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BUILT HERITAGE AND THE VISITOR ECONOMY

The case for adaptive re-use of heritage assets



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TOURISM & TRANSPORT FORUM AUSTRALIA (TTF)

TTF is a National member-funded CEO forum, advocating the public policy interests of the most prestigious corporations and institutions in the Australian tourism, transport and aviation sectors.

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PROJECT PARTNER: THE MAWLAND GROUP

The Mawland Group (Mawland) has evolved from tourism and hospitality education to tourism consulting, tourism developments and tourism operations. All of Mawland's work follows the principles of sustainability. Mawland's focus is now special interest tourism - particularly nature tourism, ecotourism, cultural tourism and heritage tourism.

The Mawland team is linked by a culture of creativity, practicality and persistence. This blend has allowed them to deliver tourism projects that many companies would avoid because of complex approval processes and operating environments. Mawland are subsequently well known for their work in sensitive places, such as national parks and heritage sites.

Two of Mawlands' best known projects are Lilianfels Guesthouse in the Blue Mountains (NSW) and Q Station at Manly (NSW), the former Quarantine Station.

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EXECUTIVE SUMMARY

Iconic heritage buildings play an important role in attracting visitors to tourism destinations with a number of Australia's visitor precincts home to heritage assets such as The Rocks in Sydney, Salamanca Wharf in Hobart and the Old Treasury Building in Melbourne. While heritage assets can be significant demand drivers in the visitor economy, it is also important to recognise the role that tourism can play in supporting the conservation¹ of our nation's heritage buildings and sites. Conservation is an integral part of the management of places of cultural significance and should be an ongoing responsibility.

This paper seeks to build the case to better leverage value from heritage assets through their adaptive re-use for tourism purposes and the recommended principles for effectively doing so. The paper is guided by the Australia ICOMOS Burra Charter 2013 and the Australian Heritage Strategy 2015, and specifically considers historic places with cultural values as opposed to natural or Indigenous places of cultural significance.

Visiting sites of historical importance – or better yet, getting to spend the night in them in some cases – can play a key role in the choice of travel destination. These sites are a critical element of the visitor economy. They attract visitors, create reasons to stay longer and add depth to the visitor experience. Visitors to cultural and heritage sites are a high yielding segment as they are known to spend more and stay longer than the average traveller². In the year ending December 2015, over 2 million international visitors visited an historic/heritage building, site or monument, representing 33.3 per cent of all visitors to Australia. In addition, domestic tourists made 4.9 million overnight trips and 4.1 million day trips to a historic/heritage building, site or monument during 2015. Trips which include heritage tourism elements enable visitors to incorporate authentic, cultural experiences into their itineraries, likely to improve their overall visitor experience.

Aside from benefitting the visitor economy, the adaptive re-use of heritage assets can achieve a number of economic, environmental and social objectives for the public and government. These benefits include conservation outcomes, greater return on public and private investment, environmental sustainability, reduced expenditure, place revitalisation, community engagement and in some cases additional accommodation supply. The value of heritage



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assets often lies not only in their preservation, but also through adaptation and ongoing use by local communities and visitors.

The adaptive re-use of heritage assets in a tourism context has been a key area of interest for the Tourism & Transport Forum Australia (TTF) for many years. TTF believes that the true value of heritage buildings to the visitor economy has, in many cases, not been fully leveraged by governments to date. Consideration of the best use of heritage buildings should be undertaken, with any evaluation processes focusing on the context of visitor engagement, and the cultural and historic value of these sites. Heritage buildings that are not accessible to the public are a missed opportunity in better celebrating their cultural significance and further enhancing the visitor economy of a destination.

¹ Conservation means all the processes of looking after a place so as to retain its cultural significance. Conservation is to be distinguished from preservation, which means maintaining a place in its existing state and retarding deterioration. The Burra Charter (2013), The Australia ICOMOS Charter for Places of Cultural Significance

² Tourism Research Australia (2015), International and National Visitor Surveys, year ending June 2015

Photo credit: Tourism Australia

Despite their capacity to contribute to the visitor economy, many of Australia's heritage assets are not always leveraged most appropriately and effectively. One of the reasons for this is the scale and cost of changing the use of some heritage sites, which may limit market interest. As a consequence, governments are, in many cases, left with the responsibility for conservation, and may be of the view that continued use of a heritage building for its original purpose is the best conservation outcome for that particular site.

While places of cultural significance should be safeguarded and not put at risk or left in a vulnerable state, a number of factors including limited public resources or expertise, can result in underutilisation of heritage assets across the country. This can, in some cases, lead to degradation due to lack of adequate maintenance³ or repair. This is despite both local and international experience demonstrating that integrating heritage assets into a destination's tourism offering, such as through public-private partnerships, can play a key role in conserving historical assets while stimulating activity in the visitor economy.

With policy reform and committed public sector partners, TTF considers the private sector can play a more significant role in conserving and unlocking the value of Australia's heritage buildings and sites. In addition, with increased support from government, issues such as unclear management plans, process ambiguity and inconsistency, delays, duplicative

regulatory frameworks, insufficient incentives, and clarity in public-private partnership negotiations can be addressed. This will assist in improving the commercial viability of adaptive re-use projects, and help unlock the potential and cultural significance of a greater number of heritage assets.

Given the cultural value of iconic heritage buildings to the Australian community, and to the visitor economy, TTF believes there needs to be a whole-of-government approach to heritage that involves active identification and management of heritage buildings as well as consistent and streamlined government processes across the country. In addition, tourism should be actively considered as a significant use of heritage buildings that are identified for adaptive re-use and the key issues that act to discourage investment in heritage buildings need to be better understood to inform policy development.

Adaptive re-use of heritage buildings often requires greater due diligence, especially from the private sector, and may be associated with more stringent use specifications, development constraints and additional maintenance compared with other projects. However, the benefits to both the private and public sector in terms of conservation, celebration of cultural significance, and leveraging use and marketing of a unique asset, often make the adaptive re-use of heritage buildings for tourism purposes a very worthwhile exercise.

³Maintenance means the continuous protective care of a place and its setting. Maintenance is to be distinguished from repair which involves restoration or reconstruction. The Burra Charter (2013), The Australia ICOMOS Charter for Places of Cultural Significance

HERITAGE AND THE VISITOR ECONOMY

Heritage tourism relates to experiences that engage with the past, either as a primary tourism experience or incidental to other experiences. The trend towards heritage tourism is part of the evolution of experience-based tourism with more visitors looking for new and authentic experiences and wanting to learn about and connect with their own and other cultures. There is an increased interest in tangible historic heritage such as sites, buildings, monuments and cultural landscapes, as well as in the intangible aspects of heritage such as stories and a realistic appreciation of life in the past⁴. For this reason, heritage assets form an important part of the visitor economy, driving visitation, increasing visitor yield and improving the visitor experience.

DRIVING VISITATION

Heritage tourism products have frequently been used to stimulate visitation, help create regional tourism hubs and

corridors, and revitalise local economies. Research has shown that heritage attractions that are integrated into regional tourism experiences, such as touring routes, trails, accommodation and dining, have considerable visitor appeal if presented in the right way. Often these new products are a result of integrated planning or product revitalisation. Market research in Tasmania for example showed that heritage is highly appealing to domestic travellers and likely to boost intentions to visit Tasmania⁵. Heritage attractions such as the Port Arthur Historic Site and heritage settings such as Salamanca Market are among the most popular visitor attractions in Tasmania.

SALAMANCA PLACE, TASMANIA



Castray Esplanade and Salamanca Place is a historic docks area lined with a long row of Georgian sandstone warehouses built in the 1830s. These buildings once stored grain, wool, whale oil, apples and imported goods from around the world. Today, this area has been developed into an active precinct frequented by visitors and locals.

The wharf buildings and storehouses have been converted into a collection of restaurants, cafes, art galleries and studios, specialty shops and residences. In addition, every Saturday, Salamanca Place is host to the now famous Salamanca Markets, where over 300 stallholders congregate to sell produce and crafts from all over Tasmania.

PORT ARTHUR, TASMANIA



Port Arthur Historic Site is one of Australia's most significant heritage areas, telling the story of Australia's convict history from 1830 to 1877. Port Arthur is a prime example of the British colonial penal system, the evolution of that system during the 19th Century, and the effects of that system in shaping Australian society. Port Arthur is one of Tasmania's top tourist attractions receiving more than 250,000 visitors every year. The Port Arthur Historic Site Management Authority directs revenues from its tourism operations, including its cafes and bistro, gift shop and ticket sales, to fund its conservation work. Each year Port Arthur works with universities in aspects of cultural heritage management including architecture, archaeology, history and interpretation. Traditional skills such as shingle splitting and roof shingling, lime washing and stone working are kept alive by teaching them to a new generation of tradespeople who can also assist in the conservation of other heritage buildings and sites.

⁴ Tourism Tasmania (2012), Historic Heritage Tourism Strategy 2012-2015,
⁵ Tourism Tasmania (March 2011), Motivations Research: Appeal triggers and motivations for tourism in Tasmania.

Photo credits:
Tourism Australia | Port Arthur Historic Site Management Authority

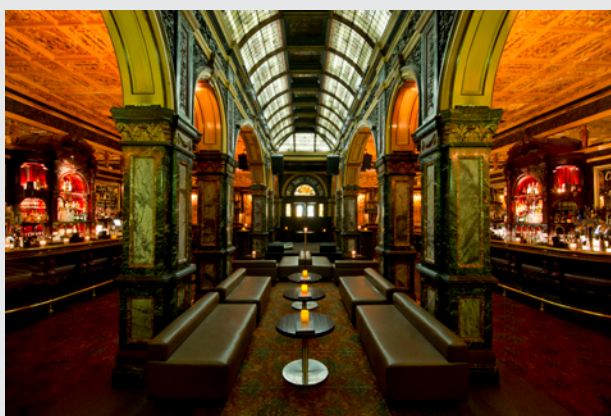
INCREASING VISITOR YIELD

International and domestic visitors in Australia who engage with heritage buildings and sites are higher yielding visitors spending a significant amount during their stay. Spending in Australia by international heritage visitors totalled \$9.2 billion in 2015 and for domestic overnight visitors it was 5.6 billion, representing 17.2 per cent of international and overnight visitor expenditure in Australia for that year⁶. Compared to the previous year, expenditure by all heritage overnight visitors increased by 27.4 per cent. Expenditure in Australia by international heritage visitors increased by 35.7 per cent from

2014 to 2015, and in 2015 represented 37.4 per cent of total international visitor expenditure in Australia.

Heritage visitors also make up a substantial portion of the market with 33.3 per cent of all international visitors visiting a heritage building, site or monument⁷. The number of international visitors engaging with a heritage building or site also increased in 2015 by 241 per cent compared to the previous year.

MARBLE BAR, HILTON SYDNEY, NEW SOUTH WALES



Marble Bar is located underneath the Hilton Sydney hotel, and has become a Sydney icon and unique musical hub. The original bar was named after its namesake builder, George Adams, and was built in 1893 costing £32,000 pounds. This amount was secured through

the successful “Tattersall’s Sweep”, one of a series of horse racing sweepstakes held in NSW throughout the late 1800s. In 1968 Marble Bar received an “A” rating from the National Trust of Australia and in 1973 the entire structure was moved and carefully dismantled, refurbished and rebuilt inside the Hilton Sydney where it stands today. The Bar’s opulent furnishings have been influenced by 15th Century Italian Renaissance and feature 100 tonnes of 35 different varieties of Italian, Belgian and African marble. The Bar was further adorned with 14 Edwardian paintings by Australian artist Julian Ashton valued at an estimated \$1.6 million. Marble Bar was able to recover the original swing doors from the Adams Private Bar in Tattersall’s Hotel, which were generously donated by Tattersall’s Group. These doors are the main features of the history wall in the foyer of the Bar, also adorned with books, vintage games, news clippings and photographs from the past 123 years.

IMPROVING THE VISITOR EXPERIENCE

People travel to broaden their horizons, experience new things and connect with their own and different cultures. When heritage tourism is done well, it provides visitors with an opportunity for an authentic and in-depth experience, both

tangible and intangible. Visitors are increasingly motivated to engage with and understand people and places, and to relate these experiences to their own life.

DARWIN VISITOR INFORMATION CENTRE (FORMER RESERVE BANK BUILDING), NORTHERN TERRITORY



The former Reserve Bank building was repurposed for tourism use, opening as the Darwin Visitor Information Centre in 2007. The building located on Bennett Street in Darwin City was constructed in 1966/67 and provides a fine example of the late twentieth Century stripped classical architectural style.

The site was identified by the tourism industry as a premier and strategic location for the Visitor Centre that will create an activity node that is complementary to the Darwin Waterfront and the Convention Centre. The building provides visitors with information on attractions, facilities and itineraries to improve their visitor experience while in the Territory.

⁶ Tourism Research Australia (2016), International and National Visitor Surveys, year ending December 2015

⁷ Tourism Research Australia (2016), International and National Visitor Surveys, year ending December 2015

Photo credits: Hilton Sydney Hotel | Tourism NT

HERITAGE ADAPTIVE RE-USE

Adaptation or adaptive re-use is defined as changing a place to suit the existing use or a proposed use⁸. According to the Burra Charter 2013, adaptation is acceptable only where the adaptation has minimal impact on the cultural significance⁹ of a place and should involve minimal change to significant physical material of a place, should respect associations and meanings, and where appropriate should provide for continuation of activities and practices which contribute to the cultural significance of a place. It may involve additions to the place, the introduction of new services, or a new use, or changes to safeguard the place.

The Burra Charter 2013 makes a clear distinction between adaptation and reconstruction or restoration, the latter both of which refer to returning a place to a known earlier state either with or without the introduction of new material.

Changes to buildings can involve a number of alterations, including external additions, major internal space

reorganisation and the upgrading or replacement of essential services infrastructure. Alternatively, adaptive re-use may simply require minor restoration works where only the building's functional use is altered. When adaptive re-use is applied to heritage buildings, it not only retains the building but also seeks to conserve the effort, skill and dedication of the original builders as well as retain the cultural significance of the building.

Adaptive re-use is an effective way to conserve items of heritage value and promote enhanced use by local communities and visitors alike. It also allows retention of a sense of place, identity, ownership, heritage and community, while promoting revitalisation, sustainability, job creation, business incubation and education. Underinvestment and lack of focus and understanding of the potential cultural significance and value of these assets has led to the inactivity of many heritage structures across the country.

SYDNEY HARBOUR YHA, NEW SOUTH WALES



Sydney Harbour YHA and The Big Dig Archaeology Education Centre is a youth hostel with a two classroom education centre located in The Rocks, Sydney. The site on which the development occurred had archaeological remnants dating back to the earliest years of European settlement.

In 2005 expressions of interest were sought for development of the site in a manner which would

preserve the archaeology whilst providing public access and interpretation of its historical significance. In 2006, YHA's unique proposal to develop a youth hostel and archaeological education centre suspended above the archaeological remnants was awarded preferred developer status amongst a competitive field.

The resulting light weight hostel building was constructed with minimal disturbance to the historic site. Less than 2 per cent of the site was excavated for support pillars, allowing over 85 per cent of the site to remain visible. The development opened in October 2009 and is Australia's first purpose-built environmentally sustainable youth hostel in a central city location.

The property offers an inclusive experience, providing accommodation at a historic site, giving the general public free access and providing an education facility for students. In the first six years 50,000 primary and school age students participated in the archaeology education programs.

The hostel has won many international and Australian awards, including a UNESCO Asia Pacific Award for Cultural Heritage Conservation 2011.

⁸The Burra Charter (2013), The Australia ICOMOS Charter for Places of Cultural Significance

⁹Cultural significance means aesthetic, historic, scientific, social or spiritual value for past, present or future generations. It's embodied in the place itself, its fabric, setting, use, associations, meanings, records, related places and related objects. It may include a range of values for different individuals or groups, and this may change over time and with use. The Burra Charter (2013), The Australia ICOMOS Charter for Places of Cultural Significance.

Photo credit: Ethanrolhof

THE BURRA CHARTER

One of the most significant cooperative achievements for heritage protection in Australia has been the creation of the Australia ICOMOS Burra Charter 2013 (Burra Charter). The Burra Charter defines the basic principles, processes and practices to be followed in the conservation and management of Australian heritage places of cultural significance. In 1979, the Australia ICOMOS Charter for the Conservation of Places of Cultural Significance was adopted at a meeting in the historic mining town of Burra, South Australia.

The Burra Charter 2013 advocates a cautious approach to change: do as much as necessary to care for the place and to make it useable, but otherwise change it as little as possible so that its cultural significance is retained. In terms of adaptive re-use, its primary objective is to retain, to a reasonable degree, the existing structures, use, and meanings of historical sites. While the Charter aims to change as little as possible in the re-use and conservation of heritage assets, it recognises that change in both structure and use – including minor demolitions – “may be necessary to retain cultural significance”¹⁰. These guidelines on adaptive re-use and conservation are incorporated in various federal, state and local regulations. The Burra Charter is recognised internationally as a best practice framework for heritage conservation and management.

AUSTRALIAN HERITAGE STRATEGY

The Federal Government released Australia’s first Australian Heritage Strategy in December 2015. The Strategy is built around a central vision of our natural and cultural heritage being valued by all Australians, cared for and protected for future generations by the community. It considers ways in which Australia’s heritage places can be better identified and managed to ensure their long-term protection through specific objectives under three high-level outcomes: national leadership, strong partnerships and engaged communities. The Strategy aims to provide a framework for national heritage priorities that require focused action and commitment over the next 10 years, with the Strategy’s initial review in five years’ time.

The Strategy highlights how heritage can lead to increased tourism and economic returns to place managers or owners and their communities. Importantly, it identifies that improved linkages between the heritage and tourism sectors could help to build greater awareness and appreciation of Australia’s natural, historic and Indigenous heritage, while also fostering new tourism business opportunities that help increase the supply of tourism products that support the Australian Government’s national long-term tourism strategy, *Tourism 2020*¹¹.

While the Strategy outlines that increased tourist visitation does have the potential to impact upon recognised heritage values, it suggests that cooperative partnerships, quality frameworks for the tourism and heritage sectors, and the provision of infrastructure and professional services to support visitation, can provide both a sustainable and enjoyable heritage experience. It also makes clear that heritage identification, protection, management, promotion and celebration is a shared responsibility among governments, businesses and communities.

One of the key outcomes of the Australian Heritage Strategy is engaging communities, and a key objective in this regard is promoting greater awareness, knowledge and engagement with Australia’s national heritage. Further, the provision of consistent best practice standards and guidelines for heritage conservation and management is also identified as a key objective. Finding the right heritage information can be challenging for both domestic and foreign visitors as well as place managers. The Strategy suggests that new and existing technologies should be better utilised to improve access to existing frameworks and guidelines, and better communicate heritage values to new audiences.

¹⁰ The Burra Charter (2013) The Australia ICOMOS Charter for Places of Cultural Significance

¹¹ Australian Heritage Strategy (2015), Commonwealth of Australia, Page 38

CENTENNIAL PARKLANDS, NEW SOUTH WALES



Visitors and locals have the opportunity to spend the night in two heritage listed cottages in Sydney's Centennial Park. The project, which was announced in 2013, has seen the rejuvenation or adaptive re-use of two heritage listed properties built in the 1890s – The Superintendents Residence and The Rangers Residence. The properties have been restored into luxury self-contained cottages able to accommodate groups of six and eight. The buildings are original, Victorian-style cottages that are being offered to the public to enjoy. The Residences offer five-star full hotel service, modern amenities, Wi-Fi, and a breakfast of bespoke products including locally-produced Centennial Park honey from the Park's own beehives.

INTERCONTINENTAL MELBOURNE THE RIALTO, VICTORIA



The InterContinental Melbourne The Rialto comprises two buildings, the Rialto and the Winfield wings, which are joined by a glass atrium. Built during the Gold Rush between 1890 and 1891, the buildings housed the Melbourne wool stores and offices and were built in a 19th Century Venetian Gothic palazzo style. The laneway between the Rialto and Winfield is still retained in its original form in the basement level of the hotel today. The hotel was acquired by InterContinental Hotels and Resorts and following a \$60 million renovation and refurbishment reopened in December 2008. The buildings have a gothic facade with modern interior design and the redevelopment saw the revitalisation of the ground level and upper ground level public spaces, conference spaces, restaurant and bar facilities. A new partial floor was inserted into the upper ground level void, creating a more generous scale to main entry public spaces. Other design features include a series of new connections to the exterior and new retail tenancies.

BENEFITS OF HERITAGE ASSETS

Heritage architecture and sites of cultural significance provide visitors and local communities with a sense of place and connection to the history of a destination. The value derived from heritage assets is often not through static preservation, but through adaptation and ongoing use by local communities and visitors.

Heritage adaptive re-use can often be a shared objective of both the tourism industry and government, recognising the ability of this process to achieve the economic, conservation and social objectives of government.

Adaptive re-use of heritage assets has increased in global popularity over the past two decades, in part due to inner-city land use constraints. Across the various jurisdictions, the adaptive re-use process generally seeks to achieve triple bottom-line objectives by:

- Protecting and conserving sites through ongoing use or maintenance of a property by an entity
- Reducing building obsolescence through use
- Re-using building materials and existing infrastructure
- Providing education and interpretation of sites of cultural significance
- Integrating sites of cultural significance into the surrounding urban fabric
- Encouraging civic pride through the retention of city landmarks and historical reference points
- Retaining the character of a property to support the revitalisation of surrounding areas
- Addressing the needs for scarce land through re-use of existing buildings
- Delivering economic returns to government through revenue generated from leases or sale of assets
- Providing co-responsibility for the conservation and co-delivery of redevelopment of assets
- Reinvigorating traditional craft and building skills

Further, the cultural and heritage significance of a building or site, if properly conserved, integrated and celebrated, has the potential to become a unique selling proposition and competitive advantage for the owner or operator. This is especially true for buildings or sites that have tourism as one of their uses. Visitors are increasingly seeking authentic and unique experiences, and are keen to learn about the stories, culture and history of destinations. This gives heritage

buildings a point of differentiation and an additional angle in tourism marketing should the owner or operator choose to utilise and promote this uniqueness. Adaptive re-use of heritage assets for tourism purposes can help governments ensure that they are conserved for future generations, and can be woven into the fabric of a destination's community and visitor appeal.

THE NEW INCHCOLM HOTEL AND SUITES, BRISBANE, QUEENSLAND



Earlier this year, The New Inchcolm Hotel and Suites joined AccorHotels' boutique MGallery Collection after undergoing an \$8 million refurbishment and restoration program. Located in the reinvigorated Spring Hill precinct, the heritage-listed hotel dates back to the 1880s when Dr John Thomson chose the site to build his personal residence, naming it after Scotland's Inchcolm Island. The building that is now the hotel was built during the 1920s, replacing Dr Thomson's home and private medical practice. In 1997 the building was purchased by its current owner, Peter Flynn, whose vision to create a New York style boutique hotel saw The Inchcolm Hotel open in 1998. The Inchcolm name as well as its historical architecture and 1920s vibe have been maintained and celebrated throughout the hotel. The refurbishment has carefully protected the building's neo-Georgian style and the hotel's restaurant and bar have both been designed to recreate the glamour of Brisbane's original 1920s socialite scene. The hotel's history is also outlined on its website, proudly inviting visitors to discover and learn about its heritage, design and character.

CONSERVATION OUTCOMES

Appropriate tourism use can contribute to conservation via revenue generation, visitor management or provision of direct conservation services. It also raises awareness of the inherent cultural heritage value of a site, converting visitors into advocates for conservation. Conserving heritage

assets can also achieve environmental outcomes due to their significant embodied energy, especially when weighed against the materials and energy required to build new structures.

FREMANTLE PRISON, WESTERN AUSTRALIA



Fremantle Prison was built as a convict barracks in the 19th Century and remained in continual use until 1991. After its closure the Western Australian Government embarked on a long-term conservation plan to ensure the Prison's preservation for future generations. In 1992 a tourist operator was granted permission to offer tours of the Prison to the paying public and since then three million people have visited the site. Since 1992 the

Fremantle Prison management has overseen a number of other developments that have opened up the site and its buildings to further public and commercial access. Future projects will also include further significant restoration work carried out, as in the past, according to well-established heritage and conservation guidelines. Most recently the Prison underwent \$1.5 million worth of restoration works, including construction of new climate-controlled museum spaces and a refurbished perimeter wall. In 2010 it was inscribed on to the World Heritage list along with ten other Australian Convict Sites.

Fremantle Prison is presently the only World Heritage listed building in Perth and is one of Australia's most extensively documented conservation sites. From 1 July 2015, management of the Prison has been transferred from the Department of Finance to the State Heritage Office, to ensure it aligns with the State's other globally-recognised sites of Ningaloo Coast, Shark Bay and Purnululu National Park.

In May 2015 a 200 bed youth hostel opened in the former women's prison adjoining the main Fremantle prison. Accommodation is in the former cells and a new building in the prison yard. The Youth Hostel Association has lease over the property.

FORMER NO. 4 POLICE STATION, THE ROCKS, NEW SOUTH WALES



Before adaptive re-use

The former No. 4 Police Station located in The Rocks in Sydney is considered to be of State Heritage Significance for its historical and associational importance. The building's rarity and research potential confirm its importance in providing ongoing evidence of the practice and experience of policing and incarceration in NSW during the Victorian era. The design of the station places it as one of Colonial Architect, James Barnet's most notable small scale buildings. Its historical development mirrors the major historical themes of Sydney from convict settlement, to mercantile centre in the 19th Century. The police station was one of the two major stations in the city from the 1880s until the 1930s, and is the only one of these two to survive.

The \$1.2 million adaptation of the former Police Station was undertaken by the former Sydney Harbour Foreshore Authority (now Place Management NSW) in



After adaptive re-use

collaboration with the prospective tenant, and aimed to create a new use for a vacant heritage building through the incorporation of new services and improved access, whilst allowing the building's history to remain visible. An exercise in restrained and respectful design, the reinvention of the building as a restaurant celebrates the qualities of the original building, and breathes life into the adjacent public domain. A finely detailed steel and glass insertion between the historic brick and sandstone walls has created an inviting new dining area. An accessible entry, formed from steel blades, accommodates services and provides equitable access to the building, while a commercial kitchen has been carefully placed within the former exercise yard.

The adaptive re-use created a new chapter in the history of this significant heritage building and has made a positive contribution to The Rocks precinct.

COMMUNITY ENGAGEMENT AND PUBLIC ACCESSIBILITY

Places of cultural significance enrich people's lives, often providing a deep and inspirational sense of connection to community and landscape, to the past and to lived experiences. They are historical records that are important expressions of Australian identity and experience. Places of cultural significance reflect the diversity of our communities, telling us about who we are and the past that has formed us and the Australian landscape. They are irreplaceable and precious¹².

Adaptive re-use of heritage buildings provides an opportunity for public access with a place of cultural significance that may have previously been restricted due to the nature of its use, occupancy or condition. Enabling public access to a heritage site helps provide educational and community engagement opportunities as well as build civic pride in a destination and its history. Creating a destination that is liveable, accessible and engaging for locals will also translate into a destination that is attractive to visitors.

ADINA HOTEL ADELAIDE TREASURY BUILDING, SOUTH AUSTRALIA



In 2002 the South Australian Government granted a 99 year lease to the Toga Group over the Adelaide Treasury Building, built in 1839. Toga Group's conversion of this historic building into a 4.5 star apartment hotel, featuring 81 apartments, successfully demonstrated the

commercial viability of capitalising on heritage building assets. The Treasury Building was the centre of South Australian Government from the late 1830's until the 1960's. The basement also housed Adelaide's original gold coin smelters. The vital historic aspects of this building, including the central garden, the underground tunnels and historic Cabinet room, were preserved and are open to the public with regular heritage tours still being conducted by the National Trust. Toga undertook a thorough archaeological survey that guided the restoration and interpretation work and modern services and programmes were sensitively inserted, respecting the integrity of the original building fabric. The task of restoration and conservation was supported by the South Australian Government through a generous rent free period and an interest free loan, which assisted in convincing the developer to take on the project. By opening the building to the general public, this conservation project contributes to the preservation of South Australian history and is considered a successful historic conversion for Toga Group. This project was recognised with an Award of Merit in the 2003 UNESCO Asia-Pacific Heritage Awards for Culture Heritage Conservation.

¹² The Burra Charter (2013), The Australia ICOMOS Charter for Places of Cultural Significance
Photo credit: TFE Hotels

ECONOMIC VALUE FROM VISITORS

The adaptive re-use of heritage assets provides visitors with additional attractions, hotels and restaurants; thus providing them with more opportunities to spend money and generate economic value. Heritage visitors are a high-yield market segment, spending more and staying longer than the average visitor¹³. Spending by all overnight visitors engaging with heritage buildings and sites totalled \$14.8 billion in 2015, a significant contribution to the economy.

To further drive the economic benefits from this segment of the visitor market, engaging with heritage buildings and sites is a very popular activity. Of all international visitors, 33.3 per cent participate in some form of heritage tourism during their stay in Australia¹⁴.

CANBERRA GLASSWORKS (FORMER KINGSTON POWERHOUSE), AUSTRALIAN CAPITAL TERRITORY



The Kingston Powerhouse, built between 1913 and 1915, was listed on the National Estate Register in 1983 as a historical building, and included on the ACT Heritage Places Register. It is a building of industrial and architectural significance that is a landmark on its lakeside setting. It was one of the first permanent buildings of Canberra and was of social importance in the early years of the city. The establishment of the Canberra Glassworks in May 2007, located in this historic Powerhouse, was a landmark project for the ACT community that has local, national and international significance. The project builds on the success of glass artists from the Canberra Region, and is the only centre of its kind in Australia. Canberra Glassworks provides diverse opportunities for visitors to interact with and learn about glass making and the heritage of Canberra's Kingston Powerhouse. Visitors can meet artists, see glassmaking as it happens, view exhibitions, take tours and have a hands-on experience working with glass. Revenue generated from visitors through the Canberra Glassworks Shop, café, classes, event space and guided tours helps to support the gallery, its artists and conservation of the heritage site.

TALLAWOLADAH (FORMERLY DOCKSIDE), CAMPBELL'S STORES, NEW SOUTH WALES



Dating from 1839, Campbell's Stores is a superb example of mid-nineteenth century warehouse buildings, now the only surviving warehouses of their type on the foreshores of Sydney Cove. The sandstone bond stores were used to house, amongst other goods, tea, coffee, sugar, spirits and cloth imported from India and elsewhere. As a former hub of commerce and international shipping until the late nineteenth century, the site currently derives significant economic value from visitors. The variety of restaurants on the site create one of the most popular dining precincts in Sydney, especially for visitors since 1986. The lessees have further plans to improve the historic interpretation of the site and create a world class dining and event precinct, which will attract both visitors and locals. This would act as a key economic driver in the precinct, providing ongoing employment on the site and sustained taxation revenue through activity based taxes. At the same time, it will conserve a significant piece of Sydney's maritime and commercial heritage and enhance West Circular Quay.

¹³ Tourism Research Australia (2016), International and National Visitor Surveys, year ending December 2015

¹⁴ Tourism Research Australia (2016), International and National Visitor Surveys, year ending December 2015
Photo credits: VisitCanberra | Dockside and Tallawoladah

GOVERNMENT REVENUE AND REDUCED EXPENDITURE

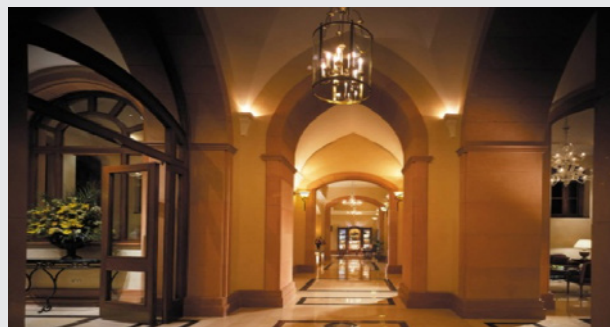
The adaptive re-use of heritage buildings can create revenue streams for government agencies while the sale or lease of heritage assets to the private sector means there can be a shift in maintenance costs from the public to the private sector.

Various destinations are ensuring that their heritage buildings are maintained through a range of revenue-

raising mechanisms, including leasing arrangements and tax incentives. Local governments, looking to find a way to conserve historic sites, are making up for budget shortfalls by allowing advertising, selling usage rights and, in some cases, putting the structures themselves on the market. TTF encourages governments around Australia to follow the lead of many other jurisdictions and look to tourism as a sustainable way to conserve key heritage assets.

FOUR SEASONS HOTEL, ISTANBUL, TURKEY

Located in the heart of Istanbul's historic Sultanahmet district, Sultanahmet Prison, now the Four Seasons Hotel, Istanbul, was constructed in 1917. The first jail of its kind in Istanbul, Sultanahmet Prison housed a generation of Turkish dissidents, poets and artists. After closing in the 1970s, the building fell into disrepair and the surrounding area became the domain of low-end boarding houses and hostels. As part of efforts to revitalise Istanbul's historic precinct, the local tourism authority entered a partnership agreement with Four Seasons Hotels and Resorts which saw the company invest \$25 million, transforming the prison into a 45-room hotel¹⁵. As part of its lease arrangement, the Turkish government provided a 49-year lease to Four Seasons Hotels and Resorts, and flexibility was also granted in the



adaptation of internal structures and uses, and significant regulatory relief was provided. The hotel is recognised as one of the most iconic in Europe, having received awards such as Best Hotel in Europe in 2001, 2002 and 2007. The investment revitalised the Sultanahmet precinct, fostering investment in additional hotels and the development of new restaurants and cafes.

RAFFLES GRAND HOTEL D'ANGKOR, SIEM REAP, CAMBODIA



Originally opened in 1932 to provide accommodation for travellers to the Angkor temples, the Grand Hotel fell into disrepair during the civil war years and emerged as little more than a rundown boarding house. Set across from the Royal Palace and 15 acres of dilapidated Royal Gardens, the classic French colonial building with a grand facade contained only 60 potential guest rooms. This provided a challenge for redevelopment and reuse.

As Cambodia transitioned from communism to a democratic market economy, the Royal Government identified tourism as the sector with the greatest potential for generating economic prosperity. With technical assistance from the UNDP¹⁶, in 1995 the Ministry of Tourism negotiated an innovative 60 year development lease with DBS Land Limited of Singapore. The deal involved the US\$30 million restoration of the existing building and the addition of further complementary rooms and facilities on adjacent land to create a 300-room 5-star grand historic hotel under the Raffles brand. Under the development lease, the Government earns a base rent plus a percentage of revenue, profit and capital gains so that the Government and community continue to have a sense of ownership. Raffles used local materials, labour and trades in the construction and trained and employed locals at all levels of operation. Raffles also undertook to restore and maintain the Royal Gardens throughout the term of the lease. The Raffles Grand Hotel d'Angkor opened in 1997 and has since won numerous awards. The innovative features of the deal have been copied and adapted in many other projects.

¹⁵ Kezer, Z. (2004) If walls could talk: Exploring the dimensions of heterotopia at the Four Seasons Istanbul Hotel

¹⁶ The deal was negotiated and drafted for the government by Sydney lawyer Trevor Atherton, partner in Atherton Legal Tourism Lawyers. The information for this case study comes from the media release issued at the signing of the development lease on 14 December 1994.

ADELAIDE GAOL, SOUTH AUSTRALIA



The Adelaide Gaol is one of the State's oldest remaining colonial public buildings. Opened in 1841, it was home to approximately 300,000 prisoners during its 147 years of operation and witnessed 45 executions. The history of the Gaol is extensive – its radical design not only caused controversy at the time, but also bankrupted the colony. Once opened it was the home to some of the State's most notorious criminals, including the only female prisoner to be executed in South Australia. Since the site was decommissioned in 1988 it has been open to the public as a tourist attraction and event space. Public tours have been conducted by volunteers.

In mid-2014, the Department of Environment, Water and Natural Resources held an expression of interest process to offer Commercial Tour Operators the opportunity to propose a variety of public tours of the Adelaide Gaol. From November 2015, Adelaide Gaol Preservation Society Inc. reinstated their original and authentic ghost tours, twilight tours, paranormal workshops and history tours. In addition three private ghost tour businesses offer guided tours of the Gaol, and visitors can also undertake a self-guided tour.

THE GENERAL POST OFFICE, WASHINGTON DC, UNITED STATES OF AMERICA



The General Post Office in Washington DC sat vacant for 15 years in the 1980s and 1990s, before a public-private partnership between the US Government, via the General Services Administration (GSA), and The Kimpton Hotel and Restaurant Group transformed the once-derelict building into the Hotel Monaco. The agreement allowed for the building to be converted to a boutique hotel and operated under Kimpton Hotels' management, with a 60-year lease. GSA invested \$5 million for exterior restoration while Kimpton invested \$40 million for the internal fit-out of the building. Kimpton received \$8 million in federal historic rehabilitation tax credits to ensure commercial viability, with the building rehabilitated according to national conservation standards¹⁷.

¹⁷ Ibid
Photo credit: Department of Environment, Water and Natural Resources

PLACE REVITALISATION

Experience in Australia and internationally highlights that adaptive re-use of heritage assets can transform previously derelict or under-utilised sites and precincts into accessible and useable places, in an economically, socially and environmentally sustainable manner. Many cities also realise that re-using heritage buildings is an important part of

any regeneration program and is also beneficial to tourism destination branding. The adaptive re-use of a heritage asset can become a catalyst for attracting new visitors to the area and regenerating a precinct. Increased visitation can activate precincts after hours, revitalising areas of cities and invigorating the existing tourism offering.

SYDNEY THEATRE COMPANY, NEW SOUTH WALES



Key examples of place revitalisation in Australia are The Wharf, Sydney Theatre Company's Pier 4/5 and the Walsh Bay Roslyn Packer Theatre venue spaces. The adaptive re-use of these heritage assets in the 1980s and early 2000s has led to the emergence of Walsh Bay as one of Sydney's most prominent arts and cultural precincts. With the Sydney Theatre Company (STC) as its anchor institution, Walsh Bay has now attracted residential development, restaurants, creative agencies

as well as other leading performing arts companies to the precinct, including Sydney Dance Company, Sydney Philharmonia Choirs, and Bangarra Dance Theatre.

When first identified by the STC as a possible venue space in the late 1970s, Pier 4/5 was a 60-year old ironbark timber wharf warehouse built to load cargo onto ships. In 1983, NSW Premier, the Hon. Neville Wran, announced that the State Government had approved the expenditure of \$3.5 million dollars to finance the recycling project. The first production was held in The Wharf Theatre in 1985.

The Roslyn Packer Theatre, Walsh Bay occupies the sites of two of the working buildings in the Walsh Bay area. The auditorium, stage, fly tower and public foyer areas are located where a 1950s warehouse called Bond Store 4 once stood, and the Theatre's back-of-house is located in the lower floors of Parbury No.3 Bond Store. Construction on the Sydney Theatre began in 2000 and much of the site's history is still visible where the preservation of the area's maritime heritage was central to the new building's development. From the bare brick walls to intact warehouse machinery, the building speaks of its past while presenting some of the most exciting contemporary performance from Australia and around the world.

CHOWDER BAY, MOSMAN, NEW SOUTH WALES



Chowder Bay is a collection of former defence buildings along Sydney's famous shoreline that had remained closed to the public for more than 100 years. In the 1890s, the Submarine Mining Corps established a base on the site. Later uses included a depot and barracks for army engineers, the Army Maritime Transport Wing, and the Army Maritime School, which closed in 1997. When the Sydney Harbour Federation Trust took over management of Chowder Bay in 2001, their mission was to adaptively re-use the buildings to enliven the space through conserving their heritage, maximising public access and enriching cultural life. Today, this coastal precinct is a hub of activity. One of the brick magazine stores was transformed into a cafe, the Sergeant's Mess became a waterfront function centre, and the Sydney Institute of Marine Science established their headquarters and interactive discovery centre in the Sergeant's Quarters and Submarine Miners' Depot building. In 2003, the Harbour Trust won the Greenway Award for conservation of some of the Chowder Bay buildings from the Australian Institute of Architects.

TATE MODERN, LONDON, ENGLAND

The adaptive re-use of London's former Bankside Power Station as the Tate Modern is one of the best known examples of the urban regeneration outcomes associated with heritage adaptive re-use for tourism purposes. The iconic power station, consisting of a turbine hall 35 metres high and 152 metres long and a single central chimney, operated from 1947 until its redundancy in 1981. The site fell into disrepair until the Tate Gallery Trustees announced their intention to adapt the power station as a gallery for international modern and contemporary art.

Following a design competition, museum officials raised funds for adaptation of the site through a combination of private donations, a national cultural lottery and a £12 million grant from the public English Partnerships regeneration agency¹⁸. The site was purchased and work commenced in 1996.

To facilitate usage as a museum, internal machinery was removed and the building was stripped to its original steel structure and brickwork. The structure was opened in 2000 as one of the world's largest contemporary art museums, retaining wholly intact the external structure of the Bankside Power Station, with the addition of a two-storey glass box running its length.



Since 2000, the Tate Modern has been visited by more than 40 million people and consistently rates as one of the UK's top three tourist attractions. It generates an estimated £100 million annually in economic benefits to the City of London¹⁹. This is remarkable considering admission to the Tate Modern is free, except for special exhibitions.

The connectivity of the site to the northern side of the River Thames and St Paul's Cathedral via the Millennium Bridge has also enabled the Tate Modern to activate the previously derelict precinct through visiting exhibits and a diverse calendar of special events. The adaptive re-use of the heritage site as a contemporary art museum and the connectivity of the precinct via new infrastructure are widely seen as the catalyst for the revitalisation of the southern bank of the River Thames.

¹⁸ Tate (2012) Who we are: History of Tate <http://www.tate.org.uk/about/who-we-are/history-of-tate>

¹⁹ Ibid

Photo credit: Sydney Harbour Federation Trust

CONTRIBUTION TO ACCOMMODATION SUPPLY

The conversion of heritage buildings to tourist accommodation properties also has the potential to increase the overall accommodation supply in a destination and can assist in alleviating supply constraints in some markets across Australia. This is particularly the case given that tourism operators and hoteliers competing for access to prime land often find themselves crowded out by residential

and commercial, which are often seen as better value uses, despite tourism often having a higher economic multiplier due to additional expenditure generated by visitors. Proactive planning approaches and prioritising or allowing tourism use of heritage assets in appropriate precincts can complement commercial usage, helping to activate precincts outside business hours and at weekends.

THE GENERAL POST OFFICE, NO.1 MARTIN PLACE, SYDNEY, NEW SOUTH WALES



The adaptive re-use of the Sydney General Post Office (GPO) added significant hotel room supply in Sydney in late 1999. The heritage five-storey GPO building was erected in several stages between 1864 and 1905 and was used by Australia Post up until the late 1980s

when the opportunity for adaptive re-use of the project was explored. In 1995 the Grocon construction group, representing the Melbourne-based Grollo Group, became the successful bidder of Australia Post's tender for redevelopment. Construction took place between 1997 and 1999 and saw the addition of two completely new non-heritage towers, one a 26 level, 40,000 square metre office tower and the other, a 31 level, 369 room hotel tower on the land immediately behind GPO. The hotel tower is occupied by the Westin Hotel that offers both heritage rooms and tower rooms to guests with a total of 420 rooms on the site. The GPO redevelopment also saw the construction of a glass-roofed atrium and grand courtyard and creation of 5000 square metres of ground floor retail²⁰. The commercial viability of this project was underpinned by the scale and volume of the total development particularly the non-heritage office tower and hotel tower. Allowing the construction of the two towers not only increased the attractiveness of the project to commercial investors, the mixed-use redevelopment has improved public access and engagement with the heritage site. Since completion in September 1999, the property has been known as No.1 Martin Place.

²⁰ Colin Dominy, (March 2001) The Economics of Heritage – The impacts of heritage requirements on the financial viability of individual development proposals, Report for NSW Heritage Office. Photo credit: Grollo Group

TREASURY CASINO AND HOTEL, BRISBANE, QUEENSLAND



Treasury Casino and Hotel is situated across two heritage sites in Brisbane, either side of Queens Park. The hotel is in a five-level Edwardian baroque building constructed between 1901 and 1905, which originally housed state government offices including the Lands

and Survey Departments, the Premier of Queensland, the Executive Council and the Queensland National Art Gallery. Following the adaptive re-use of the site in 1995 a boutique luxury hotel with 96 guest rooms, restaurant and bar facilities was created. The casino is across Queens Park in the former Queensland Government Treasury Building. The four-level building has Italian renaissance features and was constructed in three stages between 1886 and 1928. The site is of great historical importance as a place of government administration in the formative years of the state and the place where the proclamation of the federation of the Australian Commonwealth was read by the Governor of Queensland Baron Lamington from a balcony in 1901. The adaptive re-use of the site into an integrated resort with gaming, entertainment, hotel and restaurant facilities has increased Brisbane's supply of boutique luxury accommodation as well as public access to this significant heritage asset.

SYDNEY SANDSTONE BUILDINGS, NEW SOUTH WALES

In September 2015, the NSW Government announced Singapore's Pontiac Land Group as the winner of a competitive tender process for a 99 year lease of two of Sydney's historic sandstones – the Lands and Education Department buildings.

The Lands Department building was built by the NSW Colonial Government in the late 19th Century and was designed by Government architect James Barnet in the Renaissance Revival style popular at the time. It has been continuously occupied by the Lands Department, in its various forms, since being opened in 1892. When it was built, it was Sydney's largest building, covering a whole city block. It has a 'Datum Bench Mark Plug' set into position on the front of the building, which originally provided the origin of all survey levels in NSW. The building was earmarked by the NSW Government in the 1980s for possible conversion to Sydney's first casino, which led to the NSW Heritage Council placing a permanent conservation order over the building, making the building subject to the highest level of statutory heritage protection in NSW. The Education Department building was built in the baroque style and designed by George McRae, who also designed the Queen Victoria Building and Sydney's Central Railway Station. It opened in 1914.

Pontiac Land will pay \$35 million for the lease, which is conditional on a commitment to undertake an estimated \$250 - \$300 million refurbishment of the properties, converting them into a 240-room luxury hotel. The Group will be responsible for obtaining all design and planning



approvals, with construction expected to commence after the buildings are vacated in 2018, and the hotel anticipated to open approximately three years later.

Modelling from Deloitte Access Economics estimates that Pontiac Land's proposal will deliver \$185 million Gross State Product over 20 years, 110 new full-time hospitality jobs, 240 jobs during construction, and provide substantial savings for NSW taxpayers, with the Sandstones having cost the NSW Government more than \$2 million per year over the past two years. The proceeds from the lease will be reinvested in infrastructure, and importantly the buildings will become accessible to locals and visitors. Property NSW will retain custodianship of the buildings and will oversee the transformation during the development approval and construction phases. This luxury visitor accommodation will complement the proposed development of Circular Quay.

PRINCIPLES FOR ADAPTIVE RE-USE

The adaptive re-use of heritage buildings and sites can achieve the triple bottom-line objectives of community and government by providing a new use for an otherwise derelict or underutilised building, while also improving the amenity, interpretation and access to the asset. At the same time, leasing or selling these assets to a third party can provide a source of income for government. The adaptive re-use process, however, can involve risks of delays, and associated costs that may discourage investment and create apathy among potential private sector investors. To address these issues some key principles have been identified that can assist in bringing proposals to market, as well as incentives to reduce project investment risks.

TTF believes it is vital for government to have a range of policy levers available, including streamlined approval processes and incentives, to help ensure the commercial viability of heritage assets. One of the most appropriate ways of sharing these risks and achieving the full potential of adaptive re-use is through public-private partnerships.

Balancing public and private priorities is key. Private sector operators are able to derive value and profitability from an ongoing working relationship with government. Rather than looking to make a choice between conservation and economic development, heritage adaptive re-use enables a marriage of these two priorities – creating a place that is effectively and appropriately utilised, with a past that is celebrated, while assuring its future is conserved.

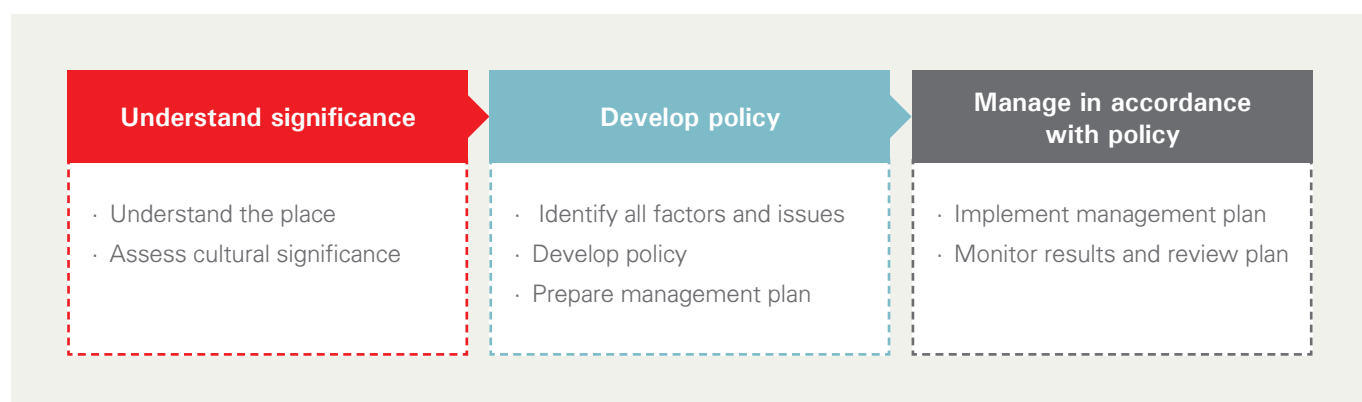
WHOLE-OF-GOVERNMENT APPROACH TO HERITAGE

Given the significance of publicly-owned heritage assets to the community and broader visitor economy, it is necessary for a whole-of-government approach to ensure that all public policy considerations are taken into account. This should include coordination between agencies responsible for disposal or leasing, planning, access and activation, and an integration of these projects into strategic planning for tourism, transport and precincts.

DEVELOP MANAGEMENT PLANS FOR HERITAGE ASSETS

While many governments already have management plans for their state-significant heritage assets, TTF recommends that governments undergo a process of identifying all their heritage assets, understand their cultural significance, develop an appropriate policy for their conservation and manage them in accordance with this policy. This is essentially the Burra Charter Process, shown below, which outlines the steps in planning for and managing a place of cultural heritage significance.

Figure: The Burra Charter Process²¹



²¹ The Burra Charter (2013), The Australia ICOMOS Charter for Places of Cultural Significance.

The cultural significance of a place and other issues affecting its future are best understood by collecting and analysing information before making any decisions. Conservation, interpretation and management of a place should provide for the participation of people for whom the place has significant associations and meanings, or who have social, spiritual or other cultural responsibilities for the place.

The policy for managing a place must be based on an understanding of its cultural significance. Policy development should also include consideration of other factors affecting the future of a place such as the owner's needs, resources, external constraints and its physical condition. It should address all relevant issues including use, interpretation, management and change. Different ways to retain cultural significance and address other factors may also need to be explored. Options considered may include a range of uses and changes of a place, including adaptive re-use.

Statements of cultural significance and policy should be incorporated into a management plan, also known as a conservation management plan. The plan may deal with other matters related to the management of a place. It is important that cultural significance, policy and management plans are periodically reviewed, and actions and their consequences monitored to ensure continuing appropriateness and effectiveness.

IDENTIFY HERITAGE ASSETS SUITABLE FOR ADAPTIVE RE-USE

Undergoing a conservation management plan process for all heritage assets would assist in the identification of buildings and sites in Australia that would be suitable for adaptive re-use. This would provide the private sector with a list of heritage assets identified for potential adaptive re-use and assurance that government had completed their due diligence for these assets. The accompanying conservation management plans would document the assets' cultural significance and vital details including floor space, state of repair, and current tenant/lessee arrangements to assist in determining the viability of adaptation.

Processes similar to this have already been initiated in some states. The most notable example is Western Australia's Land Bank and Nature Bank programs, which have brought to tender a number of iconic urban development and ecotourism

investment opportunities on Crown Land. Property NSW also underwent a process of identifying underutilised assets, including heritage assets, across the State.

The Tasmanian Government recently announced that it is undergoing an independent process seeking expert advice on whether there are any Government-owned buildings, including the Treasury building in Hobart, that could be considered for other uses, including accommodation. This was sparked following the successful development of Parliament Square in Hobart, which will create an accessible community space that will benefit both the local economy and culture.

Publicly releasing a list of heritage assets identified for adaptive re-use in addition to their management plans would allow for greater coordination with the private sector. Investors would be able to assess the suite of assets and prioritise based on their own strategies and plans.

ACTIVELY CONSIDER TOURISM AS THE BEST ADAPTIVE RE-USE OPTION

According to the Burra Charter 2013, change may be necessary to retain cultural significance, but is undesirable where it reduces cultural significance. The amount of change to a place and its use should be guided by the cultural significance of a place and its appropriate interpretation.

When a particular heritage asset is identified for adaptive re-use and made available to the market for re-use opportunities, it would be recommended, where appropriate to both the building and the location, that the government actively consider the asset for tourism use. This is particularly the case in CBDs where tourism use is less likely to be deemed as highest and best use and a proponent may opt for other development uses, such as residential, commercial or office.

In assessing whether to establish tourism as a key use for a particular heritage building or site, it is important to recognise the positive economic impacts tourism use of these assets will have on the broader visitor economy as well as enabling public access to the buildings. Indeed, many buildings that were previously inaccessible may in fact be open to the public for the first time through adaptive re-use for tourism purposes.

CONSISTENT AND STREAMLINED GOVERNMENT PROCESSES

As a consequence of the potential additional costs and risks associated with heritage projects versus other forms of property development, a gap may exist between the cost of conservation obligations and the value the market places on the purchase or lease of heritage assets. Many building owners and developers still regard the re-use of heritage buildings with additional caution, with existing planning and building regulations either perceived to restrict, or actually restrict, project viability.

Simplifying relevant regulatory frameworks and streamlining tender and approval processes can help to minimise some of the various risks associated with pre-development tendering and negotiation. Providing clarity to the private sector in the pre-development stages of scoping, simplifying the expression of interest processes, and minimising the regulatory barriers to project approval would significantly improve the ability of the private sector to accurately forecast revenues and costs over the life of a project and therefore encourage more investors to participate.

The lack of standardisation of documentation and information sharing between agencies impedes approvals and can impose additional regulatory burdens, while multiple layers of legislation and conservation standards are often triggered at a local, state and federal level as a result of the cultural heritage significance of the project. While 'call-in' powers on projects of significance exist in certain states and reduce some of this duplication, the delays experienced while advice is sought often reduce the effectiveness of this process.

In addition, inconsistency across different government processes creates further investor confusion. While the Burra Charter 2013 is incorporated in various federal, state and local regulations, the vision and outcomes of the Australian Heritage Strategy, including national leadership, should translate into some minimum standardisation of legislation, regulations, processes and conservation standards across all levels of government. This minimum standardisation would assist in ensuring a greater level of consistency across different governments, helping to reduce the additional costs and risks associated with heritage projects. It would also support private stakeholders in understanding upfront many of the specifications, objectives and constraints associated with heritage projects and help them navigate government processes.

ASSISTANCE TO MAKE THE INVESTMENT VIABLE

Governments have a variety of ways to ensure the long-term protection of heritage buildings and sites through adaptive re-use, many of which are not currently being fully leveraged in Australia. A review of all possible incentives, instruments and information sources would be a sensible first step towards potential legislative and regulatory reform to improve the utilisation of heritage buildings.

Government information

A guide or centralised register of government agencies that can provide assistance and advice should be created to increase the attractiveness of heritage adaptive re-use and decrease potential risks and costs for investors. This also applies to the provision of streamlined information and advice regarding key issues such as heritage exemptions, for example the installation of air conditioning units, as well as other infrastructure, including Wi-Fi.

While some governments already do this through the provision of information packs and guidelines, such as property and leasing guides, and information regarding branding and activation, this is not consistently provided on a federal, state and local level. The development of conservation management plans for each heritage asset will assist in this regard, providing potential investors and developers with an upfront indication of the government's vision for the asset as well as an assessment of its cultural significance and vital details. As has been suggested in making building and planning regulatory processes easier to navigate, a 'one stop shop' should be established to assist with heritage adaptive re-use projects.

A significant amount of the potential risks and costs associated with adaptive re-use projects would also be mitigated if both public and private stakeholders went through a comprehensive process of due diligence prior to engaging in any project. Conservation management plans are a form of government due diligence. Private stakeholders should also be encouraged to undertake due diligence, for example by engaging a heritage expert and seeking advice upfront. These processes would ensure that stakeholders are only entering into projects that have first been fully investigated and deemed worthwhile, reducing the potential of unexpected risky and costly obstacles being encountered further down the track.

Public-private partnerships

Public-private partnerships (PPPs) refer to a formal arrangement between a public agency and private sector in which investment, operational and regulatory risk associated with the delivery of a service or facility is shared in a variety of ways between private operators and government.

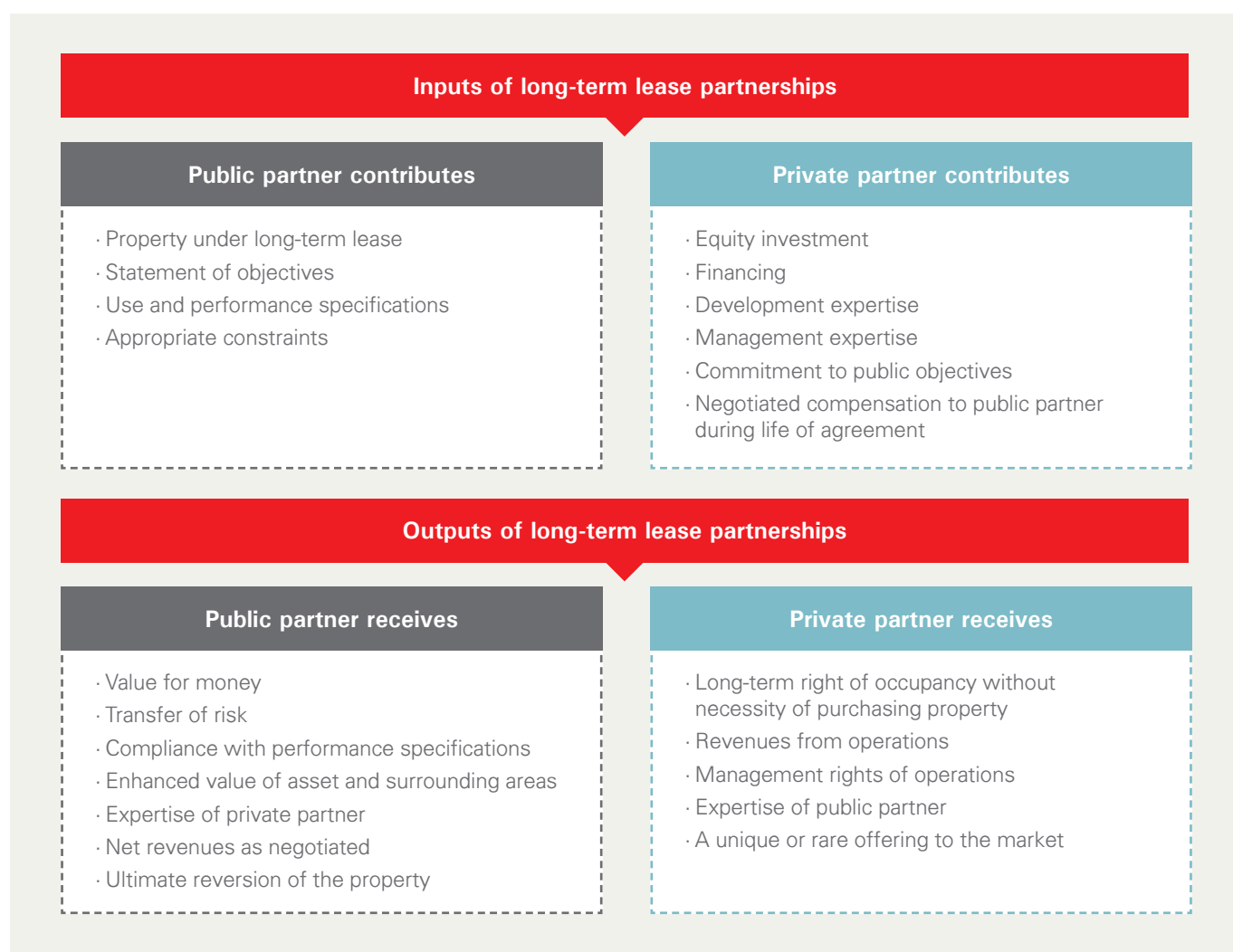
A number of financial and ownership models have been applied to heritage PPPs, ranging from provision of private finance for an otherwise wholly government-led adaptation process through to privatisation of a heritage asset. However, the bulk of adaptive re-use PPPs internationally are generally long-term lease structures.

Long-term lease arrangements allow for a publicly-owned property to be leased for a fixed period to a private sector entity which redevelops, restores and utilises the building for its own use or for lease to others according to a series of conservation requirements set by government. At the conclusion of the lease, the property then reverts to public sector ownership. A notable example is the Q Station in Manly, New South Wales.

Lease length

The nature of adaptive re-use means that long-term leases are the most common incentive in the adaptive re-use of heritage buildings. Most heritage adaptive re-use projects are boutique developments as they must be sympathetic with both the natural and built form of the asset. As a result, the revenue-generating ability of the project is likely to be on a much smaller scale than a typical development. The provision of long-term leases, possibly at a discounted rate, can provide a longer investment horizon for the proponent to meet their financial obligations, as well as the heritage obligations of government under their agreement. A longer lease length also allows investors time to test the consumer market and make changes to their product offering if necessary. Long-term leases are vital to improving the value proposition of adaptive re-use projects to financiers and private sector proponents.

Figure: Inputs and outputs of long term lease partnerships²²



²² Rypkema, D. and Cheong, C. (2012) Public-Private Partnerships and Heritage: A Practitioner's Guide, Heritage Strategies International.

Q STATION, MANLY, NEW SOUTH WALES



The mixed-use heritage adaptation at the Q Station at North Head in Manly is an example of where the provision of a long-term lease was favourable. After use for quarantine purposes since 1833, North Head was transferred back to state ownership in 1984. Due to a lack of resources to conserve the site, demolition and reversion of the site to bushland was considered. However, in 2001, expressions of interest were sought for use and the Mawland Group emerged as the favoured proponent. The group proposed adaptive re-use of certain buildings to provide a hotel and interpretation facilities for visitors. Given the process was relatively untried in NSW, significant delays to project commencement were experienced as a result of ambiguity in negotiation and documentation.

In 2001, the Minister for Environment became a co-proponent for the adaptive re-use proposal along with Mawland – a difficult position given the potential issues of one of the proponents also being one of the determining authorities.

The result was wasted time and funds by both parties as a straightforward process was not in place and no consideration was given to the method of documentation and negotiation of the transaction prior to this point. The outcome of this complication imposed more steps, challenges and delay. Finally following exhibition, preliminary processing, environmental and heritage approvals and further exhibitions, the Commission of Inquiry released its report on the proposal in 2002, by which time several buildings had been destroyed by fire. Nevertheless, adaptive re-use and conservation work began and the site opened as the Q Station hotel in 2007.

Despite the delays which arose during negotiations, the operation of the Q Station as a cooperative partnership between NSW National Parks and Wildlife and the Mawland Group is considered a best-practice model for heritage adaptive re-use in Australia. The partnership transformed derelict federation buildings into an iconic Australian heritage experience on Sydney Harbour, providing a boutique destination, dining experiences, and interpretation of Australia's quarantine history for school groups and other visitors.

The provision of a 45 year lease in total, including options based environmental compliance, has allowed the Mawland Group to invest more than \$6 million in structural restoration and site improvements with the promise of a return on investment over the term of the lease. The lease length is also important to financiers who look for a commercially viable term which allows for the consumer market to be tested and the product adjusted.

Flexibility has been required in site usage at Q Station, with the initial preference for visitors to arrive by boat proving commercially unviable, despite efforts by both the operator and the lessee. Other restrictions continue to be addressed between the parties, including requirements to maintain some heritage buildings entirely intact and market demand for ensuites.

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