

**VICTORIAN GOVERNMENT
SUBMISSION TO THE
PRODUCTIVITY COMMISSION
INQUIRY INTO THE
CONSERVATION OF HISTORIC
HERITAGE PLACES**

PREAMBLE

The Victorian Government welcomes this important Productivity Commission Inquiry into the conservation of Australia's historic heritage places, which coincides with the development of the new whole of Victorian Government draft heritage strategy, *Victoria's Heritage 2010: Strengthening our communities*.

This submission provides information on the Victorian Government's approach to historic heritage conservation, including the framework that has been established to deliver successful heritage conservation outcomes. It identifies the rationale for the Victorian Government's active involvement in the support, regulation and management of historic heritage places. This submission, also, points out the significant social, environmental and economic benefits that flow from historic heritage conservation. Issues associated with the management of historic heritage places in government, non-government and private sectors are explored along with the current issues that impact on the conservation of historic heritage including the provision of incentives.

The Victorian Government's submission draws upon material contained within a number of reports, including *Victoria's Heritage 2010: Strengthening our communities*, a draft document that sets the Victorian Government's agenda for cultural, heritage over the next five years.

While comment is not provided on all matters raised in the *Productivity Commission's Issues Paper*, it is expected the information contained within this submission will assist the Commission in its deliberations. At this point, discussion of the Commonwealth Government's new heritage regime has not been addressed.

For the purpose of this submission, historic heritage includes any aspect of the State's cultural heritage which is not solely related to Indigenous settlement (but includes heritage shared by Indigenous and non-Indigenous settlement), this includes buildings and other structures, physically-created places and landscapes, and historic archaeological sites. This submission excludes those places and objects which would normally be regarded as part of the fine arts.

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1 INTRODUCTION

The Victorian Government has always been at the forefront of historic heritage conservation. The State enacted the first legislation in Australia in 1974 to protect privately owned non-Indigenous cultural heritage places. In addition to pioneering the identification and protection of historic heritage places of state significance, Victoria has led in the recognition and protection of individual places and precincts of local cultural heritage value. Through the mechanism of Heritage Overlays in local planning schemes, in excess of 100,000 historic heritage places benefit from statutory protection. Victoria is also home to seven of the fifteen historic places inscribed on the Australian Government's National Heritage List with four primarily listed for their historic heritage values.

In 1999, the Victorian *Heritage Act 1995* was subjected to a *National Competition Policy Review*. The findings of this review reflect the State's contention that historic heritage places are a public good and significant positive externalities apply to their conservation. The review also found that both the heritage place owner, who funds the work and the wider community benefit from historic heritage conservation, an extract of the Review is included below:

*"Heritage assets may be considered a public good because they are non-excludable (eg access to a public good cannot be denied to those who have not paid for it) and enjoyment of a heritage structure by one person does not diminish the supply to others."*¹

The activities of the Victorian Government extend beyond legislative and regulatory control. They include extensive historic heritage property management responsibilities across many government departments and agencies; for example the operation of tourism and cultural sites open to the public through Parks Victoria.

The Victorian Government recognises its responsibility on behalf of the community to regulate historic heritage places, provide incentives to promote their conservation by non-government organisations and the private sector and to effectively manage those places for the benefit of future generations. The Victorian Government believes the conservation of historic heritage is not just its responsibility, but is shared with the Australian Government, local municipalities, private heritage property owners and the wider community.

2 WHAT ARE HISTORIC HERITAGE PLACES

For the purpose of this submission, historic heritage places are structures and other physically-created places and landscapes relating to the history of the settlement of people other than the Indigenous inhabitants of Australia. Victoria's rich and diverse heritage reflects the multicultural diversity of the State and

¹ Freehill Hollingdale & Page, *National Competition Policy Review of the Heritage Act, Final Report*, 1999, p. 26.

benefits all of its communities today and into the future. Heritage is the heart of community identity and character.²

Understanding the heritage values of a place or object is an integral part of making appropriate decisions for conservation and management. Heritage protection systems for places, objects and collections need to be comprehensive, administered consistently and easy to use for all Victorians. Today's creations may be tomorrow's heritage.³

For the purposes of managing historic heritage within Victoria, places that have been assessed to be of State significance are protected through inclusion in the Victorian Heritage Register as established by the Heritage Act. Places of local significance are included in Heritage Overlays in local council planning schemes as established by the provisions of the *Planning and Environment Act 1987*. In this context, local significance is defined as those places that are important to the local community.

Government alone cannot sustain our heritage. Everyone has a responsibility. Partnerships between governments, community and businesses are an important mechanism in the delivery of heritage services, programs and funding. Education and training are vital to the future of heritage.

Victoria's heritage is the foundation of much of Victoria's tourism, the liveability of our cities and towns and the spirit of our communities.

3 THE VICTORIAN GOVERNMENT'S ROLE

The Victorian Government has been actively involved in protecting Victoria's historic places since the early 1970s when the first heritage legislation was introduced. Since the *Historic Buildings Preservation Act 1974*, the State has identified, protected and regulated historic heritage places of significance to Victoria. Leading up to that, the *Town and Country Planning Act 1961* was amended in 1972 to make it possible for such places to be protected through planning regimes and the *Government Buildings Act 1972* had provided the State with an expert advisory process for places of heritage significance in State Government ownership. The development of the current Heritage Act has resulted in what the Victorian Government contends is the most robust and rigorous heritage regime in Australia.

Today, the State's role is multi-dimensional as a result of market failure in the provision of historic heritage conservation. Through regulation and incentive programs the Victorian Government attempts to minimise that failure as far as reasonably possible within the context of available State Government resources. The State's agencies and departments own and operate a large number of historic buildings. The State's role also encompasses public land protection, recognition, advice and funding for the conservation and interpretation of historic heritage places and objects for the benefit of the community.

Managing the complexity of Victoria's multicultural heritage is a key challenge. In response, the Victorian Government's new draft heritage strategy, *Victoria's*

² Heritage Victoria, *Victoria's Heritage 2010: Strengthening our communities*, 2005, pp. 3-4.

³ Heritage Victoria, *Victoria's Heritage 2010: Strengthening our communities*, 2005, p. 4

*Heritage 2010: Strengthening our communities*⁴, proposes a new framework for heritage management and protection based on an understanding that heritage comprises both cultural and natural values. It encompasses actions that take into account proposals made during community consultative processes. New principles and guidelines will strengthen current approaches, combining the best of heritage protection and good design. The Strategy enriches the Government's vision, offering key directions, strategies and actions to ensure Victoria's heritage will be sustained into the future.

VICTORIAN HERITAGE STRATEGY

In developing a new heritage strategy, the Victorian Government will seek to encourage all Victorians to engage and celebrate in Victoria's multiculturally diverse heritage.

The Strategy proposes a framework for heritage management in Victoria, including the coordination of resources across Government and the strengthening of community involvement in heritage.

The Victorian Heritage Strategy 2000-2005 was the first government heritage strategy in Australia. Through this Strategy, the Victorian Government achieved many significant goals. These included obtaining resources for the conservation of publicly accessible heritage places, securing protection for significant heritage collections, developing effective compliance programs, establishing partnership volunteer programs and developing strategic links between heritage and tourism.

Building on this success, the Government is currently developing a new strategy called *Victoria's Heritage 2010: Strengthening our communities* that will address current and emerging issues that affect Victorians and visitors to our State. The Strategy will have relevance for the planning, protection and management of heritage across all government jurisdictions, and non-government and community organisations.

The draft Strategy addresses significant issues that arise from community concerns and global, national and local trends. It proposes increased coordination and alignment of many government agencies responsible for aspects of the State's non-Indigenous heritage. The draft Strategy aims to foster a culture amongst government heritage agencies that will be directed towards servicing client needs and achieving whole of Victorian government identified objectives in a consistent and economically responsible manner.

The draft Strategy contains six key directions which guide its content and direction. These are⁵:

- Recognising a rich and diverse heritage
- Using our heritage for a sustainable future
- Managing for growth
- Telling Victoria's story
- Building strong and inclusive networks and partnerships

⁴ The final strategy, *Victoria's Heritage 2010: Strengthening our communities* will be considered for ratification by the Victorian Government on 15 September 2005.

⁵ A large portion of this section has been taken directly from the draft *Victoria's Heritage 2010: Strengthening our communities*.

- Resourcing the community

BENEFITS OF HERITAGE

Victoria's social identity is strongly connected with its cultural environment of which heritage is a fundamental component. Historic heritage conservation is a public good that provides a wide range of social, environmental and economic benefits. Not all these benefits can be quantified in monetary terms, and many contribute to outcomes such as increased pride of place and the sharing of Victoria's stories.

Social Benefits

Heritage is intrinsic to community sustainability through its contribution to multicultural diversity and identity, social cohesion and community participation.

The enthusiasm residents feel for significant places within their communities is most clearly demonstrated when places come under threat of demolition. A recent example that demonstrates this is the House of the Gentle Bunyip in Clifton Hill, which was saved from demolition by a strong community campaign over a number of years. The perseverance of the community demonstrated their aspiration to preserve local character and resulted in the retention of the house, which contributes to the social capital of the area. This example provides clear evidence of the social benefits that can be attained through heritage conservation.

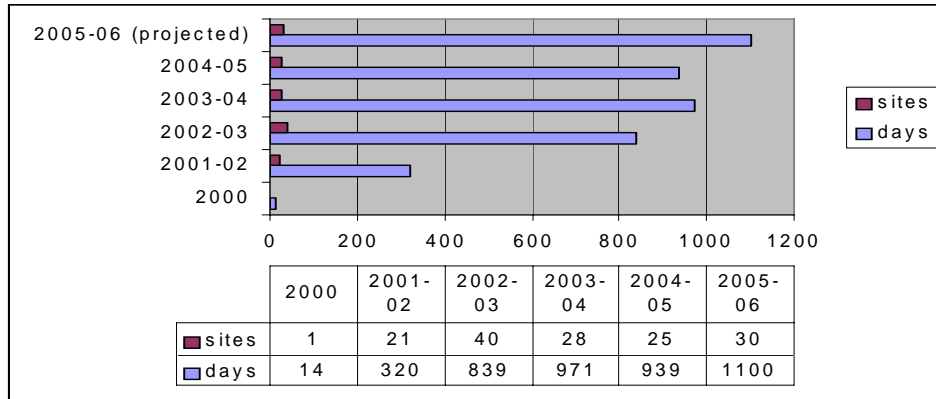
Community Cohesion

Heritage offers and encourages community participation and provides volunteering opportunities. Experience has demonstrated that the public benefits from the opportunity to participate in and witness the archaeological process first hand. There was an unprecedented interest in the Casselden Place excavation, in Melbourne's CBD. In excess of 200 volunteers, each contributed between four days to three months, assisted in the all aspects of the excavation. Additionally, over 2,000 people enrolled in guided tours of the site and hundreds viewed the dig, with more than 50 media articles covering the excavation.

Community interest in built heritage was recently demonstrated at the open day held to celebrate the Royal Exhibition Building and Carlton Gardens inclusion on the UNESCO World Heritage List. At this event in excess of 8,000 people visited the world heritage site, which exceeded all expectations. The Royal Exhibition Building is a major focus of the Golden Mile interpretive self-guided tour. A self-guided tour of Carlton Gardens was also launched on that day.

Volunteer Programs

Programs such as the Heritage Council's Hands on Heritage, a program enabling volunteers to work on heritage places, offer ways to broaden community networks through heritage. Since its launch in 2000, Hands on Heritage has been successful in an overall increase in the number of volunteer hours spent on projects annually, resulting in an active and visible contribution to conserving Victoria's heritage. The table below illustrates upward trends in the number of volunteer days leveraged out from the Hands on Heritage program from 320 days in 2001-2002 to a projected 1100 days in 2005-2006.



Grant Programs

The State's heritage grant programs have also demonstrated how heritage activities can contribute to the development of sustainable communities and provide support for community infrastructure. The restorations of the public halls in Rushworth, Glenlyon, Camperdown and Footscray have enabled the communities to continue to meet and socialise in places, as had previous generations. Support for the conservation of public halls helps build community pride, respects multicultural and local identity and supports the social and cultural life of the community.

Grant programs have resulted in many projects bringing communities together for a shared purpose. The sense of pride engendered through the rehabilitation of heritage places and their ongoing management and use make a significant contribution to community sustainability. Evidence drawn from *Victoria's Heritage 2010: Strengthening our communities* consultation process supports the view that involving people in heritage conservation and management contributes to community cohesion. This view was expressed by the vast majority of individuals and organisations who participated in the consultation.

Environmental Benefits

Victoria's heritage is a key component in the quality of our overall environment. Our environment directly benefits when we conserve heritage buildings through energy savings, reduction in greenhouse gas emissions and reduction in waste.

The maintenance and conservation of heritage building stock plays a significant role in achieving sustainable urban environments. These buildings represent a major investment in natural and human resources. Maintenance and conservation significantly reduce demolition and new construction waste, and conserve the embodied energy in existing buildings. These findings are supported by studies such as such as the British Government's Performance and Innovation Unit Report *Resource Productivity: Making More with Less* (2000).

The Commonwealth Scientific and Industrial Research Organisation (CSIRO) has investigated the amount of energy embodied in existing buildings. Embodied energy is defined as, 'the energy consumed by all of the processes associated with the production of a building, from the acquisition of natural resources to product delivery, including mining, manufacturing of materials and equipment, transport and administrative functions'. Its analysis demonstrates that carbon dioxide (CO₂) emissions are highly correlated with the energy consumed in manufacturing building materials, 'On average, 0.098 tonnes of CO₂ are

produced per gigajoule of embodied energy'.⁶ Carbon dioxide is a significant contribution to the 'greenhouse effect', and the Victorian Government is committed to reducing greenhouse gas emissions.

This research has estimated that the energy embodied in existing building stock in Australia is equivalent to ten years of the total energy consumption for the entire nation. It has established that reuse and recycling of building materials frequently saves about 95% of embodied energy which would have otherwise been wasted. These findings demonstrate the benefits of retaining buildings even from a materials perspective (Some materials such as bricks and tiles suffer damage losses up to 30% in reuse).⁷

Similar research by the British Research Establishment (BRE) considered the energy inherent in materials and construction, and demonstrated that a 'typical' Victorian house contains energy equivalent to 15,000 litres of petrol – enough to send a car round the earth five times or half way to the moon.⁸

Economic Benefits

Victoria's cultural heritage is one of its competitive strengths, generating significant benefits to local and State economies. It contributes to the liveability of our cities and regional areas, and attracts new residents and investors. Heritage is also an important component of Victoria's tourism industry, and investment in heritage is multiplied many times over in its economy. Additionally, investment in the renewal of heritage places creates employment, encourages private investment and builds local community pride.

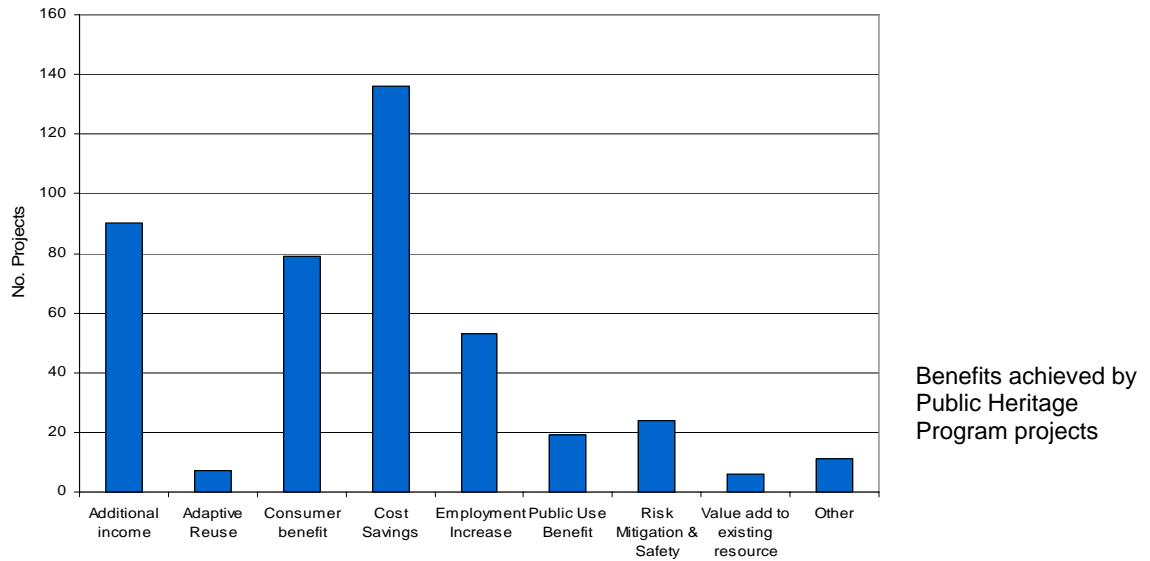
Analysis of Victorian Grant Programs

In Victoria, the social, environmental and economical value of heritage conservation to the community has been demonstrated through analysis of the outcomes of the State's funding programs: the Government Heritage Restoration Program (1994-1998); the Public Heritage Program (1999-2002); and its successor, the Victorian Heritage Program (2003-2005). These programs aimed to support Victoria's valuable cultural heritage.

⁶ Selwyn Tucker, *Embodied Energy*, CSIRO CMIT Brochures-Technologies Embodied Energy. (<http://www.cmit.csiro.au/brochures/tech/embodied/>).

⁷ Tucker, op.cit.

⁸ British Research Establishment, 'Measurement of Residual Embodied Energy in Heritage Housing', 2003, quoted in 'The Economic Value of the Historic Environment' in *Heritage Counts*, 2003. (<http://www.english-heritage.org.uk/heritagecounts/>).



The report *Evaluation of the Victorian Heritage Program* found that for every \$1 of funding the total restoration finance generated was \$3.40. This figure also represents expenditure in local communities, strengthening local economies and providing a source of employment for tradespeople and building industries in particular.⁹

Stakeholder surveys and case studies carried out by independent consultants provide evidence that more than 30% of heritage works projects result in direct job generation. This contributes directly to the Victorian Government’s *Growing Victoria Together* policy of creating employment across Victoria. Almost 80% of heritage conservation projects offer cost savings and improved asset management, contributing to another *Growing Victoria Together* objective - sustainable development. Some 45% of heritage projects provide social, cultural and environmental benefits to the community, contributing to the achievement of wellbeing and social/community cohesion.¹⁰

International Experience

The regeneration effect of investment in conserving heritage has been recognised in a number of studies carried out in industrialised countries. Economic analysis by English Heritage, carried out in 2003, demonstrated that the diverse heritage of a region can make an enormous contribution to its character, identity and economy. The English Heritage report emphasised the regeneration effect of conservation investment in more deprived areas, where other forms of investment are not necessarily forthcoming. Heritage investment can consequently lead the way and act as a catalyst for other funding partnerships and initiatives. A particularly illuminating finding was in the east of England. Investment of £10,000 into heritage has resulted in an average of £45,000 in matching funding from the private sector and public sources. English Heritage concluded that ‘investment in heritage is investment in people – in

⁹ MacroPlan Australia Pty Ltd, ‘Evaluation of the Victorian Heritage Program’, 2004, p.8. An extract of this report is published in *Our Heritage Dividend, Victorian Heritage Program 2003-2005*, Heritage Victoria, Melbourne, 2004, p. 4-5.

¹⁰ Heritage Victoria, *Public Heritage Program Review*, Melbourne, 2002, pp. 8-9, & *Our Heritage Dividend, Victorian Heritage Program 2003-2005*, Melbourne, 2004, pp. 4-5. Extracts from both publications are collectively in this section.

opportunities, homes and quality of life, restoring pride of place and encouraging a sense of positive change'.¹¹

A recent assessment of ten years of the UK Heritage Lottery funding for heritage projects has indicated that in the majority of cases the grant initiated regeneration of a deprived area that would not have otherwise happened, or which would have happened more slowly. Investment in heritage tourist attractions was seen as directly resulting in an increase in domestic and international tourist visitations.¹² Since 1994 the Heritage Lottery Fund has awarded over £1 billion for the conservation of historic buildings, which has conserved more than 8,000 individual historic heritage places or areas in the UK.¹³

The relationship between historic building rehabilitation and job generation has been confirmed by studies in Britain and the United States. In Ohio, USA, comparison of historic building rehabilitation with manufacturing in terms of job generation has shown the former in a favourable light, producing 38.5 jobs for every \$1 million in building rehabilitation versus 25.5 jobs for every \$1 million in manufacturing output.¹⁴

Heritage Tourism

While tourism is often seen as a significant means of achieving the viability of heritage places, it is important to recognise that the economic contribution made by heritage tourism is not merely a matter of direct revenue income. There are flow-on effects via retail and catering sales, employment and other multiplier effects for local economies. These affect the social sustainability of those communities, and in turn enhance their viability and community identity.

This flow-on effect can be demonstrated in the analysis of the economies of three heritage mining towns in Australia: Maldon (Victoria), Burra (South Australia) and Charters Towers (Queensland). All three towns are well known as tourist destinations with the communities demonstrate a strong sense of local pride in their town's popularity and ability to attract visitors. Communities adjoining Maldon and Burra also benefited from the economic input of tourism into these towns, with a total of \$4 million being injected into the region. The economic impact of heritage tourism for the region around Charters Towers was also significant at \$2 million.¹⁵

A study by Price Waterhouse Coopers in 2003 into the economic contribution of Victoria's parks system found heritage contributed substantially to the State's economy. Many of the parks managed by Parks Victoria included in this study contained historic heritage values, such as Werribee Park Mansion, lighthouses, piers and other structures. The case study undertaken on Gem Pier (Williamstown), commissioned by Parks Victoria, found an average of 540,000 visits per year between 1997-1998 to 2000-2001. Of these visits, 56% visited the Gem Pier for sightseeing purposes, which includes visiting cultural and historical landmarks, and recreational areas. These visits account for a total economic value to the Victorian community of approximately \$14.8 million per annum.¹⁶

A report by Tourism Research Australia for Tourism Victoria documents the significant economic benefits heritage tourism brings to Victoria. Approximately

¹¹ English Heritage, 'Heritage Dividend. East of England Region', *Heritage Counts*, London, 2003, p.2.

¹² English Heritage, *Heritage Counts 2004: The State of England's Historic Environment*, English Heritage, 2004, p 9.

¹³ Heritage Lottery Fund 2005, *Historic Buildings 10 years of heritage Lottery funding*, London, p.1.

¹⁴ Donovan Rypkema, 'The Economic Power of Conservation', *CONTEXT* 84, 2004.

¹⁵ Mules, Trevor, 'Regional Economic Impacts of Tourism in Heritage Mining Towns', paper presented to the International Society for Ecological Economics, Canberra.

¹⁶ Price Waterhouse Coopers, *Parks Victoria – Economic Contributions of Victoria's Parks*, 2003

736,000 domestic overnight visitors to Victoria visited an historical, heritage building or monument on their trip in the year ending March 2005, accounting for over 2.6 million visitor nights, spending \$315 million in Victoria. There were approximately 495,000 domestic daytrip visitors to Victoria who visited an historical or heritage building or monument on their trip in the year ending March 2005, spending \$42 million in Victoria.¹⁷

Approximately 417,000 international visitors to Victoria (32% of all international visitors) visited a cultural heritage site on their trip in the year ending December 2004, accounting for over 7.6 million visitor nights. International visitors who had visited an historical or heritage site spent \$806 million on their trip to Victoria.¹⁸

Visited historical/heritage building sites or monuments	Victoria
Domestic	
Overnight Visitors (000s)	736
Visitor Nights (000s)	2,642
Overnight Visitor Expenditure (000s)	\$ 369,880
Daytrip Visitors (000s)	495
Daytrip Expenditure (000s)	\$ 42,075
International	
Overnight Visitors (000s)	417
Nights (000s)	7,568
International Expenditure (000s)	\$ 681,120

Tourism offers the potential for promotion and use of historic places, but demand for heritage tourism venues is not infinite. The quality and effectiveness of heritage tourism venues and experiences vary considerably.

The conservation of historic heritage places provides considerable social, environmental and economic benefits. Historic heritage places have the ability to enrich lives through informing the community of the past and contributing to Australia's sense of identity. The amount of embodied energy contained within the fabric of heritage buildings and structures is significant and their retention and reuse can contribute to reductions of greenhouse gas emissions. The economic benefits of historic heritage conservation are wide ranging, and directly contribute to cultural tourism, urban regeneration and job creation. Government support of historic heritage conservation has been shown to leverage significant additional funding, volunteer support and promote economic activity.

4 THE VICTORIAN SYSTEM

The Victorian heritage conservation system has been developed over the past 30 years, and has influenced the regulatory regimes in other states. This is demonstrated in the *National Competition Policy Review* that found Victoria to be the leader in successful frameworks and processes for historic heritage conservation.

¹⁷ Tourism Research Australia, *National Visitor Survey*, report for Tourism Victoria, 2005.

¹⁸ Tourism Research Australia, *International Visitor Survey*, report for Tourism Victoria, 2004

HERITAGE POLICY FRAMEWORK

It is Victoria's observation that the broad framework adopted by the states and territories for the regulation of heritage is comparable across the country. However, each state and territory has its own legislation and each approach the details of the framework in different ways. Each jurisdiction develops and maintains a list of significant places, and has processes for approval of changes to those places as well as the delivery of incentives and forms of assistance. Perhaps the greatest discrepancy between jurisdictions is the manner in which places of local significance are identified and protected and the way in which town planning legislation embraces concepts of cultural heritage conservation.

The Victorian Government has not detected any specific concern from heritage place owners, managers and developers about differences across state and territory borders. By and large, all jurisdictions ascribe to the same underpinning philosophy set down in the Burra Charter, the internationally recognised principle heritage charter for Australia providing guidance in the conservation and management of culturally significant places.

HERITAGE ACT

The Victorian *Heritage Act 1995* established a legislative framework for heritage protection in Victoria, replacing the *Historic Buildings Act 1981*, the *Historic Shipwrecks Act 1981* and amended part of the *Archaeological and Aboriginal Relics Preservation Act 1971*.

The Heritage Act provides identification and protection of places and objects of non-Indigenous cultural heritage significance, including:

- historic buildings, structures and precincts;
- historic non-Indigenous archaeological sites and artefacts;
- gardens, trees and cemeteries;
- cultural landscapes;
- shipwrecks and relics; and
- significant objects and collections.

The Heritage Act's other main functions are:

- establish a Heritage Council of Victoria;
- establish a Victorian Heritage Register; and
- establish a Victorian Heritage Inventory.

THE HERITAGE COUNCIL OF VICTORIA

The Heritage Council of Victoria is established under the Heritage Act. As an independent statutory authority, the Heritage Council is the State's main decision-making body on heritage issues, operating in accordance with the Heritage Act. Its ten members are appointed by the Governor-in-Council upon the recommendation of the Minister for Planning. The members, along with alternate members, possess a range of required skills and expertise varying from skills in

history, architectural conservation or history, archaeology, engineering or building construction to property management and planning law.

The functions of the Heritage Council of Victoria are set out under the Heritage Act. The major functions of the Heritage Council are to:

- act as the primary source of advice to the Minister for Planning, government departments and agencies, municipal councils and local government on heritage issues and planning schemes, in accordance with the Heritage Act and the Planning and Environment Act;
- liaise with other organisations and businesses responsible for matters relating to the protection and conservation of places and objects of cultural heritage significance;
- determine which heritage places and objects are added or removed from the Victorian Heritage Register;
- hear appeals on permit applications determined by Executive Director, as defined in Section 14 of the Act;
- approve or reject recommendations for loans and grants from the Heritage Fund for registered heritage places;
- promote and improve public understanding of Victoria's cultural heritage through conducting community education and information programs; and
- develop, revise and publish the assessment criteria to be used in considering the cultural heritage significance of places/objects.

The Heritage Council of Victoria receives professional advice and administrative support from Heritage Victoria. The Council's expertise is supplemented by external *pro bono* advice through its various advisory committees, namely Archaeology, Collections, Historic Shipwrecks, Industrial/Engineering, and Landscape. These committees draw their membership from Council Members and government and non-government heritage professionals.

THE EXECUTIVE DIRECTOR

The position of Executive Director is established under Section 14 of the Heritage Act. Pursuant to Section 15 of the Act, the Executive Director's functions include:

- recommending, to the Heritage Council, places and objects for inclusion in the Victorian Heritage Register as part of the assessment and registration process;
- recommending, to the Heritage Council, historic archaeological places or relics for inclusion in the Victorian Heritage Register as part of the assessment and registration process;
- issuing permits and consents to alter or make other changes to heritage places and objects;
- recording identified historic archaeological sites, areas and relics in the Heritage Inventory; and

- recommending, to the Heritage Council, identified remains from shipwrecks for the inclusion in the Victorian Heritage Register.

HERITAGE VICTORIA

Heritage Victoria is the Victorian Government's principal historic heritage agency and is a branch of the Department of Sustainability and Environment. Heritage Victoria supports the work of the Heritage Council of Victoria, although the two are quite separate entities.

Heritage Victoria employs a multi-disciplinary team of heritage professionals including architects, planners, maritime and historic archaeologists, historians, conservators, information managers and support staff committed to serving Victoria's cultural heritage needs.

Through administering the Heritage Act, Heritage Victoria assists in identifying, protecting and interpreting Victoria's significant cultural heritage resources. It advises private owners, local and State Government, industry and the general community on heritage matters. Heritage Victoria's aim is to make heritage identification, protection and management accessible and easily understood.

Heritage Victoria's core responsibilities are:

- promotes community understanding of the Heritage Act;
- provides funding assistance for heritage projects;
- provides educational services, resources and support for heritage related projects; and
- conserves significant artefacts and objects.

VICTORIAN PLANNING AND ENVIRONMENT ACT

The land use planning system in Victoria is designed to balance the community's needs with those of the individual property owner. The *Victorian Planning and Environment Act 1987* was created to establish a framework for planning the use, development and protection of land in Victoria in the present and long-term interests of all Victorians. Within Victoria, the Planning and Environment Act requires that each of the 79 local government authorities implement the Government's objectives for planning.

Local government planning schemes within Victoria are modelled on the Victoria Planning Provisions which is a standard template used in the construction of schemes. The Victoria Planning Provisions include a Heritage Overlay provision, the primary tool used within local council planning schemes, to assist in protecting the heritage of a municipality. Under Heritage Overlays, historic heritage places considered of local significance are provided statutory protection by the local government, however they also record places included in the Victorian Heritage Register, as required under Section 48 of the Heritage Act. Local planning schemes are both listed in a schedule to the Heritage Overlay and mapped on the Heritage Overlay map(s).

Information on Heritage Overlays and their requirements are available at: <http://www.heritage.vic.gov.au/page.asp?ID=132>

THE HERITAGE SYSTEM

The Victorian heritage regime provides adequate opportunity for public input into the listing process, and the Government believes its heritage system is amongst the most democratic in Australia. The public is encouraged to nominate cultural heritage places and objects at state level, and participate in all stages of the process.

State

Historic heritage places and objects of cultural significance to the State of Victoria are included on the Victorian Heritage Register (VHR). The VHR contains 1,995 places (at the time of this submission). The criteria used by the Heritage Council of Victoria for assessing the significance of places and objects for recommended to the Victorian Heritage Register are:

Criterion A:

The historical importance, association with or relationship to Victoria's history of the place or object.

Criterion B:

The importance of a place or object in demonstrating rarity or uniqueness.

Criterion C:

The place or object's potential to educate, illustrate or provide further scientific investigation in relation to Victoria's cultural heritage.

Criterion D:

The importance of a place or object in exhibiting the principal characteristics or the representative nature of a place or object as part of a class or type of places or objects.

Criterion E:

The importance of the place or object in exhibiting good design or aesthetic characteristics and/or in exhibiting a richness, diversity or unusual integration of features.

Criterion F:

The importance of the place or object in demonstrating or being associated with scientific or technical innovations or achievements.

Criterion G:

The importance of the place or object in demonstrating social or cultural associations.

Criterion H:

Any other matter which the Council considers relevant to the determination of cultural heritage significance.

Victorian Heritage Inventory

The Victorian Heritage Inventory is a listing of all known historical archaeological sites in Victoria. Items on the Inventory are defined as historic archaeological sites, areas or relics and must be 50 or more years old and relate to the non-

Indigenous settlement of Victoria. All archaeological sites over 50 years of age, even if their exact location is unknown or they have not individually been included in the Inventory, are subject to a blanket protection under the Heritage Act. There is no threshold of significance for places in the Heritage Inventory.

There are approximately 6,200 archaeological places listed in the Heritage Inventory. The recording of archaeological places in Victoria is generally driven by development, rather than research or systematic assessment. As a result, most of Victoria's identified historical archaeological sites are located in road corridors (identified during studies associated with major road developments), in the Central Goldfields (where surveys for gold mining sites have been conducted, and where mining continues) and in the Melbourne Central Business District (which was the subject of an Archaeological Management Plan in 1993). With the majority of archaeological listed places identified as a result of development pressures, much of the State's archaeological character has not been adequately evaluated. There is a need to conduct heritage studies at State and local levels, for appropriate assessment of Victoria's archaeological sites.

Shipwrecks and Relics

The Heritage Act makes provision for the protection of all shipwrecks in Victorian waters which are more than 75 years old. It provides for permits to be issued to access sites and also provides for declarations of 'prohibited zones' where the wreck is sensitive to damage or potential danger. Where relics from wrecks are retrieved, they are treated and conserved in the Heritage Victoria conservation laboratory.

Registrations

The Heritage Act allows any person or body to nominate places or objects for inclusion in the Heritage Register. Places include buildings, precincts, gardens, non-Indigenous archaeological sites, shipwrecks, cemeteries, and trees. Objects could include important machinery, vehicles, equipment, furniture, paper based collections and other items of every day use. Every valid nomination must be assessed and a recommendation made to the Heritage Council of Victoria. Recommendation made by the Executive Director may be appealed to, heard and considered by the Heritage Council before the Council determines whether a place is added to the register.

A four-pronged approach has been developed to meet this obligation:

1. prioritising/ processing nominations as they are received;
2. systematic reviews of recommendations made in local government heritage studies in order to build a strong state-wide list;
3. urgent response to address community interest in places under threat; and
4. conducting ongoing reviews of old registrations to ensure that the Register is not fossilised through relying on old data and information.

All assessments of nominated places involve:

- liaising with owners, nominators and other key stakeholders;
- assessment of cultural heritage significance against the Heritage Council's criteria;
- physical examination of places and objects;

- preparation of statutory documentation and plans, diagrams and statements of cultural heritage significance; and
- Heritage Victoria staff appearing before the Heritage Council in support of the Executive Director's recommendation.

Below is a table of assessments occurring between 1999-2005, for places and objects nominated for the inclusion in the Victorian Heritage Register.

Assessments 1999-2005

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Nominations received	136	114	116	93	115	103
Recommendations to add	60	56	38	40	45	52
Additions to register	55	63	42	47	36	33
Amendments to existing registrations	37	77	20	19	5	11
Places recommended for planning protection	56	81	36	17	40	21
Places not included or recommended for planning scheme protection	8	5	7	1	6	2
Recommendations attracting submissions	35	28	26	26	33	18
Recommendations involving hearings of the Heritage Council	11	18	15	11	9	8
Number of Interim Protection Orders	4	4	3	4	1	2

Amendment or Removal of Items from the Register

In a procedure that mirrors the process for registration, the Heritage Council is empowered under the Heritage Act to amend or remove an item on the Register. Any person or body may request that an item be removed from the register, in part or in its entirety. The Executive Director's recommendation to the Heritage Council following such a request will include consideration of the cultural heritage significance of that place or object.

Permits and Consents

The Heritage Act requires the Executive Director to protect the culturally significant aspects of registered places and objects. Alterations are often required to keep pace with the demands of modern life, new technology and broader community expectations, but they must also respect the importance of the place. Any such works require permits under the Act except where specific permit exemptions are in place.

Permits are required to be issued within 60 days of application, unless an extension of time is provided by the Heritage Council. The matters to be taken into account in assessing permits applications is established in the Heritage Act and the approach to assessing permits applications is outlined in the *Permits Manual*, these include:

- The extent to which the application would affect the cultural heritage significance of the place or object;
- The extent to which the application, if refused, would effect the reasonable or economic use and community benefit of the registered place, or cause undue financial hardship; and

- If the applicant is a public authority, the extent to which the application, if refused, would unreasonably detrimentally affect the ability of the public authority to carry out its statutory duties.

Assessment of applications can involve extensive consultation. To expedite this, Heritage Victoria has instigated a practice of interested party meetings where applicants meet with objectors and hear each others views. These meetings enable the applicant and community to be informed of issues and provide an opportunity for mediated outcomes.

In the 31 years of operation of the Heritage Act and its predecessors, the number of permits has grown from 16 in 1974 to 379 in 2004-05. The Executive Director is empowered to issue consents for the excavation or exposure of archaeological relics. During 2004-2005, Heritage Victoria issued consents to authorise archaeological investigations and associated work on 131 places.

Permits 1999-2005

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Permit applications received	519	541	620	439	441	427
Permits issued:						
- in less than 30 days	246	237	225	178	179	129
- between 30 and 60 days	176	200	269	220	201	203
- in more than 60 days	38	36	57	37	36	47
Total permits issued	460	473	551	435	416	379
Total permits refused	12	9	12	4	4	5
Appeals lodged with Council	12	7	9	8	2	3
Appeals called in by Minister	1	1	1	0	0	0
Appeals heard by Heritage Council	12	2	4	1	3	1
Appeals allowed or conditions varied	4	0	3	1	2	1

Appeals

The success of the consultation and mediation process for permit assessment is reflected by the relatively low level of permit appeals as outlined in the table above.

Permit Exemptions

The Heritage Act enables the Heritage Council to put permit exemptions in place. Permit exemptions allow for certain works or activities to be undertaken without having to obtain a heritage permit. Exemptions are usually based on a heritage policy established for the place at the time that it is registered and provide for works or activities which will not impact on the significance of the place or object.

Local

Heritage Overlays are established under the Victoria Planning Provisions and are the main tool used by local government to protect heritage places in their municipality. Prior to inclusion in a Heritage Overlay, the identification of historic heritage places is usually undertaken as part of a local heritage study. The

parameters for the inclusion of places in Heritage Overlays are defined in the Planning and Environment Act.

The Planning Practice Note *Applying the Heritage Overlay*, prepared in 1999, advises local government that other heritage criteria can be adopted for local planning schemes. Despite slight wording differences, there is a consistency in Victoria in the use of heritage criteria by the two levels of government, and these both align with the criteria of the Australian Heritage Council.

The minimum threshold for inclusion in the planning scheme is the importance of a place to a community, which is usually a local government area but may be a locality.

For places that are subject to a Heritage Overlay, other than those places also included in the Victorian Heritage Register, a planning permit is required from the local council to carry out the following works:

- subdivide or consolidate land;
- demolish, remove, construct or externally alter a building;
- construct or carry out works;
- construct or display a sign; and
- externally paint an unpainted surface or to externally paint a building if the painting constitutes an advertisement.

In some instances, a planning permit may be required to externally paint or internally alter a building.

Other planning scheme tools that are occasionally used to provide statutory protection for historic heritage places include the Significant Landscape Overlay and the Vegetation Protection Overlay.

Before a Heritage Overlay is applied, an amendment to the local planning scheme must be publicly exhibited by the local council. The amendment process usually involves extensive public notice procedures that invite submissions. If submissions are made, it is common for an independent panel to be appointed by the Minister for Planning to consider the submissions and to recommend to the council its advice with respect to the adoption of the amendment.

As with inclusion on the Victorian Heritage register the Heritage Overlay does not prohibit demolition or development but requires that a planning permit first be obtained. In seeking a planning permit to demolish or develop, councils are required to consider the impact of the demolition or development on the heritage significance of the place. While some councils have adopted local planning policies which discourage the demolition of heritage buildings, no planning scheme in Victoria contains an outright prohibition on demolition.

Members of the community are often surprised that planning controls do not mandate against the demolition of historic buildings, and argue that planning controls need to be strengthened. Conversely, some property owners object to the listing of their property. In reviewing submissions, local governments and planning panels will, on occasion, recommend that places be deleted from Heritage Overlays.

A property owner who is refused a planning permit to develop their land may seek to have that decision reviewed by the Victorian Civil and Administrative Tribunal (VCAT). It is inevitable that some individuals, who have been denied the opportunity to develop their property as they see fit, will criticise the system as an

encroachment of their individual property rights. At the same time, there are members of the community who decry councils and VCAT for approving an inappropriate level of development within Heritage Overlays, and who argue for a tightening of planning controls. Greater community education is needed to dispel myths about the impact and role of local listing.

An indication of the importance of the role of local government in historic heritage conservation can be gauged by the fact that of the 85 new places which were nominated for the Victorian Heritage Register in 2004-05, 60% were already the subject of a Heritage Overlay at the time of the nomination. A further 10% were in the course of being considered by the local council for inclusion in a Heritage Overlay. The Department of Sustainability and Environment has produced Planning Schemes Online, an electronic resource that provides free public access to every planning scheme in the State, including local heritage policies, schedules and overlay maps.

Information on local planning schemes is available at:
<http://www.dse.vic.gov.au/planningschemes>

Non Statutory

There are various non-statutory lists that exist in Victoria. Perhaps the best known is the National Trust of Australia (Victoria) Register of Classified Places. It is the longest standing of any lists of historic heritage places in Victoria. The Trust also maintains a register of culturally significant trees and avenues.

Whilst the role of the National Trust in leading heritage conservation in Australia is acknowledged, the continued presence of its classified lists causes considerable confusion in the community. Many people continue to believe that a National Trust classification brings with it strong statutory controls. Whilst such confusion benefited the Trust's ability to influence conservation outcomes before statutory controls were so wide ranging, it seems unfortunate that this misconception continues.

Following a state wide study, the Royal Australian Institute of Architects, also established a heritage list in 1983. The register consists of over 600 buildings and structures from the twentieth century.

A difficulty that commonly arises in the public perception of hierarchical degrees of significance is places identified to be of local importance. These are often considered to be less important, and therefore potentially expendable. In reality, places of local significance will often be greatly valued by a local community who may not see the same worth in a place of state or national significance.

The hierarchical listing regime in operation in Victoria provides an appropriate mechanism for the recognition of historic heritage places, and allows regulatory controls to be matched to the needs of the community.

5 CURRENT RESPONSIBILITIES FOR HISTORIC HERITAGE CONSERVATION

Of the 1,995 sites listed on the Victorian Heritage Register (VHR), 631 are recorded as being in 'public' ownership, with the remaining 1,364 places listed under 'private' ownership. In reality, private ownership means non-government and includes not for profit organisations like the National Trust, churches, private individuals and commercial owners. Of the 631 publicly owned places, the VHR lists 178 sites as owned by local government, 444 by the State and nine by the Commonwealth.

PUBLIC SECTOR

As well as regulating the development of historic heritage places, the Victorian Government owns and operates heritage places through various government departments and agencies. It is also the management agency for heritage places on Crown land, such as parks and reserves. It is unusual, however, for the Victorian Government to actively acquire heritage properties, although the Heritage Act does contain this provision. The philosophy supporting its policy is that government acquisition is not desirable if the private sector is managing the place adequately and protecting its values. The Victorian Government will only consider the acquisition of historic heritage places if it is essential to its survival.

One such Government owned historic heritage place is the former Napier Waller house in Ivanhoe, which in recent times was accepted by the State as a bequest. It was donated when it became apparent that the house and its invaluable collection of contents, related to the important artist Napier Waller, would be sold and dispersed without such action. It is now owned by the State and is managed by a Committee of Management, which includes representatives of the Heritage Council, Banyule City Council and the National Trust.

Committees of Management

Under the provisions of the *Crown Lands Reserves Act 1987*, the Government encourages community management of many places. Within the scope of this legislation it is possible for Committees of Management to lease places to the private sector. One of the most successful examples is the management of a number of properties by the Mint Committee of Management (or Mint Inc. as it is commonly known). Its success is in part due to cross-subsidisation by the revenue from the car park on the grounds of the Mint, demonstrating commercial enterprises can assist in conservation.

The more successful committees of management involve local government authorities or larger community organisations who can draw on their organisation and other resources to manage and maintain heritage places. Many committees of management of heritage places on Crown land are small local interest groups unable to fund restoration or improvement works or, in some cases, even to undertake maintenance works.

Local Government

Local government authorities operate the majority of publicly owned historic heritage places within Victoria. They are among the most successful committees

of management of heritage places on Crown Reserves. A limited number of councils are actively trading on their heritage portfolio, and are managing places so the heritage significance is available to the public in an ongoing way. For instance, Indigo Shire successfully operates a number of historic heritage sites in Beechworth in North West Victoria to encourage tourist visitation to the town. Unfortunately a significant number of councils, particularly those in more remote areas of the State, struggle to support the heritage places in their care due to a smaller rate base from which to leverage funds.

Parks Victoria

Parks Victoria manages 16% of the land area of the State and it is a major manager of heritage places, having an inventory of 2,500 historic places. Parks Victoria manages its assets for several objectives, including leisure, tourism, education and communication, as well as natural, Indigenous and historic heritage conservation. The traditional focus on natural resource management has at times caused difficulties in achieving appropriate recognition for cultural heritage. Parks Victoria works closely with other organisations and government agencies to facilitate a coordinated approach to the conservation and presentation of historic heritage places.

Partnerships

The draft Strategy, *Victoria's Heritage 2010: Strengthening our communities*, identifies that partnerships and other cooperative arrangements between government organisations and other bodies may assist in the more effective use of resources to achieve sustainable management of these heritage places. The National Trust, for example manages Crown land assets on behalf of the State, and makes them accessible to the public. The community museum sector will greatly benefit from increased partnerships between Victorian Government agencies and local government.

NON-GOVERNMENT SECTOR

Non-government organisations, including religious organisations, historical societies, museums and community groups, play a vital role in the conservation of Victoria's cultural heritage. As a consequence, the draft Strategy proposes a range of initiatives to better equip these organisations with the resources they need for management of historic heritage places. Information sharing initiatives, education and training programs, promotion of stronger partnerships and links between heritage place managers, development of resourcing models and the provision of database facilities are proposed to assist in the management of historic heritage places.

Many redundant public buildings, such as courthouses and town halls, have become homes to local historical societies or 'Friends' groups. While these groups provide an ongoing use of the building and provide vital volunteer support for these important local landmarks, many struggle with the cost of operating and maintaining the historic building. Sustainable operation of these important community assets is not usually possible without substantial outside financial assistance.

Several independent trusts or boards established by an act of parliament demonstrate excellence in heritage place management. Puffing Billy Railway is an example of an independent organisation which effectively manages its heritage and integrates it with tourism. It relies on community support and sectional interest input from 670 active volunteers as well as 50 staff. Another

example is the Melbourne Zoo, which celebrates and capitalises on its heritage through its marketing strategy.

The value of non-government heritage activities was recently acknowledged by the Heritage Council by presenting its inaugural Victorian Heritage Award to the Mt Alexander Diggings Trail. This tourist initiative, run by a volunteer group in Castlemaine, is providing a vital cultural heritage tourist resource to the region. Awards are considered an important mechanism for celebrating successful projects and promoting heritage best practice.

The National Trust of Australia (Victoria) is the largest community based heritage organisation in the state. As well as advocating for heritage conservation on behalf of the community, the National Trust manages 40 historic heritage places, from Rippon Lea Estate to the Pollywoodside. It also acts as the Committee of Management for eight Crown land properties, including Old Melbourne Gaol and Tasma Terrace, for which it receives \$233,000 annually from the Victorian Government.

PRIVATE SECTOR

The private sector is by far the largest owner and manager of historic heritage assets in Victoria. Although many of the iconic historic heritage places are State or local government owned, the majority of the places in the Victorian Heritage Register and in Heritage Overlays are privately owned.

Unlike most government departments and agencies and institutional and non-government organisations, private owners seek an economic return from their investment. The divergence between the private costs and public benefit accrued through historic heritage conservation distorts the decision making process of some property owners. This is due to their inability to capture or unwillingness to recognise the wider social and environmental benefits of conservation activities.

Even though the entire costs may have been met by the private property owner, the conservation of heritage places is a non-excludable public good from which the community as whole benefits. This economic argument can be used to justify the provision of public money to private heritage owners through tax incentives or grants.

All indicators suggest a sustainable use is necessary to ensure maintenance, and consequently conserve, historic heritage places is undertaken. Both privately and publicly owned heritage places with a viable use are more likely to be maintained and conserved than those places no longer fulfilling an operative use. Private owners, particularly of residential places, appear more likely to conserve their heritage places as the investment return usually comes as a net personal benefit.

Heritage Victoria's 2001 study, *Heritage Listing & Property Valuations in Victoria*, concluded that in general heritage controls did not have a significant effect on property values.

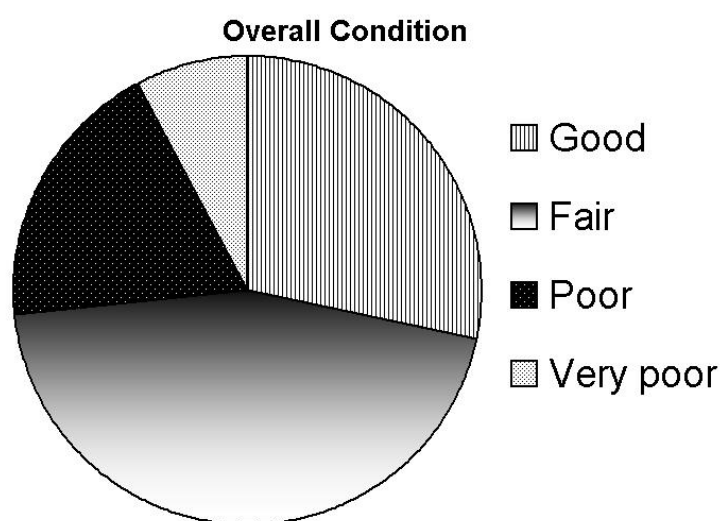
6 CURRENT STATE OF HISTORIC HERITAGE PLACES

Heritage Victoria conducted the State of the Historic Environment (SHE) project in 2003. The project recorded the condition of places included in the Victorian Heritage Register, and provided the basis to monitor these places over time.

Historic environment reporting, by State and Territory heritage agencies, emerged as an initiative from the National Heritage Chairs and Officials meeting in March 2001. Based on a project undertaken by the Heritage Council of Western Australia, it was determined that a national program of regular condition monitoring should be undertaken by all State and Territory heritage agencies. These reporting projects would assist Environment Australia (now the Department of Environment and Heritage) in meeting its legislative requirement of a five yearly state of the environment report for Australia.

By the end of 2004, nearly 70% of owners contacted provided a response, resulting in the collection of detailed information of approximately 40% of places listed in the Victorian Heritage Register (VHR). The information suggested that while some heritage place owners had spent considerable amounts in maintaining and restoring their places, a sizeable percentage were not financially capable and sought assistance from government authorities to assist in maintaining their places. The extrapolated amount required to return registered heritage places to a 'good state of repair' is potentially in the tens of millions, assuming the survey participants typify the majority of heritage place owners and their needs.

The project provided a good insight into the condition of registered places. The data collected suggested that over 30% of places in the VHR were in good condition, 40% were said to be in fair condition and a total of 20% were in poor or very poor condition (the condition of 10% could not be determined due to inadequate data).



Analysis of the data allowed for projection of future restoration costs to be made. The information was used effectively by the Victorian Heritage Program's Places

at Risk component, with grants targeting SHE project places graded with a 'poor' or 'very poor' condition rating. Additionally, the data was used to encourage owners of threatened places to apply for financial assistance to undertake conservation and necessary repair works.

Other benefits of surveying included contact with heritage place owners and managers, enabling direct communication about Heritage Act responsibilities; enhancement of Heritage Victoria's photographic library; and improvement in the accuracy and currency of owner data.

The figures collected by the SHE project did not differentiate on the basis of ownership, but from the data provided it was ascertained that over \$113 million was spent on heritage places in the recent past. Of the SHE survey respondents who identified that past works had been undertaken, cost estimates for works projects averaged at over \$300,000 per project. Whilst averaging the costs does not necessarily provide a typical picture of expenditure on heritage places due to the vast range of place and project types surveyed, it illustrates that owners have spent significant amounts on the conservation, restoration, repair and/or renovation of their heritage assets.

Although owners are contributing significant resources to the maintenance and conservation of historic heritage places, the SHE project identified that many private owners cannot sustain this activity without some input from other sectors, in particular Commonwealth, State and local government incentive programs.

Heritage Victoria is supportive of the surveying of historic heritage places and for the process to be funded at the Commonwealth level. If this was adopted as a national exercise, a standard methodology should be employed to ensure regularity in the type of data collected and the measures used to assess it. An important consideration in any state of historic environment project, if it involves the participation and goodwill of heritage place owners and managers, is the ability to demonstrate tangible benefits.

7 CURRENT ISSUES FOR HISTORIC HERITAGE CONSERVATION

SKILL SHORTAGES

In Victoria, the Heritage Advisor system allows local governments to draw on heritage expertise. Currently there are a limited number of appropriately qualified and experienced heritage professionals. The majority of these heritage advisers come from an architectural background, limiting the scope of advice provided. There would be benefit in supplementing these skills with those of heritage planners, historical archaeologists, landscape specialists, management experts, and materials and collections conservationists, to assist local councils and the community. Heritage Victoria helps respond to the shortage through the provision of ongoing training and seminars. Additionally, Heritage Victoria hosts an internet based interactive forum, 'Heritage Chat', which enables information sharing amongst heritage advisers and other professionals.

Historic heritage conservation projects have sometimes been delayed due to the difficulty in obtaining skilled tradespeople, particularly in the more remote areas of the State. However, this often is a result of a more general trade skill shortage

rather than a heritage specific issue. These shortages reflect economic cycles in the building industry. For instance, the building boom in Sydney prior to the 2000 Olympics caused a shortage of bricklayers in Victoria over an extended period of time.

Much of the repair work to heritage buildings requires normal trade skills, for example re-roofing a heritage building with corrugated steel roof can be done by a general roof plumber. The heritage input can be provided by the local council heritage advisor or conservation architect, to ensure the correct type of roofing material, rainwater goods and detailing is used.

The Victorian Government recognises there are many heritage buildings that require specialist trades skills, for example tuck-pointing. Specific trades areas have greater skill shortages than others, for instance there are also very few hard plasterers with experience in repairing exterior render on heritage buildings to an appropriate standard.

Heritage Victoria assists place owners and managers in finding appropriately skilled tradespeople when necessary or requested. A database of consultants and contractors with heritage expertise is maintained for this purpose. The database can either generate reports of all the consultants or contractors with particular skills, or can generate a random selection.

There is a recognised need to address the attrition of specialist skills. Holmesglen TAFE, Gordon TAFE and the University of Ballarat have been investigating providing post trade training opportunities with the support of the Department of Education and Training.

There are also shortages and limited mid-career training opportunities for heritage professionals, especially in regional areas. The shortage is particularly evident in Victoria where rural councils experience difficulty in recruiting or retaining appropriately skilled heritage professionals as heritage advisers or planners. The draft Strategy focuses clearly on capacity training for mid-career heritage professionals.

Scholarships and fellowships are a way of addressing skill shortages and disseminating knowledge. The Institute of Specialist Skills, which is sponsored by the Victorian Government, provides local trades and craft professionals with opportunities to develop traditional craft skills through its Overseas Fellowships, as well as offer local professionals with educational seminars and lectures.

Closely related to the issue of skills shortages is material shortages. Material shortages may exist due to changing technology and associated skills shortages. For instance, once common local building stone may now be unavailable due to the closure of quarries resulting from the lack of demand for materials during the twentieth century, or subsequent redevelopment of the land for residential purposes. Once plentiful materials were brought over as ship's ballast, such as roofing slate, are now relatively more costly and represent a significant premium on modern alternatives.

The scarcity of specific materials, such as large section durable native timbers, increases their costs and makes the conservation of historic infrastructure difficult for agencies such as VicRoads, Parks Victoria, port authorities and local municipalities that are charged with the management of historic timber bridges, jetties and wharfs.

INCENTIVES

The Victorian Government believes the provision of a tailored 'suite of tools' is needed to encourage appropriate conservation outcomes for historic heritage places. In order to maximise benefits to the community, the provision of incentives should not necessarily be limited to those places covered by State level heritage listing. As well as funding places in the Victorian Heritage Register, the Victorian Government funds works to places of local significance in Heritage Overlays. The Government also provides support to local municipalities through partial funding of local heritage studies and professional heritage advisers.

The Australian Government's National Estate Grant Program, which was withdrawn in 2000, funded many locally important places. Although not generally of national significance, local historic heritage places contribute to the public's understanding of the nation's shared history and what it means to be 'Australian'.

The Victorian Government notes the difference between the funding made available by the Australian Government for natural heritage compared with historic heritage conservation. While the Natural Heritage Trust has received funding commitments totalling \$3 billion from the Australian Government for the conservation of the natural environment since 2001, the Department of the Environment and Heritage has received approximately 5% of that sum for the conservation of the historic environment.

A wide range of incentive mechanisms have been utilised in Victoria. These include a combination of direct grant aid, tax concessions, advice and other practical support. Victoria would welcome discussion of similar support from the Commonwealth.

Grant and Loan Programs

Grant and loan programs in Victoria have been extremely effective in conserving heritage places. This has been demonstrated through the independent evaluations of the Government Heritage Restoration Program (1994-1998), the Public Heritage Program (1999-2002) and the Victorian Heritage Program (2003-2005).

The *Evaluation of the Public Heritage Program*, by Sinclair Knight Merz in 2002, found from the analysis of case studies that the Public Heritage Program achieved a benefit-cost ratio (BCR) of at least three, or in other words for every \$1 of grant funding it has returned \$3 in economic benefits.

The *Evaluation of the Victorian Heritage Program*, by MacroPlan in 2004, concluded from the case studies that all of the projects registered outcomes in each of the four aspects assessed: economic, social, environmental, and cultural/heritage. Social and community benefits were the most notable outcomes, although economic and environmental outcomes also featured strongly in a number of case studies.

The funding leverage over the combined six years of the Public Heritage Program and the Victorian Heritage Program was 3.4. The MacroPlan evaluation stated this "is an impressive result as it also represents expenditure within local communities that serves to strengthen local economies and provides a source of employment for tradesmen and building industries in particular".¹⁹

¹⁹ MacroPlan Australia Pty Ltd 2004, *Evaluation of the Victorian Heritage Program*, a report for Heritage Victoria, Melbourne.

The Victorian Government, through Heritage Victoria, has been able to administer both these grant schemes very efficiently, with only a small proportion of the budgets going into administration (8% for PHP in 2002/03, 10% for VHP in 2004/05).

In terms of effectiveness in conserving heritage places, the Places at Risk Program was a component of the Victorian Heritage Program specifically targeting places which were in danger. To date 19 projects have been funded and seven places have been removed from the 'at risk' list as a result.

The widespread need for support and funding is demonstrated by the huge response to the Government's Victorian Heritage Program. This supports communities in meeting funding shortfalls in caring for places and objects protected under the State's heritage legislation. In 2003, approximately 50% of applications received fully met the criteria, which included contributing to sustainability and increasing viability.

In addition to financial assistance programs administered by Heritage Victoria on behalf of the Victorian Government, the Heritage Council of Victoria also administers the Heritage Fund, which is a corpus of money that provides financial assistance to owners of places and objects on the Victorian Heritage Register. This support can take the form of direct grant aid or low (or no) interest loans.

The Melbourne Heritage Restoration Fund (MHRF) was established as a joint venture between the State Government and the City of Melbourne in 1988. Since its establishment this not-for-profit organisation has encouraged and assisted those owning historic heritage places within the City of Melbourne. The MHRF offers restoration advice, low interest loans for conservation works and grants for a proportion of restoration or reconstruction. Priority is given to conservation works visible from the public domain. By March 2000, financial support had been provided for more than 80 projects. Its Committee of Management is comprised of members from the City of Melbourne, the State government, Heritage Victoria and the National Trust (Victoria). More information on the MHRF can be found at: <http://www.melbourne.vic.gov.au/info.cfm?top=133&pa=1048&pg=1665>

Volunteer Programs

The Hands on Heritage program, an innovative incentive program, has been developed in partnership between Conservation Volunteers Australia (CVA) and the Heritage Council of Victoria. This program provides practical support to heritage place owners and managers and leverages out significant volunteer labour. In 2001-2002, a total of 21 historic heritage sites benefited from the program, resulting in 320 days of project activity, in areas such as vegetation clearance, painting, and garden and park maintenance. The program was expanded in 2002-2003 to assist a total of 40 heritage sites with 839 days of project activity days generated. In 2003-2004 the Heritage Council contributed a further \$60,000 to Hands on Heritage from the Heritage Fund, which supported 971 volunteer project activity days over a total of 28 historic heritage sites.

Tax Concessions

The Heritage Act allows for remission of rates and land taxes for registered places subject to the approval of the relevant rating authority, the Minister and in the case of land tax the Treasurer, provided the saving in rates or taxes is used for the conservation of the registered place. These provisions have not been extensively implemented due to reluctance of the local councils to agree to reduce the rates and, consequently, their revenue. The Victorian Government has utilised the land tax remission provisions to a limited and successful extent in

the past, but current policy encourages direct grant assistance as a preferred alternative.

Heritage conservation tax offset

The Australian Government's support for conservation works to historic heritage places, which allowed a 20% tax offset for approved conservation expenditure of \$5000 or more to places listed on the Register of the National Estate or the State or Territory heritage register, was withdrawn in 1998. This scheme was based on successful examples from overseas, in particular the US Tax Rebate Program. Although this scheme was not well subscribed, the Victorian Government believes that tax incentives for conservation works to historic heritage places should be reinvestigated as an option to add to the variety of heritage conservation incentives available to the Australian community.

Conservation covenant concessions

The Australian Tax Office provides for tax concessions for reductions of more than \$5000 in the market value of land where an approved voluntary covenant is entered into by the owner that protects the environmental value of land. This provision is only applicable to protecting natural heritage areas of high conservation value. The provision for covenants to conserve registered places, included in Section 85 of the Victorian Heritage Act, may provide the opportunity for the Australian Government to extend this scheme to cover historic heritage places in Victoria.

Tax deductible gifts

The National Trust of Australia (Victoria) and a number of environmental organisations in Victoria enjoy tax deductible gift recipient (DGR) status. In the case of the National Trust, this not only assists in the conservation and operation of its own properties but through the external appeal process is able to encourage private donations to support the conservation of historic heritage places in public ownership, primarily the established churches. Many other not-for-profit organisations that manage significant property portfolios for the benefit of the community, including religious organisations and individual community groups, could benefit from obtaining DGR status. A revision to the tax deductible gift regulations could extend the permitted purposes of organisations that enjoy DGR status to include those who conserve historic heritage places for public benefit.

The Heritage Council of Victoria, in response to the recommendations of *Managing Our Heritage: a review of heritage place management in Victoria*, has commissioned a feasibility study into the establishment of a heritage places foundation utilising deductible gift recipient status to increase the level of private philanthropy for the conservation of historic heritage places.

Municipal rate rebates

The Mornington Peninsula Shire Council offer a unique rates rebate scheme for historic heritage places in the municipality. A rebate of 25% of rates paid on the property improvements, for example the difference between the Capital Improved Value and the Site Value, is offered to owners of historic heritage places that are included as individual sites on heritage overlays. A rebate of 12.5% of rates paid on improvements on properties within an area heritage overlay is also provided. This is in addition to the Shire Council's direct financial assistance program.

Compensation and Betterment Tax

Although the Victorian Government acknowledges that some property owners may face additional burden as a result of a heritage requirement, the State does not believe that financial compensation is an appropriate mechanism to achieve desired outcomes. The myth that heritage listing reduces the value of private property has been comprehensively discredited through recent studies²⁰. Current value is an inaccurate mechanism for determining the need for compensation, and likewise betterment tax may be an onerous burden on heritage owners.

Valuation of Land Act

In recognition of the limitations on development placed on a property listed in the Victorian Heritage Register, Section 8 of the *Victorian Valuation of Land Act* (1960) requires that land occupied by a listed heritage place be valued on the basis that further development is prohibited. This provision provides a valuable reduction in the State Land Tax liability for the owners of places on the register. As in many cases, the bulk and form of the historic building is considerably less than what would be possible under the 'highest and best use' formula applied to most land.

The impact land tax provisions have on the church's ability to obtain an economic return on heritage property is acknowledged by the Victorian Government. Even though churches are exempt from land tax where they use the property for church purposes, they are still subject to the tax if the building is leased out on a commercial basis.

The Victorian Government has tailored its 'suite of tools' to suit the needs of historic heritage place owners and the community. This assistance takes the form of direct financial assistance (loans, grants, rate reductions, etc), to the offering of planning incentives, access to expert advice or even volunteer assistance (for example, the Hands on Heritage program). A similar approach by the Commonwealth is needed.

SOCIAL AND DEMOGRAPHIC CHANGE

Victoria, like the rest of Australia, has undergone immense social and economic change over the last 50 years. The interest in and value placed on historic heritage places have increased markedly. This is evidenced by the founding of the National Trust nearly 50 years ago, the rise of local campaigns in the 1970s to conserve Melbourne's historic inner suburbs and the current broad community engagement with heritage issues throughout the city and state. The community's view of what constitutes historic heritage has also broadened. It is no longer limited to grand public buildings and suburban mansions, but includes precincts of more modest houses, historic archaeological sites, shipwrecks, industrial places, gardens and parkland, avenues and trees, and objects and collections. The Victorian Government has reflected and embraced these changes in public attitude through the various revisions of the Heritage Act and predecessors.

The integration of historic, Indigenous and natural heritage at the federal level through the Environment Protection and Biodiversity Conservation Act, is reflected at the state level within the proposed directions of *Victoria's Heritage*

²⁰ Heritage Victoria, 'Heritage Listing and Property Valuations in Victoria', 2001 (<http://www.heritage.vic.gov.au/pages/pdfs/listingpropertyvalues.pdf>), and Vinita Deodhar, 'Does the housing market value heritage? Some empirical evidence', 2004 (http://www.econ.mq.edu.au/research/2004/Deodhar_Mar04.pdf)

2010 (coupled with the Victorian Government's intended *Aboriginal Cultural Heritage Management Strategy*). The demographic changes that have occurred in the inner areas of Australia's cities have introduced a level of affluence, which in turn has created a positive environment for private heritage conservation. Not only has money been invested in the properties in these areas, but the new residents often have an interest in the past and a desire to care for what they see as their heritage. On the other hand, the gradual decline of population in some rural areas has had quite the opposite effect. Declining populations lead to the closure of older community institutions (such as banks, post offices and schools) and the remaining population are often unable to afford to invest in the remaining physical infrastructure.

The 'Sea Change' generation has also created demographic changes which in turn has benefited investment in heritage places. Towns like Maldon, Castlemaine, Beechworth, Queenscliff, Daylesford and Port Fairy have attracted new populations in search of unique heritage environments and opportunities to invest in a different lifestyle to that offered by Melbourne. This in turn has led to a substantial investment in restoration and conservation of historic heritage places in those towns.

INFORMATION ASYMMETRY

The Victorian Government recognises information asymmetry exists through the imbalances of information and understanding about heritage places within the community. The public's understanding of the value of historic heritage conservation is not comprehensive. Due to the perpetuation of myths, it is common for heritage place owners and potential owners to overstate the impact of regulations that flow from listing. Education is the key tool to dispelling misconceptions about the effects of heritage controls on private property.

The State has identified there is particular need for improved information at local government level and the draft Strategy proposes to provide this through supplying a greater range of heritage advisory services to communities. Currently, the State responds to these needs through education programs, public forums, publications and the internet.

Technological advances have dramatically improved access to heritage information. The advancement of spatial systems and improved GIS mapping capabilities has clarified the extent of heritage controls, assisting owners, managers and regulators of historic heritage places.

Heritage Victoria has produced a series of technical information brochures, generally aimed at a non-expert market, to assist in the maintenance of heritage assets. The Victorian Heritage website averages over 1,500 unique visitors per week, and it is clear that the community accesses information from this site that previously would have only been available through direct contact with Heritage Victoria staff or reference to other literature.

It is anticipated that the Victorian Heritage website will increasingly deliver much of the information necessary to understand responsibilities under various legislative and regulatory frameworks; this includes management guidelines and policies; examples of best practice, such as infill design, adaptive re-use, and case studies of conservation for particular place types; and education resources.

The Victorian Heritage website address is: www.heritage.vic.gov.au

LISTING

The question of whether listing should be voluntary has been raised in the Productivity Commission submissions and public hearings. The broad framework adopted for heritage conservation across Australia accepts that heritage listing is about acknowledging heritage significance and value to the community. If listing were to be purely voluntary there is an inevitable risk that historic heritage places that contribute to community identity would be lost without the opportunity for the community or government to apply the regulatory or incentive mechanisms designed to support conservation. The inclusion of property on a statutory list can be considered the declaration of a public interest in private property. Through listing the Victorian Government acknowledges the inter-generational value of historic heritage places, which would be under threat where a property owner only recognises current value.

Although State and local government lists within Victoria are by and large comprehensive, a recurrent theme of the submissions to the Productivity Commission was that gaps still exist throughout Australia. These are evident in specific geographic regions, such as the Wimmera region of Victoria, or in particular themes or typologies, such as multicultural heritage or post-war architecture. The Victorian Government supports the need to effectively catalogue the cultural heritage assets of the State but accepts that this is a long term task. The Heritage Victoria software (the Local Heritage Places Database) is available free of charge for this purpose. Victoria also supports the development of national data standards to ensure that information is captured and disseminated in a standard form across the country. This remains an important component of the Integrated National Heritage policy proposed by COAG.

REDUNDANCY

Redundancy of historic heritage places is an issue of increasing importance in Victoria. Societal changes, such as the decrease in congregations of established Christian churches, and economic changes, such as the loss of traditional manufacturing and resource industries, result in the redundancy of historic heritage places.

Churches own large numbers of heritage buildings, often with diminishing congregations and a small number of elderly parishioners who struggle to raise funds for basic maintenance. The larger repair projects such as re-roofing become impossible for these parishes to fund themselves. The disposal of churches that are no longer viable is a particularly difficult issue, as these historic places are often valued by a much wider segment of the local community than actually worship within them.

Redundant industrial places have the ability to inform the community of the development of industry and commerce in Australia and their reuse poses particular issues. Retaining and interpreting significant plant and machinery is often necessary for the understanding of the industrial process associated with the site, but can limit adaptive reuse opportunities. Likewise, dealing with site contamination or a large maintenance deficit will encumber the site and make its economic reuse more difficult.

Commonwealth Government disposals are a continuing issue in historic heritage conservation in Victoria. Defence land at Point Nepean and RAAF Williams Point Cook are two recent examples where the disposal process had to be modified to protect historic heritage values. In these cases, the cooperation of

Commonwealth, State and local government and engagement with the wider community has been necessary to achieve an appropriate outcome for the historic heritage assets.

ADAPTIVE REUSE

The use of a building will often change over time as trades or crafts become redundant or economic imperatives change. This poses a particular challenge for historic heritage places where the original or traditional use may be an intrinsic part of their values.

The Victorian Government recognises the need for all historic heritage places to be economically sustainable, and appropriate adaptive reuse is a primary mechanism to for achieving this goal. As well as providing for the conservation of historic fabric adaptive reuse has significant social and environmental benefits.

Research carried out for the *Heritage Counts* report in the United Kingdom compared three properties of similar size but differing ages in the Manchester area, using a life cycle costing approach to property maintenance costs over a 100 year period. The results showed that older housing actually costs less to maintain and occupy over the long-term life of the building. The Victorian period house was the most economical, the overall costs for the inter-war house increased by 17.5% and the 1980s house increased by a further 18.4%.²¹

Conserving heritage buildings can also make an important contribution to reducing environmental impacts. The Heritage Canada Foundation investigated sustainability issues for existing building stock in 2001. The report synthesised a large body of literature produced since the major oil crisis of the 1970s stimulated research into environmental sustainability worldwide.²² It highlighted the problems of disposing of and reprocessing demolition waste.²³ Also quoted are early studies by the United State's Energy Research and Development Administration that showed that the least energy-efficient structures are those built between 1940 and 1975; pre-1940 buildings tended to maximise natural sources of light and ventilation, and were sited better for the local climate.

A study in the United States compared Federal Government heritage buildings with modern office buildings in the private sector found that operation and management costs for the heritage buildings were 10% less than those for the private office buildings.²⁴ Taking into account the embodied energy in existing building stock, it has been found that total energy use (embodied energy + operating energy) is typically comparable only after 30 years.²⁵ That is, it takes about 30 years before energy savings will be realised by building new rather than renovating an older commercial or other large building.

Successful examples of adaptive reuse of former public buildings can be found in the university sector. In some cases, a historic heritage building is perceived as contributing prestige to the institution, giving the institution a marketing advantage (particularly in the competition for overseas student enrolments).

²¹ English Heritage, 'The Economic Value of the Historic Environment' in *Heritage Counts*, 2003 op.cit.

²² Cynthia Gunn, *Exploring the Connection between Built and Natural Heritage*, Ontario, 2001.

²³ Joseph O. V. Trankler, Isa Walker & Max Dohman, 'Environmental impact of demolition waste – an overview of 10 years of research and experience', in *Waste Management* Volume 16, Issues1-3, pp. 21-26, 1996.

²⁴ Cynthia Gunn op.cit. pp.10-11

²⁵ Selwyn Tucker, op. cit. pp.2-3.

Recent examples in Victoria include:

- Victoria University's acquisition of the Former Records Office, Queen Street, Melbourne, for conversion to the Victorian Law School. This project won a Royal Australian Institute of Architects award in 2004 in the Institutional Architecture category.
- RMIT's acquisition of the Walter Burley Griffin designed Capitol Theatre, Swanston Street in Melbourne, for use as a lecture theatre. It is also available for community use.
- Deakin University's conversion of the wool stores on the waterfront at Geelong, as part of the Geelong Campus.

INSURANCE

Empirical evidence suggests that some historic heritage owners have difficulty in securing property insurance when included on a heritage list. While heritage listing is not a problem for some companies it is for others. Various insurance companies appear to adopt different and often inconsistent approaches. For instance, one company has indicated the only properties they will not insure are those listed on the National Trust Register, although state or local listing does not seem to have the same effect.

Although there is no known general survey of industry practise, some insurance companies have openly stated they do have a policy of excluding places on heritage lists. The exclusionary policies of certain insurance companies appear to be borne out of both lack of understanding about the implications of heritage listing and a general fear of the impact of regulatory regimes, without reference to the policies of the regulatory agencies. For example, in the event that the heritage listed building was the subject of a major catastrophe, it is unlikely the heritage agencies would require its reinstatement.

While some companies are not prepared to take the risk of insuring heritage listed buildings, there are a few companies that have established a niche in this field. However, this is little comfort to those customers that may have arranged all their insurances with the one company only to have property insurance denied when heritage listing is proposed.

At a national level, the Australian Heritage Chairs and Officials have raised the matter with the insurance industry but satisfactory answers have not been forthcoming. It may be possible for the COAG to develop a policy which established the manner in which the different jurisdictions would approach their statutory controls in the instance of total or partial destruction which consequently called upon insurance claims.

8 CONCLUSION

Historic heritage is embraced by the Victorian Government as a major contributor to community identity, social cohesion and telling Victoria's stories. The conservation of historic heritage is best secured through a partnership between the community, business, individuals and all three levels of government.

The Victorian Government recognises historic heritage conservation as an important public good, which produces a diverse range of benefits for the community, the environment and the economy of the State. Evident market failures, primarily due to the significant externalities associated with historic heritage conservation, require intervention of the Commonwealth and State Governments through regulation and the provision of incentives.

The Victorian system's clear identification and regulation for places of state and local cultural heritage significance complements the Australian Government's national heritage system.

The public understanding and acceptance of existing regulatory regimes in Australia would benefit from greater coordination across jurisdictions, through the use of more consistent criteria and thresholds. The Integrated National Heritage Policy, as recommended by the Council of Australian Governments (COAG), should be implemented to identify clear national heritage criteria, standards and guidelines for the Commonwealth, State and Territory Governments. The ownership and management of historic heritage places rests with a wide range of individuals and organisations. While many owners have the skills and resources to appropriately care for their heritage places, others require support through grants, tax rebates, advice and practical assistance or other incentives.

The Victorian Government believes the provision of incentives is the responsibility of all levels of government in Australia, and incentives should not be limited to just places in the Government's statutory lists. The State practices this through the support it provides to local government agencies and the individual owners of locally significant places.

Grant programs operated by the Victorian Government have been found to generate positive social and environmental outcomes. They also leverage significant resources from private sector philanthropy and other sources. Other incentive programs, such as Hands on Heritage, also better enable communities to take responsibility for their own historic heritage.

There are opportunities for the incentives applied to the natural environment to be utilised for historic heritage conservation, including direct grant aid, tax concessions, covenanting schemes and the wider use of tax deductible recipient status.

An impediment to the appropriate conservation of historic heritage places is the evident skills shortages and lack of training opportunities for both tradespeople and heritage professionals. These shortages impact on the quality of decision making of heritage place owners and the ability of the market to provide heritage conservation services at an economically efficient level.

A major issue that the Victorian Government has identified in the provision of historic heritage conservation is the impact of social and demographic change. Economic change continues to challenge the community and regulators through redundancy and the need to adaptively reuse historic heritage places.

The Victorian Government has identified that information asymmetry and unsubstantiated myths negatively impact on the public's perception of historic

heritage conservation. Broad engagement with the community, place owners and managers and other stakeholders is necessary to ensure the true benefits and obligations associated with historic heritage conservation are better understood. This is particularly necessary in the areas of insurance, property value and the implications of heritage listing on private property.

The legislative system in Victoria has been recognised as providing one of the most rigorous and robust historic heritage regimes in Australia, and the Victorian Government contends that it should be considered as a model for any integrated system across Australia.

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