

# **SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO THE CONSERVATION OF HISTORIC HERITAGE PLACES BY THE HERITAGE COUNCIL OF VICTORIA**

October 2005

The Heritage Council of Victoria welcomes the Productivity Commission's Inquiry into the conservation of Australia's historic heritage places. After reviewing a number of submissions and hearings transcripts the Heritage Council of Victoria wishes to highlight areas of particular concern to Victoria. The Heritage Council is aware of the content of the Victorian Government submission that is currently in preparation. The Chair has contributed to the submission by the Heritage Chairs of Australia and New Zealand. Any views expressed in this submission do not necessarily represent those of the Victorian Government or the Heritage Chairs of Australia and New Zealand.

The Heritage Council of Victoria recognises that market failures exist in the provision of historic heritage conservation, brought about by positive externalities and informational asymmetry. All levels of governments have a responsibility to address these failures, ensuring the public good nature of historic heritage is maximised.

The community's broadened understanding and appreciation of the value of historic heritage conservation is reflected in the changing responsibilities of the Heritage Council. Originally the Historic Buildings Council, the Heritage Council of Victoria is now charged with the registration of built heritage, cultural landscapes, collections and moveable heritage.

## **The Heritage Industry in Victoria**

The heritage industry in Victoria consists of a partnership between the public and private sector, non-government organisations and the individual owner. Each group fills a role necessary to the appropriate conservation of historic heritage:

- The State and local government's role is the regulation and support of historic heritage places. They also manage a diverse portfolio, including those cultural institutions accessible to the public (State Library of Victoria, National Gallery of Victoria) and operated as tourist attractions (Werribee Park, Captain Cook's Cottage);
- The private sector, including heritage professionals, trades and craftspeople and materials manufacturers, provides goods, services and advice to heritage place owners;
- Non-government organisations manage, operate and make many heritage places accessible to the public, including Rippon Lea Estate, Athenaeum Library and local Mechanics Institutes. Professional and industry bodies such as Australia ICOMOS, Royal Australian Institute of Architects, Australian Institute of Landscape Architects and the Australian Property Institute are involved in the establishment of standards, policy development and awards programs.
- Private owners manage, care for and fund the majority of historic heritage places in Victoria. Privately owned heritage places provide the community, whether directly or indirectly, with the public good of heritage conservation. Privately owned places range from individual residences to Melbourne's grand nineteenth century theatres (Marriner's Princess and Regent Theatres).

## **Government Heritage Responsibilities**

### National

The Commonwealth has a responsibility to the Nation's heritage. The heritage of Australia includes thousands of locally important places that cannot be adequately represented only by places of national and international significance. This is demonstrated in the Register of National Estate, which does not have a national or international threshold but has engaged with communities throughout Australia.

Since its establishment in 1996, the Heritage Chairs and Officials forum has been responsible for enabling collaboration between State, Territory and Commonwealth heritage agencies. It is developing policy documents and projects with a national focus.

### State

In Victoria, the State Government is primarily responsible for the identification, protection and support of heritage places of state significance. It also provides resources to assist in the successful delivery of heritage support to places of local significance. Victoria is working towards a whole of government approach to heritage provision, which may serve as a model elsewhere in Australia.

The Heritage Council of Victoria is an independent statutory body that can add to and remove places from the Victorian Heritage Register. It also advises the Minister on heritage matters and promotes public awareness of Victoria's cultural heritage. Its work is supported by Heritage Victoria and its Executive Director. A strength of the Victorian system lies in the independence and objectivity of the Heritage Council, which operates at arm's-length from government.

### Local Government

Local government controls provide protection for locally significant places and precincts. The lack of consistency of heritage conservation advice and decision making has been identified as one of the weaknesses of the current policy framework. While the same criteria are used in assessing heritage places, these are not always consistently applied. The approach to heritage also varies widely from council to council, depending on available resources and local community attitudes.

Many local councils are active in promoting and supporting historic heritage conservation through grants schemes, rates rebates, heritage awards and festivals.

In the opinion of the Heritage Council the existing distribution of responsibility for heritage regulation between State and local Government in Victoria is appropriate and serves the community's needs.

## **Incentives for the Conservation of Historic Heritage**

The majority of historic heritage places listed on the Victorian Heritage Register and Heritage Overlays are privately owned. In many cases, funding assistance, tax offset schemes and support from a variety of sources is necessary to fund conservation works that would not otherwise occur. The Victorian Heritage Council recognises a variety of mechanisms are needed to provide an appropriate level of support and assistance to property owners. Whether used singularly or as a 'bag of tools', heritage incentives can range from the provision of direct financial assistance such as loans, grants, tax concessions and rate rebates, to indirect support such as the use of transferable development rights, access to heritage advice and volunteer assistance. More information on successful incentives can be found in *Making*

*Heritage Happen* (2004), a report prepared by the National Incentives Taskforce in response to a request by the EPHC.

State funding programs in Victoria have been very successful in assisting public heritage place owners. The Government Heritage Restoration Program distributed \$16 million from 1994-1998. The Public Heritage Program, (\$19 million over 1999-2002), distributed 78% to rural and regional areas of Victoria and 22% in metropolitan Melbourne. The Victorian Heritage Program, (\$8 million over 2003-2005) saw 66% of projects distributed in rural and regional areas and 34% of projects in metropolitan Melbourne. As a component of the Victorian Heritage Program, the Places at Risk Program (\$550,000 over 2003-2005) focused its efforts on places under threat or neglected. All of these grant programs were able to leverage funding from other sources that were in excess of the original investment.

In Victoria, the direct expenditure by the State Government on historic heritage in 2004-2005 totalled \$8.2 million. This figure includes the operational funding of both the Heritage Council of Victoria and Heritage Victoria of \$3.8 million, and project funding of \$4.4 million.

While State funding programs have been successful in assisting owners, it is not enough to satisfy the numerous requests for funds. The Australian Government's former National Estate Grant Program was a successful example of Commonwealth funding for locally important places. As well as aiding in the conservation of many heritage places, this program increased public awareness and knowledge through the thematic and typological studies it funded.

There are major heritage projects that require financial support that is beyond the capacity of State or local government. For instance, the plight of HMVS Cerberus, a monitor-class ironclad which is of international significance, can not be resolved without a major contribution from the Commonwealth towards its \$7 million stabilisation and conservation costs. Although projects such as this have significant support from the community and non-governmental organisations alike, they have little chance of success without major government investment.

*Without funding from the Commonwealth, the delivery of large-scale heritage projects is often beyond the capacity of State or local Government.*

*The Australian Government needs to take a national perspective in relation to heritage funding, which includes places at all levels of significance.*

## **Issues**

### Informational Asymmetry

Persistent myths have an adverse effect on the community's understanding of the impact of heritage listing. These include:

- The curtailment of the home owners ability to alter or renovate their property;
- The adverse impact on private property values;
- The perception that traditional materials and skills are no longer available;
- The belief that State Government listing automatically provides a greater level of protection than local government controls; and

- The belief that non-statutory lists provide statutory protection.

There is ample research and evidence demonstrating these myths are without foundation. For instance, the regulatory controls normally allow building owners to renovate and adapt their heritage property to new uses. Additionally, numerous studies have shown that heritage listing has minimal, if any, impact on property value.

*Governments at all levels have a role in funding publications and education programs to dispel myths and misinformation that contribute to market failure.*

### Local Government Decision Making

The Heritage Council observes the inconsistent nature of decision making at local government level. While some local councils operate innovative programs and actively conserve local heritage, others suffer from inadequate access to skilled heritage professionals, poor local perceptions of heritage and limited resources. Given that approximately 98% identified historic heritage places in Victoria are protected under Heritage Overlays, local government has the major role to play in conservation. In order to address this issue, the Heritage Council is finalising development guidelines for local government and has commissioned a review of the Heritage Overlay system.

*The Productivity Commission should identify innovative examples of local government identification, protection and management of heritage places that could serve as best practise exemplars.*

### Interaction of Heritage and Planning

As the concept of heritage has broadened to include precincts and areas, so the relationship between heritage and planning has become more critical. Planning strategies and policies developed in isolation from heritage run the risk of placing valued areas and precincts at risk. Victoria has resolved some of these issues through the adoption of the Victorian Planning Provisions, which has produced a high degree of standardisation. All places that appear on the Victorian Heritage Register are included within the Heritage Overlay of the planning scheme. Another strength of the Victorian system is the access to very detailed planning and heritage information online (e.g. all Victorian municipal planning schemes).

*Greater integration of heritage matters into planning strategies and decision making is needed to ensure community aspirations are met.*

### Gaps

Although Victoria has the most comprehensive heritage protection system in Australia, typological, thematic and geographic gaps currently exist on the Victorian Heritage Register, Heritage Inventory and Heritage Overlays. These include:

- Typological gaps exist specifically in the area of the wider value of cultural landscapes. While Victoria has the best collection of dry stone walls in the country, there are inadequate mechanisms for protecting them within the

Victorian Planning Provisions. Changes in land use not only effect dry stone walls, but also culturally significant agricultural and viticulture landscapes. This is evident in the Mornington Peninsula and Yarra Valley, where the cultural landscapes are under pressure from wineries and housing developments.

- Thematic gaps are apparent in the underrepresented areas of multi-cultural heritage, post-war architecture and industrial places. In the past, industrial places were not considered for listing due to their unattractive appearance or lack of age as perceived by the community. Industrial places are now being listed as they exhibit industries and practises now extinct. It is not just grand nineteenth century buildings that have intergenerational value and contribute to the public's shared sense of place.
- Geographic gaps in heritage protection are especially evident in Victoria's regional and rural areas. This is due to lack of funding, professional skills and often ill-informed community attitudes.

The Heritage Council recognises that challenges will arise in the identification of potential historic heritage places as the community's understanding of what constitutes heritage broadens.

*Additional funding is needed from the Commonwealth to address gaps in Australia's understanding of historic heritage places.*

#### Tax Deductibility

The Heritage Council's review of heritage place management in Victoria, *Managing Our Heritage* (2003), addresses the issue of deductible gift recipient status. The lack of tax deductibility for gifts to major heritage managers, such as churches and other public institutions is a major disincentive to private philanthropy. The National Trust of Australia (Victoria) and not-for-profit organisations restoring moveable cultural heritage both enjoy this benefit. *Managing Our Heritage* identified the creation of a Heritage Foundation as a potential way of capturing private sector philanthropy for heritage conservation. As a result the Heritage Council recently commissioned a feasibility study, and has commenced discussions with potential partners in the proposed Heritage Foundation.

*The Australian Government should consider extending the availability of deductible gift recipient status to include heritage funds, foundations and not-for-profit managers of heritage places.*

#### Inter-jurisdictional issues

Although 'jurisdiction shopping' is not common in Victoria, it does occur from time to time due to the differing appeals processes between the Victorian Heritage Register and Heritage Overlays.

Although the Commonwealth's *Environment Protection and Biodiversity Conservation Act* 1999 requires Australian Government departments and agencies to consider heritage values when disposing of surplus government assets, this is largely untested. In order to protect historic heritage transferring from Commonwealth

ownership, the Heritage Council can prepare Interim Protection Orders and local councils can introduce planning scheme amendments to ensure seamless protection.

#### Efficiency Opportunities

Improved information and documentation at the outset of heritage listing can result in better decisions for heritage places over time. The efficiency of the decision making process can be improved through thorough statements of significance at the time of local designation, although this would have resourcing implications at local government level.

*Broad and realistic permit exemptions for works to heritage places should be developed as these have the potential to reduce the burden on statutory authorities and local government.*

In summary, the Heritage Council of Victoria believes the Victorian heritage system provides strong protection to heritage places, but improvements can be made to address the issues raised above. The Heritage Council believes that the new draft heritage strategy currently being developed by the Victorian Government will improve consistency and strengthen the provision of historic heritage conservation in Victoria both within and outside government. Broadly accepted heritage strategies, such as the draft Victorian Heritage Strategy, have the potential to ensure that the conservation of historic heritage places is delivered in a holistic and consistent way by all government departments and agencies.