# INQUIRY INTO REVIEW OF THE HERITAGE ACT 1977

**Organisation:** City of Sydney

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# Heritage Act Review



Central Railway Station, Eddy Avenue Sydney, 1920s. Source: City of Sydney Archives

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# **Executive Summary**

In April 2021 the NSW Government asked the Social Issues Standing Committee of the NSW Legislative Council to conduct a review of the Heritage Act 1977. The formal commencement of the review occurred on 13 May 2021 for six weeks, to which the City of Sydney (the City) has received a two-week extension.

The City welcomes the opportunity to make a submission in response to the review and generally supports the proposed review to ensure ongoing relevance of this important heritage legislation.

In this submission, the City has responded to the nineteen focus questions, plus raised other relevant points.

## For the review of the Heritage Act the City recommends the following:

- The identified fields of expertise are all important and representatives of all these fields need to be included on the Heritage Council, appointed based on their expertise with representation from key organisations.
- 2. Changes to acknowledge and address Aboriginal Cultural Heritage within the Heritage Act must also be driven and managed by Aboriginal people. There should be increased representation on the Council itself. Close engagement with indigenous communities is essential to ensure appropriate acknowledgement.
- 3. The City supports planning incentives and can provide additional information about the application of its Heritage Floor Space (HFS) scheme. The application of a HFS scheme to state heritage items not covered by the City's scheme is a possibility but would need detailed research to determine how this could be developed and managed preferably through the planning system. The Sydney LEP has proven model provisions for such a scheme.
- 4. Use of the Act to acquire and dispose of (buy, sell, lease, exchange) heritage properties should be continued, especially for use by community groups or professional associations.
- 5. The City supports investigating the use of state-based taxes to incentivise heritage conservation.
- The NSW Heritage Grants Program should continue and be increased, as this program is a major instigator of economic and community development.
- 7. The City does not believe a more nuanced set of categories for State Heritage Register items is required or appropriate; rather this idea could be considered more accurately as management categories.
- 8. The City does not support the idea of the role of the Minister in facilitating the permit process, rather this should be the role of the Heritage Council.
- 9. Any changes to the Heritage Act must strengthen its relationship with the Environmental Planning & Assessment Act.
- 10. The Heritage Act needs to remain in place and relevant for all sites of state significance. As such, the regulations regarding State Significant Development, State Significant Precinct, and State Significant Infrastructure require change to ensure that the Heritage Act remains in place and is not switched off.
- 11. The review should include investigations into processes to safeguard community assets, like the Assets of Community Value program in the United Kingdom.

12. The review of the Heritage Act should include investigations into the inclusion of processes to stop demolition by neglect of local heritage items.

We look forward to engaging further with the Social Issues Standing Committee, Heritage NSW, Heritage Council of NSW and The Hon. Don Harwin, MLC on this matter. The City of Sydney is also able to present our views to the Social Issues Standing Committee if required.

# Introduction

The City of Sydney supports the current review of the Heritage Act, as we concur with the Minister in his foreword that "heritage is our legacy" and "deserves to be protected and cherished".

## Purpose of Review

The discussion paper outlines the rationale for the review, indicating that it was necessary for the following reasons because the Act:

- is out-of-step with trends in heritage conservation and land use planning and development
- reflects an outdated reliance on prescriptive regulatory measures and compliance mechanisms to achieve its objectives
- is generally considered onerous, procedurally complex and adversarial to adaptive reuse.
- heritage owners, developers and administrators face uncertainty, expense, duplication, and delays in relation to heritage listing and approvals, leading to a perception that heritage listing can be a burden.

The City understands these potential perceptions but considers that Heritage NSW should have commissioned a detailed study prior to the launch of this review to confirm specific information regarding the efficacy of the Heritage Act for property owners (public, private and institutional), developers, consultants, and the general public.

## Our submission

In the City of Sydney submission, we have addressed the focus questions presented in the discussion paper, as follows:

- Focus Question 1: What should be the composition, skills and qualities of the Heritage Council of NSW?
- Focus Question 2: How should Aboriginal Cultural Heritage be acknowledged and considered within the Heritage Act
- Focus Question 3: Are the objectives of the Heritage Act still relevant?
- Focus Question 4: Does the Act adequately reflect the expectations of the contemporary NSW community?
- Focus Question 5: How can the NSW Government legislation better incentivise the ownership, activation and adaptive reuse of heritage?
- Focus Question 6: How can we improve incentives within the taxation system to help mitigate the cost of private heritage ownership?
- Focus Question 7: What sort of initiatives might encourage activation and conservation of heritage through commercial and philanthropic investment?
- Focus Question 8: How could tailored heritage protections enhance heritage conservation?
- Focus Question 9: How should heritage items that are residential properties be accommodated under a proposed category scheme?

- Focus Question 10: Would greater community engagement deliver a more robust State Heritage Register?
- Focus Question 11: Would streamlining enhance the listing process?
- Focus Question 12: How could we improve the current approval permit system?
- Focus Question 13: Are the current determination criteria for heritage permits still appropriate?
- Focus Question 14: How could we improve heritage consideration within land use planning systems?
- Focus Question 15: Are there opportunities to enhance consideration of heritage at the strategic level?
- Focus Question 16: How could heritage compliance and enforcement be improved?
- Focus Question 17: How could understanding of state heritage be enhanced?
- Focus Question 18: How could we improve heritage tourism or help activate heritage places for tourism?
- Focus Question 19: How could public heritage buildings be activated to meet the needs of communities?

# Responses to the focus questions

# Composition, skills, and qualities of the Heritage Council of NSW

Currently, the membership of the Heritage Council is defined by the Heritage Act, which identifies qualifications, knowledge and skills relating to various fields of expertise, to a total of 9 members, 8 of which are appointed by the Minister. The other member is to be the Secretary of the Department of Planning, Industry and Environment.

This is similar to heritage councils in other jurisdictions such as the Heritage Council of Victoria, ACT Heritage Council, the Tasmanian Heritage Council and the Australian Heritage Council. However, in each of these examples, the individual members are identified as being appointed because of their specific expertise.

Also, in some instances, members are appointed as representing various community, professional or industrial groups. In the past, the Australian Institute of Architects and the Planning Institute of Australia provided representatives to the Heritage Council of NSW. Under the Act, the National Trust of Australia (NSW) nominates several individuals for the Heritage Council, but once appointed they do not represent the Trust.

Furthermore, there is a perception that as the Minister appoints 8 of the members of the Heritage Council, that these appointments are political rather than based on expertise.

#### **RECOMMENDATION 1**

That the identified fields of expertise are ALL important and that representatives of all these fields need to be included on the Heritage Council.

The City considers that individuals should be appointed based on their expertise and identified as such. There should be increased representation of Aboriginal appointees to the Council.

The City believes specific organisations should have representatives on the Heritage Council, including the Australian Institute of Architects, the Planning Institute of Australia, LGNSW and the National Trust of Australia (NSW).

# Acknowledging and addressing Aboriginal Cultural Heritage within the Heritage Act

One of the questions raised in the discussion paper questions how Aboriginal Cultural Heritage be acknowledged and considered within the Heritage Act. The City believes this is very important but considers that these details need to be proposed by Aboriginal communities themselves.

The City of Sydney acknowledges the Gadigal of the Eora Nation as the Traditional Custodians of our local government area. As a contemporary custodian of the City, we express deep respect for the traditional custodians and seek to draw on the sophisticated, resilient and continuous culture of this place and we acknowledge we all stand on sacred land. The City has developed several

actions, tools and processes to educate and challenge ourselves and our citizens, for reconciliation, awareness and celebration of Aboriginal and Torres Strait Islander culture. The City works closely with our Aboriginal and Torres Strait Islander Advisory Panel to achieve these aims.

#### **RECOMMENDATION 2**

Any changes to acknowledge and address Aboriginal Cultural Heritage within the Heritage Act must be driven and managed by Aboriginal people. Close engagement with indigenous communities is essential to ensure appropriate acknowledgement.

# Current relevance of the objectives of the Heritage Act

Part 1, Section 3 of the Heritage Act includes the following objectives:

- a) to promote an understanding of the State's heritage,
- b) to encourage the conservation of the State's heritage,
- c) to provide for the identification and registration of items of State heritage significance,
- d) to provide for the interim protection of items of State heritage significance,
- e) to encourage the adaptive reuse of items of State heritage significance,
- f) to constitute the Heritage Council of New South Wales and confer on it functions relating to the State's heritage,
- g) to assist owners with the conservation of items of State heritage significance.

#### **RECOMMENDATION 3**

The City of Sydney believes that the current objectives of the Heritage Act are still very valid. We suggest that the final point be revised as follows:

- e) to encourage <u>and incentivise</u> the adaptive reuse of items of State heritage significance.
- g) to assist <u>and encourage</u> owners with the conservation and maintenance of items of State heritage significance.

# Does the Act adequately reflect the expectations of the contemporary NSW community?

As part of the City's community engagement for the preparation of the Sydney 2050 community strategic plan, over 5000 people were invited to tell the City what they valued in their neighbourhoods and what excited or concerned them about when thinking about life in their local area in 2050.

The Workshop summaries and the Community Engagement reports all indicate that heritage is an important aspect of living in the Sydney local government area, it contributes to local neighbourhoods and it needs to be retained for future life in the City.

#### **RECOMMENDATION 4**

Heritage issues are an important focus for residents and visitors to the City of Sydney. We consider the expectations of the contemporary NSW community essentially remain unchanged, and that the Heritage Act reflects these expectations, particularly regarding the identification, promotion and conservation of state heritage.

## Heritage incentives:

Revising NSW Government legislation to better incentivise the ownership, activation, and adaptive reuse of heritage. Improving incentives within the taxation system to help mitigate the cost of private heritage ownership.

The discussion paper suggests several options to support privately owned state heritage items. This includes options such as the creation of a revolving conservation fund and incentives such as the City of Sydney's heritage floor space scheme. Other options like assistance with the cost of adaptive and heritage activation to encourage commercial or community ventures will stimulate economic growth and have indirect economic and social benefits. Further options include the provision of stewardship payments to heritage owners seeking to activate a heritage item for a community or business opportunity and other tax incentives, grants or other concessions for private conservation or philanthropic heritage investment.

The City acknowledges the value of increased incentives to assist with the care and maintenance, activation and adaptive reuse of state heritage items.

## City's Heritage Floor Space Scheme

Originally proposed in 1971 following the loss of important heritage buildings, the City of Sydney's Heritage Floor Space (HFS) scheme is now widely recognised as an effective mechanism to facilitate heritage conservation (within Central Sydney). The Sydney Local Environmental Plan 2012 (LEP) and the Sydney Development Control Plan 2012 (DCP) contain the planning controls governing the operation of the scheme. The scheme provides for owners of eligible heritage-listed buildings to be awarded heritage floor space after preparing a conservation management plan and completing agreed conservation works. The scheme applies to eligible local

heritage items within the B8 Metropolitan Centre zoned area of the LGA (largely central Sydney), with the quantity of HFS available to be awarded determined by formulas in the DCP.

Once an application for an award has been approved, and the criteria met, including covenants registered on title to restrict additional height and floor space, the award entered into the register by the City Council. The awarded floor space then can then be sold to developers who need to buy and allocate the HFS to be able to realise their maximum floor space provisions in the LEP.

Selling or transferring HFS is a private transaction between the owner and the prospective buyer and the price is set by the market. The City acts as the scheme administrator. The cost of legal agreements, transactions and other documentation associated with the award and allocation, or change of HFS ownership, is met by the owner and prospective buyer. It has evolved into a sustainable model based on supply and demand within a limited area.

Any application of an HFS scheme to state heritage items not covered by the City's scheme is a possibility but would need detailed research to determine how this could be developed and managed. Investigations would need to focus on issues such as whether HFS would be available to all building types, how it would be sold and allocated, and whether this should be limited to identified areas, such as the central business districts of major cities across NSW.

Local Environmental Plans will require revision to include appropriate provisions rather than the Heritage Act. The Sydney LEP has model provisions and has been road tested. Arrangements would also need to be put in place to manage the operation of the scheme including the management of an HFS register to record and monitor registrations, transactions and allocations of HFS. At the City, both planning and legal staff manage this scheme, and therefore resourcing for such a scheme would need to be a consideration.

Additional information can be found on the City's website, and staff would be available to discuss the HFS scheme further.

https://www.cityofsydney.nsw.gov.au/cultural-support-funding/heritage-floor-space-scheme

#### Other incentives

The Act allows the state to acquire and dispose of (buy, sell, lease, exchange) heritage properties and there are many examples of the effectiveness of this option, such as Tusculum in Potts Point. Completed in 1835, Tusculum had fallen into disrepair when in 1983, the site was the subject of a compulsory resumption, and soon after leased to the Australian Institute of Architects (NSW Chapter) for 99 years, on the proviso that it restores and maintains the building and for making it available for the public on occasion.

The National Lottery Heritage Fund in the United Kingdom distributes National Lottery grants to projects that sustain and transform heritage. Since 1994, over £8 billion has been offered in grants to over 44,000 heritage projects.

In other countries, heritage conservation is often incentivised through federal tax rebates. In Canada and the United States of America this is coordinated through the Canada Revenue Agency and the Internal Revenue Service respectively. A similar system is used in Italy.

The current NSW Heritage Grants Program provides grants to heritage owners and custodians, local government and the community, to deliver a broad range of heritage outcomes. Research by Heritage NSW has shown that this has had a major economic spinoff, resulting in much more to the local and state economies than the grants awarded.

#### **RECOMMENDATION 5**

The City can provide additional information about the application of the HFS scheme. Noting any application of an HFS scheme to state heritage items not covered by the City's scheme is a possibility but would need detailed research to determine how this could be developed and managed.

The use of the Act to acquire and dispose of (buy, sell, lease, exchange) heritage properties should be continued, especially for use by community groups or professional associations.

The use of a system like the National Heritage Lottery Fund should be investigated to fund heritage projects in NSW.

Investigate the use of state-based taxes to incentivise heritage conservation.

Continue and increase the NSW Heritage Grants Program as this program is a major instigator of economic and community development.

# Initiatives to encourage activation and conservation of heritage through commercial and philanthropic investment

The discussion paper suggests that philanthropic investment in the heritage sector should be encouraged. It flags the possibility of extending programs such as the Commonwealth Government's Cultural Gifts Program to facilitate this.

The City is in support of any form of investment in the conservation and activation of heritage sites, so long as this does not diminish any broader public access or appreciation.

## **RECOMMENDATION 6**

The City supports investment in the conservation and activation of heritage sites, provided it does not diminish any broader public access or appreciation.

# Proposed State Heritage Categories:

Tailoring heritage protections to enhance heritage conservation. Accommodating heritage items that are residential properties under a proposed category scheme.

The discussion paper suggests that a more nuanced set of four heritage listing categories, would allow for more tailored heritage protections to be applied to items to suit their individual circumstances. This has several intended effects: remove some of the perceived constraints associated with heritage listing; encourage more property owners to seek heritage listing; encourage heritage owners of existing listings to conserve, activate and celebrate their heritage properties; and facilitate the long-term conservation of heritage. This may be associated with revised regulatory controls based on the various categories.

#### **RECOMMENDATION 7**

The City <u>does not</u> believe that a more nuanced set of categories for State Heritage Register items is an appropriate proposal for the following reasons:

- Even though the category system proposed does not directly relate to grading of significance, it will be perceived as such, with owners of Category 3 sites considering that their properties are not as significant as Category 1 sites.
- The introduction of a category system pre-supposes that places of a similar nature can be considered to have similar issues relating to their significance.
- The increased use of site-specific exemptions will have a similar effect to different categories for SHR items.
- The use of increased delegations to local Councils and Government agencies will have a similar effect to different categories for SHR items.

The City believes that rather than listing categories, that this idea could be considered more accurately as management tools or detailed documentation such as a CMP, a Statement of Heritage Principles or a Structural Impact Statement in addition to a HIS to enable controlled change.

## Changes to the State Heritage Register:

Using greater community engagement to deliver a more robust State Heritage Register.

Streamlining the listing process.

One component of the review focuses on various approaches to the listing (and de-listing) process for items on the State Heritage Register. Options proposed in the discussion paper include a community-driven nomination process for consideration by the Heritage Council before further development; regular review of listings to address change; and an abridged de-listing process.

Under the Heritage Act, the Minister makes the final decision regarding whether a site is included on the SHR, following recommendation by the Heritage Council. There is a perception that the listing and de-listing process could be a potentially political process.

#### **RECOMMENDATION 8**

The City supports any processes that increasingly engage the community in their state heritage, as well as facilitate a greater understanding of the heritage significance of a place listed on the SHR.

The City recommends the listing process be based on the recommendations of the Heritage Council only, as the independent expert body rather than the elected official.

Items are included on the SHR as they have been identified through a rigorous process of heritage assessment and determined to be of heritage significance at a state level. Any changes to the de-listing process needs to be carefully managed to ensure that an equal amount of rigour is used, comparable to the listing process.

## Permit systems:

Improving the current approval permit system. The appropriateness of the current determination criteria for heritage permits.

The discussion paper implies that listing on the SHR can effectively stop all change or freeze a place in time. This is an incorrect perception as evidenced by the numerous important heritage sites that have undergone significant change.

A reform proposal suggests that the Minister responsible for heritage could be made responsible for the determination (in consultation with the Heritage Council) thresholds for standard exemptions, fast-tracked applications and standard applications for permits under the Act, to encourage flexibility in the permit process.

#### **RECOMMENDATION 9**

The City recognises that the current permit system is complex but considers that in addition to stream-lining the system, increased resources should be made available to assist SHR-listed property owners. For example, if a shop-front facility with Heritage NSW staff had been created during the early years of private ownership in Millers Point, it may have minimised the current dissatisfaction.

Furthermore, the role of the Minister in facilitating the permit process should not be considered to avoid any perception of politically motivated decisions. This should only be the role of the Heritage Council only, as the independent expert body rather than the elected official.

# Improving heritage consideration within land use planning systems

# Opportunities to enhance consideration of heritage at the strategic level

The Heritage Act exists within the NSW Planning system, and in particular works closely with the Environmental Planning and Assessment Act 1979 (EP&A Act). From the City's perspective, any changes to the Heritage Act must strengthen its relationship with the EP&A Act. As most planning at a local level is managed under the EP&A Act, a consistent approach to heritage is required across all levels of government, from state to local.

One of the major concerns of the City and its residents is the capacity of the Heritage Act to be switched off if any site or project is identified as being State Significant (State Significant Development / State Significant Precinct / State Significant Infrastructure).

## **RECOMMENDATION 10**

Any changes to the Heritage Act must strengthen its relationship with the EP&A Act. The objectives of the Heritage Act need to be structured in a manner that facilitates its principles to be integrated into State Strategic Plans, District Plans & Local Strategic Planning Statements.

The Heritage Act needs to remain in place and relevant for ALL sites of state significance. As such the regulations regarding State Significant Development, State Significant Precinct, and State Significant Infrastructure require change to ensure that the Heritage Act remains in place and is not switched off.

## Improving heritage compliance and enforcement

The discussion paper proposes that a series of intermediate enforcement powers be introduced to allow heritage regulators to take a graduated and proportionate response to non-compliance.

Over the last few years, the City of Sydney has enforced non-compliances relating to development under the Environmental Planning & Assessment Act, resulting in mediation or court proceedings. Many of these issues are also breaches under the Heritage Act, but Heritage NSW has relied on the City to manage this which is time consuming and expensive.

It is unclear as to why Heritage NSW has not undertaken action as an agency in such instances, though this may possibly be due to resourcing.

#### **RECOMMENDATION 11**

The City supports the introduction of a range of approaches to dealing with non-compliance of the Heritage Act, which should be commensurate with the non-compliance.

The City also notes the apparent need for increased resourcing of compliance officers within Heritage NSW or allocate sufficient funding to local councils to ensure that compliance is enforced as required.

## Enhancing an understanding of state heritage

As outlined in the discussion paper, the first objective of the Heritage Act is to promote an understanding of the State's heritage. This extremely important objective should become an important focus of the Heritage Council and Heritage NSW.

The City supports this objective, as an understanding of state heritage encourages an increased value of heritage and would assist property owners with appreciating the processes of heritage management.

Approximately 10-15 years ago, the NSW Heritage Office (previous iteration of Heritage NSW) was extremely active in terms of promotion of and engagement with heritage issues, including numerous publications including websites, courses, and public programs. In recent years, this output has diminished, and public discussion around heritage is poorer for it. This is most likely due to available resources.

#### **RECOMMENDATION 12**

The City of Sydney supports the increased promotion of and engagement with state heritage including programs and activities organised jointly with interested community groups and individuals.

# Improving heritage tourism and activating heritage places for tourism

As outlined in the discussion paper, heritage tourism provides opportunities for heritage understanding and engagement, with potential spin-offs of conservation, economic growth, and job creation. It plays an important role in promoting and educating on heritage.

The City of Sydney does not believe that the Heritage Act is an appropriate place for directing tourism-related issues, other than through the promotion of heritage. We Believe the Heritage Act should focus on the promotion and conservation of heritage, and a natural outcome of this will be heritage-related tourism.

# Activating public heritage buildings to meet the needs of communities

As noted in the discussion paper, heritage assets can provide both direct and indirect economic benefits to NSW and local communities, as well as provide a variety of social benefits through community connection, amenity and social cohesion. The paper suggests that surplus state-owned heritage assets must be activated or revitalised to meet the contemporary needs of local communities.

The City acknowledges that activating and revitalising heritage assets is appropriate, as long as public buildings remain in public ownership, and that access is provided to all members of the public.

The City of Sydney does not believe that the Heritage Act should contain clauses relating to the activation of public heritage buildings to meet the needs of communities and this is better addressed in state government policies, rather than legislation.

# Other issues

The City of Sydney has identified several opportunities that should be considered as part of the Heritage Act review. These relate to the capacity of the Heritage Act to assist in the recognition and conservation of places of social value, as well as the potential for provisions relating to demolition by neglect of local heritage items.

## Social value

Following the recent sale and closure of the Green Park Hotel in Darlinghurst and the conversion of the hotel into a mental health facility for St. Vincent's Hospital, the Sydney City Council moved that City staff investigate methods of safeguarding pubs and other significant community assets. While the City has recently included one site as a heritage item in the local environment plan for its historic and social values, this does not ensure the use of a place is retained.

One such method proposed was the implementation of a system similar to the Assets of Community Values scheme used in the United Kingdom. Under Part 5, Chapter 3 of the (UK) Localism Act 2011, local authorities are required to maintain a list of "Assets of Community Values", whereby the community nominate items of community value to a register for a period of 5 years only. The principal use of these places must further "the social wellbeing or social interests of the local community". Social interests include cultural, recreational, or sporting interests. After 5 years, places must be renominated by the community group, as a means of acknowledging that social value is not necessarily ongoing.

This program has led to community groups forming entities that have successfully nominated hotels, meeting rooms, community halls, parks, sporting fields and the leading London LGTBIQ nightclub Heaven being listed as assets of community value. This is an approach which supports grassroots organising and community control of important assets, and empowering communities to nominate, own and manage community assets.

The owner of an asset of community value must inform the local authority if they wish to sell the asset. If a qualifying community group wants to buy the asset, they can trigger a moratorium for six months, to give them a chance to raise the money to purchase the asset. The owner does not have to sell to a community group; the listing only improves the chances of community groups being able to purchase by providing more time to raise funds. This scheme does not require the owner to sell at a discount. Also, this legislation does allow for compulsory acquisition by the local authority or council. More information on this system is available at

https://www.legislation.gov.uk/ukpga/2011/20/part/5/chapter/3/enacted/ & https://en.wikipedia.org/wiki/Asset of community value.

Currently such a provision is not applicable to local councils under the Environmental Planning & Assessment Act. Nor does heritage listing regulate use of a place. However, there may be scope for such a system to be implemented under the Heritage Act. Such a system may assist in the retention of places of social value, such as hotels, halls, clubs etc.

## **RECOMMENDATION 13**

The review of the Heritage Act should include investigations into the inclusion of processes to safeguard community assets, like the Assets of Community Value program in the United Kingdom.

# Demolition by neglect for local heritage

An issue regularly raised by citizens within the City of Sydney is whether the City can enforce the maintenance and conservation of local heritage items. Unfortunately, there are no controls under the Environmental Planning & Assessment Act to prevent demolition by neglect, other than when a place becomes a danger to the public.

The Heritage Act provides for the implementation of Interim Heritage Orders by local Councils for local heritage items and considers that possibly similar controls regarding demolition by neglect provisions for local items be investigated as part of the review of the Heritage Act.

## **RECOMMENDATION 14**

The review of the Heritage Act should include investigations into the inclusion of processes to stop demolition by neglect of local heritage items.

