

## Management report to Council

Agenda item 6.4

### Funding for Melbourne Heritage Restoration Fund

Council

Presenter: Emma Appleton, Manager Urban Strategy

26 June 2018

#### Purpose and background

1. The purpose of this report is to seek Council endorsement of the proposed approach to funding the Melbourne Heritage Restoration Fund (MHRF) for 2018–19 and future years.
2. Review and development of the MHRF as a funding model was identified as a priority action in the City of Melbourne's *Heritage Strategy* (2013), and later included as part of an Annual Plan Initiative 8.15 for 2017–18 to explore a number of heritage incentives for heritage preservation. Following an independent review, the continuation of a heritage grants program was reinforced as a priority recommendation. The MHRF was ultimately identified as the right vehicle to deliver a continued grants program for heritage across the City. Other recommendations from the independent review will be further investigated as part of API 8.18 in 2018–19.
3. The MHRF is managed by the Victorian Heritage Restoration Fund (VHRF), which is currently administered by the National Trust of Australia. The VHRF administers the fund for the City of Melbourne (MHRF) and similar funds for City of Yarra and the City of Ballarat. The Council last contributed money in 1996, which is now expended.
4. There are many benefits to using the VHRF, including:
  - 4.1. Administration costs are shared between Councils and grant programs are centralised.
  - 4.2. Heritage architecture and conservation expertise is provided through the VHRF.
  - 4.3. There is ability for each council to customise the priorities and focus of their own fund.
5. Council continuing to fund heritage restoration will assist in maintaining the integrity of the City's heritage building stock. Many other Victorian local governments of varying sizes make annual financial commitments to heritage grants programs.
6. To ensure best return on investment, management will define a focused set of criteria to align with the strategic priorities of the Heritage Strategy and Council Plan.

#### Key issues

7. It is proposed that the MHRF be funded with an unbudgeted \$600,000 lump sum payment in 2017–18, to be disbursed over the next three years on a pro-rata basis.
8. It is recommended that the \$200,000 per annum is allocated as follows:
  - 8.1. \$130,000 for strategic investment in a group of significant buildings which have been identified in a heritage review and where a transformative outcome can be achieved.
  - 8.2. \$60,000 for responsive competitive grants for commercial, community (non-profit) and residential buildings, including opportunities for promotion.
  - 8.3. \$10,000 to cover the subsidised administration fee to the VHRF.
9. It is proposed that strategic work be completed in 2018–19 to identify and prioritise commercial areas / precincts to receive funding in relation to highest need and greatest impact.
10. Given the quantum of Council's contribution and to ensure accountability of benefits and outcomes realised, officers will work with VHRF to establish transparent annual reporting back to Council.

**Recommendation from management**

11. That Council:
  - 11.1. Approves the allocation of a \$600,000 lump sum payment to the Melbourne Heritage Restoration Fund in 2017–18, with transparent annual reporting from VHRF back to Council.
  - 11.2. Approves the proposed funding model and targeted approach for investment over the three years.
  - 11.3. Notes that management will report to Council in quarter 3, 2020–21 with recommendations for an annual or multi-year funding program for heritage initiatives.

**Attachments:**

1. Supporting Attachment (page 3 of 3)

## Supporting Attachment

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### Legal

1. The MHRF is an incorporated association originally set up by the Council.

### Finance

2. The current 2017–18 budget will cover the funding of the Melbourne Heritage Restoration Fund (MHRF) as proposed in this report. No other costs are expected.

### Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

### Stakeholder consultation

4. Project officers have discussed the proposed approach to funding the MHRF with administrators of the fund from the National Trust of Australia. No broader community consultation is required at this stage.
5. A communications and media plan will be developed in 2018–19 to publicise the availability of grants to heritage owners in the municipality and celebrate successful outcomes following completion of works.

### Relation to Council policy

6. The proposal is consistent with the following Council policy:
  - 6.1. *Clause 21.06 (Built Environment and Heritage)* – Council’s Municipal Strategic Statement (MSS) outlines the importance of heritage buildings, precincts and streetscapes to Melbourne and the conservation of identified heritage places. The following objectives and strategies are relevant:
    - 6.1.1. *Objective 1:* To conserve and enhance places and precincts of identified cultural heritage significance.
    - 6.1.2. *Strategy 1.2:* Support the restoration of heritage buildings and places.
  - 6.2. *Clause 22.04 (Heritage Places within the Capital City Zone)* and *Clause 22.05 (Heritage Places outside the Capital City Zone)* - Council’s local planning policy provides objectives around the conservation and enhancement of all heritage places and precincts within and outside the Capital City Zone.
  - 6.3. The City of Melbourne *Heritage Strategy* (2013) provides a plan to identify, protect, manage and celebrate the City’s heritage buildings and objects. The following actions are relevant:
    - 6.3.1. *Action 3.12:* Set priorities for the Melbourne Heritage Restoration Fund and ensure it supports activities related to emerging and challenging heritage issues. Explore development of its funding model.
    - 6.3.2. *Action 3.13:* Investigate the feasibility of other mechanisms available to Council which would provide incentives to property owners – financial and otherwise – for ongoing heritage protection.

### Corporate social responsibility

7. There is a positive impact to corporate social responsibility.