



UNIVERSITI PUTRA MALAYSIA

**CONSERVATION VALUE OF A LIVING HERITAGE SITE ON
PENANG ISLAND, MALAYSIA**

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FEP 2009 10**



**CONSERVATION VALUE OF A LIVING HERITAGE SITE ON
PENANG ISLAND, MALAYSIA**

By

LILIAN CHAN MEI LI

**Thesis Submitted to the School of Graduate Studies,
Universiti Putra Malaysia, in Fulfilment of the Requirements for the
Degree of Doctor of Philosophy**

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Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of the requirements for the degree of Doctor of Philosophy

**CONSERVATION VALUE OF A LIVING HERITAGE SITE ON
PENANG ISLAND, MALAYSIA**

By

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December 2009

Chair : Professor Khalid Abdul Rahim, PhD

Faculty : Economics and Management

George Town is the capital of Penang Island, a town of rich and diverse history which reflect the cultures brought by the trade-winds since the 18th century. Many of the heritage buildings and the businesses or activities, that took place within them still survive until today, many of which involve skills passed down through the generations, making George Town a town with a 'living' heritage.

The objectives of this study were to estimate the value of Penang Island households' willingness to pay for the conservation of a living heritage in George Town, and to identify the determinants of the willingness-to-pay. This study aimed to add to the scarce literature of this type of research, and reduce the dependence on benefit transfers for cultural heritage goods, which are often site-specific, and therefore unsuitable.



The Stated Preference (SP) method of Contingent Valuation (CV) was applied in this study, concentrating on the living heritage existing within inner George Town, covering about 3,700 pre-colonial shophouses. A total of 320 in-person interviews of citizens of Penang Island were conducted in the first-quarter of 2006, out of which 283 questionnaire responses were usable.

The results showed that the Contingent Valuation Method (CVM) can be successfully applied to value a living cultural heritage in Penang Island, where the mean willingness-to-pay for the conservation of inner George Town's living heritage is about RM94.50 as a once-off contribution amount. The results showed that attitudinal aspects like interest and concern for the condition of the 'living' heritage play an important factor in the probability that respondents would be willing-to-pay for its conservation, together with the respondents' level of income. Behavioural aspects like knowledge regarding the heritage, frequency of visits, and emotional regard for the heritage are not significant to the probability that the respondents would be willing to contribute towards the heritage conservation.

The results of this research can be used by policy-makers and NGOs to rank the importance of conserving the 'living' heritage relative to competing projects, and help improve the management of heritage conservation and resource allocation.

Abstrak tesis yang dikemukakan kepada Senat University Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

**PENILAIAN SUATU KHAZANAH HIDUP DI PULAU PINANG,
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George Town ialah ibu-negeri Pulau Pinang – sebuah bandar yang kaya dengan pelbagai sejarah yang telah dibawa oleh para pedagang dari luar negeri, yang telah belayar ke Pulau Pinang mengikut tiupan angin monsun semenjak kurun ke-18. Sehingga hari ini, George Town masih mempunyai banyak bangunan khazanah. Perniagaan dan aktiviti lain yang telah dijalankan di dalam bangunan-bangunan tersebut masih kekal sehingga hari ini, termasuk kemahiran yang telah diturunkan dari jenerasi ke jenerasi. Inilah yang dikenali sebagai suatu khazanah ‘hidup’.

Objektif penyelidikan ini adalah untuk menganggar nilai kesanggupan untuk membayar oleh masyarakat Pulau Pinang terhadap pemuliharaan khazanah hidup di George Town, dan juga untuk mengenalpasti faktor-faktor yang mempengaruhi kesanggupan tersebut.



Penyelidikan ini telah menggunakan cara 'Contingent Valuation' (CV), satu daripada teknik 'Stated Preference', untuk menganggar nilai kesanggupan untuk membayar tersebut bagi lebih kurang 3,700 buah kedai pra-penjajahan yang kini masih berada di lingkungan dalaman George Town.

Temuduga bersemuka dengan 320 penduduk Pulau Pinang telah dijalankan. Daripada jumlah itu, 283 daripada jawapan borang soal-selidik didapati boleh digunakan. Min kesanggupan untuk membayar bagi pemuliharaan khazanah hidup Pulau Pinang, oleh masyarakat negeri itu, ialah RM94.50 secara sumbangan sekali sahaja. Faktor yang mempengaruhi sikap terhadap khazanah hidup George Town didapati signifikan secara statistic kepada kebarangkalian responden itu akan membayar, tetapi faktor yang mempengaruhi gelagat dan emosi terhadap khazanah tersebut tidak signifikan.

Hasil daripada penyelidikan ini boleh digunakan oleh penggubal-dasar dan Pertubuhan Bukan Kerajaan untuk 'rank' kepentingan projek pemuliharaan khazanah hidup George Town, dibandingkan dengan projek-projek yang lain, di dalam keadaan peruntukan sumber yang kekurangan.



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This thesis was submitted to the Senate of Universiti Putra Malaysia and has been accepted as fulfilment of requirements for the degree of Doctor of Philosophy. The members of the Supervisory Committee were as follows:

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DECLARATION

I declare that the thesis is my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously, and is not concurrently, submitted for any other degree at Universiti Putra Malaysia or at any other institution.

LILIAN CHAN MEI LI

Date: 12 December 2009



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LIST OF ABBREVIATIONS

CA	Conjoint Analysis
CDF	Cumulative Density Function
CJ	Citizen's Juries
CM	Choice Modelling
CV	Contingent valuation
CVM	Contingent valuation method
EPA	Environmental Protection Agency
ICH	Intangible Cultural Heritage
KCZ	Kakadu Conservation Zone
KNP	Kakadu National Park
NGO	Non-governmental organisation
PHT	Penang Heritage Trust
Q'ty	Quantity
RP	Revealed Preference
SP	Stated Preference
TACT	Time, Action, Context and Target
UNESCO	United Nations Educational, Scientific and Cultural Organization
WHS	World Heritage Site
WTA	Willingness to accept
WTP	Willingness to pay



CHAPTER 1

INTRODUCTION

1.1 A BRIEF HISTORY OF PENANG ISLAND AND GEORGE TOWN

Penang Island is a historic port at the northern end of the Straits of Malacca¹, which was founded by Sir Francis Light in 1786. Settlers followed almost immediately. From the 18th to the 20th centuries, traders and settlers were attracted from various parts of the world. For example, a mere seven years after its founding, Sir Francis Light reported that Penang Island was populated by over 3,000 Chinese, 2,000 Indian, and some Siamese, Burmese, Middle-Easterners, Malays from Sumatra, Java and the Malay peninsula, and Europeans.

Penang Island soon became a well-known trade centre and entrepot for goods and skills from all over Asia, where spices, cloths, birds-nests, tin, and a wide variety of other merchandises came and went. This created a multi-ethnic melting pot where all cultures were welcome.

Besides places of worship like the temples, mosques, synagogues and churches, the cultures of these traders and settlers can also be found in the shophouses that

¹ The Straits of Malacca separates the Peninsula Malaysia from the Indonesian island of Sumatera.



were built in which to conduct their daily life. The unique structure of these shophouses show the influences and the merging of these diverse cultures – for example, the Chinese had a courtyard plan, rounded gable-ends and fan-shaped air vents; the Indians introduced hard-wearing plaster constructions techniques; the Malays contributed carved timber panels and timber fretwork; and the Europeans introduced French windows and decorative plasterwork (Fels, 2002).

George Town, the capital of Penang Island, is rich in such heritage buildings that reflect its history. There are thousands of pre-war colonial shophouses that line the streets² of inner George Town. These streets were either named for the trades that existed there, or for the ethnic community who lived there – for example, Burma Road, Armenian Street, and Dhoby Ghaut.

Penang Island later formed part of the Straits Settlement, together with Malacca and Singapore, as a British Colony until World War II. These different cultures gathered in one location resulted in an interesting blend of traditions and customs that followed the trade route. Their legacy is one of the most extensive urban heritage areas in Southeast Asia today.

² These streets criss-cross a Chinatown, a Little India and Moslem settlements from Aceh and the Middle East.



Historically, the population of Penang Island was centred around George Town, forming enclaves of people from diverse cultures from all over the world, who shared common spaces like markets, parks, theatres and religious establishments. However, the economic development of recent years shifted Penang Island away from an entrepot economy towards manufacturing, especially in the electrical and electronics industry, which opened up many job opportunities away from George Town to other parts of Penang Island. The availability of modern transportation also made it possible for many people to relocate from the inner-city to the suburbs instead.

The later generations of Penangites may have grown up somewhat removed from the inner-city life, but they have developed an increasing awareness of their endangered “roots” in the city centre. This sentimental link is currently fuelling the heritage conservation movement in Penang.

1.1.1 The ‘living’ heritage of George Town

Cultural heritage is more than just the objects or buildings that have been preserved over time. It should include the living expressions and traditions that the ancestors of various communities have passed down to their descendents. These living expressions and traditions form an intangible cultural heritage (ICH)

that provides their people with a sense of identity, continuity and meaning to their lives.

In Penang Island, some of the abovementioned living expressions and traditions are represented by heritage businesses or activities which include, for example, rattan carpentry, jewelry making, clock or watch repair work, the custom-making of shoes and umbrellas, tin-plating, traditional Chinese herbal medicines, the production of items associated with religious rituals like joss-sticks and lanterns, traditional-style baked goods, kopitiam, barbershops, dhobis, tailor shops, mercantiles, pawnshops, sundry or grocery shops, recreational club activities, and many more.

Since these businesses or activities employ these heritage skills and practices, they represent a **“living” heritage** – where history is made visible, and in some ways, tangible. A living heritage refers to traditional and cultural heritage practices, beliefs and skills that are still in existence because they have been passed down from generation to generation, and which still take place within their historical settings.

The pre-war colonial shophouses in George Town³ have housed many such small businesses and activities that have preserved the Straits arts, crafts, skills and cuisines that have been handed down through the generations.

These shophouses are mostly two- or three-story linked buildings with a “five-foot-way” from which activities may spill out to the streets. Today, there are day-markets, street hawkers and seasonal celebrations that make this heritage enclave still bustling with life.

In the case of George Town, many of these traditional and cultural practices presently still carry on in their historical enclave, *i.e.* these activities have not transplanted elsewhere, away from inner George Town, either for modern-day convenience, or for the tourism market like alternative “one-stop” cultural villages.

1.1.2 The threat to George Town’s ‘living’ heritage

The Rent Control Act (1948 – 2000), which applied mostly to the pre-war colonial shophouses in George Town, was the main reason why this living

³ There are about 10,000 pre-war buildings dating back to late-18th century to early-19th century. In the early 1990’s, almost 10% of these pre-war buildings were from the 1850’s, about 30% were from 1850 – 1900, and 60% were from 1900 – 1930 (Khoo, 1994).



heritage still exists in Penang until today (Netto, 2000). The rent control kept the costs of living and operating traditional businesses or activities in George Town affordable, and therefore these traders had no reason to move away from the capital in search of places with cheaper overheads. For example, the rental price under the Act could be as low as only RM250 per month.

In 2000, the repeal of the Rent Control Act initiated the eviction of many of these “traditional” tenants in favour of those who can afford to pay higher rent, such as travel agencies, electronic and electrical goods stores, and offices. The current rental price of a two-storey shophouse in inner George Town may range between RM1.00 – RM1.70 per square foot⁴, depending on the condition of the property and its location within inner George Town. For example, a 2-storey shophouse in Perak Road of 2,400 square feet and in reasonably good condition advertised a rental rate of RM3,900 per month in November 2009.

If the owner were interested in selling a two-storey shophouse in inner George Town, the market price may range between RM180 – RM550 per square foot, depending on the condition of the property, and location within inner George Town. For example, a 2-storey fully-renovated shophouse, of 4,500 square feet, near the banking district, was advertising for RM2.5 million. Recently, 11 units

⁴ Refer to Appendix 4 for examples of recent rental and sale prices for shophouses in George Town.

(in a row, totaling 12,949 square feet) of 80-year old shophouses was sold for RM4 million to be restored for “adaptive re-use”⁵.

After the repeal of the Rent Control Act, with a higher rate of return now available, the landlords of these shophouses now had an incentive to renovate their properties – to reflect more modern tastes and times – in order to attract and compete for higher-rent paying tenants, and increase the market value of their properties.

However, another effect of the repeal of the Act was also that many colonial shophouses are now vacant and left to decay. Some have even been gutted by fire. Many have already been demolished, or are already slated for demolition, to make way for modern development like shopping malls, hotels, high-rise offices or flats, etc. The living heritage began its steady decline toward extinction. The issue of heritage versus modern development was brought to the attention of the residents of Penang Island when the Rent Control Act was repealed, and George Town was included in the list of the World’s 100 Most Endangered Sites by the World Monument Fund (Netto, 2000).

⁵ These shophouses are located at Khoo Sian Ewe Road, Off Burma Road, to be adapted for re-use such as heritage hotels, bars, restaurants, boutique and/or specialty shops.



1.1.3 The UNESCO World Heritage Sites listing of George Town

Following an idea to create an international movement for the purpose of protecting the world's heritage after World War I, a White House Conference in Washington, D.C., USA called for a "World Heritage Trust". Hence, the Convention concerning the Protection of the World Cultural and Natural Heritage (1972) was adopted by the General Conference of UNESCO.

The primary focus of this movement is the preservation of cultural sites, and the other focus is the conservation of nature, which remind people of the fundamental need to preserve the balance between cultural and natural heritage. Some of the more well-known world heritage sites that are in the list are the pyramids of Egypt, the Taj Mahal in India, the Grand Canyon in the USA, the Great Barrier Reef in Australia, and the Gunung Mulu Caves National Park and Kinabalu Park in East Malaysia, just to name a few.

The prestige of being listed helps to raise awareness for heritage preservation among the citizens, governments, and becomes a concern of the international World Heritage community as a whole – all of which should result in an increase in the level of heritage conservation. The World Heritage Committee may

provide expert advice and financial assistance⁶ to support such conservation activities.

There are now ten criteria for the selection of heritage sites. The criteria are explained in the *Operational Guidelines for the Implementation of the World Heritage Convention* which form the main working tool on World Heritage. These criteria are regularly revised to reflect the evolution of the World Heritage concept itself. Nominated sites must be of “outstanding universal value”, and meet at least one of the ten criteria.

According to the *Operational Guidelines*, the first six selection criteria are associated with cultural heritage, and the next four criteria⁷ concern natural heritage. The first six selection criteria are:

- (i) to represent a masterpiece of human creative genius;

⁶ The funding comes from the World Heritage Fund, which receives donations from all over the world, as well as compulsory contributions from certain countries (known as States Parties).

⁷ The last four selection criteria are: (vii) to contain superlative natural phenomena or areas of exceptional natural beauty and aesthetic importance; (viii) to be outstanding examples representing major stages of earth’s history, including the record of life, significant on-going geological processes in the development of landforms, or significant geomorphic or physiographic feature; (ix) to be outstanding examples representing significant on-going ecological or biological processes in the evolution and development of terrestrial, fresh water, coastal and marine ecosystems and communities of plants and animals; (x) to contain the most important and significant natural habitats for in-situ conservation of biological diversity, including those containing threatened species of outstanding universal value from the point of view of science or conservation.



- (ii) to exhibit an important interchange of human values, over a span of time or within a cultural area of the world, on developments in architecture or technology, monumental arts, town-planning or landscape design;
- (iii) to bear a unique or at least exceptional testimony to a cultural tradition or to a civilization which is living or which has disappeared;
- (iv) to be an outstanding example of a type of building, architectural or technological ensemble or landscape which illustrates (a) significant stage(s) in human history;
- (v) to be an outstanding example of a traditional human settlement, land-use, or sea- use which is representative of a culture (or cultures), or human interaction with the environment especially when it has become vulnerable under the impact of irreversible change;
- (vi) to be directly or tangibly associated with events or living traditions, with ideas, or with beliefs, with artistic and literary works of outstanding universal significance. The World Heritage Committee considers that this criterion should preferably be used in conjunction with other criteria).

On the 8th of July 2008, two cities in Malaysia were included in the UNESCO World Heritage Site list – George Town and Melaka. Prior to the WHS listing, Penang Island had a RM22 billion tourism industry. Then Prime Minister Datuk Seri Abdullah Ahmad Badawi announced that the WHS recognition is expected

