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Heritage Inquiry
Productivity Commission
PO Box 80
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Dear Sir/Madam

Re: Submission to the Productivity Inquiry into the Conservation of Australia's Historic Heritage Places

The Planning Institute of Australia (PIA) is the peak professional organisation for urban and regional planners and related professions in Australia. We have over 4000 members, with PIA Divisions operating in each state and territory in Australia.

The Conservation of Australia's Heritage Places is an issue of great concern and interest to PIA and in particular members of the recently formed Urban Design Chapter within PIA.

The PIA mission statement for 2005-2010 states that, "*The Institute fosters quality planning which will create sustainable Australian communities which produce social, cultural, economic and environmental benefits for all.*" The conservation and preservation of Australia's heritage is an integral part of creating liveable and vibrant communities. However PIA believes there are impediments to delivering these outcomes and the submission details these concerns.

This attached submission has been prepared by the NSW Division on behalf of all state/territory divisions and represents the national position on issues raised in the Commission's initial issues paper and terms of reference.

In summary, PIA recommends:

1. The total amount allocated by government for the conservation of Australia's historic heritage places needs to be significantly augmented as reallocation of the existing amount of earmarked funds will be grossly insufficient.
2. Greater resources need to be allocated to local government and communities for the heritage management role they have inherited.
3. The further education of planners at the local government level is necessary to facilitate high quality decisions regarding the conservation of Australia's heritage.
4. The owners of newly listed heritage items should be provided with special financial assistance to help fund any additional costs brought about by its listing.
5. Various tax incentives should be put in place for the repair/maintenance of heritage places to encourage, and practically support, their conservation.
6. Whole-of-precinct/urban environment conservation principles and programs should be developed, becoming part of an urban innovation based practice.

The PIA national policy officer, Liz de Chastel will outline PIA's submission at the Canberra public hearing. In the meantime if you have any queries regarding this submission please contact Liz on telephone 6262 5933.

PIA may have additional information to present at the commission hearing on Monday 15 August.

Thank you for the opportunity to provide comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Di Jay', with a large, stylized flourish at the end.

Di Jay
Chief Executive Officer

9 August 2005

**Submission to the Productivity Commission Inquiry into the Policy Framework
and Incentives for the conservation of Australia's Historic Built Heritage Places
July 2005**

The Planning Institute of Australia (PIA) is the peak professional body representing urban and regional planners in Australia. The following submission has been prepared by the NSW Division of PIA on behalf of PIA National Office.

It is understood that the Productivity Commission will inquire into and report on the policy framework and incentives for the conservation of Australia's historic built heritage places.

As stated in the issues paper, the Commission is to examine:

1. The main pressures on the conservation of historic heritage places
2. The economic, social and environmental benefits and costs of the conservation of historic heritage places in Australia
3. The current relative roles and contributions to the conservation of historic heritage places of the Commonwealth and the state and territory governments, heritage owners (private, corporate and government), community groups and any other relevant stakeholders
4. The positive and/or negative impacts of regulatory, taxation and institutional arrangements on the conservation of historic heritage places, and other impediments and incentives that affect outcomes
5. Emerging technological, economic, demographic, environmental and social trends that offer potential new approaches to the conservation of historic heritage places, and
6. Possible policy and programme approaches for managing the conservation of Australia's historic heritage places and competing objectives and interests.

This submission provides a collaborative response to the above matters and is set out in the following way:

1. Why conserve Australia's historic built heritage places?
2. Who currently has the responsibility for heritage management?
3. Who is negatively affected by the conservation of Australia's built heritage places?
4. What can be done to mitigate the negative effects the first time a heritage place is listed?
5. How can property owners of heritage places be assisted over the longer-term?
6. Examples of Success stories in heritage conservation
7. Emerging trends and potential new approaches
8. Recommendations

1. Why conserve Australia's historic built heritage places?

The conservation of Australia's built heritage places is a worthwhile pursuit and the Commonwealth Government needs to provide leadership and demonstrate that it values the conservation of built heritage, through practical means. The reasons for valuing and caring for Australia's historic heritage places include:

- a. Tourism – The conservation of Australia's heritage can assist in attracting tourists to Australia. An increase in tourism stimulates the Australian economy. Australia has “come of age” in terms of its place in the world tourism sector and people now come to this country with high expectations as to what Australia can offer as a destination. To perpetuate and grow this situation, Australia needs to be continually upgrading the tourism experience; the conservation of Australia's historic heritage places assists this objective. The tourism industry derives significant income from heritage places. The Rocks is an example of these benefits.
- b. Education – Australia's historic heritage places provide people, and especially children, with a great opportunity to learn more about Australia's culture and to develop an historical perspective on this nation. Moreover, valuing our heritage does a great deal towards augmenting national pride.
- c. Amenity – The ‘design dividend’ captured in careful and constructive conservation practices mainly derives from the amenity generated by long-standing, evolving relationships between people and their place. While this may sometimes be understood in terms of ‘authenticity’, the point is that it often conveys permanence, familiarity and security, values which are highly conducive to ‘inward investment’ and can contribute to the sustainable development of an area.
- d. Character and identity – Our heritage is the urban fabric of our towns and cities and what gives them their distinct character and identity. Heritage can be a catalyst for regeneration and its conservation influences the way we develop our towns and cities that relates to a place's history and sense of place. Restoration or adaptive reuse is also crucial in the

'layering' and recording of our past. The perpetuation of 'living heritage' through reuse also serves to reinforce the contribution of past values, ideas and uses in the validation of future directions.

- e. Design outcomes – The work of those involved in conservation and heritage can contribute substantially to improved urban design outcomes, both built and cultural. The application of conservation principles and strategies at the conception of urban form is also important in mitigating the process of 'flexible accumulation'. This phenomena has arguably determined the 'short design-life' of buildings reinforcing the apparent severance of physical relationships between people and their city (or place).
- f. Resource efficiency – The preservation and reuse of urban form is a significant practice in resource efficiency. Conservation/ Preservation principles/ strategies should seek to inform new buildings and environments thereby contributing to their longevity by becoming more easily adapted and reused in the future.

2. Who currently has the responsibility for heritage management?

Government involvement is critical to the achievement of heritage conservation objectives. It would appear that, over time, the primary responsibility for the conservation of Australia's historic heritage places has transferred from the Commonwealth Government to the State Government (with little funding to support this shift). For example, the NSW State Government has largely passed on this responsibility to local government and local government has not received sufficient funds to implement heritage management at the community level.

Recognising now that the vast majority of heritage management takes places at the local level, greater resources are needed to assist local councils and communities to meaningfully manage the heritage conservation role they have inherited. State government needs to provide a strong leadership role and adequate support at strategic and a practical level to support local councils and State planning regimes.

In addition, the further education of planners working at the local level in relation to heritage is paramount if, as a community, we value quality decisions. It is also acknowledged that Australia's progress in conservation and heritage has benefited greatly by both the Register of the National Estate and The Australian Heritage Commission, as well as the *Burra Charter*.

3. Who is negatively affected by the conservation of Australia's heritage?

In many cases, heritage listing can have positive financial effects. There is a perception that heritage listing has a negative effect, however this is not borne out by research. Listing can and indeed often raises the value of individual properties. Further, a conservation area listing can provide additional advantages as the integrity of a place is maintained and the value therefore rises. Examples in NSW include the Sydney suburbs of Paddington and Haberfield.

However, it is acknowledged that in some cases, heritage listing can also have negative impacts, particularly when the zoning of the land would otherwise permit a higher use or density than the existing use or density. In these latter circumstances, the owner in possession of the historic heritage place when it is first listed would suffer a loss if they had intended to redevelop the property. Subsequent owners do not usually suffer any loss as the purchase price reflects the heritage listing.

Preserving Australia's heritage is for the public good and therefore private owners should not suffer financially as a result of heritage listing. There is currently little financial assistance available to help owners of heritage places to conserve them.

4. What can be done to mitigate the negative effects of the first listing of a heritage place?

When a place is listed as a heritage item, there are often additional costs incurred by owners. For example, expert heritage reports may need to be commissioned to guide conservation and development of the site. The cost of such reports can run into thousands of dollars.

To assist owners with costs such as those referred to above, when the property is listed, a one-off payment could be made to the owners (for example, in the vicinity of \$5,000) with the very specific purpose of helping with the financing of new costs associated with the item's listing. This type of payment would of course help owners in a practical way but would also demonstrate the community and government's value for heritage places. Alternatively, rating and land tax relief could be increased to assist owners.

Another way of compensating owners is to introduce transferable development rights. This currently exists in Sydney CBD with transferable development rights being a bankable commodity. That is, if the heritage listing of a property prevents the site being developed to its otherwise maximum potential, the difference in development potential can be transferred to another site within Sydney CBD.

5. How can property owners of heritage items be assisted over the long-term?

Commonwealth and State governments should develop a range of financial benefits or incentives to assist owners of heritage places.

It is widely acknowledged that the cost of repairs and maintenance of heritage places is usually greater than for non-heritage properties. Accordingly, tax incentives (such as deductions) should be available for repairs or maintenance undertaken in the conservation of heritage places.

Some examples of tax incentives include:

- A Commonwealth Government tax rebate scheme operated until a few years ago. This provided for an annual total of \$2 million rebate for conservation work up to a total of \$10 million in value. This scheme was very small scale, however, philosophically, it was heading in the right direction in practically supporting the conservation of Australia's heritage. Surprisingly, the scheme was abandoned when its expansion would have been more appropriate.

- In the USA, it is understood that tax deductions can be obtained even by one party providing funds to another party for the conservation of their heritage place.
- Currently, some land tax exemptions are available for heritage places. Although this is a workable part of our current system, the amount available for deduction needs to be increased.
- Allowing accelerated depreciation and amortisation for heritage listed investment properties.
- Income tax rebates for approved works. This used to occur in Australia under a Commonwealth scheme but the magnitude of the scheme was inadequate.
- GST relief on materials for restorations.
- CGT relief on heritage properties.
- Removal of the vendor tax for heritage items.
- Direct grants.
- Municipal rates reductions. Currently rates are reduced by very low amounts for heritage properties. More radically, within local government areas, it could be proposed that no rates are charged on heritage items. This would facilitate the very careful consideration of what buildings a Council would list on a heritage register while showing community value of the heritage items in their area.

This type of Government support for the conservation of heritage would result in more money being spent on the repair/maintenance of items, thereby improving Australia's heritage places over the long-term. Incidental benefits would include the stimulation of employment in those industries which specialise in the provision of goods/services for heritage buildings.

6. Examples of NSW 'Success Stories' in heritage conservation

The Mainstreet Programme

The Mainstreet Programme, which has operated in NSW since the late 1980s, has been very effective in getting communities started in taking practical interest in their country town (the scheme has also been successfully in urban areas).

The Programme has assisted country towns, at a time in Australia when they have been in decline due to many factors including structural changes in the national/world economies and as a result of drought.

The Mainstreet Programme has had many positive outcomes including:

- providing an opportunity for people to learn more about their town;
- improving the amenity of their town thereby increasing civic pride;
- drawing more people to visit country towns through the conservation of local heritage.

The Mainstreet Programme was a NSW Government initiative and is an example where State government leadership and support can make a difference. It is very strategic in focus, with a centralised agency developing and implementing the initiative, providing funding, support and technical advice.

However, it should be noted that the Mainstreet Programme was not meant to be 'heritage-lead' but rather 'economic development-lead'. Heritage became a tool of economic development and in some cases finally took over, resulting in many accusing the programme of becoming an expensive exercise in cosmetics and failing to deliver much needed economic reform, especially in rural areas.

BridgeClimb

The development of "BridgeClimb" on the Sydney Harbour Bridge has been a great success since its commencement on 1 October 1998. BridgeClimb offers a unique experience with much of the commentary while on the climb pertaining to the history of the Harbour Bridge thereby making this part of Sydney's history appealing and accessible to many local and overseas people.

BridgeClimb has won 30 awards since its inception including the 2004 NSW Tourism Award, 2004 Travel and Tourism Award and in 2003 the Australian Export Award for Tourism.

BridgeClimb is a great example of how a heritage asset can be made into a multi-million dollar tourism business. Some of the revenue is returned to the Roads and Traffic Authority (RTA – the NSW State Government agencies which manages the Bridge). This in turn, has enabled the RTA to fund an Interpretation Plan which assist in further enhancing tourism and increasing the economic returns from the heritage asset. The rental return also assist the RTA in funding conservation and maintenance of the Harbour Bridge.

7. Emerging trends and potential new approaches

Whilst an enduring issue, conservation and heritage preservation particularly of the built environment is also a complex one. Whilst many see conservation as wholly positive there are hazards to be recognised in its implementation. Kevin Lynch (*Good City Form*, p. 259) reminds us that it may displace people; that it can convey a false, 'purified, static view of history;' that its criteria are narrow and specialist with possibly class bias present, and if the undertaking is of a large scale it may neither fit well with the new functions nor permit flexibility in future adaptations.

Cultural heritage with its mapping and planning processes extends beyond the ambit of building conservation to embrace and make tangible human experience of that society, be it spiritual, material, intellectual or emotional (Cultural Heritage, an Urban Age Special Issue September 1999 p. 2).

Whole-of-precinct/urban environment conservation principles and programs should therefore be developed, becoming part of an urban innovation based practice.

8. Recommendations

PIA recommends that:

7. The total amount allocated by government for the conservation of Australia's historic heritage places needs to be significantly augmented as reallocation of the existing amount of earmarked funds will be grossly insufficient.
8. Greater resources need to be allocated to local government and communities for the heritage management role they have inherited.
9. The further education of planners at the local government level is necessary to facilitate high quality decisions regarding the conservation of Australia's heritage.
10. The owners of newly listed heritage items should be provided with special financial assistance to help fund any additional costs brought about by its listing.
11. Various tax incentives should be put in place for the repair/maintenance of heritage places to encourage, and practically support, their conservation.
12. Whole-of-precinct/urban environment conservation principles and programs should be developed, becoming part of an urban innovation based practice.