



EARTHCHECK

Caloundra Music Festival Business plan 2023-2026

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Project prepared for



Delivered by



EARTHCHECK

Disclaimer

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Executive Summary

Sunshine Coast Council engaged EarthCheck Pty Ltd to support preparation of a new three year business plan for Caloundra Music Festival (CMF) for the 2023-2026 period.

This Plan updates the 2017-19 business plan, (prepared October 2016), reviewing event delivery and performance, and governance arrangements, particularly in the context of COVID-19's impact on the event. 2020's event was cancelled, with a smaller-scale event being delivered in 2021 and 2022. And 2021

The refreshed business plan will inform Council's considerations regarding its support for the Festival during the 2023-2026 period.

The Festival

The Festival began in 2007 with the aim of developing a new iconic music festival that would deliver a range of social, cultural and economic benefits. Over 15 years, it has grown to become a significant economic driver, source of community pride and event showcase for the region.

Up until 2019, Caloundra Music Festival has thrived and continued to record year on year growth in attendances. Promoted under the tagline "Sun, Surf & Soul," the festival builds upon Caloundra's reputation as a family friendly destination, offering a diverse range of entertainment for residents and visitors. Developed and delivered by Sunshine Coast Council, the Festival is a celebration of music and art, centred around the spectacular ocean backdrop of Kings Beach.

With the intervention of COVID, which has had a significant impact on Australia's events landscape, now represents a timely opportunity to consider the future positioning and direction for the Festival.

Focus of the refreshed Business Plan includes:

- Refreshing the strategic objectives for the festival in terms of growth, economic and community objectives.
- Identification of the risk profile for Council, factoring in the operating environment for events
- Revisiting the operating model for the festival, to review opportunities and the most appropriate model going forward, including potential geographic expansion within region.
- Revisit observations concerning size and timing of the Festival, and related KPIs.
- Reviewing the operating model for the Festival.
- Budget planning (infrastructure and operations) to support sustainable Festival development and delivery.

The objectives of the previous Festival Business Plan, focused on continued growth of the event. The issues around Festival delivery and governance are well-understood, therefore a focused approach to preparation of the refreshed Business Plan has been taken, focusing on market review, event performance and delivery review and consultation with key stakeholders.

Recommended Strategic Directions

The CMF team are experienced in delivering the event, with operations evolving over a 15 year period. The team has been successful in achieving it's the previous business plan objectives – strong community support has been retained while growing attendance and economic impact. COVID intervened for a 3 year period, but now a refreshed direction is required regarding future direction. Direction for the event is at a crossroads:

1. A path of continued growth and maximising economic contributions.
2. Focusing on embedding the event comprehensively within the community and delivering its potential as a driver of arts participation and engagement.

CMF is an asset for the region but stakeholder views on the Festival are varied and strongly held. The key learning from market review and stakeholder feedback is that the rationale for Council investment has to be clearly made, with the event's vision and objectives restated. Key stakeholders need to be comfortable with the strategic decisions:

- Does CMF investment continue to be good value for money?
- Why are we investing and what community, environmental and economic objectives are being delivered through the Festival?
- Is direct Council ownership and delivery the most appropriate means of delivering benefits?
- How is region-wide benefit best achieved?

In answer to the first question, on value for money, the event in its current format would not be delivered by the private sector without subsidy – the mix of community benefit, location and economic objectives requires public sector support. Economic benefits are significant but communication of these benefits and the more intangible community benefits can be improved. A three day event with an attendance target of approximately 20,000-24,000 that appeals to communities and visitors provides the best opportunity to deliver an event that minimises annual investment requirements.

An economic growth vs community focus question does not require an either/or answer, but it is recommended that the potential of the festival is most effectively achieved by a subtle shift in the balance of Festival planning and delivery from a growth focus, toward embedding CMF as an event with strong economic outcomes and great community support.

There is commercial potential in the event which could be leveraged by delivery mechanisms outside direct Council control, however, the importance of the retention of a community component indicates that delivery is most appropriately retained in house during the next years of Festival operation. Even if delivery via a controlled arms-length entity is perhaps the optimal means of delivery in the medium term, it is likely that Council would continue to need to underwrite delivery of community outcomes.

The event is synonymous with Caloundra and should remain in its current location, however, the need to ensure region-wide benefit is understood. Positioning CMF as part of the region-wide Horizon Festival has merit in this regard, in addition to considering practical means of extending benefits to other parts of the region. Rather than changing the focus of CMF, there is potential to increase the emphasis on identifying new opportunities that other regions can explore if the Sunshine Coast is going to become 'famous for music' as part of its renowned lifestyle proposition.

The following recommendations are based on the approach set out above. The plan reflects the need for CMF to continually evolve.

Vision, Objectives and Positioning

RECOMMENDATION 1: A Revised Vision Statement for Caloundra

The Caloundra Music Festival will bring a diverse audience of local communities & visitors together to celebrate the best high quality music and Sunshine Coast culture & food. The Festival will generate sustainable economic benefits and showcase the Sunshine Coast's environmental credentials by aspiring to become the region's first net zero music event.

RECOMMENDATION 2: Revised Festival Objectives

The Caloundra Music Festival is a not-for-profit event celebrating the region's high quality lifestyle, sustainability & thriving creative industries. Successful implementation will achieve the following economic, financial, sustainability, community, cultural, and experience objectives.

Economic

- Be a driver for new and repeat visitation & extended stays in the Sunshine Coast, generating new expenditure and support for employment throughout the region.
- CMF will be a focal point, delivering a high quality festival, providing the opportunity to disperse visitors and the associated expenditure throughout the region, including other music venues.
- A focus on local, intrastate and interstate audiences should be retained.

Financial

- With its current mix of community and economic outcomes, delivering CMF as a cost-neutral event is an unrealistic expectation. CMF will aim to deliver a high quality music event for residents and visitors, where revenue-raising opportunities which are complementary to event objectives are used to offset costs where possible.

Sustainability

- The Festival will be a leader in embracing Sunshine Coast's high quality environment and way of life, aiming to become the region's first net zero music event by 2027.

Community

- The Festival will be a source of pride for communities, bringing families together to celebrate Sunshine Coast's culture & food. CMF will continue to work with community partners to ensure that affinity with the Festival continues to grow.

Experience

- The Festival will deliver unforgettable and engaging experiences for its customers, volunteers and event partners. A strong roster of artists and headliners are essential components.

Cultural

- The Festival's role as a showcase of Sunshine Coast culture and music at its best will inspire music to become embedded in the identity and experience of the Sunshine Coast.
- The event will be a showcase, providing opportunities for local artists, and will seek to support artist development, partnering with artists and educational institutions.

RECOMMENDATION 3: POSITIONING OF THE FESTIVAL

As reflected in the vision and objectives, Caloundra Music Festival's focus will be based on generating a balance of economic benefits to the region and providing a high quality event for local communities which adds to community well-being and local pride.

The DNA behind the Festival's positioning include:

- The King's Beach location is central to positioning and branding around 'sun, surf and soul.' Festival branding remains on-point.
- A family friendly vibe is central to curation and delivery of the event – informing the music mix, headline acts, and ancillary facilities and services for visitors.
- Authenticity – visitors can attend events anywhere. To leverage what's special about Sunshine Coast, the event will embrace the best of Sunshine Coast lifestyle – its food and unique culture.
- A focus on local performers, ensuring that local artists play a key role alongside national and international artists. The event will be a showcase for local talent.

RECOMMENDATION 4: MAXIMISING SUNSHINE COAST-WIDE ENGAGEMENT

Caloundra should remain the home of the Festival, however, more can be done to ensure that all Sunshine Coast communities are engaged in the event. Opportunities include:

- Rather than being positioned as a standalone event, investigate the opportunity to position CMF as part of a region-wide arts and cultural program. If dates and curated content are complementary, investigate opportunities to be positioned as a flagship event in the Horizon Festival. An alternative option to support wider regional engagement is to consider reintroducing the Fringe Festival elements of the festival. Fringe events could be staged in locations around the region or at alternative times of the year.
- Continued focus on communicating the business tendering opportunities available to businesses across the region to help deliver the event.
- Working with arts and cultural partners, investigate the merits of the region being positioned as 'famous for music'¹. There is already a depth of live music venues and across the region which provide a meaningful cluster. Work in developing the concept would require its own business plan and feasibility assessment, however, potential is seen from both a marketing perspective and that of an initiative which feeds through to bottom-up participation.
- Investigating bookending CMF with artists playing at other Sunshine Coast locations provides some scope for regional extension.
- Seeking collaborative opportunities with music venues and events throughout the region, growing on initiatives such as providing CMF performance contracts to 2 winners from the Busking by the Lake Festival
- Further develop CMF's work with local schools and education organisation to support young performer/artist development:
 - Exploring opportunities to link formally into curriculums, providing opportunities for learning.
 - Exploring further partnerships with TAFE.
 - Building on the successes of Beerwah State High School's SURGE program to extend to all local schools. For instance; growing opportunities for students to participate in the Festival – providing interaction which supports health and wellbeing as well as performance skills. This activity can be year-around, albeit with CMF providing the focal point.

¹ Famous for music in the same sense that Gold Coast is famous for fun – its cluster of theme parks are complementary, not competitive

- Leveraging relationships with industry partners relating to the schools engagement program.

Event Timing

RECOMMENDATION 5: CONSIDER MOVING CALOUNDRA MUSIC FESTIVAL TO A NEW OFF-PEAK TIME IN THE CALENDAR

Subject to finding a gap in the calendar which avoids conflicts, test delivery of Caloundra Music Festival at a new time of the year outside peak visitation periods.

A new time in the calendar would potentially provide an opportunity to grow economic benefits through filling beds and generating expenditure when room occupancy and visitor levels are lower. An ideal window could potentially be earlier in September - spring timing also aligns with the end of the northern hemisphere's festival season, maximising the opportunity to secure international artists. Given busy events calendars – considering a new date in the final year of the upcoming three year business plan is the preferred option.

Event timing needs to be considered with care – ensuring that the 3 day Festival retains the best opportunities to attract visitors, while also maximising its role in delivering community benefits and a demand driver for new visits to the region. Multiday music festivals such as Woodford Folk Festival and Bluesfest tend to be located on long weekends and during school holidays to maximise ticket sales and delivery of objectives.

While moving the event has the potential to increase economic benefits associated with the event, constraints that will need to be considered before trialling a move in the calendar including:

- Availability of volunteers during non-school holiday times.
- Availability of the primary schools site for camping during term-time.

Event Scale

RECOMMENDATION 6: REFOCUS THE EVENT AS A HIGH QUALITY CURATED MUSIC FESTIVAL

Pre-COVID, the Kings Beach location maxed-out at approximately 33,000 visitors over 4 days. There are limited opportunities to grow further without detracting from experience levels and local amenity. While economic benefits have continued to grow alongside increasing attendances, the mix of community objectives and delivering a commercially appealing event have required ongoing net-investment from Council.

The 2021 event was delivered in the COVID period, over a shorter period (3 days), attracting approximately 16,000 visitors. Experience levels remained high, and the smaller event is better aligned with the infrastructure and confines of Kings Beach.

This model is recommended as the basis going forward – a 3 day event with a maximum target total attendance in the 20,000-24,000 range. This range provides the sweet spot in terms of balance between venue capacity and the scale needed to generate sufficient revenue.

Maximising Economic Impact

RECOMMENDATION 7: ACTIONS TO MAXIMISE ECONOMIC IMPACT FROM A SMALLER SCALE EVENT

Maximising economic benefits from a smaller scale event requires a mix of a focus on yield per customer, generating additional expenditure and minimising costs. Considerations include:

- A high quality event line-up, and overall program quality which generates local, interstate and intrastate ticket sales. Without this demand driver, community and economic outcomes will not be achieved,
- Continuing to build partnerships with local accommodation partners, growing occupancy in an off-peak period.
- Examining opportunities to grow average spend per customer during the event – high quality food and drink, added value/VIP experiences, ticket price points etc.
- Investigate bookending opportunities with artists to play gigs before and after the festival.
- Investigate Caloundra-wide opportunities to spread visitor activities and benefits beyond the festival fence – a day festival provides the best window to build performances in existing music venues or extend festival goers' access rights to other venues throughout Caloundra.
- Based on 2021 and 2022 economic impact estimates, a target of \$3.5m direct economic benefit to the Sunshine Coast region is an achievable target.
- Yield per customer is an increasingly important measure – a stretch target is to seek 5% year on year growth based on the 2021 performance benchmark.

A Focus on Financial Performance

RECOMMENDATION 8: BUILDING EFFICIENT FINANCIAL PERFORMANCE

Overall management of the Festival is strong and community/economic outputs are significant, however delivery of the event at a deficit requires value for money to be considered.

It was noted the 2021 event's pared back scale (3 days and approximately 16,000 attendees) was delivered with an improved bottom line, near the break-even point. However, financial performance for the 2022 event performance delivered a financial bottom line which was more typical of the previous 5 years' net operating costs.

Evaluating all circumstances, analysis indicates that achieving a break-even position for CMF when it has strong community focus rather than being an outright commercial event is unrealistic. Traditional avenues for festivals to maximise revenue i.e., alcohol sales are not appropriate for CMF.

As the basis for this KPI, a new three year funding agreement should be determined based on anticipated revenues from the smaller scale event, and the investment required to deliver a high-quality music festival alongside community-focused outcomes.

It is important to recognise that delivering a festival with community outcomes requires ongoing investment, which would not normally be part of a Music Festival business plan where there are only commercial or economic development objectives.

Other considerations include:

- A focus on increasing yield per capita for attendees - sponsorship and other non-ticket revenue remain difficult to generate.
- Continuing to seek an appropriate balance between cost, quality and reliability in contracted services.

Target Markets

RECOMMENDATION 9: REAFFIRM THE FESTIVAL'S TARGET MAKETS

Excluding 2021's COVID-impacted market, the Festival has formed an established profile of visitors at approximately:

- 50% from local communities
- 40% from elsewhere in Queensland
- 10% from interstate
- Similar numbers seen in 2022

This profile has resisted continued efforts to build interstate audiences further – the reality is that a music event now needs to have a major artist who is not playing elsewhere in Australia to shift this dial further. There should be a continued focus on attracting high spending, longer staying interstate visitors, however, the 10% threshold is a realistic target.

Other marketing considerations include:

- Maintaining the family-friendly vibe of the Festival and the established demographic mix based around families and older demographic segments.
- Capitalising on the re-establishment of route networks to and from Sunshine Coast Airport. Melbourne trade has experienced strong growth since markets re-opened and the new Bonza routes to regional destinations provide new opportunities.
- The New Zealand (VFR and leisure) market is expected to rebound quickest of the international markets
- Music industry partners and supporters of young talent. While small in number, there may be further potential in the context of the 'famous for music' concept.
- Sunshine Coast locals (and new arrivals in the region) are the largest segment. Repeat visitation is strong, therefore ticketing measures which encourage repeat/automated purchases/ membership/ friends of the festival concepts, continue to offer potential.

RECOMMENDATION 10: PREPARE AN UPDATED MAKETING AND COMMUNICATIONS PLAN

Based on the target markets outlined above the following additional or new marketing activities are recommend for inclusion in the 2023 period, in addition to the activities that have successfully driven ticket sales and awareness of the festival to date:

- An annual marketing plan with VSC, Sunshine Coast Airport, and local music and arts stakeholders.
- As the region's population continues to grow, prepare a locals marketing campaign developed in partnership with Council to target new residents with a 'What's On' program.
- Cooperative marketing with VSC, and the Airport on campaigns where the timing and delivery suits inclusion of the festival as a package option.
- Continued engagement with local media (as sponsors and advocates).
- Deeper engagement with cultural and arts partners, to leverage potential positioning as part of the Horizon Festival, or via a re-energised Fringe Festival. Delivering CMF as part of a broader arts festival has merit, however a key consideration will be ensuring a comfortable strategic fit, and that mutual benefits are available.

Environmental Sustainability of the Festival

RECOMMENDATION 11: CONTINUE TO BUILD THE FESTIVAL'S SUSTAINABILITY CREDENTIALS AND ASPIRE TO BE THE REGION'S FIRST CARBON NET ZERO MUSIC EVENT BY 2027

Excellent progress has been made in building sustainability as an integral part of event delivery; however, market expectations continue to evolve – customers are becoming more demanding in terms of their expectations and policy requirements are also expected to progress further over the next 3 to 5 years. Council is also expected to be a leader in demonstrating its sustainability credentials.

The next stage for the Festival is to manage its policies and be in position to measure its water, energy, waste, and visitor activities – these are the building blocks for being able to determine carbon emissions. If CMF is to be able to position itself as carbon net zero, having these measures in place are an essential first step. Other considerations in the journey towards net zero include:

- Building in communication with customers as part of the plan.
- Being transparent about the methodology and processes applied to any sustainability statements – third party auditing or verification is a consideration.
- A climate mitigation plan, led by initiatives to minimise impact.
- Thinking about offsetting options - whether Council invests in the offsetting costs or seeks voluntary contributions by visitors. Added value can be generated by the offsetting project being locally based.
- Having business cases and costings pre-prepared in the event of external grant application opportunities being available is a practical step to take.

Festival Infrastructure

RECOMMENDATION 12: TARGETED INVESTMENT IN NEW INFRASTRUCTURE THAT BUILDS IMPROVED EFFICIENCY IN EVENT DELIVERY AND IMPROVED VISITOR EXPERIENCE

If the recommendation to reduce the scale and duration of the event with a reduced maximum attendance to 20,000 is accepted, some infrastructure pressure on the King's Beach site will be eased, however continued investment is required. Infrastructure considerations include:

- Taking a longer term (Olympics) perspective towards upgrading multi-purpose events infrastructure at Kings Beach.
- An upgraded stage main stage set up and back of house areas are priorities.
- Continued investigation of technological advance to aid delivery and experiences provided - ticketing technology and security can continue to be improved. Application of AR/VR experiences are also now being integrated into event delivery.
- With a smaller scale attendance, there is a renewed focus on building yield from customers – high quality set ups for food and beverage areas will be increasingly important
- Having business cases and costings pre-prepared in the event of external grant application opportunities being available is a practical step to take.

Curation and Content for CMF

RECOMMENDATION 13: CONTINUED EVOLUTION OF THE EVENT TO MEET COMMUNITY AND MARKET DEMAND

The new vision for the Festival evolves positioning to re-emphasise the importance of engaging Sunshine Coast communities while continuing to offer music-based experiences which attract visitors. Event research has demonstrated that an estimated 1025 people have moved to the Caloundra region (4551 postcode), citing the Festival as a reason for doing so – CMF is seen as a reflection of what makes the region an attractive destination to live and work as well as visit.

A smaller investment in the artists line-up for the 2022 event, was seen as a contributing factor behind the lower than expected ticket sales, alongside the change in (last minute) ticket buying habits by customers, and poor weather on the weekend.

Considerations in delivering community and economic outcomes include:

- Within what will be a volatile events market over the next three year period, a higher volume of international touring artists are expected. The Festival should continue to invest in a strong program and artists line-up as a pre-requisite for success.
- While a wholesale change from a traditional 'fenced' festival is not recommended, explore ways to extend the event into existing Caloundra music venues. Extending event pass rights/revenue sharing may provide new development opportunities.
- Music tastes evolve constantly therefore the line-up for the Festival is an annual consideration, however, the eclectic family friendly mix which CMF has become known for continues to be pertinent.
- The Festival has built a strong program of community engagement in terms of delivery/partnering opportunities, and fund-raising. This focus should be retained, but with added emphasis on local musician participation.
- Build deeper relationships with arts and music partners. Investigate the opportunities to establish marketing and communication around the Sunshine Coast being 'famous for music.'
- Stakeholder and customer satisfaction levels remain suitable as KPIs.

Governance and Organisation

RECOMMENDATION 14: CONTINUED DIRECT DELIVERY BY COUNCIL AS THE MOST APPROPRIATE SHORT-TERM GOVERNANCE MECHANISM

In the short-term, the refreshed Festival vision and objectives are best served by retaining current delivery and governance arrangements from within Council. This suits the requirements of an event that has economic and community objectives.

There is commercial potential in the event which could be leveraged by delivery mechanisms outside direct Council control, however, the importance of the retention of a community component indicates that delivery is most appropriately retained in house during the next years of Festival operation.

Even if delivery via a controlled arms-length entity is perhaps the optimal means of delivery in the medium term, it is likely that Council would continue to need to underwrite/invest in the delivery of community outcomes.

RECOMMENDATION 15: INVESTIGATING ARMS-LENGTH DELIVERY OF THE FESTIVAL AS THE PREFERRED MEDIUM-TERM GOVERNANCE SOLUTION

In normal circumstances, a larger scale music event, is more likely to have its objectives met by being delivered by private enterprise – it is accepted that the varied roles performed by Council bring limitations in terms of risk-taking, commerciality and innovation. A council-controlled arms-length entity provides a suitable middle ground of public sector ownership being retained but with freedom to operate in a commercial manner.

It is recommended that Council investigates the feasibility introducing this management approach by the end of the business plan period (2026). Given that Council uses this type of mechanism to manage Caloundra Events Centre, part of feasibility assessment could consider potential economies of scale available from CMF event management potentially being incorporated into its remit.

The open market can still be evaluated for private enterprises to come forward to manage the event, however the requirement to deliver community benefits is likely to limit appeal without ongoing Council involvement or investment. Nonetheless, contracting with a private entity to deliver certain services as part of the event is also a reasonably straightforward approach.

RECOMMENDATION 16: CONTINUE TO BUILD PARTNERSHIPS WITH LOCAL MUSIC INDUSTRY PARTNERS

CMF has made significant strides in building relationships with local music industry partners including:

- Mooloolaba Music sponsored the festival in 2021 and 2022, through support stage management, technical production management and artist programming.
- Partnerships with other festivals including Busking by the Lake.
- Partnerships with local music venues including Kings Beach Tavern providing after-show entertainment, Norton Music Factory providing rehearsal space, and all local venues have been offered the opportunity to promote their live music program via the CMF app.
- Partnering with Beerwah State High School's SURGE program.

Regardless, a negative general characteristic of direct public sector delivery, is that despite best endeavours to communicate and engage, it can be perceived by some as a closed shop, with limited opportunity to engage.

It is accepted that from time to time, Council's Festival team has to take management decisions that not all partners agree with, therefore some differences of opinion are inevitable, however there are further opportunities to grow the excellent industry links that already have been established including;

- Building on the successes of Beerwah State High School's SURGE program to extend to all local schools. Building a thriving local network of performers can support all local music industry partners.
- Opportunities to start a broader discussion/forum with music and live entertainment partners about how to develop the region's music industry.



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02 – Introduction

Business Plan Purpose and Context

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Up until the COVID pandemic disruption, Caloundra Music Festival has thrived and continued to record year on year growth in attendances. Promoted under the tagline "Sun, Surf & Soul," the festival builds upon Caloundra's reputation as a family friendly destination, offering a diverse range of entertainment for residents and visitors. Developed and delivered by Sunshine Coast Council, the Festival is a celebration of music and art, centred around the spectacular ocean backdrop of Kings Beach.

With the intervention of COVID, which has had a significant impact on Australia's events landscape, now represents a timely opportunity to consider the future positioning and direction for the Festival.

Focus of the refreshed Business Plan includes:

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- Identification of the risk profile for Council, factoring in the COVID operating environment.
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Business Plan Preparation

The objectives of the previous Festival Business Plan, focused on continued growth of the event. Overall objectives were met with the 2019 event attracting record attendances of approximately 33,000. The issues around Festival delivery and governance are well-understood, therefore a focused approach to preparation of the refreshed Business Plan has been taken, focusing on market review, event positioning, event performance and delivery review and consultation with key stakeholders.

03 – Context and Key Issues for the 2023-2026 Business Plan

Event Sector Trends

Event sector trends are an important context for preparation of the Business Plan. This section of the report provides a summary of key issues.

The impact of COVID

- COVID travel restrictions have had wide-ranging impacts on the event sector, reinforcing the high risk nature of event investment. Economic sustainability for many events has been further challenged by COVID, helping to reinforce the importance of the public sector's role in events.
- While governments have removed social distancing requires, hygiene, safety and confidence remain as a priority in consumers' minds. There is a likelihood that sensible visitor management measures will remain for events in the short term. Event safety is no longer an expectation, but a necessity - this may mean lower capacities in some instances, and the need for careful risk assessment as part of event planning.
- Despite the impact of COVID, event organisers and attendees are optimistic for the future.² In the short term there is pent-up demand for events and live experiences. International artists inability to tour over 2020 and 2021 has meant increased volume of artists touring Australia over the next 2-3 years. This may present opportunities for Caloundra Music Festival to secure artists which otherwise may not have been possible, but also present challenges regarding delivery of a distinctive event (other events are likely to have the same artists in their line-ups).
- Financially – scrutiny of event insurance and contracts are increasingly important in risk management.
- A sense of community is a clear trend in post-COVID events – connecting with local audiences is essential.
- Supply chains may be stretched over the next 2-3 years as the volume of events ramp up – components such as portable toilets, barriers and other key supplies may be difficult to source, and more expensive. Similarly, post-COVID workforce shortages may also be a consideration in some locations.
- Hybrid events (in-destination and digital) are highly likely to remain part of the model for business events and meetings but are also likely to play a role in music and other leisure events. An illustration of a musical hybrid event is the Celtic Connections festival that was held in Glasgow at the beginning of 2022. The event could be attended by people online as well as in person, although the number of in-person attendees was limited. The hybrid program spanned around 60 in-person concerts, several intimate filming sessions, an exciting digital offering and a number of talks and exhibitions, involving more than 500 artists.
- The impact of COVID has also contributed to behaviour change among customers, and increased risk for organisers. There has been an increasing trend towards last minute decisions to travel/purchase, leaving events at greater risk to weather conditions on the day. Volatile market demand, increasing numbers of touring artists/events, and supply chain costs have all

² Eventbrite, 2022

contributed to increasing sustainability challenges for many venues. For example, the NightQuarter's recent decision to close.

Increasing popularity of live music and festivals

Festivals have grown significantly in volume over the period that Caloundra Music Festival has existed – live music and touring has become an increasingly important part of musicians' business models, with digital music purchases now dominating music sales.

Event distinctiveness

In tandem with an increasing volume of live music and festivals, distinctiveness has become even more important - the ability to stand out in a crowded market is essential. This can be seen in a number of ways:

- High quality/local food and drink. In a recent Eventbrite survey of more than 5,000 festivalgoers, 80% of millennials had attended three or more food, wine, or beer events in the past year, and more than half of them consider themselves "foodies." 84% of food festivalgoers are likely to post pictures of food while at an event, demonstrating the importance of this component of event offerings.
- The introduction of non-music activities such as ideas/speakers into line-ups such as the UK's Kite Festival <https://kitefestival.co.uk/line-up/>.
- Diversified/VIP on-site accommodation offerings.
- Festivals which focus on distinct music genres.

Environmental sustainability

Environmental credentials have become an increasingly important part of how festivals present themselves to customers and sponsors. It is increasingly the norm for major international artists to be open about their event's sustainability credentials, from local sourcing, limiting the use of single use or non-recyclables, to off-setting carbon emissions.

Continuing communication with customers

One-off communication with customers when selling tickets is no longer enough – ongoing digital communication with an event's community is increasingly becoming the norm.

The power of events and their connection with place

The best events tap into what's special about its location and have the ability to help drive perception change. For example, events such as MOFO and Dark MOFO are seen as drivers in how consumer perspectives of Tasmania are changing, and Bluesfest is now inextricably linked with Byron Bay's vibe as a visitor destination.

Innovation

Recent data shows that AR is becoming a popular event trend, as augmented reality experiences are a more affordable and accessible alternative for many event professionals. Augmented reality event planning tools can be used for product demos, creating networking opportunities, entertaining an audience, engaging with virtual or in-person event attendees, and even creating interactive maps for events and venue tours. Moreover, augmented reality technology has become so advanced and readily available that AR apps can be used on most smartphones.

Implications of event trends on the 2023-2026 Business Plan

- The impact of COVID generates a series of short and longer term operational challenges and opportunities for CMF. COVID has helped reinforce the fragile financial nature of many festivals, which may serve to dampen commercial appetite to take on festival management.
- In a crowded festivals and live events market, creating and retaining distinctiveness is crucial.
- Continuing to have a strong connection to Caloundra and the Sunshine Coast is essential – retaining a sense of community will remain a key driver.
- Sustainability and the credibility of promises will become increasingly important – the ability to measure impact may be an increasingly important requirement.
- Standing still is not an option – innovation in events delivery will continue to be expected.

Stakeholder Perspectives

Interviews with a number of key stakeholders (Appendix 1) were conducted during preparation of the draft business plan, demonstrating strongly held but varying views on the role of the Festival and how it is delivered. These views were considered alongside stakeholder and community feedback on recent festivals. This section of the report provides a summary of key issues.

Timing of the Festival

- There was general consensus that if an alternative date can be found that supports strong ticket sales, that economic impact can be improved by moving the Festival away from the October public holiday long weekend - Caloundra is now busy at this time with occupancy among accommodation providers typically high.
- However, this decision needs to be balanced alongside event feasibility considerations – a three or four day event has an obvious fit with a public holiday weekend, and practical considerations outside school holiday periods such as volunteer availability and ability of the local primary school to provide space for camping.

A Desire for Region-wide Benefits

- The event is based in Caloundra and has a clear association with the town – the event's beachside location is accepted as a clear part of its distinctiveness; however, strong views were also expressed that a signature event of this type should also have a role in generating region-wide benefits.
- Event research³ has demonstrated that CMF generates a range of positive community affinity, benefits and linkages, including:
 - CMF inspires a sense of connectiveness among 50% of locals who attend the event
 - Inspires a strong sense of local pride – 62% of respondents (the highest of all Council-supported events surveyed)
 - Playing a part in persuading people to move to the Caloundra region – an estimated 1025 people have cited CMF as part of their decision.
 - CMF inspires local people to take up and continue making music.
 - CMF driver upward of \$3m in direct expenditure with local businesses.
- There are potential opportunities to physically spread delivery of the Festival by examining bookending opportunities – artists playing at other venues before and after CMF.
- There are a range of supply-chain benefits at the whole of region – there is potential for improved communication in this area.
- Delivery of a signature event such as CMF plays an important role in building the reputation of the entire region as a place that's 'famous for music.', and engaging with local performers, from schools upwards.
- There are potential opportunities to link CMF further with other Sunshine Coast communities by positioning it as a signature event as part of broader festival e.g., the Horizon Festival. Some stakeholders felt this was a potential opportunity. Alternatively, a further option to consider is reinvigoration of the Fringe, including opportunities for staging of Fringe events throughout the region.

³ Caloundra Music Festival: a community asset, November 2022, Sunshine Coast Council

- There was a desire for other parts of the region to have their own music events. The expertise gained from 15 years of CMF can be leveraged to support local destinations to establish their own events.

Avoiding conflicts of interest

- When CMF began, the event filled a gap in the market at a time of year where Caloundra wasn't at 100% occupancy – it created a new signature multiday music festival, however the wider region now has a range of festivals and events (Big Pineapple, Sandstone Point etc.). Care needs to be taken not to be in competition with other privately run events and music venues. It is noted however, that despite requiring a strong roster of artists to generate ticket sales, CMF's community focus is significant, making it quite distinct from mainstream music festivals which are typically focused on 18+ audiences.
- The point was made by a number of stakeholders, that as a rule, the bigger and more commercial the event has become, the greater the potential for commercial conflicts. A festival that had a larger focus towards community objectives was felt to have less potential to cause local conflicts of interest.

Partnerships and Engagement

- Opportunities to continue to build working partnerships with local and regional music industry partners. Engaging a broader range of partners in event planning and execution can assist with community engagement.

Positioning around Sun, Surf and Soul

- The branding and positioning around 'Sun, Surf and Soul' is still relevant for future of the Festival.
- If the event is to continue to thrive, its needs to continue to build and retain distinctiveness. Events such as Bluesfest, Woodford Folk Festival and Falls Festival have all been successful in a developing clear positioning and brand imagery.
- Music (as part of the creative industries and arts sector) was felt to be strong part of Sunshine Coast lifestyle. Being aspirational, the Sunshine Coast can become 'famous for music.' If this aspiration is followed through, a signature event such as CMF can play a key role in build profile/appeal for customers and as a means of driving local engagement and participation.

Innovation for CMF

- Stakeholders encouraged thinking about the entire music and night-time economy ecosystem in Caloundra. CMF can play an important role in these discussions.
- Some stakeholders encourage options such as delivery as a town-wide event (in existing venues and other sites) rather than a ticketed/fenced event. There was recognition that in this regard, the event doesn't need to be an 'either or' – the best festivals see visitors coming to destinations for the festival but then go and visit local venues. There are opportunities to continue working towards this type of model.

Considering Alternative Delivery Models

- The opportunity to consider alternative delivery model (to direct delivery by Council) was identified. Options included;
 - Delivery of CMF by an arms-length Council controlled entity.

- Seeking interest from the private sector or community groups to run the event.
- Despite COVID serving to highlight the financial risks of event delivery, relative to refreshed objectives for the event, it was felt that testing market interest during the next three year event cycle was sensible.

Financial Sustainability of CMF

- Despite a focus on maximising revenue and limiting costs over the past 5 years, the event has required a net investment from Council, which has typically been in the range \$250,000 to \$500,000 to achieve objectives.
- It is noted that the 2021 event's pared-back scale (3 days and approximately 16,000 attendees) was delivered with improved financial bottom line, however consensus is that that the unique post-COVID circumstances made this event a financial out-turn an outlier. The 2022 event performance delivered a financial out-turn which was more typical of the previous 5 years.
- Evaluating all circumstances, analysis indicates that achieving a break-even position for CMF when it has a strong community focus rather than being an outright commercial event is unrealistic. Key considerations include:
 - Using a flexible space, that requires bespoke set up, bump in and bump out generates considerable cost.
 - Even with a community focus, investment in a strong line up and headliners are essential – strong ticket sales are not achievable otherwise.
 - Core set up costs at King's Beach tend to be of a similar scale, irrespective of a commercial or community focus.
 - A community focused event that appeals to families and U18s and that does not have an overt focus on alcohol sales as a means of driving revenue, places significant limits on generating revenues which work towards break-even.
 - Strong commitment to community and environmental outcomes drive costs.

Infrastructure for the Future

- To aid efficient delivery it is likely that investment will be needed in key infrastructure such as the main stage and loading dock.
- The current King's Beach site has reached maximum capacity for the Festival - if further growth is to be accommodated a new site would be required.
- Any new infrastructure should be considered within the context of a space/multi-use facility for events. 2032 is still a decade away, but consideration of live-site and other requirements to deliver the Olympics are also a consideration for infrastructure planning.
- Consideration of technology needs – live stream and delivery of hybrid events may come into consideration in the short to medium term.

Future Direction of the Festival

- There were varying views from stakeholders on the relative importance of the Festival's community and economic/ tourism objectives. The balance of views from those consulted indicated a preference for a greater focus on community outcomes. However, there was acceptance that to deliver great outcomes for the community, investment is also needed in the line-up as a key demand driver.

- CMF has achieved great progress, working in partnership with Beerwah State High School's SURGE program, to support young artists and provide a professional performance platform. There is potential to extend benefits in this area, potentially working with TAFE and other local schools.
- Regardless of differing views on where the focus of CMF should be in the future, all agree that Council needs to have a clear rationale for its investment in the event. Consensus on a clear vision and objectives is essential as the basis for future investment.

Maximising Economic Potential of the Festival

- Some stakeholders felt that further economic benefits could be achieved by engaging the private sector to run the event, or via a Council-controlled arms-length organisation. It was understood however, that if the event was delivered commercially by a private entity, the event would have a different character – typically line-ups and opportunities to maximise alcohol sales are key characteristics. If the commitment to strong community components are to be retained under this type of mode, it is likely that Council would need to continue to underwrite these elements.

Implications of varying stakeholder perspectives on the 2023-2026 Business Plan

- There are a range of strongly held views on the Festival, ranging from making a case based on current delivery mechanisms to a belief that the event has served its purpose and resources should focus on delivering benefits to the music industry and the night-time economy via different means.
- Council has been successful in achieving its objectives for the Festival, with attendance and economic benefit growth continuing to 2019, however, the COVID period has provided a natural break, and now provides the ideal to determine future direction. The event is at a crossroads in its future direction, with varied views on whether the focus should be on continued growth and economic impact or refocusing as a community-focused event.

Event Governance and Delivery

The Festival is owned and directly managed by Sunshine Coast Council. Whilst still a publicly funded event, the Festival’s significant growth and success has placed it in a unique position when compared to other events supported by Council.

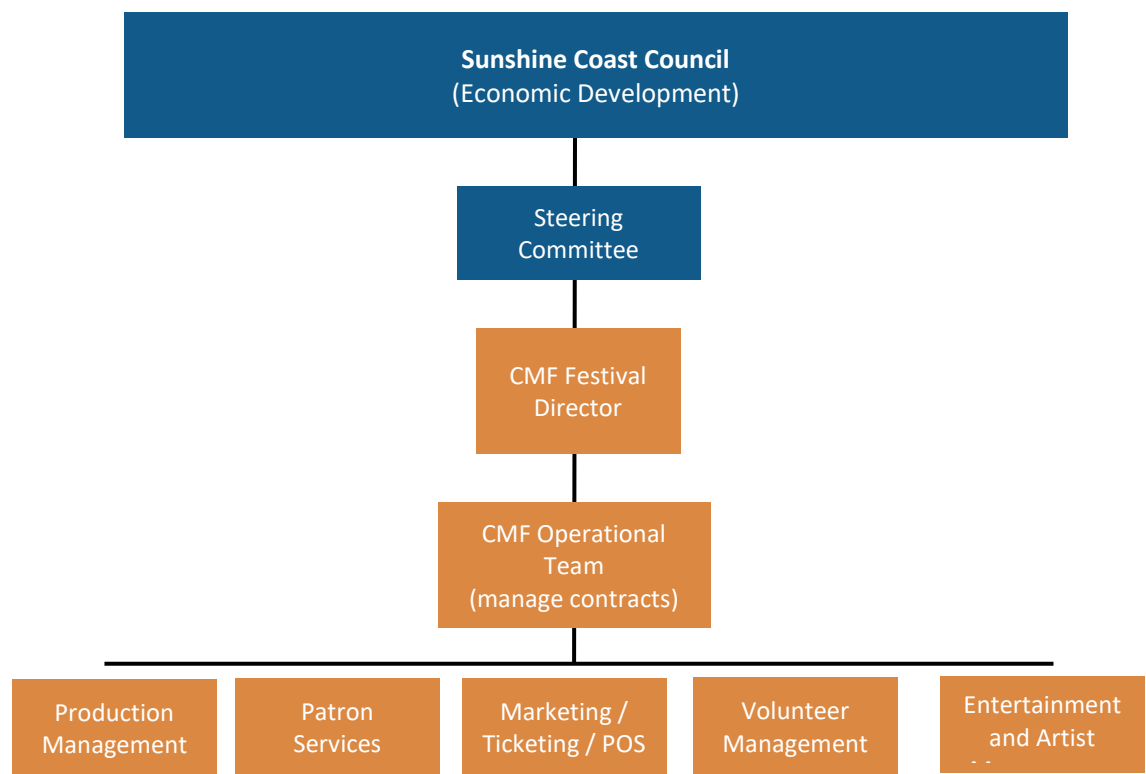
Due to its economic significance, operation of the event is standalone and sits within the Economic Development Branch of Council (see Figure 1 below).

The Festival is managed by a Festival Director with oversight provided by an event-specific Steering Committee. The delivery team also play an important role in support for other events in addition to CMF. Support for the Festival’s operation is also provided by Council’s procurement and finance teams.

A Volunteer Creative Planning Committee, drawn from key stakeholders is assembled each year to assist with design and planning aspects of the Festival.

As the Festival moves towards delivery, contractors and volunteers are recruited to the workforce. An operational team of volunteers and paid contractors play essential roles in delivering services and essential functions during the Festival.

Figure 1: Festival Governance and Delivery Structure



The Festival is supported by business and operational plans and underpinned by a three year Council funding commitment.

Governance Options

The principle of 'form follows function' should shape governance and delivery arrangements i.e., management that is best suited to achieving the Festival's objectives. Figure 2 presents a range of options for consideration.

Figure 2: Governance Options Matrix

Governance Model	Positive Attributes	Limitations	Best for
1. Status quo – the current direct delivery model within Council	<ul style="list-style-type: none"> Continuity – an experienced delivery team Strong control for Council Financial certainty – underpinned by Council financial support Well suited to ensuring a broader set economic development and community objectives – an event that cannot be delivered solely on a commercial footing 	<ul style="list-style-type: none"> The necessary procurement and operating procedures required by public sector entities, can place limits on the flexibility required to maximise commercial opportunities. Public ownership requires the necessity of ensuring balance and taking a range of stakeholder perspectives on board – focus on objectives can be lost 	<ul style="list-style-type: none"> An event that retains a mix of community and economic objectives
2. Evolution of the current delivery model, but building wider engagement with local music and business partners	<ul style="list-style-type: none"> Continuity – an experienced delivery team Strong control for Council Financial certainty – underpinned by Council financial support Builds a broader base to potentially remove potential conflicts of interest Well suited to ensuring a broader set economic development and community objectives 	<ul style="list-style-type: none"> Public ownership requires the necessity of ensuring balance and taking a range of stakeholder perspectives on board – focus on objectives can be lost No guarantee of perceived conflicts of interest being removed 	<ul style="list-style-type: none"> An event that retains a mix of community and economic objectives
3. Delivery of CMF by a Council controlled arms-length organisation (either set up	<ul style="list-style-type: none"> Basis for a more focused economic growth perspective Not constrained by broader local 	<ul style="list-style-type: none"> The focus on growth/running a commercially focused event may generate conflict with some local partners 	<ul style="list-style-type: none"> An event focused on growth/ maximising economic impact

Governance Model	Positive Attributes	Limitations	Best for
specifically for the purpose or as part of the role of an existing entity such as Caloundra Events Centre)	<ul style="list-style-type: none"> government considerations -freed to take a focused approach for the festival Better positioned to run the event on a stronger commercial footing Potential for lower investment requirements from Council Overall Council control retained - a contract/ objectives can be specified 	<ul style="list-style-type: none"> Some loss of direct control for Council – may still be perceived as a Council event 	<ul style="list-style-type: none"> Potential for cost-effective delivery/ cost for public sector
4. The festival is run by the private or sector community – selected by EOI/ tender process	<ul style="list-style-type: none"> A means of Council exiting its involvement – the job has been done in establishing the event Any perception of conflict of interest is removed Not constrained by broader local government considerations -freed to take a focused approach for delivery of a commercially focused event 	<ul style="list-style-type: none"> Loss of control for Council Not suited to an event with community-focused objectives Potential for loss of community engagement/ feeling of ownership Unclear if there is a demand The ability for a private entity to use to public land for a commercial activity at King's Beach would need to be fully understood. If this were not feasible an alternative festival location would be a significant change. 	<ul style="list-style-type: none"> Being delivered as a commercially focused music festival Lowest cost for Council – it exits direct involvement

All four options outlined in figure 2 are examples of delivery arrangements that are utilized across the events industry. In considering appropriateness and viability, there are a number of issues to consider:

- Options 1 and 2 are within Council's direct control and ability to implement.
- Option 3 is also within Council's remit and scope to implement but would require broader consideration and business planning. Outsourcing the event to an arms-length organisation with specialist skills and freed of public sector constraints is an attractive option. It is potentially a cost-efficient delivery option; however, overall costs and feasibility would need to be considered.

- Option 4 is a viable exit strategy for Council if it feels that its job in establishing the festival is complete, and the private sector is better placed to run a music festival. Consensus from consultation with key stakeholders is that CMF has built up valuable IP over its 15 year lifespan which retains appeal to private operators, however full market testing would be required to understand if there is appetite for the private sector to take on the event. It is likely that there would be an expectation that Council continues to support the event in some manner – infrastructure, services etc. if a private sector partner is to step up.

Implications of governance options for the 2023-2026 Business Plan

- In overall terms, current arrangements work well and should be retained, however, there is a recognition that all viable options should be considered for the future. If community outcomes are to be retained, it is likely that Council would need to continue to underwrite these components, even if the event was operated on a contract basis/ more commercial footing.
- As previously noted, governance and delivery should respond directly to the vision and objectives for the Festival.
- If appropriate to vision and objectives, there could be a transition to new arrangements over the three year term of the business plan.

Caloundra Music Festival Performance

Since its development, the Festival has grown from a community cultural event attracting around 5,000 visitors to becoming a key signature event and economic driver for the Sunshine Coast Council region. In 2018 and 2019, the Festival attracted total attendances of 33,386 and 32,695.

The event has a location at King's Beach and established place in the calendar over the public holiday October long weekend.

For the purposes of this Business Plan, performance over the period 2016 to 2022 has been considered, taking in the COVID-impacted/scaled back delivery in 2021.

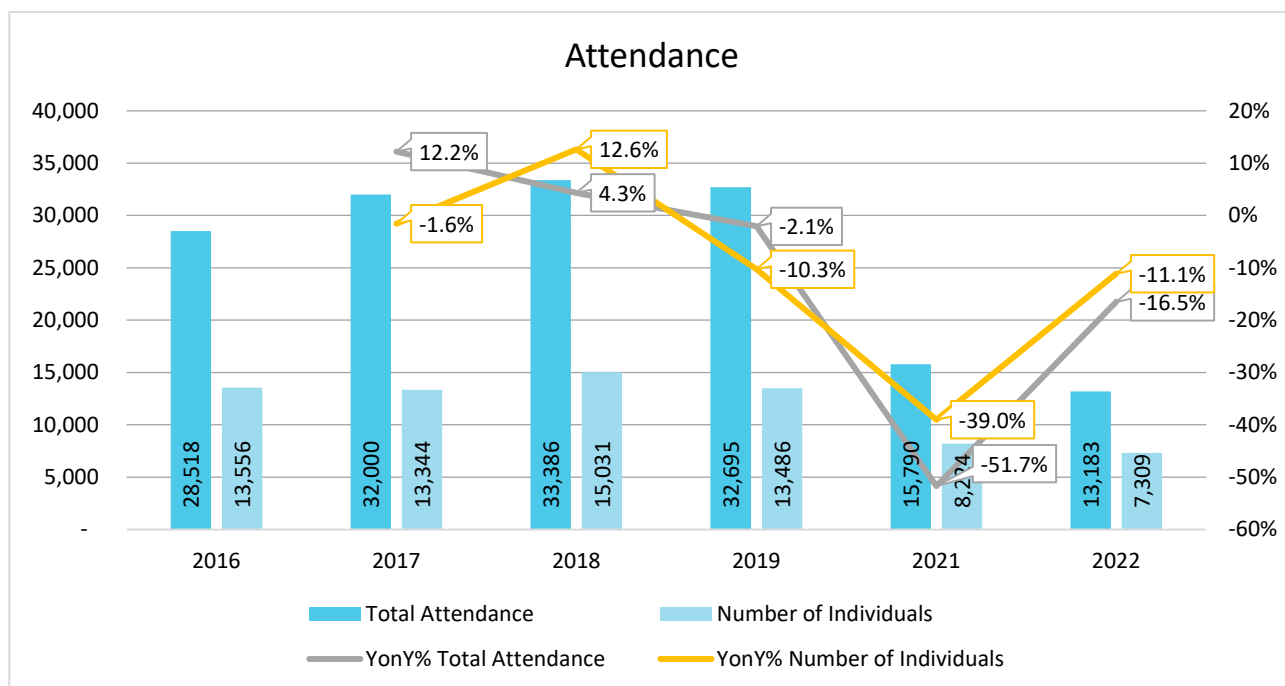
Attendance

As the festival is across multiple days, attendance is based on the sum total amount of people attended each day, while number of individuals is the number of unique visitors across the multiple days.

Both attendance and individuals peaked in 2018, with 33,386 and 15,031, respectively. This was a 12.6% growth in attendance and 4.3% growth in individuals from 2017.

Regarding the 2021 event, due to COVID-19 restrictions such as social distancing it was reduced to a three day event. Similarly, the 2022 event has also been delivered over a three day period. Both the 2021 and 2022 3 day events have had significantly lower attendances – 15,790 and 13,183 respectively.

Figure 3: CMF Attendance 2016-2021



A conscious decision was taken in 2022 to be less ambitious with the line-up and headliners (approximately 50% lower investment in the line-up). Feedback has indicated that in combination with poor weather at the weekend, the trend for later bookings, and strong competition from festivals and live performances, this

contributed to the lower attendances. Industry feedback also suggests similar feedback on the performance of many festivals held throughout 2022.

Figure 4: CMF Attendance/Total Number of Days 2016-2022

	2016	2017	2018	2019	2021	2022
Total Attendance	28,518	32,000	33,386	32,695	15,790	13,183
Number of Individuals	13,556	13,344	15,031	13,486	8,224	7,309
Total Number of Days	4	4	4	4	3	3
Average Days Attended	2.10	2.40	2.22	2.42	1.92	2.12

Implications of attendance performance for the 2023-2026 Business Plan

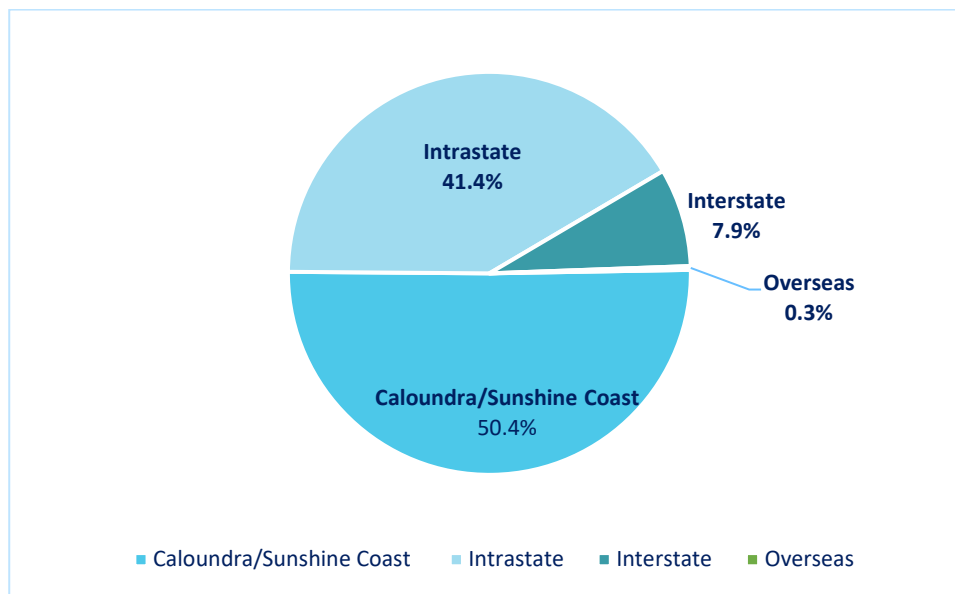
- In overall terms, CMF has achieved its growth objectives, with total attendance and number of individuals growing up to 2018.
- 4 days is the absolute maximum for length of festival, with 3 days perhaps providing the sweet spot in terms of logistics and demand.
- There is an opportunity to consider re-establishing the Fringe Festival as a means of spreading the impact of CMF – geographically, around the region, and in terms of timing of Fringe events across the calendar.
- Continue to build links with local venues and music businesses to grow town-wide engagement.
- If further growth in numbers of attendees is not desirable or practical at the Kings Beach site, other means of growing overall impact need to be considered including price of tickets, maximising in-region expenditure etc.
- 2022 highlighted the importance of a strong line-up and headliners to drive tickets sales (to local communities as well as interstate and intrastate visitors).

Origins of Visitors

Averaged out across attendees to the 2016-22 festivals⁴, approximately 50% of patrons were from the Sunshine Coast/Caloundra area, followed by 41% from elsewhere in Queensland, and 8% from interstate. International visitors make a small proportion of visitation at 0.3%. As would be expected, there are some year to year variations, however, visitation patterns have remained remarkably consistent over the 6 year period.

⁴ Based on 5 year rolling average (2016-2022 exc. 2020).

Figure 5: CMF Visitor Origins: Average 2016-2022 (excluding 2021)



	2016	2017	2018	2019	2021	2022
Caloundra/Sunshine Coast	53.4%	52.3%	52.3%	48.0%	46.8%	46%
Intrastate	38.6%	39.8%	40.1%	42.5%	52.1%	46%
Interstate	7.7%	7.4%	7.4%	9.2%	1.1%	7.8%
Overseas	0.3%	0.5%	0.3%	0.4%	0.0%	0.0%

Implications of visitor origins for the 2023-2026 Business Plan

- Local residents remain the dominant market (approx. 50% of the audience), with Queensland accounting for 90%+
- Despite renewed focus on attracting interstate visitors, the proportion remains static. Treating the COVID-impacted 2021 event as an outlier, interstate visitors have remained in the 7% to 10% range. Given the volume of festivals across Australia, attracting new visitors solely for the Festival is challenging – appeal of headline acts is a key factor.

Demographic Visitor Profile

Attendees are dominantly female at 76% on average. The average age⁵ for attendees is between 40-49 at 34%, with the next highest at 50-59 at 25%.

An additional survey was conducted during the 2019 and 2021 festivals on the age of attendees and whether they had children. In 2019, the majority of attendees had children living at home, who were over the age of 5, at 45%. In comparison to 2021 this demographic dropped to 34%. The majority of attendees in 2021 were over the age of 50 with no kids at home.

⁵ Data on age was only available from 2016 – 2018, therefore a 3 year rolling average was used.

Figure 6: CMF Visitor Demographic Profile 2016-2018

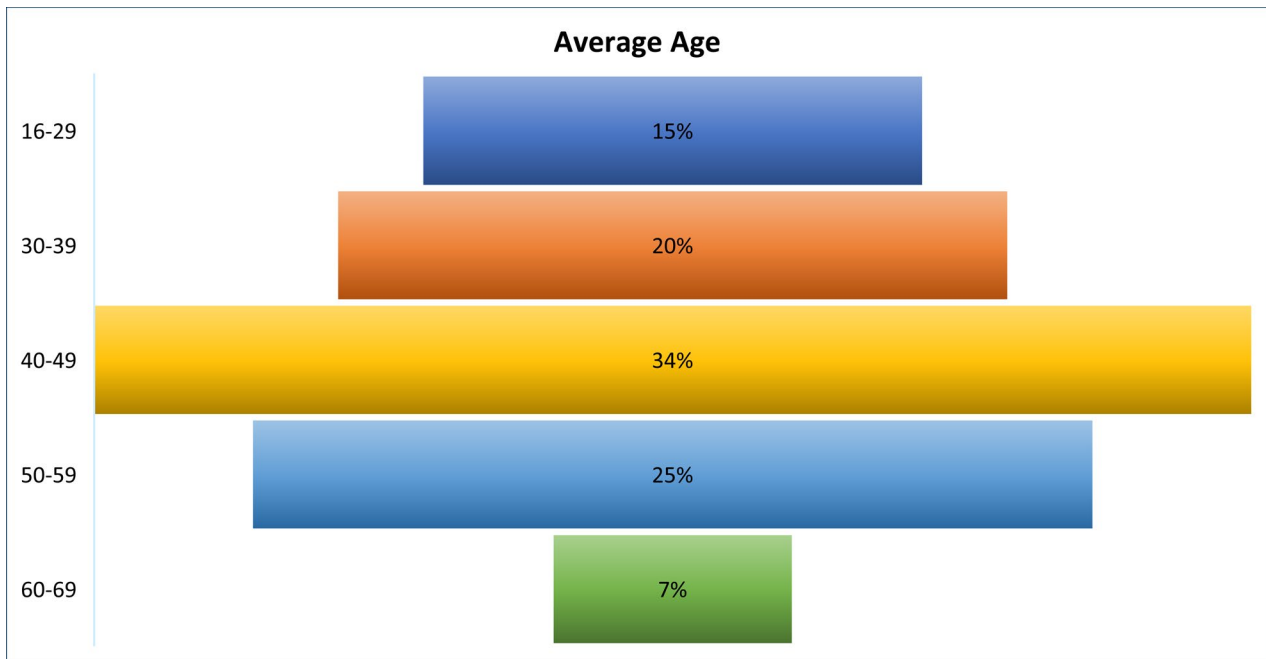
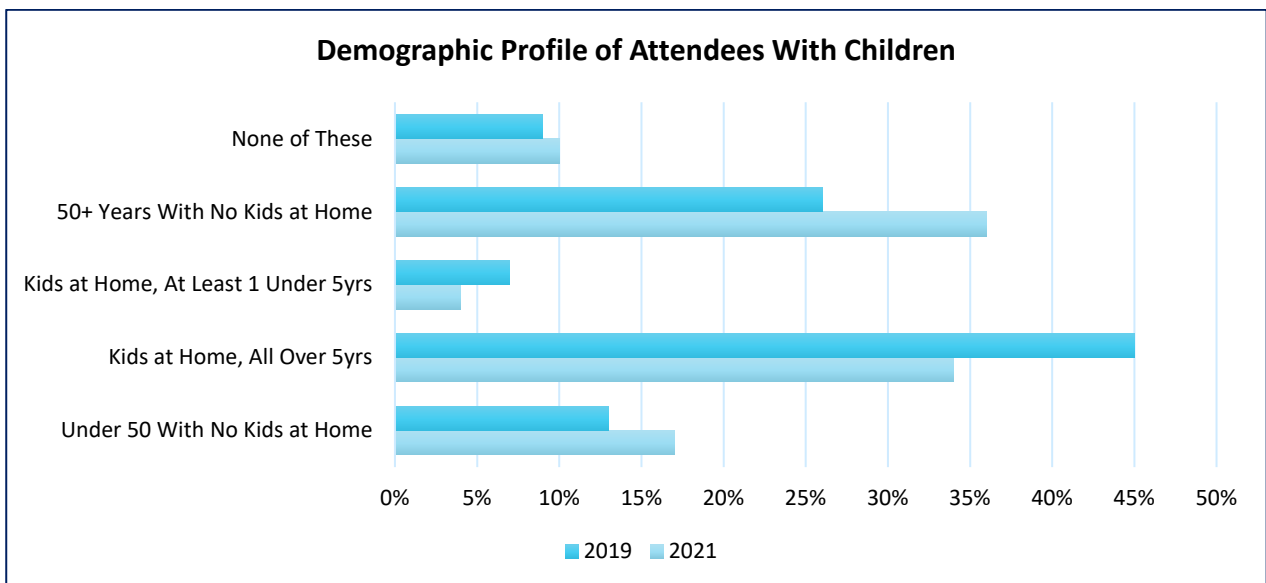


Figure 7: CMF Profile of Attendees with Children



Implications of the demographic for the 2023-2026 Business Plan

- The age profile for CMF is consistent, with older age groups being dominant
- 50+ couples/individuals with older kids at home is a significant segment
- Females are disproportionately important – over 75% of the audience.
- The consistent demographic profile is aligned with eclectic music line-ups and curation.

Economic Impact⁶

Economic impact of CMF is significant – with an average of 26,170 direct visitor nights generated over the 2016 – 2019 period. The shorter duration and the COVID-impacted nature of the 2021 event generated a lower number (15,651 nights).

Average daily expenditure and average length of stay (ALOS) (in common with overall visitor markets) is higher among interstate and international visitors compared with local (intrastate) visitors.

Figure 8: CMF Average Direct Nights Generated 2016-2019

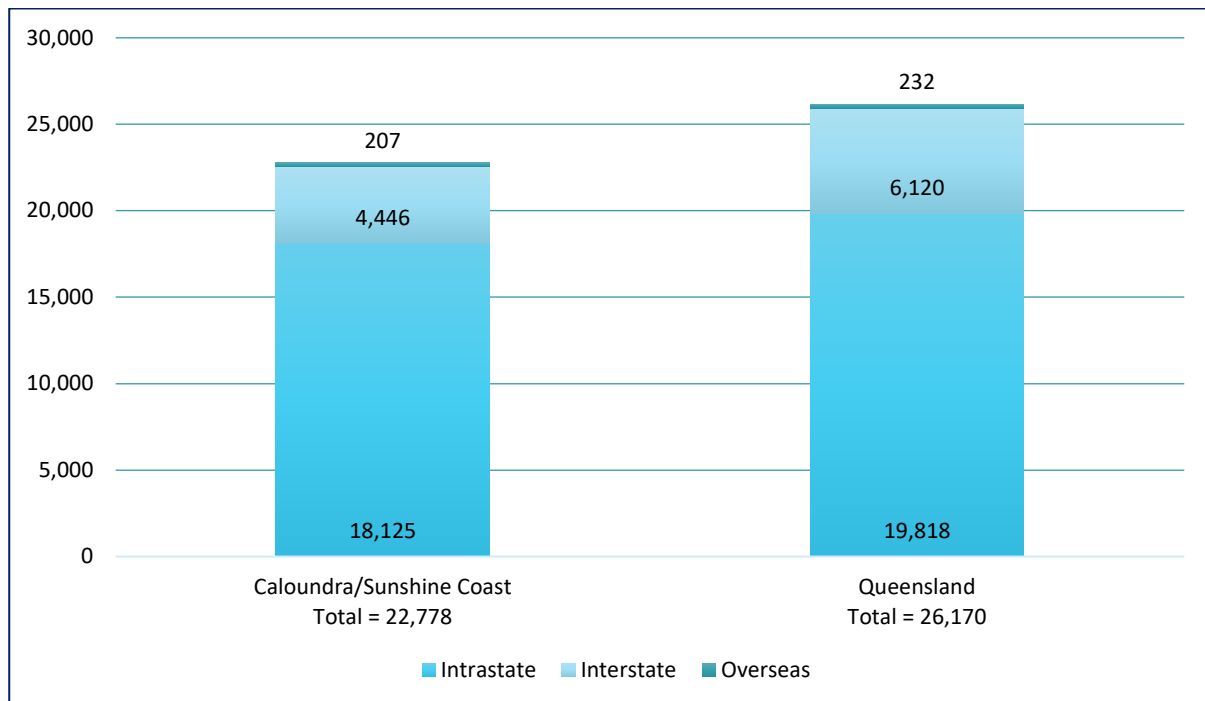
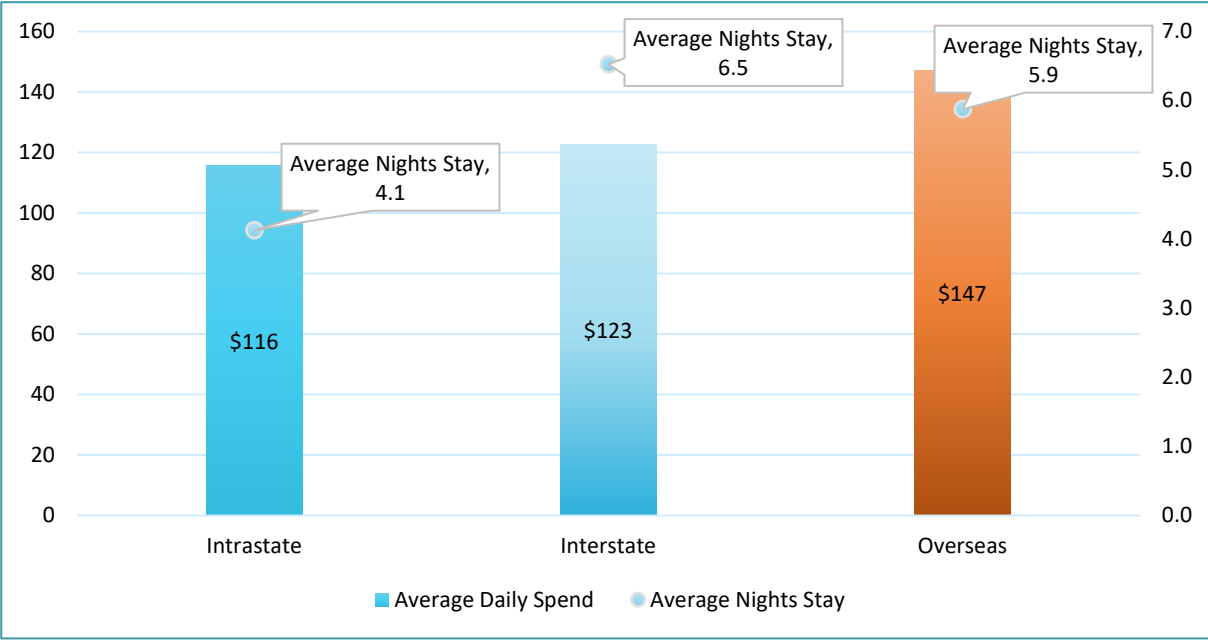


Figure 9: CMF Direct Nights Generated 2016-2021

Direct Visitor Nights							
	2016	2017	2018	2019	2021	2022	Average (excl.2021 and 22)
Caloundra/Sunshine Coast							
Intrastate	15,494	17,059	19,481	20,464	14,312	11,310	18,124.5
Interstate	3,645	4,121	4,592	5,426	231	2,370	4,446.0
Overseas	145	264	269	150		16	207.0
Total	19,284	21,443	24,343	26,041	14,543	13,696	22,777.8
Queensland							
Intrastate	17,577	18,165	21,794	21,736	15,143	12,093	19,818.0
Interstate	5,079	7,335	5,956	6,110	508	3,746	6,120.0
Overseas	196	281	299	150	-	16	231.5
Total	22,852	25,781	28,049	27,996	15,651	15,855	26,169.5

⁶ Rolling average of direct visitor nights has been used and calculated from 2016-2019 data only

Figure 9: CMF Average Length of Stay and Average Daily Spend of Visitors (2016-19)



Overall economic impact from the event is significant – in 2022, total economic benefit of **\$2,919,826** was generated for the Sunshine Coast. This figure is significant drop from 2019 (\$4,397,667), which had the benefits of approximately double the attendance over a 4 day period, nonetheless, the scale of economic benefits are significant.

Figure 10: CMF Total Economic Benefit for Sunshine Coast 2019

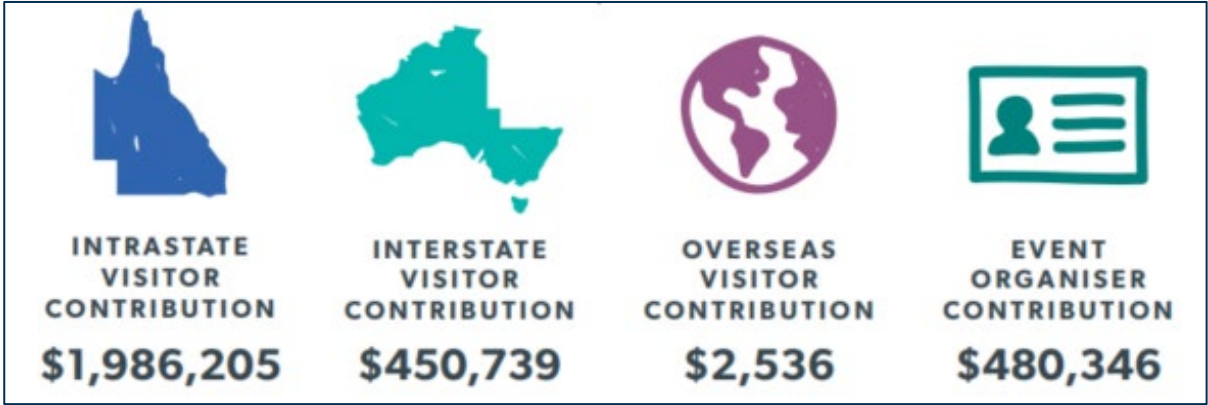


Figure 11: CMF Total Economic Benefit for Sunshine Coast

	2016	2017	Growth / Decline 2016-17	2018	Growth / Decline 2017-18	2019	Growth / Decline 2018-19	2021	2022
Intrastate Visitor Contribution	1,522,331	2,131,807	609,476	2,543,590	411,783	2,863,024	319,434	2,414,713	1,986,205
Interstate Visitor Contribution	368,931	497,665	128,734	696,502	198,837	829,033	261,365	9,759	450,739
Overseas Visitor Contribution	12,736	46,150	33,414	30,475	-15,675	33,214	2,739		2,536
Event Organiser Contribution	611,973	747,120	135,147	740,175	- 6,945	672,395	-67,780	603,105	480,346
Total Direct and Incremental Expenditure for Sunshine Coast	2,515,972	3,422,741	906,769	4,010,742	588,001	4,397,667	386,925	3,027,577	2,919,826

Implications of the demographic for the 2023-2026 Business Plan

- Overall economic impact is significant, with growth over the 2016-19 period driven by visitor expenditure contributions. Natural growth (with inflation etc.) could be expected to continue, however direct economic impact is likely to be at or near its peak in the current format.
- Expenditure for the 2021 and 2022 remains significant, but is lower, in line with the 3 day time period and lower attendances.
- Spreading economic benefit throughout the region is seen as important – from the role that CMF plays as a signature event in building attractiveness of the region as a whole, and from ensuring supply chain opportunities spread across the region. Concepts such as bookending the festival with artists also performing elsewhere may provide

Community Pride and Satisfaction

Annual event surveys have shown consistently high levels of agreement with the following statements:

- The Caloundra Music Festival adds to the appeal of Caloundra/The Sunshine Coast.
- Local residents should feel proud of the Caloundra Music Festival.
- Caloundra/Sunshine Coast region is a great location for the Caloundra Music Festival.
- The Caloundra Music Festival creates local employment.
- The Caloundra Music Festival generated tourism for Caloundra/The Sunshine Coast.
- The Caloundra Music Festival involves the local community.
- The Caloundra Music Festival improves local skills.
- The Caloundra Music Festival involves people from all walks of life.
- I would recommend Caloundra Music Festival to others Caloundra Music Festival is a great experience.

Recent research into the events sponsored by Sunshine Coast Council demonstrates strong community affinity, with CMF inspiring civic pride to a greater extent than the other events surveyed (62% of respondents noted that CMF inspired a sense of local pride).

Over the 15 years of CMF, many community organisations, schools and sports clubs have worked with the Festival to raise revenue under the categories of community groups/ charities, schools and local sporting clubs. CMF also engages local community groups as contractors to provide services to the festival while providing them with a platform to promote their organisation and message.

A particular element of community engagement to consider is CMF's 600-strong volunteer group – without their support, the event would not be financially viable.

Implications of community satisfaction for the 2023-2026 Business Plan

- Satisfaction is exceptionally strong, with an engaged community feeling ownership. Anecdotal feedback paints a picture of families growing up in the region attending CMF on an annual basis.
- Removing the community link would present significant challenges.

Caloundra Music Festival Financial Performance

In the most recent trading period (2016-2019), the Festival has typically run at an operating deficit to deliver its economic and community objectives:

- Approximately 20% deficit with Council staff costs included. (approximately \$500k-\$600k in cash terms).
- Approximately 10% excluding staff costs (staff participate in other event support and development work outside CMF). (approximately \$250k in cash terms).

Despite an ongoing focus on maximising revenue and minimising costs, running CMF as a 4 day event has consistently delivered this type of operational out-turn. Issues to note include:

- Approximately 30% of expenditure is typically on artists and entertainment.
- Staffing is the second biggest cost area at approximately 15%.
- Approximately 75% of revenue is from ticket sales, follow by food and beverage at approximately 20%. Sponsorship has tended to be a minor form of income.

COVID-related market and travel restrictions required the 2021 event to be delivered at a smaller scale - a 3 day event, focused on Australian artists and a Queensland audience which generated over \$3m in direct visitor expenditure for the region and an attendance of approximately 16,000. However, from a financial perspective, delivery of the smaller scale event, enabled a near break-even financial performance for the first time. While overall financial performance is still being calculated, the 2022 event reverted to a financial performance in line with previous years, suggesting that 2021 was an outlier, benefitting from one-off trading/market demand post-COVID circumstances. A number of factors contributed to overall 2022 financial performance including poor weather over the weekend, and the decision to invest a smaller sum on the line-up.

Evaluating overall performance and market norms, it is unrealistic to expect CMF in its current form to be cost-neutral or profit-making. Considerations include:

- Community outcomes requires additional investment, some of which are not compatible with commercial outcomes – decisions on food and beverage etc.
- The bespoke nature of the site is more expensive to operate than a permanent event venue.
- Economy of scale - industry consensus indicates that ideally attendances of approximately 15,000 per day are required to generate the necessary revenues to provide the best chance of covering costs.

Implications of financial performance the 2023-2026 Business Plan

- Overall performance and delivery of economic and community benefits is strong, nonetheless, delivery of the event at a deficit can cause value of the event to be scrutinised.
- One of arguments for alternative delivery mechanisms (arms-length body) is that it is a better position to be more efficient (staffing) and achieve better commercial agreements (sponsor revenue and artist costs). However, if community benefits are to remain a core outcome of the festival, it is likely that would need to be underwritten by Council, alongside a commercial entity running the event.
- The 2021 event's results of near break-even on non-staff costs and the level of economic and community benefit achieved was an outlier - in challenging market conditions, investment in a strong event line-up is crucial to driving demand (for locals and visitors).
- A certain scale of activity (visitor numbers) is necessary to drive revenues – this can only be achieved through investment in a strong line-up. A three day event, which aims for 8,000 attendees per day is a 'sweet spot' which achieves the necessary balance between the scale of activity needed to drive revenue and venue capacity and customer experience.

Event Vision and Positioning

Current Vision Statement

The Caloundra Music Festival aims to bring a broad audience of locals & visitors together in celebration to enjoy international quality music, food & local culture, & to showcase the natural beauty & local character of Caloundra.

Current Festival Objectives

The Caloundra Music Festival is a not-for-profit event celebrating the region's diversity, sustainability & cultural achievements. The Festival aims to:

- Provide economic benefits to the region by marketing the area as an international tourist destination & encouraging new visitation & extended stays.
- Celebrate the environment in which we live & demonstrate & promote the Sunshine Coast Council's vision of sustainability.
- Provide inclusive opportunities & cultural experiences to encourage community well-being & pride.

Positioning

As reflected in the vision and objectives, CMF's focus in on a balance of economic benefits to the region and providing a high quality event for local communities which adds to community well-being and local pride.

A family friendly vibe is central to curation and delivery of the event – influencing the music mix, headlines, and ancillary facilities and services for visitors. The King's Beach location is central to positioning and branding around 'sun, sea and soul.'

Implications of event positioning for the 2023-2026 Business Plan

- Sun surf soul – stakeholders still see the core branding as pertinent to positioning and target markets. There is not a need for a significant change.
- The need to re-emphasise CMF's positioning as part of Sunshine Coast's overall culture and lifestyle. This focus is already in place, but there is further scope to integrate within overall arts and cultural policy.
- Music (as part of the creative industries and arts sector) was felt to be strong part of Sunshine Coast lifestyle. Being aspirational, the Sunshine Coast can become 'famous for music.' If this aspiration is followed through, a signature event such as CMF can play a key role in build profile/appeal for customers and as a means of driving local engagement and participation. Building on partnerships such as that with Beerwah State School's SURGE program, there is scope for the festival to play an increasing role in supporting participation in music.
- As noted previously, the King's Beach location is very much part of the DNA of the event – its home is in Caloundra, however future positioning can look to options to create additional region-wide impact. Delivering CMF as part of a broader arts festival such as Horizon has merit, however a key consideration will be ensuring a comfortable strategic fit, and that mutual benefits are available.

Role of Caloundra Music Festival in Contributing to Economic, Cultural and Environmental Priorities

As noted in the previous section of the report, CMF objectives currently relate to a range of economic, environmental and community objectives.

Economic Contribution of the event

The role of CMF in contributing to the region's visitor economy is clear and well established – the event has directly generated over \$4m in direct economic benefit to the Sunshine Coast in peak attendance years. The event has consistently attracted interstate and intrastate visitors to the region.

Delivery of the event aligns directly with Regional Economic Development Strategy, Major Events Strategy and Regional Destination Management Plan objectives.

Environmental Contribution of the Event

CMF seeks to minimise its impact on the environment with the event providing a platform to promote this message of sustainability. For a number of years, the event has been seen as a leader in sustainability. Measures introduced include:

- Festival wide ban on disposable bottled water and free water refill stations to support the elimination of disposable plastic bottles.
- Additional public transport services across the coast & throughout Caloundra.
- Incentives to walk, cycle, carpool & use public transport to attend the festival.
- Use of recycling bins with clear signage & colour coded lids.
- Use of recycling skip bins.
- All vendor stalls required to use biodegradable cutlery, plates & straws.
- Partnerships with environmental groups to promote environmental messages, run fun interactive educational activities & raise funds.
- Caloundra Music Festival electric Volt car.
- Use of solar lights in & around the festival site, and LED stage & back of house lighting.

There is already much to be proud of in terms of Council being seen as a leader in supporting sustainability in one of its signature events, and in aligning with Council's Environment and Liveability Strategy 2017. More can be done to draw direct links with the strategic directions of the strategy:

Figure 12: Environment and Liveability Strategy Strategic Directions



Cultural and Arts Contribution of the Event

CMF has taken great strides in building ownership and engagement with communities and contributing to the region's arts scene:

- The event acts as a figurehead for live music in the region – elevating the Sunshine Coast as a great music destination.
- The event provides a dedicated platform for local artists at a major event.
- Working with Beerwah State High School's SURGE program to support participation in music and providing young artists with support and an opportunity to perform in a professional environment.

Great progress has been made in engaging with local schools to support artist development- initiatives include:

- Working with Beerwah State High School's SURGE program - SURGE is designed to build connections between rock bands in high schools on the Coast, create links between these schools and a range of music industry people particularly focussing on career pathways, and

provide an opportunity for them to perform at a professional-level venue. But at the heart of SURGE is the desire to help young people experience community, a sense of belonging and greater purpose for their music.

- Regional performance program with local schools, with the winners playing at CMF.

However, more can still be done to make direct links to the region's formal arts priorities, and demonstrate CMF's growing contribution. Sunshine Coast Arts Plan 2018 – 2038, the vision of which is 'The soul of our community is our flourishing arts ecology: nurturing connections, promoting experimentation and inspiring collaboration'. Strategic objectives of the plan are:

- Local artists and artistic content is developed and celebrated.
- Arts audiences and creative opportunities flourish through investment and development.
- A dedicated network of places and spaces for artists to connect, create and collaborate.
- Art and creativity is embedded in the identity and experience of the Sunshine Coast.

Implications of policy alignment for the 2023-2026 Business Plan

- There needs to be acceptance that to deliver an event with community and commercial appeal – achieving a financial breakeven is unrealistic. The line-up decisions and focus on food and beverage revenue necessary to generate outcome to support a break-even aim, are unlikely to be compatible with the event's family values. The current annual investment \$250,000 per year will be required, with the potential to require an increase given market conditions and supply-chain costs.
- Economic benefits should continue to be a focus for the event, even if at a reduced level when delivered as a shorter duration three day event. Scale of impact remains significant.
- The community focus is an important part of CMF's DNA, and should be retained, and built upon – there is potential to further expand the focus on using the event as a showcase to support young artists and participation in music.
- CMF does great work in the sustainability space which can continue to be built in – it a great example of Council showing leadership. The ability for the event to measure its water, energy, waste and emission in the future provides further opportunities to align with net zero aspiration. Action 22 is the aspiration to be a zero emissions organisation - delivering a zero-net emissions organisation and transitioning to a renewable energy future.
- More direct links can be made with regional arts objectives, demonstrating how CMF makes a contribution. Being aspirational, if the region wants to become famous for music – the rationale for a major or figurehead event such as CMF is strong.
- CMF can become more embedded in regional arts and cultural. Delivering CMF as part of a broader arts festival such as Horizon has merit, however a key consideration will be ensuring a comfortable strategic fit, and that mutual benefits are available. An alternative option to support wider regional engagement is to consider reintroducing the Fringe. Fringe events could be staged in locations around the region or at alternative times of the year.

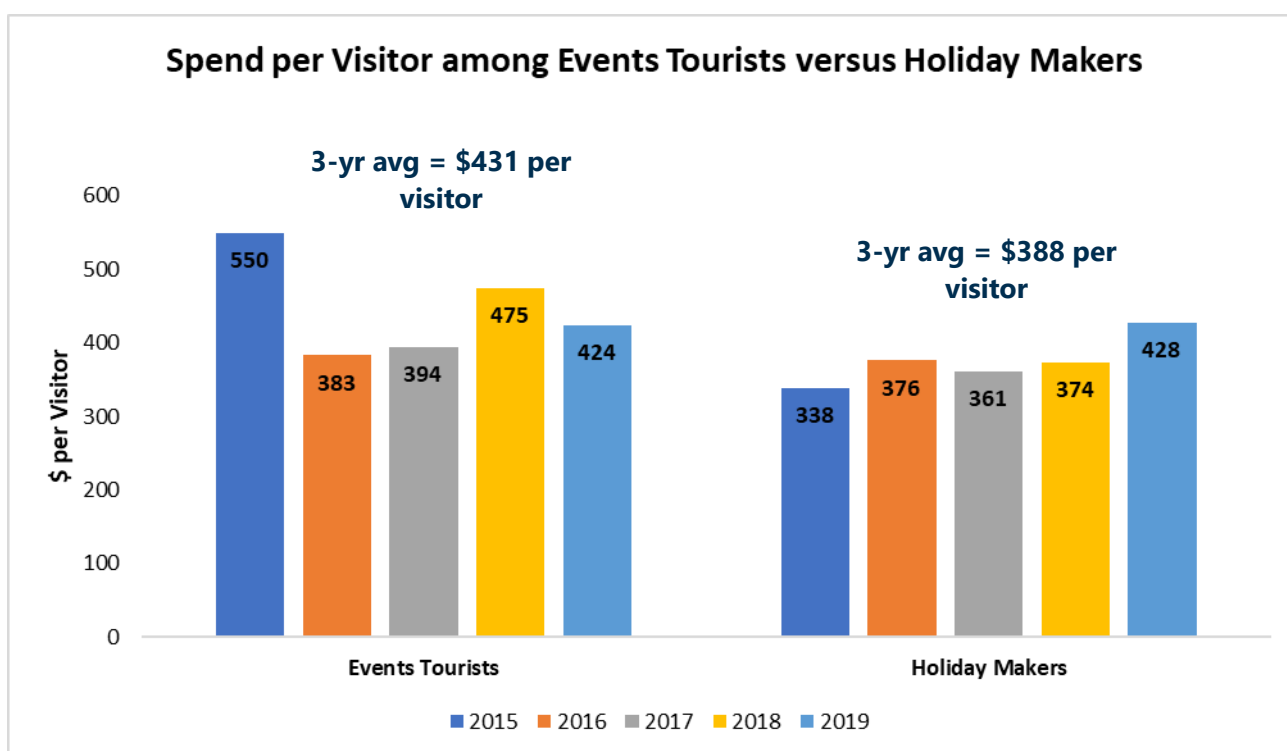
Regional Visitor Economy Context

CMF's objective to attract intrastate, interstate and international visitors places it at the heart of the region's visitor economy. Events such as CMF provide the all-important special reasons to visit.

During the 5-year period from 2015-2019, the Sunshine Coast LGA experienced a strong growth rate in event participation by visitors⁷, ranging from 206,000 to 291,000 thousand event participants with a strong 5-year growth rate of 10.3%. (Qld-wide growth was 9% over the same time period).

Spend per visitor among events tourists were generally higher than that of holiday makers. In 2019 (on a 3-year average), each event tourist spent \$432 while each holiday maker only spent \$388 on their trip to the Sunshine Coast LGA. Spend per visitor among event tourists was consistently higher than that among holiday makers in the 2015-2019 period, except for 2019, where holiday makers' spend per visitor was slightly higher than that of events tourists. Spend per visitor among events tourists however observed a decline over a 5-year period (with a 5-year AAGR of -5.7%) while holiday makers' spend per visitor experienced a strong growth of 6.6%.

Figure 13: Spend comparisons between event and holiday visitors in the Sunshine Coast (TRA 216-19)



⁷ Event participants are defined as those who partake the following activities (from NVS): Attend theatre, concerts or other performing arts, Attend festivals / fairs or cultural events, Attend an organised sporting event

VISITOR PROFILES⁸

Visiting Sunshine Coast LGA



42.4% of visitors were aged **50 and above**, followed by **32.2%** of visitors aged **15-34** and **25.3%** of visitors aged **35-49**



Half of visitors were **male (49.9%)**, and the other half were **female (50.1%)**



Over half of visitors (**53.1%**) were **holiday makers**, followed by **32.3%** of **visiting friends and relatives**



92% of visitors were from Queensland with **62.3%** from the **Brisbane**, and **29.7%** from **the regional QLD**. Only **4.1%** of visitors were from **NSW**



31.7% of visitors were **adult couples**, followed by **solo travellers (26.1%)** and **family group (19.8%)**

Participating in events in Sunshine Coast LGA⁹



45.3% of visitors were aged **50 and above**, followed by **29.8%** of visitors aged **15-34** and **22.8%** of visitors aged **35-49**



More than half of visitors were **male (52.9%)**



Most of visitors (**76.4%**) were **holiday makers**, followed by **14.9%** of **visiting friends and relatives**



89.9% of visitors were from Queensland with **57%** from the **Brisbane**, and **32.8%** from **the regional QLD**. Only **4.4%** of visitors were from **NSW**



30.6% of visitors were **adult couples**, followed by **friends and relative travelling together (24.1%)** and **solo travellers (20.6%)**

Implications for tourism from the 2023-2026 Business Plan

- Events visitors are a high spending component of the region's visitor market and continue to be a priority.
- Tourism recovery post-COVID will be one of the drivers/risks for event performance over the next three year periods. As international tourism slowly returns (pre-COVID volume by 2024), it is likely that the domestic market will be volatile, potentially presenting both threats and opportunities for CMF.
- Moving the festival to a non-peak period has the potential to be beneficial for tourism demand.

⁸ Only domestic visitor profiles were drawn.

⁹ Due to insufficient sample size, the profile of event participants in Sunshine Coast Tourism Region (TR) was drawn instead.

Event Infrastructure

Kings Beach Park provides a unique setting for the event, forming a key element of the events DNA. An event located elsewhere would have a distinctly different feel. However, presenting a large scale temporary event such as CMF in a public space brings its challenges.

Kings Beach features a specialised amphitheatre in grassy parklands against an ocean backdrop. The festival extends down to the pandanus, and Norfolk pine filled Lions Park. The Kings Beach precinct boasts first class amenities including a swimming pool, water fountains, children's parks and picnic areas, a stunning coastal walk and a spectacular surf beach with views to Moreton Island.

A range of Festival components have gradually been added including:

- Kid and family friendly zones including the Funky Forest.
- Kings Club VIP areas – Piano, Surf and Artists bars.
- A camping zone in nearby Caloundra State School.
- Food and drink zones.

Looking to the future, the nature of the Kings Beach space is that larger infrastructure investments need to be made in the context of being multi-use - CMF is one weekend per year. Longer term aspirations such as hosting and live spaces related to the 2032 Olympics can also be considered.

Implications for infrastructure from the 2023-2026 Business Plan

Related to decisions on the scale of future festivals, future infrastructure considerations include:

- Review energy/3 phase power provision to reduce the need for generators and improve the precinct's 'plug and play' event hosting capabilities.
- Updating staging/ amphitheatre area which meets the needs of CMF and other activations.

Event Timing

The event is well-established in the calendar at the October long weekend. This date was initially chosen to fill a gap in the calendar and to provide the event with the best chance of attracting and growing an audience.

However, some stakeholder feedback on timing of the event has been strong in the sense of Caloundra already being busy at this time, and there being potential for greater economic impact to be generated at other times of the year.

An opportunity for a new date potentially could be earlier in September - spring timing also aligns with the end of the northern hemisphere's festival season, maximising the opportunity to secure international artists. Given busy events calendars – considering a new date in the final year of the upcoming three year business plan is the preferred option.

However, event timing needs to be considered with care – ensuring that the 3 day Festival retains the best opportunities to attract visitors, while also maximising its role in delivering community benefits and a demand driver for new visits to the region. Multiday music festivals such as Woodford Folk Festival and Bluesfest tend to be located on long weekends and during school holidays to maximise ticket sales and delivery of objectives.

While moving the event has the potential to increase economic benefits associated with the event, constraints that will need to be considered before trialling a move in the calendar including:

- Availability of volunteers during non-school holiday times.
- Availability of the primary schools site for camping during term-time.

Implications of event timing for the 2023-2026 Business Plan

- A new date for the event can be considered, subject to other events in the calendar. A move to in advance of October school holidays may provide an opportunity if a non-competing date can be found. It is accepted that the date requires a nuanced decision – balancing the best opportunities for ticket sales and event financial sustainability alongside the strategic tourism need to create tourism demand in non-peak periods. Practical considerations such as availability of volunteers and camping at the primary school during term-time also need to be considered.
- It is likely that another event could emerge to fill the long weekend gap, however, consensus among stakeholders was strong in terms of net benefit being improved by shifting to a non-peak time.

04 – Summary Assessment

Figure 14: SWOT Assessment

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • The Festival is established as a firm fixture in the events calendar. • CMF enjoys strong levels of repeat visitation prior to COVID. • Year on year growth in attendance up to COVID. • The event has evolved into a significant regional economic driver – over \$4m in direct regional benefit in 2019 and \$2.9m in 2022. • Strong commitment from Council to delivering and managing the event. • The Festival enjoys a high level of local business and community support - the Events+ program provides an effective means of engaging businesses. • Strong levels of patron satisfaction recorded. • Beachside setting – CMF is one of a small number of festivals in Australia that is located at the beach. • Location in an established tourism hub means a range of other amenities including accommodation are readily available. • Positioning as a sustainable event in keeping with Sunshine Coast's lifestyle proposition. • A unique, family-friendly event that helps set the event apart from other music festivals. • Experienced Council organising team and professional management. • Committed volunteer support. • Partner agency support - Sunshine Coast Council, Visit Sunshine Coast, TEQ, Caloundra Tourism, Chamber of Commerce etc. 	<ul style="list-style-type: none"> • Need for a clear vision on what the event should become/aspire to in the future. • Stakeholder views on the Festival are varied in terms of location, cost, and commerciality – regardless of the direction chosen, 100% support is not likely. • Growth has been maximised in the current location – accommodating more than 33,000 patrons over 4 days is impractical, before experience levels will deteriorate. • Delivery at a significant financial deficit has been the norm as the event has grown into a 4 day event. • Event is not (completely) weather-proof – a risk in the set-up period and during the event. COVID re-emphasised the precarious financial models than events run under when ticket revenue is the main income source. • CBD location and proximity of venue to local residents presents challenges - loss of amenity for local residents and visitors particularly during set up and bump out. • Stage and back of house facilities are not adequate for high profile acts. • Temporary nature of the site and lack of purpose-built infrastructure requires the need and expense of temporary fencing, toilets etc. • While options for growth are potentially available nearby, the site as it currently stands is approaching capacity. • Over-reliance on Council approvals, political and financial support. • Council systems, approvals and delegation of authority is a challenge for a growing event which has many commercial attributes. • Restrictions on the event management team operating in the 'commercial' manner required to maximise opportunities – in

STRENGTHS	WEAKNESSES
	<p>particular, relating to procurement, temporary recruitment & sponsorship.</p> <ul style="list-style-type: none"> Difficulties in remaining distinctive – artists play multiple locations on tour.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> A rebalanced focus, dialling up the community and arts objectives of the event, alongside retention of economic benefits. Consideration of a move of timing to pre-October school holidays as a means of enhancing additionality and net economic benefits -Caloundra. Take a longer term (Olympics) perspective towards upgrading multi-purpose events infrastructure at Kings Beach. Refreshed stage and back of house areas are priorities. Opportunity to demonstrate Council's leadership in sustainability – aspiration of CMF becoming a net zero event. Focus CMF on a being a slighter smaller scale of event (20,000-24,000) patrons that assists in delivery of an appropriate balance of economic benefits and operational financial performance. Continuing to investigate means of growing the numbers/ proportion of interstate visitors to increase tourism and economic impact. Review ticket pricing and revenue generation opportunities with the support of external expertise as a means of informing initiatives to maximise sustainable revenue growth i.e., optimal numbers/ range /categories/ pricing of tickets. Establish appropriate arrangements within Council structures which enable streamlining of event procurement, recruitment, sponsorship and communication processes. Review opportunities for side-events/ bookending by artists in the lead-up to the event as a means of extending economic impact. Growing links with local schools and colleges to support artist development. Review the focus of the Festival Steering Committee to maximise role and contribution to the event – roles could include advocacy, leveraging support etc. 	<ul style="list-style-type: none"> Lack of consensus on objectives will continue to lead to investment being questioned. Competing festival destinations and market saturation (other Southeast Queensland and music events). There is a perceived 'risk' associated with Council running what is in large part, a commercial type of event (e.g., reputational risk associated with selling alcohol and/or large scale event). Disapproval of some local stakeholders regarding timing and use of public funds, and the perception of conflict of interest (other music venues hosting similar artists). Loss of political and/or financial support from Council – relating to operation or planned capital investment. Failure to secure funding (externally or in capital works program) may limit growth/development potential. Catastrophic weather event during set-up or event-time – financial models reliant on ticket are fragile. Retaining distinctiveness in a crowded festival market.

Risk Assessment – Overview

Figure 15: Risk Assessment Summary

Type of risk	Likelihood of occurring			Potential impact		
	High	Med	Low	High	Med	Low
Reputational Risks						
Loss of community support			x	x		
Changing the positioning of event to be more commercial – loss of support		x		x		
Failure to keep up to date with changing music tastes			x	x		
Operational Risks						
Strong competition (local and Australia/wide)	x			x		
Infrastructure gradually becomes unfit for purpose	x			x		
Failure to set clear objectives/ demonstrate benefits			x		x	
Financial Risks						
Loss of key stakeholder (council) support			x	x		
Growth in operating deficit		x		x		
Increasing cost of securing artists and headliners	x				x	
Event cancellation/curtailment – weather, COVID type of major events	x			x		

05 – 2023-2026 Business Plan

The CMF team are experienced in delivering the event, with operations evolving over a 15 year period. The team has been successful in achieving it's the previous business plan objectives – strong community support has been retained while growing attendance and economic impact. COVID intervened for a 3 year period, but now a refreshed direction is required regarding future direction. Direction for the event is at a crossroads:

3. A path of continued growth and maximising the commercial potential of the event.
4. Focusing on embedding the event comprehensively within the community and delivering its potential as a driver of arts participation and engagement.

CMF is an asset for the region but stakeholder views on the Festival are varied and strongly held. The key learning from market review and stakeholder feedback is that the rationale for Council investment has to be clearly made, with the event's vision and objectives restated. Key stakeholders need to be comfortable with the strategic decisions:

- Does CMF investment continue to be good value for money?
- Why are we investing and what community, environmental and economic objectives are being delivered through the Festival?
- Is direct Council ownership and delivery the most appropriate means of delivering benefits?
- How is region-wide benefit best achieved?

In answer to the first question, on value for money, the event in its current format would not be delivered by the private sector without subsidy – the mix of community benefit, location and economic objectives requires public sector support. Economic benefits are significant but communication of these benefits and the more intangible community benefits can be improved. A three day event with an attendance target of approximately 20,000-24,000 with a mix that appeals to communities and visitors provides the best opportunity to deliver an event that minimises annual investment requirements.

An economic growth vs community focus question does not require an either/or answer, but it is recommended that the potential of the festival is most effectively achieved by a subtle shift in the balance of Festival planning and delivery from a growth focus, toward embedding CMF as an event with strong economic outcomes and great community support.

There is commercial potential in the event which could be leveraged by delivery mechanisms outside direct Council control, however, the importance of the retention of a community component indicates that delivery is most appropriately retained in house during the next years of Festival operation. Even if delivery via a controlled arms-length entity is perhaps the optimal means of delivery in the medium term, it is likely that Council would continue to need to underwrite delivery of community outcomes.

The event is synonymous with Caloundra and should remain in its current location, however, the need to build region-wide benefits is understood. In addition to considering practical means of extending benefits to other parts of the region, delivering CMF as part of a broader arts festival such as Horizon has merit, however a key consideration will be ensuring a comfortable strategic fit, and that mutual benefits are available. Rather than changing the focus of CMF, there is potential to increase the emphasis on identifying new opportunities that other parts of the region can explore if the Sunshine Coast is going to continue building music and performance as part of its DNA and renowned lifestyle proposition. In this context, reintroducing the Fringe Festival can potentially be considered. These could be staged in held locations around the region or at alternative times of the year.

The following recommendations are based on the approach set out above. The plan reflects the need for CMF to continually evolve.

Vision, Objectives and Positioning

RECOMMENDATION 1: A Revised Vision Statement for Caloundra

The Caloundra Music Festival will bring a diverse audience of local communities & visitors together to celebrate the best high quality music and Sunshine Coast culture & food. The Festival will generate sustainable economic benefits and showcase the Sunshine Coast's environmental credentials by aspiring to become the region's first net zero music event.

RECOMMENDATION 2: Revised Festival Objectives

The Caloundra Music Festival is a not-for-profit event celebrating the region's high quality lifestyle, sustainability & thriving creative industries. Successful implementation will achieve the following economic, financial, sustainability, community, cultural, and experience objectives.

Economic

- Be a driver for new and repeat visitation & extended stays in the Sunshine Coast, generating new expenditure and support for employment throughout the region.
- CMF will be a focal point, delivering a high quality festival, providing the opportunity to disperse visitors and the associated expenditure throughout the region, including other music venues.
- A focus on local, intrastate and interstate audiences should be retained.

Financial

- With its current mix of community and economic outcomes, delivering CMF as a cost-neutral event is an unrealistic expectation. CMF will aim to deliver a high quality music event for residents and visitors, where revenue-raising opportunities which are complementary to event objectives are used to offset costs where possible.

Sustainability

- The Festival will be a leader in embracing Sunshine Coast's high quality environment and way of life, aiming to become the region's first net zero music event by 2027.

Community

- The Festival will be a source of pride for communities, bringing families together to celebrate Sunshine Coast's culture & food. CMF will continue to work with community partners to ensure that affinity with the Festival continues to grow.

Experience

- The Festival will deliver unforgettable and engaging experiences for its customers, volunteers and event partners. A strong roster of artists and headliners are essential components.

Cultural

- The Festival's role as a showcase of Sunshine Coast culture and music at its best will inspire music to become embedded in the identity and experience of the Sunshine Coast.

- The event will be a showcase, providing opportunities for local artists, and will seek to support artist development, partnering with artists and educational institutions.

RECOMMENDATION 3: POSITIONING OF THE FESTIVAL

As reflected in the vision and objectives, Caloundra Music Festival's focus will be based on generating a balance of economic benefits to the region and providing a high quality event for local communities which adds to community well-being and local pride.

The DNA behind the Festival's positioning include:

- The King's Beach location is central to positioning and branding around 'sun, surf and soul.' Festival branding remains on-point.
- A family friendly vibe is central to curation and delivery of the event – informing the music mix, headline acts, and ancillary facilities and services for visitors.
- Authenticity – visitors can attend events anywhere. To leverage what's special about Sunshine Coast, the event will embrace the best of Sunshine Coast lifestyle – its food and unique culture.
- A focus on local performers, ensuring that local artists play a key role alongside national and international artists. The event will be a showcase for local talent.

RECOMMENDATION 4: MAXIMISING SUNSHINE COAST-WIDE ENGAGEMENT

Caloundra should remain the home of the Festival, however, more can be done to ensure that all Sunshine Coast communities are engaged in the event. Opportunities include:

- Rather than being positioned as a standalone event, investigate the opportunity to position CMF as part of a region-wide arts and cultural program. If dates and curated content are complementary, investigate opportunities to be positioned as a flagship event in the Horizon Festival. An alternative option to support wider regional engagement is to consider reintroducing the Fringe Festival elements of the festival. Fringe events could be staged in locations around the region or at alternative times of the year.
- Continued focus on communicating the business tendering opportunities available to businesses across the region to help deliver the event.
- Working with arts and cultural partners, investigate the merits of the region being positioned as 'famous for music'¹⁰. There is already a depth of live music venues and across the region which provide a meaningful cluster. Work in developing the concept would require its own business plan and feasibility assessment, however, potential is seen from both a marketing perspective and that of an initiative which feeds through to bottom-up participation.
- Investigating bookending CMF with artists playing at other Sunshine Coast locations provides some scope for regional extension.
- Seeking collaborative opportunities with music venues and events throughout the region, growing on initiatives such as providing CMF performance contracts to 2 winners from the Busking by the Lake Festival
- Further develop CMF's work with local schools and education organisation to support young performer/artist development:
 - Exploring opportunities to link formally into curriculums, providing opportunities for learning.

¹⁰ Famous for music in the same sense that Gold Coast is famous for fun – its cluster of theme parks are complementary, not competitive

- Exploring further partnerships with TAFE.
- Building on the successes of Beerwah State High School's SURGE program to extend to all local schools. For instance; growing opportunities for students to participate in the Festival – providing interaction which supports health and wellbeing as well as performance skills. This activity can be year-around, albeit with CMF providing the focal point.
- Leveraging relationships with industry partners relating to the schools engagement program.

Event Timing

RECOMMENDATION 5: CONSIDER MOVING CALOUNDRA MUSIC FESTIVAL TO A NEW OFF-PEAK TIME IN THE CALENDAR

Subject to finding a gap in the calendar which avoids conflicts, test delivery of Caloundra Music Festival at a new time of the year outside peak visitation periods.

A new time in the calendar would potentially provide an opportunity to grow economic benefits through filling beds and generating expenditure when room occupancy and visitor levels are lower. An ideal window could potentially be earlier in September - spring timing also aligns with the end of the northern hemisphere's festival season, maximising the opportunity to secure international artists. Given busy events calendars – considering a new date in the final year of the upcoming three year business plan is the preferred option.

Event timing needs to be considered with care – ensuring that the 3 day Festival retains the best opportunities to attract visitors, while also maximising its role in delivering community benefits and a demand driver for new visits to the region. Multiday music festivals such as Woodford Folk Festival and Bluesfest tend to be located on long weekends and during school holidays to maximise ticket sales and delivery of objectives.

While moving the event has the potential to increase economic benefits associated with the event, constraints that will need to be considered before trialling a move in the calendar including:

- Availability of volunteers during non-school holiday times.
- Availability of the primary schools site for camping during term-time.

Event Scale

RECOMMENDATION 6: REFOCUS THE EVENT AS A HIGH QUALITY CURATED MUSIC FESTIVAL

Pre-COVID, the Kings Beach location maxed-out at approximately 33,000 visitors over 4 days. There are limited opportunities to grow further without detracting from experience levels and local amenity. While economic benefits have continued to grow alongside increasing attendances, the mix of community objectives and delivering a commercially appealing event have required ongoing net-investment from Council.

The 2021 event was delivered in the COVID period, over a shorter period (3 days), attracting approximately 16,000 visitors. Experience levels remained high, and the smaller event is better aligned with the infrastructure and confines of Kings Beach.

This model is recommended as the basis going forward – a 3 day event with a maximum target total attendance in the 20,000-24,000 range. This range provides the sweet spot in terms of balance between venue capacity and the scale needed to generate sufficient revenue.

Maximising Economic Impact

RECOMMENDATION 7: ACTIONS TO MAXIMISE ECONOMIC IMPACT FROM A SMALLER SCALE EVENT

Maximising economic benefits from a smaller scale event requires a mix of a focus on yield per customer, generating additional expenditure and minimising costs. Considerations include:

- A high quality event line-up, and overall program quality which generates local, interstate and intrastate ticket sales. Without this demand driver, community and economic outcomes will not be achieved,
- Continuing to build partnerships with local accommodation partners, growing occupancy in an off-peak period.
- Examining opportunities to grow average spend per customer during the event – high quality food and drink, added value/VIP experiences, ticket price points etc.
- Investigate bookending opportunities with artists to play gigs before and after the festival.
- Investigate Caloundra-wide opportunities to spread visitor activities and benefits beyond the festival fence – a day festival provides the best window to build performances in existing music venues or extend festival goers' access rights to other venues throughout Caloundra.
- Based on 2021 and 2022 economic impact estimates, a target of \$3.5m direct economic benefit to the Sunshine Coast region is an achievable target.
- Yield per customer is an increasingly important measure – a stretch target is to seek 5% year on year growth based on the 2021 performance benchmark.

A Focus on Financial Performance

RECOMMENDATION 8: BUILDING EFFICIENT FINANCIAL PERFORMANCE

Overall management of the Festival is strong and community/economic outputs are significant, however delivery of the event at a deficit requires value for money to be considered.

It was noted the 2021 event's pared back scale (3 days and approximately 16,000 attendees) was delivered with an improved bottom line, near the break-even point. However, financial performance for the 2022 event performance delivered a financial bottom line which was more typical of the previous 5 years' net operating costs.

Evaluating all circumstances, analysis indicates that achieving a break-even position for CMF when it has strong community focus rather than being an outright commercial event is unrealistic. Traditional avenues for festivals to maximise revenue i.e., alcohol sales are not appropriate for CMF.

As the basis for this KPI, a new three year funding agreement should be determined based on anticipated revenues from the smaller scale event, and the investment required to deliver a high-quality music festival alongside community-focused outcomes.

It is important to recognise that delivering a festival with community outcomes requires ongoing investment, which would not normally be part of a Music Festival business plan where there are only commercial or economic development objectives.

Other considerations include:

- A focus on increasing yield per capita for attendees - sponsorship and other non-ticket revenue remain difficult to generate.

- Continuing to seek an appropriate balance between cost, quality and reliability in contracted services.

Target Markets

RECOMMENDATION 9: REAFFIRM THE FESTIVAL'S TARGET MAKETS

Excluding 2021's COVID-impacted market, the Festival has formed an established profile of visitors at approximately:

- 50% from local communities
- 40% from elsewhere in Queensland
- 10% from interstate
- Similar numbers seen in 2022

This profile has resisted continued efforts to build interstate audiences further – the reality is that a music event now needs to have a major artist who is not playing elsewhere in Australia to shift this dial further. There should be a continued focus on attracting high spending, longer staying interstate visitors, however, the 10% threshold is a realistic target.

Other marketing considerations include:

- Maintaining the family-friendly vibe of the Festival and the established demographic mix based around families and older demographic segments.
- Capitalising on the re-establishment of route networks to and from Sunshine Coast Airport. Melbourne trade has experienced strong growth since markets re-opened and the new Bonza routes to regional destinations provide new opportunities.
- The New Zealand (VFR and leisure) market is expected to rebound quickest of the international markets
- Music industry partners and supporters of young talent. While small in number, there may be further potential in the context of the 'famous for music' concept.
- Sunshine Coast locals (and new arrivals in the region) are the largest segment. Repeat visitation is strong, therefore ticketing measures which encourage repeat/automated purchases/ membership/ friends of the festival concepts, continue to offer potential.

RECOMMENDATION 10: PREPARE AN UPDATED MAKETING AND COMMUNICATIONS PLAN

Based on the target markets outlined above the following additional or new marketing activities are recommend for inclusion in the 2023 period, in addition to the activities that have successfully driven ticket sales and awareness of the festival to date:

- An annual marketing plan with VSC, Sunshine Coast Airport, and local music and arts stakeholders.
- As the region's population continues to grow, prepare a locals marketing campaign developed in partnership with Council to target new residents with a 'What's On' program.
- Cooperative marketing with VSC, and the Airport on campaigns where the timing and delivery suits inclusion of the festival as a package option.
- Continued engagement with local media (as sponsors and advocates).

- Deeper engagement with cultural and arts partners, to leverage potential positioning as part of the Horizon Festival, or via a re-energised Fringe Festival. Delivering CMF as part of a broader arts festival has merit, however a key consideration will be ensuring a comfortable strategic fit, and that mutual benefits are available.

Environmental Sustainability of the Festival

RECOMMENDATION 11: CONTINUE TO BUILD THE FESTIVAL'S SUSTAINABILITY CREDENTIALS AND ASPIRE TO BE THE REGION'S FIRST CARBON NET ZERO MUSIC EVENT BY 2027

Excellent progress has been made in building sustainability as an integral part of event delivery; however, market expectations continue to evolve – customers are becoming more demanding in terms of their expectations and policy requirements are also expected to progress further over the next 3 to 5 years. Council is also expected to be a leader in demonstrating its sustainability credentials.

The next stage for the Festival is to manage its policies and be in position to measure its water, energy, waste, and visitor activities – these are the building blocks for being able to determine carbon emissions. If CMF is to be able to position itself as carbon net zero, having these measures in place are an essential first step. Other considerations in the journey towards net zero include:

- Building in communication with customers as part of the plan.
- Being transparent about the methodology and processes applied to any sustainability statements – third party auditing or verification is a consideration.
- A climate mitigation plan, led by initiatives to minimise impact.
- Thinking about offsetting options - whether Council invests in the offsetting costs or seeks voluntary contributions by visitors. Added value can be generated by the offsetting project being locally based.
- Having business cases and costings pre-prepared in the event of external grant application opportunities being available is a practical step to take.

Festival Infrastructure

RECOMMENDATION 12: TARGETED INVESTMENT IN NEW INFRASTRUCTURE THAT BUILDS IMPROVED EFFICIENCY IN EVENT DELIVERY AND IMPROVED VISITOR EXPERIENCE

If the recommendation to reduce the scale and duration of the event with a reduced maximum attendance to 20,000 is accepted, some infrastructure pressure on the King's Beach site will be eased, however continued investment is required. Infrastructure considerations include:

- Taking a longer term (Olympics) perspective towards upgrading multi-purpose events infrastructure at Kings Beach.
- An upgraded stage main stage set up and back of house areas are priorities.
- Continued investigation of technological advance to aid delivery and experiences provided - ticketing technology and security can continue to be improved. Application of AR/VR experiences are also now being integrated into event delivery.
- With a smaller scale attendance, there is a renewed focus on building yield from customers – high quality set ups for food and beverage areas will be increasingly important
- Having business cases and costings pre-prepared in the event of external grant application opportunities being available is a practical step to take.

Curation and Content for the Event

RECOMMENDATION 13: CONTINUED EVOLUTION OF THE EVENT TO MEET COMMUNITY AND MARKET DEMAND

The new vision for the Festival evolves positioning to re-emphasise the importance of engaging Sunshine Coast communities while continuing to offer music-based experiences which attract visitors. Event research has demonstrated that an estimated 1025 people have moved to the Caloundra region (4551 postcode), citing the Festival as a reason for doing so – CMF is seen as a reflection of what makes the region an attractive destination to live and work as well as visit.

A smaller investment in the artists line-up for the 2022 event, was seen as a contributing factor behind the lower than expected ticket sales, alongside the change in (last minute) ticket buying habits by customers, and poor weather on the weekend.

Considerations in delivering community and economic outcomes include:

- Within what will be a volatile events market over the next three year period, a higher volume of international touring artists are expected. The Festival should continue to invest in a strong program and artists line-up as a pre-requisite for success.
- While a wholesale change from a traditional 'fenced' festival is not recommended, explore ways to extend the event into existing Caloundra music venues. Extending event pass rights/revenue sharing may provide new development opportunities.
- Music tastes evolve constantly therefore the line-up for the Festival is an annual consideration, however, the eclectic family friendly mix which CMF has become known for continues to be pertinent.
- The Festival has built a strong program of community engagement in terms of delivery/partnering opportunities, and fund-raising. This focus should be retained, but with added emphasis on local musician participation.
- Build deeper relationships with arts and music partners. Investigate the opportunities to establish marketing and communication around the Sunshine Coast being 'famous for music.'
- Stakeholder and customer satisfaction levels remain suitable as KPIs.

Governance and Organisation

RECOMMENDATION 14: CONTINUED DIRECT DELIVERY BY COUNCIL AS THE MOST APPROPRIATE SHORT-TERM GOVERNANCE MECHANISM

In the short-term, the refreshed Festival vision and objectives are best served by retaining current delivery and governance arrangements from within Council. This suits the requirements of an event that has economic and community objectives.

There is commercial potential in the event which could be leveraged by delivery mechanisms outside direct Council control, however, the importance of the retention of a community component indicates that delivery is most appropriately retained in house during the next years of Festival operation.

Even if delivery via a controlled arms-length entity is perhaps the optimal means of delivery in the medium term, it is likely that Council would continue to need to underwrite/invest in the delivery of community outcomes.

RECOMMENDATION 15: INVESTIGATING ARMS-LENGTH DELIVERY OF THE FESTIVAL AS THE PREFERRED MEDIUM-TERM GOVERNANCE SOLUTION

In normal circumstances, a larger scale music event, is more likely to have its objectives met by being delivered by private enterprise – it is accepted that the varied roles performed by Council bring limitations in terms of risk-taking, commerciality and innovation. A council-controlled arms-length entity provides a suitable middle ground of public sector ownership being retained but with freedom to operate in a commercial manner.

It is recommended that Council investigates the feasibility introducing this management approach by the end of the business plan period (2026). Given that Council uses this type of mechanism to manage Caloundra Events Centre, part of feasibility assessment could consider potential economies of scale available from CMF event management potentially being incorporated into its remit.

The open market can still be evaluated for private enterprises to come forward to manage the event, however the requirement to deliver community benefits is likely to limit appeal without ongoing Council involvement or investment. Nonetheless, contracting with a private entity to deliver certain services as part of the event is also a reasonably straightforward approach.

RECOMMENDATION 16: CONTINUE TO BUILD PARTNERSHIPS WITH LOCAL MUSIC INDUSTRY PARTNERS

CMF has made significant strides in building relationships with local music industry partners including:

- Mooloolaba Music sponsored the festival in 2021 and 2022, through support stage management, technical production management and artist programming.
- Partnerships with other festivals including Busking by the Lake.
- Partnerships with local music venues including Kings Beach Tavern providing after-show entertainment, Norton Music Factory providing rehearsal space, and all local venues have been offered the opportunity to promote their live music program via the CMF app.
- Partnering with Beerwah State High School's SURGE program.

Regardless, a negative general characteristic of direct public sector delivery, is that despite best endeavours to communicate and engage, it can be perceived by some as a closed shop, with limited opportunity to engage.

It is accepted that from time to time, Council's Festival team has to take management decisions that not all partners agree with, therefore some differences of opinion are inevitable, however there are further opportunities to grow the excellent industry links that already have been established including;

- Building on the successes of Beerwah State High School's SURGE program to extend to all local schools. Building a thriving local network of performers can support all local music industry partners.
- Opportunities to start a broader discussion/forum with music and live entertainment partners about how to develop the region's music industry.

06 – Appendix 1: Consultation List

The following stakeholders were consulted during preparation of the business plan:

- Cr Terry Landsberg
- Cr Maria Suarez
- Cr David Law
- John Williams, CEO. Sunshine Coast Broadcasters Pty Ltd
- Steve Romer, CEO, The Events Centre
- Michael Shadforth, Chair, Caloundra Chamber of Commerce
- Ian Smith, National Entertainment Manager, Aus Venues

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