



Australian Government

Australian Heritage Council

**PRODUCTIVITY COMMISSION INQUIRY
INTO THE POLICY FRAMEWORK AND INCENTIVES
FOR THE CONSERVATION OF AUSTRALIA'S
HISTORIC BUILT HERITAGE PLACES**

Second Submission by the Australian Heritage Council

19 October 2005

1. Introduction

1.1 Purpose of the submission

The Australian Heritage Council (AHC) in making this submission notes that the definition of heritage, arguments for the existence of market failure in heritage provision and the justification for a significant role for the Australian Government in heritage protection are all matters that have been fully argued in the earlier AHC submission and in other submissions, and are not pursued further here.

This submission will concentrate on matters relating to policy formulation and implementation; in particular this submission follows up on questions and requests for further elaboration arising from the Productivity Commission's consideration of the AHC's earlier submission.

1.2 A new agenda for heritage policy

This submission deals with the core of the policy formulation process by acknowledging that all levels of government have closely related and overlapping roles and responsibilities under the three-tier heritage system. Without in any sense denying the unique statutory (and in the case of the Australian Government, treaty) obligations of each tier of government, a cooperative mode of policy-making, where priorities and strategies important to each sphere of government can be discussed, and common themes and protocols of joint working agreed, should yield improved outcomes for heritage protection. The AHC therefore proposes the development and implementation of an integrated national heritage policy through the Environment Protection and Heritage Council.

The AHC considers that an integrated national heritage policy should include an overarching framework for the implementation of the three-tier heritage system, as well as a detailed plan for cooperative action on key areas including:

- improved consistency in assessment processes and conservation management plans;
- a consistent means of State of the Environment reporting on the condition of historic heritage places;
- new approaches to funding that may improve the economic self-sustainability of heritage places;
- improved access to expert advice and assistance, for instance through the provision of heritage advisers at local government level; and
- addressing the shortage of skills in heritage conservation by a variety of means.

2. Responsibilities

2.1. Determining Australian, state, territory and local government responsibilities

The AHC considers that a key issue for this Inquiry is the extent of "national" responsibility beyond that already clearly identified by the Parliament in the

Environment Protection and Biodiversity Conservation Act 1999. A further issue is the extent of the shared responsibility with state, territory and local governments for National Heritage places.

The system of heritage protection in Australia shares responsibility between the different levels of government¹. For instance, the Australian Government accepts certain obligations in relation to National and World Heritage values, while a state, territory or local government may also retain significant responsibilities (both statutory and financial) for the listed places. These places may be in state, territory or local government ownership, and the different levels of responsibility may also apply in relation to values or attributes that are not specifically protected by the Australian Government.

Under the three-tier heritage system, the Australian, state, territory and local governments can have overlapping interests in any given heritage place. While each tier of government might have specified responsibilities, holistic heritage management would be assisted by careful consultation in the identification, assessment and management plans of heritage places. While it is not suggested that the identification of each local heritage place, for example, should require consultation with the Australian Government, it is clear that there are considerable advantages in the Australian Government consulting state and local governments in relation to National Heritage places. Information sharing about heritage places, their values and management plans between levels of government and with the public is, however, vital. This could best be done through a comprehensive web based integrated heritage data base.

Furthermore, the AHC reiterates the point that it made during the public hearing process that items that may seem to be of only local importance do nevertheless contribute in aggregate to the national picture; again this reinforces the need for cooperative decision-making. The AHC considers that the Australian, state and territory governments have a shared leadership role in ensuring that heritage places are conserved. It can also be argued that consistency and a coordinated approach to the identification of heritage at all levels is a matter of concern for all governments.

The AHC sees the Australian Government as having a clear responsibility for the protection, conservation and presentation of the identified values of National Heritage and Commonwealth Heritage places, and a shared responsibility with the states and territories for the protection of our wider national heritage fabric. This shared responsibility may involve cooperative action to facilitate improved economic outcomes for heritage places, for instance by promoting heritage tourism or by encouraging private sector partnerships to support heritage conservation. It may also involve joint funding for heritage assistance schemes to support heritage conservation, or cooperative action to facilitate the establishment of appropriate courses for professional and skills training. In certain circumstances where there are systemic failures, extending beyond one state and territory, the Australian Government may have a last resort leadership role to ensure that systemic failures are addressed.

¹ The initial policy driver in determining the interaction of levels of government is the 'principle of subsidiarity'. This principle suggests that a function should be carried out by the lowest level of government able to exercise it effectively, and thus as close as possible to the ultimate consumers to allow them choice in how they receive services.

3. Mechanisms

3.1 *The existing regulatory framework*

The overarching means for policy intervention with regard to heritage at all levels of government is the listing process. The principal reasons for listing include:

- It is an orderly system that relies (in each jurisdiction) on uniform criteria for its operation;
- it is a highly visible system providing a substantial amount of information to the public;
- it is a relatively open system with great weight given to due process and assessments by expert bodies;
- it is the most widely used heritage policy measure in most countries;
- it allows application of the precautionary principle; and
- any undesirable market distortions it may bring about can in principle be corrected by other means, if necessary.

The listing approach is one that has had the greatest level of public acceptance in relation to discrete places of clear heritage interest – for example single historic buildings, particularly when they are in public ownership. It is most controversial when applied to broad scale areas with diffuse heritage values and mixed uses – such as “heritage suburbs” – or active elements of community infrastructure. A cooperative approach by governments may find new ways to address community concerns about heritage listing in these circumstances and its implications for property owners and users. It is also anticipated that this Inquiry may recommend innovative approaches to government intervention that result in greater community satisfaction with the heritage system, while retaining the statutory heritage lists that have worked well for thirty years.

3.2 *Policy mix*

The current heritage system has been significantly improved through new legislation and administrative reform in recent years. At the same time, it is recognised that listing needs to be supported by a range of policy instruments, and that an appropriate policy mix needs to be established.

A taskforce set up by the Environment Protection and Heritage Council has recently produced a report *Making heritage happen: incentives and policy tools for conserving our historic heritage*, which surveys the incentives that are currently available for heritage conservation and examines their effectiveness or otherwise. However, more work is still required before an appropriate mix of policy actions can be determined, including more detailed investigation of the public and private benefits of heritage conservation.

There is also a need to determine priorities and sequencing with regard to:

- identification (surveys);
- assessment and listing;
- training;
- restoration/maintenance works; and
- interpretation/education.

The range of instruments available, such as regulatory measures, grants and tax concessions will need to be reviewed in the light of these priorities.

3.3 Dealing with the private sector

An issue of particular concern to the AHC is how to adequately address the private sector contribution to heritage conservation.

In particular, the AHC considers that there is limited information on the balance between private and public benefit for heritage places. There is also a need to determine an appropriate mix of policy instruments to support historic heritage conservation, while encouraging voluntary private sector contributions to the conservation and management of heritage places.

The AHC considers that the Australian, state and territory governments need to further investigate these issues through the proposed integrated national heritage policy, and would also appreciate the Productivity Commission's advice on addressing the private sector contribution in the policy framework.

4. Funding

4.1 The Australian, state and territory governments role in funding

The AHC considers that governments have a twofold role in funding; direct funding of matters which are clearly a jurisdictional responsibility and seed funding or cooperative financing arrangements to mobilise funding from another tier of government, non-government organisations or the private sector.

Working towards cooperative funding arrangements will depend on an assessment of national, state, territory or local benefits, but it has to be recognised (as argued earlier) that many places may provide benefits at more than one level. If this is so, it is appropriate for all tiers of government to cooperate in the provision of funding and other assistance for heritage places.

4.2 Funding sources

Governments may choose to give grant funding for heritage for several reasons, including to help meet the costs of conservation or restoration works, and to fund interpretative materials. The challenge with the use of grant funding for historic heritage places is that it is not always supplied to the places of greatest heritage significance, and that a rational basis for funding has not been agreed among jurisdictions.

Here it is proposed that future Australian Government capital works grant funding be focused upon the goal of assisting individual heritage places to achieve economic self-sustainability. Capital works grant funding should not be given unless there is a clear plan for how it will contribute to the particular heritage place becoming economically self-sustainable.

This proposal is put forward to stimulate debate. It is intended here to present a concept for elaboration, rather than a fully-developed approach for use by governments.

Economic self-sustainability

The economic self-sustainability of individual heritage places can be achieved through a number of mechanisms:

- tourism;
- product branding;
- adaptive reuse;
- private sector partnerships;
- philanthropy; and
- use of volunteers.

These can be used in isolation or combination, depending upon the characteristics of a particular place.

How grant funding may contribute to economic self-sustainability

Not all places may be able to become economically self-sustainable. But many can become much more so. Grant funding should fundamentally be used to help an individual heritage place to move from a situation where it is unable to be economically self-sustaining, to a position where it can. Grants funding should be seen as a mechanism to achieve a transition.

The challenge for an individual heritage place can often be that it has to undertake some works to achieve economic self-sustainability. The following table provides an indicative guide of how grant funding may be used to help individual heritage places achieve economic self-sustainability:

	Grant funding that could help build economic self-sustainability	Grant funding that would not help build economic self-sustainability	Grant funding that may help build economic self-sustainability, but should be used sparingly
General	<p>Funding for works to upgrade to meet basic occupational health and safety requirements</p> <p>Revolving funds (a pool of capital to help buy, restore and protect heritage places, with revenues from sale or repayment</p>	Funding for frequent capital works	Funding for infrequent capital works (there may be limited cases where works are expensive and it could not be expected that owners would be able to amass the necessary funding from other sources). This approach should only be employed where other aspects of the individual heritage place are economically self-sustainable

	reused for similar activities) Seed funding to help mobilise funding from other sources		
Adaptive reuse	Promoting the economic benefits to adaptive reuse.	--	
Tourism	Funding for basic visitor amenities such as toilets or disabled access facilities. Funding for interpretation facilities.	Funding for ongoing costs such as salaries or public liability insurance	--
Use of volunteers	Seed funding for start up costs such as basic volunteer facilities, tools and equipment.	Funding for ongoing costs such as such as salaries or public liability insurance.	--

Responsibilities between governments

It is possible to distinguish between funding and management responsibilities. One way of implementing the approach outlined here would be that any outcome should reflect that funding by, for example, the Australian Government to an individual heritage place to become economically self-sustainable would then oblige a state government, if it were managing that place, to assume ongoing responsibility for ensuring that the economic self-sustainability were maintained. Likewise for a state government providing transitional funding to a place managed by local government – or for any level of government to a place managed privately.

These responsibilities should be clearly captured in agreement at head of government level, and should be reflected in individual heritage place management plans.

Sources of funding

The approach proposed here would require additional funding for historic heritage – but for a limited timeframe, and to achieve a goal of moving the funding for heritage places to a more sustainable basis.

A possible source of funding could be to allow cultural heritage access to the Natural Heritage Trust. The targeted approach to environmental and natural resource management that is integral to the Trust's operation would be immediately applicable to the conservation and use of cultural heritage. The use of National Investments in areas of direct Australian Government responsibility, and Regional Investments in cooperation with state, territory and local plans, is as appropriate for cultural as for natural heritage. In

particular a successful aspect of the local implementation of Natural Heritage Trust initiatives has been the involvement of private landholders; exactly the same sort of effect would eventuate with cultural heritage through the active engagement of private owners of cultural heritage assets.

There are clear parallels both in principle and in practice between cultural and natural heritage. The Australian Government has recognised this in its policy measures and administrative arrangements:

- Ministerial and Departmental responsibilities at the Australian Government level combine cultural with natural heritage;
- cultural heritage is included alongside natural heritage in the *State of the Environment Reports*;
- the 2003 amendments to the EPBC Act extended coverage of listed places under the Act to include cultural as well as natural heritage; and
- the responsibilities of the AHC cover both cultural and natural heritage.

Furthermore, not only are cultural and natural heritage linked in terms of overall administrative arrangements; it has been the declared policy of the Government to move towards an integrated approach to the formulation and implementation of natural and cultural heritage policy. Indeed the then Minister (Senator Hill) referred explicitly to such an integrated approach in his opening address to the National Heritage Convention in 1998. He went on to say:

While in many jurisdictions there are different laws and standards for the protection of natural, indigenous and historic heritage, this separation is not one which is generally welcomed or indeed understood by the community.

In recognising the parallels and synergies between cultural and natural heritage, the Australian Government is simply acknowledging the logic that links natural capital and cultural capital. It is now well accepted and understood that we have a responsibility to manage our inherited natural capital – the unique natural resources that define the Australian environment – in a sustainable way for the benefit of present and future generations. In exactly the same terms we have to recognise that we must accept an equivalent responsibility for sustainable management of our cultural capital. In other words, the case for conserving and protecting the unique cultural heritage that defines us as Australians is identical with the case for preservation of our precious natural heritage.

As noted above, this case has been accepted by the Australian Government in its policy statements and administrative arrangements. While the Natural Heritage Trust provides a steady and guaranteed flow of funds for a variety of national and regional investments in natural heritage conservation and management, no such source is available for cultural heritage.

In addition, it could be expected that extending Natural Heritage Trust coverage to cultural heritage could have a number of other beneficial outcomes including:

- training of skilled heritage managers;
- community engagement;
- improved profitability in the management of heritage sites;
- exploitation of synergies between natural and cultural heritage resources and their management.

Amendment to the regulations governing the administration of the Trust would be straightforward and, given the widespread community interest in cultural heritage of all levels of significance, could be expected to have popular support throughout Australia.

Government funds cannot in the long term be relied upon to maintain a large and increasing stock of heritage places. The sooner that action is taken to get these places on a more economically self-sustainable basis, the lower the long term cost to government budget, and the more sustainable Australia's heritage will be.

5. Conclusion

In conclusion, the AHC welcomes the Productivity Commission Inquiry and the opportunity it has provided the AHC and other agencies to demonstrate both the successes and areas for improvement in heritage.

The AHC is happy to be of further assistance should the Commission require any additional information or clarification regarding this or our previous submission.