



29 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 Places**

The MAV welcomes the opportunity to comment on the above Inquiry. The MAV is the peak representative and lobbying body for Victoria's 79 councils, and is a driving and influential force behind a strong and strategically positioned local government sector.

This submission responds to the broad issues identified in the Inquiry's Issues Paper and provides a local government perspective:

#### **1. Main Pressures on the Conservation of Historic Heritage Places:**

- Without doubt, the main pressure on conserving historic heritage places is the limited funding and incentives to protect such places. With respect to historic public buildings and infrastructure for which local government is responsible, Councils are required to allocate additional funds for conservation because of the special maintenance such assets may require.
- With respect to historic places in the private realm, it is considered that the financial incentives through government grants or low interest is too small to provide adequate protection. Experience has shown that there are more applications for funding than funding available.
- Deterioration of historic places has the potential to undermine community acceptance of the need for conservation and thus place less pressure on government to provide adequate funding.

## 2. Cost and Benefits of conservation of historic heritage places

### 2.1 Economic Benefits & Costs

- Although community and local government often hold the heritage value of built and natural environment highly, there is very little financial incentive (in terms of funding, market examples and forces) that assist with the conservation of privately owned local historic (heritage) places.
- In contrast this balance between heritage conservation and economic development is successfully and sustainably managed in many other countries with significant built heritage (eg the UK and Europe) and does not threaten their economies.
- There are some very successful Australian examples of places (& collections of places) that have been able to exploit their heritage as part of their commercial/market advantage in heritage areas and historic towns eg Mailing Rd in Camberwell Melbourne, Ballarat, Brunswick Street Fitzroy. However when economic benefits/commercial advantages are not obviously present there is little incentive for owners or occupiers to maintain heritage values, especially when sites are more fragmented or isolated - although there are significant social/cultural benefits for the broader community.
- Conservation of the historic environment can provide resources for economic return, especially through tourism. However it would be short sighted and threaten inter-generational equity if we were to only conserve heritage when an economic / tourism value can be directly related to heritage values.
- Instead, creative mechanisms and incentive schemes are needed so that there are more obvious benefits to landowners to conserve historical places for example:

Seed funding that could be administered by Local Government to provide interest free loans to landowners. An example of this at Ballarat, where Federal funding has been used for this purpose and led to long-term improvement of heritage properties and invaluable public relations gains in terms of support to land owners. The initial capital investment is still intact and has consequently been returned over and over again to the community.

- There is a need to educate private owners of the potential benefits of conserving heritage places:

While there is anecdotal evidence that maintained or restored buildings can increase the property value, there have been no conclusive studies to quantify this, or examine the factors that may influence whether or not a building.

- Other options may include personal tax rebates/deductions for restoration work on heritage listed properties – this would be a considerable incentive to many landowners & assist to enhance property value at sale.
- There are many models and examples of how other states and countries deal with encouraging the private sector to maintain heritage buildings. Demonstration and exemplar need to be created and marketed so that conservation can be cost effective and economically beneficial which in turn adds to social and environmental amenity values to areas.
- Heritage listed does not mean that a building or place should be like a fly in amber – there is a need to educate the community so that they're aware that this is the case i.e. listing is not a prohibition on development.
- Additional problems arise with insurance agencies raising premiums for heritage places & this needs to be addressed through education and perhaps regulation.

## 2.2 Environmental Benefits & Costs

- Currently many historic buildings are seen as not very valuable contributors to environmental sustainability. This is not an accurate as, although many older buildings (but not all) may not be as energy efficient as some new 5 star rated buildings, they contribute to ESD:

These benefits become clear when a more holist understanding of sustainability in terms of embedded energy, environmental costs of demolition, land fill (from demolition) and lifecycle of a building are taken into account. There are also many examples of ways to increase the energy efficiency of older buildings.

## 2.3 Social/Cultural Benefits and Costs

- Conservation of the historic environment assists to augment community connectedness by providing continuity of the environment through collective memory. This enriches an understanding of local identity, sense of place and enhances community health & well-being.
- Social/cultural benefits arising from the conservation of the historic environment are hard to quantify. For this reason they are often overlooked.
- There is also a need to acknowledge the interplay between heritage significance and people's values/identity; these often only become apparent to authorities when a place is under threat.

### 3. Roles and contributions to the conservation of historic heritage places

#### 3.1 Role of Private Sector

- A significant portion of historic heritage places are owned by the private sector. There are both strengths and weaknesses of private ownership of historic heritage places. The major issues associated with private ownership of historic heritage sites depend on the nature of the site and its use. This can be broken into three categories:
  - Private ownership & private use (eg heritage listed houses)
  - Private ownership & public use (eg churches, court houses etc)
  - Private ownership & commercial use (eg restaurants in heritage buildings etc)
- Analysis of these three categories illustrates the strengths and weaknesses of private ownership. One of the most problematic situations is private ownership and public uses. Examples such as churches are common, where there may be local heritage significance and a strong attachment between the local community and the building. A major issue in this circumstance is where the building is still functioning in its capacity as a church, yet the congregation is changing and declining and the church must change its methods of worship to attract new members of the congregation – eg more “song & dance & movement” to attract younger people. This may require internal modifications to the church which may be opposed by some older members of the congregation. In these cases the church, which is a live, practicing site, is in some ways penalised because of its heritage value and cannot evolve to ensure its continued viability. The risk in this case is that the site may be sold or neglected. It is clear that a balance must be struck between protecting heritage elements of sites of significance yet permitting some modification to allow heritage sites to function in their original, intended use.
- Similar issues occur with private ownership and commercial use. A heritage site being used in a commercial capacity can have major benefits, both in terms of continued protection of a site and promotion of the history of a building but also local economic benefits. Common examples of this include historic buildings that have been sympathetically renovated into restaurants – eg Murray Darling Trading Company building, Wentworth NSW.
- There are examples of weaknesses in this model where the heritage building has placed too many constraints on the commercial operation. Wilful neglect of a heritage building in order to overcome responsibilities to maintain the building to a reasonable state has occurred previously – a possible example being Pentridge Prison in Victoria where a termite infestation went untreated until a wall collapsed.

- In some cases the best model of commercial operations in heritage sites is not private ownership, but public ownership (eg state government) with long term leases to business operators. Example is Montague Island Lighthouse in NSW, where the state owns the site but leases it to a tourism operator who runs successful lighthouse tours. The benefit of this is that the tour operation generates revenue that funds protection of the site. Public awareness of the site's heritage value is also increased.
- If the heritage place covers areas of public and private land there are issues of easements and liability on behalf of the owner or restoration and reconstruction issues for builders and developers with heritage listed buildings.
- Furthermore often there are times where private owners of heritage buildings wilfully neglect the building in order to work around their responsibilities to maintain the building to a reasonable state. The example of termites was used as well as a case of a wall collapsing at Pentridge.
- For private ownership associated with commercial operations it is important that heritage conservation can be viewed as both economically and socially viable. If heritage issues are no longer seen as a constraint to development and investment but an opportunity the benefits for both the public and private sector through cooperation would increase.

### 3.2 Public ownership

- A key issue involved with public ownership of heritage sites, particularly in regional areas, is the funding of maintenance / continued operation of sites. Examples include blue stone infrastructure (eg road side gutters) throughout local government municipalities, which require expensive ongoing maintenance. Such sites are a major contributor to the neighbourhood character of an area so must be maintained, but at a cost to the ratepayer / taxpayer.
- There are also community assets that are not of state or national historic heritage significance are locally significant from a social and community point of view, primarily due to the frequency with which the local community has been associated with the site. Public swimming pools are examples i.e. Balwyn swimming pool in Boroondara, Eastern Beach & Waterfront in Geelong. The asset management of local government plays a key role in community places and how their significance is viewed. Eastern Beach is a good example where a derelict under-utilised precinct has been transformed into a highly utilised area that celebrates its historic heritage significance. This is a good model to promote the heritage of a town through historic heritage sites, but requires significant levels of public investment.

- Often local government find it difficult to keep some historic heritage sites as public assets because of the maintenance and running costs and therefore places like this and others are sold to the private sector which may not regard nor be accountable for social or community values.
- To summarise, key issues associated with ownership include:
  - Striking a balance between protection of the past but allowing use into the future;
  - Ensuring private owners, particularly business operators, acknowledge and accept their responsibilities;
  - Encouraging the sympathetic renovation / development / restoration of heritage buildings, particularly associated with commercial development which results in the “market” bearing the cost for protection; and
  - Reality for public ownership of heritage sites is that they require funding to maintain, but if adequate funding is available public ownership / involvement can deliver outstanding results.

#### **4. Impacts of regulatory, taxation and institutional arrangements**

- Over the past 30 years there has been an increase in the extent of regulatory control over historic heritage places, at the Commonwealth, State and local level.
- In Victoria, the Planning and Environment Act 1987 provides local councils with a regulatory framework by the application of the Heritage Overlay. Within a Heritage Overlay a planning permit is required for the demolition of heritage places and for new buildings and works.
- Any proposal to introduce a Heritage Overlay requires councils to undertake a comprehensive analysis of the potential significance of a heritage place, consultation with affected landowners and the wider community and, if there are submissions against an Overlay, to have submissions considered by an independent Panel established by the Minister for Planning.
- While the introduction of planning regulations may affect a landowners' ability to alter a heritage place, the regulatory system provides a framework for councils to consider whether or not an alteration to a heritage place will impact on the heritage significance of the place and area.
- As noted above, it is considered that the taxation system could be utilised to provide financial incentives to protect heritage places.
- One area of concern is that higher Insurance premiums may apply to buildings which are heritage registered. Builders often faced higher premiums as well being involved with construction and renovations due to the liability factors involved with work on heritage buildings. This is an obvious disincentive for the private sector and avenues could be explored of possible re-imburement through funding schemes through the taxation system.

- The basic hierarchy which divides responsibility between the three spheres of government for the conservation of historic heritage places on a national, state and local level is supported. It is critical that there close working relationships between the spheres of government for common understandings and consistent approaches. Moreover, local governments role in responding to community aspirations on heritage matters is considered critical in shaping the policy framework for the conservation of heritage places.

#### **5. Emerging technological, economic, demographic, environmental and social trends that offer potential new approaches to the conservation of historic heritage places.**

- It is considered that there is significant potential in using technology to record and manage historic heritage places.
- Use of digital images and databases can be used to not only record existing places but to record changes over time.
- In addition, such images and databases should be accessible to the wider community who may have an interest in overseeing the protection of historic places and to individual landowners who have a vested interest in a historic place.
- It is understood that while the technology exists, the recording of heritage places is relatively poor because of lack of resources.
- Finally, it is considered that just because heritage historic places can be recorded should not be considered as a substitute for the protection of such places.

#### **6. Possible policy and programme approaches for managing the conservation of Australia's historic heritage places and competing objectives and interests.**

- It is considered that over the past 20 years or so that community appreciation of the value of heritage has strengthened and that governments at all levels have responded positively. It is further considered, however, that closer working relationships need to be developed with the spheres of government to respond to the challenge of providing sufficient financial and human resources to adequately protect historic heritage places.

As discussed with the Commission's staff, the MAV is prepared to attend a public hearing in Melbourne on 8 July, 2005.

Should you have any questions please contact MAV planning adviser Mark Marsden on 9667 5544.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long horizontal stroke that tapers to the right.

ROB SPENCE,  
Chief Executive Officer.