

**REPORT OF PROCEEDINGS BEFORE**

**SELECT COMMITTEE ON THE CLOSURE OF THE  
CRONULLA FISHERIES RESEARCH CENTRE OF  
EXCELLENCE**

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

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**At Sydney on Monday 10 September 2012**

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**The Committee met at 1.15 p.m.**

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**PRESENT**

Reverend the Hon. Fred Nile (Chair)

The Hon. Niall Blair  
The Hon. David Clarke  
The Hon. Cate Faehrmann  
The Hon. Marie Ficarra (Deputy Chair)  
The Hon. Mick Veitch  
The Hon. Steve Whan

**CHAIR:** Welcome to the third and final public hearing of the Select Committee on the Closure of Cronulla Fisheries Research Centre of Excellence. To date, the Committee has held a public forum and conducted site visits at the Cronulla Fisheries Research Centre of Excellence and at the Institute of Marine Science at Mosman. The Committee will undertake a final site visit at Port Stephens later this year. I acknowledge the Gadigal clan, who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Eora Nation and extend that respect to other Aboriginal people present.

The Committee was established in June 2012 to examine various aspects of the decision to relocate the centre, including the impact the decision will have on the research being carried out at the centre and its effect on the staff and their families who cannot move to other areas of New South Wales. We also will review the costs and benefits of the decision and the potential loss of scientific expertise held by staff who are unable to relocate. Today we will hear from representatives of the Foundation for Regional Development, the Sydney Fish Markets and the Shoalhaven City Council. This evening we will hear from the Hon. Katrina Hodgkinson, the Minister for Primary Industries, and Mark Paterson, the Director General of the Department of Trade and Investment, Regional Infrastructure and Services.

I will make some comments about procedural matters. We previously resolved to authorise the media to broadcast sound and video excerpts of public hearings. Copies of the guidelines governing broadcasting of proceedings are available at the table by the door. In accordance with the guidelines, the media can film Committee members and witnesses, but people in the audience should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, the media must take responsibility for what they publish or what interpretation is placed on anything that is said before the Committee. Witnesses are advised that if there are any questions you are not able to answer today, but you would like to have the opportunity to answer them later—you need more time or to have certain documents at hand—you are able to take a question on notice. Simply say, "I will take the question on notice.", and provide the Committee with an answer at a later date.

Witnesses, members and their staff are advised that any messages should be delivered through the attendants or the Committee clerks. I also remind witnesses that the freedom afforded to witnesses by parliamentary privilege is not intended to provide an opportunity to make adverse reflections about specific individuals. Witnesses are asked to avoid making critical comments about specific individuals and instead speak about general issues of concern, or about collective matters about the Government or an organisation, but not specific individuals. Finally, I ask everyone to please turn off their mobile phones for the duration of the hearing. I now welcome our first witness, Mr Peter Bailey, from the Foundation for Regional Development.

**PETER ROBERT BAILEY**, Chief Executive Officer, Foundation for Regional Development, sworn and examined:

**CHAIR:** We have not received a submission from you. Do you have a submission now?

**Mr BAILEY:** No, I do not. I was asked to.

**CHAIR:** Do you wish to make an opening statement?

**Mr BAILEY:** Our foundation has been involved in encouraging the growth of regional New South Wales. We see it as important that government show leadership in the area. Both sides of politics have shown leadership in the past, going back to the Department of Agriculture moving to Orange, local government to Nowra, WorkCover to Gosford, and I think from memory minerals and energy to Maitland. So we think the leadership is right. Sometimes those sort of things need to be built on, and I think that is what we need to ensure happens in the future.

**CHAIR:** Good. You referred to the Department of Agriculture going to Orange. Are you aware of what occurred in regard to Fisheries on that occasion?

**Mr BAILEY:** I was aware that it was proposed to be moved up there, but they chose not to, or there was a protest and they decided not to go to Orange.

**CHAIR:** Do you think that was a good decision?

**Mr BAILEY:** It is always difficult when you are relocating people and departments. Sometimes there is some collateral damage and sometimes those things do not proceed, but I think in principle the relocation of people to regional areas, where the vast majority of New South Wales is apart from the population, is the right thing to do. You obviously had some grief with Fisheries but we think the decision is the right one.

**CHAIR:** You agree, though, there is often a lot of distress with regard to the personnel? They all have their permanent arrangements in Sydney, in the suburbs?

**Mr BAILEY:** Yes, I am aware there is sometimes grief in personnel. I think also we need to be in a situation where in the future there is a strategy put in place if these sorts of things occur in the future that the pain and suffering or collateral damage is minimised. I think there are some strategies you can put in place to ensure that that is minimised.

**CHAIR:** What would that be?

**Mr BAILEY:** I think firstly involvement with the local community so that the local community become proactive supporters of what is put in place. Secondly, I think it is important that ancillary services are offered to staff to help them look at the options for relocating, such as advice on real estate, advice on jobs, not only jobs for themselves but also for their partners, because quite often today the partners are in employment and need assistance and advice on seeking employment in the regions; advice on education and health facilities in the regions, opportunities to visit as a group so they can see the sorts of opportunities that are on offer in a particular community, and opportunities for them to go there and to undertake almost a familiarisation over a weekend where the community welcomes them and shows them what is on offer in those communities.

**The Hon. MICK VEITCH:** We have heard in evidence, particularly from bureaucrats, that the reason for the closure of the Cronulla fisheries was around the Government's decade of decentralisation. How do you think that is going, that decade of decentralisation?

**Mr BAILEY:** I suppose the decade of decentralisation probably has not moved at the pace many of us would like, and that has probably been brought about to a large extent by the slow up in the economy, and the slow up that has occurred in the economy is not only Australia-wide, but worldwide. As a consequence, I think the decade of decentralisation has not achieved the sorts of relocations we had hoped, but I would hope that as things begin to improve, that gains momentum to move people to regional New South Wales.

**The Hon. MICK VEITCH:** The process that has been followed with the closure of Cronulla Fisheries, do you see that as a model that could be used in relocating other facilities or would you consider it to be a flawed model?

**Mr BAILEY:** I think probably this is probably the first time this Government has undertaken such a program. We have offered our services, and I think other people could do the same sorts of things to ensure a process is followed so that at least people become aware of the opportunity without building the fear. You build the opportunity, you build the understanding. My understanding is if you go back to agriculture, which was moved, I think, by the Greiner-Murray Government or the Greiner-Armstrong Government there was a fair degree of angst when that was moved but I think you would find that within 12 or 18 months most of that angst had disappeared. It is often the perception that we face. In moving people to the country it is the limitation. We know people are moving out of Sydney, significant numbers of people are moving out of Sydney, but unfortunately at the moment large numbers are moving into regional Queensland and into regional Western Australia because there is an ignorance as to what regional centres have to offer in employment, lifestyle, education and those sorts of things.

**The Hon. STEVE WHAN:** You mentioned before the need to take time to introduce to communities and do a bit of preliminary work. Have you made recommendations to the Government already about how we can conduct decentralisation processes?

**Mr BAILEY:** I have had discussions with the Minister and made some suggestions. She noted those suggestions. I have had meetings this morning with the department to talk about developing a strategy, because I understand there is an intention to do more of the same. We think a package could be developed to try to help minimise the pain of moving people out of Sydney.

**The Hon. STEVE WHAN:** So currently there is not a natural process in place to undertake this sort of relocation, is that the impression you have?

**Mr BAILEY:** I think the best way to put it from what I have seen, basically it is department by department, whereas I think there needs to be an overall strategy built in that becomes almost a blueprint for moving.

**The Hon. STEVE WHAN:** Would you say, in developing decentralisation strategies—and I assume you would not say this—that you can put the whole State in one basket or do you believe that strategies should be focused on different needs of different regional communities?

**Mr BAILEY:** I think what probably needs to happen is at first you need to get communities to put forward expressions of interest. What I mean by that is I think in the past we have been too focused on moving the whole Department of Agriculture or Department of Mines and Energy, or Local Government. Quite often I think there are sections inside departments that could be moved—hypothetically the pay office of Parliamentary Services, the facilities departments, those sorts of sections that could be moved. One of the things we have to do is to get the local council to understand that they need to be part of the process. Firstly, they need to identify why they should be considered for a government relocation and, secondly, what sort of facilities they have to offer, both short term and long term. For example, they might have 5,000 square metres available as prime office space; advice on education facilities; advice on the number of air services that come back to Sydney. There are areas of documents sitting there saying maybe we could fit this section or that department with this community. Rather than it being a top-down approach, it also needs to be up from the bottom, so that Young or Queanbeyan can also share in the pie, but it is recognised as to what number they could take and what sort of organisations they could take.

**The Hon. STEVE WHAN:** Obviously, inland New South Wales is very different to coastal New South Wales. Would many coastal communities with quite high populations need to have people transferred or do they need job opportunities developed in those communities?

**Mr BAILEY:** The latest ABS stats are showing that there has been a slowdown in population growth in even coastal communities. Many coastal communities that are growing need jobs. Quite often you will find in the larger coastal communities, such as Port Macquarie or Coffs Harbour, that the growth in industrial areas is what I call large retail: There is a 12,000 square metre Harvey Norman store that employs seven or 10 people full-time equivalent, but they are not providing the industry or training jobs that communities are looking for. With the slowdown in the economy, as I say, we are just seeing a whole growth strategy slide. Then the inland

coastal communities, such as Grafton, Kempsey and Taree, are struggling even harder than the big coastal communities.

**The Hon. STEVE WHAN:** You mentioned population statistics. Have you any further information you want to provide the Committee on how the population statistics have been changing in the last year?

**Mr BAILEY:** Yes. If the chairman will permit, I have an analysis we did about three months ago of the latest ABS statistics by regions. It shows the population growth by regions. It also shows the population growth in what we would call four categories: coastal communities; regional cities, which are all the inland ones—regional cities or any community over 25,000; provincial centres, which we would call 10,000 to 25,000; and then the small country communities.

**CHAIR:** Are you happy for the Committee to table that document?

**Mr BAILEY:** Yes.

**Document tabled.**

**The Hon. CATE FAEHRMANN:** Were you surprised when you learned that the Government did not undertake a cost-benefit analysis for the relocation of Cronulla Fisheries?

**Mr BAILEY:** I was not aware that it had not. I suppose in some ways I would suggest that it was an oversight by a Government that had not been in office very long and had not had the experience. I think hindsight is a wonderful thing but, that is why I have talked about the need to get communities to put there expressions of interest forward and then work with communities to move people to the appropriate centres.

**The Hon. CATE FAEHRMANN:** A lot of the time with these types of departmental relocations the fact is that many staff cannot move, is it not? One can talk about relocating departments, but the fact of the matter is that a significant percentage of staff will never relocate from Sydney. Is that your understanding of decentralisation?

**Mr BAILEY:** Yes it is. At times when you do move sections or divisions of departments there will always be some who choose not to go. But that is exactly the same situation if corporations move people to regional areas: there will be some who choose not to go. But in some senses I see that as a process of renewal too; there are opportunities to put in new scientists with different experiences who might want to live in a regional community with all the advantages it has to offer.

**The Hon. CATE FAEHRMANN:** When were you made aware of the closure of Cronulla Fisheries?

**Mr BAILEY:** I was made aware probably the same time you all were made aware: when it appeared in a news item. I did not get any advanced notice of it.

**The Hon. CATE FAEHRMANN:** Have you spoken with any Government or National Party members since then about what the closure means?

**Mr BAILEY:** I have had discussions with the Minister—just made suggestions about how we could minimise that pain and impact. It has been a topic of conversation I have had with a number of members of Parliament.

**The Hon. NIALL BLAIR:** From your experience, could you explain to the Committee the economic benefit and also the employer multiplier from moving jobs to regional locations?

**Mr BAILEY:** Evocities believes, from its research, that one person moving to a country area is worth a multiplier total of about \$100,000. So the impact of moving people is quite significant. The second point that we always make is that with the growth of Sydney anticipated to be another 1.7-1.8 million people in the next 20 years we are doubtful that any government can keep up with the infrastructure pressures of a city growth factor like that. There really is no choice. We have let them slide into other States. Conversely, we find ways to encourage people to move to regional areas. It is a bit like the urban infill programs that governments are faced with now. The people of the North Shore line might not like it, but what choices does government have if it is going to fit another 1.8 million people into Sydney? The alternative is you move them into regional areas.

**The Hon. NIALL BLAIR:** The example here with Fisheries is talking about very specific types of industries. Has your organisation looked at how that can try to generate critical mass or certain industry-type hubs, the benefits to those areas and any flow-on effect to other industries that may come into those areas?

**Mr BAILEY:** No, we have not, but the experience, from memory when talking to former members for Orange, when Agriculture moved to Orange was that a number of related industries moved there to be near to the Department of Agriculture because of the critical mass and how important they were to the agricultural sector. Other related industries moved in accordingly. I would think, given time, that there would be the same sort of growth in Fisheries.

**The Hon. NIALL BLAIR:** Looking at that Orange experience, which is something you have mentioned a number of times, what sort of flow-on effect has that move had to the Orange community? Have you looked at that?

**Mr BAILEY:** All I can say about the Orange community is that there are effectively nine regional cities in New South Wales: Albury, Wagga Wagga, Bathurst, Orange, Dubbo, Tamworth, Armidale, Griffith and—

**The Hon. STEVE WHAN:** Queanbeyan?

**Mr BAILEY:** Goulburn. Sorry, and Queanbeyan. I apologise. There are 10 regional cities. The ones that have prospered under decentralisation programs by government have been Bathurst. The former member for Bathurst, Gerard Martin, was instrumental with Mick Clough in ensuring that a number of departments moved. If you look at Bathurst population figures, from memory, in 1976 it was about 28,000; it is now 42,000. If you look at Armidale, which has not had the same success at attracting government departments, in 1976 its population was 23,000; it is now 26,000. Orange was sitting fairly flat. It is now over 40,000 and if you include Cabonne it is up to about 55,000 people because of the critical mass of moving whatever it was, 600 or 700 jobs in the multiplier effect and giving it the pattern of growth. Sure, it now has the mining industry, but agriculture is still a significant employer, much in the same way the University of New England is the major employer in the New England north-west. It is a critical factor.

**The Hon. NIALL BLAIR:** One thing you also mentioned is the ability to access these areas, and you mentioned flights et cetera and that Coffs Harbour is well serviced. Some previous witnesses talked about how Port Stephens was difficult to access. Do you have any comments about that, given its proximity to an airport or ability for people to get to these areas?

**Mr BAILEY:** I am going to a wedding on the 27th at Port Stephens and we are flying on the following day to Brisbane. I cannot do that from Armidale. I cannot do that from most centres. There are frequent flights. From memory there is Virgin, Jetstar, Aeropelican and I think Rex also flies in there. I would say it is one of the premier centres in regard to flights to and from Sydney or Brisbane, or even into Adelaide. The second thing is that it also has a very strong train service. You have only to go into Newcastle, which is not that far, to hop on a train and be in Sydney within 1½ to two hours. I would say they have a transport hub that is the envy of lots of other regional cities. I am anecdotally aware of the aero industry around Williamtown, which is not that far—it is part of the Port Stephens shire—to see how they are growing.

**The Hon. NIALL BLAIR:** When you are looking at those key things that you tick off for decentralisation, transport and accessibility are not limiting factors in this case?

**Mr BAILEY:** No. I drive that way all the time. I think it is a strong factor in favour of Port Stephens.

**The Hon. MARIE FICARRA:** You did state what you thought the Government should do to encourage or facilitate regionalisation to a better level. Is there anything that is happening interstate that you believe approaches regionalisation in a better or more comprehensive fashion?

**Mr BAILEY:** Probably the State doing it best was an initiative of the Bracks Government and that was a program called Make It Happen in Provincial Victoria, which has been inherited and, as all good governments do, tweaked by the incoming Liberal-Nationals Government. In 2002 they did a survey through the Shires Association of what people perceived of regional Victoria and found that the most likely destination for Melbournians to move to was Queensland. They began a marketing program, amongst other initiatives, to build

the awareness of regional Victoria as a destination. They are now in a situation where the most likely destination for a Melbournian to move to is regional Victoria.

If you go back to 2002 in large parts regional Victoria was in decline. From memory, about 35 centres were going backwards in population and there were a few growing. We are now in a situation where, the last time I looked, seven small rural councils are going backwards and the rest are growing. Much of that has been built out of the awareness campaign called Make It Happen in Provincial Victoria. We have just finished a study for the State Government on regional marketing and we believe a significant problem is if you do not know about an area and you are going to move out of Sydney you move to an area you do know, which is Queensland or Western Australia. It is ignorance and when there is ignorance about what is on offer in the regions you tend to go to an area you do know.

**CHAIR:** You commented earlier that there can be problems with families moving because of jobs; for example, the wife works at Cronulla fisheries and the husband works in another area of industry and cannot move away to another centre. There is then a lot of distress. Even if the wife is willing to move she cannot move on her own and split the family and we would not want that to happen. The same thing can apply to the male: his wife could have an employment position. One of the factors we have noticed with Cronulla fisheries is that it has been such a long-term centre many of the staff have been there for 20 years, so there are strong associations with the Cronulla shire area. It is not a matter of being uncooperative; it is physically impossible to move. Do you think that is a factor to which the Government should have given more consideration when closing the centre and telling staff they had to move to Shoalhaven, Mosman or Port Stephens?

**Mr BAILEY:** There are two things that need to occur as part of any process. There needs to be an employment service and there needs to be someone who, through the process of the relocation, is working with the staff of the centre to find a job for a partner or for children or to help them facilitate that process. People often tell us that there are no jobs in regional New South Wales. There are jobs. The problem is there is not always the job you want in the centre you move to. If you are reasonably flexible there are opportunities there. Secondly, today with work patterns two things are happening. People are prepared to commute to Sydney. I flew down this morning with a partner from a large law firm in Sydney. She lives in Armidale and she commutes to Sydney three days a week. She does it by choice and works from home the other two days. She comes in and works long hours to achieve her goals and goes home and works remotely. I think anyone who works in a large regional centre would be aware of that. There are probably people in Queanbeyan who come into Sydney on a regular basis to work—including you. That is the new trend.

Thirdly, the rollout of the national broadband network [NBN] will improve opportunities for people to relocate. You will never fit everybody into the equation. At the same time it is like expecting governments to be able to solve all the infrastructure problems of Sydney in the space of one term. It will not happen. It takes time. Sometimes there has to be some pain for a long-term gain. If it means a process of renewal of staff and some staff not coming there are so many opportunities in Sydney for other employment it becomes a mix.

**(The witness withdrew)**

**GRAEME STANLEY BYRNES**, Former Deputy Chairman, Seafood Industry, sworn and examined via teleconference:

**GRAHAME RICHARD TURK**, Managing Director, Sydney Fish Markets, affirmed and examined:

**CHAIR:** The witness, Mr Byrnes, will be contacted via telephone. Do either of you wish to make an opening statement?

**Mr BYRNES:** Thank you for this opportunity to address this parliamentary inquiry. I address you today as the former Deputy Chairman of the Seafood Industry Advisory Council and as a private citizen. I have been a professional fisherman for more than 35 years; over the last 25 years or more I have represented and been an advocate for my industry locally, at State level, federally and internationally. Much of that representation has taken place at the Cronulla Fisheries Centre—scores of meetings over many years.

Without doubt, two issues are at the fore of my concerns and those of my industry: one, a departmental culture that so lacks equity towards the commercial industry, that is so removed from the reality of the lives of the rural people they administer; and, two, the loss, indeed waste, of research dollars, and industry and government dollars, is profound. These dollars should not be spent on maintaining old buildings, or on the upkeep of the problematic site that is the Cronulla Fisheries Centre. Rather, those moneys must be spent on meaningful research. In 1996 the Premier's Department in Bob Carr's Government recommended that fisheries officers needed to be "rationalised and relocated closer to customers and fisheries resources"; in other words, decentralised. In December 2005 an independent review of fisheries management, commissioned by the then government, stated:

It is clearly apparent that part of the solution involves changing the culture so that the Fisheries Management Branch is more proactive, transparent and participative in its approach and more focused on achieving equitable outcomes.

Hope is yet to be replaced by expectation in achieving this solution. Given the above, other factors and my personal experience over many years, I am therefore firmly supportive of the proposal to decentralise the Cronulla Fisheries Centre.

**CHAIR:** Mr Turk, do you wish to make any comment?

**Mr TURK:** Perhaps only to say that the matter of the closure of the Cronulla Fisheries Research Centre has not been something that has been high on my agenda, so I have not really taken a great deal of interest in it; nor have I really studied the media or other coverage. So it is not something I am really very well informed about.

**CHAIR:** Do you have any personal contact with the Cronulla centre?

**Mr TURK:** From time to time, but not often.

**CHAIR:** So would it be convenient for you to travel to Port Stephens?

**Mr TURK:** Yes, that would be fine; I mean, Cronulla is the other end of the world from where I live anyway.

**CHAIR:** Mr Byrnes, how would the relocation of the Cronulla fisheries centre to Port Stephens or Shoalhaven affect your cooperation with the fisheries licensing department?

**Mr BYRNES:** It is certainly more convenient for me to travel to either Port Stephens or indeed Coffs Harbour. Cronulla is really a flight away from me, living as I do on the Mid North Coast, and then a long taxi ride to get down there. So it would certainly be better for me. Reverend Nile, I am having difficulty hearing Mr Turk.

**CHAIR:** Mr Byrnes, we are moving Mr Turk closer to the conference telephone so that you can hear him. Mr Byrnes, I gather from your opening statement that you are critical of the current commercial licensing department at Cronulla.



**Mr BYRNES:** Mr Chairman, there has been a belief in the commercial industry over a long period of time that there has been a bias within the agency against the commercial sector. The industry has brought this to the attention of various Ministers and directors general over a long period of time. Basically, no-one believed us for a very long period of time, until ultimately we did get a review of management; we did get an independent person in to have a look at this to see if there was any truth in what the industry had been saying over this long period of time. That report was handed to the government in December 2005, and that is what I quoted from. The report is equally critical of the commercial sector in its approach to liaising with the department, and that is fair enough. But I put it to the then Director General of the Department of Primary Industries that this was continuing to be a problem, in spite of the report that had been handed down, and he made a comment to me to the effect that he was aware of it and, to use his exact words, as best I can recollect, that "the fish people who have been in charge for the past 50 years have made a bloody mess of it." I tend to agree with him.

**The Hon. CATE FAEHRMANN:** Who was the person he was quoting?

**CHAIR:** Who were you quoting then?

**Mr BYRNES:** I was quoting former Director General of the Department of Primary Industries, Mr Buffier.

**CHAIR:** When we visited the Cronulla Fisheries Centre we did talk to the staff in the commercial licensing area, and they were very worried because some of them cannot relocate, and indicated that they had expertise and that they had spent a lot of time in handling difficult questions from commercial fishermen who had been calling up for advice and help. They gave us the impression that they were giving you very good service. So there must be individuals who are reaching that high standard, though perhaps not everyone.

**Mr BYRNES:** I am sorry; I do not understand the proposition.

**CHAIR:** The argument that they put to us is that those people who have been handling the commercial fisheries section are going to resign; they are not going to relocate.

**Mr BYRNES:** Yes.

**CHAIR:** And they indicated that that would be a loss to you in that people with expertise and knowledge of your industry will no longer be there.

**Mr BYRNES:** I do not accept that. Over a long period of time, I agree, the commercial fisheries licensing and management system that has been put in place has been extremely complex and problematic. The aim of reform agenda that is underway is to de-complicate and deregulate much of what has been in place for a very long period of time because it is simply out of date and, apart from anything else, it does not work. So the aim is to simplify. So, even if some of these people fail to relocate, then I still believe that the system can be managed, and I still believe that there can be adequate advice given to the commercial sector. Additionally, Mr Chairman, there is a position being appointed very shortly; it is the position of industry liaison officer, a person who is specifically to be dedicated to helping the industry through this transition phase, which will commence soon; and I believe that that person, in that capacity, will bear a lot of that burden that has otherwise fallen to folk in the licensing section.

**CHAIR:** Do you have any preference as to where the commercial licensing department should move to out of the various locations? Are you aware of any specific location?

**Mr BYRNES:** My preference would certainly be either Port Stephens or Coffs Harbour. Coffs Harbour is basically the centre of the fishing world in either direction as far as commercial sector is concerned.

**The Hon. STEVE WHAN:** Mr Byrnes, I would like to ask a couple of questions about your points on the department. In what way is moving to another location going to change the attitude of departmental people? Is this really just a view that you actually want to see a clean-out of staff?

**Mr BYRNES:** I do not want to see a cleanout because there are a number of very good people down there. There are a number of very good researchers, managers, et cetera. But at the same time there are a number of people who, and as identified by the independent report, clearly have a bias against the commercial sector, and if some of those people leave I think that would be beneficial for the industry.

**The Hon. STEVE WHAN:** In what way does locating to a new location change the attitude of the department, other than by virtue of not going to new locations?

**Mr BYRNES:** It is a question of staff and a question of people—people and their attitudes. If the location is changed and those people choose not to move to that location then you will get a change, a turnover of personnel.

**The Hon. STEVE WHAN:** A question for Mr Turk: If Coffs Harbour is the centre of the fishing world why do the Fish Markets not move there?

**Mr TURK:** Because the people who buy the fish are mostly in Sydney.

**The Hon. STEVE WHAN:** What about the supply chain to the Fish Markets in Sydney?

**Mr TURK:** We bring large quantities of seafood in from various destinations. About 55 per cent of it comes from New South Wales but the rest comes from all around the country. But it is easier to truck in large quantities and then distribute to fish shops and whatever in small vans.

**The Hon. STEVE WHAN:** So the bulk of the industry, which is the whole industry from the whole vertical integration of the industry, is best serviced from Sydney?

**Mr TURK:** As far as servicing the market yes, but I think what Graham was talking about was the centre of the fishing industry. Certainly there is not much fishing left in Sydney; it has been gradually killed off.

**The Hon. STEVE WHAN:** The fishermen in Ulladulla and Eden might argue about the centre of the industry.

**Mr TURK:** Most of the Ulladulla and Eden, Bermagui fisheries, are Commonwealth not State.

**The Hon. STEVE WHAN:** In terms of the contention that Coffs Harbour is the centre of the industry, we were originally provided with figures by the Minister that said that 80 per cent of the industry was in the north. We now believe it is somewhere between 50 and 60 per cent. What is your understanding of the percentage of the industry located to the north of Sydney?

**Mr TURK:** As I said, most of the southern fisheries, the southern fishermen, are engaged in Commonwealth fisheries, offshore fisheries such as the South East Trawl Fishery, not State fisheries. I would be very surprised if it is 50-50 in terms of State fishermen.

**The Hon. STEVE WHAN:** Going back to Mr Byrnes, in terms of the research capacity from Cronulla, would you be concerned if scientists who have 20 years' knowledge or more of particular fisheries are lost in this process and that because of the pace of this process their knowledge is not being appropriately passed on?

**Mr BYRNES:** Firstly, I do not know whether there is going to be a complete loss. I agree that someone having that extent of experience in research if they all left that would not be a good thing. But having said that, it is not as though we are living in the 1970s. Thirty or 40 years ago there were very, very few marine biologists and we are now in the fortunate position where there are a great number of marine biologists. Many, many more are coming through the system, and that is a good thing. As someone once said to me: If someone falls off their perch it does not mean the fishery falls over, but, at the same time, cemeteries are full of indispensable people. I would like to be able to keep as many of those researchers as possible, but in terms of there being a number that leave, or even if they all left, that would not be a critical flaw in fisheries management or research arrangements.

**The Hon. STEVE WHAN:** So it would not be a critical flaw if, for instance—as has already happened as I understand it—the expertise in prawns has already left the fisheries without adequate handover of that knowledge to anybody else. Is that not a critical flaw in a process of transfer when you lose that knowledge without properly planning for who takes over?

**Mr BYRNES:** I do not know that you have lost the knowledge. All this knowledge that has been gleaned over the years is in reports; it is all on file, it is all recorded. We all know the results of that research

over all that period of time. It would be a pretty sad system if it relied on individuals and not the record of knowledge that has been gleaned. That is the critical factor.

**The Hon. STEVE WHAN:** Could someone take over your business without learning from you how you conduct it?

**Mr BYRNES:** Probably not. I can see where you are going but there are people out there who have experience in these fields. It is not exclusive and it is not owned by one person. That would be the worst thing that could happen if all the knowledge was held by one person and that person disappeared—all that knowledge would disappear. That is not the way it is and it is not my expectation of what will happen.

**The Hon. STEVE WHAN:** I certainly agree that you can transfer but do you think that in a process like this there should be a handover process which is put in place first?

**Mr BYRNES:** There are marine biologists not just in New South Wales, not just in prawns in New South Wales; there are prawn marine biologists everywhere, particularly Queensland. This is not a unique or solely owned field by one individual or another. I have no fear for the future of any of our prawn fisheries; they are all fairly robust. One of the principal determining factors, and as researchers identify, in terms of prawn production is rainfall. If we get plenty of rain we get plenty of prawns. There is not much any researcher can do about that.

**The Hon. STEVE WHAN:** Does your argument with the current fisheries people at Cronulla extend beyond the licensing and on to the assessments of stock as well?

**Mr BYRNES:** That is a difficult question. Not really. Assessing stock is bean counting. Although it is a complex issue it is not something like counting trees. You cannot go out and count fish like you can count trees but they have to give it their best estimate based on the information that is available to them, and, again, the methodology for achieving that result is common throughout prawn fisheries within the Commonwealth and overseas. So I have no issue with that.

**The Hon. MICK VEITCH:** Mr Byrnes, when did you first hear about the closure of Cronulla Fisheries?

**Mr BYRNES:** When it was announced. I read it in the paper actually.

**The Hon. MICK VEITCH:** So you had no discussion with the Government or the Minister prior to the closure about the decision?

**Mr BYRNES:** No, I have not had any discussion with the Minister.

**The Hon. MICK VEITCH:** Not even since the announcement?

**Mr BYRNES:** No.

**The Hon. MICK VEITCH:** Are you aware of any business case that may have been developed to close Cronulla Fisheries?

**Mr BYRNES:** No.

**The Hon. MICK VEITCH:** If I were to tell you that in evidence we have received that the Minister made the decision and there would appear to be no business case prepared or costings, do you think that is a good way to conduct government business?

**Mr BYRNES:** I guess you have got to do it on a case-by-case basis. If something is overtly obvious, as in my view Cronulla is, as I said in my brief statement, in my experience in observing Cronulla over many years the amount of money that has been spent on that site would be astronomical. I can recall just in one instance alone the rebuilding of a car park at one end of the site cost well over \$1.5 million. That is just one instance. In fact, out at Cronulla I do not know I can recall an instance—there may be one, but very few—where I have attended there and there has not been some worker, some renovation, some refurbishment or something going on to maintain the site. I just think so far as scarce government resources, scarce research dollars in particular,

that we should be making the absolute best value out of both government and industry dollars to do actual research; it should not be spent on maintaining old buildings—that is the job of the National Trust or the Heritage Council, whatever.

We do not need people in white coats with a million-dollar view doing research. That State asset should be taken for its maximum opportunity to return dollars to the State and the research done where we can get the best value for research, and that is not happening.

**The Hon. MICK VEITCH:** Do you have a view about what should happen to the site if it happens to be closed?

**Mr BYRNES:** It is really not for me to say. Some of my relatives live in the shire so I dare say they will have a say in it, but I will not have a say in it. It is a wonderful site. There is no doubt about that. It has probably 180 degrees views from Jibbon Beach up into Port Hacking. It is magnificent and I think that should be taken advantage of.

**The Hon. MICK VEITCH:** How often do you meet with the Minister in your capacities? Do you have regular meetings with the Minister?

**Mr BYRNES:** I have had one meeting with the Minister. I think that was on 21 April.

**The Hon. MICK VEITCH:** Of this year?

**Mr BYRNES:** No, it was 21 April 2011.

**The Hon. MICK VEITCH:** And Cronulla Fisheries was not raised?

**Mr BYRNES:** I have a briefing note. I and the former executive officer of the Professional Fisherman's Association, John Harrison, met with the Minister and it was not even on the agenda.

**The Hon. MICK VEITCH:** Do you intend to have regular meetings with the Minister?

**Mr BYRNES:** I would hope so.

**The Hon. MICK VEITCH:** April last year and we are now into September 2012. It does not appear to be very regular.

**Mr BYRNES:** I did have a group meeting with the Minister as part of the stakeholder reference group some months ago. Apart from that I have not had a one-on-one meeting with the Minister since April 2011.

**CHAIR:** Have you had conversations on the phone?

**Mr BYRNES:** No, I have not spoken to the Minister on the phone.

**The Hon. STEVE WHAN:** Do you know that moving these functions will cost less in the long term for the department? Have you actually had those figures shown to you?

**Mr BYRNES:** No.

**The Hon. STEVE WHAN:** Then on what basis can you make the assessment of whether this is a cost-effective move?

**Mr BYRNES:** I can only go on my own observations. The two principal research sites that the department has under its control as far as I am aware are Port Stephens and Cronulla. The Port Stephens site is a magnificent site. It is flat, it has got plenty of room and the opportunities there are significant. Cronulla is essentially past its best before date. If we just want to keep spending lots of money on a problematic, costly site in my view that is a waste of government money. It is also a waste of potential research funds that the government could be putting into research rather than spending it on such.

**The Hon. STEVE WHAN:** You mentioned before that you would like to see the commercial licensing group come up north. My understanding is they are going to Nowra. Have you got a comment on that?

**Mr BYRNES:** Nowra is a fine place. There is still some commercial fishing in the Jervis Bay, Shoalhaven River area. It is basically done electronically now. We do not have to visit the licensing section. My hope is that ultimately the process of reform and simplification of licensing will result in that process being able to be done at a Roads and Maritime Services [RMS] office rather than through some specialised group that is New South Wales fisheries licensing.

**The Hon. CATE FAEHRMANN:** Mr Byrnes, I will keep directing the questions to you. Are you a member of the Professional Fisherman's Association?

**Mr BYRNES:** I am.

**The Hon. CATE FAEHRMANN:** You said that you have not had any conversations with the Minister, Katrina Hodgkinson, about this move. Have you had any conversations with Andrew Fraser?

**Mr BYRNES:** Who is Andrew Fraser?

**The Hon. CATE FAEHRMANN:** The member for Coffs Harbour.

**Mr BYRNES:** No, I have not.

**The Hon. CATE FAEHRMANN:** When you said you had a meeting with the Minister, was that in April last year?

**Mr BYRNES:** April 2011. I am in front of my computer. I will get the file up.

**The Hon. CATE FAEHRMANN:** And there was no discussion of Cronulla in that meeting?

**Mr BYRNES:** No.

**The Hon. CATE FAEHRMANN:** I am curious about your language around the need to change the culture and I was wondering if you could expand on that a little more. When you talked about the departmental culture of Cronulla you said you agreed with ex-director general Barry Buffier's statement that the fish people who have been in charge for the last 50 years have made a bloody mess of it.

**Mr BYRNES:** Yes.

**The Hon. CATE FAEHRMANN:** Could you expand on that?

**Mr BYRNES:** This has a number of aspects to it. It has a large degree to do with the management regime that has evolved over a period of time. That mess is largely that management regime. We have had report after report saying how bad this management regime was and how it needed to change. There was the 2005 report which was into fisheries management which I quoted. There was a 2007 report on structural adjustment which was handed to the Government—handed to Minister Macdonald in October 2007. None of those reports have been acted upon, to the best of my knowledge, and certainly not the one on structural adjustment. In my view that was a serious failing.

The commercial industry has found, as the latest report has found, the one that was handed down most recently in 2012, that the industry is effectively now in what has been termed a poverty trap. That is how bad it has got. The fishermen have rights to fish which they struggle to derive an income from, nor can they sell them at a reasonable price to exit from the fisheries with any sort of dignity. That is the legacy of the failure of fisheries management over a protracted period of time. That is the mess Mr Buffier was referring to.

**The Hon. CATE FAEHRMANN:** Are you concerned about some of evidence or research that might come out of Cronulla about fish stocks? Have you questioned any of the research and evidence that the fisheries science people at Cronulla do?

**Mr BYRNES:** No, not at all. My concern is not with the research. My concern is with the management response to that research. It is effectively pointless doing good research and finding out what is wrong if you then do not have a follow-on management response. That is the problem.

**The Hon. CATE FAEHRMANN:** I know the Hon. Steve Whan asked you a question about the number of staff in the commercial licensing section that will not be relocating. I think in terms of their experience in dealing with a lot of the commercial fishers out there, as a State we are losing 80 years of experience down to one year of experience. You said you were a member of the Professional Fisherman's Association. How do you think the department can in any way deal with the needs and demands of the commercial fishing sector in the coming 12 months to two years considering that there is on the table a proposal for reform and restructure?

**Mr BYRNES:** I am sorry, I was only getting every second word there. I am struggling to hear you. I think the question relates to potential difficulties in the reform period of possibly losing the experience of people in licensing who have been there for a long time. Is that the thrust of it?

**The Hon. CATE FAEHRMANN:** Yes, and considering that the report last year that you referred to into the commercial fishing sector obviously will entail a lot of experienced people within fisheries doing that work?

**Mr BYRNES:** Yes, it will.

**The Hon. CATE FAEHRMANN:** I am curious because you are not suggesting that there will be any problem with the relocation, but you have just said that we will need to have experienced staff doing this work?

**Mr BYRNES:** As I said, part of these arrangements is to reform. Historically the folks that have been there for a long time—and I appreciate the work they have put in—have had to put up with a horrendously complex system that 10 or 15 years ago was mind boggling. That has progressively been reformed to something that is moderately comprehensible. I do not think that there will be any great difficulties in this transition period. I do not think there will be any great difficulties so far as the reform process and significant transactions happening. We will have the time to be able to deal with these transactions. It is not going to be done in a rush. It will be planned and it will be specific, so I do not have any concerns in that regard. As I say, I appreciate the ability of those people to be able to deal with a complex situation, as it was a number of years ago. That has been somewhat simplified since. I do not think we are going to have a problem in this transition period, and I am certain we will not have a problem in the future.

**The Hon. CATE FAEHRMANN:** Your statement at the beginning of the hearing suggested that it has been part of your agenda for some time to break up Fisheries.

**Mr BYRNES:** I did not say that.

**The Hon. CATE FAEHRMANN:** You were talking about changing culture, the departmental culture.

**Mr BYRNES:** Yes.

**The Hon. CATE FAEHRMANN:** You have talked about Barry Buffier's statement.

**Mr BYRNES:** Yes.

**The Hon. CATE FAEHRMANN:** You have said that what they do is "out of date" and "simplify". It sounds like you have been wanting the closure of Cronulla for some time. Who else shares your views?

**Mr BYRNES:** It is not as though I have wanting the closure of Cronulla. What I have been wanting is a change of culture. Regardless of the reports that have been put in and the pressure that the industry has put various directors general or others under to bring about this change of culture, it has not happened. I go back as far as 1996 to Bob Carr's Premier's Department when he said, among other recommendations I might add, that these offices needed to be rationalised and relocated closer to the customers and the fisheries resources. I mean, that was very forward looking at that stage. I do not have any agenda to close Cronulla. That is not on my agenda. My issue is the culture. Of course the culture relates to the views of individuals. As I said to the Hon. Steve Whan, changing some of those individuals will be a good thing.

**The Hon. CATE FAEHRMANN:** I have one last question, Chair. You mentioned the 1996 report.

**The Hon. NIALL BLAIR:** Isn't time up?

**The Hon. CATE FAEHRMANN:** This is just to follow up in relation to the 1996 report that Premier Carr was then in charge of. You would then be aware of the 1998 report by Sinclair Knight Mertz into Fisheries relocation and the recommendations that came out of that?

**Mr BYRNES:** No, I am not.

**The Hon. CATE FAEHRMANN:** The recommendations that came out of that was that it was not feasible to move Cronulla.

**The Hon. DAVID CLARKE:** Mr Byrnes, this is David Clarke. I am a member of the Committee. Thanks very much for giving evidence today. I was listening to your opening comments and something you said a few minutes ago. Do I understand you correctly to say that it was recommended to the Government back in 1996 that there be a decentralisation away from the Cronulla Fisheries centre? And just a few minutes ago, did you say that there was a further report or recommendation to the then Minister, Minister Ian Macdonald, in 2007 that there be a decentralisation away from Cronulla? Did I understand you correctly?

**Mr BYRNES:** No. The report in 2007 was for the purpose of structural adjustment.

**The Hon. DAVID CLARKE:** Right.

**Mr BYRNES:** That had no relevance to the decentralisation of Cronulla. The report of the Premier's Department in 1996—the obvious conclusion was decentralisation as a result of that report. But the 2007 report was solely in relation to Fisheries structural adjustment in 2007.

**The Hon. DAVID CLARKE:** Basically, that report of 1996 was recommending decentralisation?

**Mr BYRNES:** In my view. I do not think you could read any other words into it.

**The Hon. DAVID CLARKE:** Also in your opening comments you referred to some report or recommendation in 2005. Did you mean by that 2007, or was that a separate recommendation?

**Mr BYRNES:** That was separate.

**The Hon. DAVID CLARKE:** What was that recommendation?

**Mr BYRNES:** As I quoted in my opening address, it recommended that the department—let me read these words again—"that the Fisheries Management Branch is more proactive, transparent and participative in its approach and more focused on achieving equitable outcomes". The fact that equitable outcomes were not being achieved is another word for saying bias. There was a bias against the commercial industry so far as management and other outcomes were concerned. We have been striving to have that changed for a long period of time, and that change happening is of glacial pace.

**CHAIR:** Just to clarify that: when you say "bias", that is the preference towards the recreational fishers.

**Mr BYRNES:** Yes, Mr Chairman. It has been quite obvious for some period of time—and nothing against our cousins in the recreational sector. They lobbied for certain things and certain things they managed to achieve, and that is to their credit. But the zeal with which many within the department took on the proposals of the recreational sector was obscene, in my view, and there was a strong politicisation of the department to the point where the commercial sector saw itself under siege. Effectively, 300 fishermen, as a result of those marine park and recreational fishing haven processes, lost their jobs. There was no parliamentary inquiry into the loss of 300 fishermen's jobs 10 years ago. There were a lot of people hurt in that process, and yours truly was one of them. At one point I had to leave my 15-year-old daughter behind to do her Higher School Certificate [HSC] while I moved my job, with my wife and my one-year-old son, so that I could earn a living. No-one gave a

tinker's cuss about that. No-one launched an inquiry into that, or the 300 other fishermen who lost their jobs at that period of time.

**The Hon. NIALL BLAIR:** It is Niall Blair speaking.

**Mr BYRNES:** Who is it?

**The Hon. NIALL BLAIR:** Niall Blair.

**Mr BYRNES:** Yes, thank you.

**The Hon. NIALL BLAIR:** In relation to those changes that you spoke about—now I believe you mentioned you are on the stakeholder reference group.

**Mr BYRNES:** I was. I think that is disbanded now, but yes.

**The Hon. NIALL BLAIR:** You were saying that there has not been the necessary reform for the fishing industry to support the industry under the previous Government.

**Mr BYRNES:** Certainly not. I mean, I have never known a time in my fishing experience—and bear in mind I sought the advice of both my father and my grandfather when he was alive in relation to these matters—I have never known a time in my life when the industry was more united and more supportive of there being reform. We were willing to levy ourselves to raise money to leverage other monies to bring about reform of the industry. The minister of the day had a strong report in front of him, which we all said we supported. It was supported by his council unanimously. Nothing happened.

**The Hon. NIALL BLAIR:** So you were willing to levy your own industry. Was there any other commitment from government to look at other ways to fund that type of reform?

**Mr BYRNES:** We put to government a number of proposals—to even borrow money from TCorp—using the moneys that we were prepared to raise. We said we were prepared to levy ourselves. Bear in mind this was all before the global financial crisis [GFC] so there was quite a bit of money washing around. We said we were prepared to do this if the Government was prepared to enter into an agreement with us to begin a structural adjustment process. The fact is that the longer this is being delayed, the harder it is going to be to bring about. That is where we are now, but back then there was a chance of doing it with a little less pain than may be the case now. The opportunity was fairly lost back then when there was both the willingness and some money available. The fact is that the government of the day did nothing.

**The Hon. NIALL BLAIR:** Other than the levies, did you have any discussions with any former ministers on how they could raise extra funds to try to go about starting this reform?

**Mr BYRNES:** We did actually have a number of meetings with the then Minister, Minister Macdonald. He was the Minister for quite a while and we got to know him very well. We approached him at one particular point following the 2007 report into structural adjustment and we said to him that we needed significant moneys—we needed something of the order of \$20 million—to be able to make the structural adjustments work. This was at a dinner meeting at Byron Bay. We sought to put to the Minister getting money from the Government as well as the money that we could raise to build up a bucket of money that we could do something with. At the time the Government was selling a number of government assets. It sold a number of agricultural research stations and closed them and whatever, so this was the trend at the time. In talking to the Minister of the day we asked him where we could get some money from. One of the things raised was the possibility of selling Cronulla.

**The Hon. NIALL BLAIR:** Sorry to interrupt, selling the Cronulla Fisheries site?

**Mr BYRNES:** Yes. Not the whole shire, just the Cronulla Fisheries site. The Minister of the day said he would be happy to sell it but he could not get away with it. He would not be able to do it because he could not get it through. Moneys of the order of \$200 million were talked about, and that was music to our ears, we only want a little snippet off the side to do what we needed to do, but again that was something that did not eventuate. We did not expect that to eventuate, but we were desperate to try to get some sort of commitment from government, and if it came from the sale of an asset, we were happy to accept that.



**The Hon. NIALL BLAIR:** Under this process at the moment there have been some reforms and the commercial fishing director is currently located at Coffs Harbour, is that right?

**Mr BYRNES:** The current executive director of fisheries is located at Port Stephens.

**The Hon. NIALL BLAIR:** The impact of having the commercial fisheries management located at that northern site, is that having a positive effect?

**Mr BYRNES:** The largest fishermen's' cooperative on the coast, pretty well, is the commercial fishermen's' cooperative at Newcastle. That is only just across the way from the Port Stephens Research Centre. That is extraordinarily convenient for the commercial industry. It is the place to have it, in my view. The other centre is Coffs Harbour. It is the major prawn centre. These are the places they should be.

**The Hon. NIALL BLAIR:** Mr Turk, can I ask you a couple of quick questions. What sort of impact and economic turnover do we see coming through the commercial fishing industry in New South Wales?

**Mr TURK:** New South Wales is a bit unusual compared to other States in that it is one of the smallest in terms of production but it is biggest in terms of market. The post-harvest sector in New South Wales is very important. The fishing sector is less important. It is about \$120 million out of a total nationally of \$2.2 billion. So, it is reasonably small in production. As I said earlier, New South Wales supplies about 55 per cent of Sydney Fish Markets total product. The biggest supplier of all suppliers to Sydney Fish Markets is the Commercial Fishermans Cooperative in Newcastle, so it is the biggest. The northern cooperatives of Coffs Harbour, Maclean and Ballina and so on are very important suppliers too, but Newcastle is the biggest.

**The Hon. NIALL BLAIR:** Do you share the sentiments of Mr Byrnes as to the need for that reform and structural change within that sector?

**Mr TURK:** There certainly needs to be reform within the sector, yes. There needs to be restructure. We need to get on with having share-managed fisheries, if you like. At the moment fishermen can go out there and fish as hard as they like and get as much as they can. If you have 1,000 fishermen doing that, it is much better if you have a lesser number of fishermen entitled to take a certain quantity and that is all, in the management of fishery. We need to get on with that structure here.

**The Hon. NIALL BLAIR:** So the potential opportunities this move may have may be substantially beneficial to the commercial industry by locating some of the management and senior level towards where the majority of the industry is in New South Wales?

**Mr TURK:** Yes. I do not think the two are necessarily related. I do not see any problems with relocating—other than the social ones, obviously—the research people.

**CHAIR:** If Committee members forward to you any further questions, is that all right with you, Mr Byrnes?

**Mr BYRNES:** Certainly.

**(The witnesses withdraw)  
(Short adjournment)**

**GREGORY JOHN PULLEN**, Economic Development Manager, Shoalhaven City Council, sworn and examined:

**CHAIR:** Do you wish to make a short opening statement?

**Mr PULLEN:** Yes, I will make a short opening statement. I have been employed by Shoalhaven City Council as the economic development manager—with slightly different titles over the years—since 1985. I originally moved to Nowra as a five-year plan in my career but 27 years later I am still there. I understand the issue with regard to Cronulla Fisheries, I am originally from the shire. I spent the first 25 years of my life in the shire. The key performance indicators of my job are to grow the jobs and the economy of the Shoalhaven to keep up with the population growth, which is exhibited in most coastal councils, and the Shoalhaven is no exception

I work on various regional economic development projects. I have been involved in relocation of government agencies to the Shoalhaven. My time goes back as early as the 1970s when I assisted in the Central Mapping Authority moving to Bathurst. In recent years that relocation has involved both Federal and State agencies, which have established in Nowra. The Shoalhaven really is a growth area. Even though we have a high unemployment level we also have created a great deal of employment over the past 20 years or so. There has been a 28,000 population increase. About 10,500 jobs have been created and the unemployment has risen by about 796. The council has had an economic development type of function and sees it as part of its core activities. There is an unemployment level in the Shoalhaven, quite high. It is mainly about a structural issue. Our population is growing. We take time to create the new jobs to adjust. There is a structural issue in those, people readjusting and finding employment, and a lot of metropolitan people are not familiar with how you find a job in a country area. I have experienced that both in western New South Wales and on the coast.

I have been involved with Fisheries in the relocation since it was announced, liaising with Fisheries both at Port Stephens and Cronulla. Whilst I have participated in that, I must say at this point in time that some of the other relocations I have been involved in have had a much-structured delivery plan than what Fisheries appeared to have. I do not say that as a criticism; each agency does it differently. I am aware of their new location and accommodation in Nowra. I was there only last Friday with the Minister inspecting that as part of a tour that she made to the South Coast. With those opening comments, Shoalhaven City Council has made a submission to the Committee that addressed four of the issues. We felt that we do not have knowledge of some of the other issues so we did not comment on them.

**CHAIR:** Obviously, it is a benefit to the Shoalhaven to close Cronulla Fisheries; what was your reaction being someone who knew the shire for many years? Were you surprised to hear the announcement?

**Mr PULLEN:** Over the years I have visited Cronulla Fisheries to talk to research staff on projects, I am aware of the facility, not in any great detail, but I know the types of activities that are delivered there. It is a facility that has a magnificent view and is a magnificent location within the shire, but as a part of the shire I felt that whilst people probably did know it was there, it was probably a fairly well kept secret over the years.

**CHAIR:** You seem somewhat critical of the move in that you said it was not structured. Was that because it has been rushed or there has not been sufficient thought about the whole decentralisation process?

**Mr PULLEN:** I am not sure. I cannot comment about the Central Mapping Authority because I came in half way through that exercise. So I do not have experience completely there. I was in the post-analysis stage. With regard to a couple of the Naval administrative offices that we moved to Nowra, Division of Local Government, Corrective Services, there were opportunities for familiarisation tours, which the council participated in. We organised bus tours of interested staff, took them on visits to various aspects of living in and around the Nowra area, had functions where local citizens could talk to staff, answer questions and so on and so forth, and provided things like newspapers in their staff canteen and things like that. We actively worked with agencies like that and with private companies. I have moved companies from America into Nowra. I have moved businesses from Sydney and Melbourne into Nowra. I am sort of familiar with their questions. I even know nowadays the answer to the question: Is there a ballet school in Nowra, because I have been asked those questions.

**CHAIR:** Are you saying that all those positive things have not been done regarding the Cronulla Fisheries relocation?

**Mr PULLEN:** There has been liaison regarding some of those things. Whether Fisheries has done that, I am not sure. I have not been involved in those. I know we are now talking about a familiarisation session, but I have not got dates and things on that yet.

**The Hon. MICK VEITCH:** You mentioned earlier that you were with the Minister last Friday inspecting the new site?

**Mr PULLEN:** Yes.

**The Hon. MICK VEITCH:** How often has the council or you met with the Minister since the announcement?

**Mr PULLEN:** I can only say me personally.

**The Hon. MICK VEITCH:** Yes?

**Mr PULLEN:** Twice. Counting last Friday was the third time since the announcement, but not specifically necessarily on the Cronulla issue.

**The Hon. MICK VEITCH:** Regarding Cronulla Fisheries, how many times have you met?

**Mr PULLEN:** Probably in one previous visit the mayor, the general manager and myself probably met with primarily the Minister about another issue regarding Crown lands in Jervis Bay when she was Minister for Crown lands and we mentioned the Cronulla Fisheries.

**The Hon. MICK VEITCH:** I want to put to you the reverse circumstances. If there were to be a closure of a facility in your area—

**The Hon. NIALL BLAIR:** Which there is not.

**The Hon. MICK VEITCH:** Hang on, this is a—

**The Hon. NIALL BLAIR:** Hypothetical.

**The Hon. MICK VEITCH:** —hypothetical. I said I wanted to reverse the circumstances. If that were to happen, what would be the process you would like to see followed in your area?

**Mr PULLEN:** Currently we are losing half of our Crown lands office staff.

**The Hon. MICK VEITCH:** Has that been handled in a manner that—

**Mr PULLEN:** I have not been directly involved and I think that notification was out only in the last two weeks or so in that those jobs are being relocated up to Grafton.

**The Hon. MICK VEITCH:** That is because they closed the jail up there.

**Mr PULLEN:** We opened a jail.

**The Hon. MICK VEITCH:** Returning to my question, I want to know how you would expect it to happen if it were in your patch?

**Mr PULLEN:** I probably can relate that better if it was a private sector industry because we have had that happen with the private sector industry. We get involved usually with some other government agencies that are to do with structural adjustment. We explain what their rights are, what opportunities there are either to move on the relocation or to work in the local area, what other opportunities are there by way of relocation into another industry or business sector. We also at the same time would probably make representations to government or the employer, whichever—in this case it is government—for the retention of those staff. We do appreciate that in all business, and government is just a business sector, that it is the prerogative of the employer to allocate what functions and what staff are allocated to which function. Whilst we would like to have 100 per

cent of all functions in my patch, the Shoalhaven, that is not always possible. But we would also lobby on that behalf as well to retain those jobs.

**The Hon. MICK VEITCH:** You mentioned that you have been involved in other relocations in various capacities?

**Mr PULLEN:** Yes.

**The Hon. MICK VEITCH:** Is there a best-case model that could be followed for this process? From the outset is a business case prepared or costings done? Is that the sort of thing you would expect?

**Mr PULLEN:** I would not participate in that because it is a commercial decision by another agency, employer, business or whatever. Where we usually get involved is in the transition of assisting that business with staff relocations and those sorts of things to deal with presenting a case to employees about the cost of living in Sydney versus the cost of living in a regional area like ours. The actual numbers relating to the cost of office or factory accommodation will be something on which we can give advice, if requested.

**The Hon. MICK VEITCH:** Are you happy about the Crown lands job being taken out of your community and moved to Grafton?

**Mr PULLEN:** No.

**The Hon. MICK VEITCH:** Can you see why the people of Cronulla are not happy about what happened to them?

**Mr PULLEN:** Yes, I can understand that. I am also concerned when we lose 150 jobs to Vietnam.

**The Hon. MICK VEITCH:** Have you contacted the Minister's office or department about the Cronulla fisheries?

**Mr PULLEN:** No, probably not dealt with the Minister's office. I have dealt with the administrative side of the office but not the Minister's office.

**The Hon. STEVE WHAN:** How many staff are relocating to Nowra?

**Mr PULLEN:** I understand there will be approximately 35 to 38 positions in Nowra all up.

**The Hon. STEVE WHAN:** How does that compare to previous relocations; how many are provided in the community from the jail and the department of local government?

**Mr PULLEN:** The jail is 250—I think they are up to 200 now and the potential staff establishment is 250; the department of local government was 60; naval aviation systems project office [NASPO] was up to 200; and the helicopter training division was about 25.

**The Hon. STEVE WHAN:** Nowra has done pretty well.

**Mr PULLEN:** Over the past decade we have probably had 500 plus jobs.

**The Hon. STEVE WHAN:** You do have quite a bit of experience with these relocations—this follows up on what Mr Veitch was saying—and from the point of view of local government Nowra has been the destination for a number of relocations. As a potential receiving point or as a local government that goes in and says, "We would like to be a destination for people" have you put down on paper the process that you would like to see followed?

**Mr PULLEN:** We tailor make that to the situation. In the case of the department of local government, it invited us in very early on and we sat down with it and worked on a strategy. We worked with the naval aviation systems project office for nearly 18 months before it did its relocation to Nowra. We go in as part of their team and we work with them. In most of those bigger relocations, which are in the hundreds, they appoint a consultant to do that transition and we work with that consultant. It is their process, they know the culture of their jobs, and we assist.

**The Hon. STEVE WHAN:** What I am after is whether or not you have some input into something that indicates this is a good way to go about these things from a local government perspective?

**Mr PULLEN:** From a local government perspective we are looking at the attraction of the payroll and pay packets to our community—that is where we are coming from. We want to make that transition into our community the best we can for the employees, but we are also conscious that the transition must be made in such a way as to keep that business, with all its functionality, in our locality, and to grow within our locality. We do not want someone to move to our location and fail, because that does not help us, it does not help the agency or the company and it does not help the staff. We will assist with that transition in every way we can.

**CHAIR:** In your submission you made a note that in Nowra facilities could be built within the Nowra area. Has there been any discussion about building for the fisheries?

**Mr PULLEN:** There was a building under construction and they are moving into that building. Council did offer very early on to get involved in that because council does get involved with property development and that falls within my bailiwick. We made that offer. We are aware of where they moved and it is a recently completed new administrative building which has three floors, one of which is occupied by another State government agency.

**The Hon. CATE FAEHRMANN:** That is at commercial rates for rent?

**Mr PULLEN:** I would imagine so. I am not privy to the rents on that building.

**The Hon. CATE FAEHRMANN:** I think we have the answer in questions on notice: 59 Berry Street, Nowra, the rent is \$182,747 per annum and there are storage facilities on the Princes Highway, South Nowra, at \$38,000 per annum. That is \$220,000 annually.

**Mr PULLEN:** I am aware more of the factory space rather than the office space; I am aware because I inquired. They were paying of the order of \$50,000 odd for factory space in Sydney.

**The Hon. CATE FAEHRMANN:** You mean the storage?

**Mr PULLEN:** Yes. The facility at South Nowra has yard space for washing down boats and storage of equipment which I do not think they had at Taren Point.

**The Hon. CATE FAEHRMANN:** You are aware that at the Cronulla facility no rent was paid?

**Mr PULLEN:** No rent by the agency to the government owner? I would assume that to be so.

**The Hon. CATE FAEHRMANN:** It is a public building and there were maintenance costs. Do you think that is a good use of taxpayers' money? Clearly more rent will be paid; it is not just the Nowra facilities where the Government will have to pay rent. There will be the Sydney Institute of Marine Science [SIMS], Coffs Harbour and Port Stephens. Is it a good decision to move from a rent-free facility at Cronulla?

**Mr PULLEN:** From an economist's point of view you have a facility that is going to cost to maintain—I do not know what that is—an older establishment at Cronulla that has been there for many years but I am not sure how long. You have an opportunity cost involved with the site and whether that can realise a better value as some other activity. There are accounting opportunity costs that I am not able to quantify.

**The Hon. CATE FAEHRMANN:** You mentioned before the 35 to 38 positions. That is, I take it, not people relocating from Cronulla; that is 35 to 38 positions that Cronulla fisheries will have in Nowra. Is that correct?

**Mr PULLEN:** New South Wales fisheries will have 35—they will have more than that because they have an existing office there now.

**The Hon. CATE FAEHRMANN:** Do you know how many people who work now in Cronulla are relocating to Nowra?

**Mr PULLEN:** I do not know that exactly. I have not asked that question or been given that information. I understand there are some. I also understand that there are some people from other State agencies looking to take up those positions in Nowra should they not be filled by people at Cronulla.

**The Hon. MICK VEITCH:** Crown land staff?

**The Hon. CATE FAEHRMANN:** Other staff with fisheries expertise?

**Mr PULLEN:** It could be Crown land staff but I am aware of people out of Sydney that are interested in applying for the jobs in Nowra—other State government agencies.

**The Hon. CATE FAEHRMANN:** In Sydney?

**Mr PULLEN:** Yes.

**The Hon. CATE FAEHRMANN:** A particular government agency in Sydney?

**Mr PULLEN:** Yes.

**The Hon. CATE FAEHRMANN:** Which agency?

**Mr PULLEN:** I suppose it will not implicate anybody—it is attorneys general, probably someone in the court system.

**The Hon. MICK VEITCH:** Individuals?

**Mr PULLEN:** Individuals.

**CHAIR:** Who would like to move to Nowra?

**Mr PULLEN:** Yes. If I can answer that a different way, when local government moved there were people from Nowra and people from other parts of Sydney who applied for positions in the department of local government knowing that those jobs, at a certain point in time, were going to be in Nowra. The same applies to Corrective Services. It has been on the cards now for three years and the jobs are now operational. When it was advertised on the job opportunities board that these jobs would be delivered out of Nowra—they may have been temporarily Silverwater or Grafton as people got training—people were applying from within the service and outside the service for those jobs in order to come to Nowra.

**The Hon. NIALL BLAIR:** Mr Pullen, you mentioned in your submission, and also again today, that the Shoalhaven area has a high unemployment rate, at 9.7 per cent?

**Mr PULLEN:** Yes, 9.7 per cent.

**The Hon. NIALL BLAIR:** Could you explain to the Committee the benefits that basing 35 to 38 jobs in Nowra will have for the local economy and the community in the Shoalhaven?

**Mr PULLEN:** Our high unemployment rate is not reflective of closures. Our high unemployment rate is created by the net increase in population into our area each year. There is a lag time between the people arriving and their finding work, because to find work in a country area you do not look up the daily paper and find a job; to find employment in country areas you have to get into networks like football, cricket and school parents and citizens groups. So there is a structural adjustment process that people have to go through to find employment. The Shoalhaven is no different from most other country areas.

One of the issues we have is that, as quickly as we create jobs, that is promoted and more people come. So we are a cat chasing its tail. As I mentioned earlier, we have created more than 10,500 jobs in the last 20 years. Population growth will generate a certain number of those each year, but it is really due to council's activities in promoting and going after jobs in government agencies and private sector employment. What will 35 jobs do for Nowra? That will create 35 employees; and if they all have their 1.2 children, or come as family units, that is another school teacher, probably a quarter of a policeman, and those sorts of things, with the multiplier effect from that payroll.

**The Hon. NIALL BLAIR:** Does even the injection from the investment in renting a brand new facility have a flow-on effect to other business that supply coffee, et cetera around that area?

**Mr PULLEN:** That would flow on to the small business sector in and around the area. I forget the number in Berry Street, but it is adjacent to the shopping centre; one would think that those people would then have access to the shopping centre and would spend lunchtimes walking around and spending money in our shops. Those are all side benefits that we would get from this proposal. You will find that those employees initially, if they come from Sydney, will want to go back to Sydney on a frequent basis to visit friends and relatives. But what we have found in most other instances is that eventually the friends and relatives will spend more time visiting them on the South Coast and consequently will be spending more dollars locally.

**The Hon. NIALL BLAIR:** Why would they come to the Shoalhaven? I mean, here is your free swing: What are the benefits that the city of Shoalhaven has to offer?

**Mr PULLEN:** Lifestyle is number one.

**The Hon. NIALL BLAIR:** And recreational fishing maybe.

**Mr PULLEN:** Recreational fishing, yes, at Jervis Bay.

**The Hon. MICK VEITCH:** Are you thinking of moving down there, Niall?

**The Hon. NIALL BLAIR:** I don't need to move; I access it from my place regularly. I am sorry if I am looking at it with something of a bias.

**Mr PULLEN:** One of the key issues is that Nowra—and, let's face, the Shoalhaven goes further down, almost to Batemans Bay—is just on two hours from Sydney. I left Nowra this morning and had my first appointment at 10 o'clock. I will leave after this meeting and be in my home by 6 o'clock this evening. That is one of the benefits. It is a popular holiday destination. It is an area where people choose to live; we do not really have to do any encouragement to get people to live there. I know there will be criticism around this table, but I think our area is the number one or number two recipient of the financial grants of \$7,000 given by the State Government for relocations. So, obviously, people are moving out of Sydney. They are not just retirees. I know people allude to our area as a retirement village, but there are more people in the younger family age groups than there are people aged over 55 years.

**The Hon. MARIE FICARRA:** Regarding the National Broadband Network, you say in your submission that Nowra will be a point of interconnect for the National Broadband Network and that the rollout to urban areas around Nowra will commence in 2013. Has this been a significant selling point for government departments and private enterprise shifting to the Shoalhaven?

**Mr PULLEN:** We are trying to use that. We have a number of logistics companies and defence companies that are very much involved in communications, both into warehouses in Sydney and across Australia, and also into databanks mainly in the United States but some in Europe. Basically, you become a point of interconnect because you are already an interconnect of major telephony and telecommunications networks. We have three Sydney-Melbourne fibre-optic systems running through Nowra. So we are seeing this as an early rollout from Nowra; we are the only one on the South Coast south of Wollongong that will be a point of interconnect. Consequently, we are seeing a lot of government agencies and technology types of companies inquiring already about relocation. A lot of the transport, logistics and warehousing industries are also looking at our area because they need to be online with their ordering and stock control systems.

**The Hon. MARIE FICARRA:** At this stage we can only envisage what types of staff will be relocating from Cronulla—unless that move can be stopped. Are those staff mainly administrative and technical? From what types of positions will those people be?

**Mr PULLEN:** A lot of them will be administrative type positions. Probably 25 per cent of employees within the Nowra area are governmental workers, be they in defence or Commonwealth agencies or in New South Wales State agencies. The single biggest local employer is the council, with a thousand people. A lot of those jobs are administrative in nature. There are obviously technicians and technocrats. I thought this question would be asked, so I have information about some of the skills involved. This affects spousal employment. Our

major industry sectors are defence, manufacturing and business services. The government, as I said, represents about 25 per cent of the employment. Graduate skills are in demand at the moment—skills like those of accountants, solicitors, engineers, planners and industrial chemists. We would have more than 30 industrial chemists in our local government area. And there are nurses; the Department of Health is looking for oncology workers now, with the new Shoalhaven Cancer Care Centre. We have more obscure positions like aeronautical engineers. There are trade-type skills, such as aircraft maintenance staff, food technologists, the metals and construction trades, plus your normal automotive skills and so on. In the semi-skilled area, this is a growing retail sector; the transport logistics area is a major and growing employer.

**CHAIR:** In one of your answers you said not to worry about the rental cost because the Cronulla facility is old and it cost money to keep upgrading it. Are you aware that a few years ago \$2 million was spent on the Cronulla fisheries site?

**Mr PULLEN:** No, I was not aware of that. But an ageing facility like that has a cost in maintenance. Part of the reason for my being here this morning was to talk to government about creating a cash flow out of ageing facilities and looking at a life thereafter. I talked to a Minister on Friday about this. We have a sewerage farm in Ulladulla which we decommissioned two years ago. We are now turning that around, to be an aquaculture/recreational fishing facility. The \$6 million in the ground can be utilised for a creative purpose, rather than bulldozed to make a playing field. Yes, there is a cost in some of these things, but we can look at another use for them as an opportunity cost.

**CHAIR:** I thank you again for coming up from Nowra to be here today.

**Mr PULLEN:** Thank you.

**(The witness withdrew)**

**(Short adjournment)**



**KATRINA HODGKINSON**, Minister for Primary Industries, and Minister for Small Business, before the Committee, and

**MARK IAN PATERSON**, Director General, Department of Trade and Investment, Regional Infrastructure and Services, affirmed and examined:

**CHAIR:** I welcome the Minister and Mr Paterson to the final hearing of the Committee's inquiry into the closure of Cronulla Fisheries Research Centre of Excellence. Thank you for assisting the Committee by attending this evening. Before we begin, I need to make some comments about procedural matters. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of public proceedings. If we ask questions that you need time to consider, you may take those questions on notice. I ask everyone to please turn off their mobile phones. Minister, do you wish to make an opening statement?

**Ms KATRINA HODGKINSON:** Thank you very much, Mr Chairman. I thank the Committee for allowing me to appear this evening and apologise for being a couple of minutes late; I have been at a Cabinet meeting. I would like to make an opening statement. Prior to the 2011 election, the New South Wales Liberal-Nationals committed to bringing regional New South Wales to the forefront. We are doing that. Prior to the election we committed to presiding over a decade of decentralisation, including decentralising public service jobs. We are doing that. This year marks 20 years since the highly successful relocation of the Department of Primary Industries to Orange. This department in Orange now stands strong and it is one of the State's—and Australia's—most successful decentralisation projects.

At the time of this decision some could not comprehend why it was important to take agricultural services out of Sydney and closer to the State's farmers. Unfortunately, some have now applied that small-minded logic to the decision to decentralise Fisheries NSW from Cronulla to other coastal locations in New South Wales, taking our fisheries services to our industries and providing job opportunities for those host communities. The underlying philosophy of moving fisheries services closer to our State's fishermen and women is consistent with the approach of moving agricultural services closer to our State's farmers.

In 1984, after 47 years of research, the CSIRO announced that it would split its Division of Fisheries and Oceanography and that both of those divisions would be relocated from Cronulla to Hobart in Tasmania. Dr Angus McEwan, chief of the CSIRO Division of Oceanography from 1981 through until 1995, said in an interview last year that he had to move approximately 100 employees to Hobart—not an easy task, according to Dr McEwan. Dr McEwan admitted that the project was met with much division from staff at the time. In the interview, Dr McEwan said:

It was a very nice site. As you can imagine, the staff who were working in Cronulla were not terribly happy to move. At Cronulla, the laboratories were situated on the headland of the Port Hacking estuary, overlooking the sea. People would arrive at work by kayak or surf ski.

Despite the objection from staff, the CSIRO proceeded with the relocation project and moved to Hobart. Dr McEwan said that quite a few new and good staff were recruited, some of whom are still around to this day. To the question as to how significant it was, setting up a whole new laboratory in Hobart in marine science, Dr McEwan said,

It provided the framework and facilities for expansion and development that has been going along for the last 30 years.

Like the CSIRO back in 1984, the New South Wales Government recognises that decentralisation policies represent significant change and opportunity, not only in the way we go about delivering our services to the New South Wales fisheries industries, but also to our public servants. I hold very high regard for the public servants that work at Cronulla. I recognise that this has not been easy and a high number of employees have continued to display a high level of professionalism and dedication towards their jobs. Treating employees with the professionalism and courtesy that they deserve is important.

Even though we had not yet dotted all the Is and crossed all the Ts with respect to the decision to decentralise functions and services from Cronulla to regional locations in New South Wales, my director general, Dr Richard Sheldrake, thought it was important to inform the staff so that they would not learn of the New South Wales Government's decision through the grapevine or in the media. He put this suggestion to me and we conferenced on it for quite a number of days. The staff were informed very early in the piece of the decision. That is an important point that I want to make. Staff were given as much notice as possible. They were

told in person, before everyone else, including stakeholders. I understand that the decision to inform staff as soon as possible meant that a lot of their questions could not yet be answered by senior DPI management. The decision to inform staff as soon as possible meant that a cost benefit analysis would not be finalised before the announcement was made. Some have expressed concerns about the cost of closing the centre. To this I must stress that the project is being managed carefully. While there were always going to be some relocation costs, the decentralisation project will deliver much needed jobs for regional communities and will inject millions of dollars in salaries into their economies for years to come.

The long-term benefits of the relocation to these regional communities will far outweigh any one-off relocation costs. I will today table the cost-benefit analysis, which indicates that the net benefits to the department in net present value terms will be \$4.2 million over the next 20 years. This cost-benefit analysis is conservative as no attempt has been made to value a number of other important benefits associated with the closure that are either intangible or do not accrue to the department, including the net benefit to the host regional communities; community access to the Cronulla site—an independent consultant has been engaged to recommend alternative local community uses for the property; greater synergies with universities arising from co-location and improved collaboration; improved relations with commercial fishers through their greater access to and interaction with departmental; and more efficient service delivery and greater understanding of regional issues that impact other stakeholders and clients.

The cost-benefit analysis shows the project to be consistent with the New South Wales Government's decade of decentralisation policy and objectives for generating employment and investment in the regions. Applying type-2 employment multipliers to the number of jobs being decentralised yields a total increase in regional employment of 165 full-time equivalent positions. This highly conservative analysis shows that even without factoring in economic benefits to the regional communities from these 165 positions, nor the benefits to our fishing stakeholders through improved relations and interaction with our employees, the decision has yielded a net benefit to the department and the taxpayers. But, again, the decision was made that staff were the first to know so that they could consider their options with their families, be intimately involved in the planning process over an extended period and not be forced to decide overnight. I sincerely hope that in time this is something the staff will appreciate.

I understand and respect that some public servants will not relocate. I would like to briefly comment on how the department has worked with the employees. All eligible staff were offered positions at the destination locations, including Port Stephens, Nowra and Coffs Harbour. All staff have had the opportunity to confidentially discuss their needs relating to their transfer. These discussions have resulted in every member of staff having the opportunity to negotiate either their transfer date for those accepting their transfer or their last day of duty. For those staff unable to transfer, their last day of duty has been made as late as possible during the regionalisation process to give those staff the maximum time to seek alternatives to transfer. Fisheries NSW has agreed that six staff can continue at Cronulla through until the end of the year and move in the New Year so that schooling can continue uninterrupted this year.

I am advised that at least four staff are retiring within the next 18 months. Fisheries NSW has identified temporary work locations in Sydney up until the agreed date of retirement at which time the position will be recruited at its intended new regional location. I am advised that at least five staff were originally scheduled to go to one regional location but indicated their preference to go to one of the other proposed regional locations. They have been accommodated where their request could be made to work from a business point of view. When it comes to the public service we must ensure that regional New South Wales gets its fair share. Sydney faces considerable population growth over the next 30 years. Sydney faces greater congestion on our transport system, putting enormous pressure on the price of housing in the greater Sydney metropolitan area. Unlike Sydney, many regional communities are keen for additional population growth. They are keen for their town centres to flourish. They are keen for their economies to thrive, and they are keen for their local economies to bring new skills and investment. With one of the lowest rates of unemployment in this country, the Sutherland shire can be recognised as an area of strong economic activity that is able to provide local jobs to people.

**The Hon. CATE FAEHRMANN:** Excuse me. Chair, I would like to ask how much longer the opening statement will be? Would the Minister be prepared to table it, given that we now have only 45 minutes left for questions?

**Ms KATRINA HODGKINSON:** I understand that everybody who has appeared has been able to make an opening statement.

**The Hon. CATE FAEHRMANN:** And they table it sometimes as well.

**The Hon. STEVE WHAN:** This is a world record.

**Ms KATRINA HODGKINSON:** Given that there has been so much communication around things in this area, I think it is appropriate.

**CHAIR:** If we just allow the Minister to conclude. I gather by the way you are wrapping it up that you are getting to the end of your statement?

**Ms KATRINA HODGKINSON:** I am about half way through.

**The Hon. STEVE WHAN:** I suggest you table it.

**The Hon. CATE FAEHRMANN:** Exactly, yes.

**The Hon. NIALL BLAIR:** This actually is taking up time also. The Minister should be given the opportunity to conclude her opening statement. Then we will have plenty of time for questions.

**The Hon. STEVE WHAN:** This is the longest opening statement.

**Ms KATRINA HODGKINSON:** There has been a lot of fiction surrounding this, Mr Chair, and I would beg you to allow me to continue my statement because it will clarify a lot of the misunderstandings that have been circulating in response to this decision that has been made.

**CHAIR:** If you could focus on the major matters in your final notes.

**The Hon. MICK VEITCH:** Can I suggest, Mr Chair, that we have the Minister's statement in lieu of Government questions?

**The Hon. CATE FAEHRMANN:** Hear! Hear! Yes.

**CHAIR:** We will get the Minister to continue her statement and focus on the important matters that the Committee must hear.

**Ms KATRINA HODGKINSON:** Yes, of course. Suffice to say, and I will skip about three or four pages here, decentralisation is critical for regional New South Wales. There has been an absolute shortfall in public service positions to the regions. When we are looking at levels of unemployment, particularly in areas such as Nowra, which has around about 10 per cent or 10.5 per cent unemployment rate at this point in time, the receipt of any public service positions, particularly those that are extremely suitable to those particular regional areas are very warmly accepted indeed. It is interesting to read the transcript of the Public Service Association's evidence of the inquiry on Monday and the obvious duplicity of its position in relation to decentralisation because Shane O'Brien from the Public Service Association has said he is supportive of decentralisation. He said:

In my view an office-based job is something that could and should be relocated.

I think that is important to note because the PSA's commitment to decentralisation shows that of the 138 employees currently based at Cronulla more than 85 are actually office-based roles. It is good to see its support for decentralisation of these jobs. In terms of servicing stakeholders a lot has been said. Last week a witness to this very inquiry said that he totally disagreed with the statement that while a majority of fishers live within the Sydney area they conduct most of their fishing away from the Sydney Basin area on the North and South coasts. The truth is that of the 30 recreational fishing havens created in 2002, only one is actually based in Sydney, 20 are located on our beautiful South Coast, and the other nine are located on the North Coast.

Those recreational fishing havens are highly productive recreational fishing locations. Obviously, fishing is a part of the New South Wales way of life, not just in Sydney, and the Cronulla Fisheries Research Centre is not a bait and tackle shopfront for the State's recreational fishers. Anglers will continue to be able to pay their fishing fee anywhere and at any time either through the 1,100 agents or online. Obviously, in a lot of coastal communities recreational fishing forms a huge part of the social fabric of those communities. Through the decentralisation of Cronulla new and exciting job opportunities will emerge for people living in these coastal

communities. Of course, some adjustments will need to be made to make sure that service delivery is maintained. I am really confident that enthusiastic and qualified public servants can be recruited locally in nominated locations.

This is important. So far eight employees have already accepted a transfer to Nowra. The manager of Recreational and Indigenous Fisheries has already moved to Nowra. He continues to work hard to service his recreational and indigenous stakeholders. Fisheries NSW already has prominent scientists and managers based at its outstanding Port Stephens Fisheries Institute. If this Committee has not yet visited that facility, may I please encourage it to do so. The scientists are very highly qualified, as will be discovered, and specialist in aquaculture and aquatic ecosystems research and aquatic biosecurity. Some concerns have been raised about the accessibility of the site, but I have to stress that more than 75 employees are currently actually employed at the Port Stephens Fisheries Institute. Those employees have no problem accessing these world-class facilities. They turn up to work each day.

Excellent facilities are already in place at Coffs Harbour. I beg you to go and visit Coffs Harbour as well. The refit of the department office in Coffs Harbour will allow those staff to move in by the end of October. It makes sense to relocate Commercial Fisheries management out of metropolitan Sydney and closer to its commercial fishing stakeholders. In fact, the Director of Commercial Fisheries is not located at Cronulla but at Coffs Harbour for that very reason. There is little doubt that local decision-makers know local circumstances and best needs. The reality is that for far too long the commercial fishing industry has been forced to endure successive failures by former governments to bring about positive reform for the commercial fishing sector.

I understand the Committee heard earlier today from Grahame Turk, the CEO of the Sydney Fish Market, and also from Graeme Byrnes from the Seafood Industry Advisory Council [SIAC]. These people may have specified to you in the Committee that the commercial fishing industry is on its last legs and is barely viable and that without significant reform it is going to face a really uncertain future. The entire industry has grown weary of hollow bureaucratic logic. The decentralisation of the Fisheries Centre from Cronulla has certainly enabled the department to explore positive collaboration opportunities with universities. Since the decision was made agreement has been reached between the Sydney Institute of Marine Science, which I understand you have visited, in Chowder Bay, and the New South Wales Department of Primary Industries. SIMS is in a partnership between Macquarie University, the University of New South Wales, the University of Sydney and the University of Technology and obviously enhanced by collaborations with State and Federal government departments including the Australian Museum, the University of Wollongong and the University of Western Sydney. Chowder Bay is ideal for marine research. It has high quality sea water available to service the SIMS research. Just skipping through—

**The Hon. CATE FAEHRMANN:** Twenty minutes, Mr Chair, so far.

**Ms KATRINA HODGKINSON:** You would have heard Dr John Keniry, the highly respected and experienced Commissioner of the Natural Resources Commission and Chairman of SIMS say more exciting things about SIMS, which I will not go into. You know that SIMS is a world-class facility or I am sure you respect that.

**The Hon. CATE FAEHRMANN:** Can I move that we get the Minister to table the rest of her report so we can get onto questions? This is really becoming a bit of a farce.

**CHAIR:** How much more material have you got there?

**Ms KATRINA HODGKINSON:** As suggested by the honourable member I am skipping through as much as I can and I have left out a significant volume of this opening statement. Yes I will table it but it is important that we do touch on a few things.

**CHAIR:** Opening statements are normally about 10 minutes.

**The Hon. CATE FAEHRMANN:** We all have a lot of questions to ask the Minister.

**Ms KATRINA HODGKINSON:** Just a couple more things, Mr Chairman. I am very pleased that 37 employees have already accepted an offer to relocate. As I said, nine staff have already relocated to other sites; most moved early. More employees will be making a decision very soon. There are many more things I could

say in this space but the Government is not going to shy away from this difficult decision and the decentralisation is going ahead.

**CHAIR:** The other material can be covered perhaps through the questions you will be asked. The Committee has been trying to discover the time line as to who made the original decision, where it was made and so on. Can you advise when Cabinet approved the closure of the Cronulla Fisheries Research Centre of Excellence?

**Ms KATRINA HODGKINSON:** I am sure that you would be the first to understand given your excellent length of service to this wonderful institution—

**CHAIR:** I just want a date.

**Ms KATRINA HODGKINSON:** —that issues of Cabinet are not those which are disclosed by members particularly of the Cabinet room.

**The Hon. STEVE WHAN:** Did it go to Cabinet?

**Ms KATRINA HODGKINSON:** Whatever is discussed in the Cabinet room—I am sure as a former member of a Cabinet that you would be absolutely understanding of the fact that I cannot discuss matters that are discussed by the Cabinet or what goes into the Cabinet room.

**CHAIR:** There have been rumours that the Cabinet had not discussed it or approved it. That is the reason I am asking the question. That is why I was asking just for a date.

**Ms KATRINA HODGKINSON:** I can assure you, Mr Chairman, that the Government is well aware of the decentralisation proposal for Cronulla Fisheries but I am not at liberty to discuss anything that appears in the Cabinet room or otherwise, under oath.

**CHAIR:** Mr Paterson, you are involved with the Department of Trade and Investment. We have only just received a lot of this material in the last hour or so, so we have had to try to read it very quickly. I notice one of the emails from your department to a government person says in getting around the point of announcing the closure: "Not sure if we should indicate the fact that a proposal went up in May. I would prefer that it was not included in the correspondence and focus more on the Government's regionalisation strategy." What was the proposal that went up in May?

**Mr PATERSON:** I have no idea what document you are referring to, Chairman.

**The Hon. STEVE WHAN:** It is an email you released as part of an FOI.

**Mr PATERSON:** Right.

**CHAIR:** It is one of your internal emails.

**Mr PATERSON:** I started in my role on 1 June last year and was not in the New South Wales public sector prior to that time so I would not be able to give firsthand evidence on a matter that occurred prior to my appointment.

**CHAIR:** What was the date?

**Mr PATERSON:** I started on 1 June.

**CHAIR:** So you do not know what happened in May?

**Mr PATERSON:** Well, I could not give firsthand evidence of what happened in May.

**CHAIR:** Do you have any idea of what might have happened then—what proposal they are speaking about? Obviously in your job you would read background material so you are up to date.

**Mr PATERSON:** I would read thousands of pages a week I should say. Yes I am aware of the background material in relation to this matter but what I am saying to you is I cannot give you firsthand evidence. Dr Sheldrake has been here. He is the Director General of Primary Industries that has responsibility—

**CHAIR:** We have only just been given this material.

**Mr PATERSON:** That is because we are responding to a request.

**CHAIR:** What role has your Department of Trade and Investment played in the decision?

**Mr PATERSON:** I am the Director General of the cluster department, the Department of Primary Industries is a component piece of that department, and Fisheries is a part of the Department of Primary Industries.

**CHAIR:** There is another email that says there is some fear that the SPA may take over the site. We think that is the State Property Authority.

**Ms KATRINA HODGKINSON:** Sorry, Mr Chairman, did you say there was an email that says that something might take over the site? I can tell you what the plans are for the site if you are interested.

**CHAIR:** It says: "Richard to Graham. Have to be careful that the SPA does not seek to put it in its portfolio"—this is speaking of the site—"as they seem to think they now have a mandate on all government accommodation."

**Mr PATERSON:** SPA would be the State Property Authority—I presume that is what is being referred to—and Richard I presume is Richard Sheldrake.

**The Hon. STEVE WHAN:** That is the email.

**Mr PATERSON:** Yes.

**CHAIR:** Was there some concern that the property was going to be transferred to the State Property Authority? We are concerned about the site and the future of the site.

**Mr PATERSON:** It would appear that there would have been a discussion at the time in relation to possible courses of action that might have been taken in relation to the site, and there have been proposals where office accommodation is vested in the State Property Authority—the bulk of the direct office accommodation as distinct from specialist facilities. The bulk of direct office accommodation has been vested in the State Property Authority. In any of these considerations there would be lots of discussions about all of the potential ramifications of what might occur in relation to a transfer of staff out of a site and potential future uses for the site. But Government has not resolved what the future use of the site will be at this time and it certainly had not resolved what the potential future use of the site would have been at the time that you are talking about.

**CHAIR:** So the recommendation to close down the fisheries did not come from your department?

**Ms KATRINA HODGKINSON:** It was not a recommendation to close down the fisheries, with due respect, Mr Chairman. It is a Government decision as part of the Decade of Decentralisation election commitment to decentralise the Fisheries Centre into predominantly three regional locations: Nowra, Port Stephens and Coffs Harbour. It is not a proposal to shut down Fisheries. As the Director General has just been discussing in relation to the actual site itself, I am sure there would have been all sorts of things discussed about the future use of the site. This is never about the future use of the site, though; this is all about decentralisation.

It is not about making a profit for the Government. It is not about selling the site for a future use. This is all about decentralising jobs into the regions for the benefit of the regions and that has been the core focus all along. I understand that there have been previous governments that have looked at doing the same thing. I understand that Premier Greiner looked at doing something with that site earlier on and then again Premier Carr looked at doing something with the site with a view to selling the site earlier on, so it is understandable if bureaucrats were discussing the future of the site. I was very keen to make sure that it is used for the benefit of the local community. So it is understandable if those sorts of discussions were going on.

**CHAIR:** It is surprising when a viable centre of excellence is operating that they would be discussing what to do with a vacant site.

**Mr PATERSON:** Fisheries itself operates from 37 sites in New South Wales. My department operates from in excess of 220 sites in New South Wales. A discussion about movement of staff or rationalisation reflects the broader context of government policy. The decade of decentralisation was a clear commitment by the new Government in the lead-up to the election last year and is a policy affirmed by the Government upon its election. The decision in relation to the Cronulla Fisheries Research Centre is taken in the context of that policy decision. We are working in that context in relation to the Cronulla Fisheries Research Centre and a range of other parts of my portfolio. Currently 32 change management plans operate across the cluster and they affect pretty much all the elements. This is not the only move where functions are moving from locations in the metropolitan area to locations outside the metropolitan area. This is one of those moves.

**CHAIR:** The issue is that it is moving from a prime piece of real estate in Sydney.

**Mr PATERSON:** It is not a real estate play. The Minister has already given an indication that this is not about the real estate.

**The Hon. STEVE WHAN:** Minister, what could you have done better in this process?

**Ms KATRINA HODGKINSON:** As I said in my introduction, the decision was made very early to keep the staff as fully apprised of developments as possible. One of the earlier decisions we made was to ensure that there would be a sufficient period of 12 to 18 months for staff to get used to the idea, to plan their future and to make the decisions in consultation with their families as to whether or not they wanted to relocate, do the sea change, into one of the areas that was proposed for decentralisation, or if they wanted to wrap up; whatever they wanted to do.

**The Hon. STEVE WHAN:** I heard you say that in your opening statement. Are you saying you do not think there is anything you could have done better in this process?

**Ms KATRINA HODGKINSON:** It would have been easy to make a snap decision and have it all over and done within a month but I did not want to do that. I respect the employees too much and I wanted to make sure that the people involved as a result of this decision had plenty of time to plan for their future.

**The Hon. STEVE WHAN:** What date did you first direct the department to look at decentralising and closing the Cronulla Fisheries Research Centre?

**Ms KATRINA HODGKINSON:** The director general came to me—we had to look at what parts of our departments would be suitable for a decentralisation program.

**The Hon. STEVE WHAN:** That was a general government directive to do that?

**Ms KATRINA HODGKINSON:** It was election policy, so we met our election commitments—unlike some.

**The Hon. STEVE WHAN:** I know it was election policy. A general directive was given to your department; is that what you are saying?

**Ms KATRINA HODGKINSON:** If I may, the director general put the proposal to me and we had a discussion about it.

**The Hon. STEVE WHAN:** What date was that?

**Ms KATRINA HODGKINSON:** It was early in the term of government.

**The Hon. STEVE WHAN:** Can you give us a date?

**The Hon. NIALL BLAIR:** Can we allow the Minister to answer one question at a time rather than constantly being interrupted?

**The Hon. STEVE WHAN:** I asked a specific question.

**CHAIR:** We just want short answers to the questions at this stage or we will run out of time.

**Ms KATRINA HODGKINSON:** It was early in the term of government and the decision was not made on one day, it was over a series of days and we had many discussions about it. We considered what had been done in the past, what was going to be good for the future and we looked at various sites that might be appropriate for the decentralisation to go to. That took a little while. You would not buttonhole an exact date but I would say early in the term of the new Government.

**The Hon. STEVE WHAN:** Are we talking April-May 2011?

**Ms KATRINA HODGKINSON:** It was discussed over that time. I think the date—was it September or August that it was announced?

**The Hon. STEVE WHAN:** The email that the chairman mentioned before, which talks about a submission in May—which we confirmed in previous evidence did exist—was that a submission that was shown to you?

**Ms KATRINA HODGKINSON:** I am not quite sure which submission you are talking about.

**The Hon. STEVE WHAN:** When did you see a written submission on this for the first time?

**Ms KATRINA HODGKINSON:** I had various communications with my director general on this. That is all I can say really. I know something was developed after the decision had been made. I am not sure where that came from. Perhaps the director general who works in the department can tell you that.

**The Hon. STEVE WHAN:** You do not remember the proposal that was talked about in May 2011?

**Ms KATRINA HODGKINSON:** There probably was one.

**The Hon. STEVE WHAN:** Can you take that question on notice?

**Ms KATRINA HODGKINSON:** I can take that question on notice.

**The Hon. STEVE WHAN:** When did you sign off on the decision?

**Ms KATRINA HODGKINSON:** The Deputy Premier and I made the announcement on—have you got the date?

**The Hon. STEVE WHAN:** That was the date you signed off? We have the date when the announcement was made but we do not have the date that you approved it.

**Ms KATRINA HODGKINSON:** I have not brought dates with me. We can get back to you with dates.

**The Hon. STEVE WHAN:** If you could take that question on notice as well. You mentioned before the move of jobs to Nowra. Mr Paterson, does it concern you that at the same time you are moving these people to Nowra you are moving lands department jobs away from Nowra?

**Mr PATERSON:** We are doing a variety of things within the department. As I said, there are 32 change management plans. In relation to Crown lands we are amalgamating a range of activities across the State and from Sydney to two major service centres, one in Newcastle and one in Dubbo. The plans associated with each different component piece of the department reflect the business needs of the different elements of the department. We are moving different activities to different parts where there is a rational basis for us doing so. In relation to Crown lands we are moving to two significant service centres, one in Newcastle and one in Dubbo.

**The Hon. STEVE WHAN:** It seems inconsistent with what the Minister said previously.

**Mr PATERSON:** There is nothing inconsistent between what I said and what the Minister said earlier.



**The Hon. STEVE WHAN:** Minister, who is the chief fisheries scientist?

**Ms KATRINA HODGKINSON:** Are we talking about Steve Kennelly?

**The Hon. STEVE WHAN:** Yes. Have you met with Steve Kennelly?

**Ms KATRINA HODGKINSON:** I have met with a number of people from the Cronulla Fisheries Research Centre. I had a lengthy meeting with a few people at my ministerial office.

**The Hon. STEVE WHAN:** Three people. Professor Kennelly was the chief—

**Ms KATRINA HODGKINSON:** I met with Peter Brown, Rob Harris and Geoff Liggins and had a lengthy meeting of about 90 minutes long.

**The Hon. STEVE WHAN:** In planning where people would go and the types of facilities needed, do you think it would be reasonable that the chief fisheries scientist would be consulted on the type of research facilities to which the staff would go?

**Ms KATRINA HODGKINSON:** My understanding is that his division is going to be in Port Stephens or is in Port Stephens, so it makes sense for the head to be located there with the staff.

**The Hon. STEVE WHAN:** I am talking about consultation with the chief fisheries scientist about the design of the facilities to which people are going. Do you think it reasonable that he be consulted about that, as he was consulted in previous years as chief scientist at the Department of Primary Industries about other new facilities?

**Ms KATRINA HODGKINSON:** I understand he does not want to move.

**The Hon. STEVE WHAN:** I think you are avoiding the question, Minister. The question is: Should the chief scientist of your fisheries department have been consulted about the suitability of facilities to which people are moving?

**Ms KATRINA HODGKINSON:** The facilities are obviously suitable. We have a great—

**The Hon. STEVE WHAN:** That is your judgement and you are satisfied about that, are you?

**Ms KATRINA HODGKINSON:** I am. I have been right through the Port Stephens centre. I think it is excellent.

**The Hon. STEVE WHAN:** They have not yet built the facilities at Port Stephens.

**Ms KATRINA HODGKINSON:** It has been operating for quite a number of years.

**The Hon. STEVE WHAN:** They have not yet built the facilities into which these people are moving.

**Ms KATRINA HODGKINSON:** There is a functioning facility at Port Stephens—

**The Hon. STEVE WHAN:** Yes, there is, doing other types of research.

**Ms KATRINA HODGKINSON:** —which is serving the fisheries department very well.

**The Hon. STEVE WHAN:** It is serving the fisheries department very well, but they have not built the new facilities. You feel you are expert enough to make the judgement about the design of those facilities?

**Ms KATRINA HODGKINSON:** The director general will speak further on that.

**The Hon. STEVE WHAN:** I was asking you.

**Mr PATERSON:** The facilities that you refer to, plans were in place prior to the decision taken in relation to Cronulla. There is an established research facility at Port Stephens. There is enhancement to that research facility that is going on. Not all that work is completed but that work was in play prior to a decision taken in relation to Cronulla.

**The Hon. MICK VEITCH:** I want to ask a couple of questions about the Nowra site. We heard some evidence earlier today about the Nowra site. How is the building identified on that site, Minister?

**Mr PATERSON:** It was done in conjunction with the State Property Authority to identify appropriate physical facilities in Nowra.

**The Hon. MICK VEITCH:** What was the tendering process that they used? Was it a tendering process or an expression of interest?

**Mr PATERSON:** I cannot answer that.

**The Hon. MICK VEITCH:** Will you take that question on notice and find out for us?

**Mr PATERSON:** I would be happy to.

**The Hon. MICK VEITCH:** Minister, have you inspected the site at Nowra?

**Ms KATRINA HODGKINSON:** Yes, I have.

**The Hon. MICK VEITCH:** Have you inspected the site at Cronulla?

**Ms KATRINA HODGKINSON:** I have been to Cronulla, but not since this decision was made. I can say that I inspected the Nowra site with Greg Pullen, the economic development manager at Shoalhaven City Council. It is a great site and for the first time the licensing division is going to be all together on the one floor. I understand it is located in three separate facilities at Cronulla and their equipment is located in Caringbah. One of the great things about the Nowra site is that it is a brand new office with two floors. It is going to be painted in the next week or two and ready to move in at the end of September. Yes, I have inspected Nowra, I have inspected Coffs Harbour, I have inspected Port Stephens and I am very comfortable with the new locations for these Fisheries offices.

**The Hon. MICK VEITCH:** You say you have been to the Cronulla site, Minister. Will you take that question on notice and let us know when that was?

**Ms KATRINA HODGKINSON:** It was before it was brought down. I remember very clearly the access and those various issues I have discussed before.

**The Hon. MICK VEITCH:** Will you take that question on notice and let us know the date of that visit?

**Ms KATRINA HODGKINSON:** Yes, I will look it up.

**The Hon. MICK VEITCH:** What stakeholder groups did you meet with before the decision was made?

**Ms KATRINA HODGKINSON:** It was discussions that I had with the director general. As soon as the decision was made and clarified and we were confident about it—we did not want it to come out through the media or any other means—then staff were informed.

**The Hon. STEVE WHAN:** There was no discussion with any other group before that?

**Ms KATRINA HODGKINSON:** No, there was not, not even with stakeholders. The staff were the first to be informed.

**The Hon. MICK VEITCH:** Which stakeholder groups have you met with since the decision was announced?

**Ms KATRINA HODGKINSON:** All of them—as many as I can think of. It has been out in the public arena now for a very long time. People are clear on the fact that we are decentralising.

**The Hon. MICK VEITCH:** Was a community impact statement conducted as part of the process in your discussions with the director general and the brief that was prepared?

**Ms KATRINA HODGKINSON:** I am not sure. I will get back to you on that.

**The Hon. STEVE WHAN:** Was that not a Coalition election commitment, that a community impact statement would be prepared?

**Ms KATRINA HODGKINSON:** Certainly for the regional areas, absolutely.

**The Hon. STEVE WHAN:** Sutherland is not a regional area.

**Ms KATRINA HODGKINSON:** As I mentioned in my opening statement, unemployment figures would have been looked at and it is important for the Government to make sure that we are looking after regional communities.

**CHAIR:** If that impact statement was created, will you table it?

**Ms KATRINA HODGKINSON:** Yes.

**The Hon. MICK VEITCH:** It did not go to Cabinet, so are you able to table the—

**Ms KATRINA HODGKINSON:** I cannot say what has been before Cabinet and what has not been before Cabinet.

**The Hon. STEVE WHAN:** One of your Cabinet colleagues has said that it did not go to Cabinet. Are you contradicting that statement?

**Ms KATRINA HODGKINSON:** I am not going to get into what is in Cabinet or not in Cabinet. I am not allowed to do that and I will not be discussing what happens or does not happen in Cabinet.

**The Hon. MICK VEITCH:** After the announcement was made, there was an email from the local member for Cronulla and he clearly was not happy about the announcement. What contact and discussions have you had with him since the decision was made in relation to the future of the site and also the initial decision?

**Ms KATRINA HODGKINSON:** Since the decision was made, Mr Speakman has been consulted, along with the employees. I have certainly had a number of communications with Mr Speakman. Obviously I would expect him to express his concerns as a local member of Parliament and he has every right to do that. You would recall that we have also had a debate in the Parliament about this issue from the petition, and we have had many discussions or many representations from him—at least three. You asked about the future of the site. Quite early on in the piece I did try to meet with the mayor, Carol Provan, but she was unavailable. Instead, the deputy mayor of Cronulla shire and another councillor and the general manager came to meet with me so I could discuss the proposal through the shire council and I had a lengthy meeting with them.

We had a broad-ranging discussion. Sometime after that meeting Mrs Provan was able to meet, so we had another meeting with her and the general manager and a couple of the councillors. The site was discussed again. I clearly stated that I wanted to make sure that the community was fully involved with the future use of the site because this is not about the site and this is not a profit-making exercise; this is about decentralisation. The department has employed a consultant to work with the shire to look at the best future use of the site, remembering that there are many different factors associated with that site, including middens and all sorts of things that need to be taken into consideration.

**The Hon. STEVE WHAN:** When will that report be completed?

**Ms KATRINA HODGKINSON:** That is progressing.

**CHAIR:** We have to move on to another member of the Committee.

**Ms KATRINA HODGKINSON:** It is progressing. I know that regular meetings are happening between the consultant and the shire.

**The Hon. CATE FAEHRMANN:** Minister, I assume you have tabled the cost benefit analysis into the closure now. Do we have that?

**Ms KATRINA HODGKINSON:** I was asked to do that about two minutes ago.

**The Hon. CATE FAEHRMANN:** It is being tabled. Why was the cost benefit analysis not tabled with the questions on notice that we received this morning from the department with hundreds and hundreds of documents? My toner cartridge ran out trying to print it all off.

**The Hon. MICK VEITCH:** Also with lots of lines blacked out.

**The Hon. CATE FAEHRMANN:** And lots of lines were blacked out. Why was it not tabled then? Did it get written today?

**Ms KATRINA HODGKINSON:** I have nothing to do with the tabling of documents. I will have to defer to the director general.

**Mr PATERSON:** I will respond to two questions at the same time. There was a question about when the consultant's report would be concluded. I expect that to be the end of this month. In relation to the cost benefit analysis, it is dependent upon understanding the detail of who is going to move when and where, factoring into the cost—

**The Hon. CATE FAEHRMANN:** Sorry, Mr Paterson, my question was—

**Mr PATERSON:** I am answering your question.

**The Hon. CATE FAEHRMANN:** —why was it not tabled this morning? I do not care what is in it.

**Mr PATERSON:** Because it was not concluded.

**The Hon. STEVE WHAN:** It was completed today, was it?

**Mr PATERSON:** Yes.

**The Hon. CATE FAEHRMANN:** You completed it today?

**Mr PATERSON:** We did.

**The Hon. CATE FAEHRMANN:** We received the questions on notice this morning. The cost benefit analysis into this decision was completed today by your department?

**Mr PATERSON:** Yes.

**Ms KATRINA HODGKINSON:** Ms Faehrmann, forgive me. I do not know why, but I thought you were talking about the impact statement. Yes, the cost benefit analysis was tabled today.

**The Hon. CATE FAEHRMANN:** We have quite a few documents, as I am sure you are aware, that have been released through freedom of information requests as a result of Sutherland council and the *Sydney Morning Herald* trying to find information about this decision because none was forthcoming from the Government. One of the materials that was released was a PowerPoint presentation that was presented to the staff which is the decentralisation of Cronulla activities. I know a lot of the staff have seen this. At the top of that presentation it says that in response to the decade of decentralisation strategy, an assessment of Fisheries organisational structure identified that improved efficiencies and cost savings could be significantly enhanced by aligning the delivery of services to regional areas and, as such, a proposal was put to the Minister to close the

Cronulla office—a proposal to close the Cronulla office—in May 2011 to allow holistic management of Fisheries services and functions. Who put that proposal to you, the Minister, in May 2011?

**Ms KATRINA HODGKINSON:** The first discussion I had on this was with the director general, Richard Sheldrake.

**The Hon. CATE FAEHRMANN:** So he put a proposal to you in May 2011?

**Ms KATRINA HODGKINSON:** Well, we had discussions at that period, yes; and many things around this were discussed, definitely.

**The Hon. CATE FAEHRMANN:** Do you remember a ministerial briefing dated May 2011? Surely, out of all of this, that is what you would have read.

**Ms KATRINA HODGKINSON:** I read many, many ministerial briefings every single day; and to get an exact date, as I mentioned to the honourable member earlier, I would need to come back to you with dates.

**The Hon. CATE FAEHRMANN:** So this was on 5 May 2011. That is about one month after you were sworn in as Minister you have a ministerial briefing before you that says the proposed closure of Cronulla requires a managed process to be adopted that complies with current Government policy. It lists a lot of significant factors about Cronulla, including the average length of service for the permanent staff is nearly 18 years, with 12 staff having over 30 years service. It suggests that the department must consult with the relevant unions prior to the decision being announced to the staff and made public. It says that the first step is to prepare a suitable change management plan so that the necessary approvals can be obtained in a timely manner. So this was a ministerial briefing that went to you one month after you became Minister that already had decided that Cronulla would close. So what happened in that month? What was undertaken within the department to assess that Fisheries needed to decentralise? And, as this Power Point suggests, an assessment was undertaken. What assessment was that?

**Ms KATRINA HODGKINSON:** Well, as we have discussed, lots of discussions have taken place between the department and myself and various officers within that department. We made it clear very early on that we were going to make sure that the staff had plenty of time to deal with the changes—12 to 18 months, which is a significant period—

**The Hon. CATE FAEHRMANN:** But there was no assessment, was there? You acknowledge that there was no cost-benefit analysis and that there was no assessment, but somebody made the decision to provide you with a ministerial briefing. These things do not generally come from the department; they are generally political, because you have been talking about your decentralisation strategy. So did you just listen to Dr Sheldrake and say: Oh, okay, I'm one month old as a Minister, and yes I'll close Cronulla fisheries? Is that what happened? I mean, this is what it looks like. Sorry, but this is what it looks like.

**Ms KATRINA HODGKINSON:** Well, a lot of discussions took place around it. It is about decentralisation, that's true. And I wanted to make sure, and I still want to make sure, that we are doing our absolute best as a Government for regional communities; and, where government jobs are suitable for regional communities, that yes it should be looked at that those government positions be relocated into regional communities. I do not back away from that for one second. I have said it many times today, and I will say it well into the future, that this is all about decentralisation; it is all about getting jobs into regional communities.

**The Hon. CATE FAEHRMANN:** So you have talked about how the Department of Agriculture move to Orange was such a success in 1991. I do not know whether you were around to see that headline, which in 1991 says, "Fisheries fiasco bleeding taxpayers". It says: Just months after spending millions of dollars relocating the Fisheries Department 259 kilometres from the sea, the state government is spending more money trying to get the department to come back to Sydney. And in the end the Public Service Association again was very angry about the decision. It was a complete fiasco. Fisheries has lost all except about a dozen of its head office staff, and the survivors are operating out of rented premises at St Leonards, while 2000 square metres of office space sits empty at the Sydney Fish Markets. And a large area of the \$21 million building at Orange will have no occupants. Does that sound like a forecast of what is going to be happening in a couple of months, Minister?

**Ms KATRINA HODGKINSON:** Well, if you are trying to decentralise Fisheries to Orange, I am not surprised. But I am not trying to do that. I am relocating Fisheries to Port Stephens and Nowra and Coffs Harbour, into wonderful facilities that I have inspected; and those communities are delighted that these jobs are going into those locations, and are very excited about what that is going to generate for those communities in the future.

**CHAIR:** We move to Government members now. Minister, you mentioned the cost-benefit analysis. Do you have that document there with you? We need to table that.

**Ms KATRINA HODGKINSON:** Yes, I do.

**Document tabled.**

**The Hon. MARIE FICARRA:** Minister, this was a clear election commitment, and that is on the record. A lot has been said in cynical places about our motivation to decentralise from Cronulla. Today we heard evidence from Mr Graeme Byrnes, who allegedly said that, in a previous Labor Government, it was put to Minister Ian Macdonald about the valuable site at Cronulla and what an asset it would be for the Government to sell off. Are you putting categorically here on the record that the Government is not motivated by any potential gains of property development? And would you say something about public usage of the site into the future?

**Ms KATRINA HODGKINSON:** Thank you. It is a fantastic question from a Government representative. Thank you for that lovely question; I do appreciate it. Yes, I can categorically state that this is not about selling off the site in any way, shape or form. You might have expected that from the former, Labor Minister. I know that they were trying to find funding for the buyouts of some commercial fishing licences, and that may have been their motivation in selling the site. I do not know; I was not in government at the time, unlike those opposite. May I say that we have got a consultant working closely with the community and the council to make sure that the future use of the site is one which is in the interests of the local community. It will be a challenging goal, given that there are various and different land uses associated with that particular site, including the Aboriginal middens that I mentioned a little earlier.

**The Hon. MARIE FICARRA:** And some heritage issues.

**Ms KATRINA HODGKINSON:** And some heritage issues as well, exactly. So the future use of the site I would like to see very much as one which the local community is able to utilise, and which is going to be able to facilitate suitable employment, if that is the wish of the local community.

**The Hon. MARIE FICARRA:** And just to get it clearly on the record, when Sutherland council gave evidence there was an insinuation that they had difficulty in getting access to you. I know you have detailed today some of the meetings that you have had with some of the councillors, but what do you believe about their claim that they had difficulty in accessing you or your office?

**Ms KATRINA HODGKINSON:** I found that absolutely astounding. I had already put in a request to meet with the mayor; she was unavailable. So I had a meeting with the general manager and with the deputy mayor and another councillor, Councillor Schreiber.

**The Hon. MARIE FICARRA:** Councillor Kevin Schreiber.

**Ms KATRINA HODGKINSON:** Thank you. And George—

**The Hon. MARIE FICARRA:** And the deputy mayor, the Reverend George Capsis.

**Ms KATRINA HODGKINSON:** Reverend George Capsis, exactly. So I had met with them. I tried to meet with Mrs Provan. I saw something in the local paper saying that she had been unable to meet with me after I had already had this meeting. So I was very astounded by that, and put the request in again, and Mrs Provan was able to accept a meeting, which was terrific. Also, I think Reverend Capsis came to that second meeting, and the general manager, and I think Mr Schreiber came as well.

**The Hon. MARIE FICARRA:** John Rayner.

**Ms KATRINA HODGKINSON:** Yes, and additional members as well.

**The Hon. MARIE FICARRA:** You made yourself available.

**Ms KATRINA HODGKINSON:** And that was really great, because I really wanted to talk to them about the future use of the site and see where they visualised it going. And they came forward with various proposals. I will not mention to you the proposals that came out of that meeting because they were only along the lines of let's just look at things and what it might be in the future.

**The Hon. MARIE FICARRA:** Conceptual.

**Ms KATRINA HODGKINSON:** Very conceptual. And they obviously had not been worked through with the consultant, who understood the various land uses of the site. So that conversation is continuing; and the director general has now given us the advice that that should be wrapped up at round about the end of the month.

**The Hon. DAVID CLARKE:** Are there any services performed at the Cronulla centre that will not be able to be adequately performed at other locations, such as Port Stephens?

**Ms KATRINA HODGKINSON:** Thank you very much for the question. I honestly believe that there is nothing that is currently performed at Cronulla that cannot be performed equally as well, if not better, at other locations.

**The Hon. DAVID CLARKE:** And you contend that Port Stephens, in its final state, will be a world-class facility?

**Ms KATRINA HODGKINSON:** It is already a world-class facility, but it will be even better after the additional improvements are made to it. When you look at Port Stephens and the facilities that are already there, I understand the aquaria at Port Stephens is around about ten times the capacity of that at Cronulla. It is a large site. It is very capable of handling more buildings and expansion—much, much more than is currently at the site at Cronulla. And when you look also at the beautiful facilities at Coffs Harbour and the brand new office space at Nowra, I believe we are providing excellent facilities for staff in these locations.

**The Hon. DAVID CLARKE:** And you contend that these facilities will be situated more closely to the fishing industry as a whole.

**Ms KATRINA HODGKINSON:** Yes. That is a good question because 60 per cent of the commercial fishing catch takes place north of Sydney, in the northern coastal areas.

**The Hon. DAVID CLARKE:** And you also contend that decentralisation actually involves moving jobs from one part of the State to another.

**Ms KATRINA HODGKINSON:** Correct.

**The Hon. DAVID CLARKE:** That is the policy that you say you took to the election.

**Ms KATRINA HODGKINSON:** Correct.

**The Hon. DAVID CLARKE:** And that is the policy that you are enacting now.

**Ms KATRINA HODGKINSON:** Correct—from the metropolitan area to the regions.

**The Hon. NIALL BLAIR:** You obviously believe that the overall decision is in the best interests of the State.

**Ms KATRINA HODGKINSON:** It is absolutely in the best interests of the State. I believe that very, very firmly. I recognise that when jobs are relocated from the metropolitan areas into regional communities that regional communities benefit tremendously.

**The Hon. NIALL BLAIR:** Mr Paterson, we have heard about costs and things from other people giving evidence. However, in relation to the actual benefit and costs of this decentralisation, are we talking about a very small overall cost for the department moving these projects to other areas.

**Mr PATERSON:** Taken in isolation, any one element of a portfolio as broad as mine is relatively small by comparison with the overall impact. However, every decision has to be taken on the facts associated with that decision and you make the judgement call about the best location and where we go. As I said, there are 32 change management plans in play at present. All of them examine and look at elements associated with location and relocation. We are moving substantial numbers from the CBD—reducing the CBD footprint—and concentrating parts in Parramatta, shifting to Newcastle and changing arrangements in Grafton. There is a whole range of change happening across the portfolio that impacts on a range of regional areas.

**The Hon. NIALL BLAIR:** Can you outline what sort of entitlements and supports are provided to employees? For example, in looking at these 32 different change management plans, what staff benefits are involved?

**Mr PATERSON:** I cannot describe that with confidence off the top of my head. I understand that the detail of that has already been provided to the Committee. The entitlements are well understood across the portfolio and published. It is obvious to me that a feature of Cronulla has been the engagement of some people on relatively long-term temporary contracts. That has been an issue that I understand has been outstanding for some time. As we have moved through this process of change I have exercised a discretion available to me to permanently appoint long-term temporary people as part of the transfer arrangements. So, there are things that have been settled. People who were occupying long-term temporary positions at Cronulla have been able to secure permanent employment as part of the change.

**The Hon. CATE FAEHRMANN:** Not many.

**The Hon. MARIE FICARRA:** That issue came out during our last public hearing. Temporary employees who had been there long term said that they were not receiving the entitlements that permanent employees who had not been there for as long were receiving. Are you saying that you have used a discretion to look at that and will be adjusting that for fairness and equity?

**Mr PATERSON:** Certainly.

**The Hon. CATE FAEHRMANN:** I do not think that is happening.

**The Hon. STEVE WHAN:** The union does not think that is happening.

**The Hon. MARIE FICARRA:** I asked a question.

**The Hon. CATE FAEHRMANN:** Everyone behind you is shaking their head.

**CHAIR:** We will hear the answer.

**Mr PATERSON:** Unfortunately the people who are shaking their head are not witnesses and you are asking me questions. I will answer the questions put to me.

**The Hon. STEVE WHAN:** They are staff.

**The Hon. CATE FAEHRMANN:** They are the staff and they are directly affected.

**Mr PATERSON:** Hang on! If a question is asked of me, I will answer it. I will not have an answer given by someone else on my behalf.

**The Hon. STEVE WHAN:** Well, go ahead and answer it.

**Mr PATERSON:** I did answer the question.

**The Hon. CATE FAEHRMANN:** I answered on behalf the staff, but you can answer now.



**CHAIR:** We do not want a debate.

**Mr PATERSON:** I have already answered the question. I have indicated that I have exercised a discretion in relation to long-term temporary employees who are transferring; I am making permanent appointments of those staff who are transferring. That is a fact.

**The Hon. CATE FAEHRMANN:** How many?

**CHAIR:** You have finished your questions.

**The Hon. DAVID CLARKE:** You have heard that we received evidence earlier today that a former Minister stated that he would have liked to have sold off the property if he could get away with it, but he could not. Were you surprised by that? Let me put it this way: Would you be disgusted by that but probably not surprised? Would that be more to the point?

**Ms KATRINA HODGKINSON:** That is an interesting question. I will say that I was surprised to learn that so many governments before had tried to do something with this particular site—from Ian Armstrong, the Minister responsible in the Greiner Government, through to Bob Carr and Ian Macdonald. I do not know their motivations. I have been a member of Parliament for nearly 14 years, but I was not a member of any of those governments. It would be only by calling them as witnesses that the Committee would ever get any answers. I do not know whether the Committee has done that. However, from my point of view, this has never been about selling the site or making a profit for the Government. This is all about getting jobs into regional locations that are suitable for regional locations.

**The Hon. DAVID CLARKE:** So you are not about to flog it off?

**Ms KATRINA HODGKINSON:** Absolutely not.

**The Hon. DAVID CLARKE:** As the previous Minister was prepared to do if he could get away with it?

**The Hon. STEVE WHAN:** I object to hypothetical questions.

**Ms KATRINA HODGKINSON:** There has been no attempt whatsoever—

**The Hon. NIALL BLAIR:** You asked a hypothetical question earlier.

**Ms KATRINA HODGKINSON:** —to go anywhere near—

**The Hon. STEVE WHAN:** The fact is that the previous Government did not try to sell it off.

**Ms KATRINA HODGKINSON:** There has been no contemplation by me as the Minister to do anything with the site other than to consult with the local community about its future best use. I believe that is an appropriate path to take.

**The Hon. STEVE WHAN:** So will it permanently stay in government hands?

**The Hon. NIALL BLAIR:** Point of order: The Minister is entitled to answer questions.

**The Hon. STEVE WHAN:** But she never answered that question.

**The Hon. NIALL BLAIR:** The member has had plenty of time to ask his questions. It is now time for government questions.

**The Hon. STEVE WHAN:** She has not answered the question. She has been asked the same question three times but has not answered it.

**CHAIR:** Mr Clarke, do wish to ask your final question?

**The Hon. DAVID CLARKE:** I am trying to hear the Minister's answer, but I am getting an answer from the Hon. Steve Whan instead.

**Ms KATRINA HODGKINSON:** I want to clarify that the department has employed an independent consultant who is working very closely with the local council and other members of the community who are interested in the future of this site.

**The Hon. STEVE WHAN:** So you cannot guarantee that it will stay in government hands?

**Ms KATRINA HODGKINSON:** The consultant's report will be brought down at the end of the month. I am certainly not going to pre-empt anything that an independent consultant may have to say. The consultant has been in consultations with the local community.

**The Hon. STEVE WHAN:** So you will not give a guarantee that it will stay in government ownership permanently?

**Ms KATRINA HODGKINSON:** Excuse me! As I have outlined, I have had two meetings with the local community.

**The Hon. STEVE WHAN:** So the answer is no.

**Ms KATRINA HODGKINSON:** I will wait until the independent consultant's report is delivered. I have no idea what he will recommend.

**The Hon. STEVE WHAN:** Right, so you will not make a commitment.

**Ms KATRINA HODGKINSON:** I have already said that other issues must be taken into consideration.

**The Hon. STEVE WHAN:** The cost benefit does not include the ongoing cost of the site so someone else must be going to run it and own it.

**Ms KATRINA HODGKINSON:** That is ridiculous.

**CHAIR:** Any other questions will have to be put on notice.

**Ms KATRINA HODGKINSON:** What a shame.

**CHAIR:** Question No. 51 on notice asked what would happen if the Committee recommended that the centre not be closed. The answer lists various reasons that it should be closed. One of the main reasons is that it would be disruptive to the staff to retain the centre. Minister, can you assure me that if that is the case you will ask all the staff—even those who have said they will go, albeit unwilling—what they want done with the centre?

**Ms KATRINA HODGKINSON:** No, I will not.

**CHAIR:** You are keeping it closed because the staff would be upset if it was retained, but the staff are upset that it is being closed.

**Ms KATRINA HODGKINSON:** I am sure that they are. However, this decision was taken 12 months ago. The Deputy Premier and I announced this decision 12 months ago. About 37-odd people—I think that is the figure I gave earlier—have now considered their position very carefully over the past 12 months and have decided to move. Do you honestly think that it would be fair on them to do a backflip on this? I will not be changing my mind; this decentralisation is proceeding.

**CHAIR:** My question was let them decide.

**Ms KATRINA HODGKINSON:** It is not for a public servant to decide where they are located in New South Wales, I am sorry, with all due respect. The Government sets a policy direction, the directors general undertake the discussions with the staff and the movement that had to occur as a result of that decision being

made. The decision was made 12 months ago. It was a decision of the Government and the decentralisation will be proceeding regardless of the recommendations made by this Committee, with all due respect.

As I also said in the debate on the petition in relation to this very matter, I made the point very clear—I have made it very clear in question time on at least two occasions in relation to answers that have been requested of me by the Opposition members, so I have been consistent on this throughout—I believe the decision is a very good one; it is in the best interests of regional New South Wales; it complies entirely with government policy and election commitments that were made in the lead-up to the election. It is expected of us to do things for regional New South Wales and not just to cop out because of various opposition from various quarters.

These relocations will be going ahead. I feel certain that you would have had some fairly positive responses from the regional communities involved. I am aware that several submissions have been forthcoming from those regional communities who are very excited about the prospect of jobs coming their way and what that will do to their regional communities and for their regional communities in the future.

Mr Chairman, thank you so much for the opportunity to appear with your Committee today. I have appreciated the questions that I have received. We could have spent longer in this forum. However, it is important that people understand that the Government is proceeding with this decentralisation.

**CHAIR:** There will be further questions on notice, which have to be answered within 14 days.

**The Hon. MICK VEITCH:** I am happy to move an extension of time if the Minister wishes to stay.

**The Hon. NIALL BLAIR:** We have other appointments. We will not have a quorum.

**The Hon. MICK VEITCH:** The Minister said she is happy to answer more questions.

**CHAIR:** Do you wish to answer some more questions?

**Ms KATRINA HODGKINSON:** If there are more questions that need to be asked.

**CHAIR:** They can be put on notice.

**The Hon. NIALL BLAIR:** Place them on notice like every other witness.

**The Hon. CATE FAEHRMANN:** I would like to ask some more questions if the Minister wants to stick around.

**CHAIR:** We will go on for five minutes.

**The Hon. DAVID CLARKE:** Will I have the right to seek to recall other witnesses, Mr Chair, if we are going to have this concertina sort of extension of time because one of the Committee members would like to? That is fine but there may be other witnesses I might like to recall as well.

**CHAIR:** You have a right to do that.

**The Hon. DAVID CLARKE:** Will that be agreed to also?

**CHAIR:** When the Committee meets, the Committee would have to make that decision.

**The Hon. DAVID CLARKE:** Can I ask, Mr Chair, how we are going to conduct this extra five minutes? Are we going to split it up evenly?

**CHAIR:** Yes, we will split it up evenly: just one or two questions from each person.

**The Hon. STEVE WHAN:** Minister, in the information that was provided through Government Information (Public Access) Act there was an email from Treasury to your chief of staff, Tim Scott, asking for information on costings for this move and the business case. Was that email ever responded to and why was not Treasury aware that there were no costings for this when the proposal was put forward?

**Ms KATRINA HODGKINSON:** The cost benefit analysis, it is important to point out, is very difficult to detail when you are not sure how many employees are moving and how many do not want to—

**The Hon. STEVE WHAN:** Minister, in the previous Government every move was preceded by costings, estimated costings.

**Ms KATRINA HODGKINSON:** Do you mind if I just answer the question?

**The Hon. STEVE WHAN:** I would like you to answer the question.

**Ms KATRINA HODGKINSON:** Thanks—without interruption would be appreciated. It is important to know, obviously, if there are relocation costs involved, who is moving, how many people are moving and, as I said, this would have been very easy to make a decision overnight, have it all over and done with within a month and, bang, it is out of the way.

**The Hon. STEVE WHAN:** Do you think that it is reasonable that Treasury has to email your chief of staff and ask him for questions?

**The Hon. NIALL BLAIR:** Point of order—

**CHAIR:** We agreed just one question from each person. Ms Faehrmann, do you have a question?

**The Hon. CATE FAEHRMANN:** Who put this cost benefit analysis together?

**Ms KATRINA HODGKINSON:** It is done by the department.

**The Hon. CATE FAEHRMANN:** Was it done according to any New South Wales Government guidelines for economic appraisal?

**Mr PATERSON:** Absolutely. It was done by the Strategic Policy and Economics Unit within the department and it follows the agreed procedure in relation to benefit cost analysis.

**The Hon. CATE FAEHRMANN:** Because you know that one of the requirements is that there needs to be an objective analysis of the options to arrive at a preferred option and it is not simply a case to support a predetermined option. That is supporting a predetermined option, is it not?

**Mr PATERSON:** No, that is a benefit cost analysis.

**The Hon. CATE FAEHRMANN:** No, it is supporting the move from Cronulla.

**Mr PATERSON:** Do you want to ask the question or do you want me to answer it? You asked a question about whether it was prepared consistent with the Government's guidelines in relation to it and I said yes it was. It was not prepared in preparation for a decision to be taken. The Minister has already indicated that the decision was taken last year. It was announced more than 12 months ago. The benefit cost analysis was not done prior to that; the benefit cost analysis was concluded based on current knowledge and it was concluded today.

**The Hon. MARIE FICARRA:** Minister, is there anything that you want to leave us with? Thank you for staying an extra five minutes. Are there any points you wish to get across to us before you leave?

**Ms KATRINA HODGKINSON:** I have probably already made the point, but just to reinforce it: This is all about decentralisation and getting jobs into the regions. I cannot put it more simply than that. That was the election commitment that we made. The regions that the jobs are going into I think are really appropriate. I have inspected the new facilities and spent a lot of time talking to people in those areas, particularly in Port Stephens and Coffs Harbour, and also the manager who is moving down into Nowra, just to make sure that I am really comfortable with the premises and with the quality of work that will be generated through this important decentralisation project.

**CHAIR:** Even though you have made a comment about your views on the future I hope that you will seriously consider the report of the Committee. Obviously I do not know what it is going to recommend. I hope that you will read all the detail and the Committee's recommendations and treat them seriously.

**Ms KATRINA HODGKINSON:** Mr Chairman, I can assure you that I will treat the report that is brought down by this Committee with the due respect and reverence that you will put into it.

**CHAIR:** Thank you very much for your attendance.

**(The witnesses withdrew)**

**(The Committee adjourned at 6.46 p.m.)**