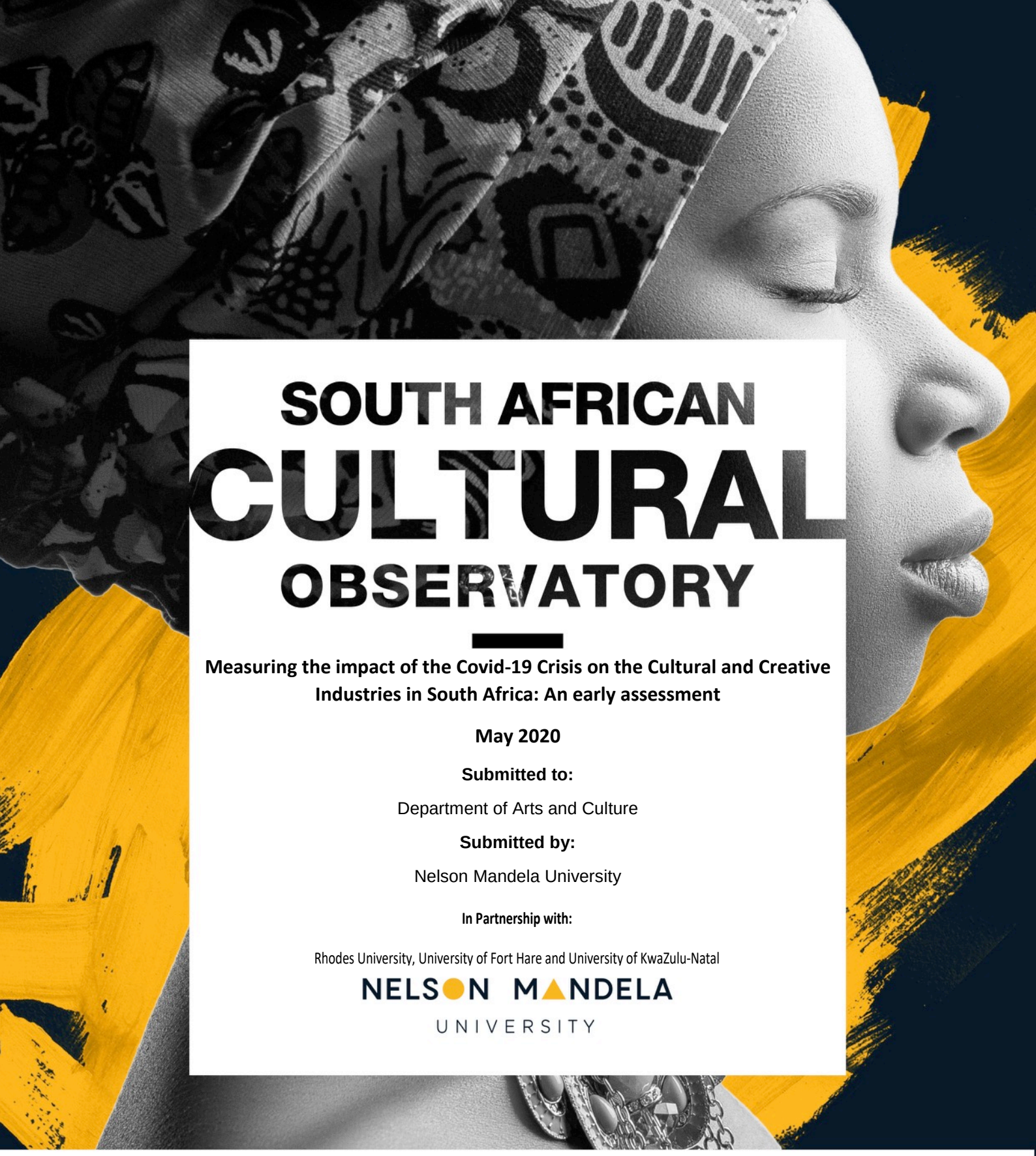

SOUTH AFRICAN CULTURAL OBSERVATORY

Measuring the impact of the Covid-19 Crisis on the Cultural and Creative Industries in South Africa: An early assessment

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Submitted to:

Department of Arts and Culture

Submitted by:

Nelson Mandela University

In Partnership with:

Rhodes University, University of Fort Hare and University of KwaZulu-Natal

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Executive Summary

Near the start of the lockdown, the South African Cultural Observatory (SACO) ran an online survey to find out what impact the measures to manage the COVID-19 virus were having on businesses and freelancers in the Cultural and Creative Industries (CCIs), the adaptation strategies that the sector was using, and the most useful kinds of support that could be provided. The survey ran from the 30th of March to the 4th of May 2020, and thus provides *an early assessment* of the impact of the shutdown on the sector. 595 useable responses from all parts of the sector, which includes performing arts, heritage, publishing, music, film and video, design, and support activities were received.

38% of responses were from firms with employees, and the other 62% were from individual freelancers. 65% are operating formal (registered) businesses (35% informal, or unregistered), and 82% have a yearly turnover of less than R5 million (micro-enterprises). 69% of respondents said that their mode of production was mostly via live, face-to-face activities.

Almost all (95%) of respondents had experienced cancellation or indefinite postponement of work scheduled between the start of the survey and the end of the year; most cancellations occurring in April and May. The ability of the sector to continue with their normal business activities is low: Overall, 45% of respondents could not continue with any of their normal business activities during the lockdown, and a further 25% could continue with only a small part of the normal business activities.

At this early stage of the lockdown, 21% of employers reported that they were continuing to pay all their employees their normal salaries, and only 7% of employers reported retrenching permanent employees. However, 29% said that they were ending the employment of short-term employees (people working on short-term contracts, or informally), and a further 25.5% reported reducing the salaries of employees during the shutdown.

The CCIs are particularly vulnerable to economic downturns because many people who work in the sector are freelancers (individuals) working on short-term contracts. There is also a high degree of informality, as well as face-to-face production modes. The hardest-hit parts of the sector (in terms of their lack of ability to continue with some part of their business activities, as well as their inability to adapt) are the most vulnerable (freelancers, informal sector and face-to-face mode operators). Unfortunately, these are also the groups who were least informed about the kinds of government support available, and who qualified for them least often.

Analysis by domain showed that Performance and Celebration is most vulnerable (because of the high proportion of freelance and face-to-face production), followed by Audio-Visual and Interactive Media (who distribute their work remotely, but whose production depends on face-to-face interaction). Visual Arts and Crafts were rated third most vulnerable, despite their relatively low face-to-face production mode, but this was offset by their having the highest proportion of freelancers, as well as a high proportion of informal operators.

The second part of the report used the information from the survey to develop realistic scenarios that were used to shock an econometric model (based on a Social Accounting Matrix) to determine the economic impact of the Covid-19 lockdown on the CCIs, and their resulting impact (including the direct and indirect effects) on the South African economy as a whole. The report provides the first scientifically rigorous impact evaluation of the reduction in CCI activity because of the Covid-19 shutdown on the South African economy.

Results show that the impact of the Covid-19 shutdown is not symmetric and each of the CCI domains experiences different consequences and expected recovery times. The total impact (without the induced impact) on total output of the Covid-19 shutdown on the CCIs is -R53,3 billion and their consequentially direct and indirect impact on the whole economy is expected to be -R99,7 billion in 2020.

Key Findings

- 82% of respondents were micro-enterprises, with a median turnover of R525,000 p/a.
- For face-to-face operators, only 12% said they could continue with 50% or more of their normal business activities.
- 15% said they expected an increase in demand, related to providing online content and PPE.
- 40% said that they were using reserves to survive, and 21% said that they were getting support from family and friends.
- 35% were moving online, and 32% were using the time to upskill.
- Only 18% of mostly face-to-face operators reported paying their employees as usual.
- 79% knew about government support being offered, but only 25% were sure that they qualified for it.
- For freelancers and informal sector operators, the most useful kind of support was from DSAC entities (NFVF, NAC etc.), and the planned playhouse online streaming platforms.
- The CCI shutdown is expected to reduce South Africa's GDP (direct and indirect impact) by R R99,7 billion in 2020.

1. Introduction

The mandate of SACO is to provide up-to-date, policy and industry relevant data on the cultural and creative industries in South Africa. The Covid-19 crisis response, which has resulted in restricted movement and lockdown, is likely to have a negative impact on the cultural and creative sectors, especially (but not limited to) the live performing arts. UNESCO (2020) recently declared:

> "Artists across the world, most of whom were already working part-time, on an informal basis or under precarious contracts prior to the pandemic, are struggling to make ends meet. Today, we are experiencing a cultural emergency" (UNESCO, 2020).

DSAC has initiated various support mechanisms for the sector, but there is currently little hard data on the impact of Covid19 on the cultural and creative industries (CCIs) in South Africa, or the strategies that businesses and freelance workers in this sector are using to survive the crisis, and the kinds of support they may need.

This report offers an early assessment of the impact of the Covid-19 shutdown on the South African creative economy. Data, and the impact scenarios based on the data, was collected very early on in the shutdown (April 2020).

There is significant uncertainty, both from a medical science perspective (how quickly the virus will spread, the mortality rate, the timing of the eventual decline), and from an economic perspective (the impact of the shutdown and social distancing measures on production, international trade, and household demand, and how quickly the economy will recover). It is thus very likely that things will change in the next few months, especially if, as the Health Minister, Dr Zweli Mkhize, explained on the 19th of May[1], the expectation is that infections will peak in June and July.

This report is divided into two parts: The first sections review international research about the impact of the Covid-19 crisis on the creative economy; outlines the support measures put in place by government, and puts them in international context. Section 5 analyses the survey results to determine the early impact of the shutdown on the South African Cultural and Creative Industries, and the strategies and adaptation methods being used to maintain their businesses, at least to some extent, in the early part of the crisis. The kinds of support that they are currently using, and would find most helpful, is also presented.

Analysis is conducted by sector characteristics, such as formally registered versus informally operated firms, by mode of operation and production (mostly face-to-face, such as in the live performing arts, or mostly not face-to-face), and freelancers versus employers. Analysis is also conducted for each of the Domains in the creative economy. The definition of the CCIs used is from the UNESCO Framework for Cultural Statistics (2009).

Section 6 of the report uses the information from the survey to develop realistic scenarios that are used to shock an econometric model to determine the economic impact of the Covid-19 lockdown on the CCIs including the direct and indirect effects on the South African economy. The method uses national primary data from a number of sources to build a model of the creative economy in South Africa, and then to determine the direct and indirect impact of the Covid-19 crisis on sector production by domain.

[1] https://sacoronavirus.co.za/2020/05/19/dr-zweli-mkhize-explains-sas-covid-19-mathematical-modelling/

2. Goals and Methods

The main goals of *Part A* of the research are to:

(i) Review recent international research on the impact of the Covid-19 crisis on the CCIs, and to put the support offered to the sector by the South African government into international context;

(ii) Provide an early assessment of the impact of the Covid-19 response measures on the ability of South African CCI firms and freelancers in both the formal and informal sectors to continue with their business;

(iii) To report on the strategies and adaptation methods that the CCIs are using to sustain their businesses during the first 3 months of the shutdown and the implementation of social distancing rules;

(iv) To provide inputs on the kinds of support that would be most useful to the sector during the Covid-19 crisis.

To assess the current South African situation, the research method was to use a carefully designed online survey which was distributed to all the CCI domains in South Africa. Distribution of the survey was supported by SACO, via the monthly newsletter, social media sites, and the direct contact of CCI practitioners in the SACO database. Industry associations were also approached and requested to share the link to the online survey with their members.

The main goals of *Part B* of the research are to:

(i) Develop an econometric model that can measure the impact of economic shocks on the various CCI domains;

(ii) Estimate the proportional direct impact that each sector was expect to experience;

(iii) Extrapolate the expected impact for each level of lockdown and calculate a moving average to smooth impact each domain would experience and then to calculate a weighted impact per domain for 2020;

(iv) Estimate the expected weighted impact of each domain on the South African economy.

Ethical clearance is required for research involving human subjects. Ethical clearance was obtained from the Rhodes University Human Ethics Committee. Analysis of the survey results is primarily quantitative, based on categorical responses. Thematic analysis was used for the analysis of qualitative data collected via open-ended questions.

3. Contextual Literature Review

3.1 The impact of Covid-19 on the South African Economy and the CCIs

From the 27th of March, the South African government imposed a lockdown to slow the spread of the COVID-19 virus by reducing the usual forms of social contact. While the lockdown strategy appears to have been effective in slowing the spread of the disease, and thus providing valuable time for medical facilities to prepare, and for protocols for the opening of the economy to be developed, the impact on the economy has been severely negative. The effect was exacerbated by the sovereign credit rating

downgrade to "junk" (below investment grade) status by Moody's at the end of March[2], which is likely to make government borrowing more expensive going forward, and it also weakened the exchange rate considerably.

Predictions about the impact of the shutdown on the economy as a whole have varied considerably, and depend very much on how soon the lockdown is eased[3]. One of the most detailed studies (Arndt et al., April 2020) traces 4 ways in which the shutdown will affect the economy, (i) through a reduction in the production of goods and services; (ii) through a reduction on household demand for goods and services; (iii) through a reduction of South African exports; and (iv) through a reduction in business investment in response to uncertainty.

The Arndt et al (2020) model shows three possible scenarios, depending on how long it takes to contain the COVID-19 pandemic. For the longest scenario, the report predicts a 34% decrease in GDP at factor cost, and a total wage earnings decrease by an average of 40%. They also point out that the impacts on wage earnings are more severe for workers in lower education groups than for those with tertiary education. The report shows differential impacts on different sectors of the economy, both in terms of the direct and "knock-on" (multiplier) effects. The cultural and creative industries (CCIs) are not analysed as a separate sector, but for "community, social and personal services", which includes many of the CCI codes, the report predicts "extremely limited" adaptation, with "the bulk of informal sector activity expected to be suppressed during the lockdown period" (Arndt et al., 2020:4). Employment in "recreational, cultural and sporting activities" is expected to decline by 32.3%.

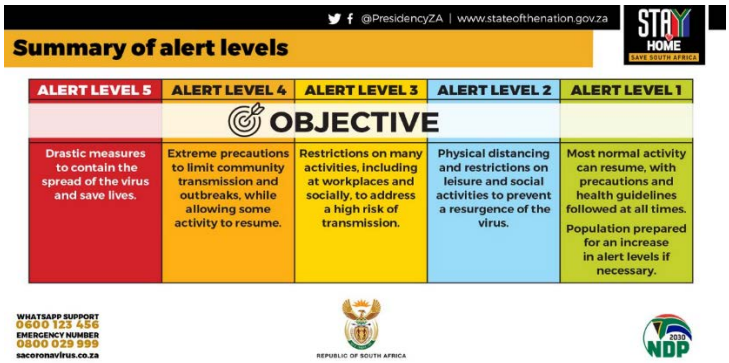


Figure 1: Summary of Lockdown levels

Statistics South Africa (StatsSA, April 2020) ran an online business impact survey from the 30th of March to the 13th of April, which received 707 responses. Their findings showed that more than 85% of respondents had experienced a drop in business turnover in the first 2 weeks of the lockdown, and that while 50% would not reduce their workforce in the short term (within 2 weeks of the survey), 37% said that they expected their workforce to decrease in size in the following period. A follow-up survey covering the period 14th to 30th of April (StatsSA, May 2020) already showed a worse picture, as businesses came to realize the longer term implications of ongoing shutdown regulations. In the second survey, 36% of firms said that they were laying off staff, compared to 20% in the earlier survey.

As suggested by the Arndt et al, (2020) report, there were also supply chain problems, with 19% of respondents reporting that they had already seen increases in the prices of their inputs (materials, goods and services). About 30% of SMEs said they could survive without turnover for less than a

[2] https://www.cnbcafrica.com/sa-downgrade/2020/03/27/moodys-downgrades-sa-to-junk/
[3] At the time of writing, the economy is in lockdown level 4.

month, and a further 54% said that they could survive between 1 and 3 months. 38% said that they would be applying for government relief schemes (StatsSA, April 2020).

A report prepared by Genesis Analytics (April 2020) based on an industry survey, showed that, by the end of May nearly 80% of workers in tourism, hotels and restaurants were likely to have been retrenched, and that more than 80% of small, medium and micro enterprises in this sector were likely to have closed. This sector, like much of the cultural and creative economy, is classified as being relatively high risk in terms of COVID-19 transmission, while also being relatively low in terms of GDP contribution, which means that these sectors would be some of the last to open in a risk adjusted strategy to the resumption of economic activity (Genesis Analytics, 2020).

The latest mapping study of the South African CCIs (SACO, 2020), showed that in 2018, the CCIs directly contributed 1.7% to South Africa's economy, which is R74.4 billion. The next largest sector is Agriculture, which contributed 2.4% to GDP in 2018. The cultural economy also grew at an average rate of 2.4% per year between 2016 and 2018, which is much faster that the rest of the economy in this period.

Using the "creative trident" method of measuring jobs, 7% of all the jobs in South Africa – 1.136 million formal and informal sector jobs – are related to the cultural economy (Hadisi and Snowball, 2020). The creative trident includes cultural economy jobs found in three places: people employed in creative jobs in the creative industries (for example, a dancer in a performing arts company); people employed in creative jobs, but in some other industry (for example, a designer in a car manufacturing company); and people who are not themselves in creative or cultural jobs, but who do support work in the creative industries (for example, an accountant in a film company). The number of cultural jobs in South Africa also grew at a faster rate than other jobs in 2016 and 2017.

Some of the characteristics of cultural occupations may help to make them more resilient to the COVID-19 crisis. For example, the mapping study describes 50% of cultural jobs as being classified as "skilled", 36% "semi-skilled" and 14% "unskilled". Indeed, results show that people in cultural occupations in South Africa are becoming increasingly well educated: 27% of people in cultural occupations have tertiary education, compared to 18% of those in other occupations.

However, there are other characteristics of cultural jobs, not only in South Africa, but also in other countries, that make the sector especially vulnerable. Banks (2020) describes how the reduction in the amount public support for culture in many countries has forced creative workers to rely increasingly on short-term, precarious contract work (the so-called "gig" economy). These jobs come with few of the benefits of longer-term, more permanent employment, and workers in these sectors tend to be less well organised (in terms of labour movements, like unions). This means that, even in developed countries like the UK and the US, many cultural workers have little job security or access to other benefits, like employer-supported health insurance, or unemployment benefits.

Comunian and England (2020), argue that the COVID-19 crisis has dramatically exposed the high levels of precariousness in cultural work, which has previously been ignored by policy-makers. They point out that this mode of production started to emerge after the 2008/9 financial crisis and affects both lower education and income support jobs, as well as the more highly skilled and educated cultural workers. Assumptions that creatives are "resilient" and can adapt in innovative ways to funding cuts has been present in the literature on cultural labour for some time (Pratt, 2017). There are also arguments that the short-term contract work nature of CCI work suites the sector, making it possible to assemble diverse, skilled teams for short periods of time to contribute to specific projects, keeping costs low and, in some sectors, like Nollywood, resulting in fast growth and development (Lobato,

2010; Eikhof and Warhurst, 2013). De Peuter (2013) notes that some cultural workers deliberately choose precarious freelance work because it gives them greater artistic control and freedom, but that "these are often traded off against volatile income, insufficient healthcare and social isolation" (De Peuter, 2013:39).

The point about the high costs of a precarious production mode is also made by Comunian and England (2020), who reviewed 12 surveys of the impact of the COVID-19 crisis on the cultural and creative sectors. Their findings show that the focus of most surveys is on the immediate impact of the crisis on the sector, adaptation strategies, and support required. Issues of longer-term sustainability were not addressed. It was also not acknowledged that government support required things like good tax records, making many freelance CCI workers ineligible. In addition, none of the surveys included demographic information, which leaves out the ability of results to track differential impacts on a sector which has acknowledged inequalities.

In the South African case, the problems are exacerbated by the high levels of informal activity for those employed in cultural occupations. There are some economists who acknowledge that there are rational reasons for choosing to work or operate in the informal economy. For example, some firms may opt out of formal operation if they perceive the benefits of being formally registered as less than the costs (Perry et al., 2007). Informal work may allow people to balance work and home responsibilities, and help entrepreneurs to reduce the costs associated with labour market regulations and taxes (Yu, 2012). For people with low levels of formal training, the informal sector could be an important labour market entry point, allowing them to gain experience and skills (Yu, 2012).

However, there are also costs associated with operating informally: Rogan and Alfers (2019) find that formal sector labour market inequalities are perpetuated in the informal sector in that there is an over-representation of women in informal employment in South Africa, and that they earn significantly less than their male counterparts. Banks (2020:3) acknowledges that "the most precarious cultural workers of all" are freelancers operating informal or unregistered businesses.

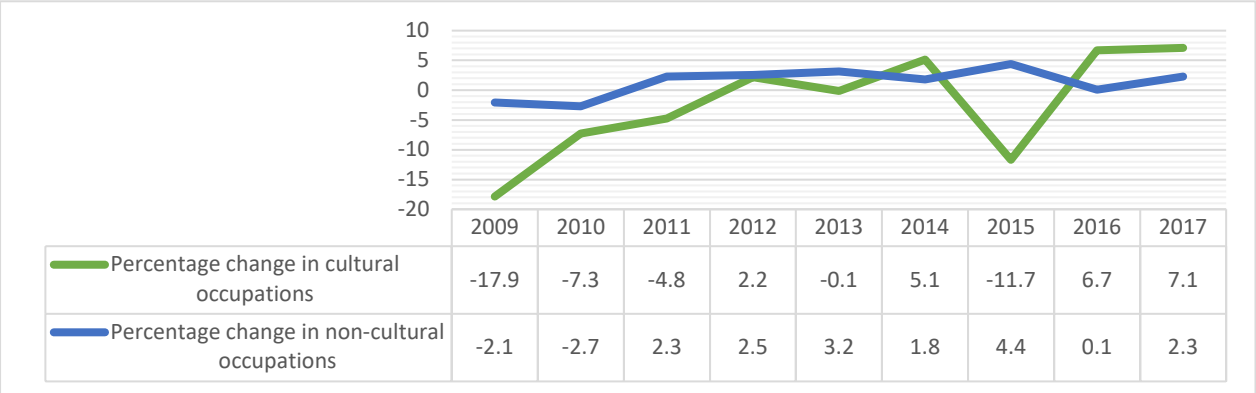
In a recent study of the differences between small, medium and micro enterprises (SMMEs) operating in the formal and informal markets in South Africa, Bhorat et al (2018) found that informal SMMEs were more likely to be operating in rural areas, and to employ women and youths with low levels of formal education. SMMEs with higher turnovers were more likely to be operating in the formal sector and workers had higher incomes and levels of education. They also found that informal sector SMME owners have less formal education than those in the formal sector, and that more than half of all SMMEs in South Africa do not keep financial records.

The SACO mapping study (Hadisi and Snowball, 2020) found that 46% of people working in cultural occupations were in the informal sector. Results also showed that a much higher proportion of cultural workers in South Africa are freelancers (34%) ("own account workers with no employees"), than non-cultural workers (10%). While incomes in cultural occupations are, on average, higher than in non-cultural occupations, the average earnings of men are still significantly higher than those of women in cultural occupations, and more workers in cultural occupations are men (58.7%), than women.

A Kenyan study (also an online survey) of the impact of the COVID-19 crisis on the creative economy showed very similar characteristics: CCI businesses were mostly (80%) unregistered (informal) and not part of any union or industry organisation. 85% of businesses with employees fell into the microenterprise category (employing between 1 and 10 people), and a large proportion (68%) were freelancers ("individual practitioners"). The study also found that female-led businesses had experienced greater decreases in income compared to those led by men. 58% of all respondents rated

the financial impact of the COVID-19 shutdown on their business as “severe” and a further 26% rated it as “moderate to severe”.

As a result of the high levels of freelance and informal work in cultural occupations, jobs in the cultural sector are especially vulnerable to changes in GDP. Grodach and Seman (2013) studied the effect of the 2008/9 recession on the creative industries in the US. Their findings showed that, while boom periods result in very fast growth in the CCIs, periods of recession cause decline, especially in metropolitan area hubs, and rising levels of cultural unemployment. However, Grodach and Seman (2013) also find evidence for cultural sector resilience, especially in “secondary metros” which had lower average levels of cultural employment before the crisis, pointing to important regional differences.



	2009	2010	2011	2012	2013	2014	2015	2016	2017
Percentage change in cultural occupations	-17.9	-7.3	-4.8	2.2	-0.1	5.1	-11.7	6.7	7.1
Percentage change in non-cultural occupations	-2.1	-2.7	2.3	2.5	3.2	1.8	4.4	0.1	2.3

Figure 2: Changes in Cultural Occupations and GDP over time (2008 – 2017)

(Source: LMDSA annual dataset, 2017, analysed by Hadisi and Snowball, 2020)

The SACO Mapping Study historical analysis of cultural employment in South Africa also showed that cultural occupations are especially vulnerable to changes in GDP. The 2008/9 recession resulted in a 2.1% decline in non-cultural occupations, but a nearly 18% fall in cultural jobs. While the cultural sector recovered fairly quickly, and was growing (in terms of both jobs and GDP contribution) at a faster rate than the rest of the economy by 2017, it is also noted that the very low GDP growth rates of 2015 and 2016 were associated with a sharp fall in cultural occupations, and an increase in the percentage of cultural occupations in the informal sector (43% informal in 2015 and 51% informal in 2016). What this analysis suggests is that the CCIs, because of their structure and characteristics, are particularly vulnerable to declining economic growth.

An additional consideration is the impact of demand-side changes and the time it may take audiences to return to live events, even after they are allowed to be offered. A study in the UK by Rainer (April 2020) collected online survey responses from more than 86 000 UK arts attendees. Although 93% said that they missed attending live events and 74% said they wanted to return eventually, only 17% said that they were booking tickets currently, and half of those were only booking events from November 2020 onwards. Only 19% said they would return to attending live events as soon as they opened, and 41% said they would not return for at least 4 months. Three quarters said that they would still feel safer if social distancing and other measures were in place (Rainer, April 2020). A similar study in the US (Dilenschneider, April, 2020), showed a more positive trend, however. While the intention to visit a cultural institution of any kind showed great declines in the near future, it recovered to normal levels within three months of the survey (which ran until 25th of April). As the author points out, this is good news for cultural organisations of all kinds. However, the survey findings also show that people expect cultural organisations to put safety measures, like social distancing, in place in order for this to happen.

Another consideration is the longer-term impact of the shift to online modes of production and consumption of cultural and creative content. As Nobre (2020) points out, the shift to dematerialization has been happening for a while, but the Covid-19 crisis has speeded it up considerably, bringing with it challenges as well as opportunities. Lee et al. (2020), talking about the music industry, point out that the shift to the online environment "exposes hitherto little-known musical micro-cultures to a larger, newer and geographically more dispersed audience, giving cultural diversity a whole new level of expression". But this is just possibility. The alternative scenario is that online music sharing will advantage "western" performers and platforms, potentially leading to a global "mono-culture" and a decline in diversity. Nobre (2020) also cautions that automation and artificial intelligence may post a risk to human employment in the sector.

Even for those who manage to share their content online successfully, the question of how to earn an income from that remains. Especially with the large amount of free content available via platforms like YouTube and Facebook, monetizing cultural goods and services may be difficult. As part of their response to support creatives in a time of Covid-19, Facebook announced that they were including new features in their live streaming tool, including the ability to charge: "You'll be able to mark Facebook Events as online only and, in the coming weeks, integrate Facebook Live so you can broadcast to your guests. To support creators and small businesses, we plan to add the ability for Pages to charge for access to events with Live videos on Facebook – anything from online performances to classes to professional conferences"[4]. The National Arts Festival, which takes place each year in Makhanda in the Eastern Cape, is one of the largest and oldest mixed arts festivals in the country. The NAF has announced a shift to presenting the Festival online this year, with ticket purchases needed in order to access content online[5]. How consumers will respond still remains to be seen.

3.2 Support being offered to the cultural sector in South Africa and other countries

As part of putting the support being offered by the South African government in context, the sector-specific and non-specific support being offered by a selection of other countries was reviewed. Countries chosen for review were: Argentina, Canada, France, South Korea, Tunisia and Singapore. They were chosen on the basis of information availability, and variety in terms of development status and geographic location.

As shown in Table 1, all the countries reviewed recognised the importance of providing general emergency financial support to the sector. Much of this funding was channelled through existing arts and culture agencies attached to national cultural ministries. In some cases, the funding was for organisations (such as in Argentina, where 30 million pesos of emergency funding was channelled to cultural centres), while in others it was also available to individual cultural practitioners themselves (such as in France, where artists could receive individual support grants of up to EUR 1,500).

Some countries provided Domain-specific support, like France, which provided specific support for film, books and publishing, and "plastic" arts (fine art and museums). Argentina provided specific support to Music, Public Libraries, the National Theatre and the Youth Orchestra. Others focused on providing support to the arts and culture sector in general, without specific packages for each domain.

[4] https://allhiphop.com/news/facebook-announces-artists-businesses-will-be-able-to-charge-for-live-streams-GKga5vl9YkyjWw3fsx2FnA?fbclid=IwAR0zUs0bf8YHm1jpszyjxXfkLtBKKWQM4viY6iNaMWCR01welGN4VWIDPFw

[5] https://www.nationalartsfestival.co.za/news/creativate2020-call/?fbclid=IwAR1-QsA9FI1EyJju0lcyqkNhVEFB5yxkj1A_xDcHmZDeXLv8ReOFNJxMPSk

Another strategy used was to commission new online works that encouraged creatives to experiment with, and explore digital production. Argentina made funding available for a "Culture at Home" project delivered through an existing online platform. The Canada Council for the Arts provided a million Canadian dollars for short term funding of "Digital Originals" to help individuals and arts organisations pivot their content to online modes. While Singapore did not exactly commission new works, they did make available a new fund for "Digitisation of Arts and Culture Content", which is designed to support arts and culture institutions and practitioners to move their content online.

On a practical level, some countries also extended deadlines for current calls for funding proposals, as well as reporting requirements for those who had already received funding. Support was sometimes provided through regional or city government agencies (as well as national arts and culture departments) in Argentina, France and South Korea.

Table 1: Selected descriptions of international government support offered to the CCIs

Country	Support offered[6]	Support Types	
Argentina	The Ministry of Culture Argentina announced that the Culture Points Program will have its budget increased from 17 to 50 million pesos; it will provide 30 million pesos in emergency funds for cultural centres; The National Commission of Public Libraries will increase investment in the book program for the purchase of books. The funds earmarked for the Book Fair will be redirected to this; The National Theatre Institute will allocate 96 million pesos for studios, plays and festivals; The National Arts Fund will boost the payment of scholarships, competitions, subsidies and loans with 22 million pesos, and launch a new call with funding of 75 million pesos; The National Institute of Music is extending the deadline for financial acquittals; The Infanto Juveniles Orchestras program will have 9.2 million pesos for new instruments; 7.2 million pesos for hiring nearly 500 artists to develop content for 'Culture at Home' through the digital platform Formar Cultura, which is a virtual community of practice.	General emergency financial support	✓
		Delivery through existing agencies	✓
		Domain-specific investment	✓
		Newly commissioned online works	✓
		Extended deadlines	✓
		Regional support	✗
		Non-Specific SMME support	✓
Canada	Canadian government announced CA $500 million to establish a COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organisations; The Canada Council for the Arts announced CA $1 million in funding for the creation of Digital Originals, a new time-limited funding initiative to help artists, groups and arts organizations pivot their work for online audiences during the COVID-19 pandemic. Canada Council for the Arts announced CA $60 million in advance funding, equivalent to 35% of annual grants held by over 1,100 core funded organisations as well as allowing grantees to postpone events / travel or move events online; no penalties for not meeting current reporting deadlines; extending some deadlines and continuing to run grant assessments; relaxing repayment of grant rules. For self-employed people who are not eligible for Employment Insurance and have lost their jobs or have reduced hours, Canada Revenue Agency will provide emergency Care Benefit for workers and parents without paid sick leave. Small businesses can receive a temporary wage subsidy for three months, equal to 10% of remuneration for that period.	General emergency financial support	✓
		Delivery through existing agencies	✓
		Domain-specific investment	✗
		Newly commissioned online works	✓
		Extended deadlines	✓
		Regional support	✗
		Non-Specific SMME support	✓
France	Ministry of Culture announced an emergency fund which will include in its first phase EUR 22 million, which includes EUR 10 million for music, EUR 5 million for entertainment, EUR 5 million for literature and EUR 2 million for visual arts. The Ministry will count the period that contract-based cultural workers are unable to work as part of the reference period which gives entitlement to unemployment insurance; and pay unemployment insurance benefits for contract-based cultural workers even if their entitlement was set to end during the current period; On 27 March the Ministry also announced additional measures for artists to receive an individual support grant of up to EUR 1,500. Support from agencies, such as the National Music Centre which has established an 11.5 million Euro emergency fund for the entertainment industry, particularly small and medium enterprises (Grants capped at € 11,500, includes an incentive to pay artists compensation for cancelled shows); suspended the payment of 'show tax'. The National Centre for Cinema and Animated Image is providing financial aid to art house infrastructure and softening criteria for accessing aid; Grants already awarded for cancelled events will be paid and not required to be paid back. Other industry organisations offering similar aid include The National Book Centre and The National Centre for Plastic Arts. Some regions have also established aid funds, for example, the Pays de la Loire region has announced an emergency plan of 50 million euros for businesses in the cultural, sports and community sectors, as well as measures like offering unsecured cash loans and postponement of repayable advances. Non-specific support of 45 billion euros in overall action, which includes: unemployment benefits for people forced to work part-time; a 'solidarity fund' of 2 billion euros to help shopkeepers and the self-employed; Paying small and medium businesses to keep workers on furlough; Bank loan guarantees for businesses and tax deferrals.	General emergency financial support	✓
		Delivery through existing agencies	✓
		Domain-specific investment	✓
		Newly commissioned online works	✗
		Extended deadlines	✓
		Regional support	✓
		Non-Specific SMME support	✓

[6] Sources for this data include https://www.bypgroup.com/blog/2020/3/21/government-arts-responses-to-covid-19?fbclid=IwAR3AWGluf35VfhlgUz50bbimzcddxVqK46xcixmtq5V-0fOHCCniUnsfZWI (an interactive blog listing creative sector support by country), various media reports and cultural sector websites.

South Korea	Special support for the arts include: Emergency Livelihood Stabilization low interest Loans for Artists (limited to 10 million won and repayment period of three years); Creative Reserve Fund Support Project available to 12,000 selected artists; emergency support low interest loans for artists suffering from financial difficulties due to cancellation or delay of performances. Korea Arts Management Service has set up a COVID-19 Information Desk for the Performing Arts offering a supply of cleaning and disinfection products to small private theatres; is planning to offer support for the venue rental fee of performing arts companies; and is offering financial support for productions in small theatres, including venue hire, performer payments and subsidised ticket prices. The Seoul Foundation for Arts and Culture has allocated additional budget of 4.5 billion won in order to provide emergency support for artists (arts companies), art educators and planners. Non-specific support includes an emergency financial aid package worth KRW 100 trillion aimed at small businesses, medium sized companies and the self-employed. Assistance includes loans with low interest rates; loan guarantee programs; extensions on loan payments; job retraining funding; childcare subsidies; financial support for paid leave for those hospitalised or isolated due to COVID-19; household relief funding, alleviation of social security contributions and electricity bills; early payment of tax refunds. Criteria for other general funds, such as funds available for the unemployed, and loans intended to help workers stabilize their livelihoods, have been relaxed.	General emergency financial support ✓ Delivery through existing agencies ✓ Domain-specific investment ✓ Newly commissioned online works ✗ Extended deadlines ✗ Regional support ✓ Non-Specific SMME support ✓
Country	**Support offered**	**Support Types**
Tunisia	The Tunisian government has established "The Culture Recovery Fund" (FRC). The Fund combines public and private endowment that provides financial aid for arts professionals impacted by the crisis. The fund offers interest-free loans for business continuity and support to cover non-repayable funding as a result of cancellations or postponement. There is also funding for "relaunching" of cultural activities. Government support is also available for workers and small businesses in the form of wage support for employers (for up to 50% of the salaries of workers), postponement of tax payments by three months, low interest loans, and postponement of loan repayments. To help to protect workers, terminating an employment contract because of the coronavirus is now regarded as unfair dismissal from a legal standpoint.	General emergency financial support ✓ Delivery through existing agencies ✗ Domain-specific investment ✗ Newly commissioned online works ✗ Extended deadlines ✗ Regional support ✗ Non-Specific SMME support ✓
Singapore	The Singapore government announced an additional SGD $55 million for the arts and culture sector to mitigate the impact of the Corona-19 crisis. The National Arts Council of Singapore (NAC) will provide funding for major companies and leading arts groups to retain jobs; the NAC will enhance the Capability Development Scheme for the Arts to support the upskilling and professional development of arts organisations and practitioners; the Ministry of Culture, Community and Youth (MCCY), NAC, and the National Heritage Board will administer a new Fund for Digitisation of Arts and Culture Content to support arts and cultural institutions, organisations and practitioners to present works digitally, offer new experiences for audiences, and create new economic opportunities. National Arts Council of Singapore also allocated SGD $1.6 million for two new initiatives that will help arts groups a) improve their skills, and b) ease expenses incurred from shows being cancelled or postponed. Other kinds of support include a venue Hire Subsidy of 30% for venue rental and associated costs for activities occurring between 7 March and 30 June 2020. Non-specific support includes a new Self-Employed Persons training support scheme (delivered by the Ministry of Manpower), under which all self-employed persons will be paid an hourly $7.50 SGD training allowance when attending eligible programs.	General emergency financial support ✓ Delivery through existing agencies ✓ Domain-specific investment ✗ Newly commissioned online works ✓ Extended deadlines ✗ Regional support ✗ Non-Specific SMME support ✓

All the countries reviewed provided non-specific support to small, medium and micro enterprises, and sometimes to individual workers as well. For example, Tunisia provided wage support for employers in SMMEs, as well as postponement of tax payment and access to low interest loans. Interestingly, in a move to support individual employees, ending an employment contract because of the Coronavirus was designated as "unfair dismissal". In Singapore, a "self-employed persons training support" scheme pays freelancers an hourly wage while they attend training programmes.

Support for the creative sector in South Africa

The South African Department of Sport, Arts and Culture (DSAC) announced sector-specific support of R150 million on the 25th of March, aimed at "artists, athletes, technical personnel and the core ecosystem of the sector" (DSAC, 2020). Part of the funding was specifically for proposals for livestreaming events, but the main focus was on those who had had scheduled work cancelled between March and June because of the shutdown. Domain-specific funding applications were also channeled through existing structures, such as the National Arts Council (NAC) and the National Film

and Video Foundation. Funding applications closed on the 6th of April, and were decided on by independent adjudication committees[7].

By the deadline, DSAC reported having received more than 5000 applications for the Covid-19 relief fund. By early May, 1000 of these had been decided on, but only 105 had been approved[8]. Some applications had been moved to the NFVF, but many had been rejected because they did not meet the requirements in terms of providing proof of cancelled events, the correct personal information, or a correctly completed application document. A challenge for applications was that those who had had events or performances indefinitely postponed, not cancelled, were not eligible for the funding, although this was a requirement that DSAC commented would be re-assessed in the second round of funding.

DSAC also announced the award of three short-term (3 month) tenders to assist with the Live Streaming of events and performances from DSAC-funded playhouses[9]. The companies were Pixel Entropy (R488 750), Roadshow Marketing Services (R824 300), and VWV television production services (R1.983m).

A challenge for the sector (as further demonstrated in discussion of the survey results below), is that there are high levels of freelance and informal work. For unregistered individuals and firms, or for those working on short-term contracts, the DSAC relief (which required things like tax records and evidence of existing contracts), was not accessible. Private sector and some industry organisations stepped in to provide some support to these groups[10]. The Theatre Benevolent Fund (TBF) provided a food fund and food stamps for struggling and freelance actors. Broadcasters, MultiChoice and M-Net, allocated R80m to support those involved in their productions who faced a loss of income.

South Africa also quickly put in place various other non-specific support programmes that could also benefit the CCIs (Figure 3).

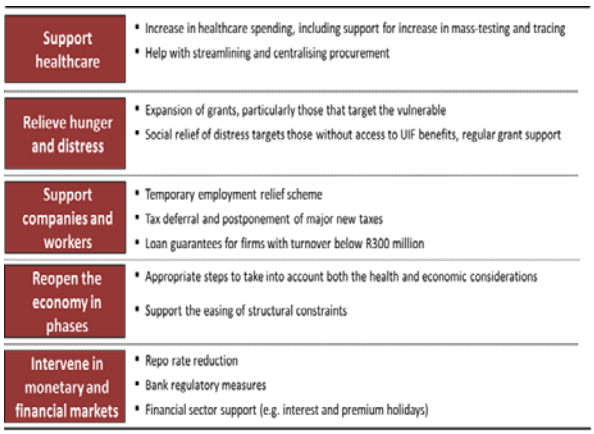


Figure 3: Summary of Short-term Economic Support Measures

(National Treasury, 2020[11])

[7] http://www.dac.gov.za/content/statement-minister-nathi-mthethwa-media-briefing-about-department-sports-arts-and-culture%E2%80%99s

[8] http://www.dac.gov.za/content/update-covid-19-relief-fund-adjudication-process-department-sport-arts-and-culture-dsac

[9] http://www.dac.gov.za/content/awarded-tenders-appointment-companies-provide-different-services-department-sports-arts-and

[10] https://www.iol.co.za/news/south-africa/freelancers-in-sas-entertainment-industry-get-financial-relief-during-covid-19-lockdown-47040039

[11] http://www.treasury.gov.za/

In particular, the provision of grants of R350 per person over three months to adults without access to the Unemployment Insurance Fund (UIF) was a small, but potentially important source of assistance to informal freelancers in the sector.

There were also various support measures provided to registered small, medium and micro firms, such as the Temporary Employment Relief Scheme (TERS), which assists employers to continue paying their staff at least a partial salary. To qualify for TERS, employers had to be registered with the UIF, and have had to close their operation as a direct result of the pandemic. Various forms of tax relief, and loan guarantees for smaller firms were also offered, but clearly only applicable to those operating in the formal sector.

These and other forms of support were made available through the Department of Small Business Development from very early in the crisis to assist small and medium enterprises in distress. As of the 7th of May, they had received more than 26000 applications and had approved R433m under the SMME Debt Relief Funding Scheme (Figure 4).

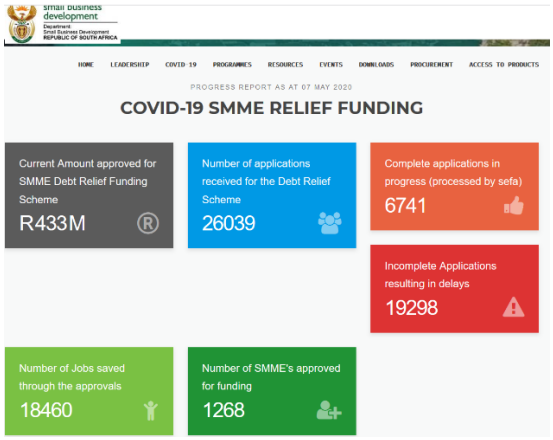


Figure 4: Department of Small Business Development Covid-19 SMME Relief Funding Update (7 May)[12]

Having reviewed the international literature and government responses to the COVID-19 crisis, the rest of the report analyses the data from the online survey of South African CCI businesses and freelancers.

4. Research Method and Response Rate

Given the lockdown restrictions, the research method was to design and run a short online survey (Appendix 1) that was distributed as widely as possible via the SACO website, social media platforms and newsletter, and industry associations who are willing to participate. SACO's database of CCI practitioners was also used to distribute the link via SMS and email.

The survey targeted participants from firms (employers) and individual freelancers who worked in any part of the cultural or creative industries in South Africa, be it formally or informally. The CCIs were defined using the UNESCO Framework for Cultural Statistics (2009). The survey was anonymous, and all questions were voluntary (other than the initial question where participants were asked to give their informed consent for the data submitted to be used). Questionnaire phrasing was done in as careful and sympathetic a way as possible, and provided potentially helpful information, such as the link to the website where SMMEs who wanted to access government support should register. The

[12] http://www.dsbd.gov.za/

research was granted Ethical Clearance by the Rhodes University Human Ethics Committee (Review Reference: 2020-1441-3437).

The survey collected information about the characteristics of the business (such as business age, UNESCO domain, formal or informal operation, main geographical location, turnover and employment). There were also questions about the impact of the lockdown: the extent to which normal business operations could continue in the lockdown, and cancellations or indefinite postponement of scheduled work. The following sections asked about strategies that were adopted to continue some operations, knowledge about, and eligibility for government support, and the kinds of support that respondents would find most useful. The survey ran from the 30th of March to the 4th of May 2020.

Excluding responses that had more than 50% of the data missing, or who declined to participate, 595 responses were received (Table 2), although not all respondents answered all questions. A limitation of the data is that some domains were less well represented (Cultural and Natural Heritage, Books and Press, and Design and Creative Services), making analysis for these domains less reliable.

Table 2: Survey Responses by Domain

Domain	Frequency	Percentage
Cultural & Natural Heritage	20	3%
Performance & Celebration	167	28%
Visual Arts & Crafts	95	16%
Books and Press	30	5%
Audio-Visual & Interactive Media	181	31%
Design & Creative Services	62	10%
Support Activities	36	6%
TOTAL	591	100%

The largest group of respondents (46%) had established their business or started working in the sector in the last 10 years (since 2011), but there was also a good representation of older firms: 28% established between 2001 and 2010, and 25% being 20 or more years old (Figure 5).

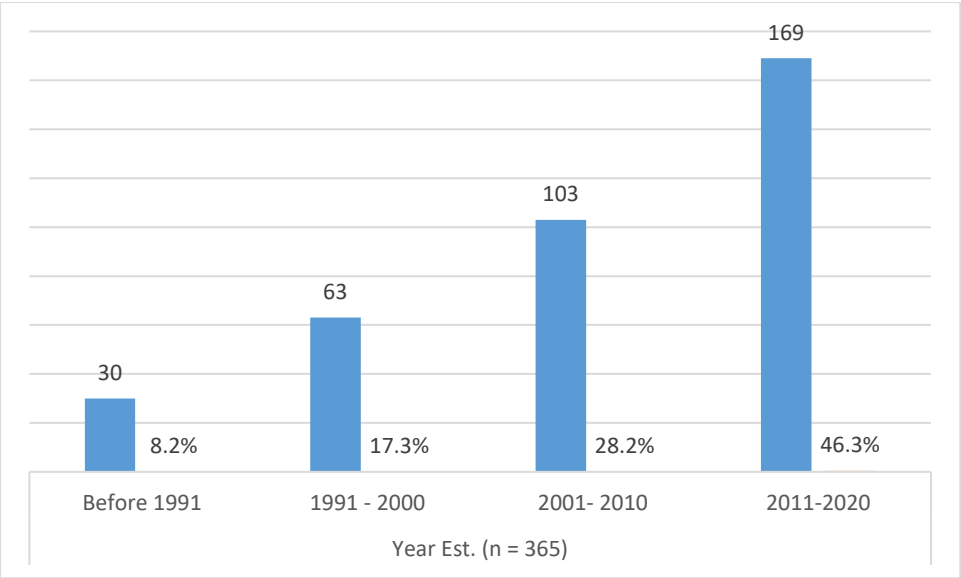


Figure 5: Year of Business Establishment for respondents

Responses were received from all provinces in South Africa, but some were not well represented (Table 3). The biggest groups were from Gauteng (170 responses) and from the Western Cape (166 responses). The concentration of responses in these provinces represents fairly well the spatial distribution of the CCIs in South Africa, which is concentrated in the metropolitan areas, as demonstrated in the recent SACO CCI Mapping Study (SACO, 2020). However, responses from KwaZulu-Natal were very low, despite the mapping study showing the province as being important for CCI activity. The sample of respondents is thus not very accurate in terms of representing the spatial distribution of the creative economy.

Table 3: Distribution of Responses by Province

Province	Frequency	Percentage
Eastern Cape	36	6.1%
Free State	10	1.7%
Gauteng	170	28.6%
KwaZulu-Natal	22	3.7%
Lim; Mpum; NW; NC	18	3.0%
Western Cape	166	27.9%
No Response	173	29.1%

To strengthen the analysis, the attributes of each domain were also considered, since some of these were shown to have statistically significant correlations with the impact of the COVID-19 crisis. The attributes were:

- Role: An employer or a freelancer (defined as an "own account worker with no employees")
- Business: Formal operation (registered) or informal operation (not registered)
- Mode: Mostly face-to-face, or mostly not face-to-face.

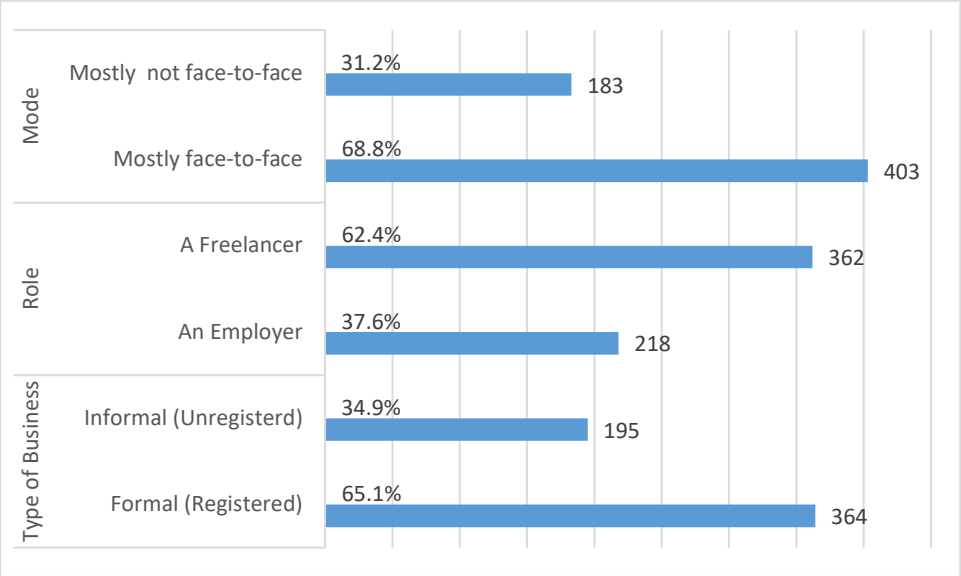


Figure 6: Responses by Business Type, Role and Mode of operation

As shown (Figure 6), 65% of responses were from firms operating formally, that is, they were registered for tax, while the remaining 35% were operating informally. 62% of responses were from

freelancers, defined as “own account workers with no employees”, and 38% were employers, or firm owners. Respondents were also asked whether their business activities were, “Mostly related to live, face-to-face activities (such as live performing arts; cultural tourism services; or the support of such activities)” or “Mostly related to providing a good or service that does not need face-to-face contact (such as fine art, creative writing, design, animation etc.)”. 69% of respondents reported that their business was mostly face-to-face. From the point of view of business type, role and mode, responses were satisfactorily varied and allowed analysis of differences between these characteristics.

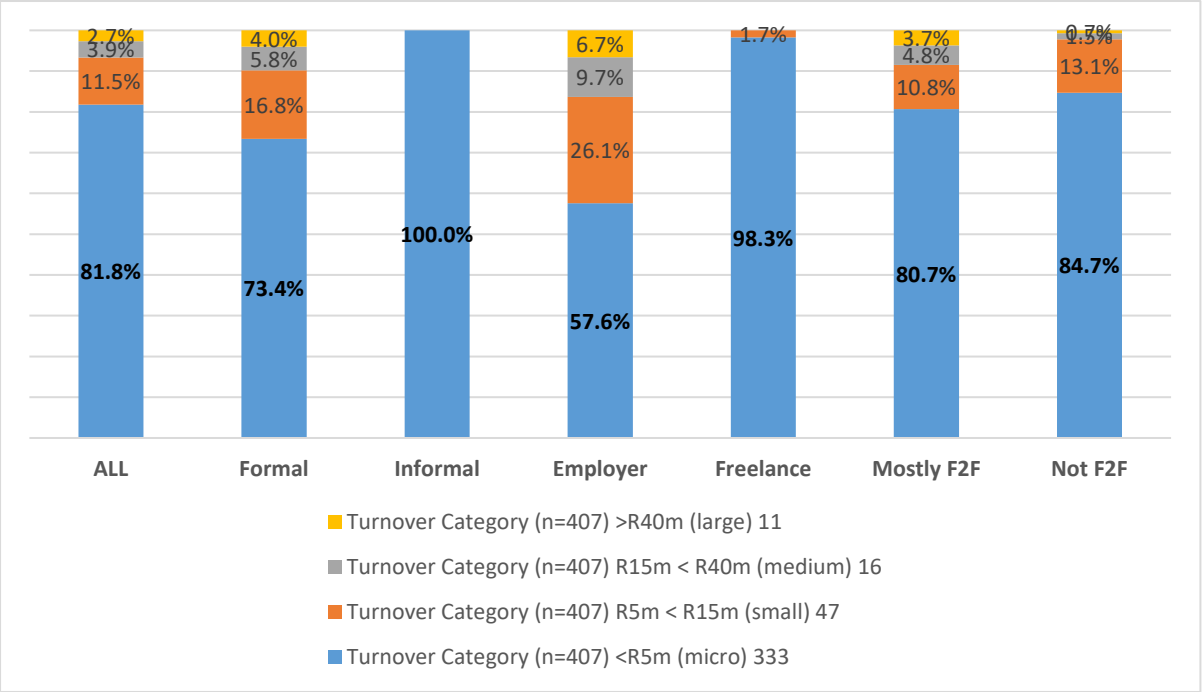


Figure 7: Turnover category by Business type, Role and Mode of operation

Of the 407 respondents who answered the question, most (82%) were defined as microenterprises, with yearly turnover of less than R5 million. 11.5% were classed as “small” (turnover of between R5 and R15 million), 4% were medium (turnover of between R15 and R40 million) and a minority (3%, or 11 responses) classed as “large” (turnover of more than R40 million). The distribution approximates fairly well the structure of the CCIs in most countries, with the vast majority being SMMEs.

There was some variation by Business type, role and mode of operation. Informally operating businesses were all “micro”, while a larger proportion of those operating formally were in the small (17%), medium and large (10%) categories. Responses from employers (as compared to freelancers), were more likely to be in the small, medium and large categories, and less likely than freelancers to be in the micro category. However, there were not large differences between the turnover categories of firms operating mostly face-to-face, compared to those operating mostly not face-to-face.

Table 4: Average (Mean) and Median Turnover by Business Type, Role and Mode of Operation

	Average Turnover	Median Turnover
ALL	R4,752,767	R525,000
Formal	R6,438,351	R1,200,000
Informal	R272,664	R190,000
Employer	R19,904,435	R3,000,000
Freelance	R498,423	R200,000
Mostly F2F	R5,722,172	R596,000
Not F2F	R2,583,283	R500,000

Of the 278 responses to the question about turnover amount (as opposed to category), the average yearly turnover was R4.7 million. However, averages can be skewed upwards by a few very large amounts, so a more indicative figure is the median, which was R525 000 per year. There were significant differences between formal businesses, with much higher average and medium turnover, and informal businesses and between employers and freelancers. While there was a large difference between the average turnover by mode of operation, with mostly live, face-to-face businesses having a higher average turnover than those operating mostly not face-to-face, the median values were quite close.

Table 5: Employment category by Business type, Role and Mode of Operation

Employment Category (n = 538)	**ALL**	**Formal**	**Informal**	**Mostly F2F**	**Not F2F**
1: freelancer no perm. employees	60.8%	39.4%	91.6%	59.4%	63.2%
2-10 people (micro)	28.3%	42.5%	7.9%	28.1%	28.7%
11- 50 people (small)	8.2%	13.4%	0.5%	8.9%	6.9%
51 - 250 people (medium)	2.0%	3.4%	0%	2.5%	1.1%
> 250 people (large)	0.7%	1.3%	0%	1.1%	0.0%
Employment number					
Mean	13.60	20.20	1.40	17.50	4.30
Median	1.00	3.00	1.00	1.00	1.00

As expected, employment categories were distributed in a fairly similar way to turnover categories. The biggest group of respondents were freelancers, with no permanent employees (61%), followed by microenterprises with between 2 and 10 employees (28%). Businesses operating informally were much more likely to be freelancers, and businesses operating face-to-face were slightly more likely to be in small, medium or large employment categories than those operating not mostly face-to-face. In comparing the mean and median employment numbers, formal and face-to-face businesses had higher averages.

To further investigate these relationships, correlation tables were constructed, using Pearson correlation statistics to test for statistically significant differences between the categories (Appendix Table 1). Results show that Employers (as compared to freelancers) were statistically more likely to be operating formally and to be in higher turnover and employment categories. However, the mode of operation (face-to-face or not) did not have statistically significant relationships with any of the other characteristics, or with turnover or employment categories.

Having discussed the response rates and the main characteristics of the sample, the following section presents the results. Firstly, the impact of the lockdown is considered, followed by strategies adopted to continue business activities. Knowledge and applicability of various kinds of support are discussed, followed by a consideration of the differential impact by domain.

5. Survey Results and Analysis

5.1 Lockdown Impact and Ability of the CCIs to continue with business

The first question related to the experience of cancellation, or indefinite postponement of work that had already been scheduled. At the time of the survey, almost all (95%) of respondents had experienced cancellation or indefinite postponement of work scheduled between the start of the survey and the end of the year (Table 6). On average 63% of all respondents experienced cancellation of work that had been scheduled before the end of April 2020. A further 30% experienced cancellation, or indefinite postponement, of work that had been scheduled before the end of May. Another quarter had work that was scheduled before the end of June cancelled or indefinitely postponed. A smaller proportion (12%) experienced longer term cancellations or indefinite postponements, with work that was scheduled before the end of December having been postponed or cancelled. A very small proportion of respondents did not experience any cancellation or postponement.

There were some differences between groups with different characteristics. 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.

Table 6: Cancellation or Indefinite Postponement by Business Type, Role and Mode of operation

Cancellation/Ind. Postpone	ALL	Formal	Informal	Employer	Freelance	Mostly F2F	Not F2F
Before the end of April 2020	62.7%	65.4%	60.5%	68.3%	60.2%	61.3%	67.8%
Before the end of May 2020	29.6%	30.8%	29.2%	31.7%	29.0%	33.0%	23.0%
Before the end of June 2020	25.7%	27.2%	25.1%	31.2%	22.9%	29.8%	17.5%
Before the end of December 2020	12.3%	13.7%	10.3%	17.0%	9.7%	14.1%	8.2%
I have not experienced any cancellation or postponement	5.0%	4.4%	6.2%	3.2%	5.8%	4.0%	7.7%

The next part of the research asked about the ability of the respondents to continue with normal business activities during the lockdown: “To what extent do you think you (and your employees, if you have them) will be able to continue doing your work during the Covid-19 crisis?”

As shown in Figure 8, the extent to which respondents could continue depended on the characteristics of their business. Overall, 45% of respondents could not continue with any of their normal business activities during the lockdown, and a further 25% could continue with only a small part of the normal business activities. Only 22% said that they could continue with 50% or more of their operations.

There were differences between those operating in the formal sector and in the informal sector. In the formal sector, only about 40% could not continue at all, while this applied to more than 50% of informal operators. In the formal sector, 24% could continue with half or more of their normal business activities while only 19% of those in the informal sector fell into this category.

Being an employer also made a difference: 33% of employers could not continue at all with their normal activities while more than half (53%) of freelancers could not continue at all. 28% of employers could continue with half or more of their activities while only 18% of freelancers were in this category.

The largest difference, as expected, was between those who operated in mostly face-to-face mode and those who operated mostly not face-to-face. For those operating mostly face-to-face, 54% could not continue with any of the business activities, while this category was only 26.5% for those not operating mostly face-to-face. For mostly face-to-face operators, only 12% said that they could continue with 50% or more of the normal business activities. For not face-to-face operators, 41% said they could continue with 50% or more of their normal activities (See Appendix Table 2 for further statistical analysis).

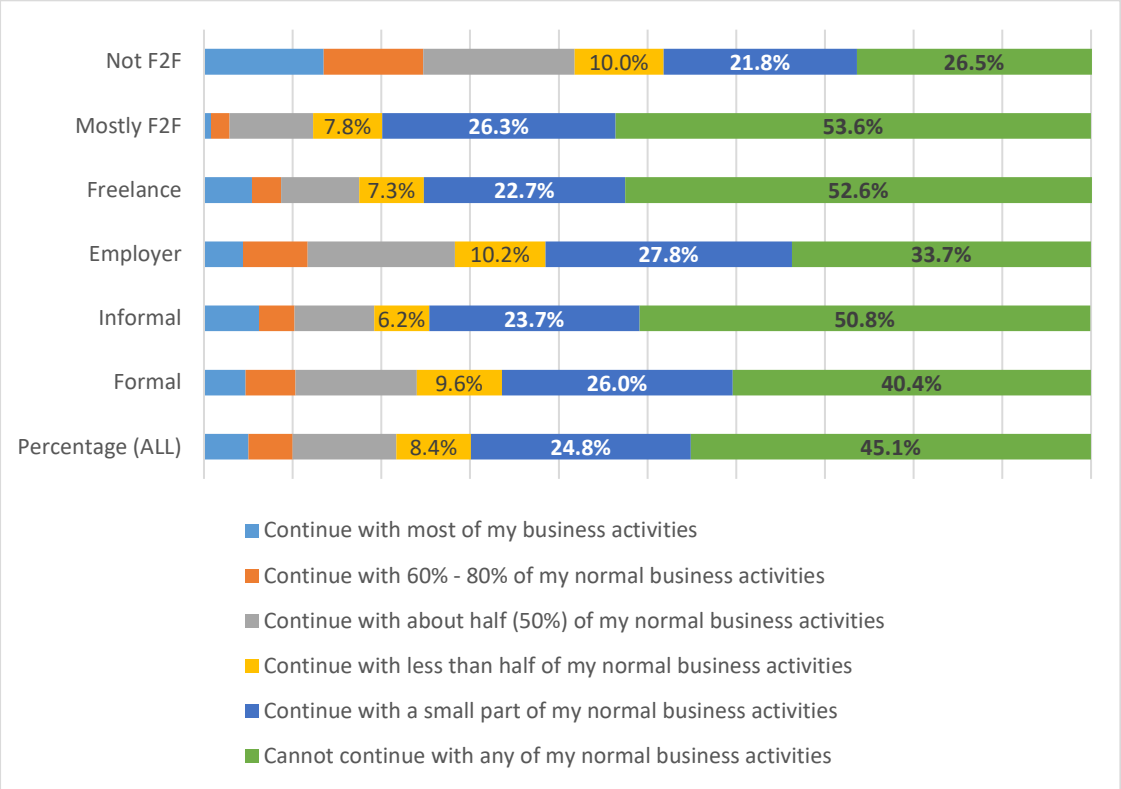


Figure 8: The extent to which normal business activities could continue

A final question in this section related to the possibility that some CCIs may have experienced increases in demand for their goods or services: "Are you in a sector that may experience an increase in demand for any of the goods or services that you offer as a result of the Covid-19 crisis?" Overall, 15% of respondents answered "yes" to this question. A more detailed analysis of responses by Domain will be given in section 5.4. Briefly, some respondents interpreted the question as referring to potential increases in demand "after" the COVID-19 crisis, related to people having been unable to enjoy face-to-face gatherings during shutdown. Most of those who expected an increase in demand were related either to providing online services (such as entertainment content, educational content, online business advertising) or personal protective equipment, in particular the design, manufacturing and distribution of face masks.

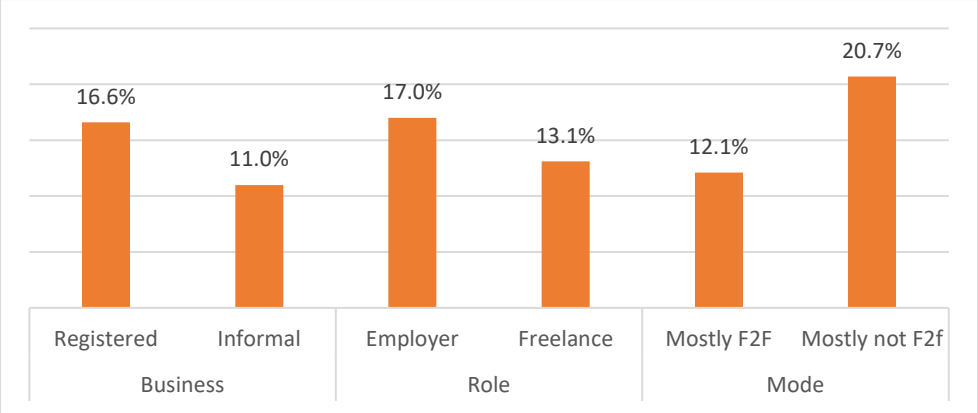


Figure 9: Percentage of respondents who expected an increase in demand

5.2 Strategies and adaptation methods

Respondents were asked: "Which of the following strategies are you using, or planning on using, to keep your business going in the coming 3 months?" A space for filling in other responses was also provided.

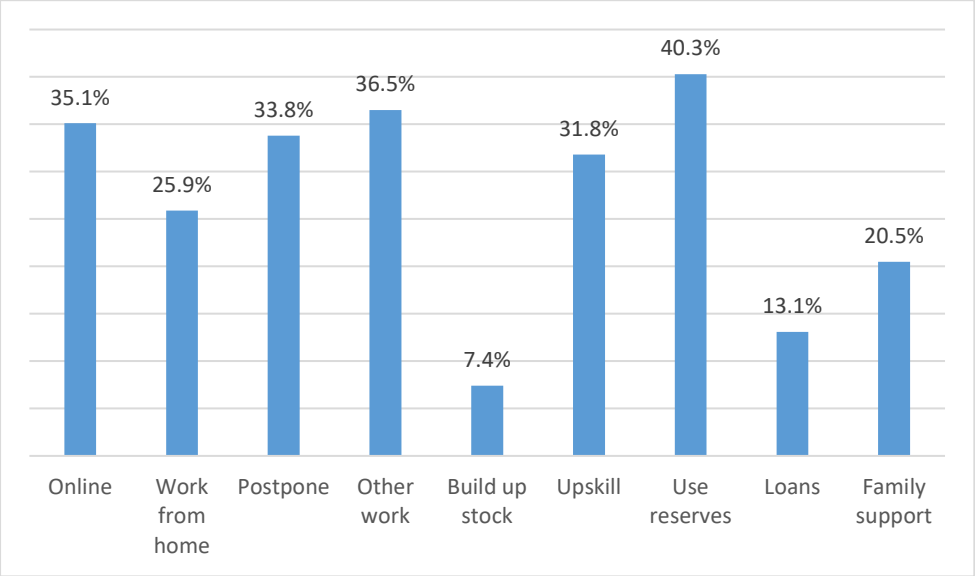


Figure 10: Strategies adopted during shutdown

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”.

Only 17% of the respondents reported not being able to use any strategies to keep their businesses going, pointing to fairly high levels of resilience in the sector, at least in the short-run.

However, the extent to which the various strategies could be used also depended on business characteristics.

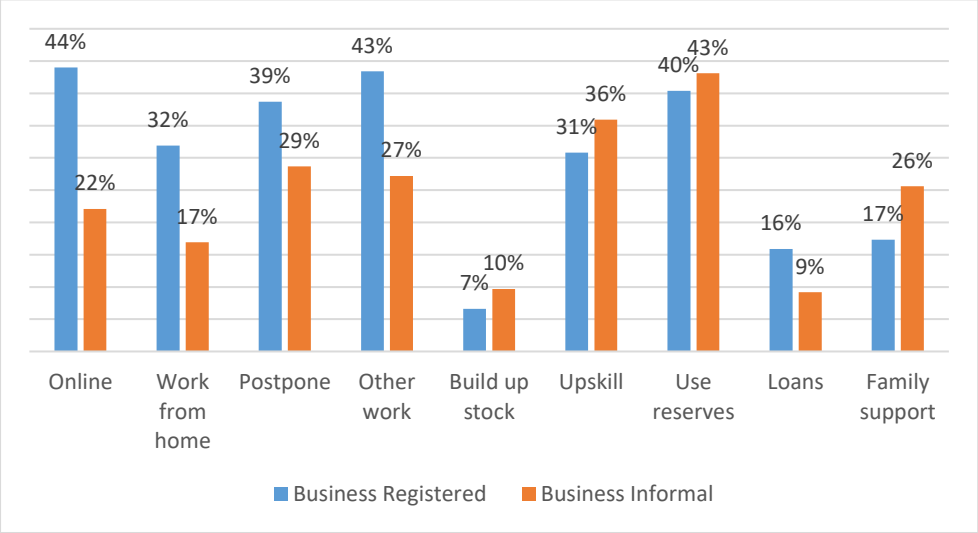


Figure 11: Strategies by Business Type (Registered or Informal)

A far greater proportion of registered operations (compared to those operating informally) were able to adopt strategies like moving work online, working from home, negotiating to postpone work, working on other aspects of production, and applying for loans. Informal businesses were less able to adopt such productive strategies, although a slightly larger proportion of them invested in improving their human capital (upskilling), and building up stock for later sale. More informal operators reported using up reserves (43%) and relying on family support (26%), again emphasising the vulnerability of cultural occupations in the informal sector.

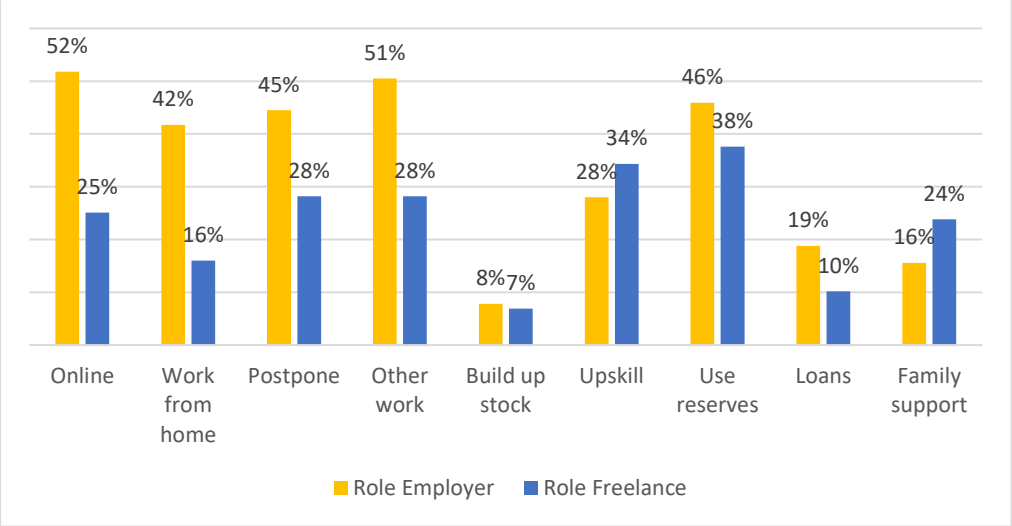


Figure 12: Strategies by Role (Employer or Freelance)

There were also significant differences between employers and individual freelancers. Employers were much more able to adopt productive strategies, like moving work online, working from home, negotiating to postpone work, and working on other aspects of production. They were also more likely to use up reserves and apply for loans. Freelancers were slightly more likely to invest in improving their human capital (upskilling), but less likely to use up reserves or apply for loans. More informal operators were relying on family support.

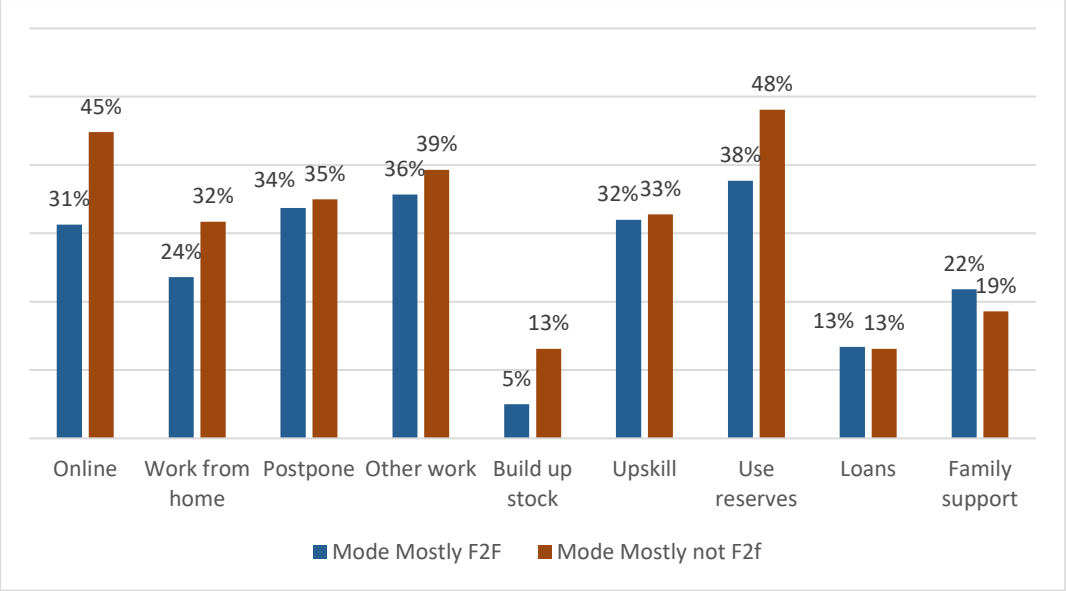


Figure 13: Strategies by mode of production (Mostly face-to-face or not)

For those whose mode of production was mostly face-to-face, a smaller range of continuation strategies was available. Businesses using mostly face-to-face mode were less likely to be able to move online, work from home, do other work, or use the time to build up stock. They were less likely to use up reserves and more like to rely on the support of family. This supports the idea that the impact of the shutdown was much more severe on businesses and freelancers whose mode of production was mostly face-to-face.

Pearson's R was used to test for the statistical significance of the differences between groups (Appendix Table 2). By Business type (formal or informal) all the differences between groups were

significant except for building up stock, upskilling and using reserves. For Role (employer or freelancer) all the differences in strategies were statistically significant except for building up stock and upskilling. By Mode of operation (mostly face-to-face or not), statistically significant differences in strategy were the ability to work on line, to work from home, to build up stock and to use reserves.

For that portion of respondents who were employers, respondents were asked: "If you are an employer, have you had to use any of the following strategies to date to keep your business going?"

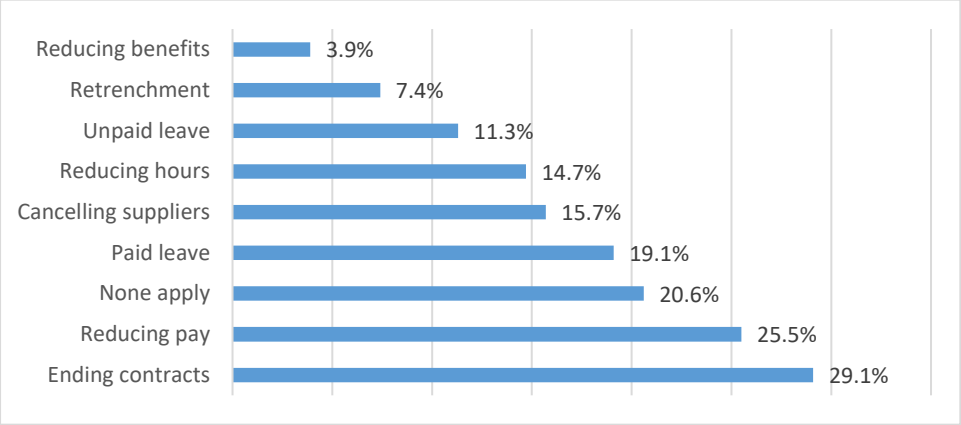


Figure 14: Employer strategies during the lockdown

At this early stage of the lockdown, 21% of employers reported that they were continuing to pay all their employees their normal salaries ("none apply" category in Figure 14), and only 7% of employers reported retrenching permanent employees.

However, 29% said that they were ending the employment of short-term employees (people working on short-term contracts, or informally), and a further 25.5% reported reducing the salaries of employees (reducing pay). 15% reported reducing the number of hours that employees worked and were paid for. 19% said they were asking employees to take paid leave, and 11% asked employees to take unpaid leave. A very small group (4%) were reducing employment benefits offered. The knock-on effects of a reduction in CCI activity were also evident, with 16% of employers reporting cancelling contracts with suppliers of business inputs.

The majority of employers who responded to the survey operated formal businesses, so analysis of employer strategies between formal and informal businesses was not possible. There were, however, some differences between employer strategies for those operating in mostly face-to-face mode, and those operating in a mostly not face-to-face mode.

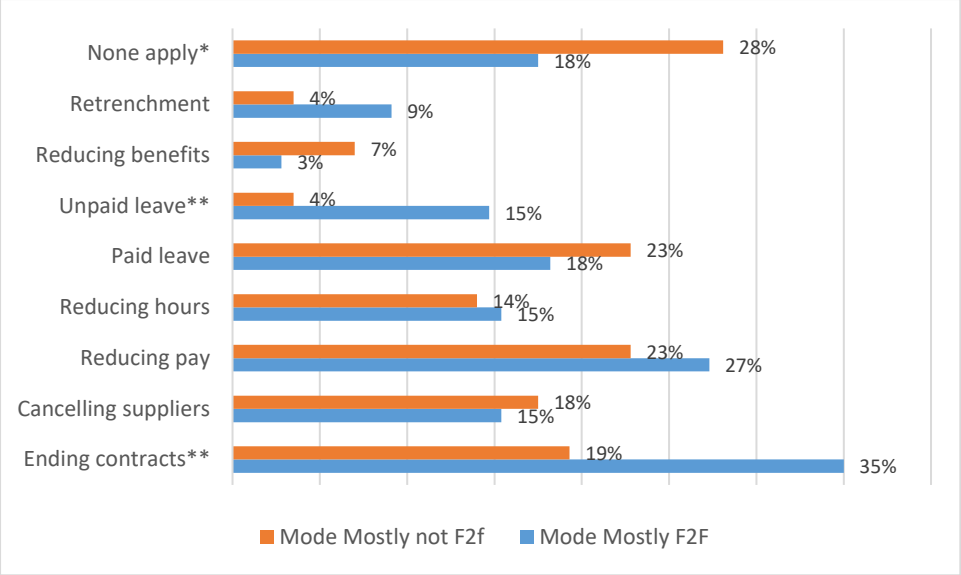


Figure 15: Differences in Employer Strategies by Mode of Operation

A statistically significantly larger group of those operating in a mostly not face-to-face mode continued to pay all staff as normal (28%) compared to a much smaller proportion of those operating mostly face-to-face (18%). Employers operating mostly face-to-face businesses were also significantly more likely to ask staff to take unpaid leave (15% compared to 4%), and to end short term contracts (35% compared to 19%). This emphasises that, even for those in more stable employment positions (as compared to freelancers), face-to-face mode (referring to the live performing arts, or to production processes that require face-to-face interaction, like film and television), has been more negatively affected than non-face-to-face mode operations.

"Other" strategies used by employers were to postpone payments to suppliers, and negotiating with employees to pay partial salaries, to work on a flexi-time system, and to cancel agreed annual increases. Quite a number of employers reported taking a salary cut themselves in order to continue paying their staff, and using up their reserves or savings. Others reported having applied for various kinds of relief funding. For non-profit organisations, the concern is that donor funding may dry up as it will be directed towards new priorities. There is a strong sense that time is running out: "For now I can pay full time employees, but I cannot do it for much longer"; "I have enough to cover her salary until the end of April and then…I am not sure". For some, no new work coming in meant that they were simply unable to pay workers, who were often on short-term contracts, or freelancers.

5.3 Sector support

The first part of the section on sector support sought to measure the levels of awareness of existing support. At the time of designing the questionnaire (mid-March 2020), CCI-specific support (as previously discussed) was still being developed, along with the systems that allowed individuals and firms to claim. One of the earliest and most well-publicised at the time of the survey design was the general support offered to SMMEs.

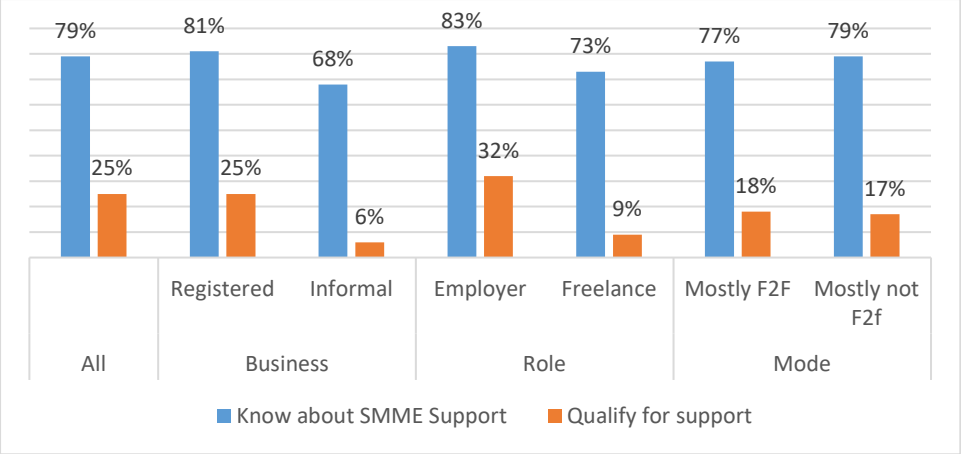


Figure 16: Knowledge about SMME support and qualification

Two questions were asked: "Do you know about the government support being offered to small, medium and micro enterprises?" and "Do you qualify for the support being offered to small, medium and micro enterprises by the government?". As shown in Figure 16, the vast majority (79%) of respondents knew about the support being offered, although those operating in the informal sector and freelancers were less likely to know about the support than those in the formal sector (registered) and employers. However, only 25% of respondents were sure that they qualified for the support, with a further 40% choosing the "Don't know" option. Again, more of the registered (formal sector) firms were sure that they qualified (25%) than informal operators (6%), and more employers (32%) were sure that they qualified than freelancers (9%).

Table 7: Knowledge of SMME support by Business Type, Role and Mode of Operation

Category		Yes	No	Don't know
All		79%	14%	7%
Business	Registered	81%	12%	7%
	Informal	68%	17%	14%
Role	Employer	83%	12%	4%
	Freelance	73%	15%	12%
Mode	Mostly F2F	77%	15%	9%
	Mostly not F2f	79%	12%	9%

Table 8: Knowledge about qualification for government support

Category		Yes	No	Don't Know
All		25%	35%	40%
Business	Registered	25%	38%	38%
	Informal	6%	44%	50%
Role	Employer	32%	35%	34%
	Freelance	9%	45%	46%
Mode	Mostly F2F	18%	41%	41%
	Mostly not F2f	17%	39%	44%

As shown in Tables 7 and 8, even though there were high levels of knowledge about the support being offered overall, far smaller proportions knew if they qualified, making for a large "don't know" proportion of answers – perhaps to be expected at this early stage of the lockdown. Higher proportions of informal sector workers were sure that they did not qualify (44%) or did not know if they qualified (50%) than formal sector workers. Similarly, higher proportions of freelance workers were sure that they did not qualify (45%) or did not know if they qualified (46%) than employers. (Mode of operation does not seem to have made much difference.) A challenge for sector response is thus that it is especially the most vulnerable parts of the sector (freelance and informal workers) who know less about government support, and are less likely to qualify for it, even if they do know about it.

The next section examined the types of support: "If your business qualifies, which of the following kinds of government support would be useful to you?". Options were based on various kinds of support being discussed or offered at the time, including sector specific support through entities of DSAC, as well as general support. They included:Low interest loans or bridging finance; Deferment of tax; Relief from paying employee contributions to the Unemployment Insurance Fund (UIF); Partnership with the Department of Sport, Arts and Culture (DSAC) funded playhouses to create live streaming programmes; Support from entities of DSAC, like the National Film and Video Foundation, to practitioners in the film and television sector; Non-financial support, such as management or legal advice and loan application assistance; and an "other" option.

Table 9: Types of useful support by business type, role and mode of operation

Categories		Loans	Tax deferment	UIF holiday	Playhouse Streaming	DSAC Entities	Non-Financial
All		22.2%	24.1%	13.6%	23.0%	28.6%	9.1%
Business	Registered	28%	27%	21%	25%	28%	11%
	Informal	18%	20%	3%	22%	32%	7%
Role	Employer	32%	32%	28%	24%	24%	8%
	Freelance	18%	18%	5%	23%	32%	10%
Mode	Mostly F2F	23%	22%	15%	28%	31%	9%
	Mostly not F2f	24%	27%	12%	14%	25%	9%

Overall, the most frequently chosen type of support was sector-specific support from DSAC entities (29%), followed by tax deferment (24%), live streaming programmes (23%), and access to low interest loans or bridging finance (22%). Smaller groups indicated that relief from paying contributions to the Unemployment Insurance Fund and non-financial support would be helpful.

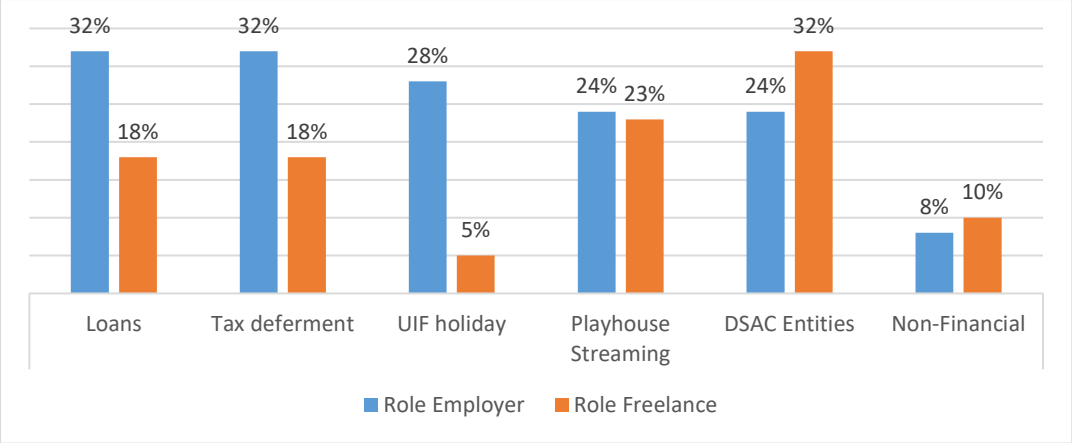


Figure 17: Types of useful support by Role (employer of freelancer)

For freelancers (Figure 17), the most useful support was sector support via DSAC entities (32%), followed by playhouse streaming platforms (23%). For employers, access to loans, tax deferment and a break from paying UIF contributions were most useful.

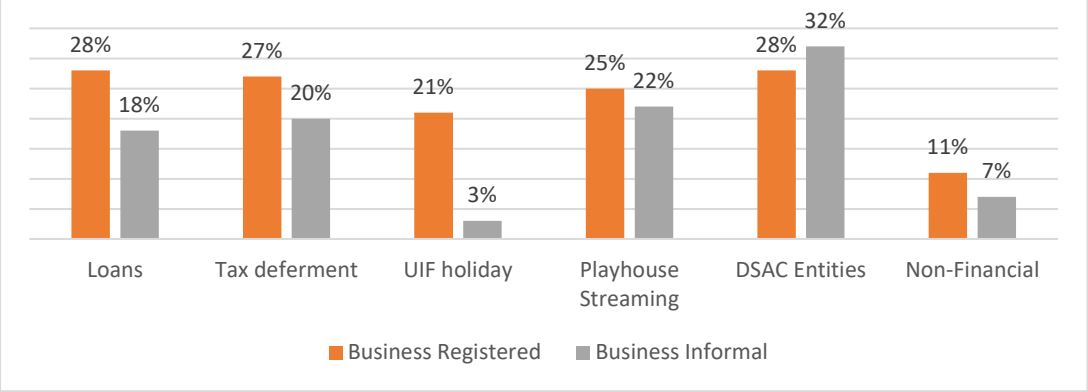


Figure 18: Types of useful support by Business (formal or informal)

For informal sector operators (Figure 18), by far the most useful support category was from DSAC entities, followed by playhouse streaming platforms. For formally operating businesses support from DSAC entities was also chosen quite often, as were access to loans, tax deferment, and playhouse streaming.

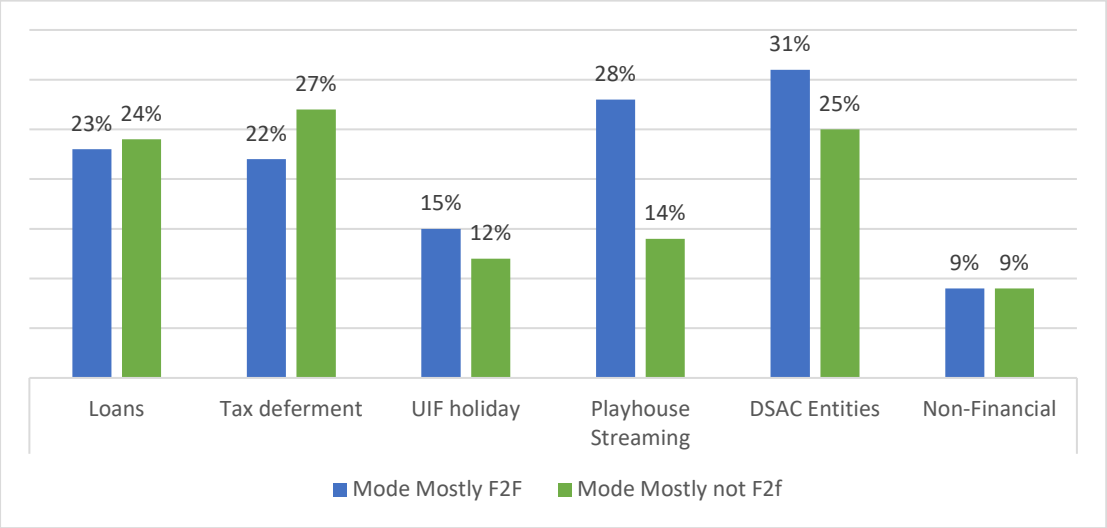


Figure 19: Types of useful support by Mode of operation

For those operating in a mostly face-to-face mode, the most frequently chosen support category was support from DSAC entities (31%), and playhouse streaming platforms (28%). For those operating in a mostly not face-to-face mode, tax deferment was most useful (27%) followed by support from DSAC entities (25%) and low interest loans or bridging finance (24%).

"Other" kinds of support needed covered a wide range of suggestions:

There was a strong theme relating to support needed in order to adapt modes of production and distribution to *the online environment*. Needs related to finance and support for (i) hardware, equipment, and infrastructure; (ii) access to the internet and affordable data, and (iii) skills development. A concern in this group was that small businesses and freelancers did not have the capital needed to invest in the new equipment and data that would allow them to move online. It was also acknowledged that many did not have the skills and expertise (themselves or in their organisation) that they needed to effectively move to the online environment and to earn money from that. As one face-to-face mode respondent said,

> "We could use help filming our product. [We need advice on] how to distribute and package it; How to extend the reach of what we offer now. [We need] advice on how we could make money from this for the business and our actors".

There were also other things needed in order to enable respondents to *work remotely*, such as access to space and high quality production equipment. There were also suggestions of how the sector could support the fight against the Coronavirus, such as providing public health information and educational support. However, there was concern that help would be needed with *marketing*,

> "We all need support to enable marketing of the product, whether a bed night or a performance, or ticket sales".

There is also clearly a huge need for *direct financial assistance*, particularly to enable the payment of rent on business premises and salaries. Some respondents in this theme also pointed out that the existing support offered by government was difficult and time-consuming to access, and that many did not quality because, for example, their business was less than a year old, because they were not formally registered, or because their turnover was higher than the threshold, even though their profits are small:

> "As an actor I have been working informally as an independent contractor. No one ever advised me to register myself as a business and therefore I have no way to claim for the loss of potential income".

> "A start-up, in business for 9 months, [my business] does not qualify. So start-ups must fail. I have a business I registered in the tourism sector, and I am compliant in every single thing except I have not been in business for a year. Go figure".

> "We don't qualify for support because our turnover is higher than R20 million or even R50 million. Television production has large revenue because budgets are high, but tiny [profit] margins".

Despite these challenges, some respondents did acknowledge how much they needed and appreciated government support for the sector:

> "First of all, we appreciate Gov's support. You may not be able to do everything we hope for, but your offer to help let us know we have an ally at a time when we are all feeling a bit overwhelmed by constantly changing circumstances".

For NGOs and NPOs, the concern was for the artists, service providers, and communities that they served.

> "As an NGO… our concern is for our service providers and artists who will lose out completely due to cancellation of the event which was due to take place in May".

To aid *longer-term business continuity*, several respondents called for more projects for which they could apply, and business management mentorship. Later survey responses noted that, particularly for the live performing arts and those reliant on tourism, the impact of the Covid-19 crisis was likely to be ongoing, and that they needed to think of medium to long-term business strategies. One suggestion was for existing institutions to:

> "Create more projects we can apply for online [through] the NAC, Lottery, VANSA and BASA. We will come up with innovative ideas but need more open calls, tenders, projects we can apply for. This will keep us going. Make more grants and tenders for creatives!"

However, linking to the call for longer-term changes the way the sector works going forward (discussed in section 3.1), some respondents noted that achieving sustainability needed structural changes:

> "Government needs to think holistically about the creative industries' financial needs to function. Sustainability is key going forward and many performing arts companies are responsible for hundreds of employees' salaries, most of whom are highly qualified artists... Give unconditionally to support our general operations. Setting conditions may feel good, but it is not the same thing as offering unrestricted support at this vulnerable moment. Bear in mind that a large number of ad-hoc artists, part-time arts educators and support (technical) staff will be without an income at this time... We need Gov. support to stay focused on longer-term resiliency plans".

Overall, the sector showed a high level of preference for sector-specific support from DSAC entities and the provision (in partnership with DSAC) of playhouse streaming platforms. This was especially evident amongst the most vulnerable parts of the sector, that is, freelancers, those operating in the informal sector, and those operating in a mostly face-to-face mode. This indicates that DSAC is well-placed to support the sector, and also that quick and effective implementation of sector-specific support will be very important.

5.4 Analysis by Domain

In order to develop impact scenarios, the differential effects of the COVID-19 crisis across cultural domains was considered. Two things are important to note:

(i) for three of the domains (Cultural and Natural Heritage; Books and Press; and Design and Creative Services) sample sizes were small, reducing the reliability of the results for these sectors;

(ii) the survey was run very early in the crisis (from the end of March to the start of May). During much of this time, it was expected that the lockdown period would be relatively short (initially 3 weeks). As shown in the StatsSA Business Surveys (discussed earlier), many businesses, especially SMEs, have suffered increasingly as the lockdown has been extended. These results therefore provide an *early* assessment of the expected impact of the Covid-19 crisis on the sector.

Domains were defined using the UNESCO Framework for Cultural Statistics (2009):

Cultural and Natural Heritage	(museums, archaeological & historical places, cultural landscapes)
Performance and Celebration	(performing arts, music, festivals)
Visual Arts and Crafts	(fine art, photography, crafts)
Books and Press	(books, publishing, newspapers, magazines, libraries)
Audio-visual & Interactive Media	(film & TV, internet podcasting, video games, broadcasting)
Design and Creative Services	(fashion, graphic design, architectural services, advertising)
Support Activities	(cultural education & training, archiving & preserving; provision of equipment and supporting materials).

The domain level analysis is divided into two parts: First, the extent of business continuity and the characteristics of each domain are presented and used to develop a "vulnerability score". Secondly, adaptation strategies and types of support by domain are considered. The information feeds into the economic impact assessment presented in Part B of this report.

Business Continuity and Vulnerability by Domain

To strengthen the analysis, the attributes of each domain were considered, since some of these were shown to have statistically significant correlations with the impact of the COVID-19 crisis. The attributes were: Role (employer or a freelancer), Business type (Formal operation or informal operation) and Mode (Mostly face-to-face, or mostly not face-to-face). As discussed in preceding sections, the ability to continue operations, to access support, and the types of support, were dependent on these characteristics.

Other research has used this method: A *Board of Innovations* (2020) report investigated the impact of the crisis on the US economy by industry. They indicate that industries with the following characteristics are most vulnerable: Large gatherings are essential; close human interaction is essential; Hygiene is critical; Dependent on travel; Service or product can be postponed. Their analysis showed that the music sector, for example, was rated as very vulnerable, or "high impact", while sectors like pharmaceuticals were rated as "low impact".

As shown in Appendix Table 2, a greater proportion of those operating formally, those who are employers, and those whose operation mode is not mostly face-to-face could continue with a larger part of their business activities. This means that those domains with higher levels of informality, a greater proportion of freelancers, and those that operate in a mostly face-to-face environment would be expected to be most negatively affected by the Covid-19 crisis.

Pearson's R was used to determine the strength, direction and approximate statistical significance of these relationships. Operating mostly face-to-face had a strong negative, and highly statistically significant impact on ability to continue operation (Figure 20). Being an employer (rather than a freelancer) had a smaller, positive and statistically significant correlation with being able to continue operations. While operating formally (registered) had a positive correlation with being able to continue operating, it was small and not significant by itself. However, informality was still retained as an important vulnerability factor because, as earlier analysis showed, a far lower percentage of informally operating firms (6%) were sure that they qualified for government support, compared to formally operating firms (25%).

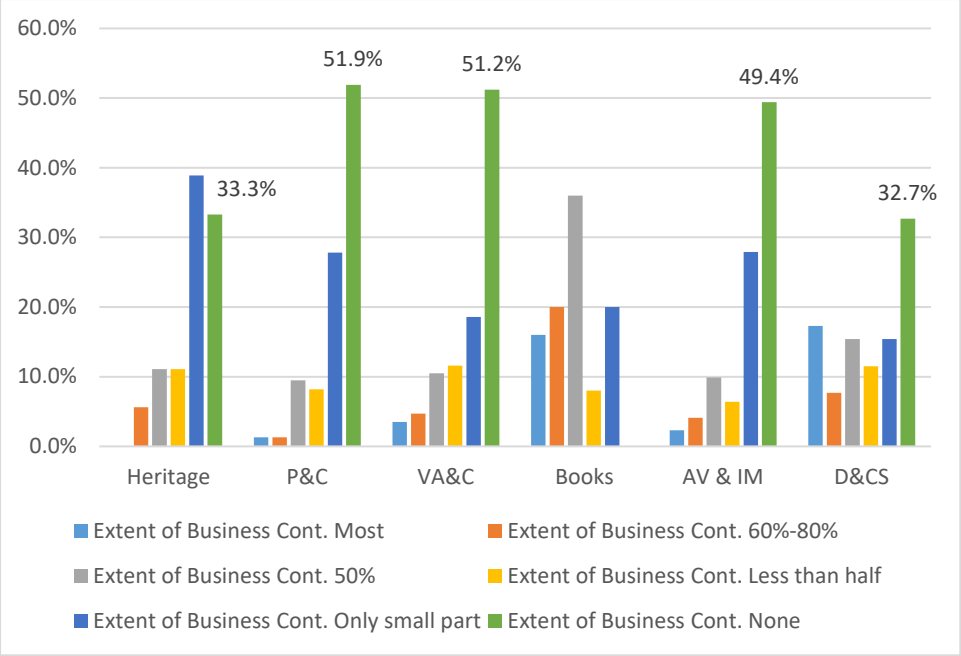


Figure 20: Business continuity by Domain.

Mode of delivery (mostly face-to-face, or mostly not face-to-face), business model (formal versus informal) and the proportion of freelancers (versus employers) varies by domain. For example, the Visual Arts and Crafts domain has the highest proportion of freelancers and people operating informally, but only 50% say that their work is mostly face-to-face. Performance and Celebration has the second highest proportion of vulnerable freelancers, is almost entirely face-to-face mode, and is more than a third informal.

Using the information on the characteristics of each domain, as well as significance of each of the characteristics discussed above, a vulnerability score, out of 10, was developed for each domain, where a higher number indicates greater vulnerability (Table 10). The characteristics were weighted most heavily for face-to-face production (score out of 5), second most heavily for freelance operation (score out of 3) and least for informal operation (score out of 2), based on the size and statistical significance of the Pearson's R analysis (Appendix Table 2).

Table 10: 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

The results show that Performance and Celebration is most vulnerable (because of the high proportion of freelance and face-to-face production), followed by Audio-Visual and Interactive Media. Visual Arts and Crafts were rated third most vulnerable, despite their relatively low face-to-face production mode, but this was offset by them having the highest proportion of freelancers, as well as a high proportion of informal operators. Least vulnerable was Design and Creative Services, because despite their relatively high levels of freelance and informal production, they had the lowest level of face-to-face operations.

To test the vulnerability score, it was compared to the responses to the business continuity question by domain.

Table 11: Business continuity by domain

Extent of business Continuity	Heritage	P&C	VA&C	Books	AV & IM	D&CS
Most	0.0%	1.3%	3.5%	16.0%	2.3%	17.3%
60%-80%	5.6%	1.3%	4.7%	20.0%	4.1%	7.7%
50%	11.1%	9.5%	10.5%	36.0%	9.9%	15.4%
Less than half	11.1%	8.2%	11.6%	8.0%	6.4%	11.5%
Only small part	38.9%	27.8%	18.6%	20.0%	27.9%	15.4%
None	33.3%	51.9%	51.2%	0.0%	49.4%	32.7%
Expect increase in demand	5.6%	13.0%	13.0%	23.8%	15.8%	17.4%

The results confirm the vulnerability ranking.

- *Performance and Celebration* are the most vulnerable, with nearly 80% of respondents in this domain reporting that they could either not continue with their business at all (51.9%) or only with a small part of it (27.8%).
- *Audio-Visual and Interactive Media* are second most vulnerable, with 77% of respondents reporting no, or very little ability to continue their business.

The vulnerability of the Audio-Visual and Interactive Media domain may come as a surprise, given that the distribution of content is largely online or via broadcasters. However, while the consumption of the content of this domain is done remotely, the *production* is very much face-to-face mode, often involving large and diverse groups of people, as well as local and international travel. Indeed, a large part of South Africa's film and television sector services mostly international productions, supported by the Department of Trade and Industry's incentive schemes.

Qualitative responses from this domain draw attention to these aspects of production:

> "Please we need financial assistance. The number of film crew on the brink of financial collapse, is staggering and heart wrenching. Please help us. Our industry contributes greatly to SA's economy. It would be helpful if we can file our Income Tax Returns earlier than 30 June 2020. If we don't increase testing, we cannot safely open our borders and Int'l companies will not be filming locally. We will be without work indefinitely!!!"

> "I have written a film script… The project is thus far self-funded and I even spent a substantial amount of my own money creating a teaser in which I showcase some of KZN's finest up and coming acting talent. My plan was to pitch for development funding…Since lockdown has

happened I am unable to pitch my film or liaise with prospective funders. It would be a great help if I could pitch the project through an online submission of the treatment and proposal".

- *Visual Arts and Crafts* are third most vulnerable, with nearly 70% of respondents being unable to continue at all, or only with a very small part of their business activities.
- *Cultural and Natural Heritage* had a similar proportion of respondents unable to continue, or only continue with a small part of their work (72%), and were ranked 4th most vulnerable using the first method. The small sample size in this domain make the results less reliable, but much of the income from the sector is related to domestic and international tourism which (as discussed earlier in the report) is one of the worst affected sectors in the country.
- *Design and Creative Services* is one of the least vulnerable sectors because (like Books and Press) they have a relatively low proportion of face-to-face operation. Only 48% of D&CS reported not being able to operate at all, or only in small part, and this domain had the largest percentage of respondents who said they could continue with "most" of their business activities (17.3%).
- *Books and Press* is also one of the least vulnerable sectors, with no respondents claiming that they could continue with none of the activities. The majority of this domain (72%) reported that they could continue with 50% or more of their normal business activities. This may be because even Level 5 of the lockdown allowed news and communications sectors to operate, and because of the domain's low levels of face-to-face business mode. As discussed earlier on, some parts of the supply chain may, however, be impacted negatively later on by falling and/or changing demand patterns.

The survey also asked, "Are you in a sector that may experience an increase in demand for any of the goods or services that you offer as a result of the Covid-19 crisis?" A small percentage of respondents in each domain agreed that they were likely to experience an increase in demand (Table 11).

For domains like *Performance and Celebration*, the expected increase in demand had two dimensions: The first was a (possibly early optimistic) view that once the crisis was over, people would be keen to return to "celebrating and living life to the fullest". The second was about increases in demand during the shutdown period because of the demand for entertainment, information and other content (presumably delivered via electronic means) to help people "remain inspired about living and survival", while forced to stay at home. As one respondent put it:

> "Entertainment and online awareness programs are in High demand for South African audience that have to stay home during the COVID-19 Pandemic as a result of government restrictions and regulations" (Respondent, Performance and Celebration Domain).

For the *Visual Arts and Crafts* domain, some of the expected increase in demand during the shutdown was around the production of Personal Protective Equipment (PPE), such as face masks, as well as a demand for arts and crafts supplies for people staying at home. There was also some optimism that, once the crisis was over, there would be "a boom in tourism which may mean an increased market for visual arts products".

For *Books and Press*, potential increases in demand were linked to the increase in demand for online information, online education, and entertainment (eBooks, digital writing skills on social media and company websites), as well as support for other CCI domains, like Performance and Celebration:

> "As the performing arts industry makes an increased move to online, contextualising texts and writing may be required for those seeking to present performances as part of larger online programmes that would require a written component that (re)frames their work in the digital realm" (Respondent, Books and Press Domain).

For *Audio-Visual and Interactive Media*, the dominant source of expected increases in demand was the need for content for broadcast television, online channels and platforms, and advertising (demand from business for online and television advertising). Content was related to providing information on the crisis, educational content, entertainment and support for people staying at home. As one respondent put it:

> "Whilst we are in lockdown it is the media that is keeping people occupied and entertained. Escapism as well as education and reflection. It's us aiding in our emotional and psychological well-being" (Respondent, Audio-Visual and Interactive Media Domain).

There were also signs of resilience in the domain, seen in comments that some activities, such as video editing and script writing could continue, and that live action could be delivered through animation instead. Nevertheless, this is one of the most vulnerable sectors (second highest on the vulnerability score, with 77% of respondents reporting no, or very little ability to continue their business. Limited re-opening of the domain with strict protocols in place during Level 4, will aid their recovery[13].

For *Design and Creative Services*, expected increases in demand were mostly related to PPE design and manufacture, especially face masks, as well as online design services.

Continuation strategies and Types of support by domain

Respondents were asked to indicate which of a list of strategies they were using or planning on using, to keep their business going in the coming 3 months (Table 12). The list included:

- Moving business activities, such as meetings and production, online;
- Arranging for greater flexibility to work from home;
- Agreeing with clients to postpone (but not cancel) work until a future date;
- Working on aspects of production (such as archiving, administration, developing creative ideas) that can be done without face-to-face interaction;
- Building up a stock of the goods we produce, to be sold at a later date;
- Using the time to up-skill or train myself and/or my employees;
- Using up reserves or savings;
- Applying for a new loan, or an extension of a current loan;
- Getting support (money or other services) from friends and family;
- Or, I am unable to use any strategies to continue with my business.

There were a small number of responses for Cultural and Natural Heritage, but those who did respond indicated that the strategies used the most were to continue with other aspects of their work (52%), to move work online (48%) and to work from home (43%). Performance and Celebration domain workers were more likely to negotiate postponement of scheduled work (39%), and to move work online (34%), or to use existing reserves (29%).

Visual Arts and Crafts also used up reserves (42%), and some were able to continue with other work (37%) and to move business operations online (32%). Books and Press is another domain that was not all that well represented in the sample. The respondents indicated that moving business operations online (43%), doing other work (40%), working from home (37%) and using up reserves (37%) were their most useful strategies.

[13] http://www.docfilmsa.com/screen-sector-safety-protocols-production-documents/?fbclid=IwAR0hc8TQviHI4jrabhKBGZ6-keNFSrcg6vXSkNb0mM8wFYyZg3AtnDC7B-A

Table 12: Continuation Strategies by Domain

	Online	Work from home	Postpone	Other work	Build up stock	Upskill	Use reserves	Loans	Family support	No Strategy
Heritage	48%	43%	33%	52%	0%	19%	29%	0%	10%	19%
Performance &C	34%	27%	39%	37%	4%	33%	29%	7%	25%	19%
VA & Crafts	32%	21%	31%	37%	19%	26%	42%	15%	23%	13%
Books &P	43%	37%	33%	40%	13%	27%	37%	17%	3%	10%
Audio-Visual & IM	33%	23%	30%	34%	3%	38%	48%	19%	23%	22%
Design & CS	39%	19%	39%	36%	11%	32%	53%	13%	13%	11%
Support	49%	39%	31%	36%	8%	19%	33%	14%	14%	8%
ALL	**35%**	**26%**	**34%**	**36%**	**7%**	**32%**	**40%**	**13%**	**20%**	**17%**

As shown in the previous section, Audio-Visual and Interactive Media was one of the most vulnerable domains. Their top three strategies were using up reserves (48%), using the time to upskill (38%) and moving online (33%). Design and Creative Services also had a smaller sample size. They had the highest proportion of respondents who indicated that they were using up reserves to survive (53%), followed by moving work online (39%) and postponing scheduled work (39%). 36% reported being able to do other work.

Support or technical services were defined as cultural education and training, archiving and preserving; and provision of equipment and supporting materials. While not a domain themselves, these services can be seen as part of the "Transversal" domain in the UNESCO Framework for Cultural Statistics (2009). There were only 36 respondents who identified themselves as being in this category. Of those nearly half (49%) reported being able to work online, and a further 39% could work from home. 36% were able to do other work during the shutdown period.

In summary, the most commonly indicated strategy across the domains was using up reserves (40%), which is an unsustainable, short-term strategy, indicating the increasing vulnerability of CCIs as the lockdown extends. Domains most likely to use this strategy were Design and Creative Services, Audio-Visual and Interactive Media, and Visual Arts and Crafts.

Encouragingly, the second- and third-most frequently cited strategies were more sustainable in the longer term. The second-most frequently chosen strategy was to continue with other aspects of work (production) that could be done without face-to-face interaction. A third or more of all domains chose this option, but it was especially applicable to Cultural and Natural Heritage and to Books and Press. This was followed by moving work online. Domains that were most likely to use this strategy included Cultural and Natural Heritage, Books and Press and Design and Creative Services.

The fourth most used strategy was to negotiate for postponement, rather than cancellation, of scheduled work. All domains had about a third of their members who were using this strategy, but it was most popular for Performance and Celebration and Design and Creative services.

Upskilling was fifth most important, led by those in the Audio-Visual and Interactive Media domain. Then came working from home, which is clearly only possible for some (Cultural and Natural Heritage, Books and Press), then reliance on family support (most important for the Performance and Celebration Domain), applying for loans (most used by Audio-Visual and Interactive Media) and building up stock (most popular in the Visual Arts and Crafts Domain).

Only a minority of each domain indicated that they were unable to use any strategies to continue their business, at least to some extent. Audio-Visual and Interactive Media had the largest proportion in this category (22%), followed by Performance and Celebration (19%) and Cultural and Natural Heritage (19%).

Table 13: Knowledge and qualification for government support by domain

	Know about Support			Do you qualify?		
	Yes	**No**	**Don't know**	**Yes**	**No**	**Don't Know**
Heritage	89%	11%	0%	22%	61%	17%
Performance &C	76%	15%	9%	21%	35%	45%
VA & Crafts	74%	14%	12%	20%	38%	43%
Books &Press	83%	17%	0%	13%	46%	42%
Audio-Visual & IM	77%	12%	11%	16%	43%	41%
Design & CS	79%	13%	9%	15%	38%	47%
Support	79%	21%	0%	14%	50%	36%
ALL	**78%**	**14%**	**9%**	**18%**	**41%**	**42%**

The first question on support asked respondents: "Do you know about the government support being offered to small, medium and micro enterprises?", with the follow-up question, "Do you qualify for the support being offered to small, medium and micro enterprises by the government?" As shown in Table 13, there were no major differences in knowledge about government SMME support across domains (an average of 78% definitely knew about it). In terms of those who knew that they qualified, the average was much lower (18%), with a further 42% being unsure of their qualification. Domains which had the largest groups who were sure they qualified were Cultural and Natural Heritage, Performance and Celebration, and Visual Arts and Crafts.

The second question was about types of useful support: "If your business qualifies, which of the following kinds of government support would be useful to you?".

Table 14: Useful support types by Domain

Domain	**Loans**	**Tax deferment**	**UIF holiday**	**Playhouse Streaming**	**DSAC Entities**	**Non-Financial**
Heritage	29%	10%	14%	29%	14%	10%
Performance &C	18%	19%	14%	43%	26%	7%
VA & Crafts	26%	15%	8%	16%	19%	5%
Books &P	20%	30%	3%	10%	13%	0%
Audio-Visual & IM	23%	29%	19%	17%	50%	12%
Design & CS	31%	29%	15%	8%	11%	8%
Support	19%	25%	8%	14%	8%	25%
ALL	**23%**	**23%**	**14%**	**23%**	**28%**	**9%**

For Cultural and Natural Heritage, the most often chosen support types were low interest loans or bridging finance (29%) and partnership with DSAC funded playhouses to create live streaming programmes. This last is quite unexpected for a domain dominated by museums and archaeological sites, but may reference the increasing number of "virtual" online tours that international museums

are moving towards, as well as progress being made in this area by some SA museums (Snowball et al., 2019).

Performance and Celebration, not surprisingly, were most positive about partnership with DSAC funded playhouses to create live streaming programmes (43%), and about getting support from DSAC entities, like the National Film and Video Foundation (26%). For Visual Arts and Crafts, access to low interest loans and bridging finance was most often chosen (26%), followed by support from DSAC entities (19%). Books and Press most often chose tax deferment (30%) and access to low interest loans (20%).

Audio-Visual and Interactive Media were by far the most likely to choose support from DSAC entities (50%), followed by tax deferment. Design and Creative Services most often chose access to loans (31%), followed by tax deferment. Those in support occupations chose tax deferment, but also indicated that non-financial support, such as management or legal advice and loan application assistance would be useful (25%).

Overall, the most frequently chosen useful support came from DSAC entities, especially for Performance and Celebration, Visual Arts and Crafts, and Audio-Visual and Interactive media. As demonstrated in the previous section, these are also some of the most vulnerable sectors, with high levels of face-to-face operation, informality, and freelancers. Sector-specific support is going to be of great importance going forward.

6. The Socioeconomic Impact of the Covid-19 Shutdown

The following section explains the development of an economic impact model that assesses the potential effect of the Covid-19 shutdown on the Cultural and Creative Industries (CCIs), and the overall impact of a decline in the sector on on South Africa's production, gross domestic products (GDP) or gross value added (GVA), and intermediary imports. These impacts are measured by attempting to isolate the effect of the Covid-19 shutdown and the subsequent shut-down on the CCIs given the structure of the economy and ignore other exogenous impacts.

Changes in the general economy occur when there is an external shock such as the Covid-19 shutdown to the economy. Although the impact of the lockdown has a mostly negative impact on the CCIs, the impact feeds through to the economy through backward and forward linkages. If the demand in one sector declines, production in that sector would also decline, and the sector would stop buying inputs and selling its products to other industries. These phenomena are generally known as the multiplier effects.

The economic impacts refer to the effect on the level of economic activity including the loss (or generation) of jobs, sales, disposable income and taxes. To quantify the economic impact of the Covid-19 shutdown two types of economic impact can be measured and these include the direct or indirect impacts.

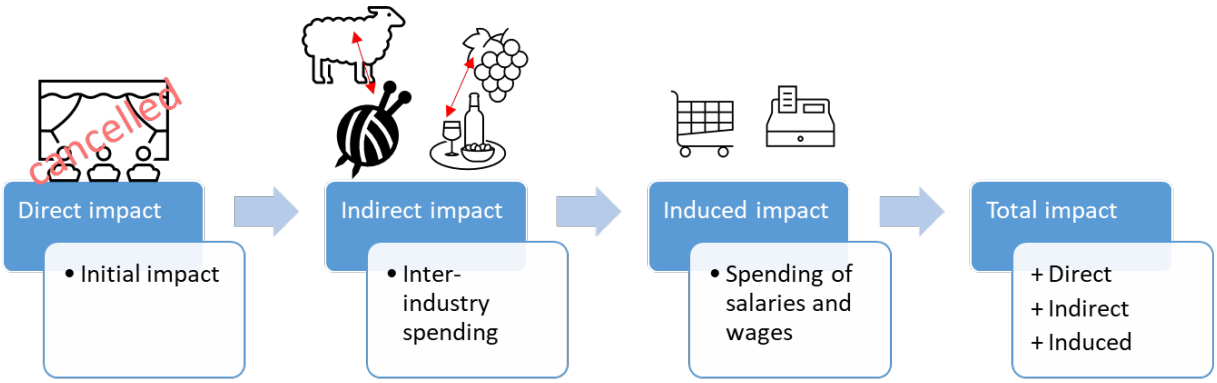


Figure 21: A graphic depiction of how the shocks to one sector impact the total economy

The direct economic effects are generally when an external shock (which can either be positive or negative) has an impact on the new jobs and purchases of goods and services that result directly from the shock. Direct impacts generally result in an increase or decrease in job creation, production, business sales and household income.

The indirect economic effects occur when the suppliers of goods and services to the sector that has been affected by the external shock, experience smaller (or larger) markets and potentially shrink (or expand). Similarly, these indirect impacts can affect job creation, GVA and household income.

A third type of impact - induced impact – represent further shifts by consumers in spending on consumer goods and services including food, clothing and shelter as a consequence of the change in worker's salaries or wages. This leads to further business growth or decline throughout the economy.

Although this study will not estimate the induced impact, it must be borne in mind that the total impact without the induced impact is lower.

6.1 Econometric Impact Modelling

The approach undertaken for the econometric impact modelling is the SAM model that represents flows of all economic transactions that take place within an economy. Fundamental to the SAM is a matrix representation of the National Accounts. At its core, a matrix representation of the National Accounts for a given country, but it can be extended to include non-national accounting flows. SAMs are square (having the same number of columns as rows) because all institutional agents (Firms, Households, Government and 'Rest of Economy' sector) are both buyers and sellers (UN, 1999; Miller and Blair, 2009; Martana *et al.*, 2012; Polo and Valle, 2012; UNSTATS, 2017; Mahajan *et al.*, 2018).

Although the SAM model is used for this study, there are other economic techniques that can be used. Faria-e-Castro, Duarte and Brinca (2020) measure labour demand and supply shocks at the sector level around the COVID-19 outbreak by estimating a Bayesian structural vector autoregression on monthly statistics of hours worked and real wages. Unfortunately, data required for this technique is not readily available.

A SAM was developed using information from Stats SA, the South African Reserve Bank and Quantec. SAMs are a static representation of the economy based on the system of National Accounts (SNA).

This modelling approach has proven to be an effective method for evaluating the implications of exogenous changes to the economy and is recognised and accepted both nationally and internationally.

Model Assumptions

An economic model is a theoretical construct representing economic processes, economic agents and the quantitative relationships between them. Therefore, the economic model is a simplified framework designed to illustrate the real complex economic processes. A model may have various exogenous variables, and those variables may change causing responses in other economic variables. Methodological uses of models include investigation, theorising and fitting theories to the world.

The model depicts inter-industry relationships within an economy, showing how output from one industrial sector may become an input into another industrial sector. The model assumes that all firms in a particular industry use the same technology and relative inputs to produce a particular output. In the matrix, column entries are typically inputs to an industrial sector. Row entries represent outputs from a given sector. This format therefore shows the interdependency of each sector with other sectors - both as a customer of outputs from other sectors and as a supplier of inputs.

The model's fundamental assumptions include:

- Production activities in the economy are grouped in homogeneous sectors;
- The mutual interdependence of sectors is expressed in meaningful input functions;
- Each sector's inputs are only a function of the specific sector's production;
- The production by different sectors is equal to the sum of the separate sectors of production;
- The technical coefficients remain constant for the period over which the forecast is made; and
- There will be no major change in technology.

The SAM model is generally linear in nature. This allows rapid computation as well as flexibility in computing the effects of changes in demand. The analysis is based on the economic structure of the economy for a particular time period.

Structure of the Economy

The data collection and preparation process for these models are resource intensive. Therefore input–output tables or SAMs are often published long after the year in which the data were collected. Therefore, the economic "snapshot" that the benchmark version of the tables provides of the economy's cross-section is typically taken only once every few years. Even though the SAM used to determine the impact is based on more recent data, the structure is based on Stats SA's 2014 Input Output table. The models are generally updated using the RAS method. The main target of RAS method is for balancing the columns and rows of input – output or Supply and Use Tables when updating or revising the technical coefficients of an Input-Output matrix (Trinh and Phong, 2013).

Data Requirements for a SAM

The mathematics of input–output economics in a SAM is straightforward, but the data requirements are enormous because the expenditures and revenues of each branch of economic activity have to be represented. A set of standards for the data's collection has been set out by the United Nations through its SNA. The CCI's are unfortunately not included as separate sectors in the SNA. The SAM therefore had to be adapted to disaggregate sectors to isolate the relevant CCI. The CCIs were then re-aggregated per CCI domain.

Model Inputs

Before any estimates or predictions can be made of the impact of an external economic shock, it is necessary to determine how the shock will be felt in particularly on which sectors it will be felt. Although the model itself is mathematically sound, the model inputs are subject to question as they are based on assumptions. For the purposes of this report, the input that is required for this model will be referred to as scenarios.

6.2 Developing the Scenarios

The model requires an input that reflects the economic shock before the economic impact can be measured. The Covert 19 lockdown will affect the economy in several areas. Some sectors may experience a drop in demand because of lower disposable income. Other sectors may not be able to get the inputs that they require for production. International trade is also going to be impacted. The economy is complex with many interactive forces playing a role. Because of this, assumptions must be simplified. However, the assumptions must be realistic and therefore based on sound information.

Scenario Assumptions

Not all sectors, domains, businesses or even individuals are impacted equally by the Covid-19 pandemic. At the beginning of any phenomenal change, the expected impact is also unknown. However, as more information becomes available, expectations also become more realistic. In the case of the current pandemic, both the science of how the virus is spread and the impact of the virus on humans as well as the measures that should be implemented to mitigate the consequences of the pandemic are relatively unknown. As more information becomes available regarding the cause and effect of the virus, mitigation strategies evolve. Therefore, the various economic agents reassess their own strategies and potential impact (both from a health point of view as well as an economic perspective) on themselves and their businesses.

As discussed in Part A of the report, a survey was undertaken to estimate the impact of the Covid-19 pandemic on the CCIs in South Africa, the extent to which freelancers and firms in each domain could continue to operate, and the strategies that they adopted, and would find most useful, to survive the crisis. These opinions are used to determine the extent of the economic impact on each domain (defined using the UNESCO (2009) Framework for Cultural Statistics). Government has decided to allocate different measures to each of five lockdown levels. Although the dates when Levels 5, 4, and 3 were implemented are known, it is not known when Levels 2 or 1 will be implemented. Neither is it known if Levels 4 and 5 will be reintroduced should the health risks caused by the pandemic increase.

Impact scenarios

In designing economic impact scenarios for the creative economy, three factors need to be kept in mind:

(i) The differential impact of the shut-down regulations on each domain (as discussed above);

(ii) The different sizes (in terms of GDP contribution) of each domain;

(iii) The different forward and backward linkage (multiplier) effects for each domain.

The impact of the Covid-19 shutdown is not symmetric and each of the CCI domains experiences different consequences. Both the supply and demand factors are influenced differently depending on the nature of each domain. However, the impact of supply and demand has not been disaggregated for this report.

The following scenarios are based on the survey that was undertaken by SACO. Part of the research asked about the ability of the respondents to continue with normal business activities during the

lockdown: “To what extent do you think you (and your employees, if you have them) will be able to continue doing your work during the Covid-19 crisis?” Responses were categorical, ranging from “I cannot continue with any of my normal business activities” to “I can continue with most of my normal business activities”.

It should be noted that the survey was run very early in the shutdown period (from the 30th of March to the 4th of May 2020), and that during the early part of data collection, it was expected that the shutdown would last only three weeks. Even in this early period (see Part A of the report) there were indications that the strategies that freelancers and firms were using, and their ability to continue with their work, would change as the shutdown extended. It should thus be kept in mind that levels of business continuity may change as the shutdown extends, and that the scenarios below are based on this early data.

Table 15: Average percentage of business continuity by domain

Domain	Mean	N	Std. Deviation	Median
Cultural & Natural Heritage	21.67	18	20.934	20.00
Performance & Celebration	15.63	158	20.077	.00
Visual Arts & Crafts	20.00	86	25.298	.00
Books and Press	53.60	25	23.072	50.00
Audio-Visual & Interactive Media	18.02	172	22.958	20.00
Design & Creatives Services	36.35	52	33.315	40.00

As part of scenario development, the business continuity categories were recoded using cell means so that:

- Continue with most of my business activities = 90%;
- Continue with 60% - 80% of my normal business activities = 70%;
- Continue with about half (50%) of my normal business activities = 50%;
- Continue with less than half of my normal business activities = 40%;
- Continue with a small part of my normal business activities = 20%; and
- Cannot continue with any of my normal business activities = 0%.

The mean values were used as a guide in developing two scenarios, one for Levels 4 and 5 of the lockdown, in which most CCI domains were classified as non-essential services; and one for Levels 2 and 3 of the lockdown, in which most domains were able to operate to a limited extent (especially those who moved to online sales, which was allowed from level 4, and those whose production was mostly not face-to-face).

Vulnerability Rankings, based on the attributes of each domain (the proportions of formal vs informal, freelance vs firm, and mostly face-to-face mode of production) were developed in Part A of the report. The results showed that Performance and Celebration is most vulnerable (because of the high proportion of freelance and face-to-face production), followed by Audio-Visual and Interactive Media. Visual Arts and Crafts were rated third most vulnerable, despite their relatively low face-to-face production mode, but this was offset by them having the highest proportion of freelancers, as well as a high proportion of informal operators. Less vulnerable were Cultural and Natural Heritage, Book and Press, and Design and Creative Services.

In scenario development, the vulnerability ranking were maintained, except for Books and Press, where sample size was very small, and where media reports of severe sector stress in some areas were considered[14].

Table 16: Estimated percentage decrease in operations by domain and by lockdown level

Domain	% impact Stages 4 & 5	% impact Stages 2 & 3	Comments
Cultural & Natural Heritage	75	70	Ranked fourth most vulnerable, but 88% face-to-face operation, and reliant on tourism which is severely restricted, so not expected to recover quickly.
Performance & Celebration	90	85	Ranked most vulnerable, with 95% face-to-face operation, and most affected by ongoing social distancing rules.
Visual Arts & Crafts	80	65	Ranked third most vulnerable, mostly because of high levels of freelance and informality. Only 50% face-to-face operation, so has potential for faster recovery.
Books and Press	65	55	Ranked fourth most vulnerable, with low levels of face-to-face operation, and some sections designated "essential", but industry stress evident (publishing).
Audio-Visual & Interactive Media	85	70	Ranked second most vulnerable, with 72% face-to-face operation, but resumption of some operations from stage 4 may lead to faster recovery.
Design & Creatives Services	70	50	Ranked fifth most vulnerable, and with low levels of face-to-face operation, and potential for moving online, which may lead to faster recovery.

What the scenarios do not cover is the potential worsening of the impact of the shut-down in some sectors as the lockdown extends as already demonstrated by the Stats SA Business Survey; the likely reduction in demand for cultural goods and services as household purchasing power falls as a result of the general fall in economic growth; and innovative responses by some parts of the CCIs that may lead to an increase in demand for some domains (although this is likely to be small).

Lockdown Levels

After the nationwide lockdown was introduced starting from 27 March 2020, it was later announced that the lockdown would be ended in a phased in approach in 5 phases or levels. Level 5 is the most restrictive level with total lockdown with a few exemptions for key functions and essential services.

[14] https://www.w24.co.za/SelfCare/Wellness/Mind/the-velvet-curtain-falls-people-rooi-rose-bona-and-more-editors-on-the-end-of-sas-iconic-magazines-20200508?fbclid=IwAR0sB_MUBY_s_BjR8rsJ2Q_IzcUtJudujklaLf1b_2NXJ2i7Bt9lHsPMC5A

Individuals under level 5 are not permitted to leave their homes except to buy food or medicine, seek medical attention or collect social grants.

Table 17: The dates when the lockdown levels were implemented

Level	Start	End
1	01-Jan-20	26-Mar-20
5	27-Mar-20	31-Mar-20
4	01-May-20	31-May-20
3	01-Jun-20	

For the purposes of this report it is estimated that level 2 will start on 1 September and the economy will fully reopen on 1 November 2020.

Even though the lockdown only came into effect at the end of March, there was an unofficial lockdown before this as individuals already started to self-isolate themselves. There was therefore a certain degree of lockdown before the official lockdown which had an impact on the economy.

Similarly, as certain levels are introduced relaxing some of the lockdown regulations, the impact is not felt immediately, but rather takes time for the economy to adjust. Because of this, a moving average impact is estimated rather than a "step" impact.

Based on the assumptions in the table above and using a moving average the impacts per domain are shown on the graph below.

"Artists across the world, most of whom were already working part-time, on an informal basis or under precarious contracts prior to the pandemic, are struggling to make ends meet. Today, we are experiencing a cultural emergency" (UNESCO, 2020).

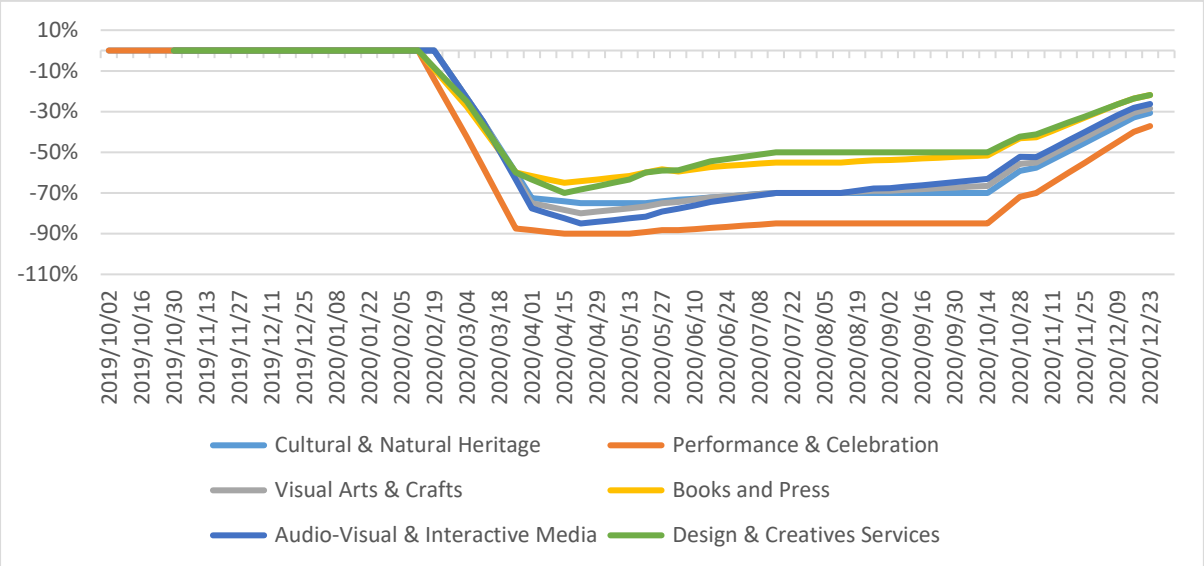


Figure 22: Estimated impact per domain

Even if the economy reopens fully on 1 November 2020, it is unlikely that the CCI's will return to "business as usual". The level of recovery of each domain is also unequal given the domains

characteristics. Domains that rely on large audiences to be successful will be challenged more than domains where the services and products can be delivered to clients irrespective of the lockdown status. In addition to health concerns, consumers may be reluctant to purchase goods or services because of a potential demand slump globally. The economic recovery in South Africa will be influence by the global economy that is in turn influenced by factors such as global supply chains. The full impact is yet to be felt.

Using a long lag and a moving average, the recovery will not happen immediately after lockdowns have been removed. There is therefore a recovery, but it is uneven. Based on information from the survey, and assumptions about how long the lockdown and recovery period would last, an annual percentage impact per domain was calculated (Table 18). These assumptions are then fed into the model to determine the impact on the South African economy as a whole.

Table 18: Average impact of the Covid-19 shutdown per domain for 2020

Domain	Impact
Cultural & Natural Heritage	-44,8%
Performance & Celebration	-55,6%
Visual Arts & Crafts	-44,5%
Books and Press	-36,1%
Audio-Visual & Interactive Media	-44,7%
Design & Creatives Services	-35,1%

6.3 The economic impact of the CCI shutdown on the SA Economy

Based on the assumptions discussed above, the total impact (without the induced impact) on total output of the Covid-19 shutdown on the CCIs is -R53,3 billion and their consequentially direct and indirect impact on the whole economy is R R99,7 billion.

The economic activities of each domain influences other areas or sectors of the economy. For example, if fewer books or newspapers are bought, less paper would be needed. This is referred to as the backward linkages. However, it is possible that less vendors may be necessary because of the slump in demand. These are forward linkages.

It is important to recognise that the scenarios are estimated ignore the impact of Covid-19 on other economic sectors. To isolate the impact of the Covid-19 shutdown on each domain, scenarios are estimated as though the pandemic has zero impact on all the other sectors except the forward and backward linkages that the domain has on the other sectors. Therefore, the indirect impact of the consequences of the Covid-19 shutdown of each domain on the other sectors is estimated. Again, the figure below shows the direct, indirect and induced impacts. This report has focused only on the direct and indirect impacts.

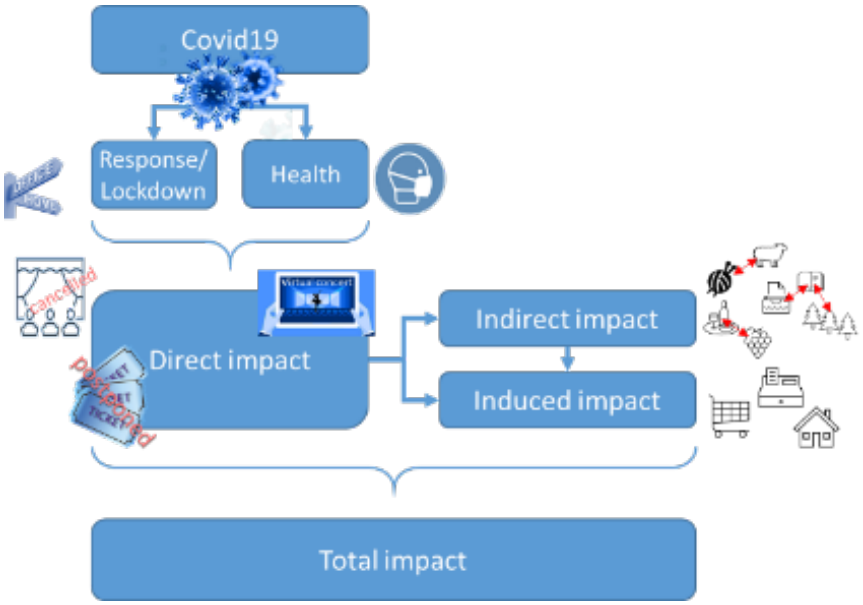


Figure 23: The direct, indirect and induced impact of a shock to the economy

Figure 24 shows economic impact on the total output the domains and other sectors that are affected by the forward and backward linkages of the CCIs. Based on the assumptions discussed above, it is estimated that the GDP will shrink by R43,3billion and R8,5billion less imports. The impact on exports is not possible to estimate because at this stage the impact on foreign demand for South African products is not known. Indeed, there currently seems to be a rather protective and inward-looking mood regarding international trade and export demand may take some time before it recovers.

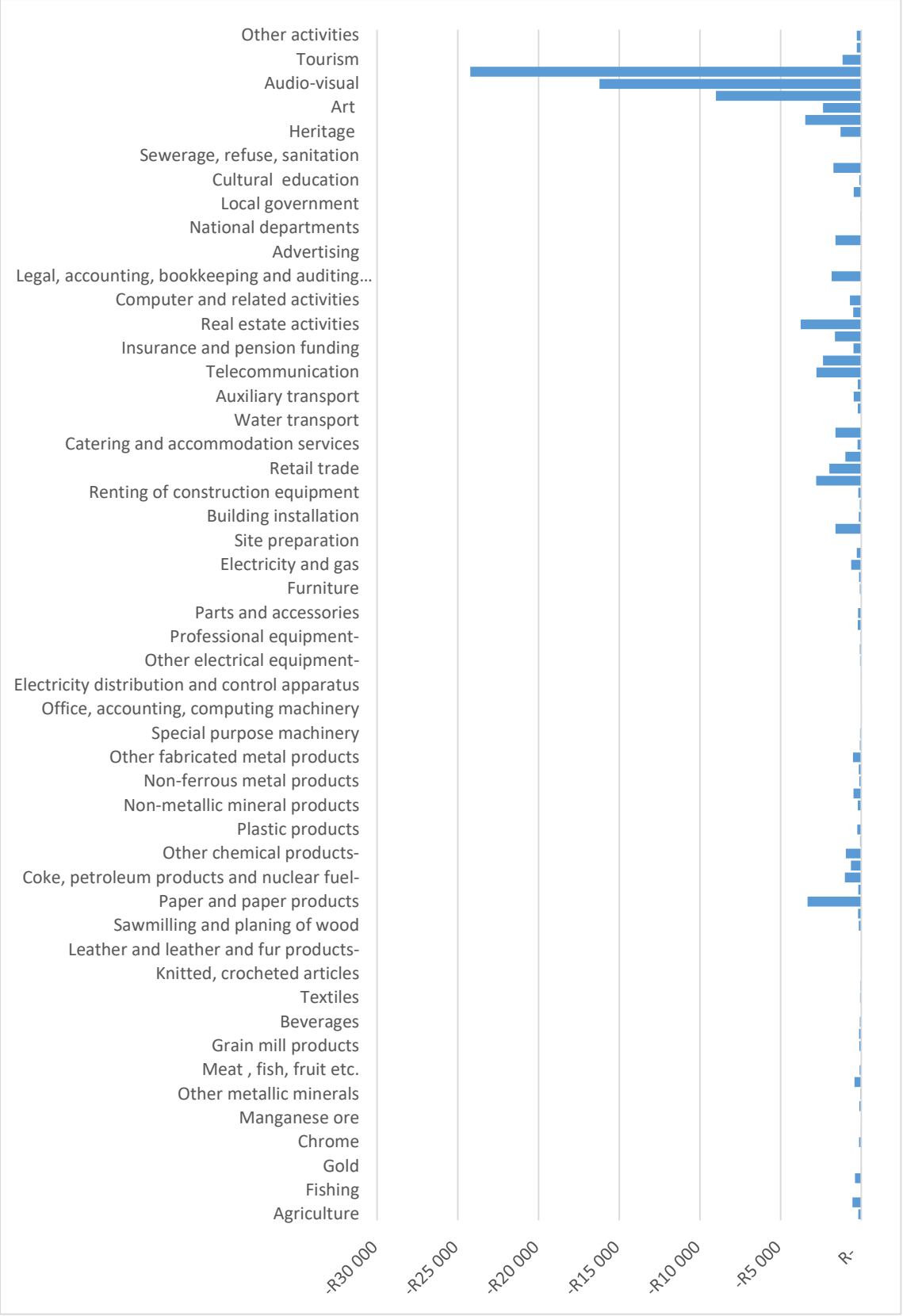


Figure 24: The impact on the Total Output of the Covid-19 shutdown on CCIs

Table 19: Economic impact of the Covid-19 shutdown on the Domains

Domain	Output	GDP/GVA	Intermediary imports
Cultural & Natural Heritage	-R2 178	-R1 156	-R142
Performance & Celebration	-R6 390	-R2 806	-R583
Visual Arts & Crafts	-R4 004	-R2 173	-R248
Books and Press	-R14 588	-R8 262	-R729
Audio-Visual & Interactive Media	-R30 245	-R10 394	-R3 025
Design & Creatives Services	-R42 332	-R18 523	-R3 801

The individual domains are discussed below.

6.4 The economic impact of the shutdown on GDP by domain

Table 20: The impact of the contraction of the CCIs on the South African economy by domain

Domain	Output	GDP	Intermediary imports
Cultural & Natural Heritage	-0,04%	-0,04%	-0,02%
Performance & Celebration	-0,10%	-0,09%	-0,10%
Visual Arts & Crafts	-0,06%	-0,07%	-0,04%
Books and Press	-0,24%	-0,28%	-0,12%
Audio-Visual & Interactive Media	-0,49%	-0,35%	-0,51%
Design & Creatives Services	-0,68%	-0,62%	-0,64%

Cultural & Natural Heritage

The total impact (without the induced impact) on the total output will be effect by -R2,2 billion based on the assumptions listed above. The GDP will drop by -R1,2 billion and intermediary imports will drop by -R142 million.

The impact of Covid-19 on the cultural and natural heritage domain is relatively small. This is partly due to the fact that there are few backward linkages and almost no forward linkages.

Performance & Celebration

From the survey results, it is estimated that the Covid-19 shutdown would have the largest on the Performance and Celebration domain of all the CCI domains. The total impact (without the induced impact) on the total output will be effect by -R6,4 billion based on the assumptions listed above. The GDP will drop by -R2,8 billion and intermediary imports will drop by -R583 million.

The performance and celebration domain has strong backward linkages but is a very small part of the South African economy and therefore the negative impact that the pandemic has on the sector does not have a great impact on the rest of the economy.

Visual Arts & Crafts

The total impact (without the induced impact) on the total output will be effect by -R4 billion based on the assumptions listed above. The GDP will drop by -R2,8 billion and intermediary imports will

Although visual arts and crafts contribute enormously to the intrinsic value of the South African society, their economic contribution is relatively small. There are also few backward or forward linkages and therefore the direct and indirect impact that the pandemic has on the South African economy is negligible.

Books and Press

Based on the survey that was undertaken, stakeholders in the domain indicated that they anticipated that the pandemic and subsequent lockdowns would not impact their activities as much as it would on the other domains. The total impact (without the induced impact) on the total output will be effect by -R14,6 billion based on the assumptions listed above. The GDP will drop by -R8,2 billion and imports will drop by -R729 million.

Fortunately, many authors could continue to produce during the lockdown and from a supply perspective, the direct impact was negligible. Books are available online and this component was not affected at all as consumers who have the resources continued to buy. Bookstores open during phase 4 of the lockdown and were therefore not affected too much. However, from a demand perspective, consumers who will be negatively affected by the lockdown, tend to consume less.

Audio-Visual & Interactive Media

Although there are some artists that are not impacted in a major way in this domain (for example animators), a lot of the production relies on face-to-face contact. Consumption is not affected substantially during the lockdown and indeed may have increased. However, a lot of the content was provided by international providers and therefore only benefited the South African sector indirectly. The total impact (without the induced impact) on the total output will be effect by -R30,2 billion based on the assumptions listed above. The GDP will drop by -R10,4,8 billion and intermediary imports will drop by -R3billion.

Although the audio-visual domain is slightly larger than the Books and Press domain, the impact is larger from an output, GDP and intermediary imports perspective. This is because the forward and backward linkages with other sectors is relatively big. The sector also relies on intermediary imports for its inputs. This explains the relatively large impact that the sector has on South Africa's total intermediary imports.

Design & Creatives Services

The total impact (without the induced impact) on the total output will be effect by -R42,3 billion based on the assumptions listed above. The GDP will drop by -R2,8 billion and intermediary imports will drop by -R583 million.

The designing creative services domain is the largest of the CCI domains and its relative impact on the South African economy therefore larger. The strong forward linkages to many other sectors that rely on imports from the sector. Generally, the sector was not impacted as badly as the other sectors were by Covid-19. Creatives in the sector could work from home and without the need for physical interaction. However, the lack of demand from other sectors in the long term could have a detrimental impact.

To conclude this section, it should be noted that these estimates on the CCI economy of the Covid-19 shutdown are based on a number of assumptions that are subject to rather rapid change as new information comes regarding both the virus and regulations imposed in terms of the Disaster Management Act (57/2002). Much of the impact also depends on how both the producers and consumers of CCIs react.

Although the CCI economy is relatively small, the impact of the virus has been proportionately high. Many of the CCI enterprises are small with a number of free lancers. The negative impact on these businesses and economic agents will be therefore be proportionate greater.

Further, the impact of the Covid-19 shutdown on CCI has only been estimated for 2020. As new information becomes available and there is more certainty, the model can be used to estimate the impact for 2021 and even 2022.

This report has not estimated the impact that the virus and associated measures that need to be taken, as well as the response of consumers in other industries. The negative impact that the virus has, and will have on tourism for example, will be particularly harsh.

7. Conclusions and Implications of the Findings

This report reviewed international research about the impact of the COVID-19 crisis on the creative economy in South Africa. It outlined the support measures put in place by government, and put them in international context; and analysed the results of an online survey to determine the early impact of the shutdown on the South African Cultural and Creative Industries, and the strategies and adaptation methods being used to maintain their businesses, at least to some extent, in the early part of the crisis. The kinds of support that they are currently using, and would find most helpful, were also presented.

It is important to note that the survey ran from the 30th of March to the 4th of May 2020, and thus provides *an early assessment* of the impact of the shutdown on the sector. Uncertainty of both the medical aspects of the virus, as well as the economic impact of measures to control it, mean that results are likely to change going forward.

In all, 595 useable responses from all parts of the CCIs were received: 38% of responses were from firms with employees, and the other 62% were from individual freelancers. 65% are operating formal (registered) businesses (35% informal, or unregistered), and 82% have a yearly turnover of less than R5 million (micro-enterprises). 69% of respondents said that their mode of production was mostly via live, face-to-face activities.

Almost all (95%) of respondents had experienced cancellation or indefinite postponement of work scheduled between the start of the survey and the end of the year; most cancellations occurring in April and May. The ability of the sector to continue with their normal business activities is low: Overall, 45% of respondents could not continue with any of their normal business activities during the lockdown, and a further 25% could continue with only a small part of the normal business activities.

The extent to which respondents could continue depended on the characteristics of their business. 33% of employers could not continue at all with their normal activities while more than half (53%) of freelancers could not continue at all. For those operating mostly face-to-face, 54% could not continue with any of the business activities, while this category was only 26.5% for those not operating mostly face-to-face.

At this early stage of the lockdown, 21% of employers reported that they were continuing to pay all their employees their normal salaries, and only 7% of employers reported retrenching permanent employees. However, 29% said that they were ending the employment of short-term employees (people working on short-term contracts, or informally), and a further 25.5% reported reducing the salaries of employees during the shutdown.

The CCIs are particularly vulnerable to economic downturns because many people who work in the sector are freelancers (individuals) working on short-term contracts. There is also a high degree of informality, as well as face-to-face production modes. The hardest-hit parts of the sector (in terms of their lack of ability to continue with some part of their business activities, as well as their inability to adapt) are the most vulnerable (freelancers, informal sector and face-to-face mode operators). Unfortunately, these are also the groups who were least informed about the kinds of government support available, and who qualified for them least often.

For example, a far greater proportion of registered operations (compared to those operating informally) were able to adopt strategies like moving work online, working from home, negotiating to postpone work, working on other aspects of production, and applying for loans. More informal operators reported using up reserves (43%) and relying on family support (26%).

The vast majority (79%) of respondents knew about the support being offered, although those operating in the informal sector and freelancers were less likely to know about the support than those in the formal sector (registered) and employers. However, only 25% of respondents were sure that they qualified for the support, with a further 40% choosing the "Don't know" option. Again, more of the registered (formal sector firms) were sure that they qualified (25%) than informal operators (6%), and more employers (32%) were sure that they qualified than freelancers (9%). A challenge for sector response is thus that it is especially the most vulnerable parts of the sector (freelance and informal workers) who know less about government support, and are less likely to qualify for it, even if they do know about it.

Overall, the most useful type of support was sector-specific support from DSAC entities (29%), followed by tax deferment (24%), live streaming programmes (23%), and access to low interest loans or bridging finance (22%). Smaller groups indicated that relief from paying contributions to the Unemployment Insurance Fund and non-financial support would be helpful.

Analysis by domain showed that Performance and Celebration is most vulnerable (because of the high proportion of freelance and face-to-face production), followed by Audio-Visual and Interactive Media (who distribute their work remotely, but whose production depends on face-to-face interaction). Visual Arts and Crafts were rated third most vulnerable, despite their relatively low face-to-face production mode, but this was offset by them having the highest proportion of freelancers, as well as a high proportion of informal operators. Less vulnerable domains were Design and Creative Services who, despite their relatively high levels of freelance and informal production, had the lowest level of face-to-face operations.

Overall, the sector showed a high level of preference for sector-specific support from DSAC entities and the provision (in partnership with DSAC) of playhouse streaming platforms. This was especially evident amongst the most vulnerable parts of the sector, that is, freelancers, those operating in the informal sector, and those operating in a mostly face-to-face mode. This indicates that DSAC is well-placed to support the sector, and also that quick and effective implementation of sector-specific support will be very important.

In addition to all the non-market (cultural and social) values, a recent SACO mapping study (2020) showed that the cultural and creative industries directly contribute 1.7% to South Africa's economy, which is R74.4 billion. If people working in creative jobs in creative industries, support jobs in creative industries, and creatives working in non-creative industries are included (the "creative trident"), the cultural economy accounts for 7% of all the jobs in South Africa – 1.136 million jobs.

The second part of the report (section 6) attempts to provide evidence for decision makers based on accepted econometric modelling approaches. Because of the nature of the pandemic, little historic information or other norms are available from other countries experience on which to base decision making, especially for the CCIs. Therefore, the report provides the first scientifically rigorous impact evaluation of the reduction in CCI activity because of the Covid-19 shutdown on the South African economy.

The results are based on a Social Accounting Matrix (SAM) model that was compiled by disaggregating the SAM according to the various CCI sectors (based on the UNESCO definitions of each of the cultural domains). The assumptions used to shock the model are based on the data discussed earlier.

The impact of the Covid-19 shutdown is not symmetric and each of the CCI domains experiences different consequences. Therefore, both the supply and demand factors are influenced differently depending on the nature of each domain.

The total impact (without the induced impact) on total output of the Covid-19 shutdown on the CCIs is -R53,3 billion and their consequentially direct and indirect impact on the whole economy is a fall of R99,7 billion. Given South Africa's already high unemployment rate and slow economic growth rates, this conservative estimate of lost output because of the fall in creative economy activity should be taken seriously.

Responses to the open-ended question about the other types of useful support highlighted the need to go beyond short-term emergency planning and to start thinking about industry sustainability and business continuity in the medium and long term as well. A similar survey of European arts and culture organisations (IETM, 2020) came to the same conclusion – that the way ahead needs to include mid and long term perspectives. Medium-term consideration might include increased sector support and subsidies beyond 2020, while longer-term support needs to include careful strategic planning and assistance to creatives to adapt or adjust their business models going forward. They also call on civil society and government to re-assess the public values of culture, including their social and intrinsic dimension, and to consider ways in which the vulnerability of the CCIs could be reduced through, for example, providing access to a basic income grant, and to social security measures, like unemployment insurance.

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Appendices

Appendix Table 1: Correlations between Business Type, Role, Mode of Operation and Turnover and Employment Categories.

		Role	Business	Mode	Turnover Cat.	Employment Cat.
Role	Pearson Correlation	1	.542**	0.035	.470**	.738**
1=Employer 0=Freelance	Sig. (2-tailed)		0	0.404	0	0
	N	580	555	573	401	530
Business	Pearson Correlation	.542**	1	0.066	.283**	.458**
1=Registered 0=Informal	Sig. (2-tailed)	0		0.119	0	0
	N	555	559	555	402	511
Mode	Pearson Correlation	0.035	0.066	1	0.096	0.07
1= Mostly F2F 0=Mostly not F2F	Sig. (2-tailed)	0.404	0.119		0.054	0.107
	N	573	555	586	406	534

****Significant at 1% level (highly significant); **Significant at the 5% level; *Significant at the 10% level*

Appendix Table 2: Business continuity by business type, role and mode of operation

	All	Formal	Informal	Employer	Freelance	Mostly F2F	Not F2F
Continue with most of my business activities	5.0%	4.7%	6.2%	4.4%	5.4%	0.8%	13.5%
Continue with 60% - 80% of my normal business activities	5.0%	5.6%	4.0%	7.3%	3.3%	2.1%	11.2%
Continue with about half (50%) of my normal business activities	11.7%	13.7%	9.0%	16.6%	8.8%	9.4%	17.1%
Continue with less than half of my normal business activities	8.4%	9.6%	6.2%	10.2%	7.3%	7.8%	10.0%
Continue with a small part of my normal business activities	24.8%	26.0%	23.7%	27.8%	22.7%	26.3%	21.8%
Cannot continue with any of my normal business activities	45.1%	40.4%	50.8%	33.7%	52.6%	53.6%	26.5%
Pearson's R Value (significance)		0.07 (not sig.)		0.148 (1%)		-0.386 (1%)	

Appendix Table 3: Strategies by business type, role and mode

		Online	Work from home	Post-pone	Other work	Build up stock	Up-skill	Use res-erves	Loans	Family
Business	Register.	44%	32%	39%	43%	7%	31%	40%	16%	17%
	Informal	22%	17%	29%	27%	10%	36%	43%	9%	26%
Statistically significant difference between groups (Pearson's R significance)		0.000 ***	0.000 ***	0.018**	0.000 ***	0.1830	0.2180	0.5390	0.028**	0.19**
Role	Employer	52%	42%	45%	51%	8%	28%	46%	19%	16%
	Freelance	25%	16%	28%	28%	7%	34%	38%	10%	24%
Statistically significant difference between groups (Pearson's R significance)		0.000 ***	0.000 ***	0.000 ***	0.000 ***	0.69	0.12	0.049 **	0.003 ***	0.019 **
Mode	Mostly F2F	31%	24%	34%	36%	5%	32%	38%	13%	22%
	Mostly not F2f	45%	32%	35%	39%	13%	33%	48%	13%	19%
Statistically significant difference between groups (Pearson's R significance)		0.001 ***	0.038**	0.772	0.402	0.000 ***	0.852	0.018 **	0.925	0.369

****Significant at 1% level (highly significant); **Significant at the 5% level; *Significant at the 10% level*

Appendix Table 4: Strategies of employers by business type and mode

		End con-tracts	Cancel sup-pliers	Reduce pay	Reduce hours	Paid leave	Un-paid leave	Reduce benefit	Retrench-ment	None apply
Business	Register-ed	26%	14%	20%	12%	15%	10%	3%	6%	19%
	Informal	8%	4%	1%	3%	1%	1%	0%	0%	7%
Statistically significant difference between groups (Pearson's R significance)		0.001***	0.016 **	0.000***	0.020**	0.001 ***	0.012 **	0.13	0.025**	0.012 **
Mode	Mostly F2F	26%	11%	16%	10%	11%	10%	2%	6%	12%
	Mostly not F2f	12%	12%	14%	8%	13%	3%	4%	2%	21%
Statistically significant difference between groups (Pearson's R significance)		0.003***	0.898	0.691	0.643	0.710	0.013 **	0.236	0.082*	0.043 **

Appendix 5: Leontief Technical Methodology

The 1993 United Nations SNA defines a SAM as a means of presenting the SNA in a matrix format that simplifies the linkages between Supply and Use Tables and institutional sector accounts. In this respect, a SAM contains data on production activities, intermediate inputs, primary factors, commodities, households and other institutions such as enterprises, the government and the rest of the world or equivalent. It also has the advantages that it links data for economic and social fields together in one matrix and that data from various sources can be collected, incorporated, reconciled and 'linked' in one matrix or in satellite accounts (StatsSA, 2009, 2012, 2015).

The basic Leontief methodology (1999)starts with the equation:

$$\mathrm{D} = \mathrm{X} - \mathrm{AX} \quad (1)$$

where demand is equal to total production minus the production needed by other industries as inputs. In this equation:

- D = demand vector (how much, in for example rand terms, of each type of output is demanded by consumers and the rest of the world).
- X = the production vector (for internal and external demand).
- AX = production needed by other industries as inputs (total amount of products needed in production) with A being the technology matrix or technical coefficient matrix (this matrix shows how much output from each industry a given industry requires to produce R1 of its own output).

The goal of a Leontief-based economic impact model is to solve X from this equation, i.e. finding the total production for each of several type of goods and services needed to fill a certain demand.

Any matrix that is multiplied by an identity matrix is equal to itself, i.e. $\mathrm{IX} = \mathrm{X}$. This results in:

$$\mathrm{D} = \mathrm{IX} - \mathrm{AX} \quad (2)$$

By factoring out an X on both terms on the right-hand side results in:

$$\mathrm{D} = (\mathrm{I} - \mathrm{A})\mathrm{X} \quad (3)$$

To solve X both sides are multiplied by: $(\mathrm{I} - \mathrm{A})^{-1}$:

$$(\mathrm{I} - \mathrm{A})^{-1}\mathrm{D} = (\mathrm{I} - \mathrm{A})^{-1}(\mathrm{I} - \mathrm{A})\mathrm{X} \quad (4)$$

A matrix multiplied by its inverse is equal to an identity matrix $(\mathrm{I} - \mathrm{A})^{-1}(\mathrm{I} - \mathrm{A}) = \mathrm{I}$ and by substituting I with $(\mathrm{I} - \mathrm{A})^{-1}(\mathrm{I} - \mathrm{A})$ results:

$$(\mathrm{I} - \mathrm{A})^{-1}\mathrm{D} = \mathrm{IX} \quad (5)$$

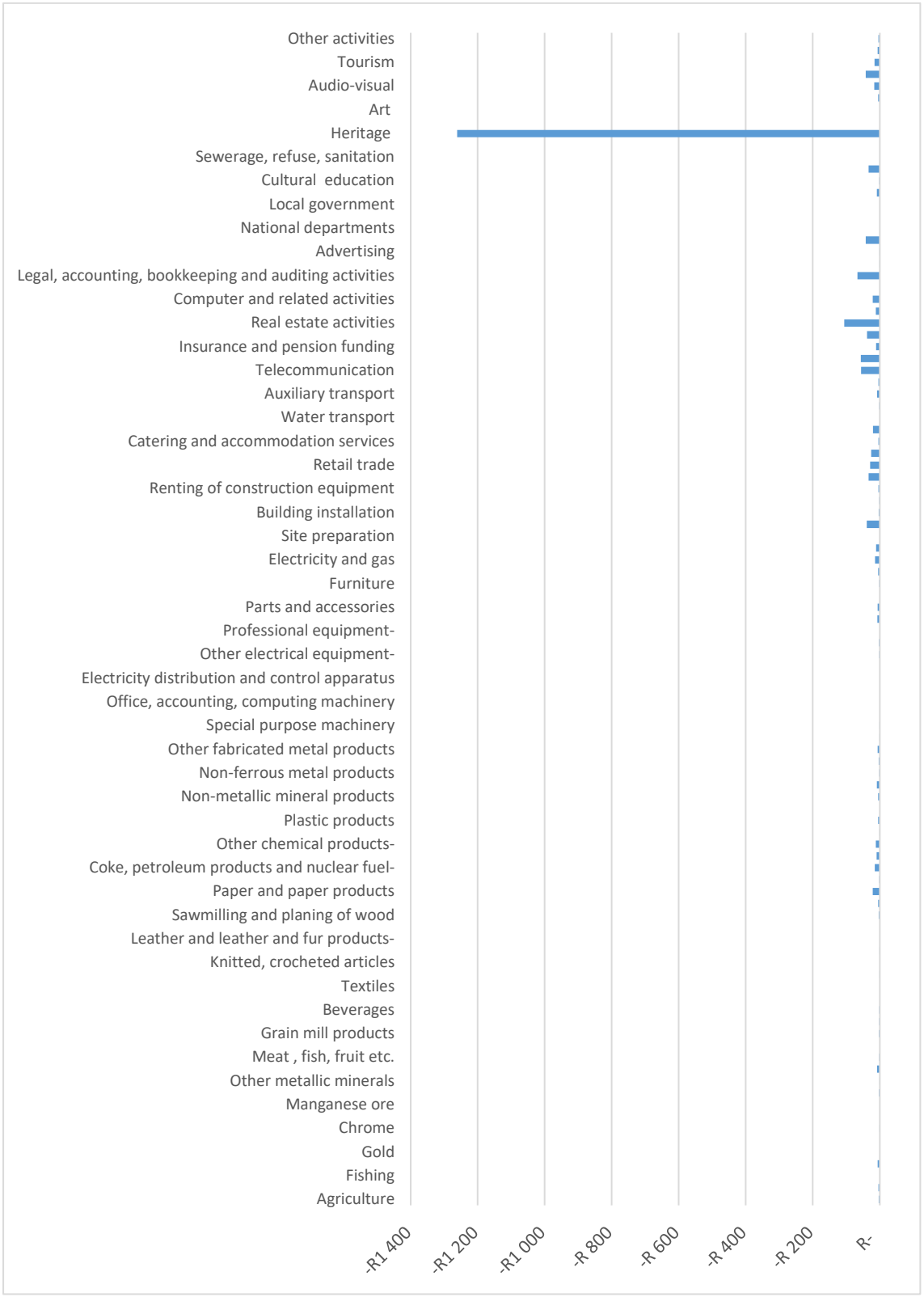
And since $\mathrm{IX} = \mathrm{X}$ as stated above, X can be substituted for:

$$\mathrm{IX}, (\mathrm{I} - \mathrm{A})^{-1}\mathrm{D} = \mathrm{X}, \quad (6)$$

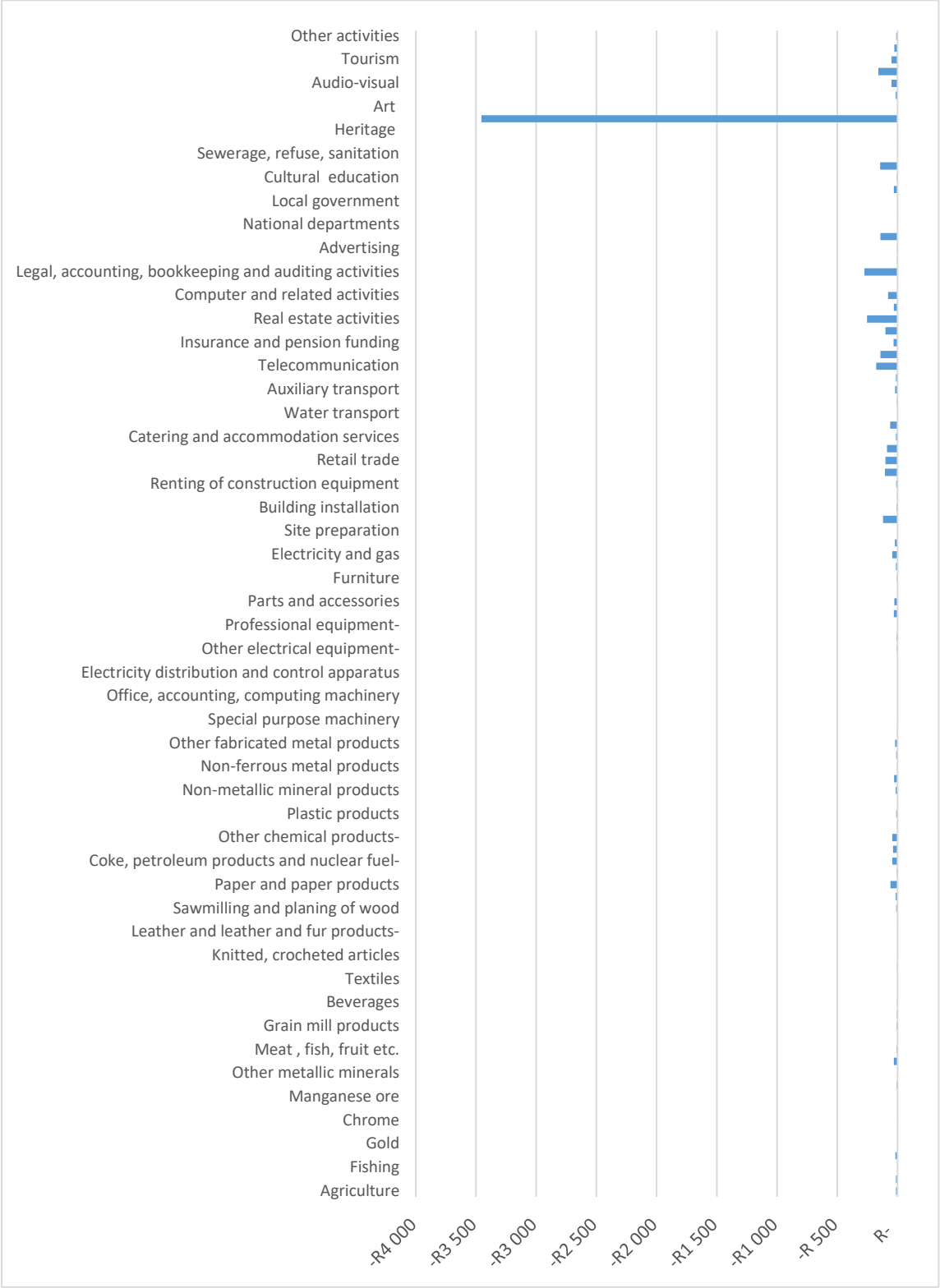
This results in the equation required to solve total production needed to satisfy an economy with a known demand vector D and a known technology matrix A in:

$$\mathrm{X} = (\mathrm{I} - \mathrm{A})^{-1}\mathrm{D}, \quad (7)$$

Appendix 6: Cultural & Natural Heritage



Appendix 7: Performance & Celebration



Appendix 8: Visual Arts & Crafts

Appendix 9: Books and Press

Appendix 10: Audio-Visual & Interactive Media

Appendix 11: Design & Creatives Services