



The Hon Katrina Hodgkinson MP

Minister for Primary Industries
Minister for Small Business

Mr David Blunt
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Parliament House
Macquarie Street
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Dear Mr Blunt

Please find attached the NSW Government response to the Final Report of the Inquiry by the Select Committee on Cronulla Fisheries Research Centre for tabling in the Legislative Council.

Yours sincerely,

Katrina Hodgkinson MP
Minister for Primary Industries
Minister for Small Business

*Received at 5:00pm
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**NSW GOVERNMENT RESPONSE TO THE
RECOMMENDATIONS OF THE SELECT COMMITTEE ON THE
CRONULLA FISHERIES RESEARCH CENTRE**

Friday, 14th December 2012

This document outlines the NSW Government's response to each of the recommendations contained in the Report from the Select Committee on the Cronulla Fisheries Research Centre, Chaired by Reverend The Hon Fred Nile MLC, completed in October 2012.

The response includes details of the progress of the decentralisation, including a summary of decisions taken by employees and the status of securing alternative accommodation and facilities.

KEY RECOMMENDATIONS

Recommendation 1 – That the NSW Government reverse the decision to close the Cronulla Fisheries Research Centre of Excellence and not proceed with the closure.

The Government does not support this recommendation.

The NSW Government's vision for the future of our primary industries is to ensure they are profitable and sustainable and that our services are accessible and relevant to our stakeholders.

85 per cent of seafood sold in NSW is currently imported. A lack of investment, ageing commercial fishing fleets, poorly allocated fishing rights resulting in too many fishers and excessive red tape has stifled the commercial fishing industry. This needs to change to ensure that there is a continued availability of fresh, local seafood.

The commercial fishing industry, which contributes more than \$80 million per annum to the NSW economy and employs more than 4000 people both directly and indirectly, mostly in regional areas, has long argued the need for NSW Fisheries scientists to be located closer to its main centres, predominately on the north coast of NSW.

Decentralising commercial fisheries research and management will lead to a higher degree of interaction between commercial fishers and Fisheries NSW's researchers and managers.

The NSW Government's decision to decentralise services from Cronulla has resulted in an agreement between the Sydney Institute of Marine Science (SIMS) in Chowder Bay and NSW Department of Primary Industries (DPI). SIMS is a partnership between Macquarie University, the University of NSW, the University of Sydney and the University of Technology, Sydney, which is enhanced by collaborations with several Commonwealth and NSW Government agencies, the Australian Museum, the University of Wollongong and the University of Western Sydney.

The NSW Liberals & Nationals Government is committed to a 'Decade of Decentralisation' in order to help boost job numbers across New South Wales. The decision to decentralise NSW Fisheries Services is an important part of this commitment and has already resulted in the creation of new jobs in Nowra, Port Stephens, Coffs Harbour and Wollongong. Of the 138 people employed at Cronulla when the decision was announced, 53 have agreed to relocate. More than 30 positions have been advertised and, once final decisions have been made by staff, additional recruitment will be undertaken.

The relocation of jobs to regional NSW will also provide opportunities for people living in these coastal communities to pursue a meaningful career in the NSW Public Service and employment in a field which is integral to supporting industries in their communities.

Submissions to the Inquiry from Graham Turk (CEO Sydney Fish Markets) and Graham Byrnes (former Deputy Chair of the Seafood Industry Advisory Council and long-time commercial fisher) both articulated the benefits of decentralisation to commercial fisheries in NSW, including greater proximity to fishers in regional locations, and the importance of the Newcastle area (close to Port Stephens Fisheries Institute) and the north coast (including Coffs Harbour) in terms of commercial fishing activity and amount of catch. Mr Byrnes stressed the importance of commercial fishing to NSW, the need for reform of that sector and his support for the decision to decentralise the functions carried out by the Cronulla Fisheries Research Centre.

The decision to relocate employees from the Cronulla Fisheries Research Centre was taken in September 2011, thirteen months before the delivery of the Select Committee Report. In those thirteen months, the relocation proceeded according to a carefully planned schedule that considered functional requirements of Fisheries NSW, including service to fisheries stakeholders, and the needs and wishes of individual employees.

New contracts have been awarded to lease new buildings and storage facilities in Nowra and Coffs Harbour, to extend laboratory facilities at the Port Stephens Fisheries Institute, to refit Departmental office accommodation in Wollongong and Coffs Harbour and to install or improve ICT services to several locations. New alliances have been negotiated with universities for co-location of scientists and other officers at the Sydney Institute of Marine Sciences (SIMS) Chowder Bay in Sydney Harbour, and at the University of Southern Cross, National Marine Science Centre at Coffs Harbour.

As of 30 November 2012, of the 138 positions at Cronulla at the time of the announcement in September 2011, 53 officers have agreed to transfer to new locations and 20 have already moved or are in the process of moving. A further 56 employees have decided to exit the agency, many to alternative positions (see Appendix 1). Of the 138 positions, 117 were employed in Fisheries NSW (see Appendix 2) and the others were employed elsewhere in Department of Primary Industries (DPI) or Department of Trade, Investment, Regional Infrastructure and Services (DTIRIS). Of the Fisheries NSW positions, 48 have agreed to transfer. Close to half of the twenty scientists who were based at Cronulla have agreed or are expected to agree to transfer. This will minimise any potential loss of expertise or disruption to our work programs.

Recruitment is underway to replace employees who are unable to relocate. To date, in excess of 30 positions in the new locations have been advertised. Cronulla employees have had first opportunity to apply for all positions affected by the relocation.

The relocation project, including transferring employees, equipment and establishing new office, laboratories and storage facilities is already more than 80% complete.

One example of the success of the relocation in the new host communities is the recruitment of a position in Coffs Harbour which attracted 58 applications, 73% from people living locally. As expected, the demand for new positions in regional locations is high. As recruitment progresses in Coffs Harbour, Port Stephens and Nowra, benefits of additional employment in those regional locations will increase. Peter Bailey, Chief Executive Officer, Foundation for Regional Development described the multiplier benefits

to regional locations. He also emphasised the increasing problems with infrastructure in the Sydney metropolitan area.

The Committee provided the further recommendations in the event the Government does not accept Recommendation 1.

Recommendation 2 – That the NSW Government give all Cronulla Fisheries Research Centre of Excellence staff moved to other Sydney locations the opportunity to return to the Centre, and that all the Centre’s scientific staff and their support staff moved to locations around NSW also be given the opportunity to return.

The Government does not support this recommendation.

There were 45 research positions (including 20 scientists) based at Cronulla Fisheries Research Centre when the decision was announced. Of those, 10 positions (including five scientists) have been transferred to the Sydney Institute of Marine Science (SIMS) at Chowder Bay. The research positions remaining in Sydney will include those for Sydney shark research, catch assessments and Sydney fish market survey research, as well as lobster research.

In addition, fisheries management positions working predominantly in the Sydney area have also been transferred to SIMS.

SIMS was founded in 2005 as a partnership between Macquarie University, the University of NSW, the University of Sydney and the University of Technology, Sydney. The partnership is enhanced by collaborations with several Commonwealth and State Government departments, the Australian Museum, the University of Wollongong and the University of Western Sydney. NSW DPI is an associate partner of SIMS.

Returning research positions to Cronulla would isolate these research employees from fisheries management and deny the NSW community the benefits from the considerable synergies expected to flow from the co-location with SIMS.

Co-locating the research and fisheries management positions from Cronulla Fisheries Research Centre with SIMS offers practical and strategic advantages for NSW DPI including:

- strengthening the alliance between NSW DPI and SIMS, cemented through co-location, thus increasing the opportunity to influence fisheries tertiary education programs for the benefit of fisheries management in NSW;
- the location at Chowder Bay offers strategic advantages for core Sydney-based research programs, such as the Sydney harbour shark research;
- co-location will reduce the duplication of facilities and services delivering environmental and operational benefits;
- co-location with university marine scientists and students will increase opportunities for research collaboration and improve management of fisheries in NSW;
- co-location with university scientists in different disciplines will increase transfer of knowledge and accelerate uptake of new technologies of potential benefit to NSW;
- access to new laboratories and very modern aquaria facilities will allow existing research to continue and increase opportunities for new research; and
- access to under-graduate and post-graduate students will increase recruitment opportunities for Fisheries NSW.

According to Dr John Keniry, Commissioner of the Natural Resource Commission and Chairman of SIMS;

"...the recent up-grade of SIMS has led to world class research facilities which are not, and were unlikely ever to be available at Cronulla."

Offering research employees who have transferred to other locations the opportunity to return to Sydney would be highly disruptive and inequitable for employees who work in other functional locations.

Recommendation 3 – That the NSW Government halt any further progress on the closure of the Cronulla Fisheries Research Centre of Excellence.

The Government does not support this recommendation.

The integrity of buildings and fixed infrastructure at Cronulla Fisheries Research Centre has been maintained during the relocation with the exception of items unlikely to be used in future plans for the site. However, actions to relocate any infrastructure or other action to decommission the site were put on hold while the Government considered its response to the Legislative Council report.

With the Government's response now finalised, the process of decentralisation will continue.

Recommendation 4 - That the NSW Government conduct a comprehensive economic appraisal of whether to close the Cronulla Fisheries Centre of Excellence and relocate functions in accordance with the New South Wales Government Guidelines for Economic Appraisal. This appraisal should be completed by a body that is independent of the Department of Primary Industries and the Minister for Primary Industries.

The Government partially supports this recommendation.

The NSW Liberals & Nationals Government is committed to a Decade of Decentralisation in order to help grow jobs across New South Wales. The decision to decentralise the functions carried out by employees at the Cronulla Fisheries Research Centre is an important part of that commitment to create jobs and economic opportunities in regional NSW.

A Benefit Cost Analysis of the relocation was completed by the Strategic Policy and Economics Branch of the Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS), separate from the Department of Primary Industries, and Fisheries NSW using available data and information provided to the Inquiry. The Benefit Cost Analysis was not a decision tool but was produced to provide an estimate based on information on benefits and costs available to date. This preliminary analysis, which was conservative in that it did not value intangible benefits to regional areas, indicated a positive return for the NSW Government and justified the relocation.

A final Benefit Cost Analysis will be produced when all the data including a comprehensive economic appraisal, considering the updated Benefit Cost Analysis, becomes available once the relocation process is completed.

Recommendation 5 – That the NSW Government conduct a detailed analysis of the economic and non-economic value of the science carried out by the Centre. This analysis must involve consultation with the marine science community and scientists based at the Centre and take account the impact on sustainable fisheries management arising from the potential loss of scientific expertise.

The Government partially supports this recommendation.

As part of the reform and restructure of Fisheries NSW, research needs will be reviewed to ensure future research is relevant and addresses key priorities of our customers – the commercial and recreational fishing sectors. This is consistent with on-going DPI practice to ensure research and development programs are focused on industry needs.

The NSW Government recently announced a major reform of commercial fisheries. This has been strongly supported by commercial fishers and conservation groups alike. The reform is being undertaken to create a more economically viable sector and involves new management, consultation and governance structures.

There is no threat to seafood consumption in NSW caused by the decentralisation of functions carried out at the Cronulla Fisheries centre. NSW currently imports approximately 85% of the seafood we consume and the remainder is supplied by this state's commercial fishing industry.

The significant reforms to commercial fisheries are not aimed at resource sustainability, rather to make it easier for the industry and Government to manage sustainability. The strong endorsement by the Nature Conservation Council, environmental groups and the Professional Fisherman's Association (PFA) demonstrates this is well received by both the conservation sector and the commercial fishing industry.

There is already a strong science-based program in NSW to understand and monitor the status of fisheries resources, which is backed up by a strong regulatory and legislative framework. This science-based program is a priority, and will be maintained and improved through better links with commercial fisheries. Those links will be improved by locating our scientists at key industry locations and through a restructure, which is underway within DPI, to bring commercial fisheries research and management together under the same management structure.

Recommendation 6 – That the NSW Government comprehensively review the decision to close the Cronulla Fisheries Research Centre of Excellence on the basis of the economic appraisal, analysis and review referred to in Recommendation 4 and the analysis of the science referred to in Recommendation 5.

The Government partially supports this recommendation.

The NSW Government will proceed with this relocation.

As outlined in the response to recommendation 4 above, a final Benefit Cost Analysis will be produced when all the data including a comprehensive economic appraisal, considering the updated Benefit Cost Analysis, becomes available once the relocation is completed.

The NSW Government has always maintained that it will support the principles of decentralisation and strengthen regional communities. A Benefit Cost Analysis of the

relocation was completed by the Strategic Policy and Economics Branch of DTIRIS using available data and this was provided to the Inquiry.

The Benefit Cost Analysis was not a decision tool but was produced to provide an estimate based on information on benefits and costs available to date. This preliminary analysis was conservative in that it did not value benefits to regional areas but did indicate a positive return for the NSW Government and justifies the continuation of the relocation.

The review of research priorities will inform future research and ensure research remains relevant and addresses key priorities. This is consistent with on-going DPI practice to ensure research and development programs are focussed on industry needs.

Recommendation 7 – That the NSW Government publish on completion (of) the appraisal, analysis and review referred to in Recommendations 4,5 and 6 to ensure transparency and accountability in Government decision making.

The Government supports this recommendation on the basis of the responses provided to recommendations 4,5 and 6 above.

Recommendation 8 – That the NSW Government make provision to meet its commitment to keep the Cronulla Fisheries Research Centre of Excellence site in public ownership, including by providing funding for ongoing upkeep of the site, should a decision be taken to proceed with the Centre's closure.

The Government partially supports this recommendation.

The NSW Government commissioned an independent report into the future use of the site. The report was prepared after extensive community consultation on potential future uses. The report recommends:

- the site remain in public ownership;
- increased access is provided for the community so that cultural and historical heritage values can be greater appreciated;
- existing buildings should remain intact and that there be no large-scale commercial development.

The report recommends a Site Management Trust be established to manage the site, and a tender to operate limited commercial activity on the site to fund the maintenance of the site. Decisions on funding sources for ongoing upkeep should be left to the Site Management Trust.

Recommendation 9 – That the NSW Government immediately put in place a plan to ensure that research and scientific knowledge from Cronulla is not lost. The plan should include detailed project by project analysis of knowledge and data, it should include appropriate succession planning to ensure knowledge is passed on when change of personnel does occur.

The Government supports this recommendation.

NSW DPI is committed to ensuring all science is published according to best-practice. That includes science conducted at Cronulla Fisheries Centre.

Succession planning is part of best practice, has been a feature of planning of this relocation and will remain a key component of future planning throughout the Department.

Minimising the loss of scientific, management and policy expertise has been a core objective from the start of the relocation process. Attempts to minimise the loss include involving employees at all stages of the planning process to ensure functions are located in the best places to meet the needs of the agency, stakeholders and employees. Involving employees in these decisions has helped give employees confidence that their positions will be supported following the relocation. Specific examples of ensuring employees needs were considered to minimise loss of expertise included changing locations (16 changes negotiated with individuals and management where functional requirements could be met) and move dates (35 changes made on request of employees).

With increased mobility in labour markets, the loss of expertise is an operational risk that all publicly and privately owned organisations need to manage. Of the employees who have nominated to exit the Department at this stage (November 2012), many would have been eligible for retirement (using 60 years of age as an indicator). Managing retirement and resignation of experienced employees is a challenge facing all organisations. In terms of the Cronulla relocation, functional areas have been reorganised, recruitment action for new employees has already commenced and a knowledge transfer process planned.

The demographic profile of Fisheries NSW indicated that nearly 70% of employees are age 40 or below with a similar percentage within the fisheries research branch. There are a large number of relatively young scientific, technical and managerial employees willing to move and those employees will help compensate for the loss of some of the older employees. One example is the move of an early-career scientist to Port Stephens Fisheries Institute. This scientist relocated early to Port Stephens and is currently supervising 12 post-graduate students. All will remain under his supervision and when they complete their studies will be eligible to compete for employment opportunities within Fisheries NSW.

The co-location with SIMS and University of Southern Cross (National Marine Science Centre) will help ensure new under- and post-graduates are closely linked with Fisheries NSW, facilitating specific training and assisting with recruitment. This will benefit both Fisheries NSW and offer additional opportunities for students.

Several scientists have indicated they are unable to transfer. Of those, three would be eligible for retirement on the basis of age (i.e. approaching or exceeding 60 years old when relocation is complete) and only two are younger than 45 years old. Both those scientists have secured positions in a private company that provides contract fisheries research. Their expertise is not lost to NSW.

Recommendation 10 – That the NSW Government review all long-term temporary staff working at the Cronulla Fisheries Research Centre of Excellence and appoint those who meet the criteria for appointment as permanent officers.

The Government supports this recommendation

The NSW Government has already appointed many eligible temporary employees as permanent and will continue to do so for those who meet the criteria.

Status of employment has been changed from temporary to permanent by either direct appointment (Section 31) or successfully gaining a permanent position through recruitment for 17 positions. Three additional positions are in the process of being changed to permanent and two more planned. Approximately 32 temporary positions are likely to meet the minimum requirements to be considered for permanency (including under Section 31).

Twenty-two of the temporary positions at Cronulla have less than two years service (as at early 2012). Employees in nearly half of those 22 positions were not selected on merit – positions were for seasonal work. Without either/both requirements, the position/person is not likely to be made permanent.

The funding for a further five temporary positions will cease during the transfer period and therefore the positions will terminate.

Recommendation 11 - That the NSW Government, for any temporary staff made redundant since the announcement of the decision to close the Cronulla Fisheries Research Centre of Excellence, restore the severance entitlements that were in place prior to the decision being made.

The Government partially supports this recommendation

All decisions relating to employees payments are in keeping with NSW Government policy.

Recommendation 12 - That the NSW Government make every effort to re-employ Professor Steve Kennelly and reinstate him in a position equivalent to the position of Chief Scientist of the Department of Primary Industries because Professor Kennelly is internationally recognised for his expertise in marine science and has an extensive and irreplaceable personal knowledge of NSW marine science research.

The Government partially supports this recommendation

The position of Chief Scientist of the DPI was discontinued as part of the restructure of Primary Industries. Professor Mary O’Kane, is the NSW Chief Scientist and advises DTIRIS, including DPI, on broader high-level science issues. The Chief Scientific Officer, Dr Phillip Wright, within DPI manages science quality and helps coordinates research contracts.

There are separate science positions within DPI for Agriculture NSW, Biosecurity NSW and NSW Food Authority that do not require marine science expertise.

The position of Chief Scientist held by Professor Kennelly was revised and became Director of Fisheries Research, in a process that was independent of the decision to relocate employees from Cronulla. Professor Kennelly assisted with the review of the duties for the revised position, which he held until he announced his decision to accept a voluntary redundancy.

Professor Kennelly was offered the opportunity to relocate in that position of Director of Fisheries Research to the Port Stephens Fisheries Institute, where the three Fisheries Research Leaders will be located. Port Stephens Fisheries Institute will have the largest number of fisheries scientists and is the obvious location for the Director of Fisheries Research.

Professor Kennelly declined the offer to relocate and has exited the Department. He has since announced he will join a private consultancy company and his services will still be available to NSW in that capacity.

Recommendation 13 – That the NSW Government develop a comprehensive policy document defining its ‘Decade of Decentralisation’ policy, setting out its principles, objectives and measures of success and that any relocation plans for the Cronulla Fisheries Research Centre of Excellence, or any other agency or site, be assessed against this policy, and this should include best practice guidelines for the decentralisation of agencies. Further, that any future proposal to relocate centres engaged in scientific research be accompanied by thorough planning for retention.

The Government supports this recommendation

The NSW Government is committed to the Decade of Decentralisation policy and will further articulate the policy in the coming months.

Enhancing science and research in regional NSW is central to the NSW Government’s decentralisation policy and has been a key feature of this project. Retaining valuable scientific expertise should be a key consideration of any future proposal to relocate centres engaged in scientific research. This will remain a key objective of the relocation of positions from the Cronulla Fisheries Research Centre of Excellence. The success of this objective may be measured by the estimation that approximately 50% of scientist positions will transfer to new locations and that in excess of 50% of the total number of research positions (including research support staff) will transfer. The proportion of research employees who have already decided to transfer is among the highest for any functional group.

Appendix 1. Summary data for Cronulla positions from all DPI branches (30 November 2012)

Position activity	No. Total = 138
1. Transfer	53
a. Transfer pending (includes employees currently on maternity leave who are likely to return to work after Feb 13 = 3)	33
b. Transfer completed	14
c. Transfer underway	6
2. Exit/Leave Fisheries	56
a. Exit pending	17
b. Exit complete	21
c. Retiree	2
d. Transfer to govt positions	15
e. Transfer internal pending	1
3. Nil action for Transfer (no transfer entitlements)	17
a. Casual	5
b. Short term contract	8
c. Project ends before Feb 13 (recruitment finalisation pending x1 of 4)	4
4. Action yet to be determined	12
a. Formal transfer offer sent in last 2 weeks and return advice for employees pending	0
b. Advice pending – response from person is on hold as agreed with each person	8
c. Letter sent no reply	3
d. Formal transfer letter yet to be sent	1
5. Total number left Cronulla site (sum 1b, 1c, 2b, 2d, 2e)	57
6. Total number for whom action relating to transfer is known	126
7. Number of positions remaining on site entitled to transfer = 138 – (3. + 5.)	64

Appendix 2. Summary data for Fisheries NSW positions only (20 November 2012)

Position activity	No. Total = 117
8. Transfer	48
a. Transfer pending (includes employees currently on maternity leave who are likely to return to work after Feb 13 = 3)	29
b. Transfer completed	13
c. Transfer underway	6
9. Exit/Leave Fisheries	41
a. Exit pending	13
b. Exit complete	17
c. Retiree	1
d. Transfer to govt positions	10
e. Transfer internal pending	0
10. Nil action for Transfer (no transfer entitlements)	17
a. Casual	5
b. Short term contract	8
c. Project ends before Feb 13 (recruitment finalisation pending x1 of 4)	4
11. Action yet to be determined	11
a. Formal transfer offer sent in last 2 weeks and return advice for employees pending	0
b. Advice pending – response from person is on hold as agreed with each person	7
c. Letter sent no reply	3
d. Formal transfer letter yet to be sent	1
12. Total number left Cronulla site (sum 1b, 1c, 2b, 2c, 2d, 2e)	46
13. Total number for whom action relating to transfer is known	106
14. Number of positions remaining on site entitled to transfer = 117 – (3. + 5.)	54