

2.7. LATE REPORT - I&E - 30/06/2025 - Lithgow Small Arms Factory Heritage Listing

Strategic Context for this matter:

Caring for Our Community To retain, respect and strengthen both our overall sense of community, and the unique linked communities of groups, rural areas, villages and towns that make up the Lithgow LGA.

Enhancing Our Natural Environment To balance, protect and enhance our diverse environmental elements, both natural and built, for the enjoyment and support of both current and future generations

Responsible Governance & Civic Leadership To develop community confidence in the organisation by the way it is directed, controlled and managed.

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Executive Summary

This report seeks the Council's consideration of the potential implications of State heritage listing of the former Commonwealth Defence Manufacturing Complex (Lithgow Small Arms Factory - Thales Lithgow site), and to inform Council's position on the matter.

With an endorsed Council position, the Administration will make a submission on the proposed Heritage Listing, should the Council resolve to do so.

Administration's Recommendation

THAT Council:

1. Determine its position on the proposal for State heritage listing of the Lithgow Small Arms Factory.
2. Determine whether to lodge a submission to Heritage NSW by the 11 July 2025 deadline.

Attachments

1. CONFIDENTIAL - Strategic Employment Lands Projects Report [2.7.1 - 8 pages]

Reference to any relevant previous minute

Min. No. 24-282 Extra Ordinary Meeting of Council held on 11 December 2024

Background and discussion

The Thales Lithgow site has long-standing historical associations with Australian defence manufacturing. Two individual site elements are listed in the Lithgow LEP 2014 (Avenue of Plane Trees - Item I266; and Small Arms Factory - Item I313) but the site and its buildings as a whole are not listed on the NSW State Heritage Register (the Register).

A third-party nomination was made to Heritage NSW to list the site and its buildings on the Register. This proposal is occurring without the support of Thales Australia as the landowner, but with the support of the Small Arms Museum.

At the 11 December 2024 Extra Ordinary Meeting of Council, it was resolved:

24 -282 RESOLVED

THAT Council:

1. Endorse the General Manager to progress Actions 1 and 2 set out in the body of the Report.
2. Note that purchase options – in the form of a right of refusal – will be funded through the LEEP budget, with master planning supported by the LEEP budget and/or potential grants under the Regional Precincts and Partnerships Program and similar programs. Any such expenditure would first be reported to Council for approval.
3. Note that the execution of any successful grant applications by Council officers will not proceed until the successful outcomes are reported to Council and Council's endorsement to proceed with the grants is obtained.

Lithgow City Council is the proponent of a Commonwealth *Regional Precincts and Partnership* (RPPP) grant application (with the support of Thales Australia) which identifies the Thales site as a critical component of Lithgow's future employment strategy. The grant application was the subject of confidential reports to the 25 November 2024 and 11 December 2024 Council meetings.

As the RPPP grant application is relevant to the implications of the proposal for State heritage listing of the Lithgow Small Arms Factory, it has been disclosed in this report. The details of the rationale for the grant application are included in the confidential report to the 11 December 2024 Extra Ordinary Meeting which is attached to this report.

Summary of Key Issues

Pros of Heritage Listing

- **Recognition of Significance**

The site is acknowledged by multiple heritage experts, including Peter Freeman Pty Ltd and the National Trust of Australia, as the "*first ordnance factory established by the Australian Commonwealth Government*", with operations from 1912 and technological contributions to both World Wars. Listing could reinforce the historical and social role of the Small Arms Factory in national defence and industrial development from 1912 onward, including its association with both World Wars.

- **Long-Term Protection**

Listing provides the strongest legal recognition for a site's significance in NSW. It ensures that heritage values are preserved through ownership changes with protections embedded in planning instruments and in government policy.

- **Attract Heritage-Focussed Education**

Listing could potentially attract heritage-focused education and community engagement, particularly through the work of the Lithgow Small Arms Factory Museum.

- **Alignment with Community Heritage Values**

Listing aligns with the efforts of some community members and groups who seek greater long-term protection of the site's historical identity. Listing would reinforce that the industrial story of Lithgow remains valued within regional and State heritage frameworks.

Cons of Heritage Listing

- **Misalignment with Council Initiatives**

Heritage listing would severely constrain redevelopment options, including new defence and precision manufacturing facilities, and would directly undermine the purpose of Council's *Regional Precincts and Partnership* grant application.

- **Outdated Built Form Not Fit for Modern Manufacturing**

The majority of structures on the site were designed for manufacturing processes of the early 20th century, which is referred to in the Council's *Regional Precincts and Partnership* grant application.

A successful heritage listing would require adaptive reuse for modern precision manufacturing, which Thales have advised is not a viable option either economically or practically. The buildings are not suited to the spatial, technological or regulatory needs of modern precision manufacturing. Redevelopment of the site would require new, fit-for-purpose buildings to support 21st-century advanced manufacturing, consistent with Australia's sovereign defence objectives and regional industry strategies.

- **Misalignment with Defence and Industry Policy**

The Commonwealth's *2024 National Defence Strategy and Integrated Investment Program* prioritise regional defence manufacturing capabilities, innovation precincts, and sovereign industrial base expansion, stating that:

"Regional hubs should be supported to co-locate defence industry, innovation, and logistics... enabling flexibility for future growth"

Heritage listing would lock in an obsolete mix of buildings and site layout, unsuited to modern defence manufacturing requirements.

- **Undue Financial Burden and Economic Risk for the Landowner**

Under Section 33(2)(d) of the *Heritage Act 1977*, heritage listings may be opposed by the landowner if they:

"render the item incapable of reasonable or economic use" or cause "undue financial hardship to the owner"

Given historical site contamination, building structural issues, and costly remediation and maintenance required, listing would further increase the owner's site rehabilitation costs and constrain the owner's investment in future employment-generating development of the site.

- **There is Existing Heritage Recognition**

The site already benefits from:

- Two listings under *Lithgow LEP 2014*.
- The *UNESCO Australian Memory of the World* listing for the archival collection.
- Ongoing community engagement via the Small Arms Factory Museum.

- **No Owner Support**

Thales Australia did not initiate the listing, does not support it, and is likely to exercise its rights under the *Act* to oppose it. Significant NSW experience has demonstrated that 'imposed' heritage listings can result in sites being abandoned by landowners.

Strategic Implications

Economic development strategies - including Council's *Lithgow Emerging Economy Plan* and the state government's *Lithgow Regional Economic Development Strategy* - identify the Thales Lithgow site as a feasible pathway to increase job creation in Lithgow.

The LEEP Property Development Councillor Presentation (November 2024) – 'Recommendation – Defence Manufacturing Precinct' section stated:

"Redevelopment of the Thales Lithgow site as a Defence and Precision Manufacturing Precinct... aligns with national defence priorities and offers substantial economic benefits."

Council has prioritised the transformation of underutilised industrial land to support new employment-generating industrial development and Council's *Regional Precincts and Partnership* grant application for the Thales Lithgow site supports that outcome.

Heritage listing would impede essential economic development goals, limit strategic land use flexibility, and impose significant cost and regulatory burden, without delivering commensurate heritage benefits beyond those already in-place through local listing and archival recognition.

Alternative Options to Heritage Listing

Council could consider alternative heritage support actions while still supporting potential future employment-generating investment at the Thales Lithgow site:

- Lobbying for Commonwealth and State Government for funding to develop a new '*Lithgow Small Arms, Precision Manufacturing and Industry Museum*', a new facility integrating other cultural and industrial exhibits and curated collections to create a regional destination in a more centralised location to maximise visitation.
- Establishment of a *Lithgow Small Arms Museum Endowment Fund* to attract contributions from private donors, defence industry stakeholders, and heritage conservation organisations allowing philanthropic contributions to support preservation of the *Lithgow Small Arms Factory Archive*.
- Work co-operatively with Thales Australia to list elements of the site on the National Trust Register (NSW). The National Trust Register is non-statutory, meaning that it recognises cultural and historical value without activating legal restrictions on land use or redevelopment. Listing on the Register can:
 - Demonstrate a balanced community commitment to heritage recognition,
 - Support Museum and educational initiatives,
 - Build public awareness, and
 - Avoid limiting the site's future redevelopment potential that would result from formal State listing.

This approach is especially well-suited where there is no landowner consent or support for formal Heritage NSW listing, but a clear desire to acknowledge cultural significance.

Consultation and Communication

Two meetings have occurred between the Thales, Councillors, and the Executive, to discuss matters surrounding the Small Arms Museum's use of the Thales site and its buildings. Council has met with members of the Museum board also.

Elements of the meeting between Council and Thales management have been used to inform the body of this report.

Policy

Nil.

Legal

Not other than those illustrated in the report.

Risk Management

Nil

Financial

N/A