

# TOURING BUDGETS: A beginners guide

You've figured out where you want to play, when you want to play and who you'd like to play with. Once you have pencilled in the tour dates with venues – and before you confirm them – it's time to do a budget.

A budget can show you how much money you are going to potentially make or lose. It's important to see if shows are going to work out financially – if one of the gigs that you want to do is going to cost more than you can realistically make, then is it a show worth doing? You then need to weigh up the benefits of playing the gig – money is not the only reason to play a show. You may feel that it is an 'investment show', ie. there is a potential audience in that town for your kind of music and you will make the money back next time.

Check out the Tour Budget Example on the next page.

It looks like the Dunedin show is worth doing anyway, because the artist could easily go through Dunedin on their way from Queenstown to Christchurch. They will be spending money by being on the road (staying in a motel with a rental van parked outside), and the actual loss at this stage is due to a 10% contingency built into the costs and the management commission – which may get smaller, depending on the income from the Dunedin show. They also have guarantees for the other South Island shows, so they know they are not going into an overall tour deficit by playing the gig. Therefore, the Dunedin show is worth the risk.

The Auckland show is going to lose money too – mainly because of extra advertising costs and presenting a good level of production. You might consider that Auckland is an important show to play for 'the industry' and generating media interest for your band. So, you would look at Auckland an 'investment show'. But, Whanagarei isn't looking too good from any angle this time round. The production and advertising expenses are high and to try and keep accommodation costs down, the band is driving back after the show – which is generally not the safest option on any tour.

The band is left with two options – try and cut the expenses for the show, without being so miserly with the promotion that no one knows they are playing, or they can cancel the show. If they do decide to scratch the gig, then it's important to remember which costs were spread nationally, (ie. A magazine ad that cost \$975, with that expense spread over the four gigs it was promoting) and adjusting the overall budget accordingly.

Two last things – Contingency is really important. It will cover you for the blown tyre, the missing bag of guitar strings and maybe the double booked motel that means you are forced to stay at the Parkroyal for the night etc. Don't bank on it being there at the end, but if you have contingency left over it makes a great post-tour bonus! The other important thing is GST. Remember the more profit you have, the more GST you will have to pay – so figure it out before you blow your tour profit on that recording session! If you want to know more about being registered for GST, have a look at <http://www.ird.govt.nz/gst>



## TOUR BUDGET EXAMPLE

INCOME:	GENERAL	QTWN	DUND <i>180 @ \$15</i>	CHCH	WGTV	AKL <i>220 @ \$15</i>	HMLT <i>180 @ \$15</i>	WHNGR <i>200 @ \$15</i>	TOTAL
GUARANTEES		\$3,937.50		\$3,375.00	\$4,500.00				\$11,812.50
SPONSORSHIP	\$1,350.00								\$1,350.00
DOOR INCOME			\$2,700.00			\$3,300.00	\$2,700.00	\$3,000.00	\$11,700.00
<b>TOTAL:</b>	<b>\$1,350.00</b>	<b>\$3,937.50</b>	<b>\$2,700.00</b>	<b>\$3,375.00</b>	<b>\$4,500.00</b>	<b>\$3,300.00</b>	<b>\$2,700.00</b>	<b>\$3,000.00</b>	<b>\$24,862.50</b>

  

EXPENSES	GENERAL	QTWN	DUND	CHCH	WGTV	AKL	HMLT	WHNGR	TOTAL
Accommodation	-\$500.00		-\$200.00	-\$140.00	-\$228.00	\$0.00	\$0.00	\$0.00	-\$1,068.00
Ground Transport	-\$480.00		-\$160.00	-\$160.00	-\$160.00		-\$160.00	-\$160.00	-\$1,280.00
Internal Air Travel									\$0.00
Petrol	-\$100.00	-\$80.00	-\$80.00	-\$80.00	-\$20.00		-\$60.00		-\$420.00
Venue Hireage									\$0.00
Door Person			-\$60.00			-\$60.00	-\$60.00	-\$60.00	-\$240.00
Sound Production			-\$480.00			-\$1,012.50		-\$1,012.50	-\$2,505.00
Lighting Production						-\$375.00	-\$180.00	-\$281.25	-\$836.25
Freight & Trucking									\$0.00
Catering & Riders			-\$50.00			-\$150.00		-\$50.00	-\$250.00
Support Bands			-\$100.00			-\$200.00	-\$100.00	-\$200.00	-\$600.00
Crew Wages		-\$350.00	-\$175.00	-\$175.00	-\$175.00	-\$175.00	-\$175.00	-\$175.00	-\$1,400.00
Per Diems	-\$250.00	-\$250.00	-\$125.00	-\$125.00	-\$125.00	-\$125.00	-\$125.00	-\$125.00	-\$1,250.00
Artwork	-\$459.00								-\$459.00
Print Media			-\$243.75			-\$243.75	-\$243.75	-\$243.75	-\$975.00
Poster Print & Place			-\$483.75			-\$506.25	-\$506.25	-\$506.25	-\$2,002.50
Radio			-\$337.50			-\$675.00	-\$337.50	-\$295.00	-\$1,645.00
Freight/Courier/Phone est	-\$500.00								-\$500.00
Management @ 20%	-\$270.00	-\$787.50	-\$540.00	-\$675.00	-\$900.00	-\$660.00	-\$540.00	-\$600.00	-\$4,972.50
Contingency @ 10%	-\$284.00	-\$146.00	-\$303.00	-\$135.00	-\$160.00	-\$418.00	-\$248.00	-\$354.00	-\$2,048.00
<b>TOTAL EXPENSES:</b>	<b>-\$2,843.00</b>	<b>-\$1,613.50</b>	<b>-\$3,338.00</b>	<b>-\$1,490.00</b>	<b>-\$1,768.00</b>	<b>-\$4,600.50</b>	<b>-\$2,735.50</b>	<b>-\$4,062.75</b>	<b>-\$22,451.25</b>

  

GROSS PROFIT	\$24,862.50
GROSS EXPENSES	-\$22,451.25
PROFIT/LOSS	\$2,411.25
<i>Less GST on Profit @ 12.5%</i>	-\$267.92
<b>TOTAL PROFIT:</b>	<b>\$2,143.33</b>