

12 July 2005

Mr Neil Bryon
Presiding Commissioner
Heritage Inquiry
Productivity Commission
PO Box 80
BELCONNEN ACT 2616



Dear Mr Bryon

**PRODUCTIVITY
COMMISSION INQUIRY INTO HISTORIC HERITAGE**

The following advice is provided as a submission on behalf of the City of Melbourne to the Productivity Commission's inquiry into the policy framework and incentives for the conservation of Australia's historic heritage places and in response to the Issues Paper of May 2005.

1. Melbourne's heritage is amongst its greatest assets. 'Cultural heritage' is an important component of the urban form and sense of place which characterises the City. Heritage precincts and places are a significant part of Melbourne's attractiveness as a place in which to live, visit, do business and invest. They are also valued for cultural and sociological reasons and provide a distinctive historic character and sense of continuity.
2. Formal heritage designation in the City of Melbourne via Council's planning process began over 30 years ago and has become very important to both the image and reputation of the Council and the City.
3. Despite concerns expressed in the 1970's about the detrimental impact heritage designation might have, it is now recognised and accepted as part of the normal planning process. In fact, it is arguable, although difficult to quantify, that many properties in the city have accrued much of their value as a result of their heritage importance and their heritage designation in either Melbourne Planning Scheme or the State Heritage Register. This is evidenced by high land values in sought after historic suburbs such as Parkville and East Melbourne and the status accorded Melbourne's Collins Street district.
4. Heritage designation is part of the normal zoning process by government which can affect the value of properties either positively or negatively.
5. The Heritage identification and management process works well in the City of Melbourne with little complaint. The Council offers free conservation advice to applicants and manages the Melbourne Heritage Restoration Fund, a non profit organisation established in 1988, overseen by the City of Melbourne, Heritage Victoria and the National Trust of Australia (Victoria). The MHRF assists owners of heritage places to conserve and restore their buildings for the benefit of the community by offering free conservation advice as well as grants and loans for restoration. The results are high quality refurbished restored

buildings and products which people visit Melbourne to see. Melbourne's significant heritage places and precincts provide an experience sought after by tourists, a market the City caters for with information and the provision of heritage walks. Melbourne Tourists are interested in experiencing cultural activities, rather than visiting 'attractions' and the conservation of Melbourne's unique heritage spaces has enhanced Melbourne's marketability.

6. City of Melbourne residents (at least as represented by Resident Groups) value the heritage importance of the buildings and precincts in their neighbourhoods and members spend many hours of their own time assisting Council to identify and protect heritage buildings and places which are viewed by them as very important assets.
7. The issue of compensation for heritage control in the planning scheme was dealt with by the Victorian Government in 1982 when it was legislated (via an amendment to the then Town and Country Planning Act) that no compensation was payable for demolition control. Since that time there has been no request that the Council is aware of, to vary the similar provisions in the current Planning and Environment Act.
8. A number of studies have been completed examining the cost/benefits of heritage regulation, examining the private costs of heritage regulation and quantifying the social benefits obtained. Consideration of heritage economics has embraced examination of tourism and heritage places and the concept of valuing heritage as cultural capital. Research which may inform the Inquiry includes:
 - i. The Impacts of Heritage Requirements on the Financial Viability of Individual Development Proposals (NSW Division of the API for the NSW Heritage Office) at: <http://www.heritage.nsw.gov.au/docs/economicsparta.pdf>. Economic analysis to assess respectively A) the social/economic cost/benefit for the local community and B) the cost/benefit of heritage requirements for the owner.
 - ii. Heritage Economics: Challenges for heritage conservation and sustainable development in the 21st Century, conference papers at <http://www.ahc.gov.au/publications/Generalpubs/economics/pubs/economics72.pdf>.
 - iii. Brochure on heritage listing and the benefits for owners - <http://www.heritage.nsw.gov.au/docs/heritagelistinibenefits.pdf>
 - iv. A comprehensive list of readings and data on heritage and property values as referenced by Heritage WA at: <http://www2.heritage.wa.gov.au/fvalues.html>
 - v. Heritage Council Victoria, 'Managing Our Heritage' a review of heritage place management in Victoria (2003) at <http://www.heritage.vic.gov.au/pages/vdfs/publications/managingourheritagebody.pdf>
 - vi. Other studies and research including, 'Revolving Funds for Historic Heritage', Feasibility Guidelines for Heritage Development Applications, 'The Economic and Social Benefits of Heritage Property and 'Does the Housing Market Value Heritage' as reproduced at http://www.heritage.nsw.gov.au/07_subnav_13.htm

9. The identification, assessment, management and conservation of historic heritage are not presently well resourced in comparison to the commitment to Australia's natural heritage, through the Natural Heritage Trust and environmental causes generally. The recognition of historic heritage such as the Royal Exhibition Building and Carlton Gardens, recently listed on the World Heritage List demonstrating outstanding cultural values and serious consideration of other Australian historic sites for World Heritage Listing requires a joint Commonwealth, State and local commitment to the preservation and interpretation of these places. Funding directed towards interpretation of such heritage places raises public awareness, enjoyment of and support for, heritage conservation.

Inquiry into the management and conservation of the historic heritage is welcomed and the City of Melbourne would be pleased to provide further information to the Commission on any of the above comments.

Yours sincerely

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