despite this directive, you and other members of the London Office, travelled abroad at public expense without first seeking or obtaining approval.

In these circumstances, I feel that I have no alternative but to terminate your appointment as Agent-General for New South Wales.

I have asked the Minister for State Development to contact the Manager, Business Development, New South Wales Government Office, London, with a view to finalising details for the handing over of the management of the office and the vacation of the official residence.

Mr Pickard was paid to 27 October 1992 inclusive, his last official day of duty. He remained in the Office until 30 October 1992 and vacated the Official Residence in London on 15 November 1992.

Terms of Reference for Audit

On 23 December 1992 an audit review was formally requested by the Director-General at the direction of the Honourable Peter Collins, Q.C. M.P., Minister for State Development, by the New South Wales Auditor-General's Office with the following suggested terms of reference:-

To review the Agent-General's London Office during the tenure of the former Agent-General, Neil Pickard which would focus on the financial management and accountability of the London Office.

In conjunction with the specific request by the Minister, I have also invoked other sections of the Public Finance and Audit Act, to assist me to audit the expenditure of public funds which apply to the London Office. Specifically, the inquiry is being conducted pursuant to Section 35 of the Public Finance and Audit Act, 1983 and this Report is presented to the Treasurer pursuant to Section 35(4) of that Act.

AUDIT OBJECTIVES

The basic audit objectives were to form an opinion on:-

The financial management and accountability of public funds in the London Office during Mr Pickard's tenure of office, including practices of staffing, delegations and budgetary control.

In addition, the objectives allow some brief assessment on the relationship between certain expenditures by the London Office and the functions of the Office as specified in the Agent-General's contract.

INFORMATION SOURCES

The review was conducted in Sydney, principally drawing upon documents supplied by relevant parties. It was also assisted by the voluntary participation of Mr Norman Brunsdon (the penultimate Agent-General) and the Honourable Neil Pickard in a discussion on the issues under examination.

London Office Information

Expenditure vouchers as provided by the Department of State Development.

Daily Appointment Sheets of Agent-General.

Monthly Reports to the Department of State Development.

Responses to audit queries, and other general information.

Documentation provided by the Department

Copy of agreement between the Premier's Department and Mr Pickard.

State Development Briefing.

Premier's Department Briefing.

Other documentation, and information as requested.

Premier's Department

Transcript of radio interview between Mr Greiner and John Laws.

Michael Knight, M.P.

Freedom of Information material.

Fact Finding Interview with the Honourable Neil Pickard and the Auditor-General.

Discussion by Auditor-General with Mr Norman Brunsdon, Chartered Accountant.

EXCHANGE RATE

Figures shown in the report represent £Stg and should be multiplied by an average exchange rate of 2.4 for the calculation of Australian Dollars.

PART 3

TRAVEL

SUMMARY OF MAJOR AUDIT FINDINGS

Major observations arising from the audit review of the London Office during the Honourable Neil Pickard's tenure of office are set out in the executive summary. These key findings should be considered in the totality of the further discussion later in the report. To facilitate consideration of the findings, however, this summary has listed the broad categories which relate to major themes of the report.

TRAVEL

- The Honourable Neil Pickard ignored the intent of Ministerial travel directive (Information Bulletin 92/70) dated 17 September 1992, and received in the London Office the same day. On 17 September 1992 a personal letter from the Director-General to Mr Pickard was prepared (and sent from the Director-General's Office for despatch by courier to London) informing him that the travel directive applied to him personally. This was not received in the London Office until 9 October 1993 and not opened until 12 October. This resulted in unauthorised expenditure of £5,935.33 (Schedule A) for trips between 18 October 1992 and 23 October 1992 comprising Mr and Mrs Pickard and an employee of the London Office to Nice, followed by Mr Pickard and another employee to Dusseldorf.
- The Honourable Neil Pickard authorised the payment of certain air fares and accommodation at a cost of £1,654.59 for Mr A. Cordle, who was not an employee, and whose identity was unknown to the London Office or the Department of State Development.
- Mr/Mrs Pickard, an Office employee and Mr A. Cordle arrived in Paris on different days between 5 and 9 September 1992. Further to the specific reasons for the trip, Mr/Mrs Pickard attended a wedding in Paris on Saturday, 5 September 1992 for which private accommodation was paid by Mr Pickard. Accommodation for the group was booked at the Hotel Crillion in Paris (in preference to more economical hotels typically used by the London Office) which was claimed necessary in order for Mr Pickard to entertain Prince Von Liechtenstein, as arranged by Mr Cordle.
- The Honourable Neil Pickard approved the travel of two Office staff, the only business development staff at the London Office, to Singapore and Australia from 16 June 1992 to 13 July 1992. The management decision by Mr Pickard was questioned by the Department. (Mesdames McLean and Lyne were appointed, without proper authority, to the London Office in the absence of the above staff.)
- The Honourable Neil Pickard, while the two business development staff of the Office were in Australia, approved the appointment of Ms McLean's, travel to Italy from 8 to 13 July 1992 at a cost of £1271.97. (The period included weekend accommodation.)
- Mr/Mrs Pickard travelled by vehicular ferry to Guernsey at a cost of £287 to the London Office for Easter Holidays from Good Friday, 17 April 1992 to Tuesday 21 April 1992 inclusive. Tuesday was taken as recreation leave. The Pickards stayed with friends, Mr/Mrs Hayes. Mr Pickard who originally held this trip to be a business trip has since agreed to repay the cost.

- Trips overseas approved by the Honourable Neil Pickard, included the cost of commencing and closing weekend accommodation on four occasions which might not have been the most cost effective means of travel. The travels of the Honourable Neil Pickard and Mrs Pickard included two of these trips, one to Ireland and one to Spain. Moreover, it was more cost effective to use the support services of Austrade in preference to costs incurred of staff from the London Office.

The Department of State Development has quantified the additional costs of weekend accommodation, meals, bar, etc. at £1,281.54.

- **Travel Mrs Pickard**

Mrs Pickard was entitled to the cost of her travelling expenses on six occasions in a twelve month period. On its face, the agreement limited the Government's liability to meet the expenses of Mrs Pickard to these six occasions whether within or outside the United Kingdom.

Mrs Pickard travelled on some sixteen occasions, nine Overseas, where overnight accommodation was involved in either the United Kingdom or Overseas. The cost of three Overseas trips (more than the limit of six in a 12 month period) has been quantified at £2,602.80. (See Schedule O).

The penultimate Agent-General, whose duties were narrower than those of Mr Pickard, had interpreted this provision to apply to trips in the United Kingdom. The Honourable Neil Pickard whose duties included the United Kingdom and Continental Europe held the provision to apply only to non United Kingdom trips. Mr Pickard maintained that this view was supported by oral briefing provided to him prior to his departure.

The relevant officer in the Premier's Department does not recall providing such advice but agrees that Mr Pickard's interpretation, within its context, is not unreasonable.

SUMMARY OF DETAILED FINDINGS

TRAVEL

Travel Directives

The Department of State Development issued an Information Bulletin No. 92/70 dated 17 September 1992 which specified, among other things, that the Minister wished to approve all international travel by staff.

The Department's Director-General, on the same day, wrote to the Agent-General personally to inform him that the Minister was, forthwith, to approve any travel by the Agent-General or his staff out of the U.K. during the balance of the Agent-General's time in London. These communications were received by letter in the London Office on 9 October 1992 (although a facsimile was received in the London Office on 17 September 1992 as confirmed hereunder).

In response to the new instruction, a business development officer of the London Office prepared a facsimile dated 18 September 1992 to the Director-General of the Department of State Development requesting approval to attend the German-Australian Business Conference to be held in Dusseldorf, Germany from 22 to 24 October 1992. The request also stated:--

I am the only person from this office proposing participation.

This facsimile was not signed nor sent by the officer concerned but remained on a London Office computer disk which was later activated following Mr Pickard's departure as Agent-General.

Mr Pickard was on leave from 12 October 1992. Mr/Mrs Pickard were on holidays in Rome the week prior to an official - but unauthorised - trip commencing 18 October 1992 and flew from Rome to Nice where they were joined by an office staff. Mr Pickard then flew to Dusseldorf where he was met by another staff of the London Office.

The Ministerial directive was finally reaffirmed for all staff and the Agent-General personally by the Director-General in a telephone conversation on 16 October with Mr Pickard who was found at that time on leave in Rome. Under one view, in my judgement the preferred view, Mr Pickard informed the Director-General that he intended to proceed to a conference in Nice and a conference in Dusseldorf and that he would speak directly to the Minister about it. Mr Pickard did not contact the Minister until Sunday morning 25 October when he was back in London.

The London Office Monthly Report dated 8 October 1992 forwarded to the Director-General, Dr Saunders, referred to both trips in the Calendar of Future Events.

Notwithstanding the Ministerial travel directives, the Honourable Neil Pickard authorised expenditure for the trips abovementioned at a cost of £5,935.33 (Schedule A) from the funds of the London Office. Such expenditure is not considered allowable as a business expense against the London Office and is unauthorised expenditure under Section 12 and/or is arguably a misappropriation of money under Section 61(1) of the Public Finance and Audit Act, 1983.

Travel Directives

Response by Mr Pickard

The undermentioned comments were made on this matter in response to the 'draft' report.

Your report fails to address the following issues:-

- (a) When arrangements were made for attendance at the conferences;
- (b) When payment was actually made for attendance at the conferences;
- (c) The extent to which the Department of State Development had been advised by way of earlier monthly reports of the proposal to attend the conferences;
- (d) The importance of attending those conferences from the point of view of the interests of New South Wales and the value of Mr Pickard's attendance;
- (e) What relevant conversations took place between Mr Pickard and the Director-General of the above Department and between Mr Pickard and the Minister regarding these conferences.

Overview

The Agent-General had a responsibility as the Head of Post of the London Office to comply with Ministerial and the Director-General's lawful directions. These were, in my view, clearly conveyed and they were known to Mr Pickard and staff at the London Office. The Ministerial and Director-General's travel direction clearly, in my view, countermanded any earlier plans or itineraries for the trip. The travel directives did not specify that Mr Pickard could not travel but travel had to be approved by the Minister. The matters now drawn to attention by Mr Pickard ((a)-(d) above) could have been a basis on which he could have asked the Minister for approval. He did not take up this option.

As to (e), the content of the discussion between Mr Pickard and the Director-General is in dispute. Mr Pickard says that, if the letter dated 17 September 1992 did apply to him, the Director-General approved the Nice and Dusseldorf trips by not objecting to them when given the opportunity. Mr Pickard also claims that the **directive** of 17 September 1992 did not apply to him or the London Office.

Other evidence - that which I prefer - indicates that many staff in the London Office believed that the circular **directive** was applicable to the Office. It also indicates that Mr Pickard informed the Director-General that Mr Pickard would talk to the Minister about the intent of the letter of 17 September 1992. As noted above, this contact occurred only when Mr Pickard returned to London.,

Travel Mr Cordle

The Honourable Neil Pickard authorised payments of £1,654.59 for the airfares of Mr Cordle who accompanied him on trips to Germany, Paris and Slovenia and accommodation in two instances as specified in Schedule B.

The London Office reports, in its response to our queries on expenditure, the Honourable Neil Pickard stated that Mr Cordle was a business consultant who was assisting him in a business advisory capacity, and consequently the fares and accommodation were a Government cost.

Overview

The Honourable Neil Pickard, by employing Mr Cordle, without a contract, albeit with no remuneration, exposed the Government to a number of financial and other risks. For example, the Government would arguably have been open to claims for any loss suffered by Mr Cordle on these trips. In the event, because the Honourable Neil Pickard has not provided adequate advice on this matter, the major effect has been the lack of accountability for the costs incurred.

Travel to France Saturday 5 September 1992 – Wednesday 9 September 1992 Cost £4424.82

Mr Pickard (arrived 5 September, departed 9 September)
Mrs Pickard (arrived 5 September, departed 8 September)
Officer from the London Office (arrived 6 September, departed 8 September)
Mr Cordle (arrived 8 September, departed 9 September)

The Honourable Neil Pickard stated that he and his wife attended a wedding in Paris on Saturday, 5 September 1992. He met the expenses of hotel accommodation on that night.

For subsequent nights, the group stayed at the Hotel Crillion which is one of, if not the most expensive in Paris.

The London Office states that this Paris trip was scheduled at short notice by the Honourable Neil Pickard who directed the Manager Business Development of the London Office to draw up an itinerary. The Honourable Neil Pickard mentioned he and his wife had to attend a wedding in Paris on Saturday, 5 September 1992 and the group had to stay at the Hotel Crillion in Paris, in preference to the more reasonably priced Hilton and Hotel Meurice which were normally used and provided "Embassy discounts", because Mr Pickard wished, with Mr Cordle's assistance, to entertain Prince Von Liechtenstein, at a breakfast meeting on the morning of 9 September, according to London Office records. (Mr Pickard did not wish to discuss this matter with me.)

Overview

The London Office traditionally visited Paris for the Leather Show held later in September which had been foreshadowed in the monthly report and which was attended by staff of the London Office. The circumstances surrounding the trip to France of 5 September raise the suspicion that it was primarily motivated by personal reasons. The lack of any substantive report from Mr Pickard's meeting with the Prince Von Liechtenstein suggest that any official reason for the urgent planning of the trip did not eventuate.

Travel of Office Staff to Singapore and Australia

One of the London Office business development staff was due for a debriefing with the Department of State Development and the costs were paid by Head Office. Mr Pickard insisted that the remaining business development officer also undertake the trip and paid for her expenses from the London Office.

The Department was initially against the second officer undertaking the trip but relented under Mr Pickard's persuasion and willingness to pay for the trip from the London Office.

The London Office reports that the Agent-General was informed of the "folly" of both officers being away together, particularly as other support staff would also be on recreation leave.

Overview

Both officers had substantially identical itineraries throughout the lengthy trip which prompts the question on the efficiency of the Honourable Neil Pickard's reasoning sending the second officer.

Temporary Employee – Trip to Italy

The Honourable Neil Pickard approved the appointment of a junior temporary employee, in the absence of the Office's business development staff abovementioned. He also approved her travel to Italy between 8 July 1992 and 13 July 1992 at a cost of £1,271.97 for meetings with Italian contacts, Embassies and Chambers of Commerce.

The London Office Monthly Report of 11 June 1992 had only forecast a visit to Italy by the Agent-General in late September. There was no mention of this July trip. Presumably after this report, Mr Pickard came to the view that the trip was necessary to prepare the way for his September trip. The Department considers that Mr Pickard exercised poor judgement in allowing temporary staff to travel alone overseas representing New South Wales as in this case, and in another instance by a temporary employee to Sweden. Mr Pickard had also been told to make more use of facilities of AUSTRADE readily available for the introduction of business contacts which were more cost effective.

Overview

In view of above, the trip represented poor value for money which was met by the London Office, more so because the scheduled trip by Mr Pickard in September did not take place.

Easter Holiday to Guernsey for the Honourable Neil Pickard and Mrs Pickard

The cost of the ferry trip to Guernsey of £287 for the Pickards over the Easter holidays in April 1992 was questioned by the Accountant at the London Office. Mr Pickard had claimed a business expense on the basis of some discussions with certain councillors to discuss financial investment opportunities to Australia from Guernsey. This contact was only mentioned subsequent to the trip which had not been forecast in the prior month's report. The daily appointment sheets have no appointments listed as would typically be expected for an official trip.

The Pickards were accommodated in Guernsey as guests of friends. These friends subsequently purchased a Government vehicle owned by the London Office that was disposed of outside normal channels. See below.

Overview

The Honourable Neil Pickard, during a fact finding interview stated that he is now willing to reimburse the Government for the cost of £287.

TRIPS INCLUDING WEEKEND ACCOMMODATION

Mr/Mrs Pickard Travel to Ireland 16 January 1992 (pm Thurs) - 19 January 1992 (pm Sun) Cost £1,245.53

The reason for the trip, one in which London staff did not participate, was purportedly to meet with the Ambassador and undertake a range of meetings with Government Officials and Authorities from the areas of trade and investment and electricity supply.

The London Office monthly activity reports made no mention of forecasting the trip nor subsequently, of contacts made.

The Department of State Development states it was not aware of the Ireland trip at the time and does not have any information on the achievements or the specific reasons for the trip. Moreover the Department was entitled to assume that the Agent-General, as a responsible Head-of-Post, would undertake trips on a cost effective basis, a duty expected of any senior officer.

Overview

The trip has not been supported by any of the normal documentary evidence of reporting, without which, the cost effectiveness of the trip must be regarded as dubious. The lack of such documentation and the nature of the itinerary does nothing to eliminate any view that the trip was influenced by the Pickards desire to visit the country of Mrs Pickard's descent.

Mr/Mrs Pickard and a staff of the London Office Travel to Spain 1 April 1992 - 8 April 1992 Cost £5,899.95

Mr Pickard and a staff of the London Office Travel to Germany 31 July 1992 - 4 August 1992 Cost £2,495.57

Both trips commenced on a Friday and bore the costs of weekend accommodation.

The Department also reports Mr Pickard incurred considerable expenses by requiring that a staff member accompany him on nearly all his official trips, instead of utilising the support services of Austrade.

Trips by Public Sector employees, involving weekend accommodation, are normally closely perused by departmental officers to ensure both efficiency and economy. It would appear that the Honourable Neil Pickard might not have always used the same criteria.

Overview

The reasons for incurring weekend accommodation costs are not clear, but business contacts would be less likely to be available weekends. Overnight accommodation can be justified on the grounds of weather, or the details of the itinerary. No evidence has been provided to justify the accommodation costs of a full weekend being borne as an official expense.

Travel – Mrs Pickard

When the Agent-General was accompanied by his wife on official duties and the wife had an official role to fulfil, the Government met the cost of her travelling expenses on the same basis as the Agent-General, provided that the number of occasions did not exceed six in twelve months.

The cost of the nine official overseas trips occurred in the first twelve months. Three excess trips have been estimated at £2,602.80 representing airfares of £999.80 and accommodation etc. of £1,603. (Part 10 and Schedule O).

The Honourable Neil Pickard claimed that, before his departure for London to take up the post of Agent-General, the Director-General of the Premier's Department had informed him orally the restricted travel only related to overseas trips.

The Director-General has stated in response to our inquiries that, while he could not recall this, it would appear in its context a reasonable basis to work on.

Mr Brunsdon, the Agent-General preceding Mr Pickard, believed the travel counted where overnight accommodation expenses were incurred. The Department of State Development took the same view and included the quantified over-expenditure in a draft cross claim against Mr Pickard.

Overview

Amplification of the standard contract would seem necessary to reduce any misunderstanding or ambiguity as to the extent of official travel (and official use of motor vehicle for private purposes – see below) permitted of the chief executives of the State's London and Tokyo Offices.

PART 4

DELEGATIONS OF AUTHORITY

SUMMARY OF MAJOR FINDINGS

DELEGATIONS OF AUTHORITY

- The Honourable Neil Pickard authorised payments of £1,654.59 for the air fares of Mr Cordle who accompanied him on trips to Germany, Paris and Slovenia, including accommodation in two instances, as specified in Schedule B. Mr Pickard also afforded Mr Cordle's hospitality to the extent of £816.72 (Schedule J). Mr Cordle is, reportedly, an influential member of the Timothy Trust, a worldwide charitable and religious organisation. The purpose of this Trust, Mr Cordle's precise involvement in it, and the sources of the Trust's income was not known or identified by this inquiry.
- Mr Pickard, without delegated authority, appointed a number of staff to the London Office, including Mr Julian Munro, a godson of Mrs Pickard.
- Mr Pickard exceeded a Ministerial delegation of authority (£10,000) by authorising expenditure of £33,744.59 on the refurbishment of the Official Residence in London which was originally tendered at £19,624. (Lower tender £15,800).
- Mr Pickard had no authority to allow Mrs Pickard exclusive use of an official vehicle Volvo 760 which directly cost the London Office £3,614.58 (Schedule E).
- The abovementioned action resulted in the necessity of the London Office to hire additional chauffeur services which are calculated to cost £2,459.50 (Schedule F)
- Mr Pickard had no authority, without calling for tenders, to dispose of a BMW official vehicle, by a private sale to Mr and Mrs Hayes of Guernsey, with whom the Pickards had spent Easter Holidays in 1992.
- Mrs Pickard assumed a delegation to commit expenditure of £6,750.25 on soft furnishings, homeware, etc. for the Official Residence. (See Schedules L). Mrs Pickard organised the dinner parties at the residence for which Mrs Pickard paid the waitresses, bought flower arrangements, paid deposits to caterers and occasionally received refunds. Mrs Pickard paid waitresses in cash from her own funds then later claimed reimbursement from the London Office.

SUMMARY OF DETAILED FINDINGS

Travel – Mr A. Cordle

The Honourable Neil Pickard agreed that he had an oral contract to employ Mr Cordle as a consultant without salary. Mr Cordle was to assist Mr Pickard in a business advisory capacity, and consequently, certain airfares and accommodation were met by the London Office.

Mr Cordle appeared to devote considerable time to the London Office as evidenced from the Daily Lists of the Agent General's Appointment Sheet. (Schedule K).

The Manager, Business Development of the London Office, is second in charge at the London Office, and has worked in the Office since 1980, only met Mr Cordle once whilst on a business trip in September to Paris with Mr Pickard. The Department of State Development has no knowledge of Mr Cordle or of his contribution.

Overview

Engaging Mr Cordle without a written contract that would delineate the Government's responsibilities exposed the Government to certain risks, notwithstanding that no remuneration – apart from the meeting of certain expenses incurred by or on behalf of Mr Cordle – was involved. It is not clear what benefits Mr Cordle obtained or expected from the seemingly considerable effort he devoted on Mr Pickard's behalf.

Beyond this, is the lack of reporting and accountability for Mr Pickard's actions in this matter. The absence of reports on Mr Cordle's involvement in the affairs of the London Office, and of the results of that involvement, have given rise to questions about the nature of Mr Cordle's involvement and its rationale.

Because Mr Pickard wished to refrain from commenting in any detail on this matter, this report cannot come to a conclusion as to whether the relationship properly reflected Mr Pickard's official duties and was cost-effective, given the significant attention that Mr Pickard paid to the relationship.

Appointment of Staff

The Department of State Development states that Mr Pickard had no delegated authority to appoint staff (as evidenced by extracts of frequent correspondence listed in Schedule C).

Appointments of temporary staff (all staff, except two permanent officers, at the London Office are temporary employees in terms of the Act) are set out in Schedule D.

As previously mentioned, Mr Munro is a godson of Mrs Pickard and stayed at the Pickards' Official Residence during his employment at the London Office. Mr Munro used an Ireland address in claims lodged with the London Office for payment of services.

Overview

Mr Pickard did not follow the recruitment criteria directed by the Director-General of the Department of State Development in his letter of 16 May 1991.

Mr Pickard did not share my view that the appointment of Mr Munro could be seen as an act of nepotism.

Mr Pickard should be asked to bear the costs incurred without lawful authority.

Delegation to incur Expenditure

The Honourable Neil Pickard had a Ministerial delegation to spend to a maximum of £10,000 per item of expenditure. Expenditure of £33,744.59 on the refurbishment of the Official Residence in London clearly exceeded the delegation. Moreover the Head Office of the Department of State Development was unaware of Mr Pickard's intentions in this matter until after the expenditure had been incurred.

Mr Pickard claims he had not seen nor was ever told of such a delegation. He also indicated that a provision for renovation was included in the Office's budget.

Evidence indicates that Mr Pickard had on arrival been orally briefed on the delegation by the Director of Europe of the London Office, who was employed at the time Mr Pickard took up his duties.

Overview

It is normal, prudent practice of any Chief Executive Officer in the Public Sector to be aware of the current financial Ministerial delegation. Such delegations are the foundations for an accountable government and public service. I can find no reasonable excuse for any possible departure from this responsibility. If unknown, as claimed, the Honourable Neil Pickard had an obligation to seek such basic information.

Mr Pickard should be asked to bear the cost incurred, to the extent that the Government is not benefitting from value added to the residence.

Official Vehicle used by Mrs Pickard

The Volvo 760 official motor vehicle was used by the Director of Europe in the London Office, up to his departure from the London Office in January 1992. Mr Pickard, without authority, allowed Mrs Pickard exclusive use of the vehicle from that time.

The direct cost to the London Office has been quantified at £3,614.58 (Schedule E). Included in this is the cost of a parking infringement notice that clearly ought not have been rendered on the London Office.

As a consequence of Mrs Pickard using an official vehicle the London Office had to employ additional chauffeur services. This cost has been quantified at £2,459.50 (Schedule F). Additional, indirect costs have not been quantified.

Overview

There was no stated or implied condition in the agreement which would permit the Honourable Neil Pickard the authority to allow his wife permanent use of the vehicle. The Head Office of the Department was unaware that Mr Pickard had exercised this course of action until after his departure from Office. Mr Pickard declined to elaborate on his actions during the fact finding inquiry.

Mr Pickard should be asked to bear the resultant costs.

Disposal of Motor Vehicle

The Honourable Neil Pickard had been given clear directions by the Department, following advice from the State Fleet Services Business Unit of the Commercial Services Group, on procedures to dispose of the Office's BMW vehicle, the preferred method being a trade-in on a new vehicle. Any shortfall in value would be made up by the State Fleet Services.

The London Office reports the vehicle had a trade in value of around £20,000 (less tax of £3,744). Mr Pickard sold the vehicle privately to family friends ie. Mr/Mrs Hayes of Guernsey with whom the Pickards had spent Easter Holidays in 1992. The selling price was £17,500.

Overview

It is difficult to comprehend the course of action taken by the Honourable Neil Pickard to sell the vehicle to a friend. Although the selling price provided the London Office with similar net proceeds, the proper competitive proceedings should have been used to reflect the open market result.

Mrs Pickard's Expenditure

Mrs Pickard's expenditure, which was presumably based on an implied delegation by the Honourable Neil Pickard, was difficult for the London Office to control by proper accountability.

The expenditure in Schedules L on soft furnishings, homeware etc. for the Official Residence was met from the maintenance vote of the London Office. The accounts were paid by Mrs Pickard in the first instance and claims for recoup lodged with the Accountant.

Overview

There were many weaknesses in allowing Mrs Pickard this latitude ie. there was no advised limit to expenditure on soft furnishings, homeware, unacquitted cash payments to waitresses. It would be fair to say the staff of the London Office were in a difficult position to question or control the expenditure.

PART 5

HOSPITALITY

SUMMARY OF MAJOR FINDINGS

HOSPITALITY ETC. COSTS BORNE BY LONDON OFFICE

- The Honourable Neil Pickard incurred expenditure of £2,839.41 paid by the London Office for a variety of hospitality etc. that have the characteristics of personal expenses. (Schedule G).
- Mr Pickard authorised certain hospitality and other expenditure of £8,893.24 which needs further explanation to determine either its reasonableness as a charge against the London Office or whether it should be met totally/partially by Mr Pickard. Schedule H.
- Mr Pickard extended hospitality to numerous private citizens at dinner parties etc. Included are Messrs Adrian Lane and Bob Ellicott Q.C. (and spouses) who are now legal representatives of the Honourable Neil Pickard. There are continuing doubt, on the extent, if any, of the business relationship with persons listed at Schedule I to warrant the expenditure as a bona fide charge against the London Office.
- Hospitality was extended by the Honourable Neil Pickard to Public Sector officers some of whom could have been granted a subsistence allowance to cover such costs. Details were provided to the Government in my draft report. It advises that, on the basis of checks already undertaken, it is unlikely that double payments were made. Accordingly, the details have been deleted. There is, however, a need for the Government to examine the adequacy of existing controls in this area.

SUMMARY OF DETAILED FINDINGS

HOSPITALITY

Hospitality deemed private expenses. (See Schedule G).

The London Office advises the costs itemised and met by the London Office have not been reimbursed by Mr Pickard. Many of these expenses are clearly of a private nature, others are prima facie private expenses.

Mr Pickard claims it was the responsibility of the Accountant of the London Office to advise him of any outstanding debts which he remains willing to pay.

The Accountant at the London Office has a contrary view to Mr Pickard's comments. He did not – as discussed further below – feel it was appropriate to press his advice on these matters, especially as such advice had previously not been accepted.

Overview

Mr Pickard had a responsibility, as the Head of Post of the London Office, to ensure that accountability within his Office was functioning efficiently and effectively.

Hospitality and other expenditure which requires further analysis as set out in Schedule H.

Each of the expenditure items listed in Schedule H is subject to further explanation which time did not permit in the fact finding interview with Mr Pickard and bore no response from Mr Pickard on the exposed draft report.

Overview

The preceding overview also applies.

Hospitality to private citizens, etc.

Hospitality at dinner parties, the Australian Ballet Foundation (where 28 guests attended at a cost of £1,565) were extended to many guests (Schedule I) who could not be identified by the London Office or Mr Brunson, the penultimate Agent-General, as persons who would provide expertise of business possibilities to New South Wales. The total cost of this hospitality was substantial, comprising the costs for a catering service, waitresses, flower arrangements and liquor from the official stock. Liquor purchases in the period are set out in Schedule I(i). The dinner parties invariably included partners which set a scene more of a social occasion.

Opportunity Trusts, "A Charity" – Luncheon hosted by the Honourable Neil Pickard

Luncheon held on 20 March 1992 at Gastronomique Ltd cost £661.60 –

The Trust contributed £200 towards the luncheon which then cost the London Office £461.60. The purpose of the luncheon which, prima facie, appears not to be official, should be explained by Mr Pickard. £461.60 (net)

Westpac Banking Corporation –

Lunch 7 May 1992 Mr Nemeth and Mr Cordle £119.14

Rugby World Cup final, Twickenham

10 tickets at £30	
1 ticket at £20 (Driver)	£320.00

ABIE Summer Ball

Mr Pickard hosted the undermentioned guests at this function:-

25 June 1992 12 guests at £35	£420.00
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The names of the guests are included in Schedule I and included friends from Guernsey with whom the Pickards stayed at Easter.

The invitation to guests for this Ball (Schedule I(ii)) suggests that it was primarily a social event.

Hospitality provided by the Honourable Neil Pickard to Parliamentarians and Public Sector Officers.

It is well understood that public servants ought not ordinarily host meals for their public servant colleagues at the expense of the New South Wales community. Indeed, existing directives prohibit this practice.

A case could be made that such practices overseas do not fall within the relevant directive, however, I believe the principle is equally applicable overseas as in Australia. In any event, where State officials receive a per diem for sustenance, there is no justification for taxpayers again paying for such costs. The Government might wish to examine the adequacy of existing arrangements that relate to overseas travel.

Above that, is the need for State officials not to engage in tax-funded hospitality that is or appears to be excessive for the occasion. On one meal occasion hosted by Mr Pickard, the alcohol bill for the four dinners amounted to £146.70 (included in Schedule G). Because Mr Pickard was the host, he had the primary responsibility to ensure that costs borne by the public account were reasonable. (It is not clear that the guests knew whether Mr Pickard was not personally meeting the cost or even knew of the costs being incurred.)

PART 6

REFURBISHMENT OF OFFICIAL RESIDENCE

SUMMARY OF MAJOR FINDINGS

REFURBISHMENT OF OFFICIAL RESIDENCE

The Honourable Neil Pickard approved the acceptance of a tender from PRO Building Services for £19,624 in preference to a tender from Structure Tone of £15,800. The London Office advises that the selection of PRO Building Services was influenced by Mrs Pickard's view that the refurbishment services provided by PRO Building Services would be a more comprehensive fit out.

Mr Pickard made extensive variations, direct with the contractor, which causes the original tender of £19,624 to reach a final figure of £33,744. The overrun of £14,120 was some 72% more than the original tender.

Mr Pickard authorised the work to proceed in May 1992 with the knowledge that funds had not been approved by the New South Wales Treasury. A Capital Works Budget for the Department, including a component for the Official Residence, was only approved on 13 October 1992.

Note: Delegations of Authority in this report refer to the fact that the Honourable Neil Pickard's delegation was limited to £10,000.

SUMMARY OF DETAILED FINDINGS

Tenders for Official Residence

Three firms, as arranged by the Accountant of the London Office, were invited to tender.

The two quotations received were directed to Mr Pickard who made his own analysis and decision, without documentation.

Overview

The Honourable Neil Pickard, as Head of Post, should have recorded specific reasons for accepting the higher tender. Mrs Pickard is stated to have influenced the decision but without any specific facts being provided to the London Office. The decision, *prima facie*, has cost the London Office £3,824 which is a responsibility of Mr Pickard to explain.

Variations to Original Contract

Before Mr Pickard took up duties in London an Architect's report outlined the work considered necessary to the Official Residence. The original quotation was based on this report.

The Department of State Development has stated that the Honourable Neil Pickard was not given approval to undertake any mechanical, electrical, building or refurbishment works to the Residence, other than oral approval by the Director-General, on his visit to London in January 1992, to proceed with the repainting of the public areas of the Residence. (The cost of repainting would have been relatively minor.)

The London Office advised that extensive variations were made by the Pickards, seemingly without documentation, direct with PRO Building Services, during the progress of the work. The Accountant was unaware of the major variations to the original tender until the accounts were received in the Office for payment. Cheques were then drawn payable to PRO Building Services after approval by Mr Pickard.

Overview

The Honourable Neil Pickard authorised payment of an additional £14,120 on the Residence without the necessary delegation of authority and knowing that Treasury had not approved the capital expenditure to cover the amount of the original tender. Payments substantially exceeded the original tender. In my opinion Mr Pickard's actions clearly illustrate that Mr Pickard either had no comprehension of the accountability responsibilities of public officials or believes that such responsibilities were not applicable to him.

Authorisation to Proceed with the Work

The London Office had a budget of \$1.53m for recurrent expenditure. This did not include any funding for capital works for the refurbishment of the Official Residence.

Mr Pickard stated in a letter on 13 February 1992 to the Director-General of the Department of State Development:-

As you are also aware, within the budget, no separate item was included for refurbishing the official residence.

The Accountant of the London Office, advised that towards the end of the 1991/92 financial year, in response to a request from Mr Pickard, he advised Mr Pickard that £20,000 had been requested in the 1991/92 Budget for the Office for 'maintenance and refurbishment of Official Residence' and this was still unspent. Mr Pickard then requested the Accountant to arrange quotations and proceeded to carry out refurbishment of the Residence. In fact the accountant was in error and his advice to Mr Pickard was based on a mistaken belief that Capital Works funding was included in the approved recurrent funding of the Office. However, a submission by the former Director, Corporate Services on 23 April 1992 refers to the Agent-General mentioning that no separate item was included in his Budget Allocation for refurbishing the Official Residence.

Refurbishment was discussed by Mr Pickard, on several occasions in October 1991, with the Department's Corporate Services in Sydney after the Deputy Director-General visited London. Mr Pickard stated in a letter of 13 February 1992 to the Director-General "As you are also aware within the budget, no separate item was included for refurbishing the official residence." Mr Pickard was advised by the Deputy Director-General on 7 July 1992, that no response had been received from the Treasury, after the matter had been referred to the Capital Works Committee in April 1992 for its determination and approval.

Overview

The Chief Executive Officer should have been well aware of the distinction between capital and revenue expenditures. The Honourable Neil Pickard has stated, in writing, there were no funds in the recurrent budget for refurbishment of the Residence. He deemed it expedient to accept the Accountant's advice that funds were available notwithstanding the contrary evidence of which he was aware.

The Honourable Neil Pickard authorised a payment to PRO Builders for £6,790 on 30 July 1992, after the Deputy Director-General advised him on 7 July 1992, that capital funds had not yet been approved. If Mr Pickard had made a genuine mistake, Mr Pickard could have communicated with the Department on what action he had already taken, but he did not do this.

PART 7

MIXING OF OFFICIAL AND PRIVATE CREDIT CARDS, ETC.

SUMMARY OF MAJOR FINDINGS

MIXING OF OFFICIAL AND PRIVATE CREDIT CARDS, ETC.

The Honourable Neil Pickard mixed official and private expenditures on various credit cards. It is contrary to Treasury Instructions to use an official credit card for private purposes.

Mr Pickard built up accumulated points that could be exchanged for air travel by charging a good deal of official expenditure against private credit cards. Mr/Mrs Pickard applied the bonus points to airfares costing at £1,217 for certain annual holidays.

The Honourable Neil Pickard misused an official bank account of the London Office to float the purchase of various foreign currency prior to proceeding on private holidays. Advances were subsequently reimbursed.

SUMMARY OF DETAILED FINDINGS

MIXING OF OFFICIAL AND PRIVATE CREDIT CARDS, ETC.

The Head Office of the Department of State Development was not aware of the constant mixing of public and private expenditures. The London Office advises that there was some difficulty with the Pickards' personal Nat West credit card and not Mr Pickard's official corporate card. The reason this occurred was because Mr Pickard would put not only personal expenditure, but Government expenditure on his personal card and therefore would exceed this credit limit which was £5,000.00. The London Office organised to have his private card limit increased to £10,000.00 at Mr Pickard's request. Mr Pickard's official credit card gave him a credit facility of £4,500.00. The Department can see no persuasive reason for Mr Pickard encountering difficulties and needing invalidly to mix private and official funds.

In regard to the reconciliation of private purchases, the Accountant of the London Office has advised that the majority of the personal expenses which Mr Pickard charged against the Government account occurred on his corporate card and these items were identified by cross-checking against the corporate card monthly statements. Any other charges which appeared to the Accountant to be extraordinary (for example, Mr Cordle's hotel costs and air flights) would be brought to Mr Pickard's attention. In regard to this example, the Accountant was emphatically told by Mr Pickard that the Government would meet the costs of Mr Cordle's travel expenses.

Mr Pickard claimed that some credit cards were not acceptable in certain countries, and it was the only practical way to carry out his duties. I do not know why permission to open an additional official account was not sought by Mr Pickard.

In response to audit questions, Mr Pickard stated it was not practicable to use the accumulated points for official expenditure of the London Office, due to special conditions of air travel which was not available during the normal times of business travel. The accumulated bonus points are stated by Mr Pickard to be non transferable. I do not know why Mr Pickard was not able to travel officially outside the normal times of business travel.

Overview

The Honourable Neil Pickard did not exercise a proper sense of propriety in these matters, as would be expected from a Chief Executive Officer in the Public Sector.

The gross value of private benefits of £1,217 received by Mr Pickard from the use of public funds is arguably an amount owing to the State. (Schedule 10).

Misuse of Official Bank Account at London Office.

The undermentioned transactions relate to the use of public funds to purchase foreign currency prior to private holidays.

DATE OF ADVANCE	AMOUNT £	CURRENCY	LEAVE PERIOD	REPAYMENT
11 August 1992	197	Swiss Francs	17 August– 3 September 12 October 1992)	13 August 1992
2 October 1992	351	U.S.\$		
7 October 1992	300	Italian Lira	16 October 1992)	30 October 1992

Overview

The Honourable Neil Pickard used public funds for private purposes, and only reimbursed the London Office for the advances of 2 October and 7 October 1992, on his return from recreation leave (and after his dismissal) on 30 October 1992.

PART 8

INTERNAL CONTROL SYSTEMS

SUMMARY OF MAJOR FINDINGS

INTERNAL CONTROL SYSTEMS

There were a number of weaknesses in the internal control procedures both at the London Office and within the Department of State Development.

SUMMARY OF DETAILED FINDINGS

Accountability at London Office

Transactions which were readily approved by the Honourable Neil Pickard indicate that the budgets for recurrent expenditures were too flexible. Decisions were made without proper consideration that funds might not be available. The budgeting process should be reviewed and refined to introduce more rigid cost centre line items.

Much of Mr Pickard's expenditure should, theoretically, have been rejected or queried by the Accountant at the London Office, who had 26 years service in the Office (3 years as Accountant) and had served under a number of Agents-Generals. (The penultimate Agent-General stated he had always taken advice from the current Accountant's predecessor.) In reality, the current Accountant was unable to press his advice, due to his perception of Mr Pickard's management style. In the absence of alternative procedures, the Accountant should have had more access to personnel at Head Office; he firmly claims that his job in the London Office was at risk.

The London Office Monthly Reports were not prepared in a standard format which would have provided the basis of a comprehensive link between the London Office and the Department. There were particular weaknesses with the forecasting of calendar events, ie. some scheduled trips did not occur, while other trips not forecast took place. Subsequent reports did not always indicate the outcome of the trips. (Mr/Mrs Pickard's trip to Ireland was missing from both the forecast and the relevant monthly report.) There is no evidence the Department ever queried matters raised (or not raised) in the London Office reports.

Departmental Checking Procedures

London Office accounting records were only subject to a routine accounting check at the Department. The lack of an adequate internal checking process allowed various matters raised in this report to go unquestioned.

Overview

There is a need to strengthen the accountability systems for the Government's London (and putatively Tokyo) Office, even though the abolition of the Agent-General position (and its associated consular or diplomatic functions) will enable a sharper assessment of the relation between expenditure and outcomes than hitherto.

The Department of State Development should consider strengthened direct communication links between the London Office financial staff and Head Office or an enhanced internal audit role.

PART 9

MISCELLANEOUS MATTERS

SUMMARY OF MAJOR FINDINGS

MISCELLANEOUS MATTERS

Duties and Responsibilities of the Honourable Neil Pickard

The Honourable Neil Pickard did not appear to accept the direct line of responsibility to the Director General of the Department of State Development. Mr Pickard's duties are set out in Schedule M.

Medical Insurance

The Honourable Neil Pickard owes the Department an estimated \$4,730.22 for the adjustment of medical advances received whilst at the London Office. This includes the cost of physiotherapy consultations on some 30 occasions at a cost of \$2,033.40 which is regarded as a private expense.

Mr Arnold, former Director of Europe, also owes the Department an estimated \$6,914.34 during his term at the London Office which he left in January 1992.

The London Office has been remiss in not more actively following up advances for medical debts until drawn to attention by audit.

Petty Cash - London Office

The Honourable Neil Pickard often requested staff to buy sandwiches etc. for which the staff at the London Office state it was difficult to approach Mr Pickard for reimbursement.

Liquor Prize

The Honourable Neil Pickard donated a dozen bottles of wine paid for by the London Office as a prize at the ABIE Melbourne Cup Party held on 3 November 1992.

SUMMARY OF DETAILED FINDINGS

Medical Insurance – The Honourable Neil Pickard

The criteria for medical insurance, specified in the agreement, is set out in Schedule N.

Overview

The London Office has been remiss in not following up these debts, which are public funds of the State as quickly as possible.

Petty Cash – London Office

London Office staff state that it was difficult to approach the Honourable Neil Pickard to pay for his lunches and other minor expenditures incurred on his behalf by staff. The staff allege they were intimidated by his refusal or reluctance to pay, so the costs formed part of the official expenditure.

Mr Pickard claims that he was always willing to pay, and often gave his Secretary a £20 advance to cover his incidental expenses. The London Office staff do not share this view.

At the time Mr Pickard left the London Office on 30 October 1992 he repaid £608 to the Accountant which comprised the purchase of liquor stock in prior periods, including the cost of seven dozen champagne, and some accumulated petty cash moneys.

Overview

The Honourable Neil Pickard should have formalised these private arrangements involving public moneys to ensure ongoing proper accountability.

Liquor Prize

The prize was won by a Mr P. McGuire at the ABIE Melbourne Cup Party.

Overview

This would appear to be an act of hospitality without any direct business intent.

PART 10

SUMMARY OF UNAUTHORISED EXPENDITURE

SUMMARY OF UNAUTHORISED EXPENDITURE

Expenditure by the London Office under question, referred to in this report, has been dissected into three main categories ie.

- (i) Expenditure Mr Pickard has agreed to repay.**
- (ii) Expenditure that has the characteristics of private expenses or is unauthorised.**
- (iii) Expenditure subject to further inquiry.**

SUMMARY OF DETAILED INFORMATION

(i) EXPENDITURE MR PICKARD HAS AGREED TO REPAY

Medical expenses for godson	£46.00
Cost of vehicular ferry to Guernsey, Easter 1992	£287.00
Medical Expenses in accordance with agreement. Quantified in (ii).	N/A

SUMMARY OF DETAILED INFORMATION

(ii) **EXPENDITURE THAT WAS THE CHARACTERISTICS OF PRIVATE EXPENSES OR IS UNAUTHORISED**

	£
Pickards' trip to Nice and Dusseldorf etc. (Schedule A)	5,935.33
Motor Vehicle, Volvo 760 – Direct cost of use by Mrs Pickard (Schedule E)	3,614.58
Hospitality, etc (Schedule G)	2,793.41
Gladwin Hire – Volvo unavailability (Schedule F)	2,459.50
Mrs Pickard's excess travel, accommodation (Schedule O)	2,602.80
Medical expenses in terms of agreement with Premiers Department (Schedule N)	1,970.92
Accumulated bonus points used for economy airfares for certain annual holidays	<u>1,217.00</u>
	<u>£20,593.54</u>

SUMMARY OF DETAILED INFORMATION

(iii) EXPENDITURE SUBJECT TO FURTHER INQUIRY

	£
Hospitality etc. (Schedule H)	8,986.01
Costs of accommodation, meals, bar, etc. for the weekend component of four overseas trips	1,281.54
Hospitality to guests with no apparent significant business investment potential to New South Wales (Schedule I and J)	N/A
Appointment of staff without authority: total costs	N/A
Refurbishment of Official Residence: excess costs	N/A

PART 11

SCHEDULES

SCHEDULE A

MR PICKARD'S EXPENSES TRIP NICE AND DUSSELDORF 18-28 OCTOBER 1992

Mr Pickard	£
Conference fees	675.00
Expenses	54.37
Expenses	199.82
Conference fees	136.45
Airfare	355.70
Hotel	1,784.25
Hotel	242.90
Phone Calls	52.06
Dinner	49.55
	<u>3,550.10</u>

Mrs Pickard

Airfare	336.20
	<u>336.20</u>

Staff of London Office

Conference fees	675.00
Airfare	375.80
Expenses	130.01
	<u>1181.60</u>

Staff of London Office

Conference fees, airfares etc.	1,180.81
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Official hospitality	49.34
	<u>49.34</u>
	<u>5,935.33</u>

SCHEDULE B

MR A. CORDLE - TRAVEL EXPENSES

1992		£
29-30 June	Airfare - Germany	354.10
8 September	Accommodation - Paris	251.00
8 September	Airfare - France	317.60
10-12 September	Airfare - Slovenia	625.00
10-12 September	Expenses - Slovenia	<u>106.89</u>
		<u>1,654.59</u>

SCHEDULE C

Extracts from letters from the Director-General, Department of State Development to Mr Pickard.

- 16 May 1991 All appointments are made by me on a competitive recruitment basis following advice from the Agent General.
- 9 August 1991 I should also point out that in accordance with normal practice you should consult me about any changes you may wish to make to the staffing of the London Office. My decision to freeze the staff of the Office at nine remains in force. In order to achieve a sensible balance between A and B items it may be necessary to reduce staff further.
- 3 January 1992 Resource allocations in London and in particular Europe, working with Austrade, cannot be determined in the absence of a business plan. It is therefore, inappropriate for you to take any steps to advertise, interview or short list candidates for "unfilled positions". There are no agreed unfilled positions in the London establishment.
- 8 May 1992 I will confirm with Corporate Services what arrangements can be put in place to cover your need for ad hoc temporary support staff and the procedures required to re-define the function of Office Manager on a contract basis without increasing your current numbers which you must regard as your permitted establishment.
- You also discussed your wish to recruit, on a part-time contract basis, a Marketing Executive, but I was not aware you have apparently taken steps through a firm of recruiting Bligh Appointments £1850.63 consultants to advertise such a position. May I remind you of the note you received from Michael Yabsley concerning additional appointments.
- I explain that any such appointment must be made against a business plan for the Office and in the context, in accord with the Premier's wishes.
- 29 June 1992 As you know from my end of January discussion with you I am supportive of the Office employing a limited number of contractors for work on specific projects or industry sectors for fixed periods of time. I am not in a position to progress your request but we will make it a matter of discussion with the new Minister.
- 2 July 1992 I propose that you proceed immediately to IDENTIFY AND DETERMINE THE TERMS AND CONDITIONS OF EMPLOYMENT of one locally recruited Office Administrator (administration, accounting and computing skills) on a 12 month contract and one (full-time) or two (part-time) business development contractors with European language and relevant industry sector backgrounds. Further consistent with the previous Premier's directive it is appropriate for Minister Collins to approve such appointments. (In addition, the Department advises that the current Minister for State Development, Mr Collins, received two phone calls from Mr Pickard in early July requesting an increase in staff by Mr Pickard. This was refused by the Minister on each occasion. (The Director-General states this was not an approval to employ staff).

17 September 1992 In view of the Premier's recent decision and my forthcoming consideration of the shape of a smaller establishment in the London Office I would be grateful if you suspended any discussions and/or commitments being considered about new support contractors in Europe or the London Office.

Extracts from the following two letters are also significant:-

1 November 1991 *(Letters from Mr Greiner to Mr Pickard) I want Dr Saunders to take full responsibility for matters like staffing and operations.

13 April 1992 *(Letter from Mr Yabsley, Minister, to Mr Pickard)

It was agreed that there would be no additional budget to increase the establishment in London.

I believe it is important that justification for any appointments contracted for specific tasks be related to an agreed business plan for the London Office and request that you refer for my approval any contract appointments you are considering in accord with the Premier's wishes.

SCHEDULE D

APPOINTMENTS

Mr A Prins	Appointed	30 March 1992	Mr Prins was first appointed as a Person Friday. On <u>13 July 1992</u> Mr Prins was promoted to research officer on a one year contract. This action was taken during Mrs Morpew's absence in Australia.
Mr J Munro	Appointed	10 July 1992	(presumably a replacement for Mr Prins after his promotion).
Mr A. Greenwood	Appointed	12 October 1992	(There is a London Office oral report the Agent-General met Mr Greenwood at a Ballet).

Mr Prins was selected by Mr Pickard and Mrs Morpew following a short list provided by Bligh Appointments.

SCHEDULE E

Motor Vehicle, Volvo 760 – Direct Cost of Use by Mrs Pickard

Invoice Date	Amount £
Parking 1 January 1992 – 31 March 1992	728.00
Residence Parking 8 January 1992	65.00
Car Parking licence 25 December 1991 – 8 February 1992	444.24
Insurance 4 December 1991	983.76
Petrol September 1992	55.10
Petrol October 1992	20.00
Petrol October 1992	15.00
Petrol April 1992	15.00
Petrol March 1992	12.00
Petrol June 1992	15.00
Petrol May 1992	15.00
Petrol January 1992	17.00
Petrol January 1992	15.00
Petrol March 1992	25.00
Petrol March 1992	63.08
Petrol March 1992	52.00
Petrol February 1992	10.00
Petrol April 1992	15.00
Petrol February 1992	28.00
Petrol May 1992	60.00
Petrol May 1992	53.00
Petrol December 1991	46.40
Petrol December 1991	34.92
Petrol January 1992	6.92
Petrol December 1991	24.49
Petrol June 1992	30.00
Petrol July 1992	8.00
Petrol May 1992	15.00
Petrol April 1992	21.00
Petrol April 1992	30.05
Petrol August 1992	20.00
Petrol August 1992	22.00
Service 4 August 1992	304.13
Service 2 August 1992	217.50
Wiper Blades 3 October 1992	18.00
Air Con serv. 23 May 1992	79.99
Parking fine (Mrs Pickard) 6 July 1992	30.00
	<u>3,614.58</u>

SCHEDULE F

GLADWIN HIRE - VOLVO UNAVAILABILITY

Invoice Date	Amount £
11 May 1992	106.30
20 May 1992	246.50
26 October 1992	49.60
19 October 1992	19.20
28 September 1992	45.00
23 September 1992	45.00
28 September 1992	45.00
23 June 1992	151.90
27 July 1992	45.00
27 July 1992	98.60
28 July 1992	313.00
19 August 1992	51.10
18 August 1992	102.70
6 July 1992	58.60
28 April 1992	45.00
28 April 1992	200.75
1 April 1992	45.00
1 April 1992	53.10
4 March 1992	119.30
17 March 1992	45.00
3 February 1992	53.50
3 February 1992	193.25
22 June 1992	88.80
23 June 1992	184.20
2 June 1992	54.10
	<u>2,459.50</u>

Driving services only after Jan 92 (Arnold's departure date).
Excludes periods of relief of S Douglas and other services.

SCHEDULE G

THE HONOURABLE NEIL PICKARD & MRS PICKARD	£
29 June 1992 – Adelphi Theatre "Me and My Gal"	54.00
3 July 1992 – Wimbledon 2 tickets @ £48	96.00
Personal expenses on overseas trips – Austria/Germany – January 1992 crystal, cigars and tie	53.01
Paris – February 1992 Cigars and goods	33.86
Cufflinks £7.50 Davidoff Cigars £12.00	19.50
S Douglas – 8 January 1992 Advance from Petty Cash to Mrs Pickard for Christmas Gratuities to Manager, Porters, Postman etc at official residence. The duty free cost price of two bottles of scotch provided to two people in the garage at £10.60 each.	140.60
At the fact finding interview Mr Pickard stated his driver informed him it was usual practice to give Christmas gratuities to these persons.	
Newgate Gallery Pictures of Mr/Mrs Pickard with King Juan Carlos taken in Spain. Pictures converted to free standing frames.	25.00
Anzac Ball 2 tickets for Mr W. Haffenden, Sydney Barrister and Miss S. Scotter, MBE	80.00
These persons were also guests at the Australian Business in Europe luncheon on 15 April 1992. Pro rata cost	72.00
Chauffeur service 25 April 1992 W. Haffendon and Miss Scotter Mr and Mrs R. Ellicott	220.75
Roberts & Dowe, Silversmiths and Cutlers – April 1992 Official gift for Mr P. Arnold, Director	184.12
Mr and Mrs Arnold also received the benefit of two farewell dinners at official expense totalling	451.45
Mrs Pickard Parking Fine 6 July 1992	30.00

Medical Expenses paid by Mr Pickard for Julian Munro, Godson of Mrs Pickard	46.00
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Knightsbridge Restaurant – Dinner 23 December 1991

Mr/Mrs Pickard plus two	
*Liquor Bill £146.75	*258.75

18 August 1992 – Oval Banqueting (re Memberships)	
Cost of two lunches per day during Test Match	154.00
(£154 has already been included in hospitality to Mr Cordle).	(part)

Mr and Mrs J. Crosby		
Chauffeur Services, etc.		
10 May 1992(Sunday) – Heathrow Airport to White House Hotel	53.20	
17 May 1992(Sunday) – Royal Windsor		
Horse Show (2 badges)	50.00	
Cost of above chauffeur service	201.50	
18 May 1992Hotel to Airport	<u>45.00</u>	349.70
9 May 1992 Afternoon Tea	28.50	
12 May 1992 Dinner	192.05	
16 May 1992 Lunch	<u>176.87</u>	<u>397.42</u>
		747.12

Mr and Mrs Meloy (of Wahroonga)		
12 August 1992		
Lunch – Footstool Rest	90.00	
Taxis	22.10	
Guide for tour of Palace of Westminster	<u>15.00</u>	127.10

Mr and Mrs Meloy were first prize winners in a raffle
conducted by the New South Wales Division of the
Liberal Party. Part of the prize was a tour of the
Houses of Parliament in London.

Supermarket purchases by Mr and Mrs Pickard during a private holiday to Spain (14 August to 3 September 1992)	<u>46.15</u>
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3,126.41

Less –	
Easter Holidays April 1992.	£
British Channel Island Ferry Trip to Guernsey	287
See Part 10(i)	

Medical Expenses, Julian Munro, Godson of Mrs Pickard	46	<u>33.00</u>
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£2,793.41

SCHEDULE H

Premier's Memorandum No. 90-15 "Out-of-Pocket Expenses" was issued as a Policy for Ministers and Officers of Departments and Statutory Authorities on 28 March 1990 during Premier Greiner's term of office and during the Honourable Neil Pickard's appointment as Minister for Minerals and Energy. The directive specifies, among other things, the event to which the charge is related must have a direct BUSINESS RELATION with the portfolio.

Allowing some flexibility to the position of the Agent-General at the London Office it is considered each individual expense must be considered FAIR AND REASONABLE to the taxpayers of New South Wales. It is also believed many of the undermentioned costs, charged against the London Office, could have been met from the REPRESENTATION ALLOWANCE of the Agent-General which includes out of pocket expenses in entertaining official visitors, business promotion clients and other distinguished persons at luncheons and dinners outside the London Office premises.

Surrey Cricket Club Executive Membership 1992 for two people	£ 1,116.25
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K. Gladwin, Chauffeur - Overtime claim (double-time)

Whilst the contract can be interpreted to allow the Honourable Neil Pickard the use of the official motor vehicle for private purposes it is unreasonable to expect the London Office to meet the costs of a chauffeur during private recreation purposes.

Use of official driver (and chauffeur) for private purposes

Neither in the briefing provided to Mr Pickard nor in his contract was there any entitlement for Mr Pickard to employ a London Office official driver for private purposes. It appears that Mr Pickard did not know of this limitation and accordingly incurred expenditures without authority eg. employment of K. Gladwin, Chauffeur, at overtime rates on Sunday 24 May 1992 at a cost of £136 for Mr/Mrs Pickard to attend Windsor Horse Trials (as mentioned in Schedule H.) The total expenditure thus incurred is not known. -

Sunday 24 May 1992 9 hours at £15.22 per hour to attend Windsor Horse Trials (presumably Mr/Mrs Pickard)	136.98
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Sunday 4 October 1992 Julian (presumably Munro) arrives back ex Cairo and Mrs Pickard to Royal Gala Performance of Classical Ballet in evening	152.20
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Hyde Park Hotel

Claim by Mrs Pickard for recoup of £141.50 paid from American Express for lunch for Dr Peter Soloman and his wife.	141.40
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Strand Carols – 20 December 1991

The Queen's Chapel of the Savoy hosted by Mr and Mrs Pickard

Expenses incurred by the Office:-

	£	£
Consolidated Chapel Fees	220.00	
Master of the Music and Choir	370.00	
Flowers	<u>50.00</u>	
	640.00	
Services in preparation of an associated Sherry		
Reception for above	95.94	
Hire of Sherry glasses	37.90	
Taxi Fares	<u>43.90</u>	
	177.74	817.74

Mr Pickard was requested to host the function when it was South Australia's turn.

Ernst & Young – Assistance with Budget Submission 1992-93 £3,474.90

The job description of the Accountant/Manager Services specifies, among other things, the requirements of expertise in budgeting. Mr Smith, the Accountant, has worked in the London Office since 1965. The budget for the London Office, \$1.53m, is relatively small.

The Department suspects that Mr Pickard employed the Chartered Accountants for support to his continual pursuit of more staff and not for assistance with the budget.

Spanish Lessons for Mr Pickard and a staff member of the London Office

Linguarama Enrolment Agreements dated 28 May 1992 provided a 2 day Crash Course and Flexible Programme to learn Spanish at £1,250 each. £2,500.00

The Agent-General's appointments daily list records only 3 hours tuition for the course on 16 July 1992 which has been confirmed by the London Office.

Mr Pickard did not initiate action for a refund or credit of the unused service. As a direct result of my audit review, the London Office has now received a refund of £1,982.46.

Net expenditure	£517.54
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Secretarial Assistance

Ms Main was paid £323.77, as secretary assistant to Mr Pickard, during a trip to Spain between 31 May 1992 and 3 June 1992. This was the only occasion during the period covered by the audit review where secretarial services were considered necessary during a trip. The London Office states this was an unusual decision made by Mr Pickard. ie It was normal practice to use the Embassy/Austrade services where such assistance was required. The reasons for the decision are not known to the inquiry.

(Ms Main was the recipient, in 1991, of a Christmas card from Mrs Pickard C/- Mr A. Cordle's address in London.)

Official Hospitality

	£	£
Mr David Bussau Chauffeur Service, etc. 2 May 1992 London Airport to Cumberland Hotel	<u>53.10</u>	
30 October 1991 Lunch	43.30	
5 May 1992 Lunch	<u>43.75</u>	138.15

The London Office's expenditure on flowers and plants from September 1991 to October 1992 totalled £5,161.93. Mr Pickard directed fresh flowers be purchased at the office on a weekly basis coupled with fresh flowers for dinner parties. This includes floral arrangements that were sent in this period at official expense to the following parties:

18 September 1991	Mr and Mrs Greiner Snr	47.00
17 December 1991	Miss R. Arnold	29.96
17 January 1992	Mrs J. Conde	47.59
23 October 1992	Mr J. White	35.84

Additional car hire and chauffeur services that require explanation:

22 June 1992	Mr and Mrs J. Edwards from Heathrow to Wimbledon, Mr Cordle to Office and as directed	151.90
15 July 1992	Mr and Mrs C. Root from Residence to Heathrow	45.00
12 July 1992	Mr and Mrs Andrews Heathrow to City)	
13 July 1992	Mr and Mrs Andrews from City to Heathrow)	98.60
25 July 1992	Mr and Mrs Greiner)	
26 July 1992	Mr and Mrs Greiner) as directed	313.00
27 September 1992	Mr Greiner Hotel to Heathrow	45.00
26 October 1992	Party of Lord Elton, Mr A. Cordle, Mr A. Rowe, MP, Mr J. Broadley - from Westminster to London Office for Diplomatic Lunch, wait and return Westminster	49.60

The following seem to require explanation:

	£
15 December 1991 Lunch Mr Tung Son Park	109.00
19 March 1992 Lunch Mr and Mrs H. Lindstrom	34.00
28 April 1992 Dinner Mr and Mrs Forstmann	150.15
2 July 1992 Lunch Mr and Mrs Edwards	92.09
5 August 1992 Mr Evans (breakfast meeting)	6.00
Membership of Royal Horticultural Society and Chelsea tickets	94.00
16 January 1992)	
13 February 1992) Duty free purchases by Mr Pickard	21.00
7 August 1992 Purchase of goods by Mr Pickard	36.95
19 December 1991 Mr P. Arnold, former Director, Europe – purchase of suitcase for return to Sydney	66.00
27 December 1991 Dinner for Mr Arnold "moving out of house" (Mr Arnold departed London on 5/1/92)	41.60

Mr Pickard approved of these items being treated as official expenditure.

Mrs Pickard in three identified instances disposed of Government property in contravention of Government procedures. In these instances Mrs Pickard determined the price at which the Government property in the Residence would be sold and then later sought reimbursement from the London Office. For Example, Mrs Pickard sold a sofa bed in the Residence for £100.00 (which she determined "was a fair price"), after purchasing a new sofa bed at a cost of £375.00. The sofa bed so sold had only been purchased during the term of the preceding Agent-General, Mr Brunson.

Telephone calls by Mr Pickard whilst overseas on private business require further explanation:

Spain	130.00
France	15.28
Switzerland	29.28
	<u>174.56</u>

Two tickets for the Royal Gala International Ballet attended by Mr and Mrs Pickard	200.00
13 June 1992 Three tickets for Trooping the Colour	33.00

The London Office was required by Mr Pickard, prior to Christmas 1991, to commit extensive resources primarily towards the purchase, printing and postage of Mrs Pickard's personal Christmas cards. The London Office has advised that of a total number of 635 Christmas cards were sent by the Pickards, 451 of which were on Mrs Pickard's private list.

Overtime was required by two staff members at a cost of £226.24. The purchase of cards was approximately £250.00, postage has been calculated at £92.77 after excluding the cost for Parliamentary and Public Sector Executive Officers. Considerable staff resources were also tied up for approximately two to three weeks. The majority of recipients on the list received a two page letter from the Pickards with the card, the text of which clearly indicates the personal nature of the communication. One of the secretaries was required to type and print out approximately 350 copies of Mrs Pickard's Christmas letter.

The London Office reports by contrast that Mrs Brunson and Mrs Stewart purchased and sent their own Christmas cards, and did not involve the London Office.

£569.01

TOTAL

£8,986.01

SCHEDULE I

OFFICIAL HOSPITALITY – INFORMATION SOUGHT ON BUSINESS RELATIONSHIP WITH THE LONDON OFFICE

Mr A Cordle
Mr A Atkinson
Mr J. Broadley
Mr J Nemeth
Messrs Bussau and Mezin
Mr W Haffenden, Sydney Barrister and Miss S Scotter, MBE
Mr A Wood
Mr/Mrs Fischer (Touche Ross)
The Venerable George Cassidy, Archdeacon of London and Mrs Cassidy
The Lord and Lady Elton
Ms Anna Hodson-Pressinger
Lord and Lady McColl
Mrs Audrey Metters
The Rev and Mrs David Prior
Mr and Mrs Frank Squires
Mr and Mrs John Thompson
Miss Patricia Tudor
Messrs Alec and Eric Bedser
The Baroness Detta O'Cathain, OBE – The Barbican Centre
Mr A Rowe, MP
Mr H Summerson – House of Commons
Mr and Mrs A Whittaker
Mr and Mrs R Hughes
Mr and Mrs R Warner
Mr and Mrs A Hayes (Guernsey)
Mr and Mrs D Goddard (Solicitor)
Miss Glenyee Gers
Mr and Mrs Richie Benaud
Mr and Mrs R Brett
The Hon J (Bob) Ellicott QC and Mrs Ellicott
Mr and Mrs A Lane, Solicitors, Sydney
Mrs P Steel
Mr and Mrs J Crosby

SCHEDULE I (Cont'd)

**OFFICIAL HOSPITALITY - INFORMATION SOUGHT
ON BUSINESS RELATIONSHIP WITH THE LONDON OFFICE**

Mr and Mrs Chris Root
Mr and Mrs Andrews
Dr and Mrs H. Lindstrom
Mr and Mrs J. Edwards
Mr Greiner Senior
Mr Jock Cameron
Mr Battle
Mr Rick Damelian
Mr Fergus Dudley
Mr Douglas Evans
Mr and Mrs G. Cramner
Mr Tung Son Park
Mr and Mrs Forstmann
Mr and Mrs Anthony Ansell
Mr Decker, MP

SCHEDULE I(i)

Liquor Purchases

Office Wine/Liquor Stock

Purchases in the period of the audit review:-

Rosemont Estates Wines Ltd

	£
3 cases Shiraz Cab Sav. £24.34	73.02
6 cases Fume Blanc £33.84	203.04
3 cases Show Res. Coon Cab £49.84	149.52
15 cases Rosemount Brut Sav. £43.14	647.10
	<u>1,072.68</u>

Rosemount Estate Wines Ltd

8 cases Fume Blanc £33.84	270.72
8 cases Show Res. Chardonnay £50.12	400.96
8 cases Rosemount Brut £43.14	345.12
	<u>1,016.80</u>

Griersons Wine Merchants

*24-4002Bells Scotch (DUTY FREE)	140.00
*12-4002 Smirnoff Blue (DUTY FREE)	49.00
10 cases Fosters Lager	91.00
4 cases Perrier Water	32.64
3 cases Schweppes Orange Juice	33.03
VAT	11.49
	<u>357.16</u>

Penfolds Wines

St Henri Shiraz-Cab	50.00
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The Australian Wine Centre

4 bottles Chardonnay	23.96
4 bottles WY/Estate	21.16
2 bottles Chardonnay	11.98
2 bottles WY/Estate	10.58
2 bottles Rosemount Brut	16.98
2 x Gift Boxes	6.00
4 x Gift Boxes	8.00
	<u>98.66</u>

Rosemount Wines

6 cases Rosemount Brut - £43.14	258.84
4 cases Fume Blanc - £34.00	136.00
	<u>394.84</u>

SCHEDULE I(i) (Cont'd)

Liquor Purchases (Cont'd)

IDV Services	£
23 cases Assorted Mixers	156.81
10 cases of Fosters Beer	64.50
The Australian Wine Centre	
2 cases Semillon	159.37
The Australian Wine Centre	
1 case Assorted Wine (gift wrapped)	76.74
Petty Cash Claim	
Official liquor "Phillip of Australia Day"	40.90
Total Cost of Liquor Purchases	£3,488.46

SCHEDULE I(ii)

ABIE

Gala Summer Ball

The Hurlingham Club, Ranelagh Gardens, London SW6 3PR

Thursday, 25th June, 1992, 8.00pm

Name

- * Complimentary Champagne Reception*
- * Three course Dinner (excluding wine and drinks)*
- * Dancing until 1.00am*

Dress: Black Tie

This ticket will have to be shown to gain entry to the Hurlingham Club

SCHEDULE J

HOSPITALITY - MR A CORDLE

		£
19 December 1991	Lunch	59.75 (ii)
25 February	Lunch	66.63
25 February	Car Hire	59.65 (ii)
2 March	Lunch	49.17
9 April	Dinner Party and Laundry	*29.88
7 May	Lunch	39.71
18 May	Dinner Party	*70.23
28 May	Lunch	28.66
17 June	ABIE Lunch	36.00
22 June	Car Hire	50.00 (i)
22 June	Dinner Party	*56.05
13 July	Dinner Party	*60.60
9 August	Cricket. The Oval	154.00
26 October	Car Hire	12.40
26 October	Lunch	<u>43.99</u>
		<u>816.72</u>

(i) One third of the hire car costs has been conservatively estimated.

(ii) The cost of hospitality to Mrs Cordle has been included as it was a product of hospitality to Mr Cordle.

* Cost is conservative because cost of alcohol at dinner parties does not show up on the records and would appear to come from office stock

SCHEDULE K

MR A. CORDLE

28 October 1991	Dinner at Residence
11 November 1991	Evening meeting
16 November 1991	Dinner
25 November 1991	Evening meeting
27 November 1991	Afternoon meeting
2 December 1991	Evening meeting
19 December 1991	Meeting at Office followed by lunch at Howard Hotel
7 January 1992	Lunch at Whites
18 February 1992	Dinner
20 February 1992	Morning meeting
25 February 1992	Lunch at Tower Thistle Hotel following Freedom of City of London Ceremony
28 February 1992	Morning meeting and possible weekend
3 March 1992	Morning meeting
17 March 1992	Afternoon meeting at Grandma Lee Restaurant
18 March 1992	Morning breakfast meeting
25 March 1992	Afternoon meeting
27 March 1992	Dinner RAC Club
31 March 1992	Evening meeting
13 April 1992	Evening meeting
22 April 1992	Evening meeting
24 April 1992	City of London Group luncheon at Sedgwicks Insurance
7 May 1992	Lunch at Westpac
	Evening meeting at residence
13 May 1992	Evening meeting
18 May 1992	Diplomatic lunch at office
8 June 1992	Evening meeting at residence
26 June 1992	Breakfast meeting at Cumberland Hotel
13 July 1992	Diplomatic lunch at office
15 July 1992	Evening meeting
22 July 1992	Evening meeting
29 July 1992	Evening meeting
4 August 1992	Evening meeting
9 August 1992	Morning to Oval for Cricket Test
8 September 1992	Visit to Paris
9 September 1992	Return from Paris visit
10 September 1992	Visit to Slovenia
16 September 1992	Evening meeting at residence
23 September 1992	Evening meeting
24 September 1992	Evening meeting at residence
30 September 1992	Evening meeting
1 October 1992	Dinner

SCHEDULE L

PURCHASE OF SOFT FURNISHINGS FOR THE OFFICIAL RESIDENCE

Date	Department Store	Items	Amount £
Oct 91	John Lewis	Cushions	25.95
Oct 91	John Lewis	Bed Linen	47.50
Oct 91	John Lewis	Shower Curtain	19.50
Dec 91	Selfridges	Three rugs	648.00
Jan 92	Corocoran & May Ltd	Material to make new curtains, bedspread and bedhead	237.00
Feb 92	Selfridges	Carpet covers for residence	46.90
April 92	Louise Hayley	Making of curtains etc. and fitting of items	1,142.90
May 92	Peter Jones	Bed linen	365.11
May 92	Peter Jones	Bed linen	55.00
July 92	Peter Jones	Lamp shades	38.00
July 92	Louise Hayley	Making of Austrian Blind, curtains etc. and fittings of items	814.74
July 92	Peter Jones	Bed linen	129.00
July 92	John Lewis	Blinds	82.00
July 92	Harrods	Towels/bedspread	89.15
July 92	Material World	Material for curtains, bed, chairs etc.	536.21
Aug 92	Louise Hayley	Making of curtains, duvet cover etc.	1,074.72
Oct 92	Material World	Material	81.05
Oct 92	Kenneth Hayley	Blinds and the fitting of items	359.48
		SUB TOTAL	5,792.21
July 92	Two cheques received from Mrs Pickard for used curtains, bedspread etc.		93.00
		TOTAL	5,699.21

SCHEDULE L(i)

PURCHASE OF HOMEWARE ETC. FOR OFFICIAL RESIDENCE

Homeware – Mrs Pickard		£
3 October 1991	Harvey Nichols – Coffee Mugs	24.30
10 October 1991	John Lewis – Scissors	11.30
26 November 1991	Reject China Shop – Chinaware	77.95
8 March 1992*	Peter Jones – Plastic Jars/Wastepaper Baskets	32.85
27 April 1992*	Harrods – Cheese and Butter Knives	50.00
27 April 1992*	Marks & Spencer – Pot Holders	16.97
6 July 1992	Peter Jones – Kitchen Knives	15.20
8 July 1992	John Lewis – Bathroom Fittings	37.50
25 January 1992	New Style Furniture – Combination Robe/3 Drawer Cabinet	224.00
13 January 1992	Tulleys – Soft Bed	375.00
July 1992*	Peter Jones – Plugs/Basket	14.10
July 1992*	John Lewis – Coffee Pot	16.99
July 1992*	Marks & Spencer – Soap Dishes	31.97
July 1992*	Marks & Spencer – Soap Dishes	19.98
	SUB TOTAL	<u>£948.11</u>

In addition to Mrs Pickard's purchases for the Residence, the staff purchased the following items for the Residence at the request of Mr/Mrs Pickard.

20 May 1992	Phone and kettle lead for Residence	36.00
23 March 1992	Kettle	21.50
	Extension lead and buzzer	<u>45.43</u>
	TOTAL EXPENDITURE ON HOMEWARE	<u>£1,051.04</u>
	GRAND TOTAL	<u>£6,750.25</u>

SCHEDULE M

Duties and Responsibilities of Mr Pickard

The duties of the Agent-General specified in the agreement will, in accordance with the functions of the office, extend to the British Isles and the Continent of Europe and include:

- (a) promoting the international business development and other interests of the State;
- (b) the overall direction of the office of the New South Wales Government in the United Kingdom;
- (c) advising the Director-General, Department of State Development on any matters affecting the interests of the State.

Premier's Department - Briefing on Agent-General, London (January 1991) includes:-

The Agent-General shall have executive authority as Chief Executive London in discharging the functions of the office and be accountable through the Director-International to the Director-General, Department of State Development for achievement of the agreed objectives including:-

- (a) the implementation of strategies and action plans formulated in consultation with the Department of State Development
- (b) the promotion of the interests of the State in Britain and the rest of Europe
- (c) the effective management of the London Office and to this end the establishment of such organisational arrangements and delegations as he may determine in consultation with the Director-International, State Development.

SCHEDULE N

Medical Insurance

The agreement provides for the Agent-General to ensure that:-

- (a) he and dependent family are medically insured in Australia to the level of Private Hospital with Private Room, and
- (b) he has an exemption under Section 169A of Taxation Act from contributing to the Medicare levy whilst serving overseas.

On production of evidence to this effect the Agent-General and dependent family will be entitled to:

Medical – reimbursement for all medical expenses that exceed the amount of the Medicare levy that he would have paid for the year in question.

Hospital – subject to submitting claims to a Health Fund (other than Medibank Private which does not cover overseas expenditure) and contributing the difference between the Health Fund refund and the Australian schedule fee reimbursement of costs for claims that exceed the Australian schedule fee.

[The London Office has advised that Mr Pickard orally informed an officer that he had the necessary Health cover and mentioned both HCF and Medicare.]

[Periodic advances were made by the London Office on the basis that Mr Pickard would claim against the Fund and Medicare and against each advance by accounting for the refunds and the Medicare patient gap.]

SCHEDULE O

The review has identified that Mrs Pickard incurred travelling costs on SEVENTEEN occasions ie. 8 domestic and 9 international.

These were:-

11 October 1991 – 12 October 1991	*Bath
31 October 1991 – 2 November 1991	Portsmouth
22 November 1991 – 25 November 1991	North Yorkshire
29 November 1991 – 30 November 1991	Portsmouth
5 December 1991 – 6 December 1991	Denmark
16 January 1992 – 19 January 1992	Ireland
13 February 1992 – 14 February 1992	Denmark
23 February 1992 – 25 February 1992	Germany
12 March 1992 – 13 March 1992	Lincoln
1 April 1992 – 8 April 1992	Spain
17 April 1992 – 21 April 1992	Guernsey
17 July 1992 – 20 July 1992	Spain
26 July 1992 – 29 July 1992	•Poland and Sweden
7 August 1992 – 8 August 1992	Newmarket
5 September 1992 – 9 September 1992	•France
8 October 1992 – 9 October 1992	Bristol and Bath
18 October 1992 – 23 October 1992	•France

* Prior to 12 month period.

- On the basis of allowing the first six overseas trips in a 12 month period, the cost of these three trips for Mrs Pickard was excess to the contract limit.

