

# The Economic Value of Built Heritage

City of Adelaide

June | 2025



THE VELO PRECINCT



Independent  
insight.



© SGS Economics and Planning Pty Ltd 2025

This report has been prepared for the City of Adelaide. SGS Economics and Planning has taken all due care in the preparation of this report. However, SGS and its associated consultants are not liable to any person or entity for any damage or loss that has occurred, or may occur, in relation to that person or entity taking or not taking action in respect of any representation, statement, opinion or advice referred to herein.

SGS Economics and Planning Pty Ltd  
ACN 007 437 729  
[www.sgsep.com.au](http://www.sgsep.com.au)

OFFICES IN CANBERRA, HOBART, MELBOURNE, AND SYDNEY ON THE COUNTRY OF THE NGAMBRI/NGUNNAWAL/NGARIGO, MUWININA/PALAWA, WURUNDJERI, AND GADIGAL PEOPLES.

# Contents

1.	Introduction.....	6
	1.1 Project context .....	6
	1.2 SGS scope of work .....	6
2.	Context .....	7
	2.1 The value of built heritage and the role of heritage grants .....	7
	2.2 Impacts of broader economic trends .....	8
3.	Measuring the economic value of heritage .....	9
	3.1 Cost benefit analysis overview.....	9
	3.2 Cost benefit analysis method .....	9
	3.3 Incremental costs and benefits of Heritage Incentives Scheme .....	11
	3.4 Monetised costs .....	14
	3.5 Monetised benefits.....	14
	3.6 Interpreting cost benefit analysis outputs .....	15
	3.7 Cost benefit analysis results .....	16
4.	Measuring the economic impact of heritage.....	17
	4.1 Overview.....	17
	4.2 Economic impacts of heritage tourism .....	17
	4.3 Diverted savings impact.....	21
5.	Final conclusions.....	23

## LIST OF FIGURES AND TABLES

Figure 3: Method of establishing present values .....	11
Table 1: Incremental costs associated with Heritage incentives scheme .....	12
Table 2: Incremental benefits associated with Heritage incentives scheme .....	12
Table 3: Monetised costs and assumptions.....	14
Table 4: Monetised benefits and assumptions.....	15
Table 5: Cost benefit analysis results, 4% discount rate.....	16
Table 6: Heritage tourism visitation scenarios, 2024.....	19
Table 7: Economic Impacts of Heritage Tourism (per year) .....	20
Table 8: Diverted savings value .....	22

# Executive summary

The City of Adelaide's built heritage is an important part of the city's identity and character and contributes to the city's liveability. Council supports the conservation of its built heritage via its Heritage Incentives Scheme (HIS).

The City of Adelaide engaged SGS to update earlier work estimating the economic value of built heritage in the City. These findings help Council communicate the value of built heritage to the broader community along with the value the HIS delivers for ratepayers and the HIS' impact on jobs and economic activity in South Australia.

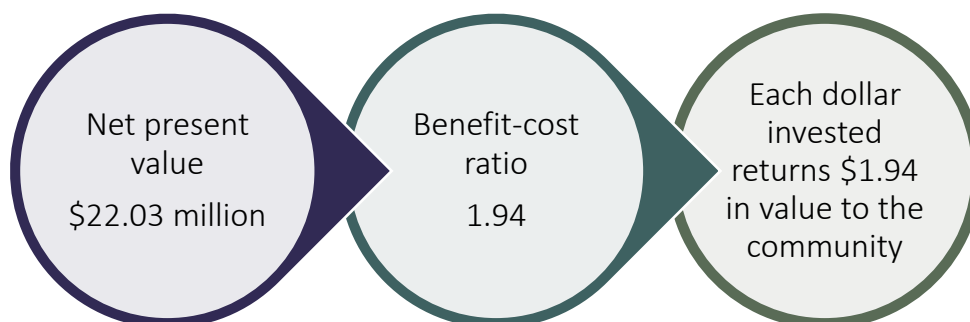
In line with the previous work, this updated analysis includes cost benefit analysis (CBA) to understand the economic value, followed by an economic impact assessment (EIA).

## Measuring the economic value of heritage (cost benefit analysis)

Using HIS data from 2018 to 2025 we have modelled the impact of the HIS within the City of Adelaide. The modelling considers:

- the monetised costs, such as staffing, costs of grants and the costs to the private sector of carrying out the heritage restoration; and
- the monetised benefits, such as improved heritage character and amenity, well conserved buildings that are less vulnerable to future destruction, the development of new and valuable conservation skills and retention of income in South Australia.

The analysis finds that the HIS generates significant benefits gain in South Australia, with a BCR of 1.94 and NPV of \$22.03 million. In other words, for every \$1 invested in the program, \$1.94 of benefits are generated to the South Australian community. The figure below shows the incremental costs and benefits in discounted terms using a real discount rate of 4%.



### **Measuring the economic impact of heritage (economic impact assessment)**

The economic impact assessment effectively traces how the direct economic stimulus of increased tourism activity resulting from heritage visitors flows through to indirect and total economic activity levels, as measured by regional income, value added and employment. The HIS directly creates local value added and employment by diverting some household savings from imports to local construction projects.

The total economic impacts of the HIS are \$528 million in regional value added, supporting in the order of 6,740 jobs (medium scenario) annually.

### **Implications**

The findings support the earlier SGS analysis regarding the significant value the built heritage of the City of Adelaide offers as a vital economic asset for both the State of South Australia and Council.

As noted in our earlier report, 'Based on the utility generated by these assets – that is, the flow of recreational, cultural and educational services provided by these buildings – their worth would be counted in the many hundreds of millions of dollars, if not billions'.

The findings highlight the value of the City's built heritage assets as part of the City of Adelaide's brand, playing an important role in the visitor economy.

The HIS should be retained as an economically justified policy tool in promoting both the liveability and the economic vitality of Adelaide.

# 1. Introduction

## 1.1 Project context

The City of Adelaide's built heritage plays an important role in the identity, character and liveability of the City. Recognising the important role heritage places play in the character of the City, Council supports their conservation via its Heritage Incentives Scheme (HIS). Established in 1988, the HIS is the most substantial local government heritage grant scheme in Australia<sup>1</sup>. The HIS provides financial and other incentives to support owners in the conservation of their heritage places. Works funded through the HIS 'visually enhance the public realm and develop community understanding about the importance of heritage conservation'<sup>2</sup>.

Council first engaged SGS in 2018 to estimate the economic value of built heritage in the City of Adelaide. The findings of the study helped Council communicate the value of built heritage to the broader community along with the value the HIS delivers for ratepayers and the HIS' impact on jobs and economic activity in South Australia. This previous study separated economic value and economic impact, primarily through the provision of a cost benefit analysis (CBA) and economic impact assessment (EIA).

Since the modelling was undertaken, the HIS has provided an additional \$8.69m in grants enabling 673 projects. As part of Council's ongoing commitment to supporting the preservation and conservation of built heritage, Council has engaged SGS to provide an update on the 2018 analysis.

## 1.2 SGS scope of work

In updating the 2018 report, SGS will again apply a cost benefit analysis (CBA) and economic impact assessment (EIA) to the HIS program. The CBA will continue to articulate the net gain in societal welfare to Adelaideans and South Australians. The EIA will update the overall impact to the statewide economy through spending activities.

The cost benefit analysis of the HIS, as presented in Chapter 3, considers:

- What difference has the HIS made to the quality/condition of the heritage assets in the City of Adelaide; that is, what are the outcomes observed today versus what might have been the case in the absence of the HIS?
- Has the HIS delivered good value for the investment of ratepayer / taxpayer funds?

The economic impact of the HIS, using an input-output model, as presented in Chapter 4, considers the economic impact of the Heritage Incentives Scheme in terms of output, value added and employment in the City of Adelaide and in the State generally.

---

<sup>1</sup> City of Adelaide (2025) Heritage Incentives Scheme case studies

<sup>2</sup> City of Adelaide (2024) Heritage Incentives Scheme Operating Guidelines

## 2. Context

Much has changed since 2018. Cost of living pressures have increased, while housing affordability decreased. At the same time the demographic profile of Council has also changed. This chapter explores the trends and relevant state and local policies affecting built heritage in the City of Adelaide.

### 2.1 The value of built heritage and the role of heritage grants

‘Heritage and character play an important role in the social and cultural fabric of South Australia’s metropolitan and regional communities.’<sup>3</sup>

Built heritage contributes to our sense of identity and belonging. Preservation of important buildings and structures helps us to understand our past, and how the ways in which we live has changed over time<sup>4</sup>. It is important that heritage places are valued by the community and protected for future generations<sup>5</sup>.

In addition to contributing to the rich character of the City, built heritage also has an important economic function – through tourism and the provision of community and commercial spaces.

Grant funding plays an important role in conservation as one of the few financial incentives available to heritage owners to help with heritage conservation<sup>6</sup>.

In South Australia there are a number of grants available to help protect and preserve built heritage. At the State level, Heritage South Australia’s *Heritage Conservation Grants* provide up to \$20,000 for conservation work or documentation to owners of a State Heritage Place or a place within a State Heritage Area planning a conservation project. The Grants aim to help rejuvenate the state’s built heritage to ensure it is protected and preserved for future generations.

In addition to the HIS, the City of Adelaide’s Adaptive Reuse City Housing Initiative (ARCHI) aims to create new homes in underused buildings in the City of Adelaide. The program was established in October 2023 by the Council with support from the State Government of South Australia. Starting with a focus on converting non-residential buildings to residential the program has been expanded to include shop tops up to four storeys in height; commercial to residential for building five storeys and above. Major projects delivering 20+ dwellings, and adaptive reuse of heritage listed buildings to residential.

---

<sup>3</sup> Plan SA 2025

<sup>4</sup> NSW Government’s draft Heritage Strategy (2025)

<sup>5</sup> Department for Environment and Water (2025) Project Brief for a Heritage Strategy for South Australia

<sup>6</sup> NSW Government’s draft Heritage Strategy (2025)

## **2.2 Impacts of broader economic trends**

Coming out of the COVID 19 pandemic, supply chain disruptions and workers shortages led to increased construction costs. Economic pressures, rising costs and labour shortages have continued to impact the construction sector.

Material and labour prices have escalated significantly since 2018. Analysis for the City of Adelaide found that, for example, external render per m<sup>2</sup> increased 55.6%, crack repair increased 50-83% while labour costs increased 15.8% for painters and 27.3% for mason labourers<sup>7</sup>.

In updating the analysis, these cost escalations may impact on the cost benefit modelling as project costs are likely to have increased since 2017. The results are discussed in Chapter 3.

---

<sup>7</sup> Chris Sale Construction (2023) City of Adelaide Heritage Conservation Comparison

# 3. Measuring the economic value of heritage

This section sets out the cost benefit analysis (CBA) assessing whether the social, economic and environmental benefits of the implementation of the Heritage Incentives Scheme outweigh the resources required to deliver the Scheme.

## 3.1 Cost benefit analysis overview

### Tracing the link between costs and benefits

CBA provides a framework for assessing projects from the perspective of society as a whole. It aims to understand how an intervention (such as the HIS) supports activities, and how those activities lead to economic, social and environmental benefits for society. A stylised example of how the HIS would support activities which generate societal benefits is provided in the figure below.

Figure 1: Tracing the link between intervention and benefits

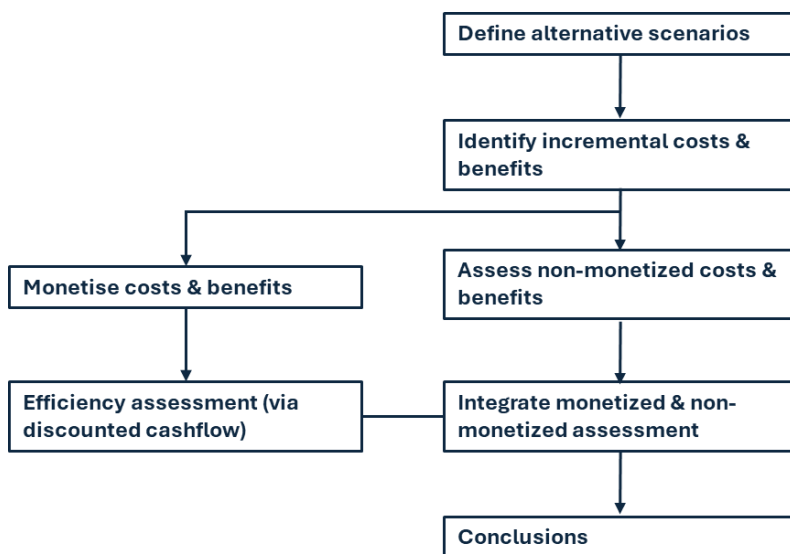


Source: SGS Economics and Planning (2025)

## 3.2 Cost benefit analysis method

The general methodology of CBA is shown in Figure 2, along with clarifying notes and definitions of terms in the figure.

Figure 2: General cost benefit analysis methodology

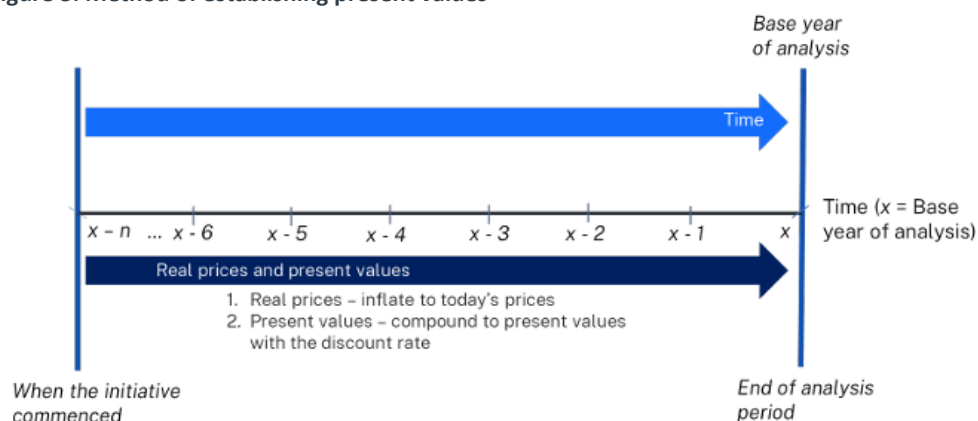


Source: SGS Economics & Planning (2025)

The principal steps in the cost benefit analysis approach include:

- Differentiating between the outcomes under a 'base case' scenario and those arising from the project
- Identifying the incremental costs and benefits that arise in moving from the 'base case' to the 'project' scenario
- Quantifying and monetising these costs and benefits, where possible, over a suitable project evaluation period (in this case 30 years)
- Generating measures of net community impact using discounted cash flow techniques over the duration of the project; this requires expression of future costs and benefits in present value terms using a discount rate that is reflective of the opportunity costs of resources employed. This method is shown in Figure 3.
- In some cases, testing the sensitivity of these measures to changes in the underlying assumptions utilised.

**Figure 3: Method of establishing present values**



Source: NSW Treasury (2023)

### 3.3 Incremental costs and benefits of Heritage Incentives Scheme

The City of Adelaide's Heritage Incentives Scheme (HIS) has been in place since 1988. In updating the modelling undertaken by SGS in 2018, we have used HIS data from the 2018 to 2025 to model the impact of the scheme within the City of Adelaide. The identified incremental costs and benefits associated with the HIS as modelling in this analysis are described in Table 1 and Table 2.

The restoration of heritage buildings in the City of Adelaide is likely to have a minimal impact on development capacity. Adelaide's City Plan (2024) notes that "land supply studies for the city identify more than enough privately held land to meet future development demand"<sup>8</sup>. For this reason, the impact of the HIS on development capacity is considered negligible and is not monetised in the cost benefit analysis.

The assumptions used to estimate the monetised costs and benefits are outlined in Table 1 and Table 2 and described in the remainder of this section.

<sup>8</sup> City of Adelaide (2024) Our Adelaide Our Future. City Plan- Adelaide 2036

**Table 1: Incremental costs associated with Heritage incentives scheme**

Incremental costs	Monetisation technique
HIS implementation Costs of staffing and delivering the HIS	Costs of HIS project officer and proportion of costs for heritage architects were provided by the City of Adelaide.
Project works (private) The costs incurred by the private sector for project work that proceeded only due to the presence of the HIS.	The total costs to the private sector (total project cost less HIS grant) for projects that only proceeded with the grant: <ul style="list-style-type: none"> <li>▪ Projects under \$20,000: 90% would proceed without HIS</li> <li>▪ Projects between \$20,000 and \$40,000: 60% would proceed without HIS</li> <li>▪ Projects between \$40,000 and \$100,000: 20% would proceed without HIS</li> <li>▪ Projects over \$100,000: 5% would proceed without HIS<sup>9</sup></li> </ul>
Costs of grants/funding: the total value of grant funds distributed.	Data provided by the City of Adelaide on the annual program costs of the HIS have been applied.

Source: City of Adelaide (2025)

**Table 2: Incremental benefits associated with Heritage incentives scheme**

Incremental benefits	Monetisation technique
<i>Improved heritage character and amenity</i> The HIS has assisted with the retention, conservation and reinstatement of heritage fabric in the City of Adelaide. This has strengthened the City’s distinctive heritage and historic character and led to improved public amenity, largely due to the growing number of heritage buildings conserved via the HIS. This is observed in the gradual improvement of streetscapes or groups of streets as well as conservation of individual heritage places. These factors contribute to a desirable sense of place, increased tourism in relation to heritage, and the branding of the City of Adelaide.	Allen Consulting report: Willingness to pay provides guidance on the willingness to pay for heritage stock. This was used to estimate the willingness to pay for the entire value of heritage stock in the City of Adelaide. An annual flow of value was then identified from this heritage stock.
<i>Well conserved heritage buildings</i> The HIS has provided financial support and expert advice to building owners to assist with early intervention into building conservation works and adaptive reuse projects to support their preservation and continual use for future	Project value for all work that would not have proceeded without the HIS. For projects that would have proceeded anyway, assumption of 10 per cent premium in value of project work where HIS has been included.

<sup>9</sup> The cost breakdown for Heritage Incentives Scheme projects is based on the expertise and experience of the City of Adelaide’s heritage staff and the detailed project records from 2018 to 2025. The breakdown of categories are relatively conservative assumptions.

Incremental benefits	Monetisation technique
<p>generations. The HIS has reduced the number of heritage places at risk of eventual loss within the City of Adelaide.</p> <p>Without the HIS, some buildings may have deteriorated to such an extent that they were at risk. Risk for heritage buildings can come in many forms. If not conserved and maintained, buildings can be left vacant and become uninhabitable or an eyesore; be exposed to vandalism (graffiti), squatters, vermin and fire; and in extreme cases of neglect, they may become structurally unsound and may be considered for demolition.</p>	<p>Projects under \$20,000: 90% would proceed without HIS</p> <p>Projects between \$20,000 and \$40,000: 60% would proceed without HIS</p> <p>Projects between \$40,000 and \$100,000: 20% would proceed without HIS</p> <p>Projects over \$100,000: 5% would proceed without HIS</p>
<p><i>Less vulnerability to future destruction</i></p> <p>The HIS has assisted buildings to be preserved for the long term. It has encouraged and provided owners with support to protect their properties and ensured they received expert advice on appropriate restoration techniques and adaptive reuse that meet the Burra Charter. Without the HIS, some repairs to buildings would have only protected the buildings for the short term, reducing their prospects for conservation in the long term. Without the HIS, unsympathetic works on buildings may have damaged their heritage value.</p>	<p>Captured in the above monetisation technique.</p>
<p><i>New and valuable skills</i></p> <p>The HIS has contributed to the retention and continued development of specialised trade skills within South Australia’s heritage conservation and construction industry.</p> <p>The high proportion of heritage places within the City of Adelaide (and South Australia generally), the support of the industry provided by the HIS and the specific skills and materials required for conservation works on heritage places in accordance with the Burra Charter supports training and job creation in this industry.</p>	<p>For projects that would not have gone ahead without the HIS, it is assumed that 50% of work involved learning and skill development.</p> <p>Therefore, 50% of the total cost of these projects that only proceeded due to the HIS were converted to hours based on average restoration labour rates.</p> <p>The benefit was estimated by costing how much formal training would cost to provide the same number of hours.</p>
<p><i>Retention of income in South Australia</i></p> <p>The HIS has led to a greater number of owners undertaking conservation works on their heritage places, thus supporting the retention of their dollar spend for labour and materials within South Australia. The HIS has encouraged people to spend an increased portion of their savings on heritage conservation than would have been the case without the HIS. Without the HIS, these savings would have been diverted to other products or services with a proportion of these filtered out of South Australia, for example, imported cars, overseas or interstate holidays.</p>	<p>As identified in economic impacts section: Chapter 4</p>

Source: SGS Economics and Planning (2025)

### 3.4 Monetised costs

Each of the identified costs identified in Table 2 have been monetised based on the assumptions outlined in the table below.

**Table 3: Monetised costs and assumptions**

Monetised costs	Assumptions
<b>HIS implementation</b>	Dedicated staff are required to work with owners to support the implementation of the HIS. The cost of HIS implementation is valued at \$1,926,083 in total between 2018 and 2025. In net present values, it is valued at \$2,218,421.
<b>Project works (private)</b>	The costs to the private sector to carry out heritage restoration projects that would have only proceeded with the support of the HIS grant is valued at \$9,630,981 in total between 2018 and 2025. In net present values, it is valued at \$11,197,579.
<b>Costs of grants/funding</b>	The cost to the City of Adelaide to deliver the HIS scheme between 2018 and 2025 is valued at \$8,692,695. This figure only includes the value of funds distributed to landowners to undertake restoration works during this period. In net present values, it is valued at \$10,136,002.

Source: SGS Economics and Planning (2025)

### 3.5 Monetised benefits

Each of the identified benefits identified in Table 3 have been monetised based on the assumptions outlined in Table 4.

**Table 4: Monetised benefits and assumptions**

Monetised benefits	Assumptions
Improved heritage character and amenity	The restoration of heritage buildings funded by the HIS improved the heritage character in the City of Adelaide. This is valued at \$4,879,686 in total between 2018 and 2025. In net present values, it is valued at \$4,879,686.
Well conserved heritage buildings	The HIS led to greater conservation value in building restoration works. This is valued at \$15,263,093 in total between 2018 and 2025. In net present values, it is valued at \$17,700,771.
Less vulnerability to future destruction	The HIS protected buildings from future destruction. This value is captured in the above metric.
New and valuable skills	The HIS developed new and valuable restoration skills in South Australia. This is valued at \$10,108,260 in total between 2018 and 2025. In net present values, it is valued at \$11,727,437.
Retention of income in South Australia	The HIS increased the number of restoration projects occurring in the City of Adelaide. This led to less diverted savings outside of the state. This is valued at \$9,703,983 in total between 2018 and 2025. In net present values, it is valued at \$11,270,581.

Source: SGS Economics and Planning (2025)

### 3.6 Interpreting cost benefit analysis outputs

CBA outputs are generally expressed in the form of a benefit-cost ratio (BCR) and net present value (NPV). These outputs are described below:

- **BCR:** The BCR measures the benefits received per dollar of project costs and is used to indicate value for money. A project with a BCR greater than one means the present value of benefits exceeds the present value of costs and is therefore considered economically viable. For instance, a project with a BCR of 1.5 means that the average \$1 of economic costs results in \$1.5 of economic benefits.
- **NPV:** The NPV is the present value of benefits minus the present value of costs. A positive NPV reflects that a project is economically viable. For example, if the PV of benefits is \$7.5 million and the PV of costs is \$5 million, then the NPV is \$2.5 million.

### 3.7 Cost benefit analysis results

Our analysis finds that the HIS generates significant benefits gain in South Australia, with a BCR of 1.94 and NPV of \$22.03 million. In other words, for every \$1 invested in the program, \$1.94 of benefits are generated to the South Australian community. The table shows the incremental costs and benefits in discounted terms using a real discount rate of 4%.

**Table 5: Cost benefit analysis results, 4% discount rate**

	Results
Total costs – Present value	\$23,552,002
Total benefits – Present value	\$45,578,475
Benefit Cost Ratio (BCR)	1.94
Net Present Value (NPV)	\$22,026,500

Source: SGS Economics and Planning (2025)

## 4. Measuring the economic impact of heritage

This section sets out the economic impact assessment results of the Heritage Incentives Scheme.

### 4.1 Overview

An economic impact assessment (EIA) traces how the direct economic stimuli introduced into a local economy by the particular project flows through to indirect and subsequently total economic activity levels, as measured in terms of regional income, value added and employment.

The purpose of conducting an EIA for the HIS is to estimate the multiplier effects of this scheme on employment and Gross State Product. The economic impact of the HIS can be measured through the impact of tourists who are motivated to visit Adelaide by the quality of its heritage stock. It can also be measured through the diverted savings impact, which quantifies the amount of household savings retained in the local economy as a result of the HIS.

SGS has estimated these impacts using a customised input-output (IO) model, that provides reliable broad-brush estimates of economic impacts, as outlined in the following section.

### 4.2 Economic impacts of heritage tourism

To estimate the economic impacts of tourism motivated by heritage conservation resulting from the implementation of the HIS in the City of Adelaide, SGS has undertaken the following tasks:

- Reviewed Council background material for all the HIS projects over the last 7 years (2018-2025)
- Identified how the HIS stimulated the regional economy through tourism impacts on an annual basis
- Identified the regional industries that are likely to be directly stimulated
- Assessed how these impacts are likely to lead to indirect impacts in the regional economy, drawing from our internal input-output modelling capabilities
- Summarised the results in terms of the scale of direct, indirect and total output, value added and employment that was likely to have been generated by the HIS in the region.

## Heritage tourism in Adelaide

Greater Adelaide welcomed 3.9 million overnight visitors in 2024. Total overnight tourism expenditure in 2024 was estimated at \$9.1 billion, equivalent to \$2,319 tourism spending per capita<sup>10</sup>. 90% of overnight visitors were domestic visitors, with the remaining being overseas visitors.

Tourists visiting Greater Adelaide are motivated by several factors, including leisure events and business trips.<sup>11</sup> In estimating the economic impact of tourism resulting from the preservation of heritage stock in the City of Adelaide, only the proportion of tourists motivated by heritage should be considered.

A 2015 report prepared by Tourism Research Services (TRS) looked at the economic value of heritage tourism in Adelaide (TRS 2015) by conducting a survey of visitors in the City of Adelaide to determine the motivation, importance and main activities of their visit. The report found that 12 per cent of all visitors to the City of Adelaide are primarily motivated by the city's cultural heritage.<sup>12</sup> Additionally, it found that 28% of survey respondents rated cultural heritage as important or very important to their visit, and 41% of survey respondents undertook activities in cultural heritage places .

Heritage tourism is a popular and important segment of the tourism market, particularly for the City of Adelaide where cultural heritage is a key attraction for tourists. Attracting and retaining heritage tourists with quality heritage buildings is likely to have significant economic impacts on the local South Australian economy. These impacts are quantified in the following section.

## Heritage tourism visitation scenarios

Three scenarios have been developed regarding the level of tourist visitation that would be attributable to heritage conservation in the City of Adelaide. Based on the survey conducted by TRS we have assumed that under a high case scenario, 12% of all overnight visitors to Adelaide would be motivated by cultural heritage. Under a medium scenario we have assumed 10% of overnight visitors are motivated by cultural heritage, while under a low scenario only 6% of overnight visitors are motivated by heritage. A worst-case scenario would be if the HIS was not implemented and Adelaide did not receive the 12% of cultural visitors.

Table 6 presents the share and estimated number of heritage visitors for each of the three scenarios. Under the high scenario there were an estimated 472,000 heritage visitors to Adelaide in 2024. Under the medium and low scenarios, the number of heritage visitors was estimated to range between 393,000 and 236,000 visitors in 2024.

If the HIS was not in place and there had been no preservation of heritage buildings in Adelaide, it can be argued that a proportion of heritage tourists would not have visited the city, as there would be no main attraction for heritage tourists. Therefore, total overnight visitation would be lower. The impact to visitation can be measured using these three scenarios, assuming varying levels of heritage visitors that would not have visited if the heritage buildings had not been conserved. This is estimated to be

---

<sup>10</sup> Note that this excludes domestic daytrip visitors

<sup>11</sup> Adelaide Economic Development Agency (2025) *Wrap Up: Visitor Economy Update*, accessed 29 May 2025. <https://www.aedasa.com.au/blog/visitor-economy-update-wrap-up/>

<sup>12</sup> Tourism Research Service (2015) *Economic value of heritage tourism – Adelaide 2015*, accessed 29 May 2025. <https://d31atr86jnqrq2.cloudfront.net/docs/report-the-economic-value-of-heritage-tourism.pdf>

between 236,000 to 472,000 visitors. The impact to total overnight visitor numbers is shown in Table 6 for each scenario in 2024.

**Table 6: Heritage tourism visitation scenarios, 2024**

Scenario	Total overnight visitors (actual number in 2024)	Projected total overnight visitors if no heritage protection had occurred	Share of visitors lost if no heritage protection had occurred	Heritage visitors lost
High	3,933,000	3,461,000	12%	472,000
Medium	3,933,000	3,540,000	10%	393,000
Low	3,933,000	3,697,000	6%	236,000

Source: SGS Economics and Planning (2025) using data from Tourism Research Australia

### Economic impact estimation

SGS has performed a headline economic impact assessment for the HIS, which traces how the direct economic stimulus of increased tourism activity resulting from heritage visitors flows through to indirect and total economic activity levels, as measured by regional income, value added and employment.

The direct economic stimulus in this case would be the spending of a segment of the overnight tourism market in Greater Adelaide who were primarily motivated by the well-preserved heritage stock. These tourists spend money at local businesses in Adelaide during their stay, stimulating the local economy. Businesses that enjoy higher income levels as a result of the economic stimulus must spend more on supplies and services, some of which are bought locally, and often need to employ more staff or extend the working hours of existing staff. As local suppliers, service providers and employees earn more, they too are likely to spend more in the regional economy, causing additional indirect (or flow on) impacts.

To calculate the direct, indirect and total economic impacts of heritage tourism resulting from the HIS, the following assumptions have been made:

- Average spending per capita (per trip) is \$2,319, based on the regional average (data from Tourism Research Australia)
- The total number of overnight tourists to Greater Adelaide is 3,932,985, based on data from Tourism Research Australia
- 12 per cent of all overnight visitors to Greater Adelaide are categorised as heritage visitors, which varies for each scenario as outlined above
- Economic multipliers for the tourism industry in the City of Adelaide are based on ABS Input-Output tables and SGS's customised methodology.

To interpret these impacts the following definitions are provided:

- Regional output: Total sales made in Adelaide as a result of heritage tourism. Economic output is the value of all goods and services produced in an economy.
- Regional value added: Profits earned and wages paid by businesses in Adelaide, as they boost production to supply/ service additional sales levels. Value added is a measure of 'net output', i.e. the difference between the value of final goods produced minus the cost of buying in raw materials and intermediate goods from outside the economy.
- Regional employment: Full time jobs created/ supported in Adelaide, as enterprises boost production to supply/ service additional income levels.

Table 7 presents the estimated economic impacts under the three scenarios for the direct, indirect and total impacts to regional output, value added and employment. Under the high scenario assuming 12 per cent of overnight visitors to Greater Adelaide are heritage tourists, economic impacts total to:

- \$1.65 billion in regional output
- \$633 million in regional value added, equivalent to .45% of Gross Domestic Product for Greater Adelaide
- 8,000 jobs

Without the implementation of the HIS, it can be reasoned that a proportion of heritage tourists would not have visited Adelaide and therefore the economic impact to the region would be a loss of \$633 million in regional value added. This is reflected in the high scenario. It is acknowledged that the high scenario is very unlikely. The economic impact varies under each scenario as all heritage tourists may not have been lost without the HIS. The impact to regional value added would be \$317 million under the low scenario and \$528 million under the medium scenario.

**Table 7: Economic Impacts of Heritage Tourism (per year)**

Tourism assumptions	High	Medium	Low
Actual total overnight tourists (2024)	3,933,000	3,933,000	3,933,000
Share of visitors lost if no heritage protection had occurred	12%	10%	6%
No. of heritage visitors lost if no heritage protection had occurred	472,000	393,000	236,000
Tourism expenditure per capita	\$2,319	\$2,319	\$2,319
<b>ECONOMIC IMPACTS</b>			
<b>Direct impacts</b>			

Tourism assumptions	High	Medium	Low
Regional output	\$1,094,699,000	\$912,249,000	\$547,350,000
Regional value added	\$393,982,000	\$328,318,000	\$196,991,000
Regional employment	6,210	5,180	3,110
<b>Indirect impacts</b>			
Regional output	\$558,445,000	\$465,371,000	\$279,222,000
Regional value added	\$239,233,000	\$199,361,000	\$119,617,000
Regional employment	1,870	1,560	940
<b>Total impacts</b>			
Regional output	\$1,653,144,000	\$1,377,620,000	\$826,572,000
Regional value added	\$633,215,000	\$527,679,000	\$316,608,000
Regional employment	8,090	6,740	4,040

Source: SGS Economics and Planning (2025)

### 4.3 Diverted savings impact

As discussed in Section 3, the HIS has led to a greater number of owners undertaking conservation works on their heritage buildings, thus supporting the retention of their dollar spend for labour and materials within the South Australian local economy. It is proposed that the HIS has encouraged people to spend an increased portion of their savings on heritage conservation than would have been the case without the HIS. Without the HIS, these savings would have been diverted to other products or services with a proportion of these sales leaking out of South Australia, for example, consumer durables, imported cars, overseas or interstate holidays.

This impact has been quantified by calculating the total cost for projects undertaken with the support of the HIS multiplied by an assumed proportion of savings that would leave the local economy. The following assumptions have been made regarding the impact of the HIS on whether projects would have proceeded regardless of the HIS.

- **Smaller projects:** 90% of projects where the total project cost is less than \$20,000 would have proceeded with or without HIS. As smaller projects would have proceeded without the HIS there would be minimal diverted savings impact as people would have spent most of this money on

conservation works had they not received the HIS funding. The diverted savings value for these projects is estimated as 10% of the total project cost for projects under \$20,000.

- **Small to medium projects:** 60% of projects where the total project cost is between \$20,000 and \$40,000 would have proceeded with or without HIS. This assumes that 40% of projects only went ahead because they received HIS funding. Without the HIS, these building owners would have chosen to spend their money on other products and services instead of undertaking building conservation works. The diverted savings value for these projects is estimated as 40% of the total project cost for projects between \$20,000 and \$40,000.
- **Medium to large projects:** 20% of projects where the total project cost is between \$40,000 and \$100,000 would have proceeded with or without HIS. This assumes that 80% of projects only went ahead because they received HIS funding. Without the HIS, these building owners would have chosen to spend their money on other products and services instead of undertaking building conservation works. The diverted savings value for these projects is estimated as 80% of the total project cost for projects between \$40,000 and \$100,000.
- **High cost one off/unique projects:** 5% of high cost/unique projects which received substantial HIS contributions would have proceeded without the HIS. This assumes that without the support of the HIS 95% of these projects would not have gone ahead and owners would have spent their savings on other goods and services, some of which would be outside of the local economy. Therefore, the diverted savings value is estimated as the 95% total project cost for high cost one off/unique projects.

Table 8 presents the estimated project cost for each of the four project types, along with the diverted savings value under a low and high scenario. The total project cost of all HIS projects over the last 7 years is estimated at \$21.46 million. The diverted savings value is estimated as the project cost minus the HIS allocation amount each project received and is approximately \$3.53 million in total. The actual impact to the South Australian economy would be a proportion of this total value as not all the diverted savings would leave the local economy, as discussed below and shown in Table 8.

**Table 8: Diverted savings value**

Project size	Project cost	HIS allocation amount	Diverted savings value
Project cost less than \$20,000	\$3,280,333	\$1,882,494	\$139,784
Project cost between \$20,000 and \$40,000	\$2,922,010	\$1,376,240	\$618,308
Project cost over \$40,000 and 400,000	\$5,439,304	\$2,396,691	\$2,434,091
Project cost over \$1,000,000	\$9,814,953	\$3,037,270	\$338,884
Total projects	\$21,456,600	\$8,692,695	\$3,531,067

Source: SGS Economics and Planning (2025)

## 5. Final conclusions

This section reflects upon the implications of the findings of the cost benefit and economic impact analysis of the Heritage Incentives Scheme.

The findings support and reinforce the earlier SGS analysis regarding the significant value the built heritage of the City of Adelaide offers as a vital economic asset for both the State of South Australia and Council.

As noted in our earlier report, 'Based on the utility generated by these assets – that is, the flow of recreational, cultural and educational services provided by these buildings – their worth would be counted in the many hundreds of millions of dollars, if not billions'.

The findings highlight the value of the City's built heritage assets as part of the City of Adelaide's brand, playing an important role in the visitor economy. Under the medium scenario, the total value of heritage assets to the state is in the order of \$528 million, supporting roughly 6,740 jobs.

This updated review has demonstrated the Heritage Incentives Schemes (HIS) has continued to deliver a benefit to the community of South Australia. It delivers a return of \$1.94 for every dollar invested in the Scheme by Council and others, including owners investing in the retention of heritage values in their buildings. After 35 years of operation the HIS is of significant value.

Based on these findings, the HIS should be retained as an economically justified policy tool in promoting both the liveability and the economic vitality of Adelaide.

**CANBERRA / NGAMBRI /  
NGUNNAWAL / NGARIGO**

Level 2, 28-36 Ainslie Place  
Canberra ACT 2601  
+61 2 6257 4525  
sgsact@sgsep.com.au

**HOBART / NIPALUNA**

PO Box 123  
Franklin TAS 7113  
+61 421 372 940  
sgstas@sgsep.com.au

**MELBOURNE / NAARM**

Level 14, 222 Exhibition Street  
Melbourne VIC 3000  
+61 3 8616 0331  
sgsvic@sgsep.com.au

**SYDNEY / WARRANG**

Suite 201/50 Holt Street  
Surry Hills NSW 2010  
+61 2 8307 0121  
sgsnsw@sgsep.com.au

