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Heritage Inquiry
Productivity Commission
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Re: Submission to draft report on Productivity Commission Inquiry into Conservation of Australia's Heritage Places.

I wish to submit the following in response to the draft report of the Productivity Commission Inquiry into Conservation of Australia's Heritage Places.

General

Having been given the impression that the inquiry was to consider the benefits as well as the costs of heritage, it is very disappointing to see that the report's recommendations are so entirely biased towards an ideology of deregulation and dismantling of heritage protection in Australia.

I find it incredibly discouraging and counter-productive that Mr Byron should be reported in the press with the line that heritage listing is such a disastrous policy that it causes owners to burn down their properties (*The Age* December 9, 2005). Such incidents occur very rarely, but it is through policing the law that such practice will be prevented, rather than by repealing the law. The purpose of raising such an issue in the media could only be intended to present heritage conservation in a negative light.

The Productivity Commission Report shows its bias in the apparently very selective use (and constant misrepresentation) of submissions to the injury to bolster an unsustainable argument. The principal source of misrepresentation appears to involve turning submitters' arguments for greater incentives and assistance for conservation, into arguments against the existing regulatory system.

I have been able to find only one or two submission arguing that the existing regulatory regime should be dismantled entirely, such as the intemperate and ideologically driven submissions from the Property Owner's Association and Liberal lawyer Alan Anderson. The main opponents of regulation are the couple of disgruntled property owners who take umbrage at being told what they can do with their own property. Even some of these concede that heritage protection is appropriate for others (just not for them).

The vast bulk of the submissions are carefully thought out and researched assessments of what works and what doesn't work in heritage conservation, and where

improvements can be made. The efforts of the hundreds of people who have taken the Productivity Commission seriously, and gone to the great effort to provide balanced factual information and practical solutions to problems, have been like seed thrown on barren ground.

Where the Productivity Commission makes the argument that regulation leads to “demolition by neglect” (eg. p.163), the sources cited are from answers to leading questions put by the commissioners during hearings or quoting submissions out of context. A few examples of this are provided at the end of this submission.

A summary of the submissions and evidence to the Productivity Commission would show that the existing heritage conservation and regulation regimes are effective in 90% of cases, and that more than 90% of submitters argue for improvements to the existing regulatory framework through the additional incentive programs. It is bizarre then, that the draft report proposes changes to the system that works for the 90% of situations, rather than addressing the problems associated with the other 10%.

The Commissioners alone make the argument that mandatory regulation should be abolished.

The provision of **statutory heritage regulation** in all government jurisdictions in Australia, for more than 30 years in several cases, has evolved as the best response to a perceived community need, and using mechanisms that have been tested and accepted by the overwhelming majority of the population. In recent years, the results of council elections and many state parliamentary seats have been determined by grassroots heritage campaigns. Heritage listing has been tested and proven as a legal and viable process through administrative appeals and review in Courts of Law.

Listing and regulating heritage places

The main point the Productivity Commission report would like to make, is that the process of listing and statutory protection of listed heritage places has failed because owners are unwilling to accept a law that impinges on their private property rights, or which they see as causing greater costs for them, or which limits their opportunities to make greater profit from their property. But I say any perceived failure of the **listing and regulation process** to conserve heritage places is only occurring where the application of existing regulations and planning processes has not been effective or consistent. It is best solved by consistent and proper application of the law, the sufficient resourcing of the regulators, monitoring of the system, and fines, rather than by abandoning the system altogether. The so-called failures, such as the arson attacks to thwart conservation, are rare exceptions. The Productivity Commission is running an argument tantamount to saying that because police do not catch all thieves, or stop thievery, then they should stop trying, make theft legal, and instead, negotiate with the thieves.

The main recommendation of the report is that **compulsory listing** is replaced by **voluntarily negotiated** conservation. This is based on a nonsensical logic. Why would any owner so incensed by the perceived inequity of obligatory heritage regulation be willing to voluntarily agree to conservation of their property? They might only do so where the publicly provided financial compensation substantially outweighs whatever private profit or personal benefit they may have gained from their redevelopment.

The criticism of the **listing process** shows a lack of understanding of the history of heritage listing and the processes that have been used to determine what is listed. Apart from the early inclusions of National Trust classified places in the incipient State Heritage lists, there has generally been a review process for places added to lists, along with right of appeal. It is simply not true that listing processes for historic heritage places has been unsystematic or non-selective.

Listing has been the result of **detailed surveys**, extensive research, community campaigns and assessment at many levels. For example, for a place in Victoria, nominated to the State Register by the National Trust, there are at least five review stages before listing. The Trust expert committee assesses a classification report, which is then reviewed by its Conservation Standing Committee, approved by Trust Council, nominated to Heritage Victoria who have an officer assess the nomination and prepare a report, which is initially determined by the Executive Director, or if contested, by the Registration Committee, and Confirmed by the Heritage Council. If someone wishes to appeal the decision the Council will have an appeal hearing, and ultimately an appellant may have their decision reviewed through the Supreme Court, and even make direct representation to the Minister.

The National Trust, Heritage Victoria and other bodies have undertaken a large number of thematic, typological and **review studies** over the past decades, which provide a context for the listing of heritage places. In many municipalities, there have been recent reviews of heritage surveys and assessments, and in some cases councils are on their second review. Heritage conservation is seen as an on-going management process, not just a “list and forget” process.

A more appropriate approach by the Productivity Commission would be to examine the means for **improving the identification** and listing approach rather than simply claiming it is inadequate. This is an area where the Commonwealth could take a lead in helping develop consistent standards and methods, (as it has done in the past through the very productive role of the Australian Heritage Commission) and funding the larger research and thematic studies that allow local and state heritage places to be assessed in a wider context.

The Productivity Commission report also makes an erroneous statement, in regard to Victorian conditions at least, where it claims “...no Australian State requires at the local level a statutory listing of a place’s heritage significance” p. 90). While a specific regulation may not be included for the form of significance statement, such a statement of significance is the fundamental mechanism for determining the appropriate form of heritage listing. The Productivity Commission report fails to recognise the accumulated data in numerous heritage studies of all sorts, which are in many cases referred to or formally incorporated in planning schemes. In Victoria, inclusion of a place on the Heritage Overlay of a local planning scheme requires a thorough assessment, generally conducted as part of a Municipal Heritage Study. Such studies have for at least the last decade, included statements of significance for all recommended heritage places that conform to criteria and guidelines set by Australian Heritage Commission, Heritage Victoria, and other states’ heritage bodies.

The commission report claims that heritage controls are imposed on properties not listed in local planning schemes (p.101); this is not true in Victoria. There may be very rare

examples of mistaken identification of properties, but the system works by identifying specific properties with heritage values, and improvements are constantly being made to ensure accuracy of identification and listing. This has only really been available in a reliable way since the adoption of GIS and Land Information systems by Councils and Government departments. The Local planning system has been adapted and updated over recent years to ensure it reflects all Victorian Heritage Register Listings, as well as heritage places of local significance.

The Productivity Commission report implies that numbers of **appeals** against listing or permits demonstrates some inadequacy of the heritage regulation system (p. 88). The rate of appeals is as much due to owners trying to push the envelope and undertake changes or uses that are outside of accepted standards. Such appeals are most common where regulators are less than systematic in application of the regulations, giving an impression that the rules can be bent, or among the less ethical of developers who think they can get around the rules. Where the rules of the game are clear and transparent, all parties accept and abide by them.

Success of heritage regulation

Since the introduction of the first statutory heritage controls in the 1970s, thousands of historic buildings, which would otherwise have been demolished to make way for new development, have been saved and conserved. Examples of iconic buildings in Melbourne that have been on the verge of demolition include the Treasury Building, the Regent Theatre, the Rialto, the CBA and ANZ banking chambers, The Windsor Hotel and the City Baths. These buildings were saved, and successfully conserved with viable on-going use, despite some of them having been left in neglect for decades.

It is not true that the current heritage regulation regimes tend to regulate listing and approval as an end to itself (pp. 161-2). This is a ridiculous statement, as the entire purpose and consequence of these regimes is to protect and conserve heritage places. The various government heritage regimes have in fact been very effective in the promotion and protection of heritage. The vast majority of heritage places are adequately maintained, and there is a strong public awareness and recognition of the value of heritage, proven by the Productivity Commission's own surveys (Table 2.1 p15) which show that over 90% of respondents value heritage.

The Productivity Commission quotes the EPHC¹ to suggest as much as 10-15% of Australia's historic heritage will be lost through demolition and neglect by 2024. Without going into the issues of what this figure really represents, or the differences in the protective regimes that contribute to the figure, this is in fact a much lower rate (if it is in fact true) than during any other time in Australia's recent history. Australia's cities lost perhaps 50% of their 19th and early 20th Century commercial buildings in the building booms of the 1950s and 60s. In any case, this is not an argument for abandoning a regulatory framework that is successfully conserving 85-90% of Australia's historic places, but should be an argument for improving incentives. Regulation is the mechanism that brings people to the negotiation table. Without it there would be no agreed conservation. Whenever the private owners' ambitions put profit above preservation, heritage would loose out, unless massive and unnecessary public

¹ *Making Heritage Happen*, Incentive and Policy Tools for Conserving Our Historic Heritage, National Incentives TaskForce, Environment Protection and Heritage Council, April 2004. p. 161.

subsidy occurred. This would be reversing the established and accepted process where the public good takes precedence over private profit. The EPHC report, in fact supports continuing use of prescriptive regulation, but with the appropriate incentives to encourage more effective conservation outcomes.

The Commission report concludes that the existing approach to heritage conservation has not been effective (p.170). Here, it is clearly wrong. The Commission's own report shows that heritage conservation mechanisms at all levels of Australian Government have succeeded in conserving more than 150,000 heritage places with only a small fraction of development or alteration applications being contested or refused, and with the vast majority of people valuing and supporting heritage. The status of heritage in the community is a result of successful protection measures and education campaigns. Most people now accept heritage restrictions as a necessary means of protecting our historic environment.

Costs of Heritage

A serious flaw of the report's methodology is that there is **no quantification** of the costs or benefits of heritage conservation. Nowhere is it stated what the total value of heritage places is. What is the added value – or subtracted costs - that heritage brings to property? It is alleged, without any substantive evidence, that heritage listing reduces the value of private property. But the commission makes no reference to the studies that show property values are increased by Heritage listing, such as that undertaken in Maldon Victoria² and Sydney's Upper North Shore.³

A number of similar studies have been undertaken in the last decade in Australia⁴ and overseas,⁵ with a general result that heritage listing is a positive or neutral influence in property values. This is even acknowledged in the *Managing Cultural Heritage* report by Dr. Lynn Armitage which is cited by the Productivity Commission. Armitage's report is, in fact, very equivocal on the costs or benefits of listing.⁶

The assertion that the real estate industry does not see listing as a benefit in property sales is erroneous. The Productivity Commission report claims it could not find examples of real estate agents advertising heritage listing of properties for sale (p133). I conducted a very simple internet search (Google search on < house for sale "heritage listed" site:au > which produced 33,000 results, approximately 20% of which were for heritage listed properties for sale or rent and a further group identifying heritage listing of other places in the vicinity, such as national parks.⁷ Real estate agents constantly sell properties on their heritage values, even exaggerating or inventing heritage values that

² Countrywide Valuers and Trevor Budge and Associates "Heritage and property valuations in the Shire of Maldon : A study of the effects of planning and heritage controls on property valuation"; Melbourne, 1992

³ (Vinita Deodhar, "Does the housing market value heritage? Some empirical evidence" <http://www.econ.mq.edu.au/research/rdp2004.htm>).

⁴ many examples are summarised in the Heritage Victoria paper: "Heritage Listing & Property Valuations In Victoria" www.heritage.vic.gov.au/pages/pdfs/listingpropertyvalues.pdf.

⁵ Investment Performance of Listed Buildings (1993, 1997) Study by Royal Institute of Chartered Surveyors & English Heritage, concluded that:

"the total annualised returns on the heritage listed buildings over the period were slightly higher for listed buildings [than for non-listed buildings]; and listed buildings attracted just as much occupier demand as other categories, and achieved rates of rental value growth which are as good as, or better than, those of other categories of offices".

⁶ "Managing Cultural Heritage: Heritage Listing and Property Value", Dr Lynne Armitage, The University of Melbourne.

⁷ See notes at end of submission.

are not present. Terms such as “heritage”, “historic” and “period” are used for any place more than 40 years old. A niche market has even been developed for selling heritage listed properties through National Trusts.⁸

According to David Moloney, Real Estate agents were the biggest single purchasers of the National Trust’s publication “Our Inter-war Houses”, using it as a give-away incentive (and presumably to promote heritage values as a reason for buying) to successful purchasers.

An even more obvious measure of the **private cost-benefit analysis** of heritage would be to look at any Australian historic inner suburbs and compare values of surviving 19th century terrace housing with adjacent areas of 1960s redeveloped pack flats and public housing (often built as a consequence of past “Slum Clearance” of other 19th century terraces). Even at the micro level, the value of intact and un-renovated period houses in sought out heritage areas, exceeds the values of more modern houses in better condition in the same areas.

There is begrudging acceptance that there are benefits to ownership of historic heritage places (Chapter 2 and p107), and that these benefits provide adequate incentives to owners to undertake appropriate conservation. However, the report misses the point that this state of affairs has only come about because of the protection provided by a regulatory system that not only protects a property from damage by the owner, but protects that owner’s heritage asset by controlling other neighbourhood heritage properties as well. While the impetus for much heritage protection may have come from a group of specialist heritage advocates and motivated individuals, the benefit has now been shared by the wider community, only because the power of proscriptive regulation has ensured enough heritage has been retained for the broader public to have time to gain an appreciation.

Forgone profit

While the issue of impact of heritage listing on the **potential profits** from redevelopment may have not been assessed in the same way, the evidence suggests that the opportunity cost associated with heritage listing is not a disincentive to conservation of heritage places. A more reasonable and logical way to examine the issue would be to pose the question of how urban planning more generally affects private profits, and the proportional role of heritage protection within this framework. However, this is not the approach of the Productivity Commission.

When the Productivity Commission report makes an attempt at a systematic analysis of the government role in heritage conservation it results in what must be the one of the most **convoluted and obtuse arguments** imaginable (Section 6.2 pp. 109ff), and all the while totally neglecting the simple fact that proscriptive regulations were introduced by Australian State and Federal Governments as a political response to a community (ie electoral) demand. The fact that all Australian, and most world, governments have prescriptive regulation through heritage legislation that impinges on private property rights, is self evident proof of so-called “market failure” of the private sector to provide for community expectations of heritage conservation. There is no way that a free market will deliver heritage conservation any more than it will deliver equitable social services.

⁸ Eg. <http://www.nationaltrust.com.au/briars.html>

Whenever greater profit can be obtained from demolition, rather than retention of a heritage place, the free market will choose the private profit regardless of its impact on the rest of society. It only takes the market cycles to move in the direction of profit from demolition once, and the particular heritage place is lost, regardless of whether it was viable to conserve it all the rest of the time.

The forgone **opportunity cost** for the inability to make alternative use of a heritage place (such as using a house site for an office development) is irrelevant for the bulk of privately owned heritage places as these are private homes in residential zones where other uses are rightly prohibited under different (ie non heritage) provisions of planning schemes and zoning controls.

Whereas the report claims property owners are unlikely to conserve heritage values or may actively degrade or destroy heritage values because they can suffer an erosion of property rights (Draft Finding 7.7) in most cases the opposite is true. Heritage Conservation is a great incentive with many millions of dollars being spent in the restoration and renovation industries attesting to this. Private owners of heritage properties are driving the conservation movements in many suburbs, conserving far more old buildings than the numbers covered by State or local heritage lists. The owners who oppose conservation are a tiny minority, and even these would still want the surrounding heritage conserved even if their own building was replaced, as they gain the financial benefits of being located in a conservation area.

The Commission's argument about the cost of heritage **impinging on private property** rights is based on a misleading and flawed logic that individual private property owners have a right to gain the greatest wealth from ownership of their property regardless of the impact or views of the wide population (pp. 143-6). The entire basis of planning law is to limit the individual property owner's rights for the benefit of the wider community. Therefore land-use zoning prohibits incompatible uses within zones – slaughtering cannot be carried out in private houses, residences cannot be built close to chemical plants, signs cannot be erected on a shopfront without a permit. As part of sensible planning, whole areas of broadacre land (such as green wedges) are prohibited from “highest and best” economic use of unrestricted urban development. There are many reasons behind the various planning controls, many of which relate to safety and convenience of the general public, as well as for the protection of individual home occupants.

Many planning regulations are also designed to influence aesthetic characteristics of the landscape, urban streetscape, or general environment. Signage controls prevent the visual pollution of our streets; tree controls protect the leafy character of our suburbs, Urban Character is protected through planning controls that stipulate size and coverage of buildings, setbacks and even materials that can be used.

Planning controls always limit the potential profit that can be gained from private property. The recent imposition of the Urban Growth Boundary in Melbourne, or the “smart growth” development controls of Sydney's Strategic Plan, have determined which property owners get a windfall from being in the right areas of new growth. It would be inconceivable that compensation should be paid to landowners just because they are outside the boundary, or that those inside the boundary should pay the community for their windfall.

The Productivity Commission report suggests that heritage protection precludes “significant development opportunities” in areas zoned for multi-dwelling, medium density or even commercial use (pp. 183-4). Rather than this being an argument for abolishing any form of protection, it is more an indication of failures of the planning system, and in particular land-use zoning, to take into account adequate consideration of heritage values of existing buildings and the impacts that changed use would have. For example, the district Centre elements within Melbourne’s 2030 plan are in direct conflict with conserving the historic shopping strips of the inner suburbs. A balance of conservation and development can be achieved in these areas, but only where the correct priorities are determined. This is only possible where planning controls require heritage issues to be properly considered and adequately weighted in the decision making process.

Cost of Maintenance

The report acknowledges that the “...vast majority of historic heritage places have been **maintained by their owners**... because benefits of doing so exceed the costs” (p15). Even here the report fails to recognise that heritage conservation and maintenance are fundamentally the same activities as normal maintenance, only carried out with a mind to the significance of the place. Primary heritage conservation and maintenance involves securing the building envelope against ingress of weather, assuring structural soundness and maintaining surface protection. These are all tasks required for maintaining any property, and apart from a few unique cases where unusual materials or complicated construction methods have been used – such as slate roofs or early reinforced concrete, are no more expensive in historic houses. It is only where these primary maintenance tasks are undertaken that the more heritage specific details, which require heritage trades such as internal decorations, tuck-pointing, fretwork and the like, can be addressed.

Equally, the costs of maintaining a heritage property are often simply accepted as part of the aesthetic preferences of the owners, in the same way that more expensive furniture is purchased or elaborate gardens planted and maintained by owners. Many people simply like old, beautiful, unusual or distinctive things, including period houses, and will bear the cost of ownership gladly.

The proposition that heritage places cause **greater maintenance costs** because of the need for additional and extensive work to renovate degraded and derelict heritage properties (pp.140-1), or where the cost of repair is greater than the cost of replacement, is again a matter of narrow exception rather than broad rule. These are the areas where financial assistance and incentive can best address the problem, as has been argued by many of the submissions to the inquiry, and as has been successfully implemented in Victoria and other states, by local and State governments. Furthermore, both the Victorian Heritage Act and the planning system allow for consideration of economic hardship in permit applications.

A tiny proportion of privately owned heritage places are at risk due to excessive **cost of maintenance**. The major risk is from private owners’ desires to profit from change of use through redevelopment and changes to zoning, not from the enjoyment of existing use. The argument for the private owners’ rights should be about whether best use implies demolition and redevelopment of a heritage property they own as opposed to

another suitable property, of similar value and location, not heritage listed, and which they could conceivably purchase for this purpose.

The Commission report uses aberrant exceptions as evidence that regulation leads to neglect (p. 163). Each of the submitters quoted is in fact arguing for better implementation of the regulative frameworks, for improvements to a system which generally works, but which has problems in reining in the renegades and recalcitrants.

The submitters in fact offer **solutions** to the problems that do not involve destroying the system or causing unsustainable expense on the public purse. These include education programs, assistance with expertise and technical solutions, financial incentives through rate and tax rebates, direct grant or low interest loans, seed funding, amendments to insurance regulation, and a range of other options. The Productivity Commission almost completely ignores these real and important issues.

Costs and listing

It is a basic principle in assessing and listing heritage places that the identification process is based on heritage values alone, and not on heritage management issues such as any potential, perceived or actual cost implications of the identification. This process, which has been determined at international and national levels such as the Venice and Burra Charters, is critical to a fair process. The Commission has failed to grasp this important distinction that is the backbone of the listing process. It ensures that the listing process is not subject to temporary or political pressures, but is carried out in a rigorous and objective manner.

The costs of conservation are subsequently considered in the permit process with provision in the Victorian Heritage Act, to take into account “undue financial burden”. In the repeated claims of the Commission report that the costs of heritage are excessive, there is still no quantification of these costs (eg. p.166).

Without the actual figures being submitted, it can only be hearsay evidence that such costs even exist. It may be that a development will only turn a \$20 million profit if an existing heritage protected building cannot be altered or demolished, compared with a \$25 million profit if they can. Since an investor or development company sees no benefit in the heritage value of the historic building, this is a simple calculation for them to make – an extra \$5 million is worth going for. For the community and regulators, however, it comes down to what might be an acceptable profit margin compared to the community’s loss. A serious flaw in the argument about balancing costs and benefits is that the cost/benefit analysis is never explicitly set out.

If costs are going to be argued, then the figures have to be put on the table. No one is doing so.

In a few cases where costs have had to be provided and scrutinised, they have been found to be an insufficient argument to demolish and it has been demonstrated that restoration or maintenance costs can be less than the cost of replacement. In the example of the Hopkins River Bridge in Warrnambool, the Ministerial Panel concluded that demolition cost the equivalent of restoration. Elsewhere the arguments for claiming undue financial hardship have been shown to be flawed, such as in assessing costs of demolishing or retaining the Barwon Sewer Aqueduct.

Similarly there is no evidence that there are unsustainable levels of **enforcement costs** as implied in the Commission report (p.167). In part this is because there has been inadequate enforcement. A solution here is to ensure that penalties and enforcement are sufficient to both deter illegal damage, and to recoup the costs. Heritage Victoria has over the last years, employed a dedicated enforcement officer, who has both improved the level of compliance by showing that convictions can be made, and recouped her own salary many times over.

Voluntary agreements

Draft recommendation 7.5 calls for **conservation management plans** for all government-owned statutory listed properties. There is no assessment of the cost of this recommendation, or where funding would come from. An assessment based on the Productivity Commission report's own figures of nearly 3,500 publicly owned, listed heritage places (table 3.1), and an average (minimum) cost for a conservation management plan of \$15,000, this would amount over \$50 Million dollars. This is more than is committed to all forms of heritage conservation by all Australian governments put together.

Draft recommendation 8.1 proposes listing privately-owned heritage properties only after negotiated **conservation agreements**. If this is taken to include all currently listed properties (as it would have to if owners objected to any current listing) then this amounts to 150,000 agreements (Table 3.3). Assuming a worst case of 20% profit from a potential redevelopment is forgone for an average property value of \$500,000 (ie a new single house, dual occupancy or small unit development), then the cost of heritage protection would be \$100,000 per property. This would add up to a total of \$150 Billion in compensation payments to secure the conservation of currently listed places. If there were no statutory protection for these places, there would be no reason all the property owners could not develop as they wish or make a compensation claim. Even if only a small proportion of the 150,000 heritage property owners (say 10%) wished to undertake a redevelopment, and claim compensation in lieu of conserving their properties, then there would still be a substantial cost to the public purse of tens of billions of dollars.

The consequence of a failed negotiation is that either the heritage place will be lost, or much higher costs for compensation will have to be paid, with the private owner's capital risk being taken on by the public purse.

In suggesting that a heritage listing could be reviewed, either through application for a negotiated conservation agreement, or at the time of any substantive development application, listing is in fact entirely at the discretion of the owner. De-listing would only be a matter of applying for an agreement that had unreasonable clauses, of making an ambit claim in the form of a redevelopment application.

Draft Recommendations 9.5 and 9.6 attempts to distinguish heritage property owners who had purchased their property in the full-knowledge that their use would be restricted by conservation legislation implemented before the date of purchase. This introduces a further inequity, since why should one owner be due compensation when another is not?

Draft recommendation 9.4 suggests **compulsory acquisition** as the means of last-ditch conserving places of local significance. Given the absence of mandatory regulation, and the failure of compensation offers, and assuming 10% of intractable owners and an average property cost of \$300,000, then the cost would be initially \$6.5 billion. A large proportion of this may be redeemed through resale with protective covenants (as National Trusts have done in the past), but the initial capital cost will be prohibitive and totally unrealistic.

The serious issue that is raised by many of the submissions to the inquire regarding **adequate public funding** for heritage, is hardly addressed outside of the ideology of deregulation and voluntary conservation agreements. The report notes the declining public sector budgets for historic heritage conservation (p.19), but fails to recognise that this is in the same context of ideologically and politically driven market economics. The current inadequacy of heritage funding is a consequence of past political decisions, which would be exacerbated by the report's recommendations.

Even in the discussion of **tourism benefits** of heritage, the report fails to recognise the important contribution made by historic places. Instead, it focuses on the economic difficulties of community operated heritage tourist venues, citing this as evidence of market failure (p22). The real issue is that while the considerable financial benefits from heritage tourism go overwhelmingly into private business (such as accommodation, transport, hospitality, recreation and service providers) very little of this profit is returned to the maintenance, conservation and improvement of the heritage places that generate the tourism in the first place. For example, the tourism income generated by heritage places such as Port Arthur, has been counted in the tens of millions of dollars. Apart from the contribution to tax and entry fees to the public purse, this benefit accrues to private individuals and companies. Costs of conservation, maintenance, management, infrastructure and interpretation are all born by the community.

Misrepresentation in the draft report

One submission used several times by the report to back up its claim of the failure of regulation, is that of Gordon Grimwade and Assocs. It should be remembered that Mr Grimwade is working in a state (Queensland) where the implementation of its heritage regulations, and the regulations themselves, have come off a low base, with a culture of midnight demolition being the way around community opposition, and where the regulations are very poorly implemented or policed. Grimwade himself refers to the **Bellview Hotel** debacle. The Productivity Commission report even misrepresents the main arguments of Grimwade's submission, which is that there should be adequate compensation or funding for conservation of heritage places.

In quoting another submission (that of Ivan McDonald no 30 p.1) the Productivity Commission report again misinterprets the point of a submission. In claiming that property owners do not accept they should have to bear the costs, McDonald is not arguing for abolition of the regulation framework, but that costs should be shared by the community. There is no evidence of what these costs are, or how they can be quantified, and the Commission report makes no attempt to assess them either. Yet the conclusion is still reached (p.69) that governments rely too-heavily on legislative controls rather than negotiating outcomes.

Conclusion

The Productivity Commission Draft Report on the Conservation of Australia's Historic Heritage Places is essentially a destructive document and will provide negligible benefit to heritage conservation in Australia..

In following a biased, ideologically-driven line for deregulation, it entirely misses an opportunity to define a cohesive and coordinated approach to the more efficient use of available funding and the development of better incentives for conservation, alongside the existing regulatory frameworks which have served our heritage well for over 30 years.

I sincerely hope that the draft report is comprehensively rewritten as a supportive document for our heritage, or failing that, that it is universally rejected by State and local governments and heritage bodies around Australia.

Yours sincerely,

Gary Vines

Notes

Recent real estate listings promoting heritage listing of properties for sale

<http://www.domain.com.au/real-estate/tas/tasmania/rural/262.html>

CRABTREE \$299,000 Bedrooms: 3 Bathrooms: 2 Car Spaces: 4 223 Crabtree Road CRABTREE, TAS FOR SALE: **HERITAGE LISTED** - CIRCA 1900VIC... Agent: Tasmanian Private Realty

<http://www.justlisted.com.au/sp/jlresagplist.asp?ag=347&fr=home&styp=rs>

CIRCA 1927 "THE CHURCH" Kurnell \$550,000 This **heritage listed** building was originally the Harold When Methodist Church and more recently used as a private residence. Set on approx 700m2 of native landscaped gardens. Zone ...

<http://cracker.com.au/search.aspx?q=@ionid=1301&categoryid=2220&minamt=&maxamt=&num=2>

Eg. Kingsley Street - 2 Bed 2 Bath 2 Car (Elwood) < 850,000 < - 2 Bedrooms\$850,000 +. FINEST OF THE MODERNISMFUNKY, **HERITAGE LISTED**, STYLISH AND THE BEST OF THE BEST IN THE HEART OF ELWOOD - SET IN LANDSCAPED GARDENS IS THIS SENSATIONAL FREESTANDING TWO STOREY HOME WITH 2...

<http://sydneyexchange.com.au/pages/5002.html>

EVER DREAMED OF owning a **piece of history**? Unique opportunity to acquire a **Heritage listed** 1878 freehold Hotel (license and fittings included) adjoining the Snowy Mountains National Park.

<http://www.domain.com.au/Public/PropertyDetails.aspx?adid=2005110398>

The Alexandria Tea Rooms were apparently constructed as premises for the Commercial Club in 1872. It is located in the centre of the Ballarat CBD in Lydiard Street which is famous throughout Australia as one of the **most historic streets**, dating back to the Gold Rush days of the 1850's. The property has a site area of 607m2 and comprises a two storey Victorian building in good internal and external order. It has full brick construction over both levels and an ornate timber and cast iron verandah. The ground floor has a building area of approximately 445m2, and was originally divided into four retail shops, two of these have recently been combined. Each individual shop has an area of 80m2 with both front and rear access. The first floor previously operated as a reception centre and comprises a main ballroom, fully fitted kitchen, three meeting rooms, office and toilets with a total area of approx. 450m2 plus balcony. * **Significant Heritage Listed Building** * Three existing tenants to Ground Floor * Vacant First Floor ideal for reception centre, conference area, offices etc. * Adjacent to Arts Precinct

<http://allhomes.com.au/c/ah?a=sp&p=232619>

46 Jindabyne Road Berridale \$320,000 Stone Cottage with Character, Situated in the town of up & coming Berridale is this cottage, set on 2223sqm, which allows a dual occupancy. The cottage has 4 bedrooms, 1 bathroom, country kitchen and dining area. 4 fireplaces, a lovely sunroom, plus outside verandah. There is a single lock-up garage with power. The backyard is fenced and dog proof. There is also a bore, plus town water. The property is **Heritage Listed** and the block can be sub-divided, set up your own business eg, antique, nursery the sky is the limit! For more information do not hesitate to call.

www.realestate.com.au/realestate/homes%2Bfor%2Bsale/vic/houses

Finest Of The Modernism \$850,000 + 40 KINGSLEY STREET ELWOOD, FUNKY, **HERITAGE LISTED**, STYLISH AND THE BEST OF THE BEST IN THE HEART OF ELWOOD - FREESTANDING TWO STOREY HOME WITH OFF STREET PARKING. Real Estate Agent: Century 21 Wilson Pride - Brighton Victoria (VIC)

www.realestate.com.au/realestate/tas/houses/homes%2Bfor%2Bsale

Owner Moved Interstate - Townhouse Set To Sell! \$300,000 171 GOULBURN ST WEST HOBART **Heritage listed**, past renovations have created a world reminiscent of its Victorian era... Real Estate Agent: Ray White - Hobart Tasmania (TAS)