



MINISTRY OF CULTURE SUPPORT FOR THE PERFORMING ARTS DURING THE COVID-19 CRISIS

FLASH AUDIT

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EXECUTIVE SUMMARY

Sector-specific aid system set up to preserve jobs

The culture sector was deeply affected by the crisis as it was almost completely shut down between March 2020 and May 2021. In addition to the cross-sectoral schemes from which, like any other company, performing arts companies have benefited, the sector has been supported, via the Unédic unemployment benefit agency by the one-year extension to unemployment benefit entitlements granted to “*intermittents*” (people in the entertainment industry who vary between periods of employment and unemployment). In addition, more than €820m has been provided by central government through the Ministry of Culture for specific measures to help the performing arts, in three stages: additional operational appropriations opened in 2020, the 2021 recovery plan and new announcements in the first half of 2021.

These resources have made it possible to deploy a system of aid intended to protect jobs in the sector and prevent creative and distribution organisations from going bankrupt, flowing from central government to implementing partners and beneficiaries, which complements other systems, whether cross-sectoral or set up by implementing partners or bodies collecting and managing copyright (SACEM, SPEDIDAM, ADAMI¹, etc.).

The ministry played its part while delegating the majority of appropriations to effective implementing partners

The aid was mainly deployed via two of the Ministry of Culture’s implementing partners, the Centre National de la Musique (CNM - National Music Centre) and the Association pour le Soutien du Théâtre Privé (ASTP - Association to Support Private Theatre), which adapted to carry out programmes to set up support systems alongside the ministry, then examine applications and disburse aid.

The remaining appropriations were managed directly by the ministry, whose role was to manage, define and make decisions on how to use the schemes. Central government as well as its local offices were also vital in terms of consultation, dissemination of information and support.

¹ Société des Auteurs, Compositeurs et Éditeurs de Musique (SACEM - Society of Authors, Composers and Music Publishers), Société de Perception et de Distribution des Droits des Artistes-Interprètes (SPEDIDAM - Society for the Collection and Distribution of Performers’ Rights), société civile pour l’Administration des Droits des Artistes et Musiciens Interprètes (ADAMI - non-commercial company Managing the Rights of Performers and Musicians).



A gap between the amount of appropriations opened and the assessment of the efficiency of the expenditure

Despite the large amount of aid granted to the sector and although precise rules apply to each scheme, including regular budget monitoring, to date, the Ministry of Culture has not planned any *ex post* assessment of how this aid was allocated and how effective it has been. In particular, it is not possible to identify any windfall effects or cases where beneficiaries, by combining different types of aid, may have been over-compensated for the financial impact of the crisis.

Moreover, having multiple aid schemes makes it harder to get a clear picture and ensure that all potential beneficiaries were able to mobilize assistance. Indeed, several studies have found that most people used the cross-sectoral schemes whereas the aid allocated by the ministry tended to be concentrated on certain beneficiaries.

Risks of recovery

As the sector does not expect to return to normal before 2023, the fear is that the effects of the crisis will last for some time yet, in particular involving the risk of some schemes continuing in the long term, with the likelihood of requests for them to become permanent.

There is a risk of overproduction or of the deferred disappearance of a potentially large number of performers and organisations, including established stakeholders in the sector. The timing of when to stop the cross-sectoral and specific schemes or to adapt them as the crisis comes to an end will therefore be crucial in ensuring that the aid has not been granted in vain.

For more than a year, the services responsible for implementing the government's response to the crisis have been very active, in conditions that have generated tensions in terms of human resources and which call for vigilance.

Disrupted non-budgetary funding models

The drying up of the ASTP's and CNM's fiscal funding based on box office receipts, and, for the CNM, having these offset by budgetary allocations, has had a lasting effect on the financing structure of the two implementing partners.

For the ASTP, the resumption of activity will cause a scissor effect resulting from a slow rise in resources from the tax on shows and the return of requests for traditional aid.

The aid system must be stopped gradually, which raises the question of temporarily maintaining subsidies to the CNM and the ASTP and of providing lasting fiscal support, through tax credits.



Main audit conclusions

1. In mid-May 2021, €823m of exceptional appropriations had been provided for the performing arts, under the Ministry of Culture, fuelling a vast system of aid, intended to protect jobs in the sector and avoid creative and distribution organisations going bankrupt. This aid is in addition to general schemes and the one-year extension of unemployment benefit rights for “*intermittents*”.

2. The Ministry of Culture’s role in terms of the performing arts has been strengthened during the crisis. Central government was very active, as were the ministry’s local offices, playing a leading role in implementing the schemes in consultation with the sector stakeholders, while delegating the majority of the appropriations to two implementing partners, the CNM and the ASTP. These implementing partners adapted their organisation so that they can organise the support mechanisms alongside the ministry, examine applications and disburse the aid.

3. The amount of aid given, in the emergency, was based on box office receipts, and the Ministry of Culture did not set up any *ex post* assessment tools to identify and correct any windfall effects or over-compensation. While the first recovery plan, designed to support the resumption of activity in the sector, differed little from the emergency measures, the plan that is being prepared should, in accordance with current thinking, include more incentive measures. The fact remains that the timing for ending the cross-sectoral and sectoral schemes will be a major issue of the recovery, as will the adjustment of budgetary or fiscal support, based on the audits and assessments of these that must be carried out.

4. The list of beneficiaries shows a relative concentration of the aid going to the more organised entities, which are more likely than small entities to know and assert their rights.

5. The closure of performance venues dried up the taxes earmarked for the CNM and the ASTP, central government having in particular had to offset the CNM’s losses with subsidies. The disruption of the pre-crisis funding models is likely to last until a return to the 2019 revenue levels expected in 2023.