

## **Summary**

### **Recommendations Cultural sector cutbacks 2013 – 2016**

The following are the recommendations of the Council for Culture for a new infrastructure for cultural organisations, for which the budget of €125m is lower than that in place for the current basic infrastructure. The State Secretary has presented the Council with the exceptionally difficult task of cutting the current budget by more than a quarter. The Council's recommendations are far-reaching in their scope. If implemented there will be a marked decrease in cultural activities. Ticket prices will increase sharply, resulting in smaller attendance figures for shows and expositions. The employment situation of several thousand workers and freelancers, in and connected to the cultural sector, will come under severe pressure. There will be a considerable reduction in opportunities for the development of talent and for experimentation and innovation.

The Council has done its utmost to minimise the impact of its recommendations in as far as that is possible. As part of its recommendations the Council has stipulated the precondition that the State Secretary phase in these changes gradually before their full implementation in 2015. This opens up the possibility for legal measures that may be less expensive, and offers organisations, individual artists and other independent players the chance to explore other markets and avenues. This gradual phasing-in period is also necessary for some sectors in order to enable them to introduce substantial systematic changes.

In addition, the Council recommends the continuation of the student culture card, albeit as a slimmed-down version if required. This is in line with the State Secretary's own plans, in which cultural education remains of primary importance. The Council also emphasises that a return to a VAT level of 6% is necessary in order to help increase income levels in the subsidised sector.

#### **New infrastructure**

The Council has chosen for a smaller infrastructure, in which the number of organisations that qualify for the performance of a particular task or function is fixed per sector. The limited scope of this infrastructure and its sectoral structure mean that it is important that all organisations be offered the prospect of subsidisation for a period of four years.

The supply-chain approach is a guiding principle in the establishment of a new infrastructure: a reasonable spread of activities that form the essential links in the chain of the creation, production, distribution, accessibility and experience of cultural expression. The Council is in favour of a simplification of the system for assessment. It will make its recommendations on this at a later date.

#### **Criteria**

In order to qualify for the new infrastructure, the Council finds the following criteria to be relevant.

- *Quality:* expertise, eloquence, development/innovation.
- *Public:* the number of paying members of the public, but also the level of appeal to various groupings in terms of background, interests, age, education etc.
- *Entrepreneurship and own sources of income:* the Council finds the requirement of a percentage of own income as a standard of qualification for the infrastructure to be reasonable. In accordance with previous agreements this standard may reach 17.5% in 2013 and be increased by 1% per year up until 2016.
- *Education and participation:* The Council attaches great importance to the education and participation of children and young people in art and culture. Organisations in the new infrastructure will be compelled to assist in this: education is a key issue.

- *Exhibition/collection of works of (inter)national importance*: the organisation attracts visitors from all over the country and its activities receive nationwide attention. Their importance at an international level should be obvious from the number of foreign visitors and participation in international festivals abroad.
- *Innovation and experiment*: in any long-standing system it is of utmost importance that the participating organisations be innovative in nature and that they are open to experiment, research & development and to interdisciplinary cooperation.
- *Diversity*: organisations must be able to show that they are accessible to diverse sections of the population through their public relations, organisation and management.

### **The role of subsidising parties**

The Council has examined the roles of subsidising parties – the government and other public authorities and funds. The division of responsibility depends upon the desired regional spread of resources, upon choices regarding the activities in need of support and upon the need for inter-party agreement.

Relations between those parties directly involved will be affected most in the Performing Arts sector. The Council has concluded that the efforts of the State Secretary to concentrate the new infrastructure in geographical key points, in which culture and a sense of industry are seen to come together, is of most relevance to this sector. Cultural policy depends to a large extent on the general municipal policy, and current developments within the Performing Arts have prompted the Council to draw up proposals for the revision of the system of management.

The Council has decided not to exclude any discipline from the cutback measures, meaning that the museum sector will also experience cutbacks. The Council has also concluded that the system of organisation for museums needs to be revised. This includes the question as to which collections are of (inter)national importance; what does, or should, actually belong – in terms of content and importance – to the national collection. The Council will publish its recommendations relating to this matter in due course.

### **Cultural entrepreneurship**

The Council is of the opinion that the cultural sector needs to broaden its financial base. The extent to which this can be done varies according to sector and type of organisation. Entrepreneurship does not come into being all by itself. It requires that organisations and artists adopt a modus operandi in which marketing is allowed to play a bigger role. Furthermore, it requires consistent rules and regulations from the government that do not hinder but rather stimulate cultural entrepreneurship, including in the fiscal domain.

The Council believes that the exceptional circumstances surrounding such an extensive set of cutbacks legitimise the implementation of exceptional measures. One of the requests that have been heard in the many discussions conducted down through the last number of years is for organisations to be allowed to own their own property. The Council strongly recommends an examination of the advantages and disadvantages of this kind of transfer of property ownership.

The system of taxation has a large influence on cultural entrepreneurship and on the generosity of the public. The Council therefore recommends the drawing up of a consistent fiscal package of measures that will facilitate the transition to a cultural sector that is less dependent on government subsidies. Examples of these would be taxation measures aimed at improving the business climate for entrepreneurs in the cultural industry and the fiscally attractive provision and maintenance of tax exemptions for cultural investment (also for small investors).

### **Transition period**

The all-encompassing character of these cutbacks means that there will have to be a transition period, up until 2015, during which the changes and cutbacks will be phased in gradually. Further inquiry, previous commitments, revision of responsibilities, systematic changes, legal consequences etc. but also the structure that the new position will have in the infrastructure demand that the

tempo of change be measured and careful. A meaningful increase in income cannot be achieved *overnight* and an abrupt cessation of cultural activities would have far-reaching personal and legal consequences. A certain amount of time is also required for the development and application of the *Geefwet* (Donation Law) and *tax incentives*. In order to avoid even greater and unnecessary damage to the cultural sector, the Council strongly recommends a gradual phasing-in of the cutbacks. Whether or not the third phase of the cutbacks, which relate especially to market forces, can be implemented will be determined on January 1<sup>st</sup> 2015. The Council proposes that there be a reappraisal of the situation if and when, despite the best efforts of those organisations concerned, operation under market forces is deemed to have failed.

#### **New infrastructure per sector**

The tables below show the amount of public resources available per sector in 2011, after deduction of the 5% cutbacks imposed on the cultural sector and the amount that would be available from 2015 on if all the recommendations are acted upon and are seen to comply with the stated conditions. There is also an overview of the measures that the Council believes should be included in a new infrastructure upon expiry of the cutbacks.

#### *Amateur arts and Cultural education*

|                     | Current budget (-/-5%) | Budget 2015  |
|---------------------|------------------------|--------------|
| Total               | € 23.935.000           | € 19.534.000 |
| Programme fund      |                        | €15.884.000  |
| Knowledge Institute |                        | € 3.650.000  |

#### *Architecture, Town-planning, Monuments, Archaeology and Landscape architecture*

|   | Current budget (-/-5%) | Budget 2015 |
|---|------------------------|-------------|
| Total   | € 9.933.000            | € 7.929.000 |
| Development of individual talent                |                        | € 150.000   |
| Development bodies                              |                        | € 456.000   |
| Stimulation and Investment fund                 |                        | € 2.217.000 |
| Sector Institute (incl. international festival) |                        | € 5.106.000 |

#### *Visual Arts and Design*

|  | Current budget (-/-5%) | Budget 2015  |
|--|------------------------|--------------|
| Total  | € 49.445.000           | € 35.151.000 |
| Mondrian Fund (visual arts and design; incl. architecture; excl. heritage)   |                        | € 23.085.000 |
| Sector Institute   |                        | € 1.856.000  |
| Six presentation organisations   |                        | € 2.400.000  |
| Two supporting organisations (special art projects and media art)  |                        | € 2.176.000  |
| Three development organisations  |                        | € 826.000    |
| Post-doc now under the auspices of Jan van Eyck Academy and sixty residency organisations under the auspices of Ateliers and the Royal Academy |                        | € 4.808.000  |

### *E-Culture*

|                             | Current budget (-/-5%) | Budget 2015 |
|-----------------------------|------------------------|-------------|
| Total                       | € 5.000.000            | € 4.100.000 |
| 8 development organisations |                        | € 3.300.000 |
| Knowledge Institute         |                        | € 800.000   |

### *Film*

|                           | Current budget (-/-5%) | Budget 2015  |
|---------------------------|------------------------|--------------|
| Total                     | € 46.550.000           | € 35.019.000 |
| 2 international festivals |                        | € 1.632.000  |
| Fund                      |                        | € 26.866.000 |
| Sector Institute          |                        | € 6.521.000  |

### *International/Intercultural*

|  | Current budget (-/-5%) | Budget 2015 |
|--|------------------------|-------------|
| Total                                  | € 1.282.000            | € 1.094.000 |
| Support and coordination               |                        | € 611.000   |
| Development for public and programming |                        | € 263.000   |
| Expertise enhancement                  |                        | € 220.000   |

### *Libraries and Literature*

|   | Current budget (-/-5%) | Budget 2015  |
|---|------------------------|--------------|
| Total   | € 21.485.000           | € 15.899.000 |
| Support organisation  |                        | € 1.950.000  |
| Intermediary organisation between writers,<br>schools and libraries |                        | € 765.000    |
| General Literature Fund   |                        | € 9.522.000  |
| Specialised Literature Fund (special journalistic<br>projects)      |                        | € 393.000    |
| Sector Institute Libraries  |                        | € 3.269.000  |

### *Museums*

Total investment in museums (exploitation minus rent) amounts to: € 96.029.108, after deduction of 5%. Pending the results of the investigation previously mentioned, the Council recommends a discount of 26% from 2015 on, preceded by a discount of 15% starting in 2013.

|                      | Current Budget (-5%) | Budget 2013  | Budget 2015  |
|----------------------|----------------------|--------------|--------------|
| Total                | € 96.032.000         | € 81.624.000 | € 71.019.000 |
| Scientific function  | € 6.400.000          | € 4.394.000  | € 2.594.000  |
| Collection function  | € 30.836.000         | € 30.836.000 | € 30.836.000 |
| Permanent exhibition | € 30.840.000         | € 22.640.000 | € 17.160.000 |
| Temporary exhibition | € 9.808.000          | € 5.606.000  | € 2.281.000  |
| General management   | € 18.148.000         | € 18.148.000 | € 18.148.000 |

|   |            |            |
|---|------------|------------|
| Museums misc. - heritage                        | €8.900.000 | €6.800.000 |
| Dutch heritage (cross-sector cultural heritage) | €2.100.000 | -          |
| Mondrian Fund (cultural heritage)               | €6.800.000 | €6.800.000 |

*Performing Arts*

|  | Current budget (-/-5%) | Budget 2015   |
|--|------------------------|---------------|
| Total  | € 225.700.000          | € 167.000.000 |
| National organisations                             |                        |               |
| - 1 dance company for ballet                       |                        | € 5.000.000   |
| - 2 symphonic music facilities                     |                        | € 9.000.000   |
| - 2 accompaniment facilities                       |                        | € 13.500.000  |
| - 1 national opera/music theatre facility          |                        | € 19.200.000  |
| - 1 international performing arts festival         |                        | € 2.680.000   |
| Regional organisations                             |                        |               |
| - 8 theatre facilities                             |                        | € 24.000.000  |
| - 1 supplementary international excellence theatre |                        | € 1.000.000   |
| - 1 production house for theatre                   |                        | € 1.000.000   |
| - 3 dance facilities                               |                        | € 9.500.000   |
| - 1 supplementary international excellence dance   |                        | € 1.000.000   |
| - 6 regional music facilities                      |                        | € 21.000.000  |
| Performing Arts Fund                               |                        | € 54.070.000  |
| Sector Institute Theatre/dance                     |                        | € 2.600.000   |
| Sector Institute Music                             |                        | € 3.450.000   |

*Umbrella organisations*

|  | Current budget (-/-5%) | Budget 2015 |
|--|------------------------|-------------|
| Total  | € 1.180.000            | € 900.000   |
| Knowledge, documentation and debating facilities |                        | € 900.000   |

*Total*

|                          | Current budget (-/-5%) | Budget 2015   |
|--------------------------|------------------------|---------------|
| Total                    | € 489.442.000          | € 364.445.000 |
| Total amount of cutbacks |                        | € 124.997.000 |