EXECUTIVE SUMMMARY

The National Trust of Australia (WA) was formed in 1959 and is the pre-eminent independent community body promoting the conservation and interpretation of Western Australia's unique heritage and educating the community about the use of heritage assets for the long-term social, economic and environmental benefit of the community. The mission of the National Trust of Australia (WA) is to conserve and interpret Western Australia's heritage.

This Submission seeks to bring together the experience of the National Trust of Australia (WA) in heritage conservation policy and the management of heritage places drawing particularly on operational outcomes over the past 15 years and to apply that experience to the Terms of Reference of this Inquiry.

This Submission has been prepared in parallel with the Submission of the Australian Council of National Trusts (ACNT), the federal representative body of the National Trust movement in Australia. In addition to the recommendations contained in this submission, the National Trust of Australia (WA) has also endorsed and fully supports the submission of the Australian Council of National Trusts.

Structure of the Submission

The Submission is structured as follows:

- Context – proposes the linkage between heritage, community values and identity and community well being
- Definitions – establishes a broad and holistic definition of heritage
- Social Capital – cites the need for further development of the concept
- The Heritage Product – provides a framework for evaluation
- Actioning the Concept of Public Good – proposes the concept of 'public good' as a deliverable
- NFPs and the Public Good – The Role of the National Trust – expands on the role of the National Trust operating in the public good
- Evaluating Outcomes – recommends structural changes in funding to include evaluation
- Consistency – emphasises the need for a nationally consistent heritage regime and related policy and regulatory processes
- Case Studies – presents examples from the National Trust of Australia (WA) operational experience in heritage conservation

Summary of the Submission

In summary, the National Trust of Australia (WA) submission is as follows:

- Historic heritage conservation and the conservation of our cultural landscapes is a fundamentally important element of Australia's social capital, and this Inquiry provides the Commission with an opportunity to value that capital.
- Inclusion of a place on any heritage list is a declaration of public interest in a property. Owners of a historic heritage place (be they governments, community organisations or private individuals or companies) have a duty of care for that place.
- The heritage conservation regime should be separate from, but closely coordinated with, the planning and development approval regime. There are a number of best practice elements that can be identified from experience with existing arrangements across jurisdictions, and these best practice elements should be adopted by all governments through COAG.
- The historic heritage market has a number of unique aspects associated with its public good and intangible (cultural and intellectual) capital characteristics, and provides significant non-market community benefits. The most apparent market failure is in the community-owned (Not-for-Profit) sector, where direct income from admissions is inadequate to fund the basic provision of maintenance, conservation and education services.
- The NFP sector in general, and the National Trust in particular because of its close community links, is a cost-effective provider of such services to the community.
- Funding provided to the NFP sector should be directed towards areas such as:
    - Education, advice and support to the community and historic heritage property owners
    - Conservation and interpretation of community owned historic heritage places
    - Ongoing management of collections and their interpretation for the community
    - Heritage research and publication programs, and identification of significant heritage places
    - Development of skills (professional, management and trades) to support the conservation of historic heritage places.
- The advantages of voluntary compliance supported by incentives for heritage conservation outcomes as opposed to regulatory regimes should be confirmed using methodologies, studies and findings similar to that used in examining natural heritage conservation.
- Funding programs or initiatives regardless of the sector to which they are directed should provide transparency of process for the identification of overheads and should include an evaluation component to determine not only value for money but also the relative utility of the heritage outcome.
- To operate efficiently, the market requires a nationally consistent heritage conservation regime which has transparent processes and procedures for identifying places of heritage value and clear definitions of threshold criteria for determining if a place is of National, State or Local heritage significance.

Recommendations

The National Trust of Australia (WA) recommends the following:

1. The Productivity Commission determine the value which ‘heritage’ has for the community and the value adding of inputs or interventions through the commissioning or encouragement of innovative research.

2. The Productivity Commission determine the community’s preparedness to fund the conservation of its heritage through the commissioning or encouragement of consumer’s willingness to pay research using techniques developed in the area of health promotion particularly by VicHealth and the Western Australian Health Promotion Foundation.

3. Governments commit to completing the national heritage framework to provide seamless protection to heritage places nationwide.

4. The Environment Protection and Heritage Council (EPHC) implement the agreed Integrated National Heritage Policy, incorporating best practice elements from all jurisdictions and finalising all necessary inter-governmental agreements

5. Governments recognise that owners of places identified as having heritage significance have a duty of care for such places, and government owners in particular must commit adequate resources to conserve and retain places in their care.

6. Governments acknowledge that the NFP sector is an effective and efficient group for delivering heritage conservation services to the community, and in future, could be used more by government to provide services to the community and owners of historic heritage places.

7. Funding be considered to address identified areas of market failure, and in particular for education, conservation, research and professional development

8. Allocation of funds should be on the basis of which activities can offer the greatest returns (in terms of key criteria established as part of the overall historic heritage policy framework) relative to the funds requested and this process be supported by an ongoing program of outcome evaluation and research

9. Using the community and public good outcomes of nature conservation on private land, there should be a variety of approaches to funding heritage conservation activities, with increasing emphasis on voluntary compliance supported by incentives rather than reliance on regulatory regimes.

10. Promote a nationally consistent heritage regime based on existing Commonwealth norms operating within a state heritage policy and for a transparent and defensible heritage process within an holistic regulatory regime..

CONTEXT

Historic heritage conservation is a fundamentally important element of Australia's social capital, and this Inquiry provides the Commission with an opportunity to value that capital, and to identify programs that expand that value.

In the brief period since European settlement, distinctive cultural landscapes have developed in Australia. These cultural landscapes reflect not only the varied landforms and biodiversity unique to Australia but also the varied responses to these culturally unfamiliar elements. The cultural landscapes of Australia and the historic heritage places contained within them, thereby constitute a singular record of our presence on this continent. The lessons derived from these historic heritage places also directly relate to the future and a continuing ability to adapt the ways in which communities live on this land.

As a direct consequence of these unique cultural landscapes, historic heritage conservation plays an important role in developing a sense of national culture and identity. It will be shown that this sense of culture and identity contributes to the nation's social capital and the well-being of the community as well as economically and environmentally. In this context, community well being is directly linked to our sense of community values – what on one hand makes us unique and distinct and on the other what draws us together through shared experiences. As communities we are also directly affected by our ability to sustain our cultural landscapes through the resource decisions we make and the value we attach to historic heritage elements.

Informed community participation is the key to development of an awareness, understanding of and commitment to historic heritage conservation. The National Trust of Australia (WA) has for the past 45 years focused its efforts to bring together communities and governments to promote heritage conservation outcomes. As a "trust" for both government and communities, the National Trust has developed and maintained a leadership role in working in an holistic manner to identify, conserve and interpret heritage places. More than any other not for profit entity working in the are of historic heritage places, the National Trust understands heritage values, the social benefits of heritage and the costs associated with delivering these outcomes and the potential economic and other dividends.

DEFINITIONS

The Australian Council of National Trusts (ACNT) as the federal representative body of the National Trust movement in Australia is a member of the National Cultural Heritage Forum. Nationally the Trust movement through the ACNT endorses the Forum's Vision for Australia's Cultural Heritage, submitted to the Minister for Environment and Heritage in March 2004:

> ***Australia's heritage, shaped by nature and history, is an inheritance passed from one generation to the next. It is a living record of places, objects, events, associations and memories which define and sustain our natural and cultural history. It is for us, the present generation, to nourish and nurture this inheritance for future generations.***

In its local, state based programs and activities, the National Trust of Australia (WA) uses a simplified version of the Forum's definition:

> ***Heritage is defined as those things from the past, which we value enough today to save for future generations.***

This definition contains several important concepts. Firstly heritage is much broader than place. Our definition includes intangible as well as tangible heritage – language, ceremonies, customs and traditions as well as places and moveable collections. Heritage places, as an holistic concept comprehends (includes) historic, indigenous and natural values, their associated artefacts and collections and the cultural landscapes within which these places are located.

A second important concept is that of values. The Burra Charter is a key document for the assessment of significance of heritage places. The processes of the Burra Charter provide for the identification of social, historic, scientific and aesthetic values which collectively form the heritage values and hence the heritage significance of a place. The national acceptance of this process of identification of values is reinforced in the EPBC Act .

> ***The heritage value of a place includes the place's natural and cultural environment having aesthetic, historic, scientific or social significance, or other significance, for current and future generations of Australians.***

For the National Trust, the setting and curtilage of a place, and all those aspects that contribute to its significance and are essential to its interpretation, as noted above are integral to its values. To this the National Trust of Australia (WA) in its heritage identification processes and understanding of heritage places and cultural landscapes adds the concept of spiritual values. The National Trust has integrated this concept of spiritual values within its programs in Western Australia. There are several benefits which accrue. At one level, the concept offers a bridge between European and Indigenous concepts of heritage values and traditions. At another level, spiritual values can increase community participation by providing a language and understanding which does not overly rely on scientific and technical language or expertise and seemingly arbitrary classifications or distinctions.

SOCIAL CAPITAL

The value that we, as Australians, place on possessing a distinctive character, a recognisable national identity, and an evident national heritage and culture, must feature strongly in any assessment of the benefits and costs of conserving the nation's historic heritage places, and the justification for public funding to support it. This logic is equally applicable at state, regional and community levels where distinctiveness in cultural landscapes continue to reflect not only the varied landforms and biodiversity unique to Australia but also the varied local responses to these factors.

The Productivity Commission, in its 2003 report on *Social Capital* has also identified the value of actions that lead to the development of social norms, cooperative arrangements, and shared understandings. The Commission noted that social capital can generate benefits to society by reducing transaction costs, promoting cooperative behaviours and enhancing personal well-being. It recommended that further research be encouraged to provide tools for incorporating social capital considerations into policy analysis.

The National Trust of Australia (WA) together with the ACNT believes that this Inquiry into the conservation of historic heritage places provides the Commission with an excellent opportunity to develop further its pioneering work on social capital. Heritage, by its very nature, provides a common thread of understanding and identity that is so critical to the operation of the nation. In our collectivities whether organised by profession, industry, region, values or whatever, matters such as 'who we are', 'what we stand for', and 'where we came from' are part of our shared memory, and form a key part of the value systems that we apply when seeking solutions to new challenges.

The wellbeing of citizens and the need to have regard for that wellbeing in policy formation are a fundamental concern of governments. This submission of the National Trust of Australia (WA) seeks to highlight the economic possibilities which can add to community wellbeing through a coordinated framework of government, not for profit and community engagement in heritage conservation.

THE HERITAGE PRODUCT

This submission is based on the premise that heritage conservation is a unique product. Above all, a cultural landscape together with its heritage places is a perishable product. A heritage building or place cannot be produced; it can only be recognised, conserved and interpreted. Its heritage values lie in the circumstances in which it was originally created, the events and activities which took place there, the persons associated with it, the meaning and value it holds within itself and the objects of moveable cultural heritage associated with the place. Implicit with this concept is the acceptance that once a heritage place is destroyed, it is lost forever and can never be recreated. No replica, no facsimile, will ever reproduce the whole range of heritage values associated with that place, no matter how careful the detail or faithful the reproduction or well intentioned the concept. Regrettably the values of a place are often only fully appreciated or recognised after it is lost.

Natural and historic heritage have in common the core economic issue of how to value the external benefits. But while there may be some possibility of regrowth of native vegetation or preservation of an equivalent natural site, heritage conservation relates only to a specific heritage place which, once gone, cannot be replaced. However, in both cases, the main issue for economists is how the market can operate when much of the value accrues to external parties. Conservation of heritage places has the potential to benefit many; often development benefits only a few.

Cultural Capital

Cultural capital, like any capital item, exists both as a stock of assets and as a flow of capital services over time: its value at any time can be assessed by either means. The particular characteristic of cultural capital is that it embodies or gives rise to two types of value: economic <u>and</u> cultural. In regard to the economic value of heritage, there are both *use* and *non-use* components. *Use* has both direct and indirect values while Non-use values have been characterised as Existence, Option and Bequest.

Use value refers to the direct valuation of the asset's services by those who consume the services, such as the entry fee paid by visitors to a historic site or expenditure at nearby facilities dependent on the existence of the site. *Non-use value* refers to the value placed upon a range of non-rival and non-excludable public good characteristics typically possessed by cultural heritage.

These non-use values may relate to the asset's:

- *Existence value* – people value the existence of heritage assets even though they may not themselves consume its services;
- *Option value* – people wish to preserve the option that they or others might consume the asset's services at some future time;
- *Bequest value* – people may wish to bequest the asset to future generations.

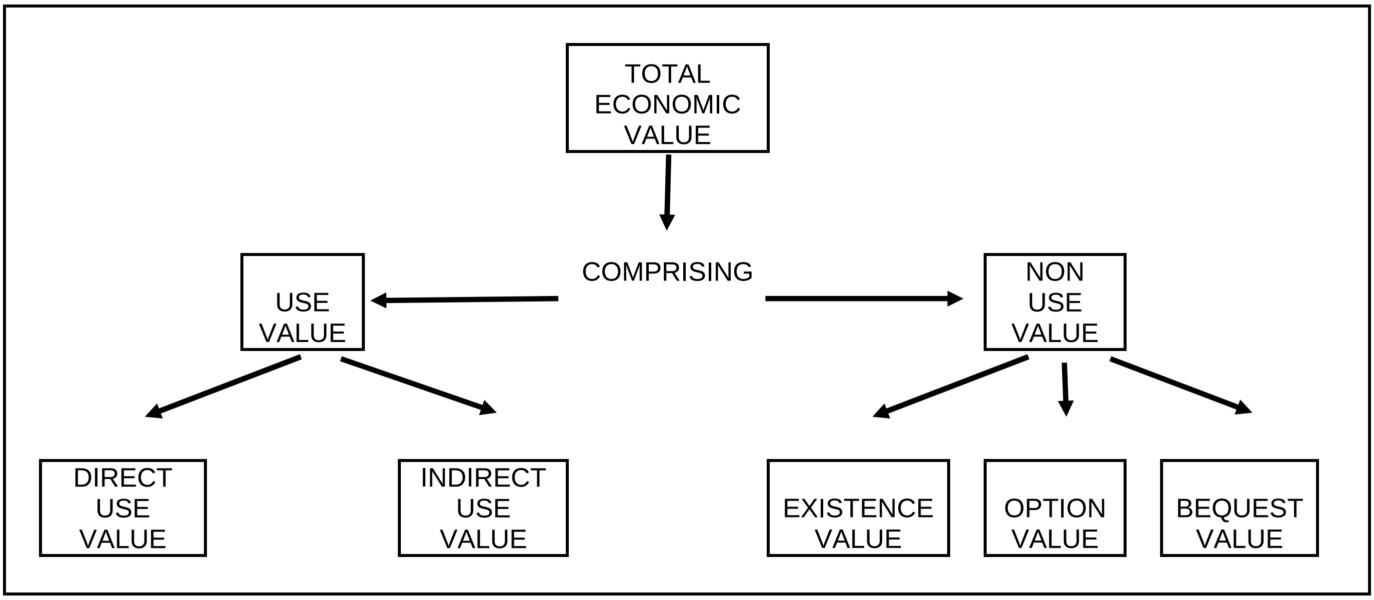
The non-use values are not observable in market transactions, since no market exists in which consumers can exercise their rights to purchase them. However, in any evaluation of the benefits of cultural heritage, it is essential that these non-use value streams be measured as well as the use value stream. For many cultural heritage projects, the use value is likely to be derived from tourism, while the most significant non-use values are likely to be related to individuals' desires to see heritage assets conserved and not damaged or destroyed.

Studies in this area have generally applied the same approaches that have been used in the assessment of environmental amenity for many years, such as hedonic pricing, travel cost estimation, discrete choice modelling and contingent valuation. However, the National Trust of Australia (WA), together with the ACNT wishes to emphasise that 'heritage' is characterised by a product where the majority of the benefits are not bought or sold in the market. It has 'public good' characteristics that preclude the formation of a market, and its value to people is not readily estimated by reference to the revelation of preferences that people make in market transactions.

The market for conservation of historic heritage places is characterised by a number of elements which make it unique and compromise the efficient operation of the market (public good, significant externalities, contribution to social capital and community well-being), such that many owners of such places do not receive the full benefits from their existence.

Some of the non-market benefits could include:

- the aesthetic appeal of walking past heritage places, utilised and cared for;
- the satisfaction of knowing that a piece of the nation's history has been protected for passing on to future generations;
- the knowledge that places where important decisions were taken and significant events occurred will remain to inform future generations; and
- the opportunity to understand aspects of the past through interpretation of heritage places.



Another phenomena not well documented is the proximity factor which is a value not directly indirect use but more clearly something more than the concept of existence value. The proximity factor is relevant to economic benefit deriving from proximity to but not physical use of heritage places. This may take the form of commercial benefit through services near a heritage place (food, accommodation, information). The reverse of this benefit is a "parasitic" attachment which by its nature or business may actually detract or de-value the heritage place. Another proximity benefit may be the look or feel of a community created by a heritage place or precinct. This may have positive effects on property values.

In its submission, the Australian Council of National Trusts, will on behalf of the National Trust movement in Australia provide a comprehensive discussion on market failure and the role of government. The National Trust of Australia (WA) strongly endorses the recommendation that further research on how communities value heritage and also the willingness to pay or invest in heritage is required. There may be values attributable to some aspects of heritage which cannot be adequately reflected in monetary terms, as English Heritage documented in *Power of Place,* their survey of the value the people of England place on their historic environment, and the value they believe it contributes to the quality of their lives.[1] It is accepted that research methodologies in the area of heritage, particularly "willingness to pay", are currently imprecise or problematic. What the National Trust feels should be signalled, particularly to tertiary institutions, is the potential community value of the proposed research. A case in point is the evaluation of health promotion research initiatives undertaken by VicHealth and the Health Promotion Foundation of Western Australia. Investment in research has resulted in new techniques of analysis which has been fed back into the equation. If consideration is given to all of the non-market benefits of heritage conservation, such studies will demonstrate that there is justification for increased public funding in this important area.

There are very few examples of public, private and not-for-profit (NFP) heritage places open to the public where the use value (demonstrated by commercial returns on the property after ongoing maintenance and operating costs) is positive. Where returns are positive, there may be limited justification for public funding although it is clear that the non-use values would justify an expansion of services. But in the majority of cases, heritage places open to the public do not receive sufficient income from users to cover operating costs, and this results in an under provision of the particular service relative to the efficient level, having regard to the total use and non-use value. This is certainly the experience in Western Australia where 10% of accessible heritage places provide revenue exceeding basic expenses and the annual operational expenditure of the portfolio exceeds income by a minimum of $200,000 annually.

The National Trust, through its membership is able to justify this investment because of the collateral community and educational benefits which flow from the conservation and interpretation of heritage places. This dimension of operating in

[1] See *Power of Place: the Future of the Historic Environment* (English Heritage 2000) at www.english-heritage.org.uk

the public good was clearly set out in the Objects of the National Trust in its Act as follows:

- *To establish and maintain within the State of Western Australia a public educational institution the purpose of which is to educate members of the public and to awaken, stimulate, encourage and maintain the interest of members of the public in, and to promote public knowledge of, places and things which are of national or local importance by reason of educational, historic, architectural, traditional, legendary, artistic, literary, scientific, antiquarian, archaeological or other special interest attaching to them and of places of natural beauty and the flora and fauna thereof by giving effect to all or any of the objects and purposes hereinafter set out.*
- *To acquire by purchase, lease or otherwise, any land, building, places and things of national or local importance as aforesaid for the purpose of maintaining, protecting and preserving them for the benefit of the public.*
- *To awaken, encourage and stimulate appreciation, enjoyment and respect by members of the public for places and things of national or local importance as aforesaid.*
- *To take such steps as may be necessary or desirable to manage and preserve any buildings, places or things of national or local importance as aforesaid from time to time owned by or under the control of the Trust.*

Notwithstanding the general public perception that the National Trust is all about historic house museums, the actual programs of the Trust give equal emphasis to the community outcomes achievable through historic house conservation. As tools for education and advocacy (influencing opinion leaders) the National Trust seeks to influence attitudes of the general public, and in particular building owners and developers, towards heritage conservation. The National Trust also promotes the adaptive re-use historic buildings rather than demolition because of the embodied energy in the built fabric, which brings together in community perception the notions of heritage conservation and sustainable development.

In periods of building booms, pressures appear to develop in favour of demolition and replacement as the only option to be considered. Currently, much infill development is being driven by sustainability concerns about the growth of urban footprints. Planning departments and regulatory agencies can find it difficult to stand in the way of “progress”. These attitudes are difficult to change and can only be addressed through the existence of clear government policy and procedures, within an environment that recognises the value of heritage.

The experience in Western Australia as developed in the accompanying case studies strongly supports the theorem that the best historic heritage conservation can be achieved through the promotion of partnering arrangements between communities, governments and NFPs like the National Trust. There will never be sufficient funding within governments. NFPs can provide leadership and demonstrate best practice with its heritage places and education programs but the bulk of heritage places remain in private ownership. The concept of public good must therefore be integrated and promoted within current perceptions of private ownership rights and responsibilities.

ACTIONING THE CONCEPT OF PUBLIC GOOD

Clearly there is a demonstrated value of public good in heritage conservation from those intangible benefits which can accrue primarily to the general community. Nevertheless a major policy disconnect has been created because it is apparent both in fact and perception that many of the potential benefits generated by heritage conservation are private goods – that is, the benefits are captured by private property owners. Undoubtedly, in many areas, values of heritage properties have grown at a faster rate than for properties in general because of the positive impact on local amenity[2] (although this conclusion is disputed in some cases where the additional costs and restrictions associated with heritage protection are claimed to devalue the property).

The non-private benefits extend to those in the neighbourhood, local community, region and nation, comprising:

- Benefits accruing to other parties such as income from tourism or increase in property values, arising from the existence of the asset;
- Tangible value placed on the asset by the community, recognising its existence and opportunity for future use; and
- Intangible value resulting from the increase in social capital through its contribution to development of shared values, enhanced community cooperation and better social cohesion.

Because of the “public good” characteristics of these benefits, the owner will tend to provide less than is considered desirable from the wider community’s perspective: they will provide heritage conservation only to the point where the extra benefits to them of providing more equals the additional costs incurred. This has implications for estimating the impacts of regulatory intervention to preserve heritage places, and for determining the extent and type of intervention that may be warranted and who should pay for it.

Much of the ongoing heritage debate has focused on negative aspects which have seen community outcomes expressed as public good threatening the perceived rights of private ownership. The National Trust strongly believes that selected places within our cultural landscapes should be conserved for the public good regardless of whether they are heritage places in public ownership, heritage places in NGO stewardship or heritage places in private ownership. Any successful program must therefore aim to move across the continuum from knowledge, awareness and understanding to commitment. Establishing such a commitment will not result from any one initiative. The National Trust of Australia (WA) believes that such a broad consensus on the values of heritage can only be achieved through the coordinated development of legislation, policies, educational programs and incentives.

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[2] See Vinita Deodhar - *Does the housing market value heritage? Some empirical evidence. See http://www.efs.mq.edu.au/research/DeodhharV.htm*

An important indicator of the way forward occurred when the Commonwealth Government accepted responsibility for identifying and protecting places of outstanding national (and Commonwealth) heritage value. Unfortunately complementary changes are still needed to Western Australian State legislation and regulation to ensure that this seamless and integrated system of heritage protection is fully adopted. Iconic heritage places of national status and visibility are not at risk. Uncertainty exists at community level where the concept of public good versus private ownership is the most visible. Western Australia is at a disadvantage compared with other states and territories because its heritage legislation is outdated and reflects its drafting origins in the 1970s and the protracted process of enactment. The current legislation (Heritage Act 1990) has been extensively reviewed and new bills enjoying broad public support have been drafted. There is no current indication that a revised Heritage Bill has any legislative priority.

An ideal legislative and policy framework would establish:

- The inter-relationship between State heritage protection regimes and the national regime;
- Processes for identifying, protecting and conserving places of National, State and local heritage significance;
- Effective planning and heritage protection regimes down to local government level; and
- Would clarify and ensure support for the role of local government in administering heritage protection arrangements in local communities.

To operate efficiently, the market requires a nationally consistent heritage conservation regime which has transparent processes and procedures for identifying places of heritage value and clear definitions of threshold criteria for determining the significance and values of a heritage place. Inclusion of a place on any heritage list, regardless of the form of ownership, must be regarded as a declaration of public interest in a property – the degree of reduction in private property rights is proportional to the relative importance of the place to the community. Owners of a historic heritage place (be they governments, community organisations or private individuals or companies) have a duty of care for that place.

Governments at all levels (as owners of many significant heritage places) should commit to the provision of adequate funding to conserve and interpret those places for the community (through their own management or by arrangements with other parties). Notwithstanding the considerable investment by governments, the National Trust has identified a major issue with the nature of this funding. Government processes generally favour capital investment in specific projects and tend not to provide for an ongoing commitment towards operating costs. Once the major capital investment phase has been completed, the burden of operating costs falls to the owner and given the nature of the product a gap occurs in the ability to meet maintenance costs.

From the experience of the National Trust, a policy of making available a smaller but continuing investment for maintenance is a more effective approach to ensure conservation of heritage places. While further research may need to be done to establish the effectiveness of this approach, the collapse of many major heritage and interpretive investment initiatives under the Centenary of Federation grants program serves to indicate that the focus on discontinuous capital investments in heritage could be re-examined.

In practical terms implantation of a revised funding regime could mean that NGOs or organisations presenting heritage places for the public good would receive a base level of program support and that private owners, who constitute the largest group of owners of heritage places, would have access to a range of incentives. It is noted with regret that there are no national funding programs or tax incentives focussed on conserving Australia's heritage places, in contrast to the funding and incentives provided to conserving the natural environment.

To improve market efficiency via enhanced information, it is essential that the community value of heritage is reflected in the design of a heritage regime which informs owners and potential owners of the status of places as to their local, State or national heritage significance, and such a regime should ideally be consistent across the nation in its criteria and processes.

The conservation of nature on private land has expanded rapidly through a combination of voluntary agreements backed by incentives. A range of government and NFP programs have in effect created a market for ecosystem services and refocused and expanded available funding (the "use" values). Importantly the voluntary approach has lessened the need for a regulatory system (and the associated economic and social costs) towards an incentive based system which has attracted NGO and community funding based primarily on the non-use values of existence, option and bequest.

The successful formulations which have led to positive public good outcomes in the natural environment can be used as a model for better public good outcomes in the historic heritage sector. As a base, the heritage conservation regime should be separate from, but closely coordinated with, the planning and development approval regime. There are a number of best practice elements that can be identified from experience with existing arrangements across jurisdictions, and these best practice elements should be adopted by all governments through COAG. Methods of allocating such funding should include grants, market auctions, rate rebates and covenant schemes. The private owners of heritage places deserve to have access to public funding to assist in the conservation of the heritage place for the benefit of the community. A variety of incentive based programs based on models developed for the natural environment would seem to be an effective approach.

The historic heritage market has a number of unique aspects associated with its public good and intangible (cultural and intellectual) capital characteristics, and provides significant non-market community benefits. As a result, there are obvious market failures which justify public funding to reduce their impact. The most apparent market failure is in the community-owned (Not-for-Profit) sector, where direct income from admissions is inadequate to fund the basic provision of maintenance, conservation and education services.

NFPS AND PUBLIC GOOD
THE ROLE OF THE NATIONAL TRUST

NFP organizations such as National Trusts and local historical societies operate at the State or local level to identify, protect and conserve heritage places of local, state/territory and national significance. While there are a few properties open to the public that receive sufficient income from visitation and sales to cover most ongoing operating and maintenance costs, the overwhelming majority of community operated heritage places which are open to the public do not receive sufficient income to cover basic operating and maintenance costs, let alone invest in new interpretation or comprehensive conservation.

Nevertheless, the NFP sector, because of its close community links, is a cost-effective provider of heritage services to the community. The National Trust movement over the past 60 years has developed considerable expertise in working with local communities to conserve historic heritage places. Not only are the costs of this sector extremely efficient (because of its access to volunteers and its management practices), its reach into the community is effective because of its extensive networks of support. Together with the ACNT, the National Trust of Australia believes that the NFP sector is an effective and efficient group for delivering heritage conservation services to the community, and in future, should be used more by government to provide services to the community and owners of historic heritage places.

The NFP sector it must be noted has stewardship of the largest portion of the distributed national collection of heritage places and moveable cultural heritage collections associated with those places. These heritage places and their heritage values play an important and not fully appreciated role in defining or national heritage. Attempts to assign arbitrary (and ultimately subjective) criteria of national, state or local significance are essentially counterproductive. The issue is not the significance of the heritage place itself, but the most appropriate way to maintain and conserve it, for ultimately the national story is composed of a mosaic of local and regional heritage places.

The National Trust of Australia (WA) currently has 4 program areas, which relate directly to the objectives of this inquiry. These are:

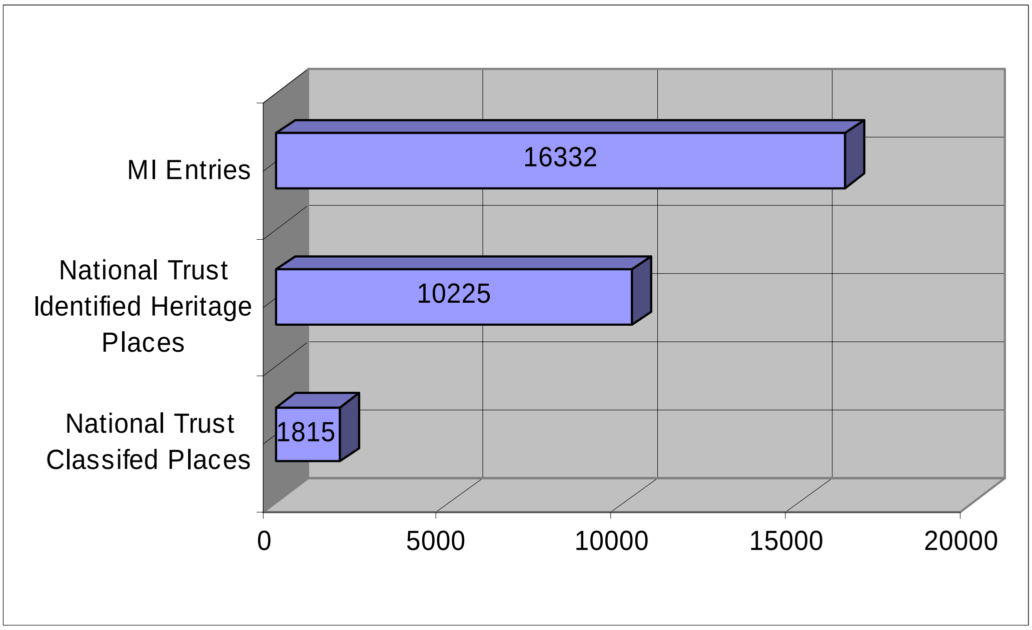
- Heritage identification
- Heritage place management
- Heritage appeals
- Heritage education

Heritage Identification

Heritage identification is one of the hallmarks of the National Trust movement. The identification, registration and classification of the values of heritage places remains an essential element of the National Trust of Australia (WA) educational and advocacy roles. National Trust classification is particularly valued, accepted and respected because it an independent assessment of places valued by the community, free of political and other interference. This classification process has played and continues to play a highly significant role in the identification, assessment and documentation of Australia's heritage places.

The National Trust Registers within Western Australia cover the full range of heritage places including historic and architecturally significant buildings, significant trees, gardens, cemeteries, geological monuments, defence heritage, rail and rolling stock, war memorials, heritage trails and natural landscapes. The classification process is resource intensive. It requires identification of potential places of heritage value, intensive research, documentation, analysis and assessment of the evidence gathered (usually by a Trust committee of volunteer experts working with Trust staff), followed by the formalities of registration to the appropriate Trust Register.

The Registers of the National Trust in Western Australia contain over 10,000 distinct record sets. These records consist of heritage place identification, historical documentation, photographs, oral histories as well as media and press extracts. Because the Heritage Council of Western Australia only commenced operations in 1990 and because the State Register of Heritage Places is limited to those placed identified as having "state" significance, the National Trust Registers provide an important complimentary source of reference for the public good. In particular, they are the best means to identify local community valued heritage places, and to identify cutting edge heritage – late C20 heritage places, ethnic/multi-cultural heritage or industrial heritage for example – the kinds of places not readily included on statutory lists.



The value of the intellectual capital which resides in these archival holdings is incalculable. This rich and significant set of records is maintained by the National Trust in the public interest. Each year there are over 2,000 queries or access requests for the records. Requests are received from students and individual researchers but also from commercial enterprises in architecture, law, real estate and property development. Search access to all records is provided through an on-site database or a searchable CD-Rom covering only Classified places.

Considerable additional work could be undertaken to further add value to National Trust registers. Because of the time span and community reach of existing documentation, the National Trust movement would seem particularly well placed to carry on the thematic and comparative assessments initially undertake by the Australian heritage Commission in the 1990s. Such thematic and comparative assessments would enable the values of heritage places to be better understood in context and thus provide a more informed base upon which to make conservation, planning or investment decisions.

The cost of providing the National Trust heritage documentation as a free public service is currently met from membership resources. The increase in the number of information requests and public expectations of on-line access have forced a reassessment of the free access policy. Conceptually the proposed policy includes continued free access on-line for basic place details and heritage classification status and access to approved classification documentation (eventually also on line) on a fee for service basis. If approved, it is envisaged that the revised access policy will provide an income stream from commercial users which can meet the ongoing file maintenance and web access costs associated with the program. The ongoing processes of assessment, data entry and management will still rely on volunteers with staff supervision and support .

Heritage Place Management

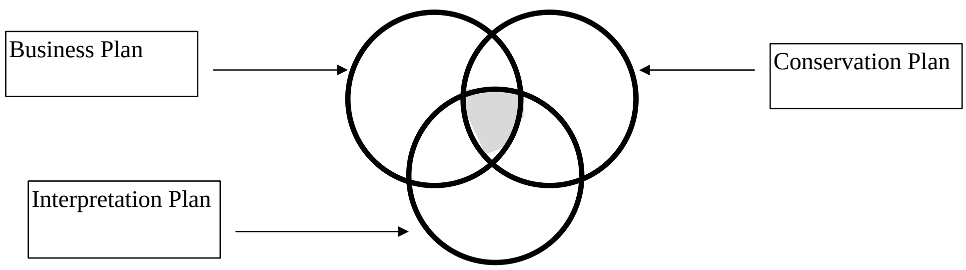
From its formation, the National Trust of Australia (WA) accepted responsibility for many historic sites, often because National Trust stewardship was the only means of securing the long-term protection of the heritage values of these places. Just as the Trusts collectively are the largest not-for-profit owners/managers of historic sites in the nation, the National Trust of Australia (WA) is the community custodian of the largest number and variety of publicly accessible heritage places in Western Australia.

The expanding concept of public good is reflected in the evolving approach and understanding of the heritage places which the National Trust has under its care. Thirty years ago the National Trust viewed itself as the owner of heritage places which were presented as architectural examples. Today the National Trust views itself as the community custodian of these places working with local government to ensure the conservation and interpretation of their heritage values. In its management philosophy, the National Trust no longer views the conservation of heritage places as an end in itself but rather as part of a process in partnership with the community of sharing the values of the place and the multiple stories emanating from these values.

However well motivated and appropriate this change of philosophy is, it has not substantially altered the financial realities of management of heritage places. The National Trust of Australia (WA) attempts to balance income and expenditure across its portfolio of heritage places and to cross subsidise in particular rural and remote localities where expenses are proportionately higher and visitor numbers lower. Nevertheless over the past five years the average shortfall across the property portfolio has been in the vicinity of $200,000 annually.

The National Trust accepts that all heritage places cannot be managed as historic house museums. Each heritage place is managed within the overall perspective of a management plan comprising separately commissioned business, conservation and interpretation plans. The synthesis of these separate plans into an overall management plan determines the overall management approach to the place. The result can range across the spectrum of compatible use for fully commercial purposes to exclusive presentation as a heritage place and any combination in between.

Management Plan Model for National Trust Heritage Places



The "ideal state" is represented by the shaded area.

The National Trust has therefore had to adopt differing perspectives on how individual enterprises are viewed to determine the most appropriate use for a heritage places, the necessary agreements / actions to maintain identified heritage values and the best possible return on investment. The development of a reliable and sustainable income stream from heritage places with compatible commercial usage is seen as essential to sustain heritage places conserved and presented for the public good for educational and interpretation purposes. Progress continues to be made towards the achievement of this result.

Underpinning all property management decisions is a provision contained within the National Trust of Australia (WA) Act 1964-70 without which the sustainable management of heritage places would be impossible. This is the provision at Section 17 for exemption from rates and taxes. Although the introduction of "fees" and "charges" has to a degree eroded the effectiveness of this provision, it remains a key feature of the ability of the National Trust to conserve the heritage places. The National Trust considers this provision as the key incentive enabling it to act in the public good to conserve heritage places. As discussed earlier, it is an incentive which could also be considered to encourage the voluntary conservation of heritage places in private ownership, The heritage places under the care of the National Trust occurred opportunistically. Nevertheless steps have been taken ensure that these places are interpreted holistically, to reflect the wide range of social and cultural diversity of contemporary Australia. Using historic themes originally developed by the Australian Heritage Commission, National Trust heritage places increasingly tell multiple stories including Indigenous perspectives. Advocacy for heritage conservation therefore has a practical as well as a theoretical aspect. The National Trust is Australia's most experienced and most expert manager of heritage places and interpretation of their values.

Nationally as well as in Western Australia, the care and public presentation of these historic sites, community assets managed and maintained for public enjoyment and benefit, consumes much of the resources of the contemporary Trusts. The Trust is the only community conservation organisation which owns and manages heritage places, as well as advocating for their conservation.

Heritage Appeals

The National Trust of Australia (WA) has a tax-deductible status for establishing appeals for conservation purposes, which enables the donor to the appeal to claim a tax deduction for donations in excess of $2.00. The National Trust has a general criteria that needs to be met to establish a tax-deductible appeal as follows:

- Conservation and/or interpretation plans are in place or are being completed;
- All places be classified or recognised as heritage assets;
- A schedule of works is included in the plans;
- All works must be approved by a heritage specialist;
- Only scheduled and approved works are funded from the appeal;
- The appeal is public and promoted;
- There is no individual or personal benefit from the appeal on the part of any donors;
- Creditor invoices for payment must be addressed to the National Trust of Australia (WA) and endorsed for payment, by the approved appeal heritage specialist, prior to the National Trust of Australia (WA) processing invoices for payment;

The ability to establish appeals and the community respect for the National Trust has resulted in Heritage Appeals being a potent tool in support of heritage conservation. Appeals in particular related directly to the "non-use" values identified earlier. Appeals support *Existence value* by permitting contributions to an asset neither owned nor accessible to the donor but whose conservation is seen as being in the public good. It also supports a community need for *Option value* where an outcome is not necessarily seen to have an immediate benefit but might have a community benefit in the future. Appeals also provide for *Bequest value* by allowing contribution to a heritage outcome that will have an ongoing benefit for future generations.

The National Trust of Australia currently has 36 active Heritage Appeals covering a wide range of heritage outcomes in the built environment, the natural environment, heritage research and land purchases. The National Trust views heritage appeals as an under exploited opportunity to promote public awareness of and public participation in heritage conservation. The success of appeal and other donation and planned giving initiatives in the area of nature and bio-diversity conservation are indicative of the potential for a similar exploitation in support of historic heritage places. The National Trust, whether as a deductible gift recipient or through statutory provisions recommends that no changes occur to impede the full use of appeals in support of the conservation of heritage places whether in private or public ownership.

Heritage Education

In its broadest sense, education ensures the public is informed and engaged and has an understanding and appreciation of the values of heritage. Education is also about challenging the community to engage in dialogue and to take responsibility for its actions. Through a commitment to education, the National Trust seeks to guide the public in developing positive attitudes and taking action towards valuing heritage.

Heritage education encompasses valuing the cultural (including natural and built) environment. Attitudes towards heritage are incorporated through social, aesthetic, historic, scientific and spiritual values. Heritage education opportunities will be made available to schools and the public, for groups and individuals throughout Western Australia and specifically through National Trust activities. The National Trust strategy to do this is through authentic heritage experiences obtained through an appreciation of the heritage values of the places under its care.

Under its Act, National Trust has a statutory responsibility for heritage education.
The audience for the National Trust is all Western Australians and visitors with an interest in the history and heritage. Some of the community already demonstrate their interest through visits to Western Australian places of historical and heritage significance and through accessing resource information. Others can be introduced to valuing heritage through empathetic experiences. The community will commit to valuing heritage through positive experiences at National Trust heritage places and through other heritage related opportunities. By delivering a wider range of education programs that are developed in conjunction with interpretation and conservation of particular places, the National Trust seeks to attract new audiences to heritage places.

At present, audiences to National Trust heritage places fall within five general categories.

- School visits and non-formal child groups – eg. scouts, guides
- Adult groups – tours
- Individuals, families and friendship groups - 'off the street'
- Informal groups – eg childcare centres, holiday program groups, seniors
- Special interest individuals – for research purposes, exchange visits, National Trust members.

Each of these audiences has a pre-chosen purpose for their interest in the National Trust that can be categorised further by their style of educational interaction – formal, non-formal or informal.

- Formal education … is the highly institutionalised, chronologically graded and hierarchically structured ‘education system’, spanning lower primary school and the upper reaches of the university.
- Non-formal education ... is any organized, systematic, educational activity carried on outside the framework of the formal system to provide selected types of learning to particular subgroups in the population, adults as well as children.
- Informal education … is the lifelong process by which every person acquires and accumulates knowledge, skills, attitudes and insights from daily experiences and exposure to the environment - at home, at work, at play; from the example and attitudes of family and friends; from travel, reading newspapers and books; or by listening to the radio or viewing films or television. Generally, informal education is unorganized and often unsystematic; yet it accounts for the great bulk of any person’s total lifetime learning - including that of even a highly ‘schooled’ person.

Style of education interaction that can be offered at National Trust places

	Formal education	Nonformal education	Informal education
Schools groups	**X**	x	x
Children's tours ie scouts, guides		**X**	x
Adult tours	x	**X**	**X**
Individuals and friends		x	**X**
Holiday programs		**X**	**X**
Special interest individuals		x	**X**
NTWA members		**X**	**X**

X = most offered x = less offered

The National Trust is committed to deliver and support equitable life long education experiences in order to instil a commitment to valuing heritage. The major financial challenge in this regard is the lack of delivery agreements and support mechanisms within Western Australia with providers of formal eduction. While education remains and area of State/Territory primacy and is therefore not a direct area of interest of this Inquiry, the National Trust of Australia (WA) notes the policy decisions and support procedures in place in other jurisdictions which utilise the National Trust and other operators of major heritage places as providers of heritage education programs.

Summary

The National Trust of Australia (WA) feels that funding provided to the NFP sector should be directed towards areas such as:

- Education, advice and support to the community and historic heritage property owners
- Conservation and interpretation of community owned historic heritage places
- Ongoing management of collections and their interpretation for the community
- Heritage research and publication programs, and identification of significant heritage places
- Development of skills (professional, management and trades) to support the conservation of historic heritage places.

EVALUATING OUTCOMES

In preparing this submission and in contributing to the submission of the Australian Council of National Trusts, the National Trust quickly became aware of the general lack of definitive studies or research relating to community perceptions of heritage, consumer willingness to pay for the conservation or protection of our national heritage. Membership and community surveys undertaken by the Australian Council of National Trusts through Roy Morgan Research in 2000/01 provided an initial indication that suggested Australians place a high value on conserving our heritage. Equally, there is an appreciation of the conservation of heritage, evidenced by tourism marketing of distinctive regional and local areas throughout Australia, and in the findings of tourism surveys.[3]

The National Trust of Australia (WA) is currently collaborating as part of an Australian Research Council grant with tertiary institutions on the values of ethnic heritage socially, economically and spiritually within three ethic communities. Preliminary chapters in the National Trust commissioned history of the heritage movement in Western Australia have also indicated a broad community and opinion leader acceptance of the role and values of heritage in the common good. The results of these initiatives will not be available however until later in 2006.

The National Trust feels that the opportunity does exist for the Productivity Commission to further develop its own pioneering work in the area of social capital. In its 2003 report on *Social Capital*[4], the Commission identified the value of actions that lead to the development of social norms, cooperative arrangements, and shared understandings. The Commission noted that social capital can generate benefits to society by reducing transaction costs, promoting cooperative behaviours and enhancing personal well-being. It recommended that further research be encouraged to provide tools for incorporating social capital considerations into policy analysis.

It is also proposed that a minor structural change in existing programs could also provided significant research benefits. This could occur in three areas – firstly the standard budgetary provision for project management, secondly a mandated provision for evaluation and thirdly a flexible process to assess matching contributions.

Current funding programs fall within two categories: those which do not permit the inclusion of a project management fee and those that do. In trying to establish market access to grants in the first category, NFPs like the National Trust are often at a disadvantage when competing with government agencies which can absorb overheads within their larger structures. This is particularly relevant in Western Australia where government agencies or supporting structures established by these agencies have access to and directly compete

[3] See case studies and references in the publication: *Successful Tourism at Heritage Places: a guide for tourism operators, heritage managers and communities* http://www.ahc.gov.au/publications/tourism/index.html
[4] Productivity Commission (July 2003), *Social Capital: Reviewing the Concept and Its Policy Implications*, Research Paper, AusInfo, Canberra

with NFPs for community funding. Within the second category, NFPs as previously stated appear to have an advantage because of reduced costs through lower overheads, volunteers and community good will. An examination of actual project outcomes indicates that this advantage is not always considered. Under many funding programs a general allocation is made and the recipient then deducts administrative overheads which significantly reduce the project outcomes. For tertiary institutions, the standard levy is 35-40% of the allocated grant.

Current process for financial acquittal often hide the diminished outcomes through the diversion of funding into the administrative overheads of recipients. Most grant procedures do not call for an evaluation of outcomes either relating to the actual works undertaken or relating to the community, economic or social advantage obtained from the project. The National Trust recommends that all programs contain a mandated percentage of funding to be devoted to evaluation. This evaluation should determine the percentage of funding directly committed to works and outcomes to provide an indication of value for money of the selected option of project implementation. The evaluation should also require a subsequent answering of the question - “So What?”. Did the project add to the social capital of the community? Was the heritage outcome understood? What are the economic benefits? Can the project be sustained?

In competition for programs which require matching funds, NFPs are often disadvantaged because of their limited revenue or investment base. Agencies, statutory authorities and major cultural institutions with more flexible cash flow and long term funding support are advantaged because they can more easily provide the matching contribution. To some degree, consideration of contributions in kind or assigning a $ value to volunteer contributions can offset this disadvantage but an even more flexible approach is needed. If for example the value of a social capital outcome could be included, there would be more opportunities for NFPs to apply for programs requiring matching funds.

The circular nature of this argument is recognised. Without definitive research and without an ongoing evaluation, the measurement and assessment tools will be inadequate. The National Trust recommends that initial steps be undertaken. Further research into social value concepts would provide a context. Transparency of administrative overheads provisions would enable a more accurate comparison of proposals. A mandated evaluation component for all projects would illustrate competitive advantage and also provide ongoing research documentation for the design of future programs.

THE BOTTOM LINE - CONSISTENCY

However one examines the needs of heritage conservation, and whatever the motive for participation, there is one overarching market requirement – the need for consistency. To operate efficiently, the market requires a nationally consistent heritage conservation regime which has transparent processes and procedures for identifying places of heritage value and clear definitions of threshold criteria for determining the significance and values of a heritage place. The regime must clearly articulate principles and be supported by transparent processes

There will always be tension between protection of heritage values and the property rights of private owners. Similarly there needs to be a balance between contemporary development interests and the retention of heritage places. The dynamics of private and public interests will continue to change as community attitudes to heritage conservation evolve. One thing that will not change is that notwithstanding the excellence of principles eventually the issue will focus on an individual heritage place.

It is generally agreed that a characteristic of good policy when dealing with such detail is to force decision-making down to the local level; the Commission has drawn a similar conclusion in its *Inquiry on Native Vegetation and Biodiversity Regulations.* However, it is important to recognise the inter-connection between local and national: the nation's heritage is made up of numerous elements from across time and across country. There is a clear case for both a 'top-down', and for a complementary 'bottom-up' approach to policy development, with clear linkages between the different levels.

The National Trust of Australia (WA) notes that as it affects Western Australia the linkages are not yet complete. Without the effective completion of these two-way linkages through parallel heritage processes and holistic approaches, market uncertainty will remain due to lack of consistency. It is unreasonable to expect a community commitment to heritage conservation when obvious disconnects exist between local heritage regimes (in Western Australia, Municipal Inventories under the Heritage Act 1990), Town Planning Schemes, Planning Appeals and the State Register of Heritage Places.

The National Trust is currently not directly part of either the policy or regulatory process. It does regard itself however as an informed observer and therefore feels qualified to provide comment on the elements essential to an effective heritage regime designed to achieve consistency of approach and thus reduce uncertainty. The key element is the separation of the policy and regulatory processes.

The trend to combine policy and regulation is a seductive process. In Western Australia, the use of Development Authorities to combine the role of policy maker, regulator and developer is particularly disturbing. These are powers not entrusted to local government or the private sector no matter how large the corporation. The Development Authority approach effectively eliminates the separation of function, short circuits the role of local government and creates self perpetuating bureaucracies moving from ever onward from project to project without electoral, regulatory and often financial accountability.

Western Australia does not have an enunciated State Heritage Policy. Development of a State Heritage Policy should be a priority for the Department of Premier and Cabinet. It is important that the policy be developed centrally for it to apply across government and not restricted to a document prepared by planning authorities which could exempt departments, agencies and authorities from the heritage policies applied everywhere else. The responsibilities of departments of state to comply with policy affecting their heritage places must be explicit and specific. A model might be the Government's Property Disposal Policy which is a whole of government policy.

Having established a policy a regulatory regime needs to be created which would have the responsibility of translating policy into process. The national Trust endorses the concept of an integrated regulatory regime or "one stop shop" where heritage issues are considered as a factor together with other environmental or planning considerations. Consideration of heritage issues from the initiation of any development or planning proposal could promote two positive outcomes. Heritage would not revert to what has been called "a walk on part in the last act of the play". Identification of heritage values or heritage issues early in the regulatory deliberative process could ensure a timely and balanced consideration of alternate approaches before investment or planning rendered change more difficult.

Although heritage would be but one factor under consideration in a one stop shop regulatory approach, the National Trust recommends that in order to maintain a transparent process, heritage advice must come from a professional body or more accurately a body composed of relevant heritage specialists. Any consideration of heritage values and subsequent recommendations from this advisory body must be based on defensible determinations. It should not be the role of this heritage advisory body within the regulatory regime to give consideration to economic, planning or other values or considerations. This can be the result of a consolidated process or ministerial discretion. In any decision making process, the heritage advisory body must be free to argue its case vigorously as one input to a decision. In any appeal process, the heritage advisory body, must be accountable and answerable for its heritage advice only. This advice should be publicly available for community understanding and transparency of process.

ACKNOWLEDGEMENT

The National Trust of Australia has welcomed the opportunity to contribute to this inquiry and expresses the wish that one outcome will be to highlight the need for nationally consistent heritage regime based on existing Commonwealth norms operating within a state heritage policy and for a transparent and defensible heritage process within an holistic regulatory regime..

CASE STUDIES

Based on its 45 years of experience in presenting heritage programs in the community, the National Trust of Australia (WA) has developed a series of case studies which bring together the rationale for its submission to the Productivity Commission. In particular the national Trust concludes that:

- The need exists for NFP entities able to take on and develop complex, long term projects of heritage significance even if there is limited prospect of immediate public recognition or initially sustainable returns.
- There still remain systemic bureaucratic and legislative barriers which inhibit positive heritage conservation outcomes.
- Coordination, cooperation and partnering can enhance heritage conservation outcomes in terms of project vision, standards, sustainability and community benefit.
- Governments can benefit through constructive engagement with the NFP sector as one strategy to enhance heritage conservation outcomes.

The following case studies will be tabled at the Hearings in Perth on 1 August 2005

- Jarrahdale Heritage Park
- Central Greenough Historic Settlement
- Heritage Appeals
- Golden Pipeline Project
- Luisini's Winery Project