



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party **Proposal No:** C897-2
Date Referred: 6/12/2022 **Date Published:** 20/03/2023
Proposal Title: Return NYE to Being Free for Everyone
Cluster: Cross-Cluster

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)					-
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Balance:	-	-	-	-	-

Capital Expenditure					
Capital Offsets					
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	-	-	-
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Total State Sector Impacts

Net Lending/(Borrowing):	-	-	-	-	-
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Notes and costing assumptions:

The policy proposes to remove all ticketed costs to view the New Year's Eve (NYE) fireworks from various locations around the harbour from 1 July 2023.

The agencies affected by this policy fall into two categories:

- General Government (GG), including the Department of Planning and Environment (DPE) and the Royal Botanic Gardens and Domain Trust (RBGDT)
- Public non-financial corporations (PNFC), including Taronga Conservation Society Australia (Taronga) and Place Management NSW (PMNSW).

The policy assumes that the cost of the policy could be met within the existing budget for tourism and events promotion. Destination NSW is the lead agency for NSW tourism and other major events sectors. The PBO notes that the agency has an expenditure budget of \$422.2 million in 2022-23 and majority of its spending is on promotion and advertising. The agency's main sources of funds are grants from the Department of Premier and Cabinet and the Department of Enterprise, Investment and Trade.

Notes and costing assumptions continued:

The estimated annual cost to keep running NYE events only represents a small fraction of the agency's 2022-23 expenditure budget (approximately 1 per cent). The PBO considers it could be feasible for the policy to be funded within existing resources, however the PBO notes it would involve some scaling back of funding for promotion or advertising for other initiatives.

The total cost over the forward estimates is nil. Costs include foregone revenue of \$16.3 million offset by a small saving of \$324,000 from cancelling some goods and services that are assumed would no longer be offered when tickets become free. The PBO assumes that supplementary funding of \$16 million would be provided from existing resources to all affected agencies to offset any financial loss. For PNFCs, this supplementary funding is reflected as a grant (\$4.5 million) from GG.

A detailed cost breakdown is provided below, followed by key assumptions.

DPE (GG)					
<u>\$'000s</u>	2022-23	2023-24	2024-25	2025-26	4-year Total
Expenses		11			11
Less: Ticket revenue		-561	-564	-578	-1,703
Net operating balance		-572	-564	-578	-1,714
RBGDT (GG)					
<u>\$'000s</u>	2022-23	2023-24	2024-25	2025-26	4-year Total
Expenses					0
Less: Ticket revenue		-3,197	-3,277	-3,359	-9,833
Net operating balance		-3,197	-3,277	-3,359	-9,833
Taronga (PNFC)					
<u>\$'000s</u>	2022-23	2023-24	2024-25	2025-26	4-year Total
Expenses		-105	-108	-111	-324
Less: Ticket revenue		-547	-558	-569	-1,674
Grant revenue from GG		442	450	458	1,350
Net operating balance		0	0	0	0
PMNSW (PNFC)					
<u>\$'000s</u>	2022-23	2023-24	2024-25	2025-26	4-year Total
Expenses					0
Less: Ticket revenue		-1,016	-1,042	-1,068	-3,126
Grant revenue from GG		1,016	1,042	1,068	3,126
Net operating balance		0	0	0	0
Grant funding from GG					
<u>\$'000s</u>	2022-23	2023-24	2024-25	2025-26	4-year Total
Expenses		1,458	1,492	1,526	4,476
Less: Offset from promotion and advertising budget		5,227	5,333	5,463	16,023
Net operating balance		3,769	3,841	3,937	11,547
Total net operating balance		0	0	0	0

Key assumptions

Ticketed vantage points managed by DPE

- National Parks and Wildlife Service (NPWS) within DPE manages the following NYE sites: Bradleys Head, Clark Island, Goat Island, North Head, Shark Island and Strickland Estate.

Notes and costing assumptions continued:

- Foregone revenue is based on the three-year average attendance (pre-Covid) at these sites of 6,442 per year.
- There is no profit from NYE ticket sales. Ticket sales only cover salaries and other expenses to manage NYE sites, including waste management. These costs would still be incurred when tickets become free.
- Ticket costs are not indexed.
- Ticketing is applied to manage visitor crowds and cap capacity for safety reasons. If entry is free, a booking arrangement would still be required to manage crowds and safety. NPWS advised that a staff resource (Clerk 7/8) would be needed for four weeks to adjust the ticketing system in 2023-24 (immaterial cost of \$11,000).

Ticketed vantage points managed by RBGDT

- RBGDT manages the following NYE sites:

NYE site	Capacity
Domain – Fleet Steps South	1,305
Domain – Fleet Steps North	1,050
Botanic Garden – Bennelong Lawn	1,010
Domain – Tarpeian Lawn	3,000
Domain – Mrs Macquarie’s Point	9,000
Botanic Garden – The Calyx	345
Botanic Garden – Mare & Foal Lawn	3,000

- Foregone revenue estimates assume that event footprints remain similar to 2022.
- RBGDT earns a profit from NYE ticket sales. The profit is used to meet the cost of delivering its other responsibilities related to science, education and horticulture.
- RBGDT advised that it would require supplementary funding equivalent to foregone revenue so it could run similar NYE events and meet its other deliverables in line with the *Royal Botanic Gardens and Domain Trust Act 1980*.
- RBGDT notes that its service offerings are considered premium experiences, which may not be relevant to a general audience. Should tickets be free, RBGDT may need to review its service offering to suit a general audience. This may mean cancelling events at locations with very limited capacity like The Calyx.

Ticketed vantage points managed by Taronga

- Taronga’s vantage points for NYE are the Harbour view lawn (diamond seating for 100 people), the Bird Show amphitheatre (gold seating for 800 people) and the Concert lawn (silver seating for 1600 people).
- Costs would still be incurred for staff and security, cleaning, lighting, infrastructure and ticketing. Some ticketing system would still be required to manage capacities at each vantage point.
- Savings of \$324,000 would be generated because it is assumed that the following would no longer be provided: hampers and gift bags for diamond ticket holders, evening entertainment, and shuttle buses to and from Spit Junction in Mosman.
- Taronga earns a profit from NYE ticket sales. The profit is transferred to Taronga’s Foundation, which raises funds to support Taronga’s conservation and capital projects. For Taronga to be able to keep delivering NYE events, at the same time deliver its planned projects, supplementary funding equivalent to the amount of foregone revenue, less the \$324,000 avoidable expense, would be required. This is reflected in the costing as a grant from GG to PNFC.

Ticketed vantage points managed by PMNSW

- PMNSW manages the following NYE sites:

Notes and costing assumptions continued:

NYE site	Capacity
Hickson Rd Reserve	1,500
Campbells Cove	3,200
West Circular Quay	15,000
East Circular Quay (currently no charge)	22,000
Dawes Point Park (currently no charge)	6,000
Barangaroo Reserve	10,500
Darling Harbour (currently no charge)	18,500

- Foregone revenue forecasts assume that event footprints remain similar to 2022.
- NYE ticket sales for PMNSW recover approximately half of the total cost to deliver events in the above locations. The remaining half is met from within existing budgets.
- PMNSW assumes supplementary funding is provided so it can continue delivering NYE events. This is reflected in the costing as a grant from GG to PNFC.