

From Hope to Productivity: The Funding Crisis in the NSW Heritage Sector

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Abstract: Heritage management systems confront increasing challenges in facilitating financial aid for conservation of public and private urban heritage resources. Forty years ago, in 1973, on a UNESCO Mission to Australia from the UK, conservation architect Ian Grant wrote that heritage conservation requires four key things: public support, legal backing, educated professionals and a range of financial measures and incentives. Forty years on, the incentives for owners of listed sites through local, state and federal government frameworks remain limited. The ideological shift from the projected largesse of the Hope Report (1974) to the neoliberalism of the Productivity Commission Report (2006) could not be starker. This paper explores the effectiveness of current policy settings for economic assistance with special reference to the local government level in NSW. It draws from interviews with key policy makers, heritage practitioners, town planners and architects on their attitudes to and experiences with current policy initiatives in addressing the needs originally identified by Grant. Focusing on privately owned heritage, it delves into the economic challenges facing the conservation of Australian cities and the wider search for sustainable funding mechanisms and policy incentives.

Introduction

This paper investigates opportunities for incentivising privately owned heritage places through local government planning frameworks in New South Wales (NSW) – the most populous state in Australia. The primary focus of this paper is to enumerate the main areas of concern surrounding public funding flowing to heritage programs and initiatives in NSW. Helping to benchmark this analysis are the four key factors identified by Grant (1973) as underpinning a quality system for cultural heritage conservation, namely public support, legal backing, education and a range of financial measures and incentives (Grant, 1973). Although these factors are not commonly used as a means of measuring the success or failure of heritage management systems, they are used in this paper to quantifiably gauge NSW heritage policy performance in each of the four metrics.

The findings of the survey discussed in this paper reveal certain trends and attitudes concerning systemic failures in the NSW heritage management system including procedural confusion; unclear policy direction, failure to address the needs and expectations of owners and lacklustre incentive schemes. They raise wider issues about effective state funding models to assist conservation of cultural heritage resources.

Forty years after the foundations of NSW's heritage management system was put in place, there are indications of a retreat by government from state support and regulatory protection of CBH (cultural built heritage). Heritage showpieces in NSW like Hyde Park Barracks, The Rocks and Elizabeth Bay House remain but these are largely under government or quasi-government management. The real needs are in the private sector which assumes the majority of the cost burden for the conservation of CBH. Yet, this need is not well-served by a privileging of development interests on the part of government. The implication of the findings analysed in this paper is that it is both unfair and unrealistic to assume that the private sector will continue to carry the cost burden for CBH. The findings suggest that there is an onus upon government to radically reform heritage policy by creating more incentives for owners and developers. Without incentives, the sector will decline; owners and developers will take liberties and; much of the listed stock will be eroded (Costonis, 1974).

This paper is divided into six sections. Firstly, the historical and legislative context of heritage management at a local government level in NSW is described. Next, the demise of local government resourcing is discussed with a particular focus on the funding of CBH in NSW. Following that, is a description of the survey methodology with some preliminary findings detailing an analysis of the key observations raised followed by a brief reflection on funding issues and incentive schemes for

privately owned CBH and a conclusion which considers the status quo of heritage policy in NSW relative to the four benchmark principles established by Grant in 1973.

Context

Most domestic Australian legislation enacted to protect CBH appeared following Australia's signing of the World Heritage Convention (1974) and the Commission of Inquiry into the National Estate in 1974 (the Hope Inquiry). Since that time, heritage controls have been legislated and re-legislated several times over in all States and Territories and at Commonwealth level.

In NSW, protective legislation has been enacted for locally listed heritage items and conservation areas under Local Environment Plans (LEPs) and Development Control Plans (DCPs). In concert, this suite of legislative measures provides a safety net across the State's 152 separate local government areas (LGAs) for 27,000 items of local environmental heritage and a further 1,600 State-listed heritage items. Adding to this number is at least 500 separate conservation areas whose contributory items therein would probably swell the number to 40,000 local heritage items. The Productivity Commission reported in 2006 (Table 1) that on average 90% of all heritage listed places in Australia are in fact privately owned (Sullivan, 2006).

Table 1 – Extent of CBH in Private Ownership in Australia.

State	Councils with a heritage list	Individual places	Heritage areas(a)	Council owned places (b)	
				Average	Maximum
	% Respondents	No.	No.	% Listed Places	% Listed Places
NSW	93	25,847	512	8.8	71
VIC	97	19,183	497	9.3	83
QLD	42	9,852	191	19.9	100
WA (c)	84	8,178	391	12.7	100
SA	52	7,489	92	7.9	33
TAS	86	5,804	87	5.6	29
TOTAL	Average 75	76,353	1,770	10.4	100
(a)-includes historic conservation zones, heritage precincts, streetscapes and special areas					
(b)-includes parks and monuments					
(c)- may include places in Municipal Heritage Inventories					
Source: Productivity Commission 2006. <i>Conservation of Australia's Historic Heritage Places</i> . Table B.2:324					

Historic conservation continues to be identified as a key instrument for strengthening communities. It has proven to be an effective tool linked to a wide range of public goals including small business incubation, affordable housing, sustainable development, neighbourhood stabilisation, urban revitalisation, job creation, promotion of the arts and culture, mainstreet regeneration, heritage tourism and economic development (Rypkema et al, 2011).

Numerous public findings and reports have been highly encouraging to local governments of the benefits to be derived from promoting heritage as a cultural good including *Public Good Conservation: Our Challenge for the 21st Century* (2001), *Making Heritage Happen* (2004), *Tasmanian Heritage Act Review* (2005), *Australian Capital Territory Heritage Act Review* (2010), *Australian State of the Environment Report* (2011) and *Heritage Council of NSW Submission to the Green Paper – A New Planning System for NSW* (2012).

Yet despite the rhetoric of positive externalities generated by CBH, the heritage sector has been in steady decline in NSW since 2005. The reasons for the decline are political, procedural and policy-based. The upward swing of the Hope Inquiry (1974) appears to have run its course. The early idealism of Whitlam, Uren and the National Estate has seemingly all but evaporated (Veale and Freestone, 2012). Strong bi-partisan political support for heritage appears to have substantially diminished. The standing of heritage nationally has been steadily eroded through legislative changes and funding cuts pressed by other priorities (Veale and Freestone, 2012). Heritage listing has become unpopular. It is negatively lobbied by developer, valuation and real estate groups. It is unsupported politically by state, federal and local governments due to the costs of management and high levels of

professional skills required to administer it. There is rampant disenchantment by owners of heritage buildings who feel that they have become ensnared financially in having to shoulder the entire cost of heritage listing without assistance from either government or the wider community. In short, NSW heritage policy has failed to find a secure footing in government, communities and the private sector including owners and developers.

The downward swing of the pendulum alludes to the prophetic adage of conservation architect Ian Grant who, on a 1973 UNESCO mission to Australia from the UK, pronounced that heritage conservation requires four key things: public support, legal backing, educated professionals and a range of financial measures and incentives (Veale and Freestone, 2012).

International studies conducted into public engagement in heritage show evidence of similar findings. The public has only low levels of interest and behavioural engagement with heritage (Grimwade & Carter, 2000). Such research reveals that respondents have found it difficult to place a monetary value on heritage protection (e.g. determining how much should be spent by governments) and when asked to rank the relative importance of heritage against other government priorities such as health and education, short term needs tend to prevail. Findings such as these have led to the view that the public is only passively interested in heritage issues and management and that heritage protection is generally a low priority against economic demands and other more basic human needs. In summary, it may be said that the public is at best *interested* in heritage rather than genuinely *concerned* about it (McDonald, 2012).

Despite this, the majority of development applications for listed buildings and those within conservation areas in NSW are channelled through local government planning frameworks i.e. councils. Owners, developers, architects, planners and managers are dependent upon such local government authorities to assess and determine such applications. As the survey reveals, there is little public confidence in council processes and procedures. Lack of confidence appears to be predicated upon a perception of inequity, inconsistency and unpredictability. There is also a perception that information surrounding listings and heritage significance is inaccessible, incomplete or flawed. Such perceptions indicate a failure of public support for CBH in NSW despite the legal standing of the listings.

Local Government Resourcing in NSW

While the NSW Planning White Paper currently navigates its way through parliament, a paper on 'Future Directions for NSW Local Government: Twenty Essential Steps' (April 2013) has been published. *Future Directions* focuses its attention on the demise of local government in NSW. The continual depletion of local government resources plagues higher levels of government whose promises and commitments cannot be met. When one considers the range of services and regulatory functions performed by local government, it is not surprising that issues concerned with this third tier of government have reached prominence in the political agenda (Griffith, 2013). Concerns about local government include jurisdiction and accountability, the delivery of infrastructure, revenue and funding arrangements and the question of the constitutional recognition of local government at the Commonwealth level (Local Government: Review of Current Issues, 2013). There is mounting evidence to show that the financial base of the NSW local government sector is in urgent need of repair.

Many councils face very serious problems that threaten both their sustainability and their ability to provide adequate services to local communities. In 2012, most councils reported operating deficits. Only one third of councils (50) reported an operating surplus. Last year, 52% of Local Government revenue came from rates and annual charges (including water).

Due to the lack of funding pointed out in *Future Directions*, local government in NSW has a weakened capacity to deliver heritage management services. It is recognised that local government's performance in long term strategic asset, financial and workforce planning, needs to improve considerably. More needs to be done by councils to increase own-source revenues in order to improve asset management (Griffith, 2013). Listed heritage places are considered to be assets that need to be managed both by local government and by their private owners.

In NSW, local government is the tier that comes into contact most with private owners who own the bulk of heritage stock (Table 1). Insofar as the scope and reach of local government regulatory frameworks, resource allocation and staffing is concerned, it is the tier of government that shoulders the highest cost burden and has the most work to do. Through its listing legislation, it is charged with the responsibility of meeting the needs and expectations of owners and developers in terms of information, guidance and assessments of proposed development or modification to the listed heritage stock. Continuing downward pressure on budgetary allocation by State governments for such purposes results in a phenomenon of 'subsidiarity' or 'cost shifting' in which the private sector is effectively made to absorb the shortfall. The shortfall is addressed by consultants like heritage advisors, planners, planning lawyers and archaeologists who service the needs of private owners and developers by providing research, information, advice and guidance, but these private services add to the cost of undertaking heritage developments which further fuels perceptions of inequity in the system. Inconsistency within local government in the application of the rules of engagement from one council to the next coupled with political interference in the system simply exacerbates diminishing public support for CBH (Table 2).

Survey Methodology

The purpose of the survey was thus to ascertain current thinking about heritage management practices in NSW from a wide variety of stakeholders distributed into seven major groups: heritage advisors working in metropolitan areas, heritage advisors working in rural areas, planners, planning lawyers, developers, owners of heritage listed buildings and government officials. The approach taken was intensive face-to-face interviews following a questionnaire focused on three specific strands: CBH as opposed to other kinds of heritage i.e. Indigenous, archaeological or natural heritage, privately owned listed places in NSW and local government delivery of heritage services. These were elaborated across 20 key open-ended questions relating to; listing, financial assistance, tax and rate relief for owners and developers, regulatory constraints, political interference in assessment and consent processes, information about and the promotion of CBH by councils and community expectations.

Interviews were conducted between April and October 2013. Fifty separate interviews were conducted and digitally recorded and then subsequently transcribed. In this paper, a preliminary analysis is made of responses to just one of the questions, namely *"What do you perceive as some of the weaknesses in NSW heritage management at local government level?"* Interviewees were asked to express an opinion as to any perceptions of weakness in the NSW heritage management system based on their experience working within it (heritage advisors, planners, planning lawyers) or having become involved in it (owners, developers, government officials). The interviewees were allowed to speak openly about their concerns, misgivings or otherwise. Each of the interview transcriptions was summarised into key observations. Twenty seven discrete issues emerged from the interviews (Table 2). Aggregated responses were further analysed for variation relative to the role of the stakeholder (Tables 3 to 8) and then in relation to Grant's (1973) four main policy principles, Tables 9 and 10 show the relative weighting interviewees ascribed to each.

Findings

The top six weaknesses (1st tier) identified as most concerning the interviewees in relation to local heritage management in NSW were:

- Inconsistency in approach from one council/ practitioner/consent authority to the next.
- Unfairness, inefficiency, inequality, inflexibility, inequity and lack of clarity in council processes.
- Lack of knowledge, resources, funding and skills at local government level.
- Heritage policy generally does not meet owners' needs and expectations.
- Lack of financial incentives and funding for private owners.
- There is no framework for best practice or policy vision for CBH.

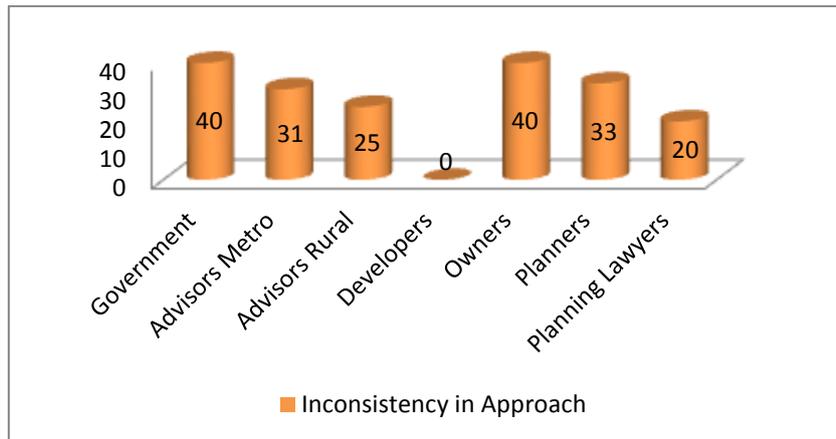
Table 2 – Survey of Perceived Weaknesses in the NSW Heritage Management System

ITEM	OBSERVED WEAKNESSES BY INTERVIEWEES	% of sample (50 interviewees)	Tier of Concern
A	Inconsistency in approach from one council/ practitioner/consent authority to the next	32	1 st tier concern
B	Unfairness, inefficiency, inequality, inflexibility, inequity and lack of clarity in council processes	32	
C	Lack of knowledge, resources, funding and skills at local government level	22	
D	Heritage policy generally does not meet owners' needs and expectations	22	
E	Lack of financial incentives and funding for private owners	18	
F	There is no framework for best practice or policy vision for CBH	18	
G	Too much interference by politicians in process	14	2 nd tier concern
H	Listings are technically flawed	14	
I	Too much subjectivity and indecision in council processes	12	
J	Owners feel penalised by listing – they see it as being negative	10	
K	Government does not promote CBH as a public good in society or encourage the training of heritage professionals	10	
L	Conservation policy and listings stifle innovation, design and development	8	
M	Lack of interest in CBH by government/ councils/ politicians – not considered important	6	3 rd tier concern
N	Unfair cost burden placed on owners	6	
O	Efficacy of heritage management at local government level has declined	6	
P	Lack of understanding by owners as to what heritage significance is	6	
Q	System is too legalistic/ over-regulated	4	
R	Owners do not receive encouragement to conserve	4	
S	Staff turnover at councils results in unreliable outcomes	4	
T	Heritage is not properly policed or audited	4	
U	Local government lacks legislative power to protect and manage heritage	4	
V	Access by owners to information about listings and processes too difficult and vague	4	
W	Owners have no recourse to de-list their properties	4	
X	Heritage policy needs to focus on best economic and adaptive re-use options	4	
Y	Third party objectors have too much influence	2	
Z	There is too much misinformation about CBH	2	
AA	The high cost of maintenance is a disincentive for owners	2	
BB	The system operates fine – there are no weaknesses	2	

Issues of slightly less concern (2nd Tier) relate to; interference by politicians and elected councillors in assessment and consent related development applications (14%); technical flaws in the listing process including disputes about significance or incomplete inventory information (14%) which causes high levels of frustration and cost on the part of owners and developers; too much subjectivity and indecision by council staff when assessing and determining developments related to heritage listings (12%); perceptions of negativity about listed places by owners and developers either through lack of information or the effects of negative lobbying in the community (10%) and; failure by the government (both State and local government) to promote heritage as a public good in society and adequately train heritage practitioners/ professionals (10%).

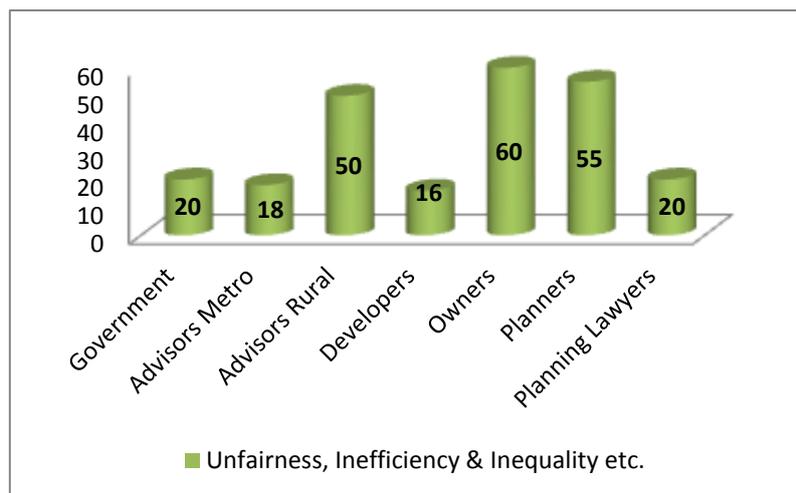
Surprisingly, certain sentiments scored relatively low amongst the interviewees (3rd Tier) such as; the effects of listing upon design innovation (8%); the unfair cost burden placed on owners (6%); a general lack of interest by politicians in heritage (6%); the declining efficacy of heritage (6%) and; over-regulation of the system (4%). Only one of the interviewees opined that there are no weaknesses in the NSW heritage management system at local government level. Another interesting aspect of Table 2 is that only 2% surveyed suggested that the high cost of maintaining heritage buildings acts as a disincentive.

Table 3 – Survey results for Tier 1 Concern: ‘Inconsistency in approach from one council/practitioner/consent authority to the next’



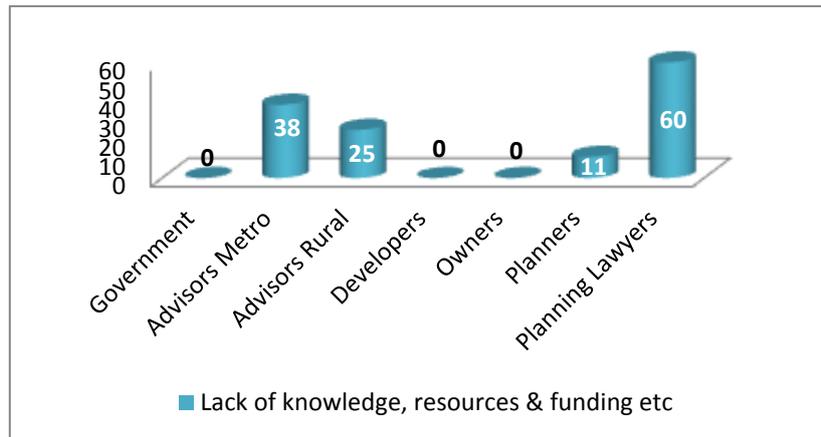
In terms of the perceived weaknesses by group, it is interesting to note that in the six highest scoring issues per Table 3 above, Government and Owners were the most vocal in relation to the ‘*inconsistency in approach*’ issue while Owners, Planners and Heritage Advisors in Rural Areas were the most vocal in relation to the ‘*unfairness and inequity in council processes*’ issue (Table 4).

Table 4 – Survey results for Tier 1 Concern: Unfairness, inefficiency, inequality, inflexibility, inequity and lack of clarity in council processes.



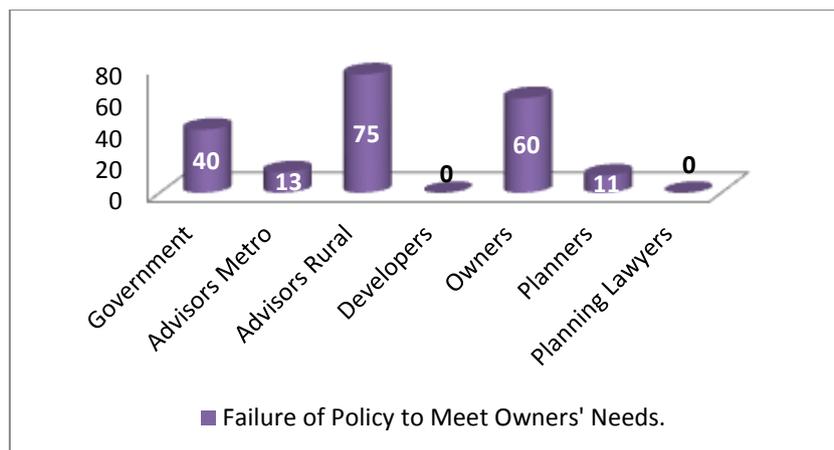
In relation to ‘*the lack of resources, funding and skills at local government level*’, Planning Lawyers and Heritage Advisors (metropolitan and rural areas) were the most vocal (Table 5).

Table 5 – Survey results for Tier 1 Concern: Lack of knowledge, resources, funding and skills at local government level.



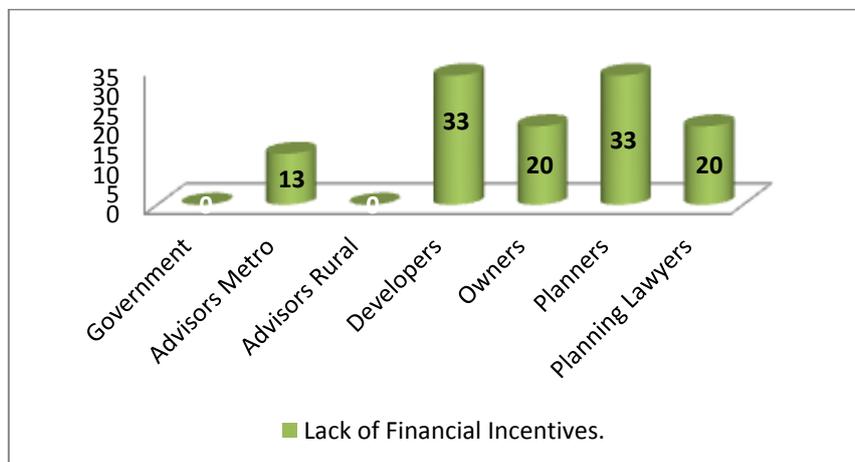
In relation to the issue of '*heritage policy failing to meet owners' needs and expectations*', Owners, Government and Heritage Advisors from Rural Areas were the most verbal (Table 6).

Table 6 – Survey results for Tier 1 Concern: Heritage policy generally does not meet owners' needs and expectations.



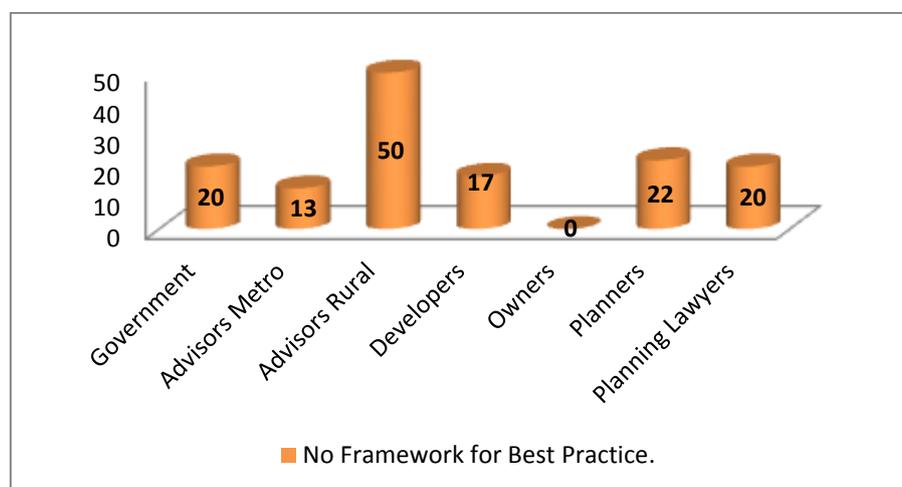
On the issue of '*the lack of incentives and funding for private owners*', it was the Developers and the Planners that raised the most concerns (Table 7).

Table 7 – Survey results for Tier 1 Concern: Lack of financial incentives and funding for private owners.



In relation to; 'no framework for best practice and no policy vision for CBH', Heritage Advisors in rural areas and to a lesser extent, Planners and Planning Lawyers were the most vocal (Table 8).

Table 8 – Survey results for Tier 1 Concern: There is no framework for best practice or policy vision for CBH.



Of interest in the survey was the divergence between heritage advisors in metropolitan areas as opposed to those in rural areas. The latter group consistently expressed disdain for financial incentives as opposed to simple planning incentives and general support of CBH in rural areas by governments through education and promotion campaigns. Public support for CBH in rural areas came through as a major issue of concern whereas in the metropolitan areas, it was felt that financial incentives meant much more for the owners of the listed stock.

The two groups most concerned about procedural fairness, the need for a level playing field and the lack of consistently applied rules of engagement for CBH in NSW were the Planners and the Planning Lawyers (Tables 3, 4, 5, 7 and 8).

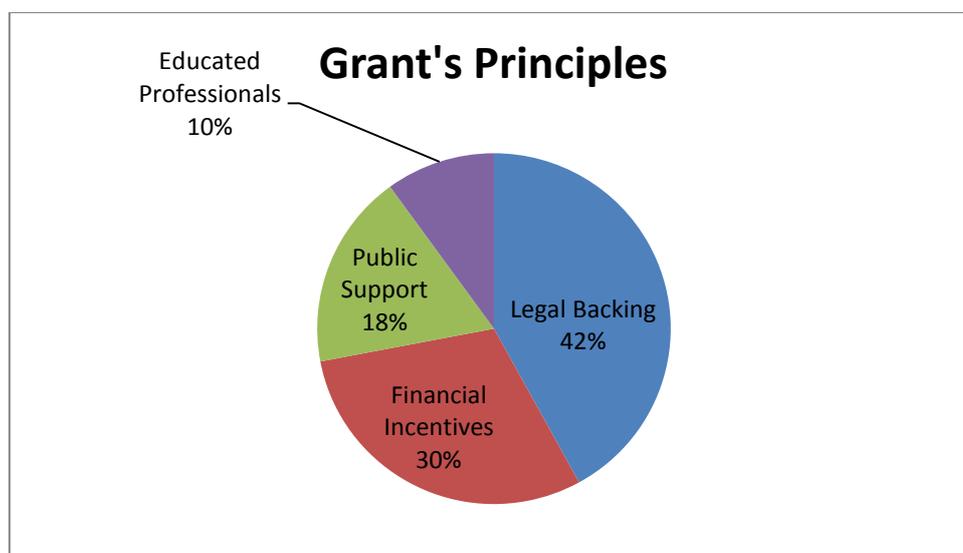
Responses were then categorised according to Grant's (1973) normative principles from the CBH sector, namely public support; legal backing; financial incentives and; educated professionals (Table 9). Table 10 indicates the distribution of the four principles in terms of the number of issues raised as a percentage of the overall 27 issues (Table 2). The analysis reveals that 42% of the issues raised relate to matters of legal backing while 30% relate to financial measures and incentives. 18% of the issues relate to matters of public support and 10% relate to the need for improving training for educated professionals.

Table 9 – Responses categorised according to Ian Grant's (1973) normative principles – public support; legal backing; financial incentives and; educated professionals.

Item	Observed weaknesses by interviewees	Ian Grant Principle
A	Inconsistency in approach from one council/ practitioner/consent authority to the next	LEGAL BACKING
B	Unfairness, inefficiency, inequality, inflexibility, inequity and lack of clarity in council processes	LEGAL BACKING
C	Lack of knowledge, resources, funding and skills at local government level	FINANCIAL MEASURES
D	Heritage policy generally does not meet owners' needs and expectations	PUBLIC SUPPORT/ FINANCIAL MEASURES
E	Lack of financial incentives and funding for private owners	FINANCIAL MEASURES
F	There is no framework for best practice or policy vision for CBH	LEGAL BACKING
G	Too much interference by politicians process	LEGAL BACKING
H	Listings are technically flawed	LEGAL BACKING
I	Too much subjectivity and indecision in council processes	LEGAL BACKING
J	Owners feel penalised by listing – they see it as being negative	FINANCIAL MEASURES
K	Government does not promote CBH as a public good in society or	LEGAL BACKING,

Item	Observed weaknesses by interviewees	Ian Grant Principle
	encourage the training of heritage professionals	EDUCATED PROFESSIONALS
L	Conservation policy and listings stifle innovation, design and development	PUBLIC SUPPORT
M	Lack of interest in CBH by government/ councils/ politicians – not considered important	LEGAL BACKING
N	Unfair cost burden placed on owners	FINANCIAL MEASURES
O	Efficacy of heritage management at local government level has declined	PUBLIC SUPPORT
P	Lack of understanding by owners as to what heritage significance is	PUBLIC SUPPORT
Q	System is too legalistic/ over-regulated	LEGAL BACKING
R	Owners do not receive encouragement to conserve	FINANCIAL MEASURES
S	Staff turnover at councils results in unreliable outcomes	FINANCIAL MEASURES
T	Heritage is not properly policed or audited	LEGAL BACKING
U	Local government lacks legislative power to protect and manage heritage	LEGAL BACKING
V	Access by owners to information about listings and processes too difficult and vague	PUBLIC SUPPORT
W	Owners have no recourse to de-list their properties	LEGAL BACKING
X	Heritage policy needs to focus on best economic and adaptive re-use options	FINANCIAL MEASURES
Y	Third party objectors have too much influence -	PUBLIC SUPPORT
Z	There is too much misinformation about CBH	PUBLIC SUPPORT
AA	The high cost of maintenance is a disincentive for owners	FINANCIAL MEASURES

Table 10 – Relative proportion of Grant’s (1973) normative principles in accordance with the 27 issues raised per Table 9 above.



Despite the relative weighting of the Grant Principles shown in Table 9 and 10, it needs to be noted that 22% of respondents did express the view that there is currently a lack of knowledge, resources, funding and skills at local government level (Table 5). Yet relatively few translated this into an expressed need for education programs across the sector albeit that the finding implies that it would be necessary to improve skills, training and experience for council employed staff operating within the realm of CBH.

LEGAL BACKING

The greatest number of concerns trend towards the legal backing principle of Ian Grant’s (1973) four main normative principles and that is reflected in 11.5 of the 27 observations made by the interviewees. Only one interviewee opined that the NSW heritage management system works to a

satisfactory level while all other 49 interviewees indicated that there are weaknesses of some kind in the system.

The predominant principle amongst the second tier of concerns is also that of legal backing. Chief amongst these is political interference in the system (14% of the sample) i.e. the ability of elected local and state government officials to intervene in a planning process affecting heritage developments. Also, 14% of the sample expressed concerns about the quality of listing information i.e. confusion about why certain locally significant places are listed and the unnecessary expense that applicants, councils, owners and developers are put to in relation to the flawed or incomplete listing information. 12% of the sample opined that there is far too much subjectivity in assessments related to heritage developments and that this generates unpredictable outcomes. Such legal backing issues appear to suggest that with strengthened government regulation, better resourcing and higher skill levels of those working with local government heritage sector many of the issues could conceivably be straightened out. However, as expressed by the interviewees, it comes down to political will and an interest by government in CBH (6%). A lack of political support for CBH deflates policy initiatives; reduces the promotion of it and weakens the capacity of local government heritage management systems.

PUBLIC SUPPORT

Unpredictability coupled with inconsistencies in process (32% of the sample), are matters of public support. The survey indicates that slightly over a quarter of those interviewed express concerns about flailing public support for the NSW heritage management system. A further 22% believe that current heritage policies and practices do not meet owners' needs and expectations; thus indicating that there is a significant shortfall in the policy area of local government albeit that it is resource-poor and skills-deficient (refer to Table 6). Grant's public support principle suggests that without positive regard for the heritage management system and all its various machinations, public support can quickly turn negative. Because it is within the capacity of government to ensure that the system is implemented fairly, consistently, transparently and without favouritism or for the exclusive benefit of any one contingent, there is an obvious relationship between legal backing and public support. Without the one, there cannot be the other. Presently, public support for the NSW heritage management system is flagging and this is borne out in the responses to the survey. 7 out of the 27 issues raised were found to be matters of public support (Table 9).

FINANCIAL MEASURES

The second highest trend out of the four Ian Grant principles in the survey was the amount of issues pertaining to financial and planning incentives in the NSW heritage sector (30%). Both public and private funding systems were canvassed in the survey and these included; development credits, transferrable development rights and credits, plot bonuses, grants, rate and tax relief for CBH, imposts on tourism and associated industries as well as a range of overseas funding mechanisms which may work for NSW such as tax increment financing, a heritage lottery fund, enabling development and heritage agreements/ voluntary planning agreements, increased development freedoms for CBH based on maximum adaptive re-use potential and best economic use as well hypothecated local government funds derived from the stamp duty component of listed properties sold within a local government area.

Eight out of the 27 issues relate to incentives and financial measures (Table 9). Respondents expressed concern that there is insufficient funding for councils (22% - Table 6) as well as insufficient incentives and funding for owners (18% - Table 7). Owners feel penalised as a result of listing because there is no compensation or available incentives (10% - Item J, Table 9), there is an unfair cost burden placed upon owners of CBH (6% - Item N, Table 9), there is no encouragement for owners to conserve their listed properties (4% - Item R, Table 9), there is frequent staff turnover within councils as a result of few incentives for them to remain in the sector (4% - Item S, Table 9) and heritage policy is not targeted at best economic use and maximum adaptive re-use potential as a form of financial incentive (4% - Item X, Table 9).

EDUCATED PROFESSIONALS

A relatively low hit rate for the last of the four Ian Grant principles (10% of the amount of issues raised by respondents) was noted. Yet, in relation to Table 5: Lack of knowledge, resources, funding and skills at local government level, one could say that 22% of those surveyed do have a concern about the skill levels of practitioners working within the NSW heritage management system.

Six percent expressed concerns about the lack of training for professionals as part of an overall campaign by government to promote CBH (10% - Item K, Table 9). The NSW Office of Environment & Heritage (OEH) does run occasional workshops for heritage consultants working both within government and the private sector and there remains on the OEH website certain explanatory manuals that can be downloaded free of charge to assist owners, managers and professionals in understanding and applying various conservation principles and charters. Apart from that, many of the programs that used to be run out of the NSW Heritage Office, have abated due to lack of funding.

While the four principles are supposed to work in concert as conceived by Grant in 1973, it is clear from the survey that current NSW heritage policy for CBH at local government level is struggling to attain competency in all four principles. Incoherent legal backing for the heritage sector directly affects public support for CBH. A lack of innovative policies and incentives gives rise to uneven treatment for some and general inequities in the system. In addition, perceptions of negativity rise and public trust and support results in a negating of the enterprise. A lack of encouragement for professionals is also perceived negatively by the public because of vastly divergent opinions and inconsistent applications in processes relating to the assessment of significance in listings and likewise in the determination of development applications through local government consent authorities.

Incentive Schemes for CBH

Questions concerning the effectiveness of heritage incentive schemes are based upon (1) the extent to which an incentive induces conservation outcomes that would not have occurred in the absence of that incentive, (2) the extent to which an incentive provides equity for the owners of heritage places, (3) the effect that the heritage incentive has in relation to other forms of government expenditure, and (4) the effect that one form of incentive would have compared with another (Joint Taskforce, 2004). An incentive may be effective even if it does not induce additional conservation activity. Public policy may simply dictate that the public should share the cost of a conservation activity from which it derives value. Heritage incentives, particularly grants, have rarely been subjected to systematic research and analysis in Australia. The costs inclusive of pre-planning and extended time-frames involved often serve as a deterrent. However, grants constitute an important ingredient in public policy (Joint Taskforce, 2004).

Community support for CBH has suffered as a result of radical shifts by Australian governments away from supporting privately owned CBH in recent years. Neoliberal policy strongly dictates that the market is the most efficient form of control and governments should not meddle in privatised sectors of the economy except to regulate gross abuses. Consequently a wedge has been driven by government policy between public and private goods to the extent today that public goods such as CBH are no longer seen as assets warranting investment (resources, professionalism and knowledge) by governments.

The current review of the NSW planning system in which the NSW Government proposes to replace the *Environmental Planning and Assessment Act 1979* with the *Planning Bill 2013*, constitutes an agenda premised on cutting red and green tape. Green tape refers to a softening of environmental controls in order to facilitate higher rates of development. However, the *Planning Bill 2013* appears wont to curtail the influence of CBH on development potential in the State. It indicates that in the future, government will rely heavily upon private developers to roll out the State's public infrastructure, housing, industrial and education needs. To do this, it must be seen to remove all obstacles that might otherwise limit growth and investment; hence, an obvious bias in favour of development in the new legislation. Notwithstanding, a corps of disaffected citizens has already vexed its outrage. Five thousand separate responses to the Planning White Paper were submitted during the public consultation process. The disaffection shows once again that NSW society is polarised around the relative values and importance of CBH. Those who are against, focus entirely on growth and the removal of red tape from the planning system. Those in favour of conservation declare that obvious

brakes must be placed against rampant and un-regulated development. Otherwise, the outcomes will be unpredictable, highly destructive to the scale and delicacy of established inner city areas and suburbs, and prone to corruption. The ultimate articulation of these conflicting ideals has not yet fomented into the public realm given that the incipient legislation has only just passed through the Lower House of Parliament.

Another reform document in circulation in NSW, *Future Directions* suggests that there may be scope to raise a greater share of revenue from fees and charges levied on services and that rates, which are a tax and not a fee-for-service, need to be set in accordance with principles of taxation i.e. equity, efficiency, simplicity, sustainability and consistency. It was also suggested that there may be a case for moving from 'land value' to 'capital improved value' as the basis for rates and land tax to better reflect a capacity of residents and owners to pay; thus allowing local government authorities to keep abreast of demographic shifts and urban consolidation. *Future Directions* also suggests that councils should consider asset sales to fund new or replacement infrastructure including rationalisation of facilities. It urges that the concept of tax increment financing should be embraced as a means of raising special rates to tax the increased value of land where development takes place on the back of public infrastructure e.g. high density residential development around railway stations.

The concept of seeking ways of driving more capital into public institutions such as local councils has become known as 'value capture'. The basic economic principles behind value capture have grown both in number and creativity in the USA and Latin America in recent years. Value capture tools are increasingly being used in combination with traditional practices. This trend may be attributed to regional economic stabilisation and fiscal decentralisation; more progressive strategies for urban planning and management; increased social awareness and demands for equitable public policy responses; changing attitudes toward privatisation and public-private partnerships; the influence of multilateral agencies and; pragmatic considerations to capture land value increments in order to raise funds for local community needs (Smolka and Furtado, 2001).

Conventional fiscal policies and instruments are prone to ignore the costs of providing urban infrastructure and how services are socialised, but their benefits privatised. Value capture focuses on the benefits that the community at large receives for some or all of the land value increments (unearned income) generated by actions other than by landowners such as public investments in infrastructure; administrative changes in land use norms and regulations; property taxation and betterment contributions; exactions and charges for building rights or for the transfer of development rights; large scale approaches such as development of public land through privatisation or acquisition; land readjustment and public auctions of bonds for purchasing building rights (Dye and England, 2010).

Rapid urbanisation over the last century has led to the emergence of a vigorous land market. Windfalls resulting largely from public interventions have had the tendency of reinforcing landowner's interests as opposed to seeking benefits for the public good. The provision of urban infrastructure and services to those areas that support higher densities, usually fails as a result of inappropriate and inequitable systems of value capture. The linkages between services and prices, public and private benefits and growth-to-infrastructure provisioning requires that traditional rates and tax systems be radically overhauled to better address the needs for such areas and come up with more equitable systems of service provision (Smolka and Furtado, 2001).

Conclusion

Table 10 clearly indicates that the primary issues of concern amongst the interviewees are related to matters largely in control of government i.e. legal backing and financial measures such as incentives. Yet, CBH in NSW is under-funded despite active community support for it. The legislation is robust, yet it is failed by under-resourcing of services especially at local government level. There are not only fears expressed by owners of listed heritage places about grossly subjective assessment processes and unpredictable outcomes but fears about the new planning legislation being dismissive of the attributes of built cultural heritage in NSW. Although current legislation is very much premised on environmental concerns, the incoming planning legislation is skewed in favour of development. Whereas development is considered to constitute investment in the state, the protection of CBH is seen as an obstacle to that ideal (White Paper).

Neoliberal government strategies have had the effect of depleting the efficacy of CBH as an ideal in society and they further undermine the capacity of local government to engender cogent policies for CBH. The result is twofold. Firstly, much of the regulatory framework has become cost shifted into the private sector which means less control and policing of protective policies already in place and secondly, owners of CBH have increasingly been made to shoulder the cost burden of heritage listing without compensation or offsetting opportunities provided in local government planning regimes. Information about listings is either technically flawed or incomplete. There are hardly any incentives of either a financial and planning nature available to private owners and developers of heritage places in NSW. The single incentive provided for in the recent standard LEP template in NSW relates to 'use' only and is limited to operating an otherwise prohibited commercial use within a non-commercial zoning. There are few services offered to owners and developers by councils. Consequently, services need to be sought in the private sector which adds to the cost of developing heritage properties. Heritage is not policed at a local level and owners who take matters into their own hands are rarely punished for acting unilaterally against the public interest. This in turn converts heritage as a public good into something negative in the eyes of owners, developers, local government and the community.

According to the Productivity Commission's 2006 report, *Conservation of Australia's Historic Heritage Places*, the rationale for government in heritage conservation rests on the view that owners, acting in their own interests, would conserve too little historic heritage'. The Chairs of the State and Territory Heritage Councils of Australia; responding to the Productivity Commission's Final report, stated that; 'Listing should be considered on the basis of heritage significance and does not in itself impose costs on owners'. The Chairs asserted that in the majority of cases, heritage listing has no significant adverse impact on property values except forgone development. The survey canvassed in this paper suggests that there is much scope for future improvement in NSW heritage management especially in the policy area and the exercise of incentives for private owners and developers who, after all, constitute the lion share of the listed stock.

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