**NATIONAL ASSEMBLY**

**QUESTION No. 237-2021**

**FOR WRITTE REPLY**

**INTERNAL QUESTION PAPER NO.1-2021, DATE OF PUBLICATION 11 FEBRUARY 2021:**

“Inkosi B N Luthuli (IFP): to ask the Minister of Sport, Arts and Culture:

1. Whether his Department has conducted a study to establish how the Covid-19 pandemic has exacerbated the suffering of the arts sector;  If not, why not; if so, what are the details of the extent of the suffering as identified by his department;

2.       What are the full relevant details of the beneficiaries of his department’s relief fund to date?**NW204E**

**REPLY**

1. Yes, The South African Cultural Observatory (SACO) undertook a study in the early stages of the lockdown, which was completed in May 2020, that include an online survey and an econometric analysis.

**The Impact?**

Approximately 600 completed surveys were received, and the survey distinguished between:

1. formal (65%) and informal businesses (35%)
2. employers (with employees) (38%) and freelancers (with no permanent employees)) 62%)
3. those who operate mainly face-to-face (31%) and those who do not operate face-to-face (69%)

***Survey Responses by Domain***

|  |  |
| --- | --- |
| **Domain** | **Percentage** |
| **Cultural & Natural Heritage** | 3% |
| **Performance & Celebration** | 28% |
| **Visual Arts & Crafts** | 16% |
| **Books and Press** | 5% |
| **Audio-Visual & Interactive Media** | 31% |
| **Design & Creative Services** | 10% |
| **Support Activities** | 6% |

Formal sector operators seem to have experienced a higher proportion of cancellations of scheduled work than freelancers, possibly because of their longer-term planning horizons. Similarly, employers were more likely to have had scheduled work cancelled than freelancers. While those operating in a mostly not face-to-face mode initially experienced more cancellations (68%) than those operating mostly face-to-face, there were a greater proportion of face-to-face operations that experienced cancellations in future months.

Some respondents indicated that they were using the time productively to invest in the future of their businesses, which included:

* Moving business activities, such as meetings and production, online (35%)
* Arranging for greater flexibility to work from home (26%)
* Agreeing with clients to postpone (but not cancel) work until a future date (34%)
* Working on aspects of production (such as archiving, administration, developing creative ideas) that could be done without face-to-face interaction (36.5%)
* Building up a stock of the goods we produce, to be sold at a later date (7%)
* Using the time to up-skill or train myself and/or my employees (32%).

Less sustainable strategies involved short-term access to finance, which included:

* Using up reserves or savings (40%)
* Applying for a new loan, or an extension of a current loan (13%)
* Getting support (money or other services) from friends and family (20.5%).

Other strategies being used were:

* Moving business activities online, including production, distribution and sales, investing in skills, equipment and software that allows them to do this: “working on my website to strengthen my market image and presence”. There is, however, acknowledgement that online work limits access to poorer and rural communities.
* General cost-cutting and reducing overheads wherever possible: “downscaling our business”
* Diversifying into new or additional areas of business and exploring new markets: “Looking for new customers, and pivoting my business to add another income stream”.
* Working on proposals and pitching new work to existing and new clients: “Trying to pitch work to existing clients which can be done online”.

Using the information on the characteristics of each domain a vulnerability score, out of 10, was developed for each domain, where a higher number indicates greater vulnerability

***Vulnerability Score by Domain***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Domain** | **Freelance** | **Mostly F2F** | **Informal** | **Weighted vulnerability score out of 10 (ranking)** |
| **Cultural & Natural Heritage** | 35.0% | 85.7% | 10.5% | 5.55 (4) |
| **Performance & Celebration** | 67.5% | 95.2% | 36.9% | 7.52 (1) |
| **Visual Arts & Crafts** | 72.5% | 50.0% | 47.8% | 5.63 (3) |
| **Books and Press** | 56.7% | 26.7% | 33.1% | 3.70(6) |
| **Audio-Visual & Interactive Media** | 63.7% | 71.7% | 33.5% | 6.17 (2) |
| **Design & Creatives Services** | 56.9% | 30.0% | 34.5% | 3.90(5) |
| **TOTAL** | 62.4% | 68.6% | 34.9% | 6.00 |

Using an input output table developed to include the CCIs the average impact of the Covid-19 shutdown per domain for 2020 (Gross Domestic Product in billions of rand and percentage impact on the sector itself):

* Cultural & Natural Heritage    -R1,156 (-44,8%)
* Performance & Celebration   -R2,806 (-55,6%)
* Visual Arts & Crafts               -R2,173 (-44,5%)
* Books and Press                   -R8,262 (-36,1%)
* Audio-Visual & Interactive Media  -R10,394 (44,7%)
* Design & Creatives Services -R18,523 (-35,1%)

Two domains: the book and press and the designing creative services domains had the least impact and many authors and designers could continue working during Covid lockdown. On the other hand, the Performance and Celebration domain is most vulnerable (because of the high proportion of freelance and face-to-face production).

**What, if anything were the positives?**

Generally, the sector was forced to become more innovative in order to survive. One of the positive outcomes of the lockdown has been the increased use of information and communication technology (ICT). This has been particularly useful for enterprises and freelancers that have the equipment and the skills necessary to exploit these technologies. Unfortunately, many creatives, particularly in rural areas, could not access or use ICTs. Nevertheless, the use of these technologies has speeded up the 4th Industrial Revolution and will have positive consequences in the long-term for the South African creative economy. Creative are using the time to up-skill and acquired new skills.

1. The department have rolled out Covid 19 relief initiatives and invited practitioners to apply to date 4971arts practitioners have benefitted from these initiatives.

\