

**Submission
No 95**

**INQUIRY INTO CLOSURE OF THE CRONULLA
FISHERIES RESEARCH CENTRE OF EXCELLENCE**

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Submission to the

Legislative Council Select Committee on Cronulla Fisheries

By

Dr Geoff Liggins

Introduction

I make this submission as a concerned citizen of NSW, a keen recreational angler and as a scientist employed by the NSW Department of Primary Industries and based at the Cronulla Fisheries Research Centre of Excellence (CFRCoE).

I have been employed as a scientist supervising a diverse range of research programs and staff at this location for the past 20 years. At present, my major responsibility is for research projects concerning the biology, monitoring, assessment and management of the Rock lobster fishery in NSW. The majority of the annual budget for these projects comes directly from the fees paid by shareholders in the NSW rock lobster fishery and from the Fisheries Research and Development Corporation. I, along with the other members of my team, take great pride in our contribution to the spectacular recovery of the rock lobster fishery over the past decade. This success has been underpinned by a long-running cooperative relationship that my team has had with the shareholders and fishers in the commercial industry, fishery managers, compliance officers and the wide-ranging expertise of other scientists, technicians and administrators at the CFRCoE.

I am opposed to the closure of the CFRCoE and the many negative consequences that this action will have. I am particularly disappointed and angry regarding apparent violations of due process by my Department, for which the Minister is ultimately responsible. Moreover, I believe that the actions taken by the Minister and the Department show disregard and disrespect to fisheries stakeholders and the NSW community in general.

My support for submissions made by the Save Cronulla Fisheries team and by the Staff of the Cronulla Fisheries Research Centre of Excellence.

I have read and support the submissions made to the Inquiry by the *Save Cronulla Fisheries* team and by the *Staff of the Cronulla Fisheries Research Centre of Excellence*. I will not repeat in my submission here, all of the facts and reasoned opinions that I know are presented in these submissions. Rather, I wish to emphasize several matters that are of fundamental importance to me as a NSW citizen and that I believe are of great significance for NSW community.

With respect to the credibility of my submission, I also wish to point out that, on a selfish and superficial level, I am advantaged by the closure of the CFRCoE as I am to be relocated within Sydney, to Chowder Bay (near Mosman). As a resident of the Inner

West of Sydney this will result in a much shorter daily commute to and from work. Thus, I totally reject any possible assertion that my stated position is selfishly motivated.

The absence of a business case, formal economic appraisal & objective cost-benefit analysis

There was no business case, economic appraisal or cost-benefit analysis prepared prior to the announcement of the relocation. Nor have these analyses been produced, documented or made publicly available during the 10 months since the announcement.

I believe that this contravenes specific policy and guidelines set down in the NSW Treasury document “*NSW Government Guidelines for Economic Appraisal*”. These guidelines are intended to establish a framework for all public sector agencies to undertake economic appraisals on a consistent basis. As stated in this document:

“In its review of economic appraisals to provide advice on proposed projects or programs, above all, Treasury looks for objectivity in an economic appraisal. Common sense is an important guiding principle. The economic appraisal should present an independent, unbiased assessment of all the costs and benefits of the various means of achieving the stated service delivery objective. The economic appraisal should not be a “business case” which simply promotes a preferred approach. The economic appraisal may form part of a business case, to explain how a preferred approach came to be selected.”

and

“In general, an economic appraisal is required for all individual projects with a total cost in excess of \$1 million.”

Of particular significance here, the policy and guidelines warn of the dangers of “*excessive disaggregation*” and “*failure to account for linkages to other projects*” such that a large project or program is disaggregated or split up so that individual components are each costed under the \$1 million threshold – thereby deceptively and irresponsibly avoiding the need for a Treasury-reviewed economic appraisal.

The Sydney Morning Herald article “*Department told to get fisheries plan under the radar*” (20 Feb 2012) provided disturbing evidence of this tactic being used by the Department. Significant capital works to be done at the Port Stephens research centre, were deliberately disaggregated into a series of smaller projects, each budgeted under the \$1 million threshold. It is also noteworthy that this instance of “disaggregation” only applied to the capital works to be done at the Port Stephens site. If the costs of the overall project or projects that are involved in the closure of the CFRCoE and relocation of staff and facilities to multiple Sydney-based and regional locations were considered together, the costs would clearly be such that a full and detailed economic appraisal would be required by treasury! Again, note the statement in the Treasury document:

“the analysis of sub-components should not be undertaken in lieu of the analysis of the wider project, to ensure that the project as a whole is of net benefit.”

“One option which should always be included as the base case against which other options are to be compared is the “do nothing” option” (i.e. the comparative cost-benefit of CFRCoE as is!).

Why this is such an important issue

These guidelines are intended to establish a framework for all public sector agencies to undertake economic appraisals on a consistent basis. As the Treasury document states:

“The New South Wales public sector is a major component of the State economy. The efficiency with which it uses its resources can have a significant impact on the overall performance of the State economy and the welfare of its residents. It is therefore important that the most efficient ways of meeting particular service objectives are identified and implemented.”

I would argue that a formal Economic Appraisal was not only necessary based on Treasury policy (for the project or projects concerning the closure of the CFRCoE and relocation of staff to regional locations) but that it was fundamental to the Government commitment to **“Restore accountability to Government”** and goals 29 – 32 of their **“NSW 2021 – A Plan to Make NSW Number One”** vision:

“Restore confidence and integrity in the planning system” (Goal 29);

“Restore trust in State and Local Government as a service provider” (Goal 30);

“Improve government transparency by increasing access to Government information (Goal 31);

“Involve the community in decision making on government policy, services and projects” (Goal 32).

Understandably, issues concerning the sustainability of fisheries in NSW do not get the same attention in the media as those concerning law and order, education or the health system. In these circumstances, it is even more important that process is followed by the Government and public service departments in order that the public can have confidence in the integrity of systems in place to ensure good and responsible decision-making.

My pessimistic suspicion is that the Inquiry may be offered a series of tenuous technical arguments by senior bureaucrats as to why a formal economic appraisal for Treasury was not necessary. If this is the case, I would request that the Select Committee consider

seeking additional evidence from the NSW Auditor General and NSW Treasury with respect to this issue.

Furthermore, if the Select Committee establishes that there does exist a series of complex technical arguments by which the failure to document a business case and economic appraisal can be justified, I would request that the Select Committee consider in reporting their findings - whether or not the Government's and Department's approach to this issue is consistent with the NSW public's reasonable interpretation of the stated intent of goals 29 -32 of "NSW 2021 – A Plan to Make NSW Number One" and Treasury's "NSW Government Guidelines for Economic Appraisal".

Cost of closing CFRCoE and relocating to staff to multiple regional and Sydney-based sites

Despite the lack of transparency with respect to any objective or formal analyses of costs and benefits associated with the relocation, I draw the attention of the Select Committee to another important matter concerning costs and the efficient use of public dollars.

Three members of staff including myself (& Mr Peter Brown & Mr Rob Harris) were nominated by the Director of Fisheries (Dr Geoff Allan) to attend a meeting with Minister Hodgkinson earlier this year. Please note that we did not attend this meeting as representatives of staff. At this meeting, when asked about the cost of relocation, Minister Hodgkinson stated that the cost savings resulting from the closure of CFRCoE would cover the costs of relocation to the regional and other Sydney-based sites. Furthermore, the Minister (presumably based on advice from the Department) stated the annual cost of running the CFRCoE site was about \$435k per annum. Whilst I am not questioning the Minister's belief at that time that, to the best of her knowledge, these statements were correct, I do question whether or not the Minister had or has been supplied with an objective analysis that truly justifies this belief.

Costs associated with the relocation will include: (a) rental of office space at sites including Coffs Harbour, Wollongong, Nowra, Mosman (SIMS) and Newington; (b) capital works to alter and construct office space and laboratories and aquaria facilities at Port Stephens; and (c) extensive flood-mitigation capital works at the Port Stephens site to prevent inundation of the site due to sea-level rise as a result of climate change (please refer to article published by Robert Williams on the Save Cronulla Fisheries website and subsequently supplied as evidence to the Inquiry).

Having read the submission to the Inquiry by *Save Cronulla Fisheries*, I note reference to an email from Jeannine Biviano to Richard Sheldrake (dated 6/9/2011 and uncovered by a FOI by Sutherland Shire Council). Ms Biviano stated that of a supposed \$455k per annum site maintenance cost, only about \$20k of this may transfer with staff, leaving a supposed \$435k site maintenance cost. In my opinion, the submission by *Save Cronulla Fisheries* establishes a reasonable prima facie case that the majority of this \$435k may not represent costs associated with the site but rather costs associated with personnel on the site (i.e. costs that would transfer with staff relocated to alternative sites). If this is

correct, it fundamentally affects whether or not the costs of relocation can be covered by savings from the closure of the CFRCoE.

Uncertainty about the comparative costs and savings outlined in the preceding 2 paragraphs underscores the absolute necessity for a demonstrably objective assessment of costs and benefits – indeed, exactly what is specified within the “NSW Government Guidelines for Economic Appraisal”. Accordingly, I would request that the Select Committee consider seeking further information from the Department with respect to the known or estimated costs of relocation and the actual costs associated with running the Cronulla facility. Given the great controversy and potential consequences of closing CFRCoE, I would also request that the Select Committee consider requesting an audit of these figures by the Auditor General and/or Treasury.

Concluding comments

In addition to lodging this submission, I have registered with the Committee Secretariat to attend and speak at the Public Forum to be held on Monday 3 September. My intention is to refer to the issues I have raised here and to briefly discuss several other matters covered by the terms of reference for the Inquiry. In particular, I will be explaining at this forum, why I think that the staff of CFRCoE that are opposed to the Government’s decision have acted ethically, responsibly and have represented themselves as public servants with the best interests of fisheries stakeholders and the NSW public at heart.