



29 July 2005

Heritage Inquiry
Productivity Commission
PO Box 80
BELCONNEN
ACT 2616

Dear Sir/Madam

**CONSERVATION OF AUSTRALIA'S HISTORIC AND HERITAGE PLACES
PRODUCTIVITY COMMISSION ISSUES PAPER**

The City of Stonnington is committed to identifying and protecting the Municipality's heritage assets and to educating the community about the benefits of maintaining and enhancing these assets.

Council believes that the current system for the assessment and management of heritage places in Victoria works reasonably well to efficiently and effectively safeguard and develop community heritage assets and to provide a range of benefits, both tangible and intangible to the local community.

Council is strongly of the view that heritage conservation benefits the community, in the broadest sense by underpinning its sense of identity and history, but also economically. The economic benefits are most evident in association with tourism (for example heritage shopping centres and heritage towns, which to a large extent rely on their heritage status). The protection of residential precincts can provide financial rewards for owners, as land values are maintained and enhanced in historic streetscapes which are recognised and valued for their integrity and character.

Council acknowledges that some individually listed places (not in precincts) may experience economic impacts. It is argued that they contribute to the broader community benefit, but some individual owners may be economically disadvantaged. It is important that economic impact does not affect the initial listing of a place, nor should it be addressed at this stage, as this could undermine the whole purpose of heritage listings. Economic implications can and should be addressed as part of the ongoing management of the place, and some form of compensation (by way of various financial incentives or assistance) may be appropriate.

Council considers that the pressure for urban consolidation (and redevelopment) presents the biggest current challenge to heritage protection, and that improved measures are required - to strengthen existing controls and policies and to provide adequate financial resources for conserving heritage.

Please refer to the attached submission prepared on behalf of Council.

If you have any queries on this submission, please contact Belinda Dale, Acting Team Leader Strategic Planning on 8290 3313

Yours sincerely

Jon Brock
General Manager Planning and Development

Conservation of Australia's Historic Heritage Places

A response to the productivity Commission Inquiry

Prepared on behalf of The City of Stonnington

July 2005

The following submission has been prepared in response to the review of the policy framework and incentives for the conservation of Australia's historic heritage places currently being undertaken by the Productivity Commission. An issues paper entitled, *Conservation of Australia's Historic Places*, prepared to assist in the preparation of responses, has been reviewed by this office.

The issues canvassed within the terms of reference are particularly broad and this submission deals only with those elements which impinge directly on the normal activities of the City of Stonnington with particular emphasis on the activities of its planning and building departments. The most relevant questions posed by the paper are:

How does the policy framework for historic conservation currently operate and what are its strengths and weaknesses?

Generally speaking, the conservation of The Planning and Environment Act (1987) expresses the desire,

... to conserve and enhance those buildings, areas and other places which are of scientific, aesthetic architectural or historic interest, or otherwise of special cultural value

State Policy requires responsible authorities such as the City of Stonnington to identify, conserve and protect places of cultural value from inappropriate development. Cultural value or *cultural significance* for any individual site, or *place*, can be identified as the sum of its scientific, aesthetic, architectural, historical, spiritual and, in some instances, social significance.

Stonnington Council is committed to identifying and protecting the Municipality's heritage assets and to educating the community to the benefits of maintaining and enhancing these assets. A range of Council policy documents, including the Corporate Plan, the Municipal Strategic Statement and various local policies confirm Council's commitment to the implementation and ongoing management of a suite of heritage strategies in order to safeguard the full range of its heritage assets.

Since 1983, the Council has identified a variety of *heritage places* within the Municipality. A *heritage place* may include or be defined as a site, an area, a building or group of buildings, a structure, an archaeological site, a tree or garden or any other place of cultural significance and the associated setting. In other words, some heritage places will consist of individual houses and their grounds while others will comprise precincts of a few or many buildings. Where a place has been identified as being of local or greater significance, building and works within that place are typically managed using a heritage overlay control.

While the implementation of heritage controls and management of heritage assets was undertaken in a reasonably *ad hoc* manner during the 1980s, the refinement of legislation, most notably, The Planning and Environment Act (1987), The Heritage Act (1995) and the implementation of the new format planning schemes over the last decade have produced a reasonably effective system for the identification and conservation of state and local heritage assets. Little duplication of services or overlap in terms of jurisdiction occurs between the operations of Heritage Victoria and those of the City of Stonnington and a very modern and capable system has been established. The current system of assessment with testing of significance under the auspices of Panels Victoria also works reasonably well.

The conservation of heritage places impacts across the range of Council's activities and those of the broader community. Given that the focus of heritage conservation is directed largely towards buildings and streetscapes, it remains logical that Council's building and planning sections are best placed to provide effective heritage services to the community and to undertake the administration of heritage controls.

To what extent does historic heritage conservation generate benefits for the community? How do these community-based benefits compare with the personal benefits which owners of heritage places would receive through conservation?

A range of costs and benefits derive from Council and the broader community's conservation of historic heritage places. Benefits are frequently intangible and relate to experiential matters such as quality of life or personal identity or underpin a sense of community and history. While Council and ratepayers acknowledge and value these benefits, they are qualitative rather than empirical and are not central to the discussion at hand or the principle concerns of the current inquiry. It is not proposed to discuss these issues in any detail as part of this submission other than to acknowledge their intrinsic value.

The most prominent economic benefits associated with the Municipality's heritage stock are associated with tourism (regional and interstate) and its flow-on effects. Chapel Street, for example, is ranked among Melbourne's premier shopping strips and this is seen to derive to a large extent from the high quality of its early building stock. The strip was recently classified by the National Trust (Vic) and this is generally seen to enhance its stature, its viability and its marketability as a retail destination.

In addition, the presence of an early character is seen as contributing to local or regional identity which can also reap tangible rewards. The recent 'Stonnington style' promotions utilised the City's early architecture to promote business and retail activities in a manner similar to the way in which interstate advertisements elicit interest in Victoria by reference to the architecture and character of Melbourne and regional Victoria.

In more extreme cases (outside of this Municipality) conservation can ensure the fundamental viability of some centres. In towns such as Maldon and Walhalla, tourism can underpin the future of the town itself. In these instances, the short term benefits offered by development are identified as being contrary to the sustainable development of the town. Naturally, the benefits derived from conservation in these areas, in personal and economic terms, are immense.

However, the greater part of the heritage building stock within the Municipality is not located within its shopping precincts but is identified as broader residential streetscapes and to a lesser degree individually significant buildings such as railway stations, churches and mansions. Here, the flow-on effects of tourism provide few economic benefits although other economic advantages can be demonstrated.

Heritage overlay controls over historic streetscapes (in which the value of the heritage place derives from the cumulative significance of a group of early dwellings) can provide financial rewards to owners. The Gascoigne Estate in East Malvern for example, has enjoyed disproportionately high growth in property values in recent years. It was the first Urban Conservation Area in the former City of Malvern and has subsequently achieved sale prices which outstrip those of similar suburbs nearby which have been allowed to evolve in response to market forces. Heritage Victoria has spent some time and effort tracking property values in areas of this type and has produced an authoritative paper confirming that this is the case more generally. The Heritage Victoria paper contradicts the frequently-heard assertion that heritage overlay controls exert downward pressures on property values.

Typically, works in historic streetscapes are undertaken at the owners' own expense and it is reasonable that economic returns for shrewd investment and development in the form of restoration or other conservation works flow back to the owner. Equally, it is important that the economic benefits that arrive from investments made by these individuals are protected. In intact and highly sensitive streetscapes, the integrity and character which underpins the value of the area can be rapidly diminished by the inappropriate actions of a relatively small group of residents or owners. Heritage overlay controls have the effect of safeguarding investments made in the restoration and conservation of early buildings.

The available evidence suggests that some buildings of individual significance (as opposed to those under a broader precinct control) may be less likely to benefit financially from heritage controls. There are suggestions that some property values can suffer where development or subdivisional opportunities are blocked by heritage controls. These buildings typically demonstrate higher levels of significance and are more likely to contribute to tourism, identity and the broader community's understanding of history.

In the past, the best examples of buildings of this type have been eligible for financial assistance towards the costs of restoration and conservation works through the Department of Environment's Cultural Heritage Programme; a range of programmes provided by Heritage Victoria; and the Melbourne Heritage Restoration Fund. Of these, programmes run by Heritage Victoria are typically oversubscribed, the Melbourne Heritage Restoration Fund appears unlikely to offer future assistance outside of the City of Melbourne and the Cultural Heritage Programme has ceased to operate. Given that the benefits which accrue from the conservation of heritage buildings flow to the community generally, it is reasonable that owners of buildings under individual heritage controls which demonstrate high significance, visibility and community value have the opportunity for compensation to some extent, from the public purse. It is hoped that all of the funding methods noted above can be reinstated or expanded in future.

While financial assistance towards conservation works is desirable, it is Council's strongly held view that no consideration should be given to economic impacts as part of the process of identifying and conserving places of heritage significance. The significance of a heritage place and its value to the local community is not affected by its economic viability and heritage controls should not become a reflection of the contemporary economic circumstances. Once a heritage control has been implemented, Council retains sufficient discretion to respond to varying economic pressures and to contribute to the management of the heritage place in a way that promotes its ongoing viability.

What are the current pressures and emerging trends influencing the conservation of historic heritage places and in the light of these, how can policy framework be improved?

Generally speaking, the pressures towards urban consolidation combined with high land prices and building costs present the greatest obstacles to the conservation of historic heritage places.

The drive towards urban consolidation as encouraged by policies such as the Victorian state government's *Melbourne 2030* and planning documents such as Rescode has substantially increased the pressure on early building stock. This has had an impact on both individually significant buildings and heritage overlay areas. In addition, higher land prices, particularly within desirable inner city suburbs such as South Yarra, Toorak and Malvern mandate that developers maximise developments to ensure reasonable returns. These pressures are manifest as demolition of valued buildings, more intensive subdivision of building curtilages and more extensive and prominent additions. This situation is compounded by the high cost of building generally and the costs of specialist restoration and conservation works in particular.

In this difficult environment, developers and owner/renovators often identify funds spent on restoration and conservation works as attracting the smallest returns. Works of this type are viewed as providing greater benefit to the local community than to present or future owners. Consequently, restoration and conservation works are often among the first items to be deleted from a scope of work. In recent years, Council and state government policies have worked to ensure that budgetary restrictions do not lead to poor heritage outcomes.

The greater part of the conservation works undertaken within the City of Stonnington in recent years have been encouraged, required or otherwise facilitated by local or state government policies. This facilitation has taken many forms: conditions on building works to ensure good heritage outcomes are often required as part of the planning permit process; homeowners enjoy the security provided by the heritage overlay system and the knowledge that investments in conservation works undertaken today will not be undermined by inappropriate development on neighbouring sites; some projects have received financial assistance from Heritage Victoria or the Melbourne Heritage Restoration Fund; and applicants can benefit from sound heritage and planning advice provided under the auspices of Heritage Victoria and Council. However, opportunities for further incentives and refinement of processes exist. Schemes in which financial assistance in the form of rate or tax relief offer some potential for improved heritage outcomes and should be investigated. Equally, new grant or loan schemes (or loan interest repayments schemes of the type pioneered within the City of Melbourne by the Melbourne Heritage Restoration Fund) to augment the diminishing assistance offered by other state and federal government programmes should be explored. Given the reasonably modest financial outlay required to take advantage of the cultural, community and economic benefits that derive from the conservation of Australia's historic heritage places, the case for additional funding appears as reasonably strong one.

The current system for the assessment and management of heritage places is less than ten years old but works efficiently and effectively to safeguard and develop community heritage assets and to provide a range of benefits, both tangible and intangible, to the local community.