

Peregian Originals Financial Report 2011 - 2012

Peregian Originals has a reputation as a “free” event. Philosophically, we hold the view that all members of our community should be able to enjoy good quality entertainment with friends, family (and strangers) in a warm and welcoming atmosphere even if their financial situation makes donation difficult or impossible. Although we do not and cannot include a cover charge (and patrons can therefore attend without paying) there are substantial costs to running the event and meeting compliance with our permit. Peregian Originals is primarily funded by in-kind and monetary donations. We are currently striving to educate our patrons about the costs related to the event, with the aim to lift the average donation (through raffle tickets and/or donation) to \$5 per person. Where possible we ensure Peregian Originals is promoted as a ‘by donation’ event.

Background to financial management of Peregian Originals

The focus of Peregian Originals has always been music and community building; not money. During the early years running costs were not high, and nor were takings from raffle/hat collections. At some events a very small profit would be made, whilst at others raffle/hat takings were not quite enough to cover costs. Traditionally, both losses (for example, covering payment promised to bands and then additional costs as permit conditions increased) and profits (perhaps between \$50-\$150 in early years, up to \$300 following the 2009 protest) were absorbed by the event organiser. At times rumour and innuendo in some quarters have suggested that significant amounts of money were going to the event organiser. This is simply not true.

This means of ‘absorption’ arose naturally out of the event’s formation and growth. Financial responsibility for the event primarily lay with founder/event organiser, Jay Bishoff. The natural ebb and flow of takings averaged out enough that Mr. Bishoff was not, overall, personally losing money by continuing to run Peregian Originals. As the motivation for the formation, development and continuation for Mr. Bishoff has always been about creating a warm and welcoming atmosphere for the sharing of music and community, this was enough to sustain his work with the event.

Following the protests of December 2009, Council required that Peregian Originals be incorporated, which happened in January 2010 as East Coast Originals. The transition of this event from one being run by an individual to one being overseen by an incorporated association removes any perceived

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ability for the event to be run as means of generating income for personal gain. However, after a decade of the event being run one way, it has taken a period of transition to develop new practices that are in line with requirements for non-profit organisations. Mr. Bishoff's natural tendency to accept financial responsibility for the event he founded and developed has had to be redirected. Processes of operation have also had to be monitored and reviewed in order to adapt them within an organisational framework. This has been ongoing throughout the duration of the current East Coast Originals committee, and is now reaching the point of operational stability.

Traditional means of covering events costs

The raffle/hat method of financially sustaining Peregian Originals has developed and grown with the event. It is well recognised and supported by our regular patrons and raffle donors.

As much as possible, the aim has been to cover all costs for each concert with monies raised at that concert.

INCOMING

We aim to cover costs for each event with monies taken through the sale of raffle tickets for prizes drawn on the day and donations collected from 'passing the hat'. Many local businesses regularly support us with raffle prizes, as do businesses further afield. We also have excellent relations with a number of Sunshine Coast live music venues, and this is reflected by the regular donations of entry to other music events as raffle prizes. This spread of support is best demonstrated in sample raffle prize list, (from February 19, 2012):

3 x double concert passes to Donovan Frankenreiter (only available through giveaways and as prizes)	Sol bar (Maroochydore)
Concert Double passes	Joe's Waterhole (Eumundi)
\$100 Herbal Remedies	Medicine Room (Eumundi)
\$30 Sushi voucher	Sushi Wave (Peregian Beach)
\$25 Dinner voucher	Siam Spicy Thai (Peregian Beach)
\$25 Seafood voucher	Wahoo Seafoods (Peregian Beach)
\$25 Book voucher	Annie's Books (Peregian Beach)
\$20 Bistro voucher	Peregian Beach Surf Club
Book giveaway (Beyond the Road)	S. Sean Tretheway, local author
4 x double passes – Mind, Body and Soul Expo Community House	Peregian Beach

One regular contributor assists with \$300 per event.

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OUTGOING

In order to acknowledge skills, time and energy Peregian Originals seeks, where ever possible, to offer some payment to performers and key personnel. This is essential in order to guarantee the high standard and professionalism of Peregian Originals. We currently pay eight of our essential crew, although in all cases such payments fall well short of their usual professional fees.

Our regular outgoing costs are:

- Insurance
- Security
- Sound
- Portaloos hire
- MC (Master of Ceremonies)
- Traffic Management Plan (when attendance of 600+ is anticipated)
- Booking/event management
- Raffle co-ordinator
- Performers

Insurance and traffic management are both provided by professional businesses and we pay full rates.

Our current provider of portaloos meets our needs with a substantial discount. Personnel engaged in the running of Peregian Originals (security, sound, MC, booking/management) provide professional services at substantially discounted rates, with donated in-kind support. These people are essentially volunteers and any remuneration takes the form of expenditure reimbursement. In the case of our sound team payment also recognises that working in an outdoor environment next to the ocean contributes to accelerated wear and tear of equipment. Peregian Beach Surf Club provides in-kind donation of tents (including set up and pack up), free water to help patrons stay hydrated, sale of food and non-alcoholic beverages at the bistro and first aid if needed.

Our performers receive some payment (varying according to number of performers in a band, level of professionalism etc), but in many cases this amounts to little more than expenditure reimbursement. Performers with merchandise are encouraged to place it on sale, and this is where they are able to make a potentially decent income out of their Peregian Originals performance.

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Members of the East Coast Originals Inc committee do not receive any payment.

Even allowing for substantial in kind support, currently it costs us approximately \$2600 per event. This includes our minimum hire of 4 portaloos but no traffic plan. For events with attendances of 1000+ our costs exceed \$3000.

This model of managing running costs has developed organically with the event. It presents both advantages and disadvantages.

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">• It allows businesses to make small but valuable contributions as frequently as suits them.• It fosters ties between the event and businesses, both locally and further afield• We are able to offer good quality prizes to the value of \$600+ each event• Patrons are able to make financial contribution without spending large amounts of money - \$2 buys a raffle ticket• It highlights the 'community' nature of the event by involving businesses and patrons• Patrons are further able to actively participate in the running of the event by volunteering to sell raffle tickets on the day	<ul style="list-style-type: none">• It is impossible to predict, let alone guarantee that we will raise a specified amount on any given day.• If the event has to be cancelled part way through (eg. if rain starts during the afternoon) we are unable to meet that day's costs, meaning we are unable to take the financial risk on days where the weather forecast could go either way.• We are unable to pay anyone even a small amount on rained out days, although in some cases performers have incurred travel costs and for performers and crew alike other paid work may have been forsaken because of commitment to the event.• When raffle sales/donations are low we cannot cover costs and must make up that shortfall in other ways. Traditionally losses were absorbed by the event organiser, although this is no longer appropriate or possible.

Over the last twelve months the event has experienced two significant increases in costs. This means that despite the obvious benefits of this process we can no longer rely on the traditional raffle/hat takings as our sole way of funding the event.

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Accordingly, we have been developing sponsorship packages. Between our 7300+ Facebook followers, our newly-established website and an average regular attendance at our concerts of between 500-700 we are well positioned to provide our sponsors with significant exposure and visibility. This will be a key strategy in making the event financially sustainable.

Major changes in the last twelve months

Increased costs to comply with permit conditions

Under the conditions of the permit that was issued to us for events between April 1st, 2011 and June 30th, 2012 – currently extended until September 30th, 2012 – event organisers became responsible for the provision of portaloos. To satisfy requirements for up to 600 people we have to provide an additional four portaloos each event. If we can reasonably predict a larger attendance then we are required to provide more. Our base additional cost per event resulting from this condition is \$308. This includes a significant discount from our current provider, Hire-a-loo. Over the last year there have been numerous times where we have not been able to meet this cost out of takings on the day. In the event of cancellation due to weather we still have to pay for delivery and collection of the units. This is currently \$154 for four portaloos.

Our permit also requires that an approved Traffic Management Plan being implemented when we expect an attendance of over 600. This is an additional \$250 to our usual running costs.

For a community-run event funded through raffle/hat takings, this has presented a significant challenge.

The relocation of Jay Bishoff, event founder and organiser

Up until his relocation in January 2012 Jay Bishoff performed multiple roles in the management and running of Peregian Originals concerts.

- He has been, and continues to be, solely responsible for booking performers. Although this is done well in advance, we do experience last-minute lineup changes. This necessitates an intense period of re-scheduling and, depending on the prominence in the program of the canceling act, can be very time consuming. In some instances where pressing deadlines require new schedules to be worked out by phone rather than email it can also be costly.
- Mr. Bishoff was also the event's regular Master of Ceremonies, a role that grew naturally out of its origins, and also handled media and public relations.

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- Administrative processes of the event itself were also the responsibility of Mr. Bishoff.

Leading up to Mr. Bishoff's departure great care was given to defining specific roles and functions as much as possible, as well as streamlining general operation of the event. As it was both his wish and ours that Mr. Bishoff remained connected to Peregian Originals, he has continued in his role as Event Organiser. This comprises booking performers and promotion of upcoming events. It also necessitates a close working relationship with the team here. Because of the ease of online communications Mr. Bishoff remains active, visible and connected on social media, still taking responsibility for the release of each lineup and event promotion. Other duties were shifted elsewhere:

- We have a new, regular MC, who has an established history with the event.
- Administrative details of the event are largely handled by East Coast Originals
- Media (radio, television and print media) are currently handled here by Anita Sweeney, East Coast Originals president, although in the lead up to the Ordinary Meeting of Sunshine Coast Regional Council in June 2012, media still sought and received interviews from Mr. Bishoff.

The unavoidable appointment of a new MC to take over the role previously filled by Mr. Bishoff created another, regular running cost.

Recognition of Mr. Bishoff's work and services

Detailed examination of event operations since its inception led the East Coast Originals committee to conclude that Mr. Bishoff's 12 years of work and input needed to be formally recognised with financial recompense. This is currently in place as a 'Founder's Fee', which was implemented following his relocation in January 2012. Mr. Bishoff's contribution to the cultural environment of the Sunshine Coast is widely recognised in the community. We foresee this 'Founder's Fee' being an ongoing acknowledgement of his development of a highly efficient event model that continues to serve its community admirably.

Despite his relocation, Mr. Bishoff remains an integral part of our team, still holding the position of 'event organiser' due to his ongoing management of bookings and social media. In addition to establishing the 'Founder's Fee', we have also formalised recognition of the work performed by Mr. Bishoff as our Event Organiser with a 'per event' payment. This designated payment will be transferable with the role of Event Organiser. Currently, payment of these

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fees is dependent on the event running. When there is financial stability these will become fixed costs.

Formalising these roles and determining payment for them added substantially to the financial strain arising from Mr. Bishoff's departure. However, by doing so we have laid a clearer path into future financial operation.

Stabilising costs after Mr. Bishoff's departure

Given the intrinsic connection between founder, Jay Bishoff, and Peregian Originals, his departure was always going to be a milestone in the event's history. Many people watched to see if the event could even survive it. We have, however, clearly demonstrated that there is plenty of life in the event yet.

The resulting significant increases in costs initially presented a challenge. We have taken steps to cut costs where possible without comprising quality. Takings are now stabilising as our regular patrons strive to support our aim of generating \$5 per person through our raffle/hat.

In order to generate the funds we require - to have money in reserve to cover losses, to further develop our event, and to increase payment to performers/crew so that we are more in line with industry standards – we need to explore other options. These include attaining grants and cash sponsorships for operational costs and development of specific areas and programs, and further in-kind support where possible.

Cancellation costs

When the event is cancelled due to inclement weather some costs are still accrued. The base cancellations costs currently stand at \$200, although this will likely increase.

Over the next twelve months

The event is now stable in its operation and considerable effort has been taken to monitor and adjust traditional practices, particularly in relation to finances. It has been essential to track practices and gain a deeper understanding of how they have evolved with the event. Over the next twelve months we will strive to complete the transition away from an event funded primarily through raffle/hat takings with the personal financial backup of its founder, to one that has access to a broader financial base. We will:

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- Expand other avenues of income in addition to our raffle/hat takings during each event: online donations, grants, sponsorships, in-kind support, product development
- Build up enough funds to absorb days where takings do not cover costs
- Build up enough funds to cover one complete event, in order to facilitate running on days where weather is only mildly inclement (we currently cancel as there is a financial risk if we have a low turn out and therefore low raffle/hat takings)
- Seek an independent review of the Traffic Management Plan in order to develop something which both better suits our needs and reduces financial strain
- Gather appropriate 'responsible people' to manage separate fund, as required for us to attain Deductible Gift Recipient status and submit relevant paperwork to ATO
- Have accounts overseen by independent accountant
- Seek grants to assist with operational costs and development of certain key aims such as a children's program, multi-cultural performances and cross-cultural exchanges
- Seek cash sponsorships

Permit uncertainty seriously impinges on our ability to plan far into the future, to outlay large sums of money for operational requirements such as insurance, to produce predictable packages for potential sponsors, and to honour bookings with performers (which are necessarily made well in advance). It is essential for our financial sustainability that a smoother process of permit renewal is developed.

Summary of event costs/takings in the last year

Information is summarised in *Appendix A: Peregian Originals events costs & takings summary: July 2011 – June 2012*.

Total takings were **\$46, 520**.

Total expenditure **\$47, 235**.

Expenditure total includes ‘portaloos shortfalls’ totaling **\$715**, which were referred to East Coast Originals.

Incoming:

\$23, 015 from raffle takings over 18 events

\$20, 950 from hat takings over 18 events

\$ 2, 400 contributions from sponsor over eight events

\$ 155 from Jay to make up costs over two events

\$46, 520 TOTAL

Outgoing:

\$17, 270 for bands

\$22, 975 for wages

\$ 1, 790 to Jay (prior to formalisation)

\$ 3, 185 for portaloos

\$ 650 website payments

\$ 50 raffle books

\$ 715 shortfalls referred to ECO

\$47, 235 TOTAL

Peregian Originals owns no property.

A Minor Grant for \$2000 was received from Sunshine Coast Regional Council in September of 2011 to aid development of a Peregian Originals website. The website is now operational, and payment met. Grants are monitored by East Coast Originals Inc.