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SUPPLEMENTARY SUBMISSION TO THE PRODUCTIVITY COMMISSION
ON CULTURAL HERITAGE

Introduction

The Federation of Australian Historical Societies Inc (Federation) made an initial submission to this Inquiry in 2005 outlining the role of the Federation as the peak organisation for historical societies in Australia.

Following the release of the Productivity Commission's draft report, two members of the Federation's Council met with the Commissioners in Canberra on 25 January 2006 along with other National Cultural Heritage Forum members for an informal discussion. We appreciated the wide ranging discussion which we hope was mutually beneficial. We would like to make some further points in a supplementary submission.

This was an inquiry which we sought with other members of the cultural heritage community, and see the draft as holding important information about the current heritage conservation processes within Australia. It has however been limited in some of its scope and emphasis and we therefore have raised certain points in this supplementary submission to contribute to a more comprehensive final report. The FAHS rejects the recommendation of voluntary negotiated conservation agreements on the basis of relevant economic analysis and cultural value presented below.

Public and private interest:

The Federation notes the Commission's attention to owners' investment in conservation of their properties, but desires that the Commission focus more attention on the public interest. Whilst the Federation, recognises the value that individual owners of heritage listed properties (buildings and sites) place on their heritage properties, and also the extent of the commitment and contribution of volunteers to the preservation of cultural heritage in Australia, the need for this refocus is amply supported by a survey quoted by the Productivity Commission itself that there is near universal public support (92%) for valuing heritage as part of our national identity.

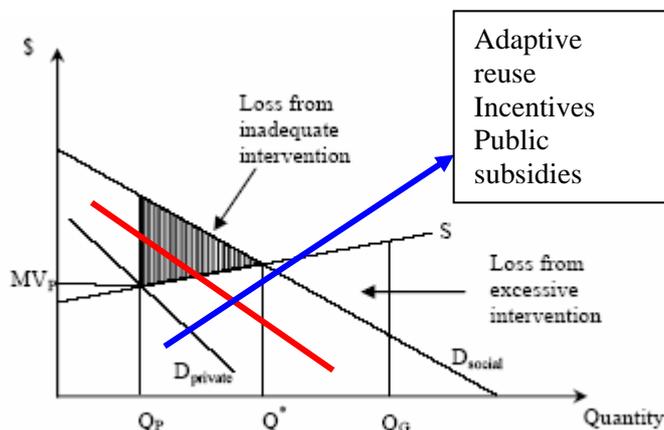
We agree that all benefits and costs of heritage listing should be estimated at the time of listing. Also cultural heritage significance assessment should be undertaken for all nominations so that frivolous nominations are not encouraged. Nomination and listing should not be discouraged because like places are already on the heritage register. Registration of similar places in different regions or towns and also groups of properties add to the community heritage value eg. streetscapes.

The Productivity Commission report states "Government intervention can be warranted in the presence of market failure (where private benefits or costs of an activity do not fully reflect the social benefits or costs)". There is no model in the report of life cycle cost modelling. The Federation has considered this and developed an economic model to illustrate Adaptive Reuse Incentives Public Subsidies.

In the model where there is no safety net the quantity of heritage will reduce from Q^* to Q_p and the social benefits reduce. The economic model does not adequately present the value of the intergenerational externality that exists. Heritage assets may have a life cycle greater than 100 years and are not renewable. Hence comparison with forests is invalid because unique heritage assets cannot be replicated. The asset includes memories, feelings, stories and history that are unique and belong to the asset.

In addition the model reflects the willingness to pay at the time of a hypothetical market transaction and does not account for the value over the life cycle of the heritage asset. Conventional professional maintenance and project decisions require the welfare economics to be considered over the life cycle of the asset.

The government needs to provide more incentives for heritage so that the opportunity costs of private ownership are reduced which would push the private willingness to pay (demand) curve to the right and approach a more optimal level of heritage Q^* .



(Ref Fig 6.2 Productivity Commission Draft report)

It is recognised that any subsidies for heritage would have some influence on the market equilibrium for other Government services. Opportunity costs can be significantly reduced from the owner/developers perspective if heritage regulations are relaxed and the adaptive reuse of places encouraged and increased. A good example is the Adelaide Treasury building.

Justifying the Government intervention based on data will always be difficult as the benefits are not easily quantified and the discount rate for an asset with life greater than 100 years needs to be selected (marginal cost of private capital as worst case). The report also acknowledges that intangible benefits are difficult to quantify eg. value of personal experiences, mood, feelings, memories and future vision impacted by interaction with heritage places. The key is that a sensitivity analysis be encouraged for any listing of the range of benefits and costs that may be relevant with the statement of significance which is better than doing nothing. The report

recommends that Governments purchase good public heritage which is to be commended. Given past experience this is unlikely, given budget constraints of government heritage bodies.

Current heritage legislation at national, state and local level provides for the listing and protection of cultural heritage in Australia, without the owner's consent, yet with due objection processes and after consideration of the balance between heritage, social and economic issues. This ensures a balance between the community's overall public benefit and the owner's interests. We therefore do not agree that it is necessary to adopt the Commission's recommendation to Draft Finding 7.2 and other associated Findings.

Breadth of historic heritage places

The Federation notes that the Commission's draft report concentrates more on buildings and houses than on physically created landscapes. Industrial places and mine sites are very significant and valued by the community. Many have been listed on heritage registers. It is important to note that no further mining heritage can be created in Australia as all current mining sites will be rehabilitated under environmental legislation.

Similarly historic heritage includes the patterns from the past seen in city plans, entire suburbs and streetscapes and as well as rural cultural landscapes. The protection of such historic heritage obliges individual properties to be conserved in a way that is sensitive to the integrity of the whole, requiring certain constraints for example on height, shape, colour of any additions.

The emphasis in the Commission's draft report not only concentrates on individual buildings, but appears to have a notion that it is merely the built form that is of heritage significance. Heritage significance criteria clearly demonstrate that other aspects of a place may be why a place is listed beyond its aesthetic or technical design importance, including that it is part of a landscape, but also that it represent key historic events, is typical of a type of place and activity, often no longer in use, its association with key individuals and their achievements, or its cultural or spiritual meaning to a community. Such significance is often held widely in the community but may not be held by any particular owner, as such the owner is custodian of such significance on behalf of a wider public.

Essential associated heritage and information sources

Heritage does not consist of any separation between place, object or story to most people. The system in Australia is an administrative construct, where heritage places are protected and managed under separate legislation from heritage that is an essential part of those places. This applies to information about any building, such as documents, maps, photographs, diaries or newspaper records, and oral histories. Community groups and individuals have association with a structure, or the place has special meaning to them. Such information and meanings are an essential part of the significance of a place, documents establishing for example its historic or technical significance, and community association establishing its social significance.

The Federation desires that the Commission refine its report to emphasise the value of historical research work undertaken by historical societies which provides a foundation for the heritage conservation work in the Australian community. Detailed research of the documentary heritage held by historical societies, libraries and archives by owners on their properties and their environment will enhance and provide legitimacy for the reports and covenants under Heritage and Nature Conservation legislation.

Without the promotion of and the adoption of the role of historical societies, libraries and archives in cultural heritage management of the built environment, the result will be a narrowly defined and described heritage without contextual support.

Recommendations

Accordingly, the Federation seeks that the Commission refine and amend its view on the methods for the conservation of cultural heritage places in Australia. To achieve this Federation believes that greater attention be paid by the Commission in its report to the leadership role which the Commonwealth heritage legislation provides for the national government in heritage identification and protection in Australia. This will enable the sensitivities and controversies raised in the local government arena to be dissipated.

An opportunity to dissipate heritage controversies such as outlined in the Commission's draft report is not to restrict what heritage can be listed, but rather to celebrate the public's interest in heritage through greater public education and funding programs promoting heritage preservation locally. The alternative outcome is a narrow vision informed only by private property interest. It should be recognised that overall much of Australia's heritage has been preserved by co-operation between Governments and individuals based on heritage legislation developed since 1975.

The following key issues illustrate opportunities for significant attention by government and business interests in promoting and valuing Australia's cultural heritage. Such programs in celebrating our heritage and achievements in protecting and conserving it, would inform and educate the reasons for the current reliance on regulation:

- the value that the Australian public places on our cultural heritage;
- need for commitment by the property industry to heritage protection in line with the public interest;
- of the resources to undertake heritage studies, including the vast and unique records which record local history held by. Historical societies and local libraries and in individual memories;
- the amount of income derived in regional Australia from cultural tourism, when the integrity of the natural heritage sites are actually dwindling through property development decisions;
- the economic value of the work of volunteers in historical societies in Australia. Historical societies undertake hundreds of thousands of hours per year of voluntary work promoting our region to Australian and international tourists;
- the cultural value of heritage in Australia, including the types of significance, the types of places – historic, Indigenous and natural and that they are interwoven, and that all places are associated with objects and records of the past of that places, and intangible values that includes story, song, ceremony and other associations and meanings;
- the social capital held in local communities invested in by volunteers at Historical Societies. This role is extremely valuable in uplifting cultural values locally and the health of the community;

Other positive initiatives that the Federation recommends are related to incentives and publicly funded programs to enhance the protection and conservation of our heritage:

- greater funding for conservation of historical sites and buildings. There should be financial incentives for owners, both private and public, and of heritage buildings to maintain them to high standards.
- funding for a Heritage Care Program across Australia, complementing the Landcare and Bushcare programs, by inputting the historical and heritage context of all the local environmental management and rehabilitation. A Heritage Care program would be an incentive scheme to preserve cultural heritage at the same time that Landcare programs are being undertaken on the land. The Federation urges the Productivity Commission to recommend to the Australian Government the concept of a Heritage Care program to improve heritage conservation and provide assistance to private owners of heritage properties as a result of volunteers' involvement, particularly in rural areas.

The fact that the cultural heritage community sought the Productivity Commission Inquiry points to the high level of expectation of the community for a positive report protecting cultural heritage at its highest levels and broadest sense.

Dr Helen Henderson
President