



Heritage Inquiry
Productivity Commission
PO Box 80
Belconnen
ACT 2616

29 July 2005

Re: Initial Submission to Inquiry into Conservation of Heritage Places

Dear Sir/Madam,

Thank you for this opportunity to submit our input to the Inquiry into the Conservation of Heritage Places.

UDIA membership is made up of a broad spectrum of development industry actors, ranging from large, interstate property developers to small consulting firms. We operate in Queensland, New South Wales, Victoria, Western Australia and South Australia.

To prepare this initial submission to the Commission Inquiry we circulated a request for inputs from our membership as well as our state policy managers. The response was varied (with most input received from our Western Australian membership) and somewhat limited, given that most of our members operate in greenfield situations where the conservation of heritage places is perhaps less of an issue.

The input we did receive is presented here in the form of answers to several broad questions. It must be noted that experiences differ widely, and these are at best general observations which ought to be subject to further investigation by the Commission.

1. Are current criteria for listing places of heritage significance appropriate?
 - a. There is some concern that a clearer distinction needs to be made between items that require protection through heritage legislation and those that are better protected through other legislative means, including town planning legislation.

- b. Heritage bodies must have the power to reject vexatious or spurious applications for heritage listings.
2. What is the general industry perception of heritage listing?
- a. At best, most developers acknowledge the importance of conserving heritage places. At worst, the industry is resigned to the fact that Australia has a heritage listing system. A heritage listing at the state level is perceived as a negative, particularly because development approvals involving heritage items (and their renovation) have come to be associated with delays and increased holding costs.
 - b. There is a perception that heritage listing has a negative impact on property rights because approval/listing bodies have an anti-development sentiment. This creates wariness in dealing with them and breeds an adversarial rather than consultative approach to resolving heritage matters.
 - c. Overall, a heritage listing is perceived in negative terms by both the development industry and the general public. There is some concern that the positive aspects of conserving heritage places receive less press coverage, with the media seldom providing examples of win-win situations where a heritage site has been conserved or improved to the benefit of all parties involved.
3. What constraints does heritage listing place on development?
- a. From a developer's perspective, the major problems in dealing with a site that has heritage significance are the resulting delays (often several months) in receiving development approvals, and the associated costs. It is acknowledged that developers should factor the resolution of heritage issues into the feasibility of a project from the start, but even where they do factor in the time delays caused by heritage issues, the approvals turn-around tends to take longer than expected. One developer gave the example that on a big project it can cost \$500,000 to \$650,000 per month in interest payments if there are approvals delays. If a Heritage Council does not adhere to a set timeframe for the turnaround of approvals then it is the developer that has to carry the additional costs.
 - b. It has to be acknowledged though, that some developers may unfairly blame a Heritage Council for delays to their projects. One way of avoiding delays is for developers to do more thorough background research and to employ a heritage consultant to advise on what is to be done with the heritage building. More informed applications may result in more rapid approvals from a Heritage Council.

- c. State or federal heritage listing creates uncertainty or unwillingness at local government level to deal with development applications involving heritage listed property without reference to one or more heritage bodies. This throws the normal approvals programme into disarray.
4. Does heritage listing have an impact on property value?
- a. Developers have indicated that it is difficult to quantify whether or not heritage listing has an impact on the value of a property. However, they do factor approval delays into their feasibility studies, which has an impact on residual values.
 - b. Heritage listing generally has a negative impact on value over the lifecycle of an asset, due to restoration and maintenance issues, particularly in the medium to long term.
 - c. There is a sector of the market which appreciates and is attracted to the type of property which might be heritage listed, at whatever level. In Western Australia, for example, the predominant housing stock in Mount Lawley is a case in point, where the public perceives an enhanced value for property which has retained its historical integrity. The recent redevelopment of a church in William Street and its augmentation with several apartments built in a compatible architectural style is understood to have been very successful in the market. If a heritage listed property is allowed to be redeveloped in a sympathetic manner, the impact of the listing may indeed be positive. However, the answer to this question lies in the ability of the property owner to realise these benefits through the heritage approval process.
5. What is your view of the efficiency of the planning process and the role of the Heritage Council?
- a. In some cases the Heritage Council is seen generally as taking a prescriptive and non-negotiable/ negative attitude toward property development on heritage sites from the outset rather than looking at the bigger picture of what a development could offer and how it could actually help conserve and better the property. Members of the Councils tend to be passionate about conserving heritage places, but often cannot see the positive side to developing a heritage site because they are not commercially aware. They are not always proactive in encouraging solutions through adaptive reuse of buildings, for example.
 - b. There are examples of successful negotiations and outcomes in dealing with heritage issues. However this does require the proponent to be proactive and to ensure that they engage the assistance of an experienced consultant. But even such proactive behaviour is no guarantee of success. In NSW, for example, a state-owned development corporation is redeveloping a large surplus government site in Gosford. Some of the buildings on the site are

heritage listed. In preparing the conservation management plan for the site, the management team maintained close liaison with the NSW Heritage Office, which listed the site and adopted a Conservation Management Plan (CMP) (prepared by heritage consultants) which contained conservation policy and directions on how to assess redevelopment proposals contained in development applications. The objective of the Heritage Office and the corporation was to contain all of the planning approval guidelines in the CMP so that the local council could readily assess the heritage impact without any delay. However, the local council, although a party to the set up procedure, now regularly sends the project's development applications to the Heritage Office, and the front line Heritage Office staff continue to undertake assessments, despite all the prior work on assessment guidelines. The general manager of the development corporation reports that "it's an unfortunate case of everyone wanting to be involved in the assessment, particularly unskilled local heritage committees, which impacts on the permitted scale of redevelopment projects and hence their commercial viability and causes delays in approvals."

- c. The general negative perceptions of heritage listing do not encourage proponents to be open with the Heritage Councils and other heritage approval/listing bodies.
- d. If members of the Heritage Councils communicated more openly with developers during the approvals process, more agreement and understanding may be achieved.
- e. Councils are not always able to deal with development approvals timeously. In Western Australia, for example, the Council proclaims to run on a 45 day turn around for approvals, but delays are common. The Council is under-funded and under-resourced and is not able to be able to speed up the approvals process.
- f. Heritage Council officers are often inexperienced and make impractical decisions in terms of what they expect to be conserved. This problem could possibly be rectified if members of the Council visited all sites before making a decision.
- g. Heritage Councils tend not to have a champion to promote the benefits of heritage conservation and this creates a situation where the public and developers are unaware of the positive aspects of heritage conservation. For example in Western Australia, the State National Trust, which is a volunteer organization, gets more press than the Heritage Council because they have a more public representation. The Heritage Council doesn't promote itself or heritage issues, and they are not proactive in selling their ideals.

6. Is there a need for incentives and compensation to be provided to encourage heritage protection?
- a. In some cases, incentives such as tax breaks are currently available from the State Government, but they are not seen as easily accessible. Industry members have applied for and received grants to fund the preparation of conservation plans for heritage projects and for co-funding heritage listed buildings. The funds available through such grants are not huge and the need for further incentives and compensation probably requires consideration. This would assist in making a heritage property a more positive asset to property owners. However, developers do not generally view monetary or other special compensation as *necessary* for developing heritage sites.
 - b. Rather than monetary compensation, developers would prefer acceptable timeframes for approvals, and that Heritage Councils make decisions that take into account practical re-use of a building. Opportunities for plot ratio and density bonuses are also supported by industry as a suitable avenue for compensation, and low interest loans may also be an option.
 - c. Tourism options are not generally considered as an incentive to develop a heritage site as they do not generally make much money. The perception is that a developer would barely break even if they relied only on the heritage listing of a building to generate business.
7. Do you experience significant problems associated with listing on local authority inventories?
- a. Local authorities are often completely guided by, and wholly reliant on, Heritage Councils and other such bodies, and don't make their own decisions on development applications due to a lack of knowledge of heritage sites. This makes it difficult to negotiate with them on these developments.
 - b. Most heritage issues are encountered at local authority level, but, generally, local authorities don't stick to heritage listing guidelines such as the Burra Charter/ Heritage Council criteria when making decisions. Local authority listings tend therefore to be subjective. They aren't generally based on accurate information, and local authorities rely on consultants who often don't agree with each other.
 - c. There is definitely a problem with the lack of consistency across local authorities in this regard, and this leads to some quirky local constraints which do not take contemporary lifestyles and preferences into account. In the city of Stirling in Western Australia, for example, development approval was sought

for the construction of a sympathetically designed double carport in front of a 70 year old Mount Lawley home. The home is listed on the City of Stirling inventory. The City rejected the application on the grounds that the carport should be hidden behind or alongside the house because “families didn’t have two cars 70 years ago and the streetscape should reflect this”.

- d. Local authorities are also known to resist development by proclaiming heritage status. Developers in Western Australia perceive Subiaco, for example, as having a negative view of innovation and modern design and use heritage considerations as a reason to refuse approval. Perth and Fremantle are considered more positive toward development in relation to heritage issues, although in Fremantle, the community have become very vocal and use heritage issues as a way to hinder development.
8. What do you think the public perception of heritage listing is?
- a. The public and other stakeholders have a limited understanding of the processes undertaken to have properties listed as heritage items, and of the development approval process relating to heritage listed sites.
 - b. There is also a poor understanding among players in the development industry, as well as the general public, of the impact of heritage listing and the relationship between the various local, state and federal bodies which might be involved with a particular heritage issue.
 - c. The public often use heritage issues as a platform for stopping a development when the real issue is that they just don’t want the development on that site, or they want to keep more open space.
 - d. In some cases community groups are seen to be using heritage listings as a way to further specific interests. In one example in rural NSW, a developer has prepared a proposal for the treatment of a heritage listed school. Despite broad public support for the proposal, a minority group has been able to halt development because of their relationship with one of the officials in the heritage office. This problem seriously undermines the value of heritage planning.
 - e. Communities are guided by what is in the media and they are less likely to support heritage listings if they are confronted mainly with the negative side of heritage listings. A heritage listing is therefore not necessarily attractive to buyers because they don’t know the benefits, they only hear about the difficulties involved.
9. Does retrospective listing pose a problem for development in the future?

- a. Retrospective listing is only a problem if the listing imposes an unfair or unexpected burden on the property owner, for example, where a developer has not had the opportunity to factor the associated costs into the feasibility studies for a development.
- b. If there were means by which the property owner could be assisted and encouraged to conserve or adapt the heritage listed property for re-use, there would be no problem. At the heart of this issue is the lack of support (financially and approval-wise) for adaptive re-use, and the low level of compensation for loss of property rights.

10. Conclusions and Recommendations

In conclusion, it is our impression from the inputs received that heritage management is necessary and important, but that it can be complicated by the fact that so many actors and levels of government become involved, and that development is sometimes delayed or undermined by groups using heritage claims as a way to further other interests.

Several recommendations emerged from the received inputs:

- a. The approvals process for developments and renovations to heritage places needs to be more streamlined and time and cost-effective. Associated measures might include the introduction of statutory timeframes and more open dialogue between Heritage Council officers and developers in order to create more transparency.
- b. Consideration should be given to preparing a comprehensive, central register that lists all items of national, state and local heritage significance, together with information on their heritage value and the required development application procedures. Ready access to such information would facilitate the preparation of development applications.
- c. The positive aspects of heritage listings need to receive more media coverage, particularly of examples where developers, the community, consumers and government all benefit.
- d. The community should be fully informed about heritage and the positive aspects of conserving heritage sites and of developing some of them. Communities should be consulted by government in terms of what is important to them with respect to heritage in their area so that a comprehensive inventory is developed that does not change with the government in power.
- e. Heritage Council officers need to have more appropriate levels of experience, to make more informed decisions that consider commercial factors as well as

heritage factors. Heritage Councils should include more representatives with commercial experience and business acumen, but practitioners should not be on these councils as they bring their own bias into the decision making process and cause more confusion.

The UDIA would be pleased to assist the Commission in examining any of these issues in more detail in the next phase of its inquiries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Poole', is centered below the text 'Yours sincerely'.

Dr David Poole
National Director