

# 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.**

In a basic sense, you want to list all the income you might realistically make, and then subtract all the expenses you will incur. It's a good method to break up your budget show by show, so you can see what the result will be for each gig and the overall tour. The most common way to do this is to have a column for the overall national expenses, and then a column for each individual show across the top of a spreadsheet. All the income and expense categories should be listed down the side.

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 other benefits – money is not the only reason to play a show. You may feel that it is an 'investment show', i.e. there is a potential audience in that town for your kind of music, and you will make the money back next time.

Sometimes you may want to spend more on advertising and presenting a good level of production – you might consider a particular gig is an important show to play for 'the industry' and/or generating media interest for your band. So, you would also look at this as an 'investment show'.

Additionally, there could be logistical reasons for a gig. If you need to drive through, or near, a town on route to the next show anyway, often it would be better to play than to be spending money by

being on the road (i.e. staying in a motel with a rental van parked outside). And, it's good to always look at the overall budget, rather than everything being on a show-by-show basis. If you do decide to scratch a gig, then it's important to remember which costs are spread nationally, (i.e. flights from one end of the country to the other, or a national ad campaign) and adjust the overall budget accordingly.

Doing your budget at the planning stage gives you the ability to balance the risk in advance. You might decide to take a guaranteed show, just to have the peace of mind that the money will come in. You might also decide to undertake some cost cutting measure based on how your overall budget is looking – staying with friends or other bands for example. There is advice and tips on booking a tour in 'Taking Your Music On The Road' over on page 16.

Always including a 10% contingency, or 'incidentals', is really important. It will cover you for the blown tyre, the missing bag of guitar strings or the double-booked motel that means you are forced to stay at a five-star hotel for the night. 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>

So – have a look at your possible ticket sales, costs, contingency ... and hopefully you will be ready to confirm those pencils!

For related information and more, head to [nzmusic.org.nz/resources](http://nzmusic.org.nz/resources)

## Budget Items

Some areas you may want to include in your budget are:

### INCOME

- Guarantees
- Sponsorship
- Pre Sale Ticket Income
- Door income
- Merchandise Sales

### EXPENSES

- Accommodation
- Ground transport
- Internal air travel
- Petrol
- Venue hire
- Door/merch person
- Sound production
- Lighting production
- Freight & trucking
- Catering & riders
- Support bands
- Crew wages
- Per diems
- Artwork
- Print media
- Poster print & place
- Radio
- Social media ads/boosts
- Freight/courier/phone
- Management percentage
- Booking agent fee
- Insurance
- Contingency percentage
- GST