

Lean Business Case



Kiama Municipal Council

► New Year's Eve Event Lean Business Case

April 2026

FINAL

Developed by :



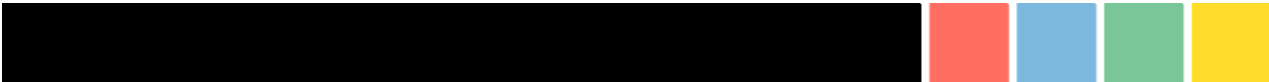


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Item 15.4

Enclosure 1



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Glossary

TERM	DEFINITION
Benefit-cost ratio (BCR)	Total present value benefits divided by total present values costs. A BCR above 1 indicates the initiative delivers value for money and indicates a break-even scenario and a BCR of 2 indicates benefits are expected to outweigh costs by 2:1.
Contingent valuation	Contingent Valuation is a survey-based, stated preference method used to assign monetary values to non-market resources, such as environmental quality, health risks, or cultural heritage. It constructs a hypothetical market to determine an individual's willingness to pay (WTP) or willingness to accept (WTA) compensation for changes in goods.
Cost-benefit analysis (CBA)	A structured, data-driven process used to evaluate the total expected costs against the total expected benefits of a project, policy, or investment. This includes valuing both market and non-market costs and benefits such as economic impacts, social impacts and environmental impacts.
Discount rate	A discount rate in cost-benefit analysis (CBA) is a percentage rate used to convert future costs and benefits into today's dollar value, accounting for the fact that a dollar today is worth more than a dollar in the future. The recommended central discount rate according to the NSW Treasury is 5%.
Economic impact analysis (EIA)	EIA measures the size of economic activity (jobs, output) a project brings to a region, while CBA determines the net efficiency (benefits minus costs) for society. EIA measures gross local activity while CBA evaluates if the project is worth doing by measuring net benefits to society.
Gross operating surplus (GOS)	Gross operating surplus is the profit earned by businesses from their productive activities, calculated as the surplus remaining after paying labor costs (compensation of employees) and other input costs.
Implicit price deflator	An adjustment factor provided by the Australian Bureau of Statistics (ABS) to account for price increases (inflation) in tourism connected industries.
Net present value (NPV)	Total present value benefits minus total present values costs for the entire analysis period of the cost-benefit analysis. A positive net present value indicates the initiative delivers value for money.

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Executive Summary

The Kiama New Year's Eve (NYE) Sky Show has been a valued community tradition and the largest fireworks display between Sydney and Melbourne. Delivered by Kiama Municipal Council (KMC), the event typically draws approximately 20,000 attendees to Kiama Harbour for a free, family-friendly celebration combining fireworks, live entertainment, food stalls and precinct activation.

In 2025, the event was cancelled due to budget constraints arising from KMC's Performance Improvement Order (PIO). Strong community feedback following the cancellation prompted this Lean Business Case, which provides an evidence-based review of the economic and social impact of the event and assesses options for its future delivery over a three-to-five year horizon. Under the NSW Treasury Guidelines, a Lean Business Case is recommended to be undertaken instead of a Strategic Business Case to enable rapid decision-making in an uncertain environment, prioritising speed over exhaustive, long-term forecasting.

The proposal responds to two clearly identified needs: the opportunity to uplift community satisfaction and civic pride, and the opportunity to support the local economy through event activation during the peak summer visitation period.

Community sentiment data strongly supports continued delivery of a Council-led NYE event:

- 96% of attendees believe the community should be proud of the event and 93% would recommend it.¹
- 91% positive sentiment and an average satisfaction rating of 4 out of 5 from the 2024 event, with 76% of attendees attending with family.²
- 67% of respondents to the 2025 Your Say Kiama feedback survey indicated the event was at least somewhat important to them, with strong support for its continuation in some form.³

Economic analysis using Spendmapp data, controlling for weather and broader household consumption trends, indicates that cancelling the NYE event is associated with a 0.89% year-on-year reduction in real expenditure growth across the Kiama LGA on 31 December. Without a coordinated Council-led activation, there is a demonstrable loss of marketing coordination, reduced discretionary spend stimulus, and a growing risk of community and business dissatisfaction with Council.

A Council-led NYE event aligns strongly with local, regional and state strategic priorities, including the Kiama Community Strategic Plan 2025-2035, the Kiama Operational Plan 2025-26 & Delivery Program 2025-29, the draft Kiama Visitor Economy Strategy 2035, the Destination Sydney Surrounds South Destination Management Plan, and the Destination NSW Visitor Economy Strategy 2035. Across these documents, events are consistently positioned as drivers of visitor economy growth, community connection and civic pride.

16 strategic response options were identified and scored against desirability, feasibility and viability criteria. Following site visits, stakeholder input and consideration of current budget constraints, three

¹ Kiama Municipal Council, NYE Sky Show 2023 and 2024 Post-event Reports.

² Ibid.

³ Kiama LGA New Year's Eve Celebrations Feedback Survey 2025.

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options were shortlisted for cost-benefit analysis (CBA) against a 'no Council-led event' base case and presented in the following table.

OPTION	TITLE	OVERVIEW
Base case	No Council-led event.	No investment or event delivery.
1	Scaled-back Council-led NYE activation, promoted extended permits.	This option proposes to promote extended permits across all main streets to allow for alfresco dining and licensing to optimise the 2am licensing extension. It also includes Council-led marketing and promotion and provision of acoustic live music entertainment in the existing stage at Hindmarsh Park.
2	Council-supported NYE grant for community organisations	This option proposes Council extending permits as per option 1 and delivering a community grant program where an amount is allocated for community organisations to deliver events on 31 December each year. The total funding envelope can be adjusted under different budget scenarios, and Council is only administering the grant program, not directly delivering an event.
3	Council-led NYE Sky Show event	This option proposes to reinstate the NYE Sky Show event as it was delivered in 2023 and 2024.

The cost-benefit analysis (CBA) was conducted over a five-year analysis period (2026 - 2030) at a 5% central discount rate, in line with NSW Treasury Guidelines. Benefits assessed were increased gross operating surplus for local businesses and increased community civic pride (valued via contingent valuation). All three options return a negative Net Present Value relative to the base case, reflecting the modest incremental spend generated by the event above underlying summer holiday activity.

INDICATOR	OPTION 1 SCALED BACK	OPTION 2 GRANT PROGRAM	OPTION 3 NYE SKY SHOW
PV Benefits (5 yrs)	\$9,552	\$14,347	\$71,366
PV Costs (5 yrs)	\$66,239	\$205,397	\$464,123
Net Present Value (NPV)	-\$56,687	-\$191,050	-\$392,757
Benefit Cost Ratio (BCR)	0.14	0.07	0.15

Option 1 (Scaled Back Event) is the recommended option for delivery over the next five years.

Despite a negative NPV (consistent with all options), it offers a BCR comparable to the full NYE Sky Show at a fraction of the investment and is appropriate given KMC's current budget context.

Option 1 will:

- respond to clear community demand for a Council-led NYE activation
- support local businesses through coordinated marketing, extended trading and footpath dining

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- maintain Council's role in coordinating safety, permits and promotion on 31 December
- **minimise budget impact at approximately \$6,803 per year in event delivery costs** (excluding staff time)
- provide a scalable platform that can be expanded over time as budget positions and community expectations evolve.

The nominal five-year budget request is \$34,015, to be administered by KMC's existing Tourism and Economic Development division. No revenue is anticipated from the scaled back event. However, any future scale-up of the event should actively investigate sponsorship, vendor fees and partnerships to offset ratepayer cost.

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1. Case for Change

This section describes the needs and issues that are to be addressed by the New Year's Eve event proposal. It outlines the market failures and need for government intervention to address local issues.

1.1. Background and Need for Government Intervention

1.1.1. Details of issues and opportunities

Since 2008, the Kiama New Year's Eve (NYE) Sky Show event has been a valued community tradition, showcasing the largest fireworks display between Sydney and Melbourne.⁴ Initially managed by the Kiama and District Chamber of Commerce, the event has been overseen by Destination Kiama's events team within Kiama Municipal Council (KMC) since 2020.

The NYE Sky Show event activates the local visitor economy and celebrates through a fireworks show, local food and drink, entertainment and other activities. This annual, family-friendly event features a 9 pm fireworks display, along with entertainment, food markets, and activities starting from 4 pm, transforming the harbour and surrounding parklands into a vibrant celebration space. Event activations include on-street food vendors 'Eat Street', 'Sweet Street', roving entertainment, a kid's zone in Hindmarsh Park, and works together with the independently run Kiama Family Carnival, ensuring there is something for everyone of all ages.

Drawing approximately 15,000 - 20,000 attendees in recent years, the event combines visual spectacles (fireworks) with free family-friendly activities, food stalls and entertainment, with the event concluding by 10 pm. Attendees are predominantly local residents and visitors who are either in Kiama or the South Coast during the peak summer holiday period or travel to Kiama especially for this event. The event has exceeded capacity and grown over years to become a staple community event.⁵ The event fosters togetherness and celebrates the new year against the backdrop of Kiama Harbour and is delivered predominantly in the Kiama CBD (Figure 1).

⁴ Event Management Plan - Kiama NYE Sky Show 2024

⁵ Stakeholder sentiment and Kiama New Year's Eve 2024 - Confidential Post Event Report

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Figure 1 - Kiama NYE Sky Show event delivery map including key areas.⁶ Source - Event Management Plan - Kiama NYE Sky Show 2024.

KMC manages the end-to-end delivery of the event working in collaboration with major stakeholders including Transport for NSW, NSW Police, Fire and Rescue, Crown Lands NSW, NSW Maritime and Ambulance Services to ensure health, safety and security for attendees.

As part of a broader council-wide cost saving exercise, in 2022, KMC underwent a performance improvement order (PIO). A collection of reviews were undertaken in response to this, including a tourism and events service review conducted in November 2024.

The Kiama Major Events Impact Review And Recommendations Report, assessed several events including the 2023 NYE Sky Show. For the NYE Sky Show it reported the following:⁷

- Investment from Council - \$104,640.30
- Estimated economic impact - \$878,400
- Estimated costs per attendee - \$6.70
- ROI on Council's funding - \$8.39.

Findings and recommendations from the report assessed the event against social, economic, environmental and governance criteria to determine that the overall recommendation was for KMC to continue to support the event (70/100 score).⁸

⁶ Area 1 - Fireworks Zone, Area 2 - Eat Street - Terralong Street (Manning-Railway), Area 3 - Black Beach Foreshore Main Stage, Area 4 - Black Beach Reserve / Information, Area 5 - Sweet Street, Area 6 - Hindmarsh Park and Accessibility, Area 7 - Terralong Street Collins-Manning.

⁷ All financial analysis for 2023 NYE Sky Show was undertaken as part of the Kiama Major Events Impact Review And Recommendations Report project. These findings have not been incorporated or utilised in this Business Case as cost-benefit analysis is undertaken rather than economic impact analysis.

⁸ Kiama Major Events Impact Review And Recommendations Report (May 2024)

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Despite this, with ongoing budget constraints and reviews in line with the PIO, in 2025 a decision was made that the 2025/26 NYE Sky Show event was to be cancelled.

With KMC facing growing financial pressures and constraints, a review of all funding is required to ensure the maximum impact is being achieved per dollar of rate payer funds through community development, economic development and tourism initiatives.

This Lean Business Case seeks to provide an evidence-base for the economic and social impact of the event and assess a variety of options for KMC to consider for the New Year's Eve event going forward with considerations over a three-to-five year time period pending budget changes.

Without KMC investment into delivering the NYE Sky Show, there are potential risks associated with the ongoing future of the event if it continues. KMC being the event organiser ensures that fireworks can be delivered safely (via a pyrotechnicians licence or a fireworks (single use) licence) and smoothly. It also ensures a focus specifically on community and business engagement. Table 1 outlines the event delivery schedule for the NYE Sky Show in Kiama.

Table 1 - NYE Sky Show event delivery programming.

YEAR	EVENT DELIVERY	NOTES
2019	Delivered	Delivered despite the Black Summer bushfires occurring at the time.
2020	Cancelled	Cancelled due to COVID-19 restrictions.
2021	Cancelled	Cancelled due to COVID-19 restrictions.
2022	Delivered	Delivered as per event plan.
2023	Delivered	Wet weather severely impacted attendance and overall spend during this event, with real expenditure falling by 25%.
2024	Delivered	Delivered as per event plan.
2025	Cancelled	Cancelled due to budget constraints.

Two key opportunities have been identified for hosting a New Year's Eve event in Kiama:

- uplift in community engagement, satisfaction and civic pride
- supporting the local economy through event activation.

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1.1.2. Uplift community satisfaction and civic pride

Hosting a New Year's Eve event such as the NYE Sky Show delivers a demonstrable uplift in community satisfaction and civic pride. The event is a free, all-ages celebration that brings the community together, with impact reporting showing 96% of attendees believe the community should be proud of the event and 93% would recommend it, demonstrating strong civic pride outcomes (2023 and 2024 attendee survey).⁹

The 2024 Sky Show event achieved an average satisfaction rating of 4 out of 5, with 91% positive sentiment regarding the experience and the majority of attendees highlighting the family-friendly, inclusive community atmosphere as a key benefit.¹⁰ Participation highlights that 76% attended with family and a broad mix of residents and visitors, indicating the event's role as a shared community civic experience across demographics. The 2024 Post Event Report also notes "lots of smiling faces and great feedback, thanking Council" alongside strong attendance of an estimated 20,000 people, reflecting both scale and positive community sentiment. Following the announcement of the 2025 event cancellation, community sentiment and a subsequent feedback survey highlighted how much the community valued the event and would be open to alternative approaches to the event delivery for it to continue again.

This directly aligns with the Kiama Community Strategic Plan 2025 - 2035, with the objective to foster a strong sense of belonging, connection and community pride. In this Plan, events are identified as key mechanisms to bring people together and enhance liveability. The NYE Sky Show event demonstrates this by creating a highly visible, shared moment of celebration that strengthens local identity and reinforces pride in place. In August 2025, community consultation was undertaken via a survey to share their feedback on 2025 cancellation and planning for 2026, these survey findings indicated strong support for continuing New Year's Eve celebrations and recognised its importance to community life and local businesses, further reinforcing the event's role as a valued civic tradition.¹¹ Hosting a New Year's Eve event is not only well-supported by the community but is a critical contributor to social cohesion and civic pride within Kiama.

1.1.3. Grow the local economy

Supporting the local economy through event activation is a core outcome of the NYE Sky Show event. Expenditure data from 2022 to 2025 does not reveal a strong effect on spending due to delivering an event. Spending across this time is further influenced by other factors including weather on the day, transport accessibility (impacted by the day of the week New Year's Eve falls on) and broader economic conditions (consumer confidence). Therefore, observed year-on-year changes in spending cannot be fully attributed to the NYE Sky Show event.

However, economic analysis factoring in weather and overall household consumption trends do indicate a small effect due to cancelling the NYE event (real expenditure decline of 1.02%). Targeted initiatives such as expanded outdoor dining, transport coordination and extended trading likely further increase local business spending, particularly in the dining and entertainment sectors.

⁹ NYE Sky Show 2024 - Post-event survey results.

¹⁰ Ibid.

¹¹ Kiama LGA New Year's Eve Celebrations Feedback Survey 2025.

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1.1.4. Consequences of business as usual

The continuation of a 'business as usual' approach, whereby KMC does not deliver the NYE Sky Show event, is likely to result in negative consequences for the local economy and community sentiment. Beyond economic impacts, there is also a growing risk of ongoing business and resident dissatisfaction towards KMC due to PIO implementation and cancelling of the New Year's Eve events, with 67% of 2025 survey respondents indicating the event was at least somewhat important to them.¹² Over time, this may lead to continued disengagement with Council-led initiatives, reduced confidence in Council's role in supporting the local economy, and a weakening of community pride and participation in place-based activation.

Without facilitating and delivering a coordinated Council-led event, there is a lack of coordinated marketing and promotion to drive expenditure. With consumer confidence and broader economic conditions impacting decision making, delivering a free event with coordinated marketing and promotion as well as free entertainment increases the likelihood of discretionary spending.

1.2. Objectives of the Proposal

The objectives of this business case and the investigation into the future delivery of a New Year's Eve event is to **increase community satisfaction and grow the local economy in and across the Kiama municipality during New Year's Eve.**

1.3. Strategic Alignment

Increasing community satisfaction and growing visitor spend through a New Year's Eve event aligns with multiple strategies and plans at the local, regional and state levels.

Across local, regional and state strategic documents, events (both community and leisure) are consistently positioned as economic drivers to support local businesses and jobs, attract visitors and increase overnight stays and spending. Events act as community connectors through social engagement and enhance civic pride and satisfaction through a sense of belonging and increasing community connection. Year-round activation is a priority for regional destinations to reduce seasonality, support business resilience and drive repeat visitation.

Table 2 outlines the importance of events to align with the objectives of this Business Case - increase community satisfaction and grow the local economy - in alignment with local, regional and state strategies.

¹² Kiama LGA New Year's Eve Celebrations Feedback Survey 2025.

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Table 2 - Strategic alignment of program objectives with state, regional and local strategies and priorities.

DOCUMENT	STRATEGIC OBJECTIVE OR PILLAR	ALIGNMENT
Kiama Community Strategic Plan 2025 - 2035	1.1 Strong sense of belonging 1.2 Public spaces and pride 3.2 Economy and tourism	- Events used to 'foster connections and community inclusion'. - Focus on 'sense of pride, ownership and appreciation'. - Events linked to visitation and economic outcomes.
Kiama Operational Plan 2025 - 26 & Delivery Program 2025 - 29	3.2 Economy balances tourism and community 3.2.1 Tourism and visitor economy 3.2.2 Local business and visitation - This Plan includes a directive around major events delivery.	- Supports 'events including showcasing iconic attractions and hosting events that attract visitors'. 'Support for the event industry ensuring a diverse, year-round calendar... delivers social and economic benefits'. - Events explicitly linked to attracting visitors and supporting the local economy. - Direct delivery of major events and event funding programs including NYE Sky Show.
Kiama Visitor Economy Strategy 2035 (DRAFT)	<i>Experience & Product Development</i> - Curate and innovate visitor experiences and signature events to drive dispersal and seasonality - Activate the Night-Time and Cultural Economy - Diversify Experiences and Markets	'...Growth through events is addressed through a balanced approach that prioritises shoulder-season, cultural and business events to extend stays while managing peak-period impacts....' - Events identified as a key lever to 'curate and innovate visitor experiences' and support a diverse, year-round events calendar. - NYE Sky Show aligns with priorities to activate the night-time economy through live performance, dining and precinct-based activation, particularly within the harbour and CBD. - Supports visitor dispersal, destination positioning and increased dwell time, while contributing to community outcomes including vibrancy, local business support and social licence for tourism.

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DOCUMENT	STRATEGIC OBJECTIVE OR PILLAR	ALIGNMENT
Kiama Tourism and Event Strategic Plan 2022 - 2026	- Create a thriving high quality event destination. - Deliver authentic branding and marketing. - Provide strong leadership, partnerships and communication.	- Events positioned as core to the visitor economy and destination identity; aims to 'maintain a vibrant and sustainable program of community events' and 'grow overnight visitor expenditure from events'. - Focus on 'vibrant year-round calendar of events' and positioning Kiama as a boutique event destination. - Emphasises importance of visitor economy and increasing economic contribution of tourism and events. - Explicitly links tourism and events to 'economic and social benefits for our municipality'.
Kiama Major Events Impact Review 2024	Direct reference to Kiama NYE Sky Show (2023) as part of evaluated major events dataset and future recommendations. It found that the NYE Sky Show is a highly valued, inclusive community event that strengthens local pride, delivers strong social outcomes and aligns well with Kiama's brand and place activation goals.	Major events: - Support local economic growth. - Build community cohesion, belonging and social life. - Enhance civic pride - 'help residents love where they live'. Indicators of success include community wellbeing, sense of belonging, participation in events, and economic growth indicators.
Creative Kiama Cultural Plan 2025 - 2029	Cultural participation and creative economy	- Supports local businesses, creative economy, and community connection through cultural activities. - Recognises the role of cultural initiatives in broader council outcomes including economy and community.
Kiama Night-Time Economy Strategy	Strategy has not been reviewed. This is being developed (as at April 2026) with support from the NSW Government noting the importance of the night-time economy and the investigation of the establishment of a Special Entertainment Precinct (SEP), including consideration of a 12-month trial from 1 January 2027. ¹³	

¹³ Kiama After Dark 2026, <https://yoursay.kiama.nsw.gov.au/kiama-after-dark>

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DOCUMENT	STRATEGIC OBJECTIVE OR PILLAR	ALIGNMENT
Destination Sydney Surrounds South Destination Management Plan 2022 - 2030	Strategic Objective 4: Grow visitor economy through events	- Events are positioned as critical to 'generating additional economic benefits' and growing the visitor economy. - Events explicitly identified as a core pillar for regional growth and visitor economy expansion in the South Coast. - Events support visitation growth, new audiences, and regional dispersal, and include evening economy activation.
Destination NSW Visitor Economy Strategy 2035	- Strategic Pillar: Drive growth through events - Objective: Position NSW as a global leader through events	- Events are described as 'catalysts for growth' that attract visitors, stimulate local economies, support jobs and foster local pride. - Regional events driving economic growth and fostering local pride, directly linking to civic pride and economic activation. - Events deliver economic, social and cultural benefits, support year-round visitation, and strengthen local businesses and community resilience.

Alignment with other programs and initiatives

New Year's Eve community events sit at the intersection of economic development, tourism, community connection, night-time economy, place activation and precinct-based vibrancy. This makes them relevant to more than one funding or policy stream, even where they are not a perfect fit for all of them. However, as New Year's Eve events are more community focused events, they can be more challenging to secure funding specific to this night and event. For example, a previous program delivered by the NSW Government for local governments in 2020-21, [Summer Night Fund Program](#), was for events commencing from 1 January only and did not include 31 December.

While many councils hold New Year's Eve celebrations as part of their community services, the decision to host an event is discretionary and depends on the individual council's budget, planning, and community priorities. These complementary funding streams can strengthen the overall viability and sustainability of the event when aligned to a clear strategic positioning and delivery plan. However, seeking additional funding should not be relied on by KMC given it is not a fixed income stream, and grants and funding programs vary year to year as well as eligibility and alignment.

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At a local level, Council contributions, sponsorships and partnerships with local businesses remain critical, particularly in underwriting core delivery costs and ensuring the event reflects community priorities. There is also potential to explore more defined corporate sponsorship and in-kind partnerships, particularly with businesses that benefit directly from increased visitation. While these funding sources are typically smaller in scale, they play an important role in creating a diversified funding model, reducing reliance on a single source and enabling enhancements such as extended programming, improved visitor experience or targeted marketing.

Table 3 - Overview of programs and initiatives for alignment considerations.

PROGRAM AND INITIATIVE	ALIGNMENT
Transport for NSW Open Streets Program	The <u>Open Streets Program 2025 - 28</u> is a competitive grant program open to all NSW councils. The Program aims to transform streets into vibrant, walkable public spaces for people to enjoy and safely access through free community events and activations. The Program aims to: • promote vibrant local communities through delivery of free recurring street-based events • empower local councils to deliver reduced costs and improved efficiency for street-based events • support cultural industries and drive economic growth with more sustainable ongoing delivery of street-based events • enable councils, community groups and businesses to activate their local streets. The Program presents an opportunity to deliver both community and major events, including New Year's Eve, provided they are positioned to activate place, strengthen community connection and drive local economic benefit, with preference for those that activate during quieter periods which is not as closely aligned with Kiama. KMC are successful recipients for the Kiama Winter Street Festival 2025-2027 (\$349,998).¹⁴
LG8	KMC is a member of the LG8 initiative alongside other South Coast NSW LGAs. While there is no dedicated event fund, this regional collaboration and advocacy group is working together strategically to support population, housing and job growth. LG8 acts as a vehicle for regional advocacy, shared submissions and joint project positioning, not as a direct event grant source. There may be opportunities to leverage learnings and resources from other councils though and supporting a joint advocacy message for broader regional visitation, transport, visitor flow, accommodation and precinct investment.

Beyond major state funding programs, there are a range of smaller and complementary funding sources that could support elements of the Kiama NYE Sky Show, particularly where the event delivers broader social, cultural or place-based outcomes. These may include NSW Government programs linked to the night-time economy, community infrastructure or public place activation, as well as occasional grant rounds supporting arts, cultural programming or regional activation initiatives.

¹⁴ Transport for NSW, Open Streets Program - Successful grant recipients

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For example, the Purple Flag is an internationally recognised accreditation program that celebrates vibrant, diverse and well-managed night-time precincts administered by the Office of the 24-Hour Economy Commissioner. The Purple Flag signals to locals and visitors alike that a precinct is a safe, welcoming and vibrant place to enjoy after dark, meeting the standards of excellence in vibrancy, diversity and safety at night including good access to public transport, street lighting and great food and beverage. There is opportunity for KMC to become part of this program through further review and consideration as part of the development of the Night-time Economy Strategy and Special Activation Precinct exploration.

1.4. Key Benefits and KPIs

Table 4 outlines how this proposal's objectives align with specific benefits, which will underpin the cost-benefit analysis and be monitored throughout the life of the project. Specific actions or activities enabled by the proposed works and how they may be monitored are summarised as relevant activities and program Key Performance Indicators.

Table 4 - Key benefits and KPIs for NYE Sky Show event.

BUSINESS CASE OBJECTIVE	BUSINESS CASE BENEFITS	RELEVANT ACTIVITIES	PROGRAM KPI
Increase community satisfaction	Increased civic pride. This is valued using contingent valuation provided by an indication of willingness to pay to keep or attend the NYE Sky Show event.	- Event delivery and activations including live music, entertainment and fireworks. - Supporting and empowering local artists and vendors to participate.	- Post-event survey. - Anecdotal feedback and observations.
Grow local economy	Increased gross operating surplus (profits) for businesses.	- Local business supply chain. - Supporting and empowering local business activation.	- Business data. - Spendmapp data.

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1.5. Stakeholder Engagement

Multiple stakeholder groups have expressed their feedback and support for reinstating the NYE Sky Show event in Kiama including:

- Kiama Municipal Council - staff and Councillors
- residents
- visitors
- business community.

This feedback has been provided via post-event feedback surveys over the years as well as a Your Say Kiama survey in 2025 following the announcement of the cancellation. This survey focused on what respondents would like to see for the future. Table 5 outlines some direct quotes from that survey, highlighting a mix of positive and negative comments.¹⁵

Table 5 - Selection of direct survey quotes - 'Q9 - Please share any additional comments or suggestions regarding New Year's Eve celebrations within the Kiama LGA'. Source - Kiama LGA New Year's Eve Celebrations Feedback Survey.

SURVEY QUOTES

2025 was great with the small business celebrations...The fireworks were missed last year. It's a great community event and can be viewed from various viewing points and 9pm works well.

Time to make some changes...just because it always happened in the past is no reason for it to continue to happen in the future.

Kiama is already over touristed. It's full at holiday times. It's time to limit the overcrowding and traffic problems.

New Year's Eve celebrations are expensive. Having them in multiple locations would cost more and most likely make each less attractive than a centralised celebration as we've had in the past.

The rate payers SHOULD NOT fund this activity

Why cancel something when it wasn't broke? 90 grand is nothing in the budget of Kiama.

Gerringong businesses saw a big influx of people and families, due to the fireworks not being held in Kiama. Its about time Gerringong actually got some tourism and not everything being focused on Kiama.

Rate payer funds should go towards infrastructure that benefits us and our communities, not towards encouraging more tourists and people from other local area to descend and take over.

Service groups should be allowed to fund raise during celebrations.

When they first started it was an enjoyable local event...it got too big. The radio involvement made it too noisy to sit and chat. It was no longer enjoyable when you sit in traffic for a further hour trying to get home.

We don't need fireworks or celebrations, it's just another year. If you want to celebrate, have your own party.

¹⁵ Please note all quotes are sourced directly from survey results and have not been edited or corrected for spelling and grammar.

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Some innovative that isn't fireworks.

Please don't spend ratepayers money on a NYE event. People can visit venues/businesses already in Kiama for a meal or drinks. Those venues can put on their own entertainment. Or have an event in a fenced area e.g. showground and let it be user pay.

Bring back the fireworks. The town centre was dead this year absolutely dead. So many people were disappointed and looked forward to the annual tradition.

Would be happy if close the street, have a street festival - after all we are the winners of NSW Town of the Year...

Most businesses in Kiama do not want to stay open or do anything. Be nice to have extended licences for venues and somewhere to stay open past 8 pm. Close the Main Street and bring in food trucks/wine bars. The winter festival only catered for kids under age 5. Needs something for all ages...

I think it was the correct decision not to hold the fireworks in 2025 when the council is trying to save as much money as they can.

A mix of ticket and business sponsorship...a full sponsorship document would be beneficial and VIP areas at certain locations. Collaboration with the business community is vital.

Berry worked as there were no road closures, ample parking, only 2 entrances so ticketing was easy and they could restrict numbers for safety and a positive experience. None of that is possible around the Kiama foreshore so a different experience needs to be developed.

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1.6. Strategic Responses

The potential strategic responses (options) to the issues and opportunities described throughout the business case are outlined in Table 9. This outlines the description of the options and its potential scope of works, desirability, feasibility and viability scoring (average), and whether it is considered for further investigation (three options) in sections 2 and 3 of the Lean Business Case.

To inform the identification of the preferred options and used to critique and stress test the options, the scoring questions across Desirability, Feasibility and Viability are outlined in Table 6.

Table 6 - Criteria scoring questions.

CRITERIA	GUIDING QUESTIONS
Desirability	- Is it inclusive and accessible (is there something for everyone of all ages)? - Is there interest or demand for this type of event? - Does this fit with Kiama's community strategic vision? - Will the event resonate with the community or strengthen local pride? - Is there interest from local businesses to get involved?
Feasibility	- Does it suit the environment of the region? (natural and man-made infrastructure, geography, weather, facilities or sensitivities) - Do we have the partnership support (i.e. Transport for NSW, NSW Police, Ambulance)? - Do we have the human resources (existing or talent pipeline)? - Do we have the existing infrastructure resources? - Is the event concept low-complexity and easy to deliver? - Is the event concept scalable? - Does it involve health and safety risks? - Are there reputational considerations for Council?
Viability	- Is there a way that local businesses can financially benefit? - Can this concept attract sponsorship? - Can the event be environmentally sustainable? - Can the event be accessible for people with disabilities? - Could the event lead to increased visitor spend? - Could the event lead to increased resident spend? - Is there an opportunity to offset Council investment in a way that adds value to the community?

Tables 7 and 8 further outlines the scoring considerations for each guiding question and Council investment guide.

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Table 7 - Scoring for desirability, feasibility and viability questions.

SCORING GUIDE	
1	No - This option does not meet the criteria.
2	Partially - This option partially met the criteria.
3	Yes - This option fully met the criteria.

Table 8 - Scoring for desirability, feasibility and viability questions, and Council Investment guide parameters.

INVESTMENT GUIDE	
Very Low	\$0 - \$30k
Low	\$31k - \$60k
Medium	\$61k - \$90k
High	\$91k - \$120k
Very High	\$120k +

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Table 9 - Strategic responses (options) identified for this Business Case.

#	OPTION	DESCRIPTION	COUNCIL INVESTMENT	DESIRABILITY (average score)	FEASIBILITY (average score)	VIABILITY (average score)	TOTAL (average score)	ASSESSED FOR FURTHER CONSIDERATION?
1	Council-led NYE Sky Show event	This option proposes to reinstate the NYE Sky Show event as it was delivered in 2023 and 2024.	Medium	2.8	1.88	2.43	2.30	✓
2	No Council-led NYE activation, promoted extended permits.	Promoted extended permits across all main streets to allow for alfresco dining and licensing to optimise the 2am licensing extension. Will include support from Council to run marketing to promote local businesses.	Very Low	2.2	2.538	2.14	2.25	✓
3	Council-led Street Party	This option proposes activating the main street restaurants in a street-party style. Fireworks and live music entertainment also take place.	High	3	2	2.57	2.45	✗
4	Council-led Street Party with no fireworks.	This option proposes the above event without fireworks.	Medium	2.6	2	2.57	2.35	✗

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#	OPTION	DESCRIPTION	COUNCIL INVESTMENT	DESIRABILITY (average score)	FEASIBILITY (average score)	VIABILITY (average score)	TOTAL (average score)	ASSESSED FOR FURTHER CONSIDERATION?
5	Council-led Street Party with Gerrington activation	This option proposes event activation at multiple locations throughout the LGA village and town centres (see map). Kiama and Gerrington would be activated. Fireworks and street party in Kiama and Council-led community events (stage, music, games). In Gerrington, the stage is town hall steps while extending permits and licensing.	Very High	2.6	1.75	2.43	2.20	×
6	Council-led NYE Sky Show event with drones	This option replaces fireworks with light or drone show based activations.	Very High	2.6	1.75	2.43	2.20	×
7	Council-led Street Party with drone show instead of fireworks.	As option 3 but with a drone light show instead of fireworks.	Very High	2.8	1.88	2.57	2.35	×
8	Council-led Street Party with Gerrington activation and drones	As option 5 but drone show instead of fireworks.	Very High	2.4	1.75	2.57	2.20	×

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#	OPTION	DESCRIPTION	COUNCIL INVESTMENT	DESIRABILITY (average score)	FEASIBILITY (average score)	VIABILITY (average score)	TOTAL (average score)	ASSESSED FOR FURTHER CONSIDERATION?
9	Council-supported NYE grant for community organisations	This option proposes Council extending permits and delivering a community grant program where an amount is allocated for the community to run events. Council will ease the way for permits so long as funding is compliant with all safety and plans.	Low	2	1.75	2.43	2.05	✓
10	Council-led Street Party plus grant program.	This option would be option 3 plus a grant available to community organisations to deliver events in other town centres.	High	2.6	1.88	2.43	2.25	✗
11	A third-party led event with support from Council to coordinate delivery and engagement	This option involves procuring an event organiser to deliver the NYE event sky show event with a provided budget (no more than 75% of current budget provided). Third party takes on all the risk but commercialises NYE; they could charge ticket entries.	Low	2.2	1.63	2.71	2.15	✗

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#	OPTION	DESCRIPTION	COUNCIL INVESTMENT	DESIRABILITY (average score)	FEASIBILITY (average score)	VIABILITY (average score)	TOTAL (average score)	ASSESSED FOR FURTHER CONSIDERATION?
12	Council-led Street Party (full-paid entry)	This option proposes to do the street party option, with paid tickets (\$2-5) for attendees.	Medium	1.8	1.38	2.29	1.80	✗
13	Council-led Street Party with Council-led VIP dance party and entertainment section at the Pavilion.	Council-led Street Party event with Council-led VIP dance party and entertainment event at the Pavilion. This could scale to the showground.	High	2.8	2.13	2.71	2.50	✗
14	Council-led Street Party event (part-paid entry)	Run as per option 3 plus a third-party run VIP dance party and entertainment section at the Pavilion. Council makes revenue through hiring the Pavilion.	High	3	1.88	2.86	2.50	✗
15	Council-led Street Party and Sunrise New Year's Day Activation	An additional morning event focusing on activations like a coffee rave, yoga, etc. This would include a mixture of free and ticketed events.	High	2.8	2	2.86	2.50	✗

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#	OPTION	DESCRIPTION	COUNCIL INVESTMENT	DESIRABILITY (average score)	FEASIBILITY (average score)	VIABILITY (average score)	TOTAL (average score)	ASSESSED FOR FURTHER CONSIDERATION?
16	Sunrise New Year's Day Activation	A morning event rather than a night event focusing on activations like a coffee silent rave, yoga, etc. This would include a mixture of free and ticketed events.	Low	2	2.13	2.86	2.35	✗

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Options were considered and refined by undertaking a site visit and audit of site locations including the Kiama Showgrounds, Kiama Pavilion, Kiama Surf Life Saving Club and key public spaces in Gerringong and Jamberoo. It is important to note that the highest scoring options under this criteria were not the most desirable overall to assess through cost-benefit analysis. A scaled back event (low cost) was important to consider due to current budget constraints, as well as an option that would test a decentralised community event grants model. Finally, the NYE Sky Show as delivered in 2024 was highly desirable to include in the analysis, due to the existing community sentiment and support for this event. This results in the following three options to progress to cost-benefit analysis (Table 10).

Table 10 - Shortlisted options.

#	OPTION	DESCRIPTION	COUNCIL INVESTMENT
1	Scaled back NYE event	This option proposes to promote extended permits across all main streets to allow for alfresco dining and licensing to optimise the 2am licensing extension. It also includes Council-led marketing and promotion and provision of acoustic live music entertainment in the existing stage at Hindmarsh Park.	Very Low
2	Community grant program	This option proposes Council extending permits as per option 1 and delivering a community grant program where an amount is allocated for community organisations to deliver events on 31 December each year. The total finding envelope can be adjusted under different budget scenarios, and Council is only administering the grant program, not directly delivering an event.	Low
3	NYE Sky Show event	This option proposes to reinstate the NYE Sky Show event as it was delivered in 2023 and 2024.	Medium



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2. Cost Benefit Analysis

The cost benefit analysis (CBA) presented in this section is an ex-ante social cost-benefit analysis holistically analysing expected costs and benefits to the Kiama community from this proposal.¹⁶ The CBA primarily utilises a 5-year analysis period, in line with Kiama Municipal Council's (KMC) requirements for a 5-year implementation roadmap.¹⁷

The base case and three selected options that have been assessed are outlined in Table 11. Please note the option number has changed based on a reordering of council investment from nothing, very low to medium.

Table 11 - Selected options summary table.

OPTION	TITLE	OVERVIEW
Base case	No Council-led event.	No investment or event delivery.
1	Scaled-back Council-led NYE activation, promoted extended permits.	This option proposes to promote extended permits across all main streets to allow for alfresco dining and licensing to optimise the 2am licensing extension. It also includes Council-led marketing and promotion and provision of acoustic live music entertainment in the existing stage at Hindmarsh Park.
2	Council-supported NYE grant for community organisations	This option proposes Council extending permits as per option 1 and delivering a community grant program where an amount is allocated for community organisations to deliver events on 31 December each year. The total funding envelope can be adjusted under different budget scenarios, and Council is only administering the grant program, not directly delivering an event.
3	Council-led NYE Sky Show event	This option proposes to reinstate the NYE Sky Show event as it was delivered in 2023 and 2024.

¹⁶ An ex-ante cost-benefit analysis (CBA) is a predictive assessment conducted before a project or policy is implemented.
¹⁷ NSW Treasury, TPG23-08 NSW Government Guide to Cost-Benefit Analysis, February 2023.

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2.1. Critical Assumptions

Critical assumptions utilised in the cost-benefit analysis are based around expectations of future economic activity under different scenarios. Specifically, it assumed that:

- A rain event occurs approximately once every four years, due to the average 26% chance of rain in December in Kiama.¹⁸ The impact of the rain event is expected to be a 27.6% real decrease in expenditure, effectively cancelling out any additional benefits stimulated by events.
- The expenditure in the next five years under the 'do nothing' base case will follow the same real trend as what occurred from 2024 to 2025, when the event was not held. This calculated trend is also relative to overall household expenditure growth in Australia, to account for the variation in spend due to broader economic confidence and conditions.
- The expenditure in the next five years should the NYE Sky Show event be re-instated will follow the same real trend as what occurred from 2022 to 2024, when the event was held. This calculated trend is also relative to overall household expenditure growth in Australia, to account for the variation in spend due to broader economic confidence and conditions.

Base case definition

The base case is that KMC does not invest in any New Year's Eve events, as what occurred in 2025. It is important to acknowledge that under the base case, spend on New Year's Eve is still high due to the demand for dining and entertainment, extended licence hours and overall summer school holiday coastal visitation patterns.

¹⁸ Wanderlog, Kiama Municipality, Australia weather in December, <https://wanderlog.com/weather/82714/12/kiama-municipality-weather-in-december#:~:text=How%20much%20does%20it%20rain,describe%20it%20as%20light%20rain>, accessed Wednesday 15 April 2026.

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2.2. Key Costs

As per NSW Treasury Guidelines, this cost-benefit analysis assesses all costs required to deliver the proposed intervention, regardless of who is paying for them.¹⁹ This provides an indication of costs incurred by the reference group (the Kiama community).

2.2.1. Event delivery costs

For event delivery, costs have been based on previously delivered NYE Sky Show events to include the following:

- Entertainment - AV and Production, Welcome to Country, DJ, acoustic artists, roving entertainment and circus, comedy shows.
- Marketing - radio advertising, MC, photographer, print advertising and additional signage.
- Event infrastructure - crowd control barriers, shuttle services, waterfills, toilets, generators, light towers, lighting, pro-flooring, hand basins, VMS Boards, trestles, chairs, casual seating, bunting, water refill station hire, two-way radios.
- Fireworks.
- Traffic management and vehicle mitigation.
- Security - overnight asset and event.
- NSW Government licensing.
- First Aid services.

Table 12 outlines event delivery costs based on event delivery requirements for each option.

¹⁹ As per NSW Treasury Guidelines, values for costs and benefits are forecasted in real terms. Price increases over time due to inflation are not factored into the analysis.

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Table 12 - Annual event delivery cost considerations for options.

OPTION	EVENT DELIVERY COST CONSIDERATIONS
Base case - No event	No event delivery costs.
Option 1 - Scaled back	- Categories have been refined based on what programming will be delivered to include: - Entertainment costs (\$2,500) are allocated for \$500/per hour for up to 5 hours of performing. Entertainment to include a mixture of music acts (solo, duos and bands). - Marketing costs based on minimum costs indicated by KMC (\$3,000). - First aid cost remains consistent to 2024 NYE Sky Show event delivery (\$900). - NSW Government licensing cost remains consistent to 2024 NYE Sky Show event delivery (\$403). Total event delivery costs - \$6,803 (excluding staff costs)
Option 2 - Grant fund	Event delivery costs are funded through a grant program with a total budget envelope of up to \$40,000 (see following sub-section).
Option 3 - Sky Show	- Costs remain consistent to 2024 NYE Sky Show event delivery to include all cost categories identified before this table. Total event delivery costs - \$82,047 (excluding staff costs)

Grant program

Option 2 (Grant fund) proposes the administration and delivery of a grant for community organisations to plan and deliver their own New Year's Eve event for the community. An indicative budget pool of \$40,000 has been identified annually for this. This amount was selected using other New Year's Eve grant program amounts (Glenelg Shire Council delivers a program with a total funding pool of \$30,000) and based on 50% of the budget required for the NYE Sky Show (excluding staff costs). KMC would determine the total amount of funding for the grants fund as part of the budget considerations each financial year. Set up staff costs have been indicated in Section 2.2.2.

If this option is chosen, grant guidelines will need to be developed by KMC to outline grantee eligibility, purpose of funding, confirmation of value (total pool and per grantee), exclusions and inclusions. It is recommended that funding could be used to support the renting or purchasing of event infrastructure, venue hire, entertainment, marketing, security and safety, and other costs.

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2.2.2. Staff costs

Staff costs have been based on previously delivered NYE Sky Show events to review total staff costs (events team, waste services and outdoor crew) and indicated staff hours on key tasks which include the following:

- strategic planning and scoping
- approvals and compliance coordination
- stakeholder engagement and emergency planning documentation
- procurement and contractor management
- traffic, safety and site planning
- marketing, communications and coordination
- event delivery (bump in, event day, bump out)
- post-event reporting and acquittals.

Table 13 outlines for each option, what staff costs were considered and factored in based on event delivery requirements. Staff costs have been determined based on an average **\$92.48/hour** rate based on staff hours sourced from 2024 NYE Sky Show event delivery which included paid staff and volunteers. This includes a mix of specialist workers, overtime rates and staff salary bands. Wherever possible, time in lieu was utilised for Council staff working on the NYE Sky Show.



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Table 13 - Annual staff cost considerations for options.

OPTION	STAFF COST CONSIDERATIONS
Base case - No event	No staff costs.
Option 1 - Scaled back	- Staff costs have been scaled back, only including time for procurement and contractor management, marketing and promotion, coordination, event delivery, post-event reporting and stakeholder engagement. Total staff hours - 84 Total staff costs - \$7,768
Option 2 - Grant fund	Grant management - Staff costs have been mapped to include time allocation for: - Strategic planning and scoping - Procurement and contractor management - Marketing, communications and coordination - Post-event reporting and acquittals. Total staff hours - 49 Total staff costs - \$4,531 Grant set up costs (first year only) - This includes staff time dedicated to initial program design and guidelines for the first year of program delivery. Total staff hours - 32 Total staff costs - \$2,959
Option 3 - Sky Show	- Costs remain consistent with the 2024 NYE Sky Show event delivery to include all staff cost categories identified in 2024 NYE Sky Show Post Event Reporting. Total staff hours - 216.8 Total staff costs - \$20,049

Total costs for options to collate both event delivery and staff costs are outlined in Table 14.

Table 14 - Total annual costs for options.

OPTION	EVENT DELIVERY COSTS (annual)	STAFF COSTS (annual)	TOTAL COSTS (annual)
Base case - No event	\$0	\$0	\$0
Option 1 - Scaled back	\$6,803	\$7,768	\$14,571
Option 2 - Grant fund	\$40,000	\$2,959 (year 1 costs including set up costs) \$4,531 (ongoing)	\$47,491 (year 1 costs including set up costs) \$44,531 (ongoing)
Option 3 - Sky Show	\$82,047	\$20,049	\$102,096

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2.3. Key Benefits

2.3.1. Increased gross operating surplus for businesses

The key benefit for a New Year's Eve event is increased profits (gross operating surplus) to local businesses due to increases in overall spending on 31 December.

It is important to note that in 2025, when the event was not held, spending was more distributed across time, space and type. For example, while spending in the suburb of Kiama and spending on food and drink fell, spending in Gerringong increased and overall spending on 31 December 2025 was almost identical to December 2024. This indicates that spending simply shifts across locations, times and expense categories when an event is not held.

Spendmapp data provides an accurate quantification of total spend in the Kiama local government area on the day of 31 December over the last four years (Figure 2). It is important to note that in 2023, rainy weather severely impacted spending.

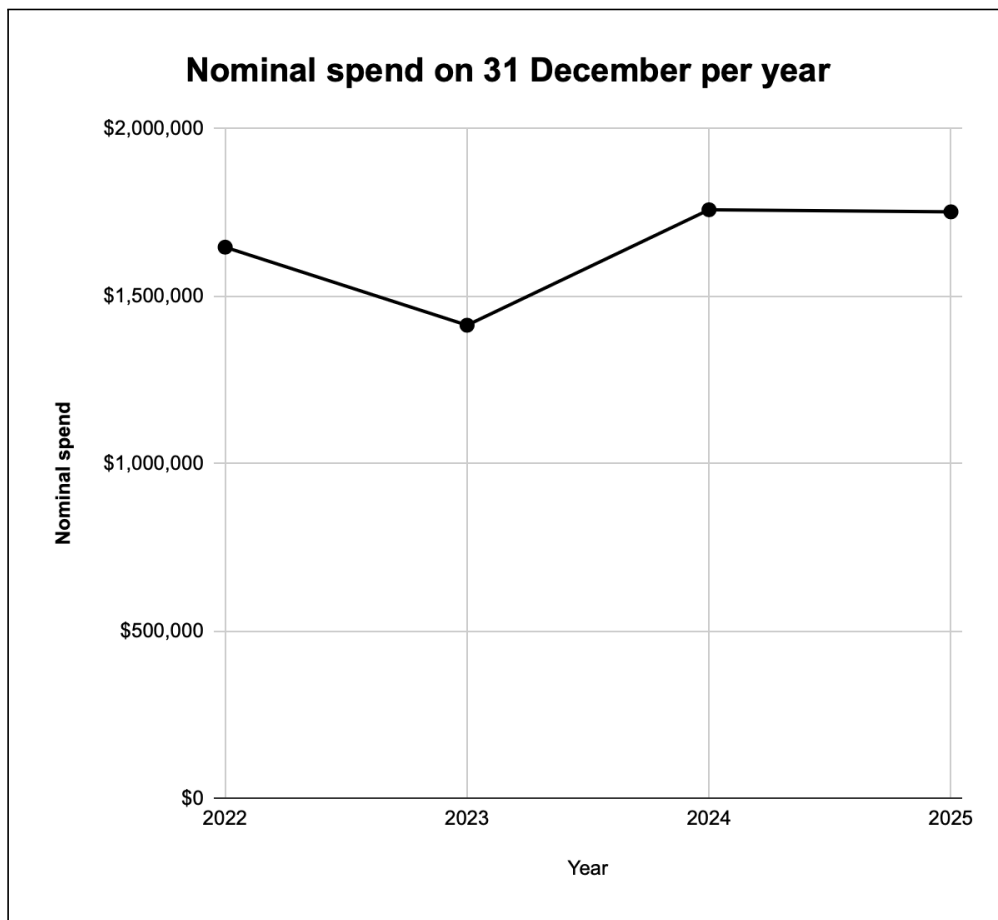


Figure 2 - Nominal spend in the Kiama LGA on 31 December per year (2022 - 2025). Source: Spendmapp data.

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As these figures are nominal (not adjusted for inflation), it is important to present these values in real terms. This more accurately reflects changes in spend due to increased economic activity rather than price growth (Figure 3).

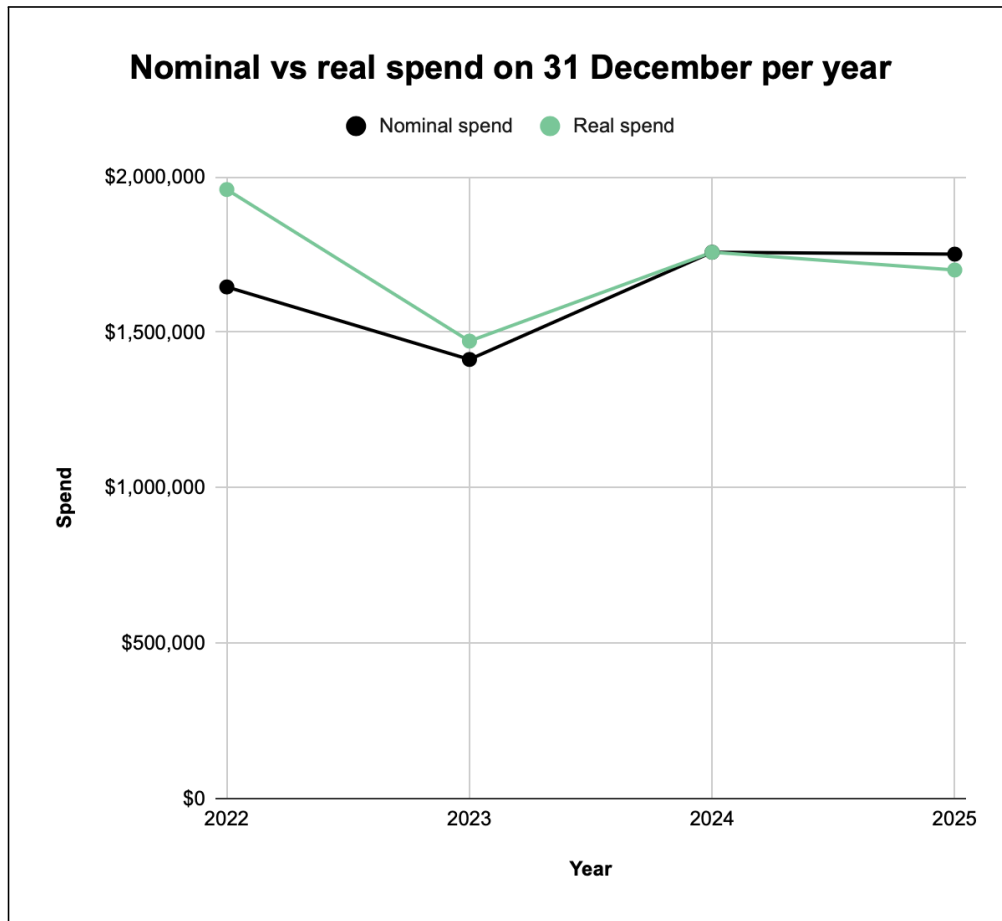


Figure 3 - Nominal vs real spend in the Kiama LGA on 31 December per year (2022 - 2025). Source: Spendmapp data.

Through 2022 to 2024, when a NYE Sky Show event was held, real spending across the Kiama LGA decreased on average year on year by 4.43% (relative to household consumption in Australia), which is reflective of broader economic conditions of interest rate variability and cost of living expenses.²⁰

In 2025, when the NYE Sky Show event was cancelled, real spending across the Kiama LGA decreased by 5.32% (relative to household consumption in Australia).²¹ This suggests that cancelling the NYE Sky Show event has a demonstrable impact on real spending across the Kiama LGA, reducing expenditure growth by 0.89% year-on-year.

²⁰ Kiama Spendmapp Report 2022 - 2026 and ABS, 5206.0 Australian National Accounts: National Income, Expenditure and Product, Table 8. Household Final Consumption Expenditure (HFCE)

²¹ Ibid.

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These different spending growth scenarios are forecasted across five years to 2030 as outlined in Figure 4. 2028 was modelled under a rainy weather scenario due to the average probability of a rainy event once every four years.²²

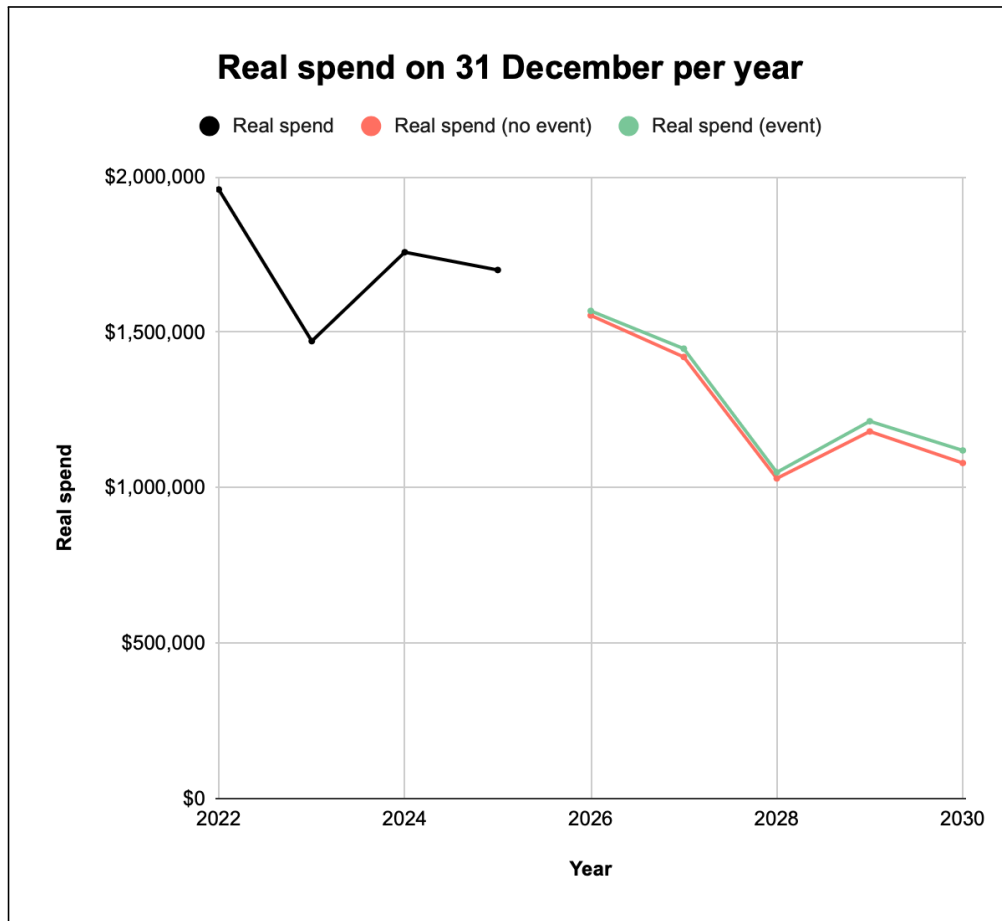


Figure 4 - Real spend in the Kiama LGA forecasted under scenarios where the event proceeds and does not proceed.
Source: Spendmapp data and CBA modelling.

The benefits generated by the event are therefore derived from the additional spend that occurs under the higher growth scenario (difference between green [event] and red [no event] lines). This spend is captured by businesses as revenue. After removing the cost of inputs and labour, 23.4% of the total revenue generated will be the business gross operating surplus (profits).

The full 0.89% per year increase in spending is applied to option 3 (NYE Sky Show event), while smaller increases of 0.3% and 0.45% are applied to options 1 (scaled back) and 2 (grant fund), given their reduced ability to generate additional economic activity.

²² Wanderlog, Kiama Municipality, Australia weather in December, <https://wanderlog.com/weather/82714/12/kiama-municipality-weather-in-december#:~:text=How%20much%20does%20it%20rain,describe%20it%20as%20light%20rain>, accessed Wednesday 15 April 2026.

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2.3.2. Increased community civic pride

Major regional events such as the Kiama NYE Sky Show generate a sense of pride in place. Based on survey respondents, 23.65% of respondents indicated that they would be willing to pay between \$2 - 5 for the event. This demonstrates the importance of the event as part of community connection, civic pride and social cohesion. Based on this, assuming an attendance of 20,000 and with 23.65% of attendees willing to pay \$2 as a lower bound conservative estimate, the **total benefit is \$9,460** to the community of Kiama derived from increased community civic pride.

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2.4. Results of Cost-Benefit Analysis

Table 15 outlines the summary results of the cost-benefit analysis. Values are relative to the base case and in present value (PV). The analysis period is five years (2026 - 2030) and all results are presented in present value.

The results indicate that all options have higher costs than benefits to the community of Kiama. This is likely driven by the incremental difference observed between overall spending in the base case (no event) and the event case. More broadly, real discretionary spending on New Year's Eve in Kiama declined between 2022 and 2025 and this was likely heavily driven by broader economic conditions.

The option with the highest benefit cost ratio (BCR) is Option 3 (NYE Sky Show), meaning that for every dollar invested, only 15 cents of benefits are produced. Events that are held in off-peak spending periods such as winter (rather than 31 December) are more likely to generate a higher marginal economic and social impact.

Table 15 - Summary results of the cost-benefit analysis. The central discount rate is 5%. All values are relative to the base case and expressed in present value. The analysis period is 5 years.

INDICATOR	OPTION 1 SCALED BACK EVENT	OPTION 2 COMMUNITY GRANT PROGRAM	OPTION 3 NYE SKY SHOW EVENT
Benefits			
Increase in gross operating surplus (profits)	\$9,552	\$14,347	\$28,362
Increased community civic pride	-	-	\$43,005
Costs			
Set-up costs	-	\$2,959	-
Staff costs (Council staff time)	\$35,313	\$20,599	\$91,142
Event delivery costs	\$30,926	\$181,383	\$372,982
PV benefits	\$9,552	\$14,347	\$71,366
PV costs	\$66,239	\$205,397	\$464,123
Net Present Value (NPV) (Benefits - Costs)	-\$56,687	-\$191,050	-\$392,757
Benefit Cost Ratio (BCR) (Benefits / Costs)	0.14	0.07	0.15



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2.5. Sensitivity Analysis

The following subsections undertake sensitivity analysis on underlying assumptions in order to determine how robust the results of the analysis are. The only parameter assessed is discount rate.

2.5.1. Discount rates

The analysis utilises a central discount rate of 5% to parameterise the declining time-value of money over the analysis period.²³ Table 16 summarises the NPV and BCR of the three options under consideration at varying discount rates. The results of the analysis indicate that under all discount rates explored, the options deliver a negative NPV and therefore do not represent value for money.

Table 16 - Discount rate sensitivity analysis.

DISCOUNT RATE	OPTION 1 SCALED BACK EVENT	OPTION 2 COMMUNITY GRANT PROGRAM	OPTION 3 NYE SKY SHOW EVENT
7% (high)	NPV: -\$54,768 BCR: 0.14	NPV: -\$184,573 BCR: 0.07	NPV: -\$379,224 BCR: 0.15
5% (central)	NPV: -\$56,687 BCR: 0.14	NPV: -\$191,050 BCR: 0.07	NPV: -\$392,757 BCR: 0.15
3% (low)	NPV: -\$58,755 BCR: 0.15	NPV: -\$198,031 BCR: 0.07	NPV: -\$407,344 BCR: 0.15

²³ A 5% discount rate is stipulated by NSW Treasury Guidelines, with mandatory sensitivity testing at 3% and 7%.

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2.6. Preferred Option

Given the current context and budget of KMC, it is recommended that **Option 1 (scaled back event)** be **delivered for five years**. This will:

- deliver an option with a similar benefit-cost ratio to the NYE Sky Show event
- respond to the community desire for a Council-led New Year's Eve activation
- assist local businesses by delivering additional marketing and promotion
- assist local businesses by encouraging more footpath dining and extended trading hours
- minimise budget impact (approximately \$6,803 per year excluding staff costs).

Kiama Municipal Council can also scale up this event over time should budget positions and community expectations shift. This could include considering all the options provided in Section 1.6. and potential further rescoping and financial analysis to determine ongoing planning.

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3. Financial Analysis and Budget Request

It is proposed Kiama Municipal Council's existing Tourism and Economic Development division will be the administrators of the New Year's Eve event going forward, as was the case before cancellation of the event in 2025.

Under Option 1 - Scaled Back, the yearly cost of delivering the event is \$6,803 (Table 17). The nominal budget request is therefore \$34,015 over 5 years to deliver the 5-year New Year's Eve event program.

Table 17 - Financial appraisal for Option 1 - Scaled Back event.

ITEM	AMOUNT
Annual cost	\$6,803
5-year nominal cost	\$34,015
5-year NPV	\$30,926

It is not anticipated that the small-scale scaled back event will earn any revenue through sponsorship, venue hire or vendor fees. However, any future variations of the event with a larger delivery cost should investigate how cost offsets such as these can be maximised to reduce the financial impact on Kiama ratepayers.





31 December spend comparisons
NYE Sky Show

LGA spend comparison (2023–2025)
Comparing New Year's Eve Sky Show (2023 and 2024) with NYE 2025 when the event did not go ahead.

1. Total spend by location (all spend categories)

Metric	2023	2024 (and % change from previous year)	2025 (and % change from previous year)
Total spend across Kiama LGA	\$1,412,726	\$1,757,527 (+24%)	\$1,751,352 (-0.35%)
Spend in Kiama Township	\$814,840	\$1,093,106 (+34%)	\$970,290 (-11%)
Spend outside Kiama Township	\$597,886	\$664,421 (+11%)	\$781,061 (+18%)

2. Dining and entertainment spend by location

Metric	2023	2024 (and % change from previous year)	2025 (and % change from previous year)
Dining and entertainment spend – total LGA	\$529,045	\$618,725 (+17%)	\$588,687 (-5%)
Dining and entertainment spend – outside Kiama Township	\$179,380	\$216,205 (+20.5%)	\$249,642 (+15.5%)
Dining and entertainment spend – Kiama Township	\$349,665	\$402,520 (+15.1%)	\$339,045 (-15.8%)

3. Year-on-year differences**2024 vs 2023:**

- LGA spend: +\$344,801 (+24%)
- Kiama township: +\$278,266 (+34%)
- Gerringong: +\$82,347 (+23%)
- LGA Dining & Entertainment: +\$89,680 (+17%)

Commentary: 2024 experienced particularly good weather and positive economic climate.

2025 vs 2024 (no Sky Show in 2025):

- LGA spend: -\$6,175 (0.35%)
- Kiama township: -\$122,816 (-11%)
- Kiama township Dining & Entertainment category: -\$63,475 (-16%)
- Towns / villages excluding Kiama township: +\$116,640 (+18%)

Commentary: Although Kiama township experienced a lull in spending, the surrounding villages spend increased by 18%, indicating continued activity in other centres.

Observations:

- Spend in Kiama Township decreased by \$122,816 (-11%) in 2025 compared to 2024.
- Kiama Township dining and entertainment (category) spend declined by \$63,475 (-16%).
- Kiama Township's share of total LGA spend fell from 62% (2024) to 55% (2025).
- At the same time, total LGA spend remained unchanged between 2024 and 2025 (- 6,175 or 0.35%).

Important caveat:

These results describe observed differences only and do not identify causes or attribute changes to the New Year's Eve Sky Show. Other factors may have influenced spending patterns across the LGA.

Source: Spendmapp by Geografia