

# Culture Spending Review

## Final Report

July 2020

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The review of public government spending is one of the tasks within the *Value for Money* project. This review of the Slovak Ministry of Finance assesses the efficiency of expenditures on culture within the meaning of the Government Decree No. 474/2018, Task B1. On behalf of the Institute for Cultural Policies, the assessment was prepared by Andrej Svorenčík, Matúš Bieščad, Zuzana Borošová, Marcel Čas, Zuzana Došeková and Michaela Rudyjová in cooperation with Matej Kurian, Martina Erdelyiová, Martin Kmetko, Martin Krok, Juraj Mach, Peter Mandžák, Lenka Martišková and Katarína Val'ková from the Value for Money unit.

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## List of Acronyms and Abbreviations

<b>AVF</b>	Audiovisual Fund	<b>CCI</b>	Cultural and creative industry
<b>BIBIANA</b>	BIBIANA, an International House of Arts for Children	<b>CEA</b>	Cultural and edification activities
<b>CBA</b>	cost-benefit analysis	<b>CEC</b>	Cultural edification centre
<b>CERA/Art Register</b>	Central register of artworks	<b>Kult</b>	reports from the national statistical surveys in the area of culture Kult (Ministry of Culture)
<b>CEMUS/Museum Register</b>	Central register of museum collections	<b>KULT MINOR</b>	Fund for Supporting Culture of National Minorities
<b>CIKE</b>	Creative Industry Košice	<b>CIL</b>	Centre for Information on Literature
<b>COFOG</b>	Functional classification of public expenditures	<b>Lúčnica</b>	Dance ensemble Lúčnica
<b>CPI</b>	consumer price index	<b>MinFin</b>	Ministry of Finance of the Slovak Republic
<b>TNS</b>	Theatre <i>Nová scéna</i> in Bratislava	<b>MinEc</b>	Ministry of Economy of the Slovak Republic
<b>TI</b>	Theatre Institute	<b>MinIn</b>	Ministry of Investments, Regional Development and Informatization of the Slovak Republic
<b>EGMUS</b>	European Group on Museum Statistics	<b>MinCul</b>	Ministry of Culture of the Slovak Republic
<b>EEA</b>	European Economic Area	<b>MinDef</b>	Ministry of Defence of the Slovak Republic
<b>EU</b>	European Union	<b>MS</b>	<i>Matica slovenská</i> Institution
<b>Eurostat</b>	Statistical Office of the European Union	<b>MSNU</b>	Museum of the Slovak National Uprising
<b>EU-SILC</b>	European Union Statistics on Income and Living Conditions	<b>MinEd</b>	Ministry of Education, Science, Research and Sport of the Slovak Republic;
<b>SAC</b>	Slovak Arts Council	<b>MinInt</b>	Ministry of Interior of the Slovak Republic
<b>MC</b>	Music Centre	<b>MinHlth</b>	Ministry of Health of the Slovak Republic
<b>HDP</b>	gross domestic product	<b>MinFor</b>	Ministry of Foreign and European Affairs of the Slovak Republic
<b>IFLA</b>	International Federation of Library Associations and Institutions	<b>MinEnv SR</b>	Ministry of Environment of the Slovak Republic
<b>IFPI</b>	International Federation of the Phonographic Industry	<b>NCM</b>	national cultural monument
<b>ICP</b>	Institute for Cultural Policies	<b>NEC</b>	National Edification Centre
<b>EPI</b>	Educational Policy Institute	<b>IT dpt.</b>	IT department
<b>OPIS 2</b>	Operational programme Information Society, priority axis 2 "Development and renewal of the national infrastructure of repository institutions"	<b>SK</b>	Slovak Republic

<b>House Renewal</b>	<i>Let's renew our house</i> subsidy programme	<b>STM</b>	Slovak Technical Museum
<b>PAPS</b>	Protective Association of Performers of Slovakia	<b>AD</b>	Arts department
<b>p. a.</b>	per annum	<b>SCO</b>	Slovak Central Observatory
<b>p. c.</b>	per capita	<b>KE Theatre</b>	State Theatre Košice
<b>PPP</b>	purchasing power parity	<b>KE Philharmonic</b>	State Philharmonic Košice
<b>MB SR</b>	Monuments Board of the Slovak Republic	<b>Žilina Orchestra</b>	State Chamber Orchestra Žilina
<b>BIS</b>	budget information system	<b>BB Opera</b>	State Opera in Banská Bystrica
<b>RLwMC</b>	regional libraries with methodological competencies	<b>SO SK</b>	Statistical Office of the Slovak Republic
<b>BUCO</b>	budgetary and contributory organisations (organisations funded from the state budget or subsidised by the state)	<b>SSL BB</b>	State Scientific Library in Banská Bystrica
<b>RTVS</b>	Radio and Television of Slovakia	<b>SSL KE</b>	State Scientific Library in Košice
<b>CBR</b>	Council for Broadcasting and Retransmission	<b>SSL PO</b>	State Scientific Library in Prešov
<b>SAPA</b>	Slovak Audiovisual Producers' Association	<b>News Agency</b>	News Agency of the Slovak Republic
<b>SAS</b>	Slovak Academy of Sciences	<b>ISDT</b>	Ifjú Szivek Dance Theatre
<b>SDC</b>	Slovak Design Centre	<b>VfM</b>	Value for Money unit
<b>SE</b>	Section of Economy	<b>ULB</b>	University Library in Bratislava
<b>SPh</b>	Slovak Philharmonic	<b>Folk Art Centre</b>	Centre for Folk Art Production
<b>SFI</b>	Slovak Film Institute	<b>CBSA</b>	central bodies of state administration
<b>OffMin</b>	Office of the Minister section	<b>GO SK</b>	Government Office of the Slovak Republic
<b>CHS</b>	Cultural Heritage section	<b>VOD</b>	video on demand
<b>Hrebenda Library</b>	Matej Hrebenda Slovak Library for the Blind in Levoča	<b>HTU</b>	higher territorial unit
<b>SL'UK</b>	Slovak state traditional dance company	<b>BS</b>	basic scenario
<b>MACD</b>	Media, Audiovisual and Copyright department		
<b>SNT</b>	Slovak National Theatre		
<b>SNG</b>	Slovak National Gallery		
<b>SNL</b>	Slovak National Library		
<b>SNM</b>	Slovak National Museum		
<b>SOZA</b>	Slovak Performing and Mechanical Rights Society		

## Introduction and Summary

*The spending review is a part of the Government's Value for Money project aiming to reform rules, set processes and empower institutions which would support good decision-making in public interest and significantly increase the value for money in the Slovak public sector.*

*In the fourth year, the spending review assesses the expenditures having impact on social integration of groups at risk of poverty and social exclusion, the expenditures on employment and remuneration policy in public government, the expenditures on agriculture, the expenditures on healthcare system, and the expenditures on culture. The interim reports identify areas with greatest room for improvement. The final reports then identify measures and define action plans for their implementation.*

*Spending review will check majority of public expenditures during the electoral term. The measures proposed should result in financial savings, better public services and/or transfer of funds to government priorities. The review proposes measures which should be sustainable on a long-term basis.*

*Developed countries use spending reviews as a standard instrument which helps governments both to find room in public policies for more efficient use of public funds and to reach savings necessary to meet the national and European fiscal commitments.*

*The culture spending review has investigated into the expenditures on culture within individual cultural policies in the amount of EUR 623 million (0.66% of GDP, year 2019) including the expenditures of the affiliated organisations of the Ministry of Culture. While the interim report identified areas with greatest room for improvement of efficiency, the final report proposes specific measures and the action plan for their implementation.*

*The report was finalized during the Covid-19 pandemic which will have a significant impact on the public budget in the years to come. Although the measures remain to be legitimate, the objectives they aim to attain may be implemented at a later time and may require more time to fully realize their potential.*

**The aim of the Culture Spending Review is to look at the public expenditures on cultural policies including the expenditures of the organizations affiliated to the Ministry of Culture and assess the efficiency of such expenditures with emphasis on achieving better results.**

**The evaluation of the cultural policy results is a challenge due to absence of expressly defined objectives.** Although the strategic documents define priority areas in culture, they propose specific objectives only partially. The review proposes objectives and indicators for the cultural policies most significant in terms of the budget. Basic indicators proposed to be monitored include the cultural participation, attendance rates of cultural institutions and events, and the condition of cultural heritage.

**Cultural participation of Slovaks is worse than the average participation in the EU.** In 2015, 59.4% of Slovak respondents aged 16+ visited at least once a cultural institution or event (cinema, theatre, concert, museum, gallery). The European average is 63.7%, in the Czech Republic it is as high as 70.2%. The objects of cultural significance are in a bad condition; statistical data reveals that 25% of immovable monuments and 15% of objects within collections are in a bad or desolate condition. At the same time, the records treating their condition are inaccurate and not kept up to date.

**Demand for the products and services of cultural and creative industry amounting in aggregate to EUR 3.1 billion in 2017 combined the corporate demand (EUR 1.8 billion), the demand of the public sector (EUR 0.7 billion), and the demand of households (EUR 0.6 billion).** Individual sectors of the cultural and creative industry have different structure of the demand-side entities. The sectors of advertising, architecture and visual art are dominated by corporate demand, while the periodical and non-periodical press is driven by the

demand of households. Demand of the public sector predominates the interdisciplinary services, performing arts, cultural heritage and support services. The sector of audiovisual media has a mixed structure of demand.

**In Slovakia, public sector accounts for the major part of the demand for the products and services of the cultural and creative industry, which is not the case abroad.** If we compare the total size of cultural and creative industry, the data reveals that the public sector has a greater share than in neighbouring countries – while here it is 21%, in the Czech Republic it is 14%, and in Austria only 8%. However, there are slight deviations in the calculation methodology, so the data should be interpreted with caution.

**According to Eurostat, culture received around 0.78% of GDP (1.84% of public expenditures) from 2011 to 2018. The average in the EU countries for the same time period was slightly lower (0.74% of GDP; 1.56% of public expenditures).** Expenditures are higher in the remaining V4 countries. This is particularly because of high expenditures in Hungary (2.20% of GDP; 4.71% of expenditures). Slovakia's lagging behind the Czech Republic (1.01% of GDP; 2.48% of expenditures) and Poland (0.89% of GDP; 2.13% of expenditures) is much less significant.

**According to the Ministry of Finance's data, the 2019 public consolidated expenditures on culture in Slovakia amounted to EUR 623 million. The amount of public funds allocated to culture oscillated over time around the average value of 1.71% of the public budget.** The greatest portion of non-consolidated public expenditures on culture goes to the Ministry of Culture (41%), more than one tenth goes to municipalities (21%), RTVS (17%), and higher territorial units (11%).

**The expenditures of the Ministry of Culture hit EUR 351 million in 2019.** The largest allocation went to the cultural heritage policy which received EUR 100 million, then the policy for the support of arts which got EUR 73 million, and the media and audiovisual policy obtained EUR 65 million. The church policy was allocated EUR 48 million and the general cultural policy of the Ministry of Culture amounted to EUR 44 million. The expenditures consumed by the operation of the Ministry totalled EUR 21 million.

**The number of museums and galleries in Slovakia is comparable to the countries of equal size. Within the EU, Slovakia ranks 19<sup>th</sup> when it comes to the per-capita attendance rate of collection development institutions.** The condition of collection objects cannot be unambiguously assessed, because the data in databases is incomplete and out of date. Around 15% of collection objects are estimated to be in a bad condition, and the same also applies to at least 65% of state repositories.

**Slovakia has a wide network of public libraries; the number of public libraries per capita places Slovakia 7<sup>th</sup> in the EU. Only 8.3% of the Slovak population is registered in libraries, the EU average is 17.8%.** The number of borrowings per capita places Slovakia 15<sup>th</sup> within the EU.

**In early 2019, the Slovak Monuments Board kept records of 9,989 of immovable national cultural monuments and 15,168 of movable national cultural monuments. As many as 25% of monuments are in a bad or desolate structural and technical condition.** The largest financial debt towards the monuments collection amounting to EUR 2.2 billion is owed by the private sector. Lower debt is estimated to be owed by the local government (EUR 1.3 billion), church (EUR 1.1 billion) and the state (EUR 0.8 billion). The most significant monuments are in the possession of the state.

**Although the number of theatres grew significantly from 58 theatres in 2011 to 80 in 2018, the number of performances and visitors did not grow at the same pace. Also the number of premières fluctuated.** In these indicators, we also lag behind the Czech Republic. The state-founded theatres in Slovakia also lag behind the state-founded theatres in the Czech Republic in terms of their ability to generate their own income – earned

income accounted for 21% of the total expenditures in 2018 in Slovakia compared with the 25% in the Czech Republic.

**Music is the most accessible type of culture; concerts and festivals are visited by at least 1.6 million people a year. However, their efficiency is not reported in a uniform manner; this is also due to the differences in the activities of the state-founded musical institutions.** Just like theatres, musical ensembles, too lag behind when it comes to generation of their own income; on average, Czech musical ensembles earn EUR 8.80 per visitor on concerts organised by themselves, while the Slovak ones EUR 4.70 – 6.50.

**When the AVF launched subsidies in 2010, the film production increased; every year, the number of official releases grew by 3, and in 2019, as many as 30 new Slovak films were released.** On average, Slovak films are visited by 26 thousand more viewers every year, the receipts grew from EUR 0.4 million in 2012 to EUR 1.2 million in 2018.

**RTVS funding is not stable due to exemption of pensioners from the fees for public services.** As a consequence, the gap for the 1<sup>st</sup> quarter of 2020 is estimated to reach EUR 11 million; at the same time, the number of exempt pensioners will grow from 280 thousand to as many as 345 thousand.

**Churches and religious communities are supported by the state by a direct allocation from the budget category of the Ministry of Culture, and in the form of tax relieves and purpose-specific subsidies.** The state allocation has been growing since 2013; in 2019, it reached EUR 47.7 million corresponding 17% of the expenditures of the Ministry of Culture's category. The state supported restoration of the church-owned monuments with additional EUR 6.5 million.

## **Fiscal measures**

**The review identified saving measures of up to EUR 19.2 million a year. Additional savings can be found in the current expenditures which the review has not analysed in detail.** Saving opportunities have been identified in the centralisation of support and inter-sectional activities and in more efficient purchase of goods and services. The review analysed in detail 16% of them in the form of expenditures on standard and routine maintenance of the systems of digitization centres. The potential of savings in other areas will have to be quantified. **Expenditure measures will require one-off investment of up to EUR 22.3 million and annual expenditures of up to EUR 2.2 million.**

According to the review, savings can be reached particularly by reducing the maintenance cost of the hardware and software of digitization centres (savings estimated at EUR 1 – 8 million a year depending on the selected model). Other sources of savings include increase in the income earned by the organisations founded by the Ministry of Culture (savings estimated at EUR 6.8 million a year), improvement of the efficiency of the collection of the fees for public services of RTVS (savings estimated at EUR 4.2 million), and transition to a more cost-efficient selling and booking system (savings of EUR 0.15 million a year).

Improvement of the condition of the existing repositories of museums and galleries would cost up to EUR 22.3 million. The increase in the state support for the library collection development in amount of up to EUR 2.2 million a year is conditional upon the library's joining the core library network and increasing their own earned income (e.g. by increasing the number of registered readers or the registration fee).

## Inter-sectional management measures

**The purpose of management measures is to improve the efficiency of processes with the aim to achieve a more efficient spending. As a key measure, the review recommends to define and monitor expressly formulated objectives and measurable indicators for individual cultural policies.** Measurable indicators should include multiple views of cultural policies (from the perspective of customers, finance and processes), and should be affirmed in a participative process with the representatives of the relevant sections and experts. This measure is interconnected with the measures aiming to improve the quality of statistical surveying in culture required for more accurate evaluation of the objectives of cultural policies. The measure of defining measurable indicators for individual cultural policies also goes hand in hand with better use of indicators of achievement in the programme structure of the budget by improving the comprehensibility and monitoring of the expenditures by categories, based on cultural policies.

**According to the findings of the review, the organisations founded by the Ministry should have their strategies in place, the expertise and transparency of the selection process for managing workers should be improved, and the term of their office in all founded organisations should be five years. To remove the barriers hindering development of founded organisations, the legal forms appropriate for cultural institutions should be analysed.** Regular survey focusing on the needs and behaviour of visitors, extension of data collection during ticket sales and visits of cultural institutions, and satisfaction surveys would create a strong basis for proposing specific steps to increase the attendance rates of individual organisations. To improve the results, develop the founded organisations and remove potential obstacles from their operation, we should consider the use of existing legal forms (budgetary and contributory organisations) and take into account the proposals of alternative legal forms in order to find solutions for the main issues tormenting the organisations, such as the multi-year guaranteed funding or permitting them to have multiple founders.

**By creating the investment plan which serves as an instrument of strategic planning, it would be possible to plan and prepare investments from the early stages in a transparent manner.** The review recommends to create a long-term plan of systematic investments in the restoration of cultural monuments and generally in the immovable property of the Ministry of Culture. To improve the quality of the overall investment process and have better project selection process, methodologies should be developed which would quantify the specific contributions in culture. The optimum investment process proposed consists of the establishment of a central project office which would use internal resources in technical positions for the preparation of investment projects and the necessary documentation for the subordinated organisations of the Ministry of Culture.

**To improve the economic efficiency of the ministerial IT, it is necessary to collect the data about the costs and performance of information systems. This would allow to compare them both against each other and between individual ministries.** The analysis of economic efficiency of having internal resources instead of outsourcing them would allow us to identify which outsourced IT services could be performed internally at lower cost and without compromising the quality.

**To stimulate the use of private finance in culture, it is necessary to conduct an analysis of tax relief system applicable to the sponsorship in culture** which would serve as an underlying document for the preparation of a potential support of by way of sponsorship.

**The review recommends to change the existing operation of the arts funds. The amendment to the Act on Arts Funds should reflect one of the three proposed options of their further operation.**

## Management measures for the cultural heritage policy

**In the area of museum and gallery policy, the review recommends to implement standards for museums and galleries and prepare an analysis of their network with regard to their geographic and thematic groups.** To improve the preservative function of museums, the inventory audit of repositories needs to be prepared on a regular basis, and the collection and quality of the data about the condition of collection objects in the relevant systems need to be improved.

**As regards the library policy, the review recommends to revise the standards for public libraries and define the core library network based on accessibility and efficiency criteria.** It is also important to define the status and meaning of scientific libraries founded by the Ministry of Culture. Also the legislation treating legal deposits needs to be revised.

**In the area of monument preservation policy, the review proposes several measures for funding the restoration and improvement of the technical condition of monuments.** To decide the priority order of monument restoration funding, a system should be created which would classify monuments according to the protection level in combination with the restoration difficulty level. The cost-sharing requirement should be increased for the applicants wishing to use the support from the *Let's renew our house* subsidy programme; this would increase the inflow of finance for their restoration and motivate the owners to use the monument after its restoration more effectively. To improve the technical condition, the review recommends to start conducting a systematic inspection of that condition, seek allocation of the EU funds for the restoration of monuments owned by the state in the next budget period, and look for options of better utilisation of monuments. Methodologies of standard structural and technical processes should be developed for the Monuments Board in order to reduce the subjective factor in the Board's decision-making process.

**As regards the cultural heritage digitisation projects, the review proposes to lay emphasis on strengthening the presentation and use of digitized objects through preparation, and pursuance, of the strategy for individual digitization centres which will contain measurable indicators unambiguously tied with this objective.** The final objective would consist in increasing the value for money of the entire digitization process – i.e. not just process and preserve the cultural heritage, but also lay emphasis on its better presentation and more extensive work with it. The review also recommends to create an on-line platform for making accessible the digitized works which are not available on the market anymore.

## Management measures for the policy for the support of arts

**As regards the policies covering theatre, dance and music, the review recommends to focus on increasing the attendance rates by including this indicator in the contracts between the founded organisations and the Ministry of Culture.** It is also necessary to increase self-sufficiency of the founded performing organisations by including the revenue from admissions among the measurable indicators in contracts. The revenue from admissions, both total and per visitor, should gradually grow, while the essential role of the organisations should be maintained.

## Management measures for the media and audiovisual policy

**As regards the media policy, stable and efficient funding of RTVS should be ensured and quality and the public nature of RTVS regularly assessed.** It is necessary to resolve how to compensate for the exemption from fees granted to pensioner households by implementing the proposed measures. The first option is to increase the rates per household. The second option is to compensate for the loss of revenue by increasing the state transfer. The third option is to increase other income by liberating the advertising time limits. These

measures may be implemented either separately or in combinations. The quality and public nature of RTVS needs to be measured by a system of evaluation criteria to be developed and the related indicators. It follows from the survey made by the European Broadcasting Union (EBU) that households in countries with higher-performing media are more willing to pay (i.e. lower fee avoidance), while the fees are higher.



# 1 Measures of the culture spending review

The measures are based on analyses reviewing data of previous years. The works on this report were being completed when strict quarantine measures were put in place as a consequence of the Covid-19 pandemic. This had a significant impact on the operation of individual organisations in culture and potentially significant impact on the entire public budget in the years to come. Although individual measures remain to be legitimate, the objectives they aim to attain may be implemented at a later time and may require more time to fully realize their potential. Tables also contain deadlines for the measures. The attainment of the objectives sought by these measures will be assessed until 2023, unless provided otherwise.

## 1.1 Fiscal measures

The measures proposed have a positive (cost-saving effect) or negative (increasing expenditure) impact on the state budget. The implementation of cost-saving measures has the potential to lead to aggregate annual savings of up to EUR 19.2 million. This is not an exhaustive list of possible savings, the review only analysed a part of current expenditures. Significant room has been identified in the yet unquantified centralization of support and inter-sectional activities and in better purchase of goods and services (16% of expenditures on goods and services were analysed).

Expenditure measures will require one-off expenditures estimated to reach up to EUR 22.3 million and annual expenditures of up to EUR 2.2 million.

**Table 1 Cost-saving measures**

Objective	Measure	Potential annual saving	Impact	Savings (MEUR)				Responsibility
				2020	2021	2022	2023	
<b>Reduce the maintenance cost of the hardware and software of digitization centres</b>	1. Achieve savings in the maintenance cost of the hardware and software of digitization centres	1 – 8 MEUR	ŠR	0	1	to be specified		MinCul – SE, ICP
<b>Ensure stable and efficient funding of RTVS</b>	2. Increase the efficiency of collection of the fees for public services	4.2 MEUR	VR	0	0.8	1.6	2.4	RTVS, MinCul – MACD, SE, ICP
<b>Use more cost-efficient booking and selling system for the founded organisations</b>	3. Optimise the admission ticket selling and booking system in the founded organisations	0.15 MEUR	State budget	0	0.15	0.15	0.15	MinCul – SE, ICP, IT dpt.
<b>Increase self-sufficiency of founded organisations</b>	4. Gradually increase the income earned by the organisations founded by the Ministry of Culture	6.8 MEUR	State budget	0	2	4	6	MinCul – SE, AD, CHS, ICP, founded organisations
<b>Increase the efficiency of budgetary and contributory organisations</b>	5. Found a central servicing organisation based on the update of the process audit	to be specified	State budget	-	-	-	-	MinCul – OffMin, ICP, SE

**1. Better purchase of support services for the digitisation centres would save at least EUR 1 million in 2021; the cost after 2021 depend on the selected operational model of digitisation with the upper limit**

**reaching up to EUR 8 million.** If the services were provided as they are in the Czech Republic, the cost would now be lower by EUR 8 million a year.

**2. To ensure stable and efficient funding of RTVS, the gap resulting from the uncollected fees should be reduced by more efficient collection.** This will require to also look at other existing collection models (payment together with the electricity bill, external collection companies, etc. (EBU, 2019). RTVS has collected EUR 9 million fewer fees than expected in recent years. After 2020, the gap will be reduced by the collection of fees from pensioners in amount of around EUR 5 million – it will decrease from EUR 9.2 million to EUR 4.2 million. The leakage rate will be around 6%. The new collection model should warrant reduction of this gap with the upper limit by 20% a year.

**3. If the booking and selling system was replaced with a licensed software solution, EUR 0.75 million could be saved in 5 years.** It is possible to increase the expected savings by better specification of requirements and negotiating better conditions on the grounds of exclusive turnover from admissions.

**4. Gradual growth of the earned income of the Ministry of Culture's founded organisations could improve their self-sufficiency.** If we apply the benchmarks of the Czech Republic, their own income could potentially grow by EUR 6.8 million a year. Achievement of such higher income depends on multiple factors and instruments, such as change of the pricing policy, gradual increase in the attendance rates, increase in their own income from ancillary activities, searching for other sources of income, tourism development, etc. It is also inevitable to count on gradual increase over several years. Their earned income can be used for further development; its generation will not result in the reduction of transfers from the founder.

**5. Optimisation of the structure and operation of institutions founded by the Ministry of Culture and the office itself may result in savings to be specified in the next analysis.** The 2008 audit of 33 organisations of the Ministry of Culture proposed measures leading to a 25% reduction of the labour force (906 job positions). According to the estimates of consultants, the proposed measures have been implemented only partially (40% of their potential). The centralisation of support and inter-sectional activities, such as the human resources, funding, legal services, and IT, with the potential savings of 9% of employees (446 job positions and wage cost savings of EUR 9 million<sup>1</sup> in 2019) did not take place at all. The nation-wide applicability of the recommendations is not clear anymore; the review recommends to update the selected parts of the audit. This update should be finished until 31 March 2021.

**Another room for savings on current expenditures is conditional upon more detailed analysis of other expenditures on goods and services, update of the process audit in the budgetary and contributory organisations of the Ministry of Culture, and analysis of current expenditures within the Ministry of Culture itself.**

**Table 2 Expenditure measures**

Objective	Measure	Indicator	Expenditures	Review frequency	Responsibility	Deadline
<b>Improve the preservation status of collections</b>	6. Improve the condition of existing repositories to satisfactory	Number of repositories by condition: unsatisfactory	22.3 MEUR (estimate)	annually	MinCul – CHS, ICP, MPRV SR, MinEd, MinDef, MinInt, MDV SR	31/12/2025
<b>Optimise the work of the public library network</b>	7. Increase the allocation of state support for the library collection development	Availability of new books	up to 2.2 MEUR	annually	MinCul – SE, CHS, ICP, SAC	31/12/2021

<sup>1</sup> The savings have been calculated based on the 2019 wage costs and does not include the cost of severance pay and the cost of foundation of a central servicing organisation.

**6. To improve the preservation and security of collection objects, it is necessary to improve the condition of existing repositories of museums and galleries, since 43% of collections in national museums are already at risk of deterioration.** Based on incomplete data, at least 28% of 43 repositories of state museums are unsatisfactory for the preservation of collection objects. The review makes the measure conditional upon the related measure (measure No. 31). One of the significant expenditure measures recommended by the review is taking steps to ensure appropriate repositories and elaboration of feasibility study specifying the necessary funds. The solution may also include the collections of libraries.

**7. Increase in the state support for the development of collections of public libraries would improve the quality of provided services.** The required funds are estimated to reach up to EUR 2.2 million a year. The most efficient way to implement this measure is to increase the allocation for the Slovak Arts Council which has a sub-scheme supporting the development of public libraries' collections. The review makes the increase in the funds conditional upon creating a sub-scheme which would only support those libraries which would become members of the core library network. The required amount also depends on the growth of the number of registered readers and increase in the registration fees for target groups.

## 1.2 Management measures

Management measures are proposed for individual groups of cultural policies – cultural heritage policy, policy for the support of arts, media and audiovisual policy. Some of these measures are inter-sectional, they apply to strategic areas and planning.

**Table 3 Inter-sectional management measures**

Objective	Measure	Review frequency	Responsibility	Deadline
<b>Conduct regular surveys of the efficiency and success of cultural policies</b>	8. Define and monitor objectives and measurable indicators of cultural policies	annually	MinCul – ICP, AD, CHS, MACD, SE, experts	31/12/2020
<b>Support orientation on results and factual monitoring of expenditures</b>	9. Support factual monitoring of expenditures by changing the structure of programmes and define indicators of achievement	one-off	MinCul – ICP, SE, AD, CHS, MACD, MinFin	31/12/2020
<b>Improve transparency, independence and efficiency of operation of the founded budgetary and contributory organisations</b>	10. Prepare and publish a strategic document for 6 – 9 years in each budgetary and contributory organisation of the Ministry of Culture	annually	MinCul – OffMin, ICP, founded organisations	31/12/2022
	11. Enact mandatory public selection procedure of managers with a selection committee and a five-year term of office and clear conditions for dismissal of a manager for all founded budgetary and contributory organisations	one-off	MinCul – OffMin, OU, CHS, MACD, ICP, founded organisations	31/12/2022
	12. Conduct and publish analysis assessing advantages and disadvantages of possible legal forms for cultural institutions	one-off	MinCul – OL, ICP	30/06/2021
	13. Start distributing priority projects at the Ministry of Finance at the time of contract drafting	one-off	MinCul – SE, OffMin, ICP	31/12/2020
<b>Optimize the preparation and selection of investment projects</b>	14. Prepare and submit to the Slovak Government for deliberation a long-term investment plan for national cultural monuments and the investment plan for all immovable properties owned by the Ministry of Culture and its subordinated organisations	annually	MinCul – SE, ICP	31/08/2020

Objective	Measure	Review frequency	Responsibility	Deadline
	15. Finalize the methodologies for the preparation of a feasibility study and an economic analysis in culture	one-off	MinCul – ICP, MinFin – VfM	31/12/2020
	16. Review the cost of foundation of a central project office.	one-off	MinCul – CHS, ICP	31/08/ 2020
<b>Improve the quality of cost and performance data</b>	17. Implement budgeting based on the methodological guideline OEK in all budgetary and contributory organisations of the Ministry of Culture	annually	MinCul – SE, ICP	31/12/2020
	18. Regularly upload data about the cost and use of individual IS in MetaIS	annually	MinCul – SPPS, founded organisations	31/12/2020
<b>Reduce the cost of operation and development of information systems of the ministerial IT</b>	19. Analyse economic efficiency of switching from external IT services to internal labour force and develop a time schedule for the implementation	annually	MinFin (VfM), ICP, MinCul – SE	30/06/2021
<b>Increase the efficiency of servicing IT services</b>	20. Prepare a feasibility study to identify the most efficient method of provision of IT services after expiry of each existing contract	annually	MinCul – SE, ICP	31/12/2020
	21. Before using services on top of the prepaid scope, prove economic return of the services being ordered	as needed	MinCul – SE, ICP	31/12/2020
<b>Increase cultural participation</b>	22. Lay down recommendations for increasing participation based on surveys of needs, behaviour and satisfaction of the visitors of cultural institutions and events, amend the systematic collection of data to include their structure and behaviour	annually	MinCul – OffMin, ICP, AD, CHS, MACD, NEC, founded organisations	31/12/2021
<b>Stimulate private sources in culture by way of sponsorship</b>	23. Prepare an analysis of possible tax relief due to sponsorship in culture	one-off	MinFin – IFP, MinCul – MACD, ICP	30/06/2021
<b>Obtain valid and reliable data about the work of the stakeholders of individual cultural policies</b>	24. Revise the criteria identifying intelligence units and the content parts of statistical reports, amend the methodological notes on how to fill out forms, improve data validity by amending the electronic questionnaire and including in the questionnaire logic control for filling out the data	one-off	MinCul – ICP, AD, NEC, ŠÚ SR, processors, relevant sections	31/12/2021
<b>Improve the efficiency of support activities for artists by revising the Act on Arts Funds in one of the three possible ways</b>	25. Prepare and submit to the Slovak Government an amendment to the Act on Arts Funds	one-off	MinCul – AD, ICP	30/06/2021
<b>Improve the quality of scientific and research work</b>	26. Implement the obligation to keep publications in the central register as a condition for funding research activity from the Ministry of Culture's budget	one-off	MinCul – CHS, ICP	31/12/2020
	27. Implement the obligation to obtain certificate of qualification for research and development as a condition for receiving support for research activity from the Ministry of Culture's budget	annually	MinCul – CHS, ICP	31/12/2020
<b>Increase the efficiency of the funds used for subsidies</b>	28. Introduce into the subsidy systems collection of data about the implemented projects in an electronic or machine-processable format and evaluate their	annually	MinCul – SE, ICP, SAC, AVF, KULT MINOR	31/12/2021

Objective	Measure	Review frequency	Responsibility	Deadline
	results			
<b>Improve the efficiency of the instrument for increasing cultural participation of pupils and students</b>	29. Start monitoring and evaluating the objectives of the <i>Cultural Vouchers</i> programme, reduce the operating costs and administrative burden	annually	MinCul – SE, ICP	31/12/2021

## Objectives of cultural policies

**8. Definition of objectives and measurable indicators for individual cultural policies will enable to gain a regular view of their efficiency and success.** It is a data-based system for monitoring the results of cultural policies to be based on quantitative and qualitative data in the selected methodology based on best practices of other countries. Measurable indicators should include multiple views of cultural policies (from the perspective of customers, finance and processes), and should be affirmed in a participative process with the representatives of the relevant sections and experts. Referring to the spending review, assessment of data-based results and evaluation of the results of the Cultural Development Strategy for 2014 – 2020, or assessment of the international context, the Ministry of Culture will lay down strategic objectives and related indicators for the period until 2030 and have in place a regularly updated action plan.

**9. The understandability and monitoring of the expenditures by category could be improved if the expenditures were re-grouped based on the cultural policy in which they belong.** The new structure which would group expenditures pursuing the same result would then make it easier to define measurable indicators for the result. Monitoring would be made easier if the number of input and logic indicators of low added value would be lower. At the same time, it would be easier to monitor the results of the policies.

**10. To improve the results and the development of BUCO, each of the 31 founded organisations of the Ministry of Culture needs to define and publish their own strategy based on the Ministry's strategy until 2030.** Strategy is a classic control instrument which reflects the position of the institution and its desired role in the society (the so-called mission and vision statement), ideally for 6 – 9 years. A good example is the need to review the mission of state-owned scientific libraries founded by the Ministry of Culture, whereas it is not clear whether they should provide their services primarily to the general public or to the specific scientific communities. This strategy with a definition of role in place would enable to correctly assess their work compared with the existing status.

**11. To support orientation on results expected from the BUCO head workers, a five-year term of office should be defined for head employees with a transparent and professional public selection process.** Now, the five-year term of office of head workers does not apply to more than one half of BUCOs. To avoid political interference with the operations of the organisation, it is also necessary to clearly define the conditions for dismissal of a head worker.

**12. To remove the barriers hindering the development of cultural institutions, the legal forms appropriate for cultural institutions should be analysed.** Use of the existing legal forms (budgetary and contributory organisations) as well as other proposals should be considered. The main issues of BUCOs, such as multi-year guaranteed funding or the option to have multiple founders, need to be analysed in more detail.

**13. To improve the development of national cultural institutions, it is necessary to define a more efficient method of distribution of priority projects at the time when BUCO and the Ministry of Culture draft contracts.**

## Investments

**14. The investment plan serves as an instrument of strategic planning enabling transparent planning and preparation of investments from early stages.** Approval should result in the development of a long-term plan of systematic investments in the restoration of cultural monuments.

**15. Development of methodologies which would quantify the benefits of a good condition of national cultural monuments would improve the project selection process.** During development of methodologies, particular emphasis should be laid on the rules of creation and selection of alternative solutions, and on objective quantification of future benefits. The feasibility studies and economic analysis should be prepared by the employees of the analytical unit of the Ministry of Culture to the greatest possible extent.

**16. Foundation of a central project office is one of the options how to improve the cost-efficiency of investment project preparation.** This alternative should be compared with the existing status. It is necessary to assess the existing resources of the apparatus and of the founded organisations for the preparation of investment projects, and propose the resources which should be added. Foundation of a central project office with internal resources in technical positions who would prepare investment projects and the necessary documentation for the Ministry of Culture's subordinated organisations should improve the project preparation efficiency. The Ministry of Culture's study has estimated the cost of foundation and operation at the level of EUR 1.7 million a year, but the estimate needs to be updated and the cost justified.

## Information systems

**17. – 18. Collection of data about the costs and efficiency of information systems** will enable their comparison between each other as well as between individual ministries, and subsequent identification of the measures having potential to increase the economic efficiency of the ministerial IT.

**19. The analysis of economic efficiency of performing services internally instead of outsourcing them** would allow us to identify which outsourced IT services could be performed internally at lower cost and without compromising the quality. To ensure sufficient funds for staff costs in the budget, it is necessary to tie the results with the time schedule according to which they would be transferred from the budget for external services.

**20. – 21. By elaborating a feasibility study, it would be possible to have a more cost-efficient IT services for the next period.** It is necessary to compare all relevant alternatives of procuring the services, including the option of developing own resources and preparing as accurate estimate of the required quantity and budget as possible. It would be possible to reduce the cost even now, provided that the proof of economic return on the services used on top of the prepaid scope was requested.

## Other areas

**22. Identification of the needs and behaviour patterns of the actual and potential visitors will lead to recommendations to increase cultural participation.** Regular survey focusing on the needs and behaviour of visitors, wider data collection during ticket sales and visits of cultural institutions, and satisfaction surveys would create a strong basis for defining specific steps to increase the attendance rates for individual organisations.

**23. Analysis of the possible setting of sponsorship-in-culture-based tax relief would provide a background for preparation of an instrument aiming to stimulate private sources in culture by way of sponsorship.** The analysis should take into account the existing volume of funds in culture by way of advertising contracts and the optimum tax mixture within the Slovakia's tax system (motivation of sponsors, target groups, amount of the tax advantage, form, delimitation, etc.), transparency and the examples of good practice of other countries.

**24. Increase the validity and reliability of the statistical surveying data by way of reviewing the content and processes of reports, amendment the software with the electronic questionnaire, and addition of logic controls during data collection process.** This review will also include the revision of the intelligence unit identification criteria and the revision of individual parts of the content. This revision will be conducted in a participative process of the relevant stakeholders with emphasis on the specific purposes of the data being surveyed. In cooperation with the Statistical Office, the revised reports will be included in the new programme of state statistical surveys. It also assesses the areas of data collection which can be replaced with administrative data. For example, higher-quality data about music records could be obtained from the administrative data of the copyright management organisation instead of using the existing non-functional list of the Ministry of Culture about the Slovak audio records of fixed performances which the review recommends to cancel.

**25. As the first option, the review recommends cancelling arts funds and transferring their support activities under the subsidy funds, which would increase the support of artists by EUR 1.1 million.** Proposed have been three alternatives to increase the support activity for artists or amend the obligation of artists to contribute to the funds.

**26. To increase the quality of the outputs of scientific and research work of the Ministry of Culture's founded organisations, the review proposes mandatory registration of publications in the central register.** This will enable their comparison against equivalent outputs of other cultural institutions and universities.

**27. By obtaining the certificate from the Ministry of Education of qualification for research and development, the Ministry of Culture's founded organisations may receive additional funds for research.** The review proposes to impose an obligation upon all Ministry of Culture's founded organisations which receive funds for research from its budget category to obtain such a certificate and encourage them to apply for funding from the budget of the Slovak Research and Development Agency.

**28. To improve the efficiency of the funds used for subsidizing activities by better assessment of the results of the supported projects and better definition of future objectives of subsidy funds, it will be necessary to incorporate a systematic collection of data about the implemented projects in an electronic and machine-processable format into the project assessment processes.** Better awareness about projects supported by the Ministry of Culture, AVF, SAC or KULT MINOR enables better dialogue about the significance of projects and future priorities of funds.

**29. To make the *Cultural Vouchers* subsidy programme more targeted and efficient, it is necessary to monitor and evaluate the attainment of the objectives of this programme and reduce its operating expenses and administrative burden.** The most appropriate method of provision and assessment of vouchers should be selected based on analysis. Monitoring should be one of the functionalities of the information system, and should also be conducted within regular user inquiry, e.g. by way of surveys. The operating costs of cultural vouchers could be reduced if the information system was easy to maintain and use. The new system should offer electronic vouchers in the electronic form. The administrative burden can be reduced by cancelling the every year repeated registration process. It will be necessary to define whether one-off registration would be enough or the schools might receive vouchers automatically. This step is connected with the measure of transition to the electronic form of cultural vouchers.



**Table 4 Management measures for the cultural heritage policy**

Objective	Measure	Review frequency	Responsibility	Deadline
<b>Improve the quality of the work of museums and galleries</b>	30. Introduce standards for museums and galleries with an accreditation and monitoring system in Slovakia which should be preceded by an analysis of the museum and gallery network with regard to the geographic and thematic groups	annually	MinCul – CHS, ICP, SNM a SNG	31/12/2021
<b>Improve the preservation status of collections</b>	31. Prepare the cost-benefit analysis for improvement of the condition of repositories, exhibition premises and workshops of state museums and galleries based on documentation of the existing status and better quality of the data about the condition of objects in CEMUS and CERA according to clearly defined criteria for the assessment of the physical condition	annually	MinCul – CHS ICP, SNM, SNG	30/06/2021
<b>Optimise the work of the public library network</b>	32. Revise the Ministry of Culture's standards for public libraries	annually	MinCul – CHS, ICP	31/12/2020
	33. Define the core library network and regularly revise the list based on efficiency and accessibility criteria	annually	MinCul – CHS, ICP	31/12/ 2021
	34. Increase the number of public libraries connected to the uniform library information system	annually	MinCul – CHS, SE, SNL	31/12/ 2021
	35. Prepare and submit to the Slovak Government for deliberation a legislative material reducing the number of legal deposits	one-off	MinCul – CHS, ICP	31/12/2021
<b>Make the state support for monument restoration more targeted</b>	36. Conduct analysis of appropriateness of the monument preservation support instruments for private individuals	one-off	MinCul – CHS, ICP MinFin – IFP,	30/06/2021
	37. Increase the cost-sharing requirement for the applicants for support through House Renewal programme and enable multi-year support	one-off	MinCul – CHS, ICP	31/12/2021
<b>Improve the structural and technical condition of monuments</b>	38. Start drawing EU funds also for the restoration of the monuments owned by the state	one-off	MIRRII, MinCul – OffMin, SORO IROP 3	31/12/2020
	39. Extend the validity of the project of monument restoration with the help of unemployed individuals	annually	MIRRI, MPSVR SR, MinCul – CHS, ICP	31/12/2021
	40. Establish relations between owners of unused monuments and those who look for premises	annually	MB SR, MinCul – CHS, ICP	31/12/2021
	41. Introduce a systematic inspection of the structural and technical condition of monuments	annually	MinCul – CHS, ICP, MB SR	31/12/2020
<b>Improve the efficiency and transparency of the Slovak Monuments Board's work</b>	42. Develop and publish the methodologies governing the decision-making principles applicable to the structural and technical interventions which would make the decisions of the Monuments Board less subjective	annually	MB SR, MinCul – ICP, CHS	31/12/2022
	43. Keep complete database of the Monuments Board about restoration of national cultural monuments and its funding	annually	MB SR, MinCul – ICP, CHS	31/12/2021
	44. Introduce in the register of national cultural monuments categorization of the monuments by priority of their preservation and restoration	annually	PUSR, MinCul – ICP	30/06/2022



Objective	Measure	Review frequency	Responsibility	Deadline
<b>Improve the presentation and use of digitized monuments</b>	45. Prepare, publish and implement the strategy for all digitization centres and define measurable indicators	annually	MinCul – OffMin, ICP, CHS	31/12/2020
	46. Create an on-line platform to make accessible the works which are not commercially available anymore	one-off	SNL, NEC, LITA, MinCul – CHS	31/12/2020

### Museum and gallery support policy

**30. To improve the quality of museums and galleries, it is necessary to approve standards applicable to museums and galleries and their monitoring method and incorporate them into the actual museum and gallery policy.** To identify improvement of quality, it is necessary to conduct and publish an analysis which would enable mutual comparison of collection developing institutions (employing the benchmarking method) within their own reference groups. This would help to review their results or look for inspiration to improve them. The measure will be implemented in cooperation with professional associations which already started preparing such standards in 2016. The measure goes hand in hand with the amendment of the legislation governing collection developing institutions and increase in the human resources to monitor compliance with the standards.

**31. To ensure appropriate protection of collections preventing their deterioration, it is necessary to conduct a cost-benefit analysis and analyse the returns on investments in repositories.** There are several options which may be used to ensure protection of collections. Since the issue is quite complex, it is necessary to prepare inventory audit of both state-owned and regional museums, galleries and libraries falling under the Ministry of Culture to achieve the potential synergy effect for collection repositories and library warehouses across Slovakia. The purpose of such an audit is to prepare documentation to be able to monitor the condition of repositories, exhibition premises, and workshops for collection care. Improvement of the knowledge about protection of collection objects goes hand in hand with the need to improve, in general, the record-keeping system about collections, the data about the physical condition of collection objects in the centralised systems of the collections of museums (CEMUS) as well as galleries (CERA), and regularly update the information about the condition of collection objects. It is necessary to choose a clear methodology of defining the criteria to assess the condition of the premises of individual museums and galleries, and the collection objects, since the assessment procedures now being used are not uniform.

### Library support policy

**32. Revision of the Ministry of Culture's standards applicable to public libraries would make the public library benchmarking more transparent and simpler; at the same time, they could serve as an argument the libraries could use to persuade their founders to increase their funding.** The recommended values should also be derived empirically to be more acceptable as an argument in dealings of libraries with founders. At the same time, the revised standards could serve to set the criteria for including a public library in the core library network.

**33. Once the core library network is defined, other measures of library policy could be set so as to preferentially support larger and more efficient libraries. At the same time, this would exert pressure on the optimisation of the library network.** The core library network should be defined by objective efficiency and accessibility criteria, and this list could be reviewed at regular intervals, motivating libraries to improve their efficiency and provide better services. Libraries which meet the defined criteria should be treated preferentially, including in obtaining state funding for the development of the library collection. Only the libraries which become a part of the core library network should be entitled to apply for more funds for the purchase of books, which the review identified in the expenditure measures.

**34. Increase in the number of public libraries connected to the uniform library information system would result in libraries and readers having access to a larger library collection; this would in turn improve the efficiency of the provided services.** After a transitional period, the registration of libraries in the uniform system should constitute a condition for applying for any state subsidy. At the same time, the registration in the uniform system would constitute an inevitable condition for including a library in the national library network.

**35. Liberating the obligation to distribute legal deposits of periodical and non-periodical publications,** reducing them to 2 hard copies and a digital copy of each publication (compared with the actual 4 to 11 copies) would save publishers at least EUR 703 thousand a year, and would not affect the objective to archive publications as a part of the cultural heritage for the future. Liberation of the delivery period for the copies from three days to 1 to 3 months will bring publishers additional savings on the postal and administrative costs.

### **Monument protection policy**

**36. Conduct analysis of appropriateness of the monument protection support instruments for private individuals by way of financial instruments.** The review proposes to conduct an analysis to identify an appropriate instrument; assessed should be the instruments both on the side of state expenditures and revenues (e.g. tax advantage). In the next step, after the financial instrument appropriate for private individuals is created, thought should be given to their exclusion from the *Let's renew our house* (House Renewal programme) subsidy programme which is connected with the re-allocation of the funds within the House Renewal programme to the other owners who would not be supported under the selected financial instrument.

**37. Increase in the cost-sharing requirement for those who apply for support from the House Renewal programme would increase their share of liability for the monument restoration result, and higher annual support would also improve the quality of supported projects.** At the same time, the scope of cost-sharing requirement should depend on the subsidy provided, and not on the total amount applied for. The measure in the House Renewal programme should be implemented taking into account the type of monument, sub-programme, applicant, and public accessibility of the monument. Although the measure would result in fewer restoration project co-funded from the House Renewal programme, they would be of a higher quality, higher sustainability, and financial significance.

**38. If funds could be drawn from multi-year financial framework for 2021 – 2027, including the EU instruments, also for the restoration of monuments owned by the state, the monuments held in the possession of the state would receive better protection.** Incorporation of the funding for the restoration of the national cultural monuments owned by the state into the upcoming Partnership Agreement of Slovakia for 2021 – 2027 would help develop tourism and other services in multiple regions in which such monuments are located. For example, it covers castles and manor houses the restoration of which definitely has a positive impact on the economy of the entire region.

**39. Extension of the validity of the castle restoration project engaging unemployed will help continue in the restoration of monument torsos, lying emphasis on the creation of job opportunities allowing the job seekers to acquire specific skills and engage in more qualified work.** The existing restoration programmes applicable mainly to monument torsos engaging the unemployed help restore monuments and may help job seeker retain work habits and develop skills.

**40. Implement and regularly update a user-accessible list of unused national cultural monuments in order to liaise owners of monuments who do not use them and the persons who look for premises for their business.** Active search for the opportunities to use national cultural monuments would contribute to their better protection and, at the same time, to a wider offer of new services for the public.

**41. Considering the actual poor quality of data, the success of the monument protection policy can be evaluated through defining a representative sample of monuments and assessing the structural and technical condition of such sample on an annual basis.** The currently used data of the Monuments Board about the structural and technical condition of monuments are not very accurate whereas they reflect the condition on the date of registration and not the actual condition. The Monuments Inspection authority of the Ministry of Culture and the Monuments Board check the monuments on an annual basis within their routine work, and if such inspection took into account the pre-defined representative sample of monuments, its results could be used as a representative indicator of the structural and technical condition of all monuments. At the same time, the review proposes to increase the number of employees of the Ministry of Culture's Monuments Inspection authority to the level comparable with the per-capita number of employees employed by the Monuments Inspection in the Czech Republic.

**42. Preparation and publication of objective methodologies of the Monuments Board containing its decision-making principles in the event of structural and technical works on monuments would make the Monuments Board's decision-making process more transparent and acceptable for the public.** Such methodologies reduce the information asymmetry between the owners of monuments and the workers of the Monuments Board and, at the same time, may serve as underlying documentation and evidence of objectivity of Board's decisions in case of any disputes.

**43. The database of the Monuments Board keeping track of the investments in monuments could be improved by establishing closer cooperation between the Board and the institutions which have additional information about restorations.** Closer cooperation should be established between the Monuments Board and the Ministry of Culture, so the Board have accurate information about how many and which projects were supported in the relevant year from the House Renewal programme (our estimate is that the Board's database only contains 20% of the investments made). It is also necessary to create an objective methodology which would define uniform rules for recording the information about monuments in the Board's database. Introduction of tax advantages would motivate owners to notify the Financial Administration of the Slovak Republic of their intent to invest in monuments.

**44. If the monuments were categorized in the national cultural monument register by the protection and restoration priority, it would be easier to define the order of priority for funding the monuments owned by the state.** Such a system would also make it easier to define the order of priority for the allocation of funds from the state (House Renewal programme) or other sources. The final draft of this categorization will be submitted to experts for review. It is possible to create multiple classification criteria, e.g. monument value, restoration priority, difficulty of restoration, etc.

**45. Improve the presentation and use of digitized objects by way of preparing and fulfilling strategies for individual digitization centres which will contain measurable indicators tied with this objective.** These indicators will be monitored and reviewed on a regular basis. The final objective would consist in increasing the value for money of the entire digitization process, and not just for processing and preservation of cultural heritage, but also for its better presentation and more extensive work with it.

**46. Make publicly accessible the digitized works which are not commercially available anymore by agreeing on license conditions and creating a user platform.** Continue in the existing cooperation between SNL and LITA, and also use all the already prepared infrastructural elements of NEC. For a fixed monthly fee (the original suggestion was EUR 3.50, i.e. the full amount), the public would be granted access to all such works; there should be more than 1.4 million of these objects at the end of 2021. If the already prepared infrastructural elements are used, the expenses are estimated in amount of EUR 0.5 million. Assuming that visitors would include equal share of natural persons who would pay the full fee and students who would pay the discounted

fee, and assuming that larger part of the income transferred to LITA (73.69%), then from a 12-month subscription fee (originally proposed full amount of EUR 28, discounted amount of EUR 18.40) the operator would obtain on average EUR 6.10 from one user. This means that the expected expenditures could be covered by income from 82 thousand users with a 12-month subscription.

**Table 5 Management measures for the policy for the support of arts**

Objective	Measure	Review frequency	Responsibility	Deadline
<b>Increase the attendance rate of performances and the cost-efficiency of the performing arts organisations</b>	47. Include in the contracts among the measurable indicators of objectives the attendance rate, occupancy rate and revenue from admissions aiming to gradually increase them	annually	MinCul – SE/OffMin, AD, CHS, MACD, founded organisations	31/12/2020
	48. Regularly quantify the total costs of individual ensembles for multi-ensemble theatres by preparing methodology and adjusting the analytical accounting	annually	MinCul – SE, AD SNT, KE Theatre	30/06/2021
<b>Improve the quality of arts education</b>	49. Adopt and evaluate on an annual basis the standards of arts education at conservatories	annually	Sector Board for Culture and Publishing, MinCul – AD, MC, experts	31/12/2021

**47. Increase cultural participation in performing arts organisations (theatres, and musical as well as musical-and-dance ensembles) by including the attendance and occupancy rates in the contracts of founded organisations, and also increase the self-sufficiency by making the admissions revenues collected a measurable indicator in contracts** The admissions revenue, both total and per visitor, should gradually grow; this goes hand in hand with increase in the attendance rates of these organisations

**48. Enable mutual comparison and benchmarking of the costs of individual theatre genres by developing a methodology and adjusting analytical accounting so as to enable breaking the total costs of organisation down to individual ensembles.**

**49. Establishment and regular assessment of standards in the area of arts education will enable its quality to be systematically monitored.** Current comparisons of secondary schools and universities only take into account general subjects, or research and publication activities. The art level is methodologically more difficult to measure, but there are international standards which make it possible, and if nothing else, they could be measured at least at the level of conservatories. Their adoption would be useful for schools for their own assessments and comparison with other schools.

**Table 6 Management measures for the media and audiovisual policy**

Objective	Measure	Review frequency	Responsibility	Deadline
<b>Ensure stable and efficient funding of RTVS</b>	50. Propose and implement a sustainable RTVS funding model	annually	RTVS, MinCul – MACD, ICP, MF – IFP	30/09/2020
<b>Keep RTVS public and maintain its quality</b>	51. Develop a system to assess the public nature and quality of RTVS using measurable indicators and their regular monitoring	annually	MinCul, RTVS, ICP – MACD, ICP	31/12/2021

**50. To ensure stable and efficient funding of RTVS, it is necessary to compensate for the loss of income due to exemption of pensioner households from payments by taking measures which may be implemented either separately or in combination.** The state transfer of at least EUR 15 million is guaranteed in the contract with the state, but it is far from covering the costs of the year-long work of RTVS and necessitates

*ad hoc* transfers up to the total amount of EUR 50 million. Additional funding by means of transfers makes RTVS dependent on the decisions about the amount of such transfers, and even more in these times due to the consequences of the loss resulting from social exemptions. It will therefore be necessary to consider and implement a new RTVS funding model which would ensure stable and continuous funding of this institution.

**51. To maintain the quality of RTVS and keep it public, it is necessary to measure and ensure the efficiency (quality) of RTVS and its public aspect by developing a system of assessment criteria and the related indicators.** It follows from the survey made by EBU that households are more willing to pay fees (resulting in lower loss of payments) and the fees are higher in countries in which the quality of media is higher. Public consent with payments appears to correlate with the perception and quality of media. The British BBC is a good example. BBC defines the criteria of performance and a set of measurable indicators (watch times; trustworthiness and satisfaction survey; surveys to assess impact, value and efficiency of services provided by the media based on audience, including disclosure of results; employee fluctuation rates; number of permanent employees; share of reruns and first releases; informing public of how their payments are used, etc.). As the second step, the public aspect and quality will have to be regularly assessed based on the system of measurable indicators developed.

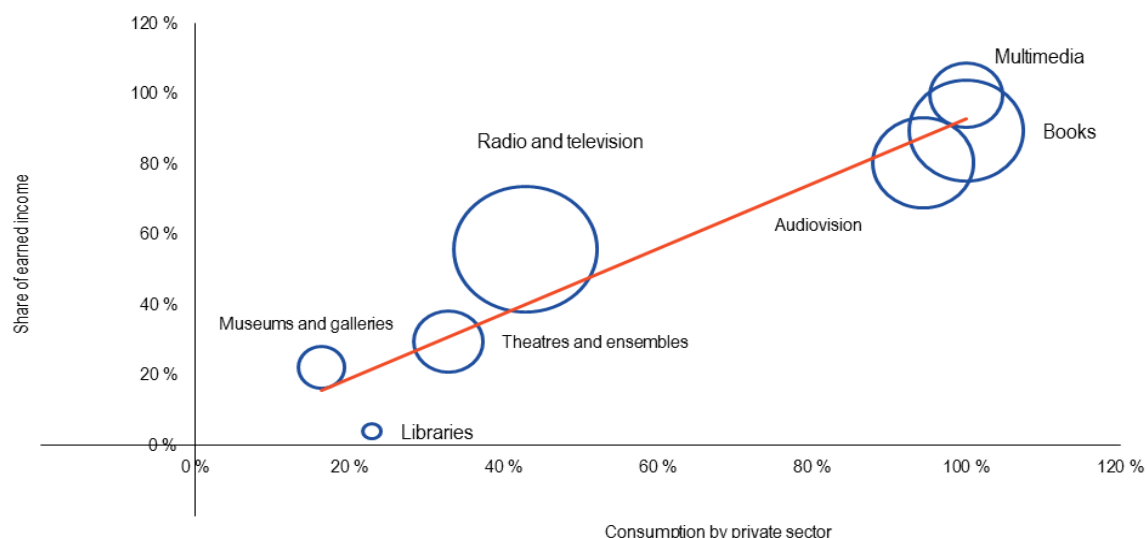
## 2 Expenditures on culture

- According to the Eurostat's data, Slovak public expenditures amounted to around 0.87% of GDP (2.08% of public spending) in 2018. It is 0.15% of GDP more than the EU average, but 0.23% of GDP less than the V4 average.
- Slovak 2011 – 2017 expenditures on culture accounted for 1.83% of the total public expenditures, while the old EU member states allocated for culture 1.47% and the new ones 2.50%.
- According to the Ministry of Finance's data, the 2019 public expenditures on culture in Slovakia amounted to EUR 623 million. The amount of public funds allocated for culture has oscillated over time around 1.71% of the public budget.
- The greatest portion of public expenditures on culture goes to the Ministry of Culture (41%), more than one tenth goes to municipalities (21%), RTVS (17%), and higher territorial units (11%).
- The expenditures of the Ministry of Culture were allocated mainly to 30 budgetary and contributory organisations of the Ministry, accounting for 55% of the total spending. At the same time, the Ministry of Culture uses direct transfers to support churches (15%), RTVS (11%) and independent funds supporting arts and culture (6%). Subsidies and other transfers of the Ministry account for 8% and the expenditures of the Ministry of Culture itself consume only 5%.
- Culture which uses public funds in the areas characterised by market failure and private finance in the areas with a well-working market mechanism is the gold standard of culture funding in other countries.
- The expenditures of the Slovak private sector on culture quite probably lag behind the other countries. Data comparability is limited and will require further investigation.

The economic reason why culture is supported from public funds consists in the creation of public goods and positive externalities which otherwise would not come to existence or, at least, not in such a quantity only through interplay of market forces if they did not receive public support (Box 1). Culture generates benefits both for individuals and the entire society. The public sector should take part in funding of those public cultural goods, the consumption of which supports attainment of national objectives, such as increasing tolerance, solidarity or national identity. The amount used for the support should reflect social benefits of the relevant goods, which is something that is not reflected in their market value (Towse, 2010).

**Establishment of a mixed economy in which the public and the private sector coexist is considered to be the most sustainable funding model for culture.** On one side, the need for public support of cultural goods is justified by market failure and, on the other, increase in private funding operates against the risk of moral hazard when the motivation towards efficient management and higher quality is always smaller if the funding comes from public sources only (Towse, 2010; Copič, 2011). The areas of culture which are characterised by market failure or have too high fixed costs are dominated by public funds (cultural heritage and performing arts), while the areas with higher number of providers and a well-working market mechanism are dominated by the private funds (publishing and audiovisual media). The areas of culture with a higher share of private funding also earn more and are less dependent on public funding (Graph 1).

**Graph 1 Relationship of consumption and funding in culture**



Source: Infostat (SÚ KPP, 2017), Culture statements (2018).

Note: The size of bubbles represents the volume of the earned income.

### Box 1 Sources of market failures in culture justifying public funding

Demand for culture does not reflect the potential benefit the consumers could enjoy, because they do not have enough information about the experience offered by the goods. To create their own preferences and knowledge (the so-called consumption capital), they need to collect enough information. This is why the state supports demand for culture which is less sought after. Museums and galleries are therefore accessible free of charge once a month.<sup>2</sup>

Cultural goods generate sufficient benefit for the society, but this benefit can be quantified only with difficulty<sup>3</sup> and is not included in the price of the product (positive externalities). For example, the experiences with various cultural forms improve social behaviour of individuals, make them more open-minded, sensitive and tolerant, contributing to a better operation of society. The preserved cultural heritage creates a feeling of solidarity and national identity.

These social effects produce the so-called merit goods<sup>4</sup> which help attain the generally accepted social objectives. Since these goods are under-consumed by society also because of the lack of information about their benefit for the individuals or the entire society, the state supports various forms of arts aiming to preserve the cultural heritage.

Many cultural goods have the features of public goods. Their consumption does not result in the reduction of the quantity which remains available to the others (objects of collection development institutions) and, with reasonable costs, no kind of consumer can be excluded from consumption (objects of the Monuments Board). This is associated with the opportunity to consume them without paying (free rider phenomenon). The willingness to pay for this kind of goods is low and translates into lower price which does not cover the costs. This discourages economic entities, and the responsibility for their provision is then assumed by the public sector.

<sup>2</sup> Not only did the free access to museums (by way of free admission or in digitized form) increase the attendance rates and the willingness of visitors to pay for the next visit, but it also supported other forms of funding, such as voluntary contributions, introduction of fees for the selected exhibitions, sale of guides and marketing material in museum-based shops (Martin, 2002), (Cowell, 2007), (Kapsalis, 2016).

<sup>3</sup> The quantification makes use of the method of contingency pricing or cost-benefit analysis (Armbricht, 2017), (Báez & Herrero, 2012).

<sup>4</sup> (Cwi, 1980) defines merit goods as goods of a too high social importance to be left upon the market. (Ver Eecke, 1998) argues that provision of merit goods should be supported where their dissemination leads to, or is needed for, the fulfilment of some generally accepted social goals.



Theatres which produce high-cost productions (ballet, opera) have the features of the so-called natural monopoly when they face very high fixed costs and, at the same time, very low costs of production of additional number of performances (marginal costs). Entry of additional entities to the market is prevented by the too high fixed costs which, without subsidies from the state, would increase the price too much and, consequently, reduce the demand for performances.<sup>5</sup>

Cultural institutions producing performing arts suffer from the so-called Baumol's cost disease which explains the growing costs of operation. Labour productivity is not growing over time (a typical example are theatrical performances the productivity of which is the same as it used to be at any time in past), but the wages are growing because the wage growth in other sectors also pushes on their growth. Businesses with growing productivity are able to increase wages without affecting the prices of products, but higher wages in culture without growing productivity would translate into higher admission prices. Setting the ticket prices at an affordable level then necessitates subsidies.

## 2.1 Public expenditures on culture

### 2.1.1 International comparison

**Slovakia's public expenditures on culture during 2011 – 2018 are comparable or slightly higher than the expenditures in the EU 28.**<sup>6</sup> In 2011 to 2018, the public expenditures on culture accounted for 0.78% of GDP, the average for the EU 28 was 0.74% of GDP. When compared with the total public expenditures, Slovakia's public expenditures on culture (1.84%) in that term were even higher than the EU 28 average (1.56 %) ([Graph 2](#), [Graph 3](#)).

**The public expenditures on culture lag behind the V4 average particularly due to Hungary's high expenditures.** In 2011 – 2018, the V4 countries spent on culture on average 0.96% of GDP and 2.23% of public expenditures ([Graph 2](#), [Graph 3](#)). However, the average V4 expenditures are significantly influenced by high expenditures in Hungary (2.20% of GDP; 4.71% of expenditures). Slovakia's lagging behind the Czech Republic (1.01% of GDP; 2.48% of expenditures) is much smaller, while Poland allocates comparable expenditures on culture (0.89% of GDP; 2.13% of expenditures) ([Graph 4](#), [Graph 5](#)).

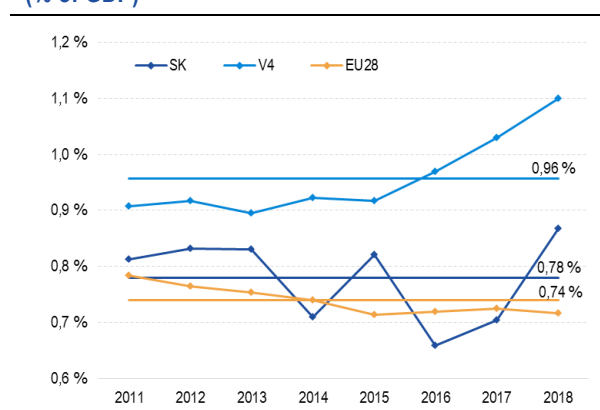
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<sup>5</sup> The reason for that lies in the decreasing unit costs of a monopoly. Unlike the competitive environment, natural monopoly achieves economies of scale with any number of performances because the average unit costs are higher than the marginal costs with any number of performances due to high fixed costs. The entities in a competitive environment would price their products at the level of marginal costs at the moment when they reach the average unit costs, maximising the profit and reaching optimum economies of scale. If the average unit costs are still higher than the marginal costs, then it is not possible for multiple entities on the market to maximise the profit, and a more efficient outcome is produced by the monopoly.

<sup>6</sup> In the Final Report, we use the EU 28 as the benchmark despite the exit of the United Kingdom from the EU in order to keep it comparable with the interim report.

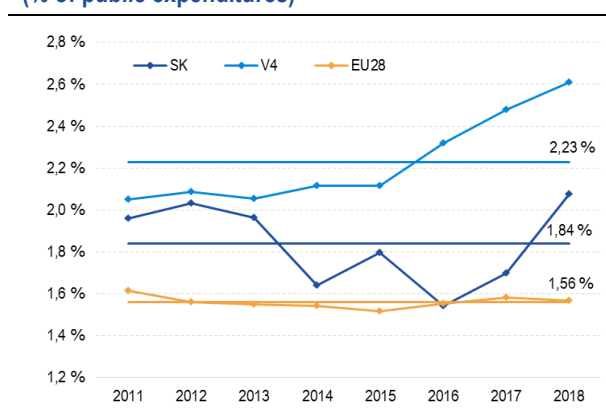


**Graph 2 Public expenditures on culture in 2011 – 2018 (% of GDP)**



Source: Eurostat

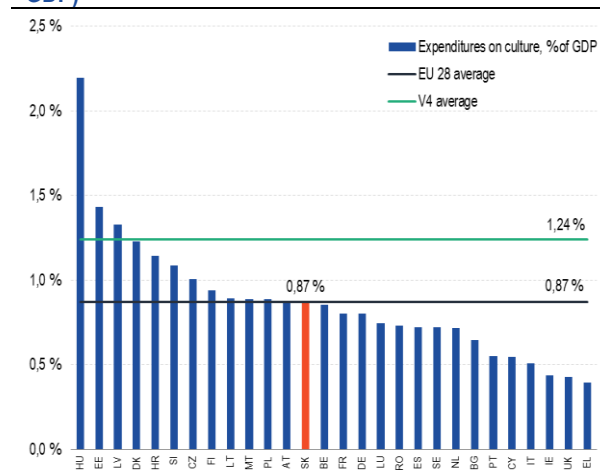
**Graph 3 Public expenditures on culture in 2011 – 2018 (% of public expenditures)**



Source: Eurostat

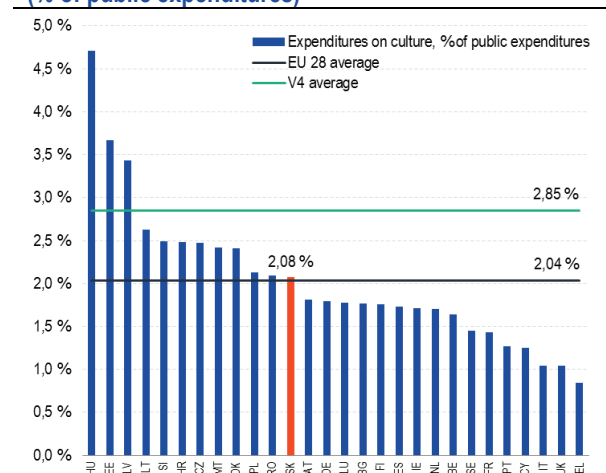
The most recent international data dating back to 2018 show that Slovakia's expenditures on culture of EUR 778.9 million (0.87% of GDP) continue to be significantly below the V4 average, although still at the level of the EU average.<sup>7</sup> When compared with the size of economy, Slovakia allocated 0.87% of GDP on culture in 2018, the same figure as the EU 28 average (0.87% of GDP) but less than in V4 (1.24% of GDP) (Graph 4). Slovakia's public expenditures on culture account for 2.08% of public expenditures, while the EU 28 average is 2.04%. The average of V4 countries is much higher, accounting for as much as 2.85% (Graph 5).

**Graph 4 Public expenditures on culture in 2018 (% of GDP)**



Source: Eurostat

**Graph 5 Public expenditures on culture in 2018 (% of public expenditures)**



Source: Eurostat

The review identifies as expenditures on culture the expenditures of COFOG classification which fall under the competence of the Ministry of Culture, i.e. besides the cultural services (COFOG 08.2), culture also covers audiovisual services (COFOG 08.3), support of churches (COFOG 08.4), and cultural research (COFOG 08.5, 08.6, Box 2).<sup>8</sup>

<sup>7</sup> Eurostat's time series about Slovakia's public expenditures were "provisional" at the time of the Final Report release, so they may be revised in future. Time series about Slovakia's expenditures on culture received from Eurostat differ substantially from time series about Slovakia's expenditures on culture received from the Slovak budgetary information system. This discrepancy can be explained by different source of data. The Slovak Statistical Office which sends data to Eurostat sends data from administrative sources and not from the budget IS.

<sup>8</sup> We have not included sports and recreation (COFOG 08.1) under culture, because it falls under the competence of the Ministry of Education, Science, Research and Sport in Slovakia. Archives fall under the competence of the Ministry of Interior in Slovakia and are treated as 01.3 General services in the COFOG classification.

## Box 2 Functional classification of government expenditures COFOG

**The classification of government expenditures (SK COFOG) was issued by the Statistical Office of Slovakia.** The COFOG classification is a part of the system of national accounts and is particularly intended for the purposes of statistical surveying and international comparison of statistical data. The updated version of the international standard of COFOG was approved in 1999 by the Statistical Commission of the United Nations and was used as an underlying document for preparation of the Slovak version of the COFOG classification.

Individual divisions of COFOG classification cover all areas of public government – general public services; defence; public order and safety; economic affairs (energies, mining and manufacturing, transport, communication, research and development, etc.); environmental protection; housing and community amenities; health; recreation, culture and religion; social security. The 10 basic divisions are further broken down to groups, in case of larger divisions, the groups are broken down to more detailed classes and sub-classes (e.g. 09 Education).

The **08 Recreation, culture and religion** class contains the following groups:

**08.1 Recreational and sporting services** – operation or support of facilities for active sports events (e.g. playgrounds and stadiums) and facilities for recreational and sporting activities (e.g. parks, sporting premises, public pools, cycling routes, hiking trails, etc.).

**08.2 Cultural services** – administration and support of cultural facilities (e.g. libraries, museums, art galleries, theatres, edification centres<sup>9</sup>, zoological and botanical gardens, observatories and planetariums), operation and production of cultural events (concerts, performances, exhibitions, etc.).

**08.3 Broadcasting and publishing services** – administration, operation and support of broadcasting and publishing services (e.g. television and radio broadcasting; newspaper, magazine or book publishing; gathering of news or other information, etc.).

**08.4 Religious and other community services** – administration of religious and other community affairs; provision of facilities for religious services; payment of clergy and other officers of religious institutions.

**08.5 R&D recreation, culture and religion** – operation of organisations founded by law engaged in research in the area of recreation, culture and religion.

**08.6 Recreation, culture and religion n.e.c.** – expenditures in the area of culture and religion that cannot be assigned to the above categories.

**In its methodological guidelines, Eurostat considers as "fully cultural" the sub-classes 08.2 and 08.3<sup>10</sup>.** Considering our home context (expenditures on churches and religious societies come from the Ministry of Culture and multiple institutions of the Ministry of Culture engage in research and classify the expenditures as research in the area of culture) and to cover all expenditures on culture, **the review identifies the sub-classes 08.2 to 08.6 to be the expenditures on culture.** These sub-classes are included in the expenditures on culture in all countries being compared.

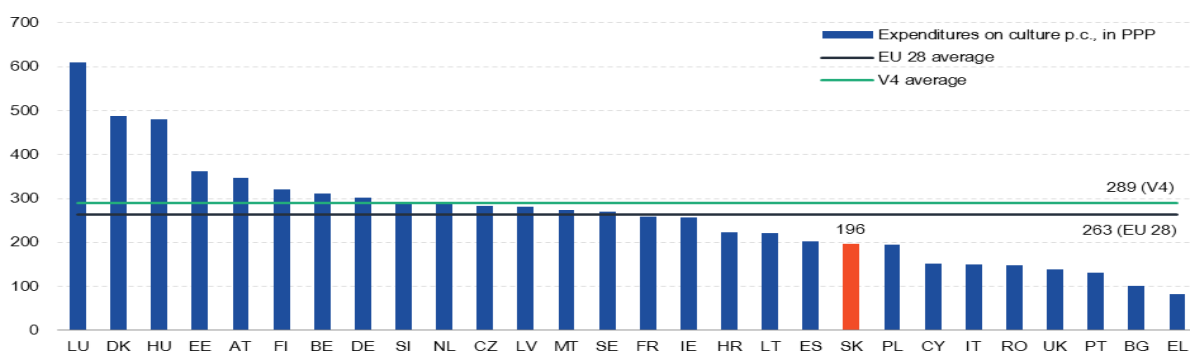
<sup>9</sup> Terminology within the meaning of the Explanation Notes on the Classification of Government Expenditures (COFOG) to the Regulation No. 257/2014 of the Statistical Office. According to the new terminology, the term cultural education facilities has been used since 2015 (according to Act No. 189/2015 Coll.).

<sup>10</sup> Public expenditure on culture, recreation and religion, available on-line: <https://ec.europa.eu/eurostat/web/culture/data>

## Public expenditures on culture per capita

Slovakia lags behind the weighted average of the EU 28 in public expenditures on culture per capita at the purchasing power parity (Graph 6). As regards this parameter, it reaches EUR 196 per capita, while the EU 28 average per capita is EUR 263 (this means that the expenditures in Slovakia account for 75% of the European value, placing Slovakia 20<sup>th</sup> in the EU). If Slovakia wanted to catch up with the EU within this parameter, it would have to increase the expenditures on culture by EUR 197 million a year. If the expenditures on culture are not to be increased at the expense of other expenditures, Slovakia would have to increase the total public spending; however, redistribution is a matter of political decision and in Slovakia it is traditionally lower than in other countries.

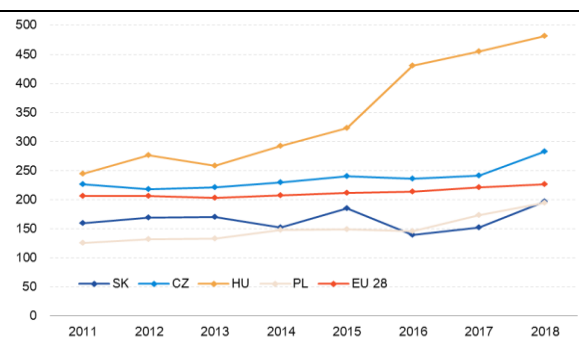
**Graph 6 Expenditures of public government on culture p. c. in 2018 (EUR, in PPP)**



Source: Eurostat

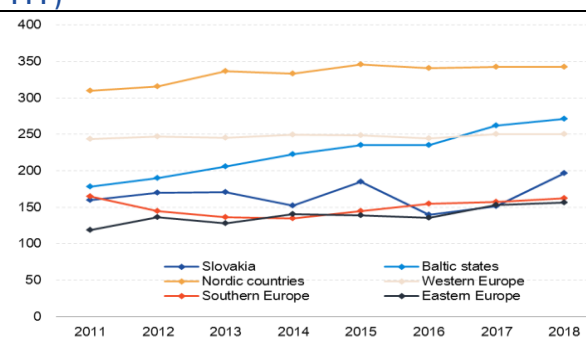
Public expenditures on culture per capita at the purchasing power parity in Slovakia are lower than in the Czech Republic and Hungary and slightly lower than the EU 28 average on a long-term basis (Graph 7). In the V4 countries, the expenditures on culture as regards this parameter have been growing in recent years, which is not the case of Slovakia where they fell down moderately in 2016 and 2017. The expenditures on culture have been growing significantly in Hungary where the expenditures on culture p. c. at PPP are the third highest in the EU 28 (Graph 6) and the highest in the EU 28 in terms of the percentage of GDP (Graph 4) as well as of the public budget (Graph 5). The available data does not exactly explain why. Wider European comparison reveals that in 2018 the expenditures on culture p. c. at PPP were lower in Slovakia than in the Nordic, Baltic, and western states, but higher than in the Southern and Eastern Europe. (Graph 8)<sup>11</sup>.

**Graph 7 Development of expenditures on culture p. c. in 2011 – 2018 (EUR, PPP)**



Source: Eurostat

**Graph 8 Development of expenditures on culture p. c. of the selected groups of countries in 2011 – 2018 (EUR, PPP)**



Source: Eurostat

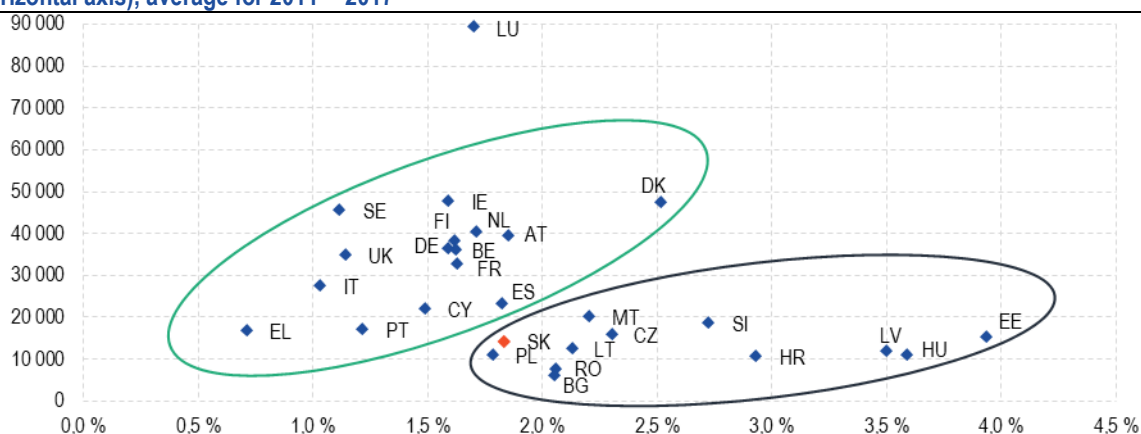
Explanation notes in the footnote No. 11.

<sup>11</sup> Nordic countries mean SE, FI, DK; Southern Europe includes ES, PT, IT, EL, CY, MT; Baltic states are EE, LV, LT; Western Europe consists of AT, BE, FR, DE, IE, LU, NL, UK, and the Eastern Europe means BG, HR, RO, SI.

## Expenditures on culture in the old and the new EU Member States

When compared with the other new Member States, Slovakia lags behind in the allocation of public funds for culture. Out of this group, only Poland allocates for culture less than Slovakia. Significant is the surprising fact that the poorer of the new Member States allocated for culture in 2011 – 2017 a higher percentage of their public expenditures than the richer states (Graph 9). The states which joined the EU after 2004 allocated for culture in 2011 – 2017 on average 2.50% of the public budget, while those which joined the EU before 2004 allocated for culture only 1.47% in the same time period.

**Graph 9 Relationship between GDP p. c. (vertical axis) and the percentage of the public budget allocated for culture (horizontal axis), average for 2011 – 2017**



Source: Eurostat

Note: The grey ellipse covers all states which joined the EU after 2004, except for Cyprus.

One of the possible reasons for lower public allocation for culture in the old Member States are the high fixed costs of cultural services.<sup>12</sup> Cultural services provided by public government have relatively high fixed costs which every state must invest if they wish to provide such cultural services. It is a matter of prestige and social consensus that these services are so important for the state that they have to be funded irrespective of how rich the relevant state is. Rich states are able to cover such fixed costs with lower allocation which may make an impression that culture is less important for them from the budget perspective. Another possible reason is the political decision in the new Member States to allocate larger part of the public budget for culture. **Whatever the causes of these differences, when we look at Slovakia's allocation for culture compared with the states which joined the EU after 2004 it is clear that Slovak public expenditures on culture are lagging.**

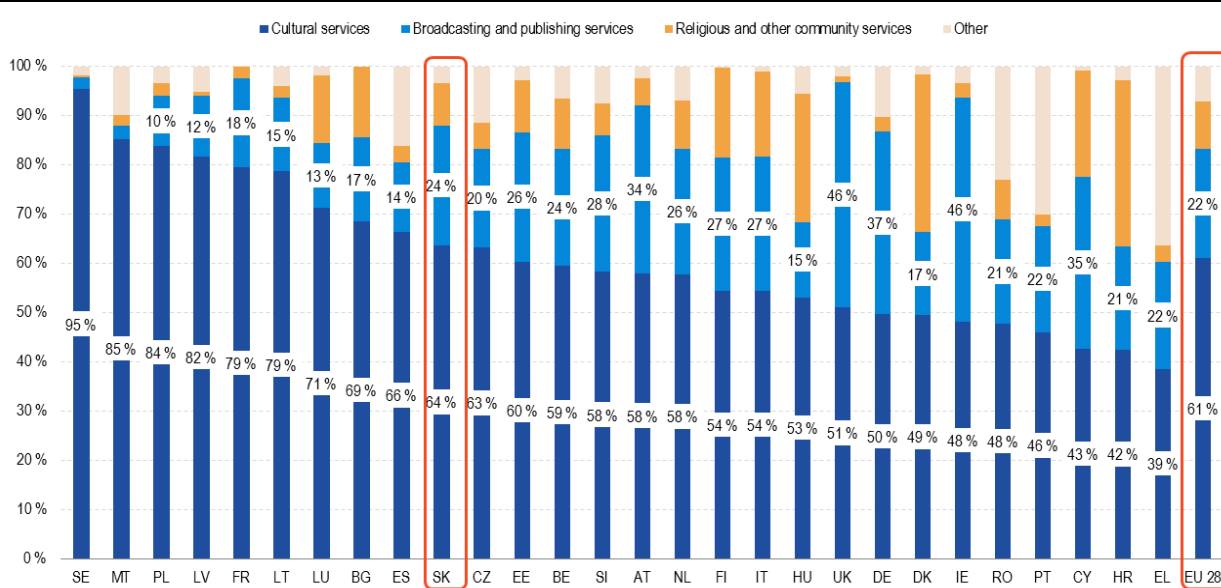
## Structure of public expenditures on culture

**The structure of the Slovak public expenditures on culture is similar to the EU 28 average (Graph 10).** In Slovakia, the largest part (64% in SK against 61% in the EU 28) is allocated for cultural services covering the cultural institutions such as theatres, museums, galleries and libraries, as well as various cultural and edification activities and cultural events. The broadcasting and publishing services are allocated 24% compared with the 22% in the EU 28. In Slovakia, this portion applies mainly to the expenditures of RTVS which are funded from fees and, to a smaller extent, from the Ministry of Culture's budget. Finally, religious services receive 9% in

<sup>12</sup> Economic theory distinguishes fixed and variable costs which together constitute the total costs of the relevant institution. Fixed costs are independent of the production of the relevant institution and must be spent irrespective of the demanded quantity of production, while the variable costs depend on the quantity of production. Cultural economy knows that the proportion of fixed costs in the total costs incurred by repository institutions and performing arts (i.e. cultural institutions founded mainly by the state) are high (Towse, 2010). Disadvantage of this phenomenon is that all states which fund culture, irrespective of size and wealth, must allocate expenditures for culture to the extent of the necessary fixed costs to warrant the minimum network of cultural institutions each state founds (public radio and television, national theatre/museum/gallery/library, etc.). The proportion of expenditures on culture to the GDP will naturally grow for the poorer states when compared with the richer ones.

Slovakia compared with the average 10% in the EU 28. In Slovakia, these expenditures usually take the form of a contribution paid to churches from the Ministry of Culture's budget.

**Graph 10 Expenditures of public government on culture by cultural areas in 2017 (%)**

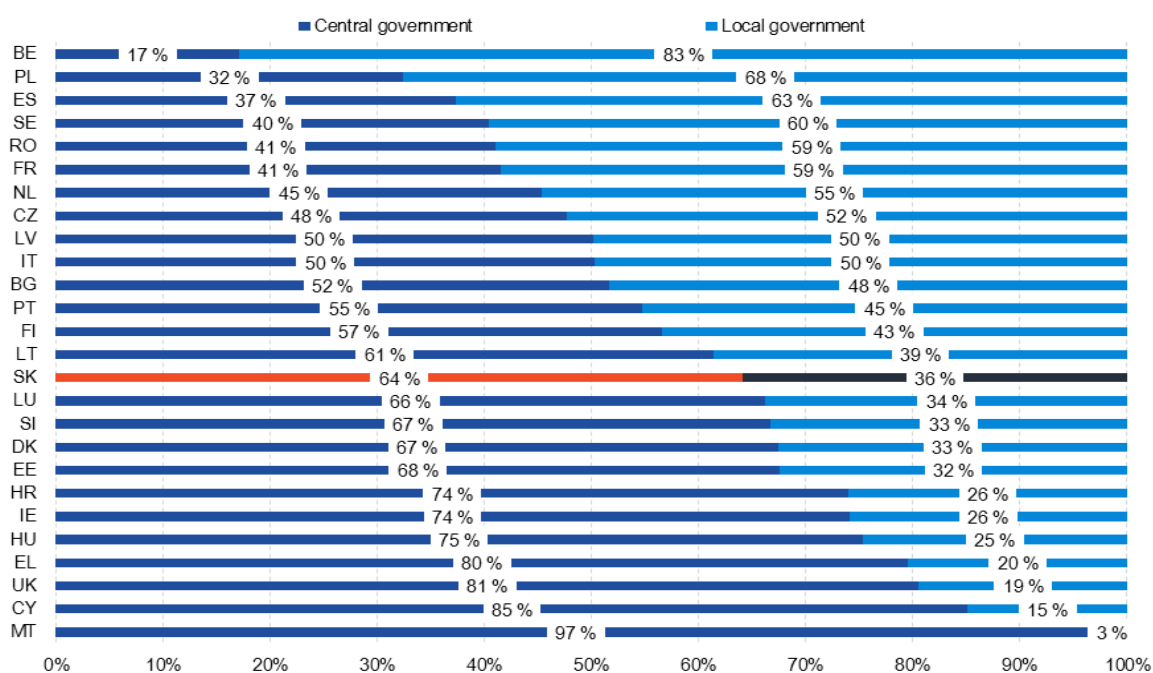


Source: Eurostat

Note: According to the classification of government expenditures COFOG.

The percentage of expenditures of the central government and local government on culture is very diverse in the EU 28 and ranges from 97.06% (MT) to 17.12% (BE) at the level of the central government (Graph 11). Slovakia is one of the states with larger central government in the area of culture (64.12%), still the local government significantly participates in funding of culture as well (35.88%). To compare: total expenditures of the local government only account for 16% of the expenditures of public government in Slovakia.

**Graph 11 Expenditures of central government and local government on culture, average for 2011 – 2017 (%)**



Source: Eurostat

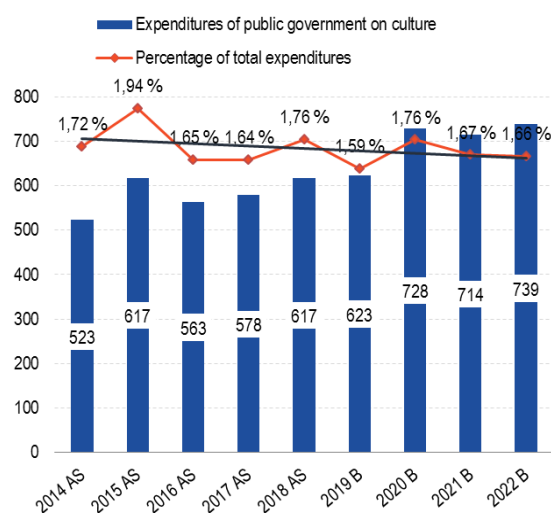
Note: No data available for DE and AT.

## 2.1.2 Public expenditures on culture in Slovakia

Public expenditures on culture in Slovakia amounted to EUR 623 million in 2019 (Graph 12). The amount of public funds allocated to culture has oscillated over time around the average value of 1.71%. Expenditures on culture mean the expenditures on cultural services, broadcasting and publishing services, religious and other community services, research and development in culture, etc.

The Ministry of Culture has the largest share in the public expenditures on culture (41%) (Graph 13). Municipalities (21%), RTVS (17%) and higher territorial units (11%) also consume more than one tenth of the pie. In addition to RTVS, there are several other public administration entities operating in culture which are not founded directly by the Ministry of Culture, but are financially supported by it. They include the Slovak Arts Council (FPÚ), Audiovisual Fund (AVF), Fund for Supporting Culture of the National Minorities (Kult MINOR), and the News Agency of the Slovak Republic (News Agency). The Ministry also financially supports the otherwise independent *Matica slovenská* institution. The expenditures on culture of other budget categories include the expenditures of cultural organisations which fall under other ministries (e.g. the Museum of Trade under the Ministry of Economy or the Mining Museum under the Ministry of Environment). However, majority of expenditures of other categories consists of the expenditures on contributions to political parties for their election results which are planned under COFOG 8.4 Religious and other community services. Consequently, the expenditures on culture are quite segmented among various state administration bodies. Considering the relatively low participation of the Ministry of Culture in public expenditures on culture, its ability to directly economically influence culture in Slovakia is limited and the economic instruments need to be combined with the instruments laying down standards for cultural institutions and similar soft instruments.

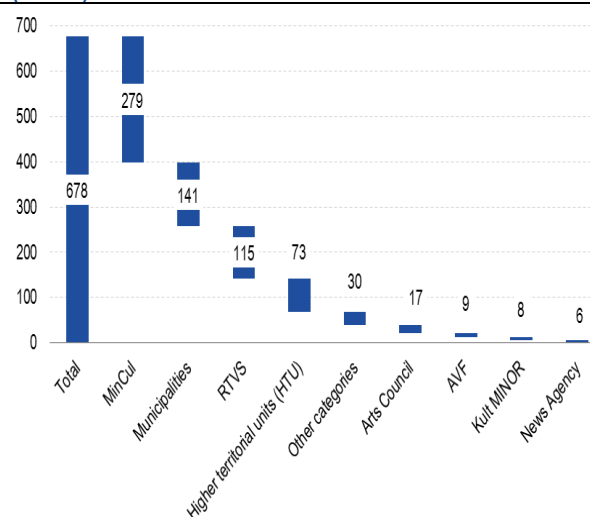
**Graph 12 Public expenditures on culture and share in the total expenditures of public government (MEUR)**



Source: Budget IS

Note: Shown are the consolidated expenditures of public government.

**Graph 13 Non-consolidated expenditures of public government on culture, average for 2015 – 2018 (MEUR)**



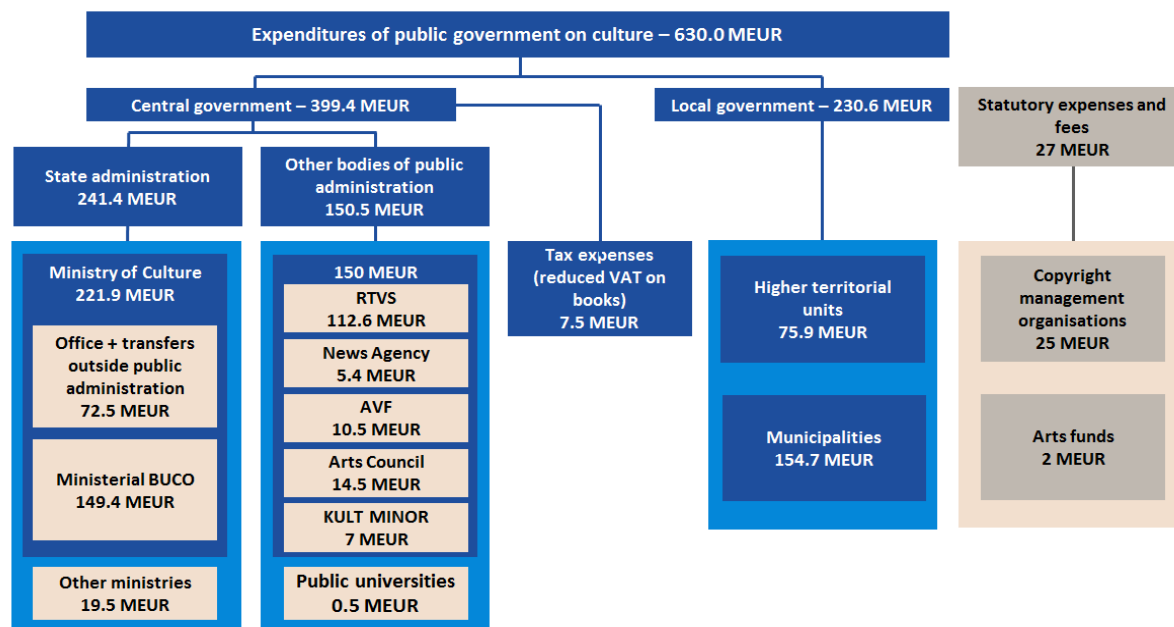
Source: Budget IS

Note: Shown are the non-consolidated expenditures to show the financial size of individual cultural policymakers.

Consolidated expenditures of public government on culture including tax expenses amounting to EUR 630 million in 2018 need to be supplemented with other, statutory sources of culture funding in amount of EUR 27 million (Graph 14). The largest portion of them (EUR 25 million) comes from the fees paid to the copyright management organisations (SOZA, LITA, Slovgram, PAPS, SAPA) based on the copyright law. Payers are the groups which use copyrighted works, e.g. operators of accommodation and gastronomy facilities,

organisers of cultural events, providers of broadcasting services, and publishing houses.<sup>13</sup> The fees paid to arts funds (Literary Fund, Music Fund, and Fine Arts Fund) total EUR 2 million. The fees are paid by the authors of artworks, publishers and users of artworks based on the Act on Arts Funds.

**Graph 14 Consolidated expenditures of public government on culture together with tax expenses and statutory expenses and fees in 2018 (MEUR)**



Source: Budget IS

The expenditures of the Ministry of Culture and other bodies of public administration filtered through the expenditures of the organisation, the remaining expenditures filtered through the COFOG 8.2 – 8.6. Shown are the expenditures on final consumption, i.e. expenditures adjusted for mutual financial transfers. Particularly the expenditures of the Ministry of Culture are lower than in case of non-consolidated data, since a part of the Ministry's expenditures is in the form of transfers allocated to other entities of public administration and to local government.

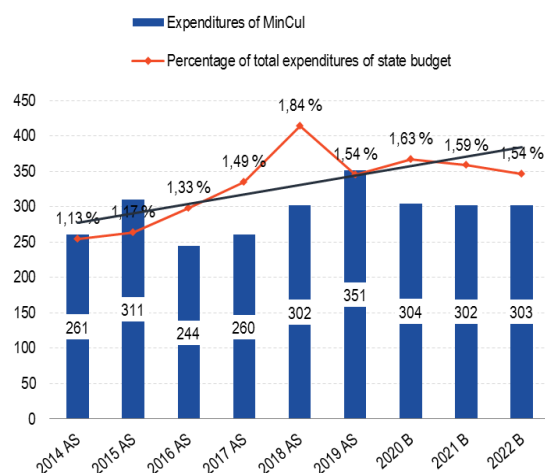
**Expenditures of the Ministry of Culture amounted to EUR 351 million in 2019 (Graph 15). Allocation to the Ministry of Culture in the period under consideration grew from 1.13% of the state expenditures in 2014 to 1.54% in 2019.** The increase is particularly caused by the establishment of independent funds for the support of arts – the Slovak Arts Council and Kult MINOR, by the increase in the subsidy scheme of the Ministry of Culture in the *Let's renew our house* and the *Culture of disadvantaged groups* schemes, and in 2019 by the increase in the contribution for RTVS.

**The expenditures of local governments on culture grew over time from 4.13% of the total expenditures of local governments in 2014 to 4.22% in 2019 (Graph 16).** Local governments allocate larger percentage of their expenditures for culture than the central government. At the same time, the percentage of funds allocated for culture by both the central government and the local government has been growing over time.

<sup>13</sup> The revenues for the copyright management organisations differ from the revenues for arts fund. Although the copyright management organisations carry out their activities in their own name, they do so on account of the rightholders – authors. The main revenues come from royalties which do not differ from individually agreed royalties.

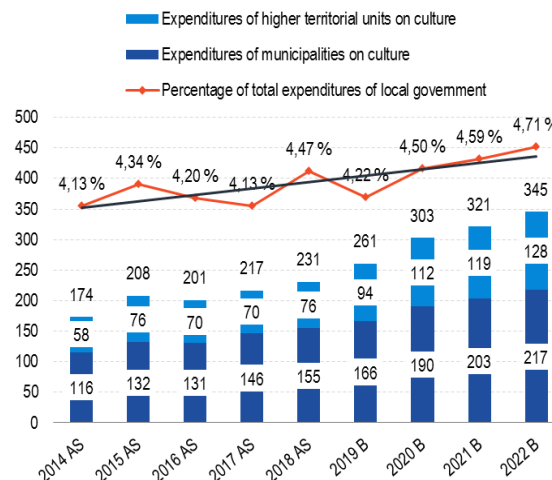


**Graph 15 Expenditures of the Ministry of Culture and share in the total expenditures of the state budget (MEUR)**



Source: Budget IS

**Graph 16 Expenditures of local government on culture and share in the total expenditures of local government (MEUR)**



Source: Budget IS

The institutions falling under the Ministry of Culture usually are the cultural institutions of nationwide importance, while cultural institutions of regional reach fall under local governments, usually under higher territorial units. The Ministry of Culture is the founder of 31 cultural institutions, the local governments are the founders of 128 museums, galleries, theatres and observatories, and 1,583 libraries. Cultural and edification activities were carried out by 1,089 local government entities (in 2018). Higher territorial units are usually the founders of museums, galleries, theatres and most important libraries and cultural and edification facilities. Smaller cultural and edification facilities and libraries are founded by municipalities. However, majority of the municipal expenditures on culture does not consist of the expenditures on cultural institutions, but the expenditures of the municipal offices themselves which most probably spend them on various cultural events.

The expenditures of the Ministry of Culture including transfers to funds and other entities, and the expenditures of local governments on culture are summed up under the basic scenario (Table 7, Table 8, Box 3). At the same time, this scenario estimates the expenditures on individual policies in 2021 – 2023, provided that the policies are not changed.

**Table 7 Basic scenario of expenditures on culture**

	AS 2017	AS 2018	AS 2019	B 2020	BS 2020	B 2021	BS 2021	B 2022	BS 2022	BS 2023
<b>State budget and other sources</b>	<b>256</b>	<b>294</b>	<b>347</b>	<b>304</b>	<b>338</b>	<b>302</b>	<b>339</b>	<b>303</b>	<b>350</b>	<b>362</b>
Cultural heritage policy	72	77	88	76	96	74	85	74	88	91
Art support policy	60	63	73	65	71	65	80	65	83	87
Media and audiovisual policy	42	50	65	48	49	48	50	48	52	53
Support for cultural policies	27	45	53	48	49	48	49	48	49	50
Church policy	44	46	48	52	52	52	54	52	56	58
Conceptual and management activities	9	10	16	13	17	13	17	13	18	18
IT funded from the state budget	2	4	5	2	4	2	4	2	4	5
<b>Municipalities and higher territorial units</b>	<b>217</b>	<b>251</b>	<b>278</b>	<b>-</b>	<b>283</b>	<b>-</b>	<b>294</b>	<b>-</b>	<b>314</b>	<b>334</b>
<b>Total</b>	<b>474</b>	<b>545</b>	<b>625</b>	<b>304</b>	<b>620</b>	<b>302</b>	<b>633</b>	<b>303</b>	<b>665</b>	<b>696</b>

Source: VfM



**Table 8 Basic scenario for the expenditures on culture structured based on economic classification**

	AS 2017	AS 2018	AS 2019	B 2020	BS 2020	B 2021	BS 2021	B 2022	BS 2022	BS 2023
<b>State budget and other sources</b>	<b>256</b>	<b>294</b>	<b>347</b>	<b>304</b>	<b>338</b>	<b>302</b>	<b>339</b>	<b>303</b>	<b>350</b>	<b>362</b>
610 Wages, salaries,...	55	59	69	72	73	72	79	72	83	87
620 Insurance...	20	22	25	25	26	25	29	25	30	31
630 Goods and services	61	68	76	56	73	56	80	56	82	85
640 Current transfers	97	117	144	142	131	142	133	142	137	140
700 Capital expenditures	23	28	32	10	34	8	18	8	18	19
<b>Municipalities and higher territorial units</b>	<b>217</b>	<b>251</b>	<b>278</b>	<b>-</b>	<b>283</b>	<b>-</b>	<b>294</b>	<b>-</b>	<b>314</b>	<b>334</b>
<b>Total</b>	<b>474</b>	<b>545</b>	<b>625</b>	<b>304</b>	<b>620</b>	<b>302</b>	<b>633</b>	<b>303</b>	<b>665</b>	<b>696</b>

Source: Vfm

### Box 3 Calculation methodology for the basic scenario of expenditures for 2020 to 2023

The basic scenario (BS) is an analytical instrument used to calculate future expenditures without taking additional measures. The savings or additional expenditures resulting from the review calculated compared with the basic scenario express the volume of funds in excess or possible savings compared with the scenario, provided that no new decisions are made.

The BS for 2020 to 2023 is based on the actual expenditures of 2019. The expenditures related to the compensation of employees are indexed to the expected growth of wages in future; the expenditures related to the purchase of goods and services are indexed to the expected inflation.

Transfers for funds and subsidy programmes are forecast individually:

- transfer to the Slovak Arts Council is forecast in the statutory amount of EUR 20 million a year;
- transfer to the Fund for Supporting Culture of Minorities is forecast in the statutory amount of EUR 8 million a year;
- transfer to the Audiovisual Fund is forecast at the level of the 2019 contribution. The forecast in the amount as contemplated in the budget would not cover the expenditure for the programme 5 Support of Audiovisual Industry (the so-called cash rebate (*filmové vratky*)) which are not planned, but must be paid by the Ministry of Culture to the AVF.
- the contribution to the *Matica slovenská* institution is forecast at the level of the 2019 contribution, because it is traditionally drawn in excess of the defined budget;
- expenditures on the *Let's renew our house* subsidy programme are forecast in accordance with the amount planned for 2020, whereas they are expenditures fully controlled by the Ministry of Culture;
- the contribution for the support of the culture of disadvantaged groups is forecast at the level of the 2020 budget;
- the contribution for RTVS is forecast in the amount of the budget for 2020, and is then indexed to the

growth of wages and CPI<sup>14</sup> based on the RTVS' 2018 expenditures;

- the contribution for the News Agency of the Slovak Republic is forecast at the level of 2019 drawdown, because it regularly exceeds the budget;
- the contribution for supporting the attendance rate of cultural events (cultural vouchers) is forecast at the level of 2019 expenditures, because the expenditures have not reached the amount planned in recent years;
- transfer for the operation of church headquarters forecast in accordance with the law, the basis relies on the 2019 figures, 20% of the growth is due to CPI<sup>15</sup> valid two years ago and 80% due to the growth of tariff wages in the relevant year. The future growth of tariff wages is forecast based on the expected wage growth;
- other current transfers are indexed to the combination of the growth of wages and CPI in the proportion of 50% based on the wage growth, and 50% based on CPI.

The basis of capital expenditures relies on the average expenditures during 2017 – 2019 at the 2019 prices. They are then indexed to the expected growth of tax revenues, i.e. to the combination of the GDP growth and elasticity of tax revenues. An exception is represented by the expenditures on the SNG renewal which are taken from the budget (for 2020 based on the expected status).

The basic scenario includes the expenditures financed from the own resources of the organisations of the Ministry of Culture. These are indexed to the expected growth of wages (because they come from citizens to a large extent); it is expected to be halved in 2020.

Transfers of the Ministry of Culture to municipalities and higher territorial units are included in the expenditures of local governments.

The expenditures of the Ministry of Culture from the EU funds and co-funding schemes only accounted for around EUR 1 million a year from 2017 – 2019; for the time being, they are not planned for the next terms, and therefore not included in the basic scenario.

The basic scenario also includes the expenditures on culture expended by municipalities and higher territorial units. Again, the basis is derived from the 2019 status; they are indexed based on their resource – to the expected growth of individual income tax revenues for municipalities and higher territorial units (expenditures financed from their own resources), without indexing (funds from loans), and indexed to a combination of the wage growth and CPI growth in the proportion of 50% based on the wage growth, and 50% based on CPI (other resources of local governments).

The basic scenario does not include the expenditures financed from own resources of other entities of public administration – the Funds and RTVS.

**The largest percentage of the Ministry of Culture's expenditures (55%) is allocated for the operation of 30<sup>16</sup> budgetary and contributory organisations founded by the Ministry (Graph 17).** The Ministry of Culture also supports, by direct transfers, churches (15%), RTVS (11%) and independent funds supporting independent

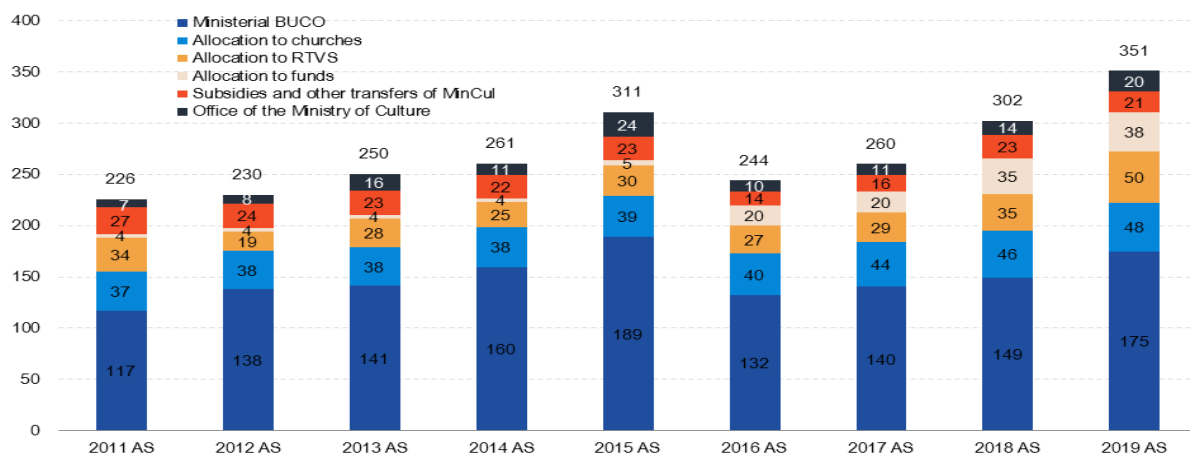
<sup>14</sup> consumer price index (CPI).

<sup>15</sup> Act No. 370/2019 Coll. on the financial support of churches and religious communities incorrectly states that it is not inflation but the inflation growth.

<sup>16</sup> In 2020, the Ministry of Culture also founded Kunsthalle Bratislava increasing the number of its budgetary and contributory organisations to 31.

culture, as well as cultural institutions founded by local governments (6%). Subsidies and other transfers of the Ministry account for 8% of the Ministry's expenditures and the expenditures of the Ministry of Culture itself account for only 5% of the Ministry's expenditures. The Ministry of Culture supports cultural areas directly by funding organisations falling under the founding competence of the Ministry and supports other bodies of public administration, or indirectly by supporting independent funds which support arts and distribute the funds to independent institutions and cultural organisations founded by local governments.

**Graph 17 Expenditures of the Ministry of Culture by organisations (MEUR)**

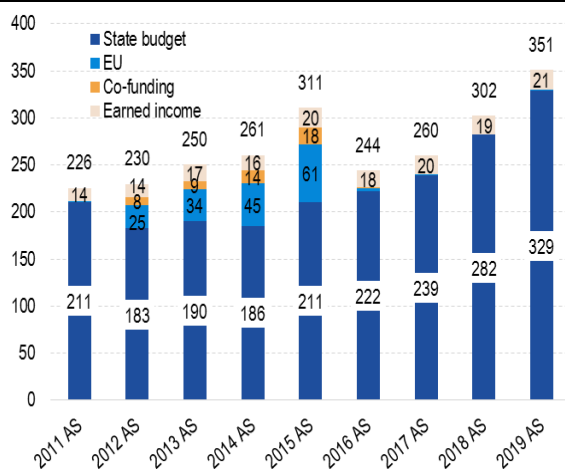


Source: BIS

The expenditures of the Ministry of Finance are mainly financed by the state budget, in 2012 to 2015, 15% of them were financed from the EU funds, and as many as 12% of the Ministry's expenditures have been covered by its own resources on a long-term basis (Graph 18). The expenditures covered by the EU funds were used for the cultural heritage digitization project. The own resources of the Ministry of Culture come mainly from admission fees of cultural institutions founded by the Ministry.

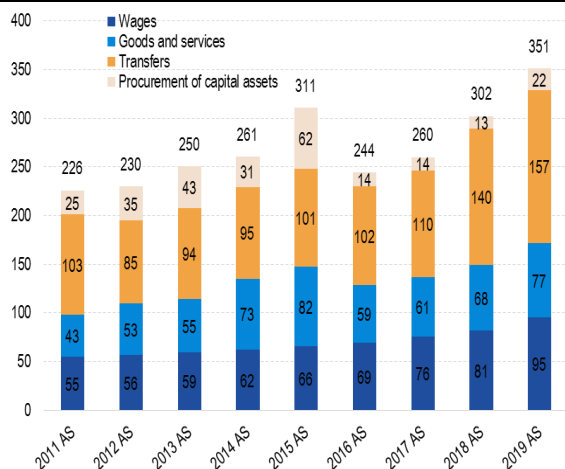
The largest portion of the Ministry's expenditures traditionally goes on current and capital transfers (41%) (Graph 19). Expenditures on wages for the employees of the office and 30 founded budgetary and contributory organisations account for 25% of the expenditures, purchase of goods and services is allocated 23% of expenditures, and the smaller portion is allocated for the procurement of capital assets (11%).

**Graph 18 Expenditures of the Ministry of Culture by source of funding (MEUR)**



Source: BIS

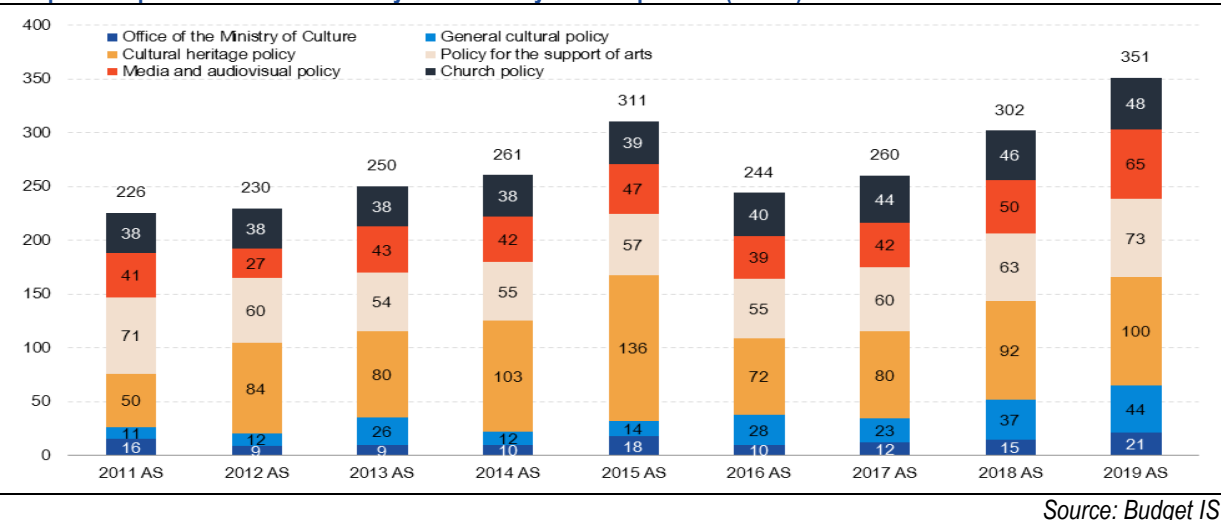
**Graph 19 Expenditures of the Ministry of Culture by economic classification (MEUR)**



Source: BIS

The Ministry's expenditures may also be broken down based on cultural policies. The review divides cultural policy to the cultural heritage policy, arts support policy, media and audiovisual policy, church policy, and general cultural policy (Graph 20)<sup>17</sup>. The largest policy is the cultural heritage policy valued at EUR 100 million in 2019, followed by the arts support policy valued at EUR 73 million, media and audiovisual policy valued at EUR 65 million, general cultural policy with the value of EUR 44 million, church policy with the value of EUR 48 million, and the expenditures on the operation of the ministerial office valued at EUR 21 million. More detailed data about the cultural heritage policy, arts support policy, and general cultural policy are shown in Graph 21, Graph 22 and Graph 23. The media and audiovisual policy consists of the ministerial Slovak Film Institute and a contribution for RTVS, News Agency, and the Audiovisual Fund. The church policy covers the contribution for churches in line with the applicable legislation.

**Graph 20 Expenditures of the Ministry of Culture by cultural policies (MEUR)**



The cultural heritage support policy was allocated on average EUR 96 million in 2015 – 2019; the largest components are the museum and gallery support policy (39%) and the library support policy (29%) (Graph 21). The museum and gallery support policy is implemented by way of the ministerial organisations being SNM, SNG, MSNU and STM. The library support policy is carried out by the ministerial organisations including SNL, ULB, SSL KE, SSL BB, SSL PO and Hrebenda Library. The cultural-and-edification activity and traditional folk culture support policy (19%) is implemented by means of NEC, Folk Art Centre, SCO, and a transfer to *Matica slovenská* institution. The monument protection policy (13%) is implemented by means of funding the Monuments Board and the Ministry of Culture's *Let's renew our house* subsidy programme.

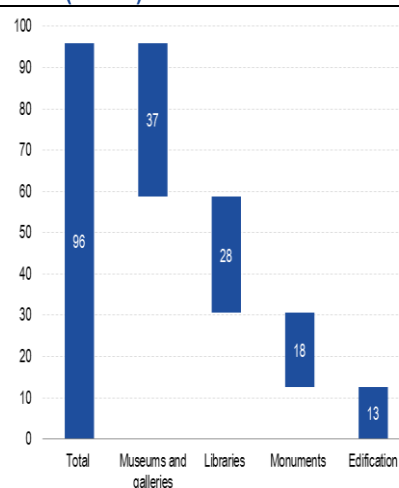
The arts support policy was allocated on average EUR 62 million in 2015 – 2019; the largest component of this policy includes the theatre support policy (63%) and the music and dance support policy (31%) (Graph 22). The theatre support policy is implemented by funding SNT, KE Theatre, ŠO, DNS, TDSI and TI institutions founded by the Ministry. The music and dance support policy is carried out by funding the ministerial SPh, KE Philharmonic, ÚSL, SLUK, Žilina Orchestra, TDIS and MC. The visual arts support policy (5%) applies to the ministerial BIBIANA and SDC. The literature support policy (2%) concerns the ministerial CIL.

The average amount expended on the general cultural policy of the Ministry of Culture in 2015 – 2019 totalled EUR 38 million (Graph 23). Its largest components include contributions to the independent Slovak Arts Council (48%) and Kult MINOR (21%) which support a whole range of arts and cultural heritage. Further, it is the

<sup>17</sup> The expenditures on individual policies are defined as expenditures going to the institution which primarily focuses on the implementation of the relevant policy. For example, the expenditures of the Theatre Institute are considered to be the expenditures on the policy supporting theatre although the Theatre Institute also has a library. However, this library is thematic and focuses on theatrical activities, and therefore it addresses the implementation of the policy supporting theatre.

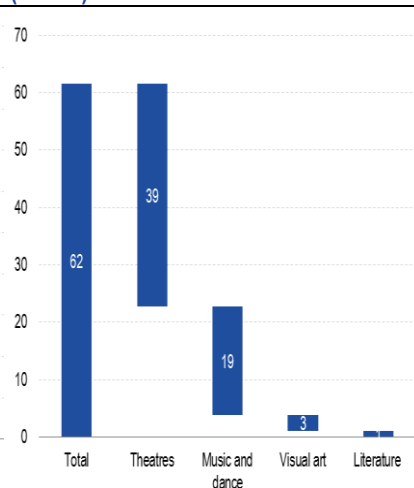
ministerial system of priority projects (14) through which additional EUR 8 million available to the 30 ministerial budgetary and contributory organisations were distributed in 2019 The general cultural policy also includes the support for the demand for culture by pupils and students of primary and secondary schools in the form of cultural vouchers (6%).<sup>18</sup>

**Graph 21 Expenditures of the Ministry of Culture on the cultural heritage policy, average for 2015 – 2019 (MEUR)**



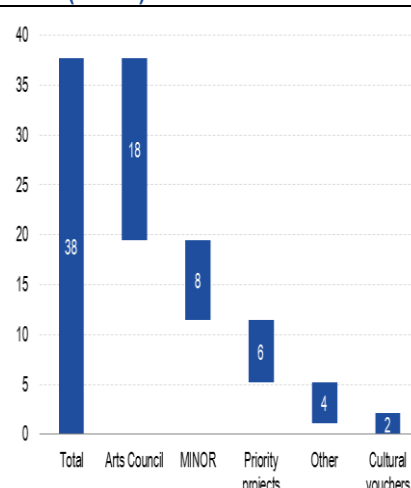
Source: Budget IS

**Graph 22 Expenditures of the Ministry of Culture on arts support policy, average for 2015 – 2019 (MEUR)**



Source: Budget IS

**Graph 23 Expenditures of the Ministry of Culture on the general cultural policy, average for 2015 – 2019 (MEUR)**



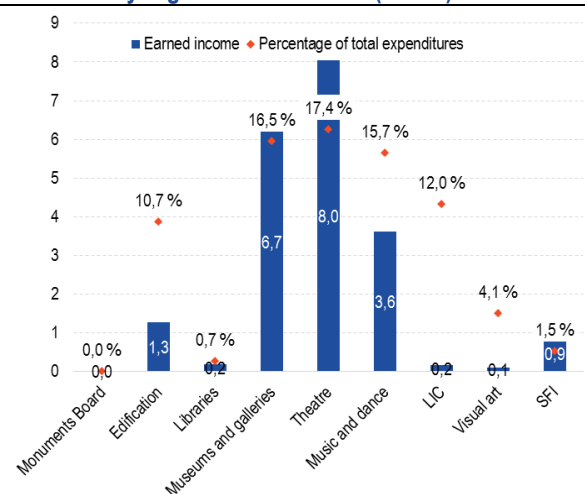
Source: Budget IS

**Of the ministerial budgetary and contributory organisations, the most able to pay their way are the theatres, museums and galleries, as well as music and dance ensembles (Graph 24). Theatres are able to finance 17.4% of their expenditures by their own income.** This is comparable with museums and galleries and the music and dance ensembles. In terms of percentage, also CIL (12%) and the organisations of the cultural-and-edification activity and traditional culture policy (10.7%) are able to "pay their bills" to a substantial extent.

**The Ministry of Culture supports individual cultural areas directly, by financing the ministerial budgetary and contributory organisations active in cultural areas and by paying contributions for RTVS and the News Agency, or indirectly through the Ministry of Culture's subsidy mechanism and independent funds supporting culture (Graph 25).** The Ministry of Culture distributed EUR 170 million directly to its budgetary and contributory organisations and through contributions for RTVS and the News Agency in 2018, which account for 80% of the Ministry's support. EUR 15 million was distributed indirectly by means of the *Let's renew our house* subsidy support and additional EUR 27 million by means of the Slovak Arts Council, Kult MINOR and the Audiovisual Fund which are independent bodies of public administration, but are funded by contributions provided by the Ministry of Culture. The ministerial budgetary and contributory organisations may not apply with the Ministry of Culture's subsidy mechanism or independent funds for indirect support. This is why the indirect support is distributed particularly to the cultural institutions founded by local governments, the third-sector organisations, or to private natural persons.

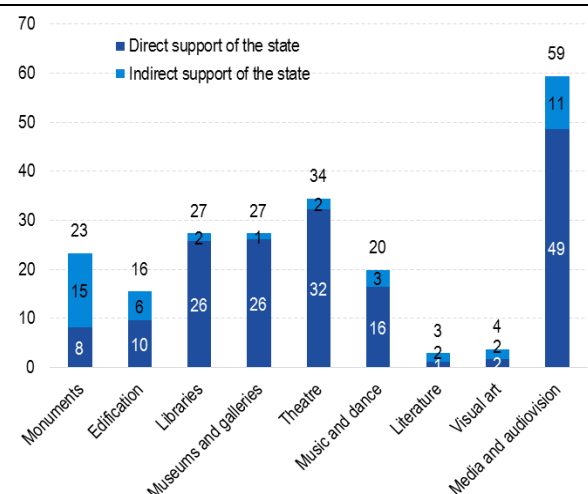
<sup>18</sup> The areas of lower expenditures, e.g. support for the culture of disadvantaged groups, are included in the "others" category.

**Graph 24 Own income and its share in the total expenditures of the Ministry's budgetary and contributory organisations in 2019 (MEUR)**



Source: Budget IS

**Graph 25 Direct and indirect support of the Ministry of Culture for individual cultural areas in 2018 (MEUR)**

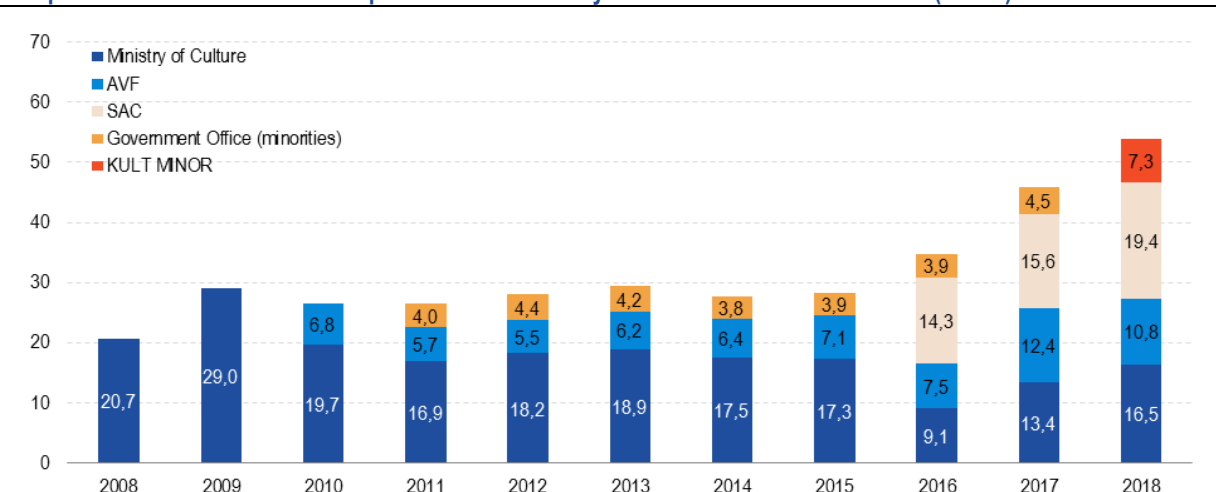


Source: BIS, FPÚ, Kult MINOR, AVF

Note: Certain expenditures of independent funds (31% of the total expenditures) could not be unambiguously included in one cultural area, and therefore they are not reflected in the data.

Indirect support of the Ministry of Culture has grown since 2016 also as a consequence of gradual separation of independent funds from the Ministry's subsidy mechanism (Graph 26). Audiovisual Fund went independent in 2010, Slovak Arts Council in 2016 and Kult MINOR was formed in 2018 by transformation of the subsidy mechanism of the Slovak Government Office. The formation of new funds was accompanied by the increase in the Ministry's overall expenditures on indirect support. In 2017 and 2018, also the *Let's renew our house* subsidy programme was increased; this scheme still falls under the responsibility of the Ministry of Culture.

**Graph 26 Volume of the subsidies provided from subsidy mechanisms from 2008 – 2018 (MEUR)**



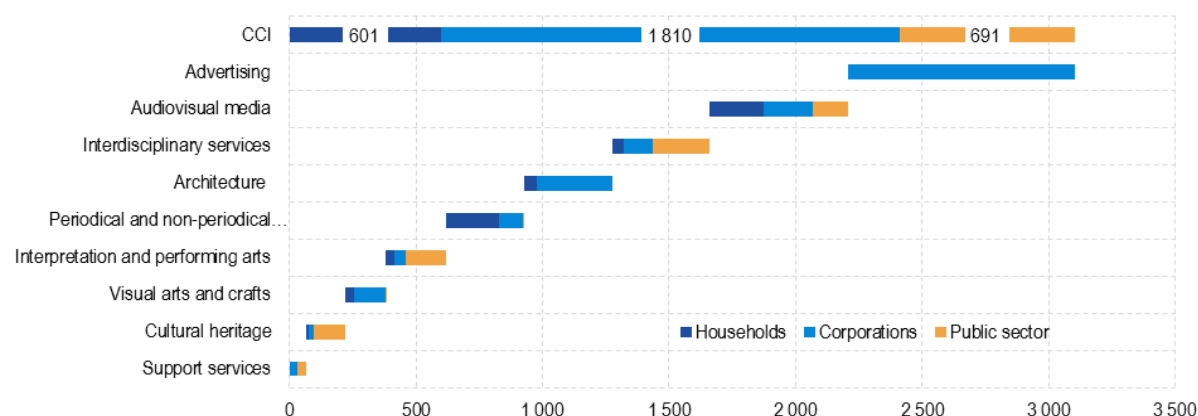
Source: ICP

## 2.2 Expenditures of the private sector on the cultural and creative industry

Demand for the products and services of cultural and creative industry amounting in aggregate to EUR 3.1 billion in 2017 combined the corporate demand (EUR 1.8 billion), the demand of the public sector (EUR 0.7 billion), and the demand of households (EUR 0.6 billion) (Graph 27). Individual products and

services of the CCI have different structure of the demand-side entities. The products and services of advertising, architecture and visual art<sup>19</sup> are dominated by the corporate demand, while the periodical and non-periodical press is driven by the demand of households. Demand of the public sector predominates in the interdisciplinary services<sup>20</sup>, interpretation or, as the case may be, performing arts<sup>21</sup>, cultural heritage<sup>22</sup> and support services<sup>23</sup>. The sector of audiovisual media<sup>24</sup> has a mixed structure of demand.

**Graph 27 Demand for products and services of CCI in 2017 (MEUR)**



Source: Infostat (SÚ CCI 2017)

**Share of private resources<sup>25</sup> in culture in Slovakia lags behind the other countries.** The private sector buys fewer products and services of culture in Slovakia than in other countries. There is also potential for increasing the earned income. The investments most lagging behind the European average are the investments in culture in the form of donations and sponsorship.

**Around 80% of products and services of the cultural and creative industry (CCI)<sup>26</sup> in Slovakia are bought by the private sector, in other countries, the share of the private sector accounts for more than 85% (Table 9).** This also follows from the data of the satellite accounts of cultural and creative industry, which are comparable. Without mutual harmonization of their methodologies, this is possible for a low number of countries (CZ, NL, AT, USA).<sup>27</sup>

The share of the private sector is 7 percentage points higher in the Czech Republic. The Czech satellite account of culture also includes in the cultural heritage area the services of travel agencies which increases the share of private resources. In the states with higher share of export in the economy, this factor also translates into culture. For example, the share of export of the goods of culture and the cultural and creative industry is as high as one fifth in the Netherlands and Austria.<sup>28</sup> The states with a higher share of households in the economy, such as the USA, report the highest percentage of private resources in the culture from households.<sup>29</sup>

<sup>19</sup> Visual art includes activities relating to paintings, sculptures, photography and specialised design.

<sup>20</sup> Interdisciplinary services cover the arts education, interpreting and translation services, and news agencies.

<sup>21</sup> Interpretation or, as the case may be, performing arts include various forms of artistic performances, such as theatre, dance, musical performances, and the operation of cultural facilities.

<sup>22</sup> Cultural heritage includes the services of libraries, archives, museums and historical sites and monuments.

<sup>23</sup> Particularly the support and administrative services for culture provided by public government.

<sup>24</sup> Audiovisual products and services mean radio and television broadcasting, film and audio production, and computer games.

<sup>25</sup> Private resources include the support and income from gainful activities obtained from individuals, enterprises and non-profit organisations, whether they invest, sponsor, donate or consume cultural goods.

<sup>26</sup> The concept of cultural and creative industry is, compared with the definition of culture in other parts of the review, wider because it also contains economic activities which are not a direct part of cultural policies (advertising, architecture, design).

<sup>27</sup> It contains the countries having data which allow to quantify the share of the private market and the areas of satellite account contain comparable areas of cultural and creative industry.

<sup>28</sup> The Austrian satellite account of CCI also includes the activities of zoological and botanical gardens, mediation of advertising activities and consulting services in the area of information technologies. Unlike the Slovak satellite account, it does not contain support activities, such as the administrative, expert, technical and commercial services. The comparability of the Dutch satellite account of CCI with the Slovak one is the worst. It also contains several



**Table 9 Comparison of consumption of the CCI's products and services by the public and the private sector (%)**

	SK (2017)	CZ (2017)	NL (2015)	AT (2014)	USA (2012)
Private sector	79	86	95	92	86
Households	19	20	21	15	32
Firms	54	65	54	58	49
Export	5	1	20	19	5
Public sector	21	14	5	8	14

Source: Infostat (2017), Czech Statistical Office (2017), CBS (2015), IWI and KMU (2017), Kern et al. (2012)

**More private resources in the Czech culture are the outcome of the expenditures in the area of interpretation (performing) arts**, where the private sector's share is nearly twice as high (Table 10).<sup>30</sup> The other areas of satellite accounts are not very comparable, because the same products are classified differently.<sup>31</sup>

**Table 10 Percentage of the public and private sectors in the consumption of products and services of CCI in Slovakia and in the Czech Republic (%)**

CCI products and services	SK (2017)		CZ (2017)	
	Public sector	Private sector and other countries	Public sector	Private sector and other countries
Cultural heritage	79	21	59	41
Periodical and non-periodical press	1	99	0	100
Visual arts and crafts	0	100	1	99
Architecture	0	100	0	100
Interpretation art	67	33	41	59
Audiovisual media	25	75	5	95
Advertising	0	100	0	100
Interdisciplinary services	53	47	87	13
Support services for cultural and creative industry	50	50	64	36
SUM	21	79	14	86

Source: Infostat (SÚ CCI 2017), Czech Statistical Office (SÚ CCI 2017)

**Expenditures of Slovak households on culture<sup>32</sup> correspond to the EU average,<sup>33</sup> accounting for 3% of their total expenditures (Graph 28).** Unlike average European higher-income households, richer households spend proportionately less on culture (Graph 29). While 20% of Slovak households with higher income spend on culture twice as much as 20% of households with the lowest income, in the EU they spend more than four times as much.

consumer products (consumer electronics, optical and photographic instruments and equipment, jewels, musical instruments, etc.), mediation of advertising activities and a wider concept of arts education.

<sup>29</sup> The satellite account of the USA also contains various activities in the area of design and a broader definition of support activities which also cover building activities, transport and wholesale in the area of culture.

<sup>30</sup> The Czech satellite account defines CCI sectors, while the Slovak satellite account defines products of culture which are then assigned to the CCI sectors. In the areas (O1-O8), constituting the core of the cultural sector, the CCI products account for the major part of their total production, and therefore the comparability of the aggregate satellite accounts is maintained. As regards the area of support services where only a part of their production belongs in the CCI area, this may cause higher share of public resources in the Czech Republic because many CCI products are not reflected in the sector.

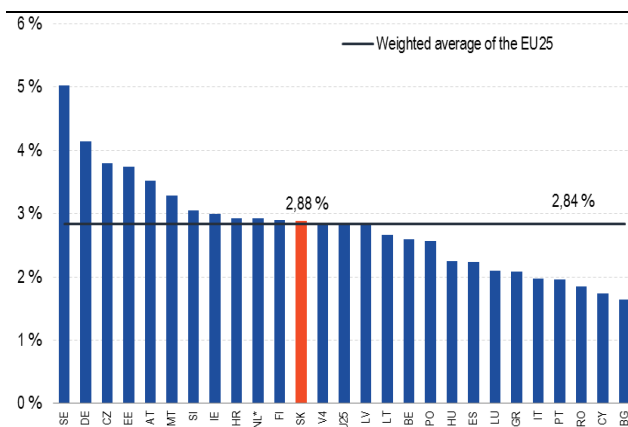
<sup>31</sup> The area of cultural heritage reports nearly twice as high share of private resources in the purchase of the products of culture and CCI. In the Czech Republic, the satellite account of cultural heritage also covers travel agencies and offices. Support services in Slovakia contain several market-oriented items, such as retail in the field of books and audiovisual products, or interpreting and translation services which fall under different areas in the Czech satellite account.

<sup>32</sup> The expenditures on cultural goods and services, e.g. concessions, subscriptions, admission tickets, purchase of books, magazines and periodicals, equipment and technological devices for creation or reproduction of culture, musical instruments, art supplies, etc.

<sup>33</sup> International differences between the expenditures of households on culture partially depend on the income and price levels in individual states, partially on the offer, accessibility and cultural habits.



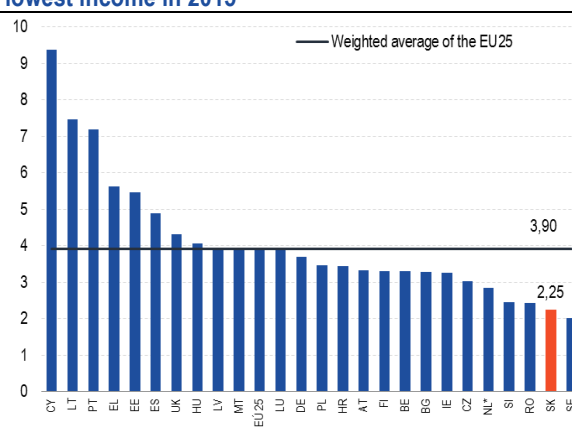
**Graph 28 Expenditures of households on culture as a share in total expenditures of households in 2015**



Source: Eurostat

Data for DK, FR, UK not available. Data for NL incomplete.

**Graph 29 Share of expenditures on culture of 20% of citizens earning highest income compared with the expenditures on culture of 20% of citizens with the lowest income in 2015**



Source: Eurostat

Data for DK, FR, UK not available. Data for NL incomplete.

The data of the statistical offices of individual states and the European Group on Museum Statistics (EGMUS) suggest that there is potential to increase funding from the private sector along with the earned income of the Slovak cultural institutions.<sup>34</sup> Slovak museums and galleries earn around one fifth of their income from their own activities. In Hungary, earned income accounts for one fourth and in the Netherlands as much as one half of the income of museums and galleries (Graph 30). As regards the founded theatres in Slovakia, the share of their earned income approximates the average of the selected countries (Graph 31).

The expenditures of the private sector on sponsorship and donations in Slovakia lag behind the other countries, but neither this category contains uniform data. In 2017, around EUR 2 million of this kind of finance went into the Slovak culture, while in the Czech Republic this amount was twice up to three times as high<sup>35</sup> (Table 11). This translates to around 40 cents per capita; in the Czech Republic it is approximately 60 cents. On average, the private sector invested roughly EUR 5.60 in culture by means of sponsorship in the selected countries. In the Netherlands, the culture of which is dominated by private resources, it was more than EUR 17.<sup>36</sup>

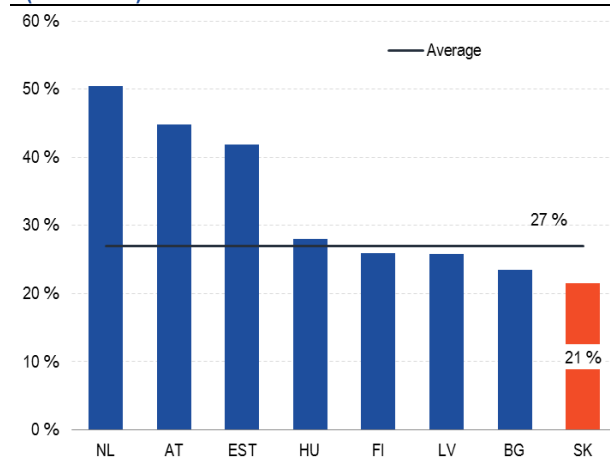
<sup>34</sup> The data in the comparison only covers the states which reported data of comparable definition of cultural institutions for the same time period.

<sup>35</sup> Only the National Theatre and the Czech Philharmonic Orchestra obtained more than EUR 2.3 million in 2016.

<sup>36</sup> These figures follow from the last survey made by Causales in 2014, which is available on-line:

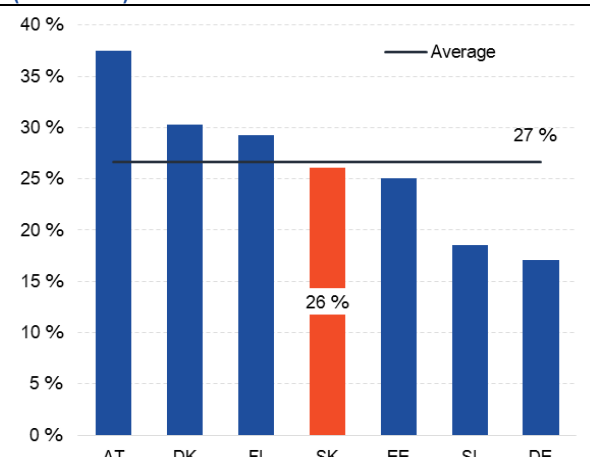
[https://kulturmarken.de/system/images/736/original/Causales\\_studie2014.pdf](https://kulturmarken.de/system/images/736/original/Causales_studie2014.pdf) and the data of the Compendium of Cultural Policies.

**Graph 30 Share of earned income of museums and galleries in the total income (2016/2017)<sup>37</sup>**



Source: EGMUS

**Graph 31 Share of earned income of theatres in the total income (2016/2017)<sup>38</sup>**



Source: Statistical offices of individual states

**Table 11 Sponsorship in culture in the selected European countries (MEUR)**

	Private sector's investments in culture in MEUR	In EUR per capita	Year
Netherlands	287	17.2	2011
Switzerland	121	15.1	2014
Norway	66	14.2	2006
United Kingdom	816	13.1	2009
Belgium	89	8.0	2011
France	494	7.5	2016
Italy	391	6.6	2011
Austria	50	5.9	2013
Lithuania	13	4.7	2018
Germany	350	4.3	2010
Finland	17	3.2	2008
Hungary	17	1.7	2014
Spain	45	1.0	2012
Croatia	4	0.9	2013
Ireland	4	0.9	2010
Czech Republic <sup>39</sup>	6.6	0.6	2011
Slovakia	2	0.4	2018
Mean value	146	5.6	

Source: Causales (2014), Compendium of Cultural Policies and Trends in Europe (2017), Kult (2018)

<sup>37</sup> Contains museums and galleries according to the definition of ICOM (International Council of Museum) for the states which had data available for 2016 or 2017, available on-line: [https://www.egmus.eu/nc/en/statistics/complete\\_data/](https://www.egmus.eu/nc/en/statistics/complete_data/)

<sup>38</sup> Contains theatres founded by public government. Data for Denmark is for 2017/2018.

<sup>39</sup> In 2017, media released information about the volume of sponsorship of around EUR 4 million only for the founded cultural institutions; available on-line: <https://operaplus.cz/sponzori-daji-statnim-institucim-kulture-desitky-milionu-korun-rocne/>

### 3 Cultural policies and their objectives

The main objectives of national cultural policies usually include the support, accessibility, inclusiveness, diversity and quality of arts and creative activities, protection and accessibility of tangible and intangible cultural heritage, and development of cultural and creative economy.

According to the new Manifesto of the Slovak Government for 2020 – 2024, the objective of cultural policy is a "viable and self-confident culture which helps develop creative and economic potential of Slovakia".<sup>40</sup> The introduction focusing on culture formulates the objectives of cultural policy in a complex manner with emphasis on their nationwide impact – culture helps reflect on the current values as well as preserve traditions, it trespasses boundaries, builds a system of values, develops creativity, supports communication and critical thinking, cultivates tolerance, empathy, and the sense of beauty. It also prevents negative social phenomena, populism as well as extremism, cultivates the public space and, finally, contributes to the spiritual and economic growth of society

. The next parts of the Manifesto also lay down specific measures and objectives for individual areas of cultural and creative industry, in some cases together with measurable indicators.

In addition to the Manifestos of individual governments, the last time when the objectives of cultural policy were expressly formulated by the state was in 2004 in the Strategy of the National Cultural Policy (Zmeček, 2005). Ten years later, the Ministry of Culture prepared Slovakia's Culture Development Strategy for 2014 – 2020; however, neither this document offered strategic framework for the culture and the objectives of cultural policy, it only defined seven priority areas. It was therefore necessary to lay down in the Interim Cultural Spending Report specific objectives of cultural policy or, as the case may be, the objectives of partial cultural policies and indicators, based on which they would be assessed.

The objectives of cultural policies laid down in this report were defined by the Institute for Cultural Policy based on:

- existing strategic materials;
- legislative materials;
- strategies and definitions of international associations (IFLA, EGMUS, ICOM);
- published objectives of foreign cultural institutions.

These formulations are treated by the review as drafts. The review proposes to nail down in a participatory process the objectives of individual cultural policies which would form basis for formulation of measurable indicators to monitor their attainment.

The Ministry of Culture implements three main policies supporting culture and a church policy. 9 policies have been identified within the three main policies (Table 12).

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<sup>40</sup> Manifesto of the Slovak Government for 2020 – 2024, available on-line: <https://www.nrsr.sk/web/Dynamic/DocumentPreview.aspx?DocID=477513>

**Table 12 Cultural policies and their objectives – draft**

<b>Cultural Heritage Policy</b>	Museum and gallery support policy	The aim of the museum and gallery policy is to protect and present collection objects which bear witness of the development of the society and nature, and are of permanent value.
	Library support policy	The aim of the library policy is to provide access to the sources of information and to services which support knowledge, erudition, and personal development of citizens.
	Cultural-and-edification activity and traditional folk culture support policy <sup>41</sup>	The aim of the cultural-and-edification activity and traditional culture policy is to increase the cultural and educational level of citizens in order to foster the respect for human rights and diversity of cultural expressions.
	Monument protection policy	The aim of the monument protection policy is to identify, discover and protect cultural monuments and their values for the contemporary and the next generations, and to support positive relationship of the general public to the cultural heritage.
<b>Art support policy</b>	Theatre and dance support policy	The aim of the theatre and dance support policy is to cultivate, develop and spread theatrical art and build positive relationship of the general public to it.
	Music support policy	The aim of the music support policy is to cultivate, develop and spread musical art and build positive relationship of the general public to it.
	Visual art support policy	The aim of the visual art support policy is to cultivate, develop and spread visual art and build positive relationship of the general public to it.
	Literature support policy	The aim of the literature support policy is to cultivate, develop and spread literary output to foster knowledge, education and personal development of the general public.
<b>Media and audiovisual policy</b>		The aim of the audiovisual and media policy is to create, preserve and make accessible the audiovisual works and regulate public broadcasting.
<b>Church support policy</b>		The aim of the church support policy is to financially support the activities of church and religious communities.

*Source: ICP*

The cultural policies of the Ministry of Culture are implemented directly by way of the 30 cultural organisations and four specific institutions (RTVS, News Agency, MS and Danubiana), and indirectly through subsidies and regulatory activities.

<sup>41</sup> This area is analysed in the review within one category consisting of two areas – the intangible cultural heritage and traditional culture, and the cultural-and-edification activity. If we look at these policies separately, their objectives could be defined more specifically: the aim of the policy in the area of protection and development of intangible cultural heritage and traditional culture is to look after intangible and living components of the cultural heritage and traditional culture, oral traditions and verbal arts, the art of interpretation, social customs and rituals, traditional crafts and artefacts, and the places associated with them and their carriers.

The aim of the cultural-and-edification policy is to look after unprofessional art and arts classes, informal education in the area of culture and astronomy, availability and dissemination of the information from science and research in the area of culture and astronomy, and increase the cultural and educational level of citizens in order to foster the respect for human rights and diversity of cultural expressions.

## Measurable indicators to assess the objectives of cultural policies

To assess the attainment of the objectives of cultural policies, it is necessary to clearly define measurable indicators and regularly assess them. The selection of measurable indicators should be complex (i.e. it should take into account the productivity, efficiency, accessibility, attendance rate, etc.) and should take place in a participatory process with all relevant stakeholders.

The below chapters which focus on individual cultural policies contain proposals of measurable indicators. These proposals illustrate the future process of their binding definition and implementation.

Although the Ministry of Culture collects a wide range of data about culture in Slovakia by means of ministerial statements, key performance indicators have not been identified up to this date. The basic indicators of cultural participation<sup>42</sup>, attendance rates of cultural institutions and events, and the condition of cultural heritage are listed in Table 13.

**Table 13 Basic indicators of cultural participation, attendance rate, and condition of cultural heritage**

		2012	2013	2014	2015	2016	2017	2018
<b>Passive participation: cinemas, theatres, concerts, museums, galleries</b>	SK	-	-	-	59.4%	-	-	-
(EU-SILC survey – % of 16+ population)	EU	-	-	-	63.7%	-	-	-
<b>Active participation: art hobby (at least once a year)</b>	SK	-	-	-	38.1%	-	-	-
(EU-SILC survey – % of 16+ population)	EU	-	-	-	35.2 %	-	-	-
<b>Attendance rate of museums and galleries</b> (Kult statistical survey – total number of visitors in thousands)		3,904	4,495	4,047	3,619	4,125	4,503	-
<b>Attendance rate of theatre performances and music events</b> (Kult statistical survey – total number of visitors in thousands)		2,656	2,108	2,621	2,471	2,720	2,835	-
<b>Attendance rate of cinemas</b> (Slovak Film Institute – total number of visitors in thousands)		3,421	3,583	4,153	4,592	5,713	6,698	5,976
<b>Book reading</b> (MEDIAN SK survey – % of adult population)		-	71.6 %	71.3 %	71.7 %	-	-	-
<b>Number of registered readers in libraries</b> (IFLA – % of population)	SK	-	-	-	-	-	8.3 %	-
	EU	-	-	-	-	-	17.8 %	-
<b>National cultural monuments in bad condition</b> (Monuments Board – % of all national cultural monuments)		-	-	-	-	-	-	25.8 %

Source: ICP

One of the concepts which may be used in the selection of measurable indicators is the **balanced scorecard instrument** (Kaplan & Norton, 1992; 1996). Its use for cultural organisations is also professed by Boorsma and Chiaravalloti, and academic literature describes several experiences with its application in culture

<sup>42</sup> According to the Report of the European Council, the cultural participation rate correlates with the indicators of tolerance and social trust which are essential for humane and inclusive society. This is why we consider the indicators of participation and attendance rate in Table 1 to be substitutional variables for the objectives defined. Available on: <https://rm.coe.int/cultural-participation-and-inclusive-societies-a-thematic-report-based/1680711283>

(Weinstein & Bukovinsky, 2009; Turbide & Laurin, 2009; Walmsley, 2012). The first to try it in Slovakia for the assessment of the founded cultural organisations was the Department of Culture and Tourism of the Košice Self-Governing Region (Knežová, 2018) (more in [Box 4](#)).

It is a complex instrument of strategic management and system to measure results of organisations which looks at organisations from four perspectives and their mutual relations:

- **perspective of customers** – the aim is to increase the quality of services for customers
  - examples of measurable indicators: number of visitors; number of participants of an event; number of registered users of services; number of borrowings; number of shows, number of first releases, number of expositions and exhibitions; number of acquisitions; number of completed research tasks; number of educational activities; number of cultural and social activities; structural and technical condition of monuments;
- **perspective of finance** – the aim is to reduce costs and increase self-financing
  - examples of measurable indicators: total costs, transfer from the founder, current and capital expenditures; revenues from international subsidies; earned income (income earned by way of the core activity; revenues from donations and sponsorship, revenues from renting);
- **perspective of internal processes** – the aim is to increase the quality of internal processes, increasing excellence;
- **learning and growth perspective** – the aim is the systematic and dynamic development, implementation of innovations
  - measurable indicators for both perspectives: number of cooperations and partnerships; number of educational activities; number of innovations; number of media outputs; fulfilling one's own development strategy;
  - at the same time, looking at these perspectives, it is possible to include the indicators (some measurable, other rather qualitative) which would assess the artistic quality of organisations.

#### **Box 4 Assessment of productivity of the founded cultural organisations in the Košice Self-Governing Region**

The Department of Culture and Tourism of the Košice Self-Governing Region assesses the work of its founded cultural organisations at four levels:

- **standards** – lay down the founder's requirements for minimum volume of services which the cultural facilities are expected to provide in public interest in the relevant year;
- **indicators in annual reports of cultural organisations** – assessment of the activities in the previous year. A uniform format of annual reports for all facilities was developed and is pilot-tested since 2018. The assessment is conceptually based on four areas of the balanced scorecard adjusted to culture. For example, this structure was used for the annual report by the East Slovak Gallery,<sup>43</sup>
- **indicators of the programme budget** – some of them overlap with the indicators in annual reports;
- **attainment of objectives in various strategic documents** – such as the economic and social development plan.

**Measure: Define the objectives of cultural policies and measurable indicators to assess their attainment.**

To achieve better results in the cultural policy, it is necessary to do it based on high-quality data, evidence and measurable indicators. It is also necessary to define the objectives of cultural policy by formulating a new cultural

<sup>43</sup> East Slovak Gallery Activity and Financial Management Report, available on-line: <https://vsg.sk/wp-content/uploads/2019/05/sprava-za-rok-2018.pdf>

strategy (for 2021 – 2030) which will follow up on the Culture Spending Review. It is also necessary to define measurable indicators for individual founded organisations. Based on such indicators, the success of individual policies and efficiency of the founded organisations should be regularly assessed. According to these assessments, it is then possible to implement targeted interventions to improve the existing status.

### Statistical surveys in culture

**The state statistical survey in the area of culture is a valuable source of data to assess cultural policies. To make sure that the data is up to date and to strengthen its validity and applicability, it will be necessary to review the definition of intelligence units, content of statements, data collection check, and the method of analytical availability of data.**

The state statistical surveys are governed by the Act on State Statistics<sup>44</sup>, particular surveys are governed by the implementing regulation laying down the publishing programme of state statistical surveys always for a three-year term<sup>45</sup>. Data in the area of culture is currently collected by means of 18 Kult statements (Ministry of Culture) and a NM statement (Ministry of Culture) concerning the culture of minorities. The Ministry of Culture conducts this survey by way of NEC (in accordance with the content of the statement).

The statement preparation and data collection process in statistical surveys currently has the following drawbacks:

- **definition of intelligence units** – is not always accurate and sufficient with regard to the purpose of survey, problematic usually also is their definition according to the SK NACE codes (they not always match the actually performed activity);
- **ambiguity of demanded items** – some of them are not unambiguous and can be understood in various ways, and are therefore filled in variously; the accompanying methodological guidelines often are not sufficiently explanatory (e.g. if an event consists of a series of several actions, is the attendance rate reported for each action separately or for the event as such?);
- **content of demanded areas** – some parts cease to be relevant, others are missing (data about opening hours, admission prices, and many others);
- **replacement of certain statements with administrative data** – these could describe the status being surveyed in a more objective manner – e.g. statement for the production and distribution of audio recordings of musical works could be replaced with the data from the copyright management organisations provided based on voluntary cooperation;
- **improvement of the quality of the data collection application** – supplement with multiple logic controls of the data being entered (set the limits, forbid entering contradictory data);
- **increase in the intensity of checks by the compilers of individual statements;**
- **fostering motivation of intelligence units** – explain to the intelligence units the reasons for data collection and use of the collected data.

**Measure: Increase the validity and reliability of the statistical survey data by revising the content and processes of individual statements.** This review will also include the revision of the intelligence unit identification criteria and the revision of individual parts of the content. This revision will be conducted in a participative process of the relevant stakeholders with emphasis on the specific purposes of the data being surveyed. In cooperation with the Statistical Office, the revised statements will be included in the new programme

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<sup>44</sup> Act No. 540/2001 Coll. on state statistics.

<sup>45</sup> Actually, the Decree of the Statistical Office of the Slovak Republic No. 250/2017 Coll. laying down the publishing program of state statistical surveys for the years 2018 – 2020. The Decree is valid for one year and is slightly amended every year by a new decree (for the next years, it was updated by Decrees No. 266/2018 Coll. and No. 358/2019 Coll.).



of state statistical surveys. Increase the validity of the collected data and modification of the software with the electronic questionnaire, and addition of logic controls during data collection process.

### 3.1 Museum and gallery support policy

- The aim of the museum and gallery policy is to protect and present collection objects which bear witness of the development of the society and nature, and are of permanent value.
- Within the EU, with nearly 5 million of visitors of collection development institutions Slovakia ranked 19th in the attendance rate per 100 thousand citizens in 2018.
- It is not possible to definitely say that the collection objects are in a good shape, because the data in databases is incomplete and not up to date. Around 15% of collection objects are estimated to be in a bad condition.
- Even the objects in a satisfactory condition are exposed to a quite high risk, because they are deposited in unsatisfactory premises. The condition of at least 65% of state repositories is unsatisfactory. Investments of EUR 22.3 million would enable to improve the condition of repositories of majority of museums founded by the central bodies of state administration and make them satisfactory.
- To improve the quality of the activities of museums and galleries, it is necessary to improve the monitoring of their results. Standards need to be laid down for museums and galleries; such standards would result in the establishment of benchmarking criteria.
- To improve the estimate of the necessary investments in the protection of collections, it is necessary to improve the information systems about the condition of collection, repository and exposition premises.

The aim of the museum and gallery policy is to protect and present collection objects which bear witness of the development of the society and nature, and are of permanent value.

- Acquire objects of cultural value in line with the museum's or gallery's specialisation (acquisition).
- Record and examine the collection objects in line with the professional principles (record-keeping and research).
- Protect the collection objects in line with the professional principles (protection).
- Develop the offer of museums and keep it thematically broad (offer).
- Make the knowledge about the collections accessible to the general public (accessibility).
- Present the collection objects in a manner explaining their context and create opportunities for developing communities (presentation and community).

The overview of the selected indicators of partial objectives available in Table 14.

**Table 14 Proposal of the selected indicators of partial objectives of the museum and gallery policy**

Partial objectives	Selected indicators		Comment
	Name of indicator	Value	
Acquisition	Share of expenditures on acquisition from founder's resources	0.61% (SK), 1.2% - 5.5%*	average for 2016 – 2018 Kult 6, 9 *standard: Waidacher (1999)
Record-keeping	Share of assigned registration numbers		
	- in museums	80 %	2018 Kult 9
	- in galleries	100%	2019 CERA
	Share of objects kept in databases		
	- CEMUS	58 %	2019 CEMUS
	- CERA	100 %	2019 CERA



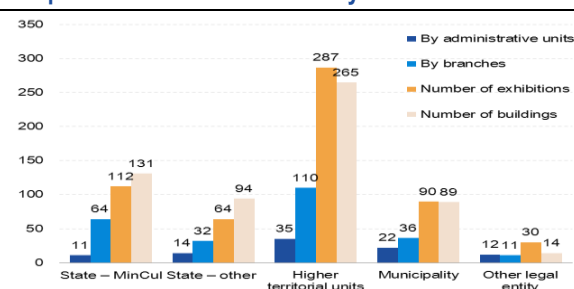
Partial objectives	Selected indicators		Comment
	Name of indicator	Value	
Research	Share of distributed publishing outputs from the total impression	-	
Protection	Share of collection objects in unsatisfactory condition		
	- in museums	15 %	2019 CEMUS
	- in galleries	1 %	2019 CERA
	Share of unsatisfactory state repositories –		
	- in museums	65 %	2017 Museology Cabinet
	- in galleries	-	
Offer and availability	Number of types of expositions	-	
	Share of expositions less than 20 years old		
	- in museums	66 %	2018 Museology Cabinet
	- in galleries	-	
	Average opening hours a week		
	- of museums	-	
	- of galleries	-	
Presentation and community	Number of visitors of expositions and exhibitions per 100 thousand citizens	110 thousand (SK), 144 thousand (EU)	2018 Kult 6, 9, 2004 – 2018 EGMUS
	Number of visitors of educational events per 100 citizens	22,775 (SK); 21,761 (CZ)	2018 KULT 6,9 2018 KULT 12 (MK CZ)

Source: ICP

### 3.1.1 Offer and availability

There are 119 officially registered collection development institutions – 94 museums and 25 galleries in Slovakia.<sup>46</sup> They carry out their activities by means of 292 branches (252 branches of museums, 40 branches of galleries) with 648 expositions in various locations in Slovakia. There also exist museums and galleries which decided not to be registered museums, such as the *Galéria Nedbalka* gallery; the activities of such institutions have not been mapped.<sup>47</sup> 90% of registered museums and galleries are founded by the public sector, 10% of museums and galleries are founded by other legal entities (Graph 32, Graph 33). Thematically speaking, various expositions and exhibitions are comparable with the specialisations of museums in other countries, but problematic is the duplicity or absence of certain types of museums.

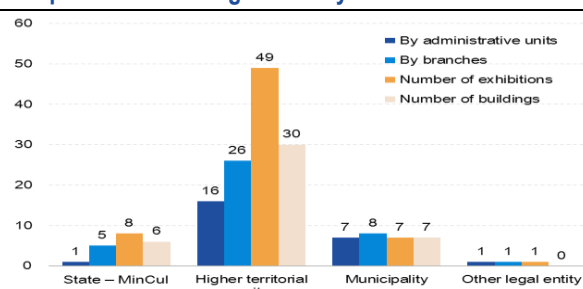
Graph 32 Number of museums by founder in 2018



Source: Register of Museums and Galleries, Kult 9

Note: The number of museums by administrative units<sup>48</sup> is based on the Register of Museums.

Graph 33 Number of galleries by founder in 2018



Source: Register of Museums and Galleries, Kult 6, ICP

Note: Number of galleries by administrative units is based on the Register of Galleries.

<sup>46</sup> Statutory definition of the gallery is nearly identical with the definition of the museum, the only difference being the specialisation on all disciplines of visual art. This analysis only focuses on the museums and galleries with collections which are registered in the Register of Museums and Galleries. This analysis does not cover: 149 museum facilities registered in the register of museum facilities and 4 galleries registered in the register of gallery facilities which acquire objects of cultural value and make them accessible to the general public. Neither does it analyse the museums and galleries which do not acquire objects of cultural value and exhibit borrowed objects or works of authorship.

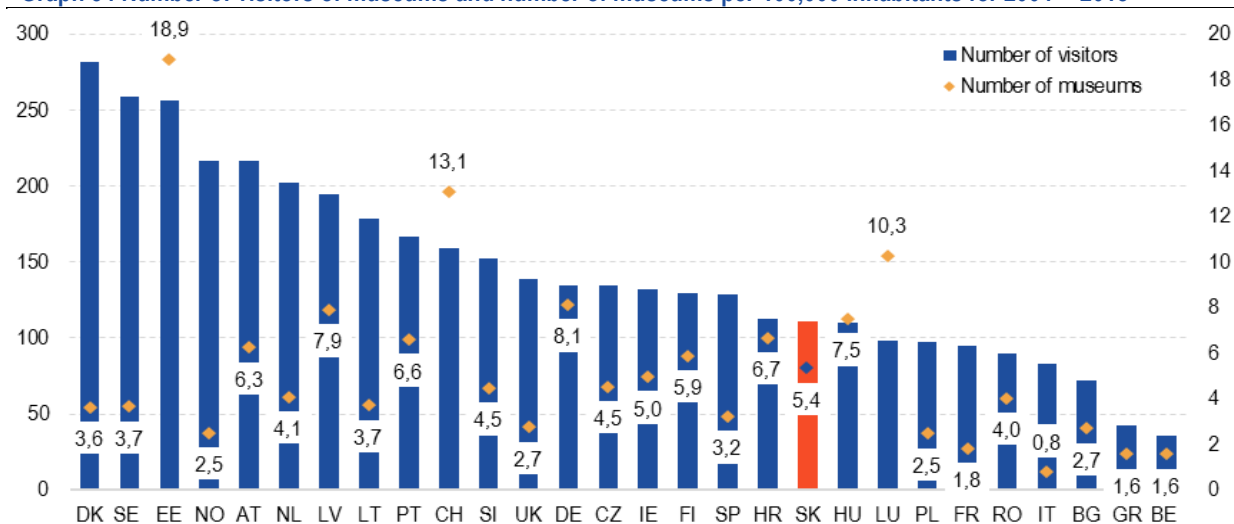
<sup>47</sup> Whereas these institutions are not officially registered, it is difficult to estimate their number; there may be 2 – 3 museums and galleries.

<sup>48</sup> Administrative unit means the identification of a museum as an institution registered within the Register of Museums and Galleries. One such administrative unit may conduct its activities by means of multiple branches.

The results of museums and galleries currently are not being compared and assessed with regard to quality improvement. With 110 thousand visitors of museums and galleries per 100,000 citizens, Slovakia infamously ranked 19<sup>th</sup> in the EU in 2018. To catch up with the average attendance rates of museums in EU countries, Slovak rates needs to grow by 30% (Graph 34). This is why it is necessary to look at the basic activities of museums and galleries under various founders and identify the room for improvement. As a good practice, other countries have a platform in place to improve the quality of museums (Finnish Heritage Agency, Museumsbund Austria)<sup>49</sup> offering analytical and consulting services.

**Measure: Prepare and publish an analysis of museum and gallery activity results with regard to the geographical and thematic groups.** It is necessary to conduct an publish an analysis which would enable mutual comparison of collection developing institutions (employing the benchmarking method) within their own reference groups. This would help monitor their results or look for inspiration to improve results. The reference museums or galleries are groups of collection development institutions which deal in the same collection objectives, geographically, they are in a similar situation, are of a similar size, etc. In benchmarking, we recommend to use the indicators for assessment of the work of museums and galleries under the new ISO standards for museums<sup>50</sup> developed in 2019, or other indicators (Knežová, 2017; Amenta, 2010; Kotler, 2008; Jackson, 1994). For example, they include indicators of the condition of collections, appropriateness of premises, offer of supplementary services, organisation of commercially successful events, visitor satisfaction surveys, etc.

**Graph 34 Number of visitors of museums and number of museums per 100,000 inhabitants for 2004 – 2018**



Source: EGMUS

Note: Data is for various years. It is not certain for these states whether the number of museums includes branches, or they did not report all museums: AT, BG, BU, CZ, FR, GR, GE, HU, IT, LT, LU, PO, PT, SP, CH.

**Slovak museums and galleries lack clear objectives and regular inspection of their basic activities on a long-lasting basis.** Slovakia currently defines 4 registration requirements required to be met for a museum or a gallery to be registered: 1. keep first-instance registration of collections; 2. create conditions to protect the collection; 3. give access to collections; 4. carry out activities by way of experts. The law specifies all obligations of museums and galleries. However, it is currently not possible to assess to what extent the museums and galleries meet their obligations once they are registered. According to the "Museums Law"<sup>51</sup> the role of state surveillance is expected to be carried out by the Ministry of Culture. The Ministry of Culture formally supervises all museums and galleries, but actual on-site inspections are conducted primarily in museums founded by the

<sup>49</sup> Museum Evaluation and Development Finland, available on-line: <https://www.museovirasto.fi/en/museoalan-kehittaminen/tyokalut-ja-verkoston/museoiden-arviointi-ja-vertaiskehittaminen>; Museums Association Austria, available on-line: <https://www.museumsbund.at>

<sup>50</sup> ISO standards for museums, available on-line: <https://www.iso.org/standard/62504.html>

<sup>51</sup> Act No. 206/2009 Coll. on museums and galleries and the protection of objects of cultural significance as amended (the "Museums Law").

Ministry of Culture. Each founder is authorised to conduct an inspection in their museum or gallery. Problematic is that there are no standards or other criteria in place which would define compliance with the law, and frequency of inspections. Since inspections are non-existent, the long-lasting issues with repositories or condition of collections is not sanctioned by anyone and no financial penalties are imposed for violation of the law; e.g. in case of insufficient protection of the collection as laid down under Article 20 of the "Museums Law", or by revoking the status of a museum by erasing the museum or gallery from the Register of Museums and Galleries. And it is also a matter of fact that systematic control would finally result in the help and support for museums and galleries. Development of a system of museums and galleries is to be taken care of by SNM and SNG which have professional resources for this activity. To increase the efficiency of the current museums and galleries policy, it is necessary to develop a method for cooperation between the Ministry of Culture, SNM and SNG and establish it on a clear vision of services the collection development institutions should provide to the public, and basing it on the standards for museums and galleries with a clear monitoring method and opportunities to develop services. Museums and galleries which already are registered in the Register of Museums and Galleries should be obligated to meet the defined standards during certain specific period to validate the quality of services.

**Measure: Lay down standards for museums and galleries with an accreditation and monitoring system in Slovakia.**

Better definition of the objectives of museums and galleries, and their monitoring is a precondition for the improvement of their services. Establishment of standards is inspired by the practices of European countries (IE, UK), or the USA<sup>52</sup> and Canada,<sup>53</sup> which formulate standards for museums on a regular basis by way of accreditation commissions. They decide whether or not museums meet the parameters defined, for example whether they have a long-term strategy in place or have defined measures against deterioration of the collection, whether they measure satisfaction of visitors, and many others (The Heritage Council, 2017), (Arts Council England, 2018) (Box 5) (ISO 21246:2019).<sup>54</sup> Standards may have various functions; in other countries, they are divided into accreditation functions (e.g. Ireland), development (e.g. Australia), and monitoring (e.g. Denmark), (Finish Heritage Agency, 2015). When choosing a solution for Slovakia, it is necessary to consider a model which would best fit the legislative and social conditions.

The aim of the measure is to increase the quality of museums and galleries in Slovakia. Definition of standards and method of their monitoring leads to a systematic dialogue about the development of the museum and gallery sector. This dialogue is currently non-existent in Slovakia and this is why we are unable to evaluate the results of museums. The measure should be prepared in cooperation with professional associations which already started preparing such standards back in 2016. The measure goes hand in hand with the amendment of the legislation governing collection developing institutions and hiring more resources for monitoring compliance with the standards.

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<sup>52</sup> Core Standards for Museums of the American Alliance of Museums, available on-line: <https://www.aam-us.org/programs/ethics-standards-and-professional-practices/core-standards-for-museums/>

<sup>53</sup> Core Standards for Canadian Museums, available on-line: <https://www.canada.ca/en/heritage-information-network/services/collections-documentation-standards/chin-guide-museum-standards/core-standards-canadian-museums.html>

<sup>54</sup> In November 2019, also ISO standards were adopted for museums laying down indicators for various areas of operation.

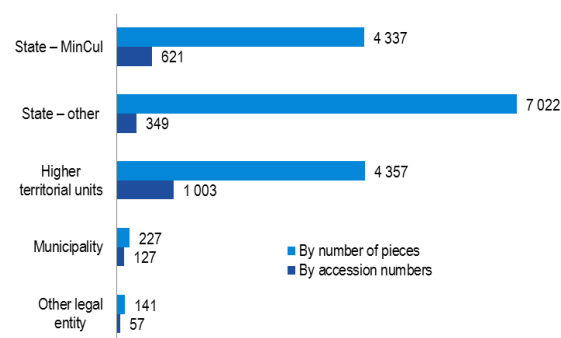
### Box 5 Museum Standards Programme for Ireland

The Museum Standards Programme for Ireland consists of 7 parts divided in 3 large categories: A. Management of the Institution; B. Collection Management; C. Public Services. The accreditation process takes 3 years and includes accreditation, verification of the application for registration, or consulting to improve services. The group accrediting museums consists of practitioners and academicians, and issues recommendations for the Irish Heritage Council. Even though the museum obtains a certificate, it must apply again after three years to defend it. This repeated application is a bit easier than the first one, and also includes an on-site visit by the consulting group. The inspection is then regularly repeated every five years.

### 3.1.2 Record-keeping and research

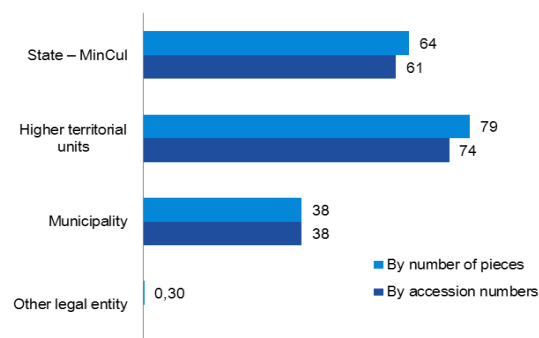
**It is very difficult to assess the impact of the expert role of museums and galleries in the research and interpretation of evidence from various disciplines.** The key source of value of museums is the specific collection object which the museum workers decided to register at various points of time as deserving preservation for the contemporary and future generations. Museums in Slovakia own more than 2 million collection objects which consist of 16 million pieces, and galleries own more than 170 thousand collection objects (Graph 35, Graph 36). The cultural value of collection is often designated as inestimable but, for illustration, it is possible to say that the economic value of the collections being managed is at least EUR 15 billion<sup>55</sup>; at the same time, museums and galleries acquire objects in various ways.

**Graph 35 Number of collection objects of museums by founder in 2018 (thousands)**



Source: Kult 9

**Graph 36 Number of collection objects of galleries by founder in 2018 (thousands)**



Source: Kult 6

**The research activity associated with the collection is carried out at several levels, and their scope is difficult to assess.** The registration together with the basic description of the collection objects deposited (through the so-called registration number) was completed in 2018 to the extent of 80% for museums, and 100% for galleries. However, we lack an overview which collection objects have a more detailed research descriptions in place. At the next research levels, the interpretation of the knowledge is made available through exhibition or publication of publishing or other outputs. In 2017, museums and galleries had in aggregate more than 570 publishing outputs. The information whether or not this figure is satisfactory, or whether or not these outputs are available to visitors and specialised workers is not available.

<sup>55</sup> The estimate is calculated as the product of the number of collection objects by accession numbers (2.3 million of collection objects) and the average price of the objects purchased in 2016 – 2018 from the Slovak Arts Council's subsidies (EUR 6,635).

### 3.1.3 Protection

**The objective of professional protection of collection objects is to stop or slow down the natural processes of their degradation and perseverance of their scientific, historical, cultural and artistic value.** It is not possible to definitely say whether or not the collection objects are in a satisfactory condition, because the data from the centralised databases of museums – in the Central Register of Museum Collections (the "CEMUS") and galleries in the Central Register of Artworks (the "CERA") – is incomplete and not kept updated. The physical condition of objects is only described for 27% of collection objects according to the registration number in CEMUS, while galleries have it described for 74% of the collection objects in CERA. Also, more than one half of collection objects are not registered in CEMUS. Neither is it clear when the data about the condition of the collection was entered in the register, so it is not possible to say whether or not it is up to date. It is necessary to improve the data about the physical condition of collection objects in both the centralised systems and regularly update information about the condition of collection objectives. Without this, it is not possible to assess the measures necessary to preserve the collections in Slovakia.

**Measure: Publish data about the condition of collection objects in a user-friendly form and improve the quality of data about the condition of the objects in CEMUS and CERA.**

Repositories in museums founded by central bodies of state administration need around EUR 22.3 million to achieve satisfactory condition.<sup>56</sup> **The unsatisfactory condition of repositories of state museums does not permit the museums to fulfil their key function of protection of collection objects deposited in the repositories.** Out of 43 repositories of state museums, 28 are unsatisfactory for the protection of collection objects (Museology Cabinet SNM, 2018). This puts at risk 4.5 million of collection objects according to the number of pieces deposited there. They account for 41% of all collection objects of state museums.

Three repositories are in a satisfactory condition, and meet the conditions for the protection of the collection. The condition has improved during the past 10 years primarily in the repository of the SNM, and specifically in the renovated premises of the barracks in Sered' located in the premises of the Holocaust Museum. As regards the remaining 12 repositories of state museums, their condition is unknown; the same applies to the repositories of galleries. The documentation of repositories will enable to make a better estimate of the condition to protect the collections, and is a precondition for conducting the cost-benefit analysis (CBA) to consider the alternative solutions of how to improve the condition of repositories. One of the alternatives is to create a single central and modern repository, just like in Finland.<sup>57</sup> The synergies with repositories of regional museums need to be assessed as well. The aim is to improve the protective function of museums.

**Measure: Establish regular documentation of repositories, exhibition premises and collections care workshops to ensure appropriate conditions for the protection and safety of collections.**

It is necessary to choose a clear methodology of defining the criteria to assess individual conditions, to assess the premises of museums and galleries, and the collection objects, since the assessment procedures used at present are not uniform.

**Measure: Prepare and publish repository renovation feasibility studies. Improve the condition of the existing state repositories to make them satisfactory.**

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<sup>56</sup> The estimate is based on the amount of EUR 2 million which was planned for the restoration of the repository for oversize collections with the numbers of 35,000 of collection objects according to the number of pieces (Priority Project of the Slovak Technical Museum, 2018). The benchmark used for collections of normal sizes is the repository in Sered' which was renovated for EUR 2 million. (Slovak National Museum, 2019). This repository contains 160,000 collection objects according to the number of pieces which are of normal-size dimensions. In case of smaller numbers of objects, the necessary amount was reduced proportionately to the number of pieces.

<sup>57</sup> Collections Centre for the Finnish National Museum and other museums, available on-line: <https://www.kansallismuseo.fi/en/collections/kokoelmien-saeilyty>

### 3.1.4 Acquisition

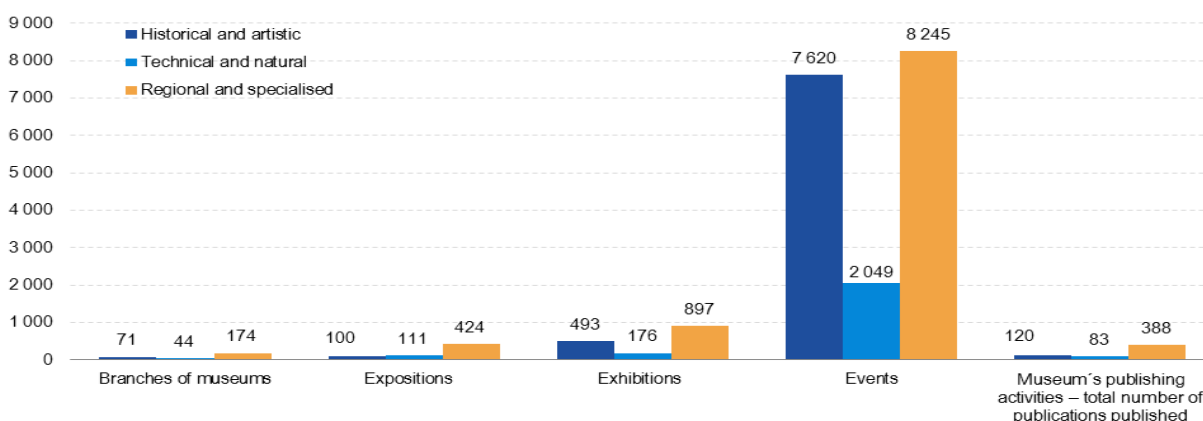
**Slovak museums and galleries obtain funds for acquisitions mainly from "ad hoc" resources, which makes it impossible for them to acquire objects systematically.** The total average annual purchase for all collections amounted to EUR 607 thousand in museums and EUR 422 thousand in galleries in 2016 – 2018 (KULT), while galleries acquired objects mainly through donations. On average, Slovak museums and galleries obtain for acquisitions 0.61% of the costs directly from the founder within a year-long contract. Additional 1.51% come from *ad hoc* resources, which makes them dependent on the availability of the unwarranted resources for acquisitions and restricts the agility of collection development institutions on the secondary (auction) art market where it is often necessary to act quickly. The insufficient acquisition activity also has a negative impact on the operation of the Slovak art market, or the market covering objects of cultural significance.

**Collection development institutions should spend 1.2 – 5.5% of the total costs of their activities a year for systematic development of their collections** (Waidacher, 1999). Although this is the basic objective of these institutions, the funds for the purchase of collection objects are not a part of the basic expenses of Slovak museums and galleries; rather, they are perceived as "extra" expenses. However, purchases by way of support mechanisms, such as subsidies from the Slovak Arts Council or priority projects of the Ministry of Culture, are always associated with uncertainty for museums and galleries and are made available late throughout the year.

### 3.1.5 Presentation and community

**The objective of presentation of collection objects is currently difficult to measure.** There exist data about which exhibitions have highest attendance rates or which type of museums produce most events (Graph 37), but the impact of presentation outputs on visitors is not being measured now. One third of expositions in museums is more than 20 years old (Museology Cabinet, 2019). According to the recommended standard, expositions should not be exhibited for more than 20 years (Dolák, 2015). The "*in situ*" expositions are an exception to this rule and should not be changed (by definition). The acceptance of standards for museums and galleries may increase requirements for expositions.

**Graph 37 Number of branches of museums and number of outputs by the type of museums proposed by EGMUS in 2017**



Source: Kult 6, Kult 9

Note: The classification according to EGMUS<sup>58</sup> was prepared by the ICP. This overview classifies galleries under the "art museums" type.

<sup>58</sup> EGMUS: Definition of classification of museums by type of collection, available on-line: [https://www.egmus.eu/en/statistics/definitions\\_explanations/](https://www.egmus.eu/en/statistics/definitions_explanations/).



## 3.2 Library support policy

- The aim of the library policy is to provide access to sources of information and to services which support knowledge, erudition, and personal development of citizens.
- 8.3% of the population is registered in the Slovak public libraries, compared with the 17.8% in the EU. The number of borrowings per 100,000 inhabitants places Slovakia 15<sup>th</sup> within the EU 27.
- Considering the poor efficiency of smaller libraries, there is room for reduction of their number and definition of a core library network which would warrant efficiency and accessibility of library services.
- Increase in the number of public libraries connected to the uniform library information system would result in libraries and readers having access to a larger library collection; this would in turn improve the efficiency of the provided services.
- If the number of legal deposits was reduced to two hard and one digital copy, the publishing houses would save at least EUR 703 thousand a year without compromising the objective to archive publications as a part of cultural heritage.
- Clarification of the purpose of scientific libraries founded by the Ministry of Culture would enable correct evaluation of their activities, which is not possible now because it is not clear whether they are intended to provide their services primarily to the general public or to specific scientific community.

The aim of the library policy is to provide access to sources of information and to services which support knowledge, erudition, and personal development of citizens.

- Build a high-quality library collection on physical and digital media according to the needs of their users (library collection and its acquisition).
- Ensure availability of information sources in various forms for individual readers and reading groups (borrowings of books).
- Provide modern library services and a community space for meeting, learning and idea sharing (library services).

The overview of the selected indicators of partial objectives available in Table 15.

**Table 15 Proposal of the selected indicators of partial objectives of the library policy**

Partial objectives	Selected indicators		Comment
	Name of indicator	Value	
Library collection and its acquisition	Share of purchased library units every year in the total collection	1.32% (SK), 7% (standard)	2017 Kult 10, IFLA
	Number of public libraries connected to KIS3G	14	2020
Borrowings	Number of borrowings per capita	2.95 (SK), 3.9 (EU)	2017
	Percentage of population registered in library	8.3 % (SK), 17.8 % (EU)	IFLA
Library services	Number of library visits	5,561,486	2017
	Number of events in libraries	33,743	Kult 10

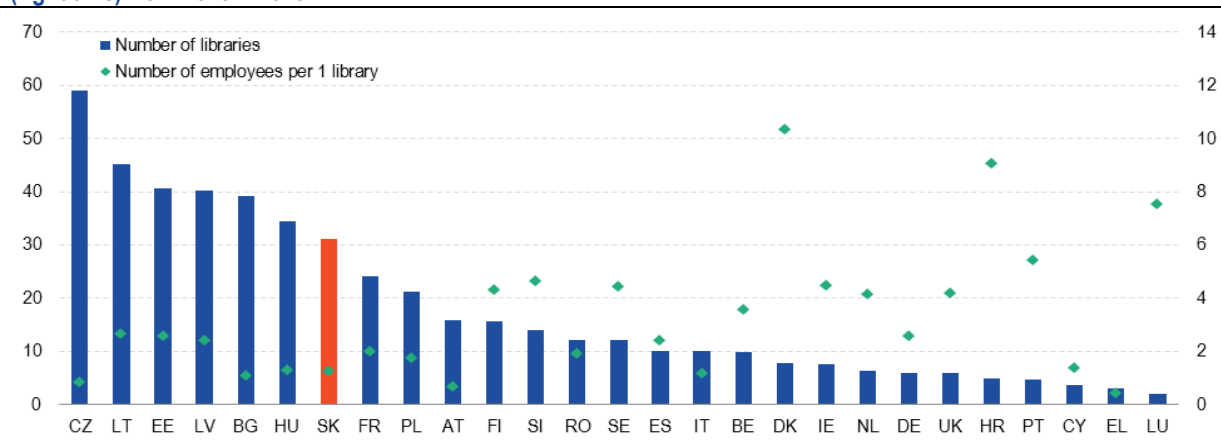
Source: ICP

### 3.2.1 Library network

**Slovakia has plenty of small libraries. With the number of public libraries per 100,000 inhabitants, Slovakia ranks 7<sup>th</sup> within the EU 27 (Graph 38).** This is mainly because of the large number of municipal libraries employing on average 0.11 of employees (they are often part of municipal offices with limited opening hours). A dense network of small libraries is the heritage of communism: 8 out of 10 countries with the largest

number of public libraries are post-communist countries. In the former Czechoslovakia, it is also because of the Act on Public Municipal Libraries dating back to 1919 which laid down the obligation to found a library in every single municipality.

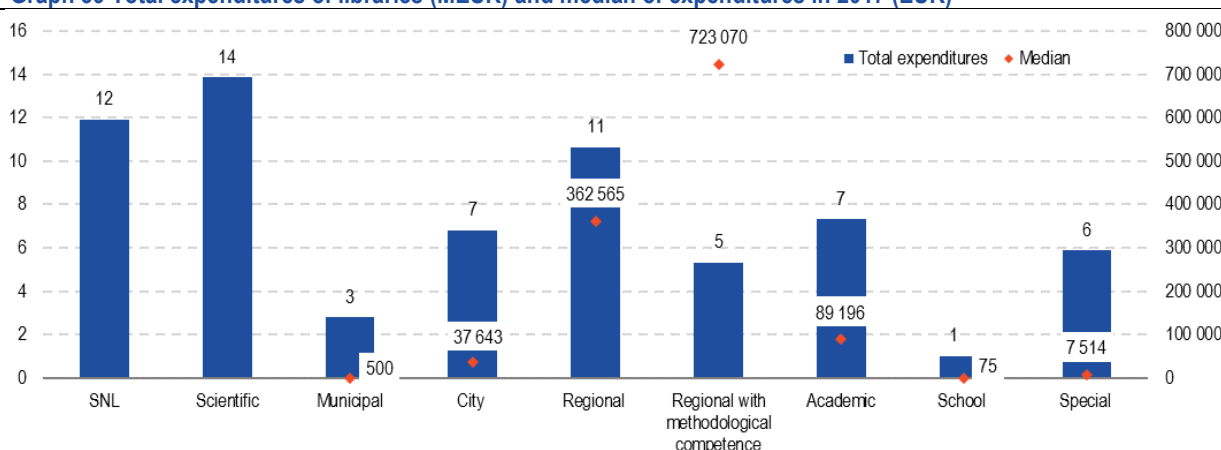
**Graph 38 Number of public libraries per 100,000 inhabitants (left axis) and number of employees per one library (right axis) from 2015 – 2019**



Source: IFLA, ICP  
Note: No data available for Malta.

Nevertheless, the aggregate expenses of libraries concentrate in libraries founded by the Ministry of Culture (Slovak National Library and part of scientific libraries<sup>59</sup>) and by the higher territorial units (regional libraries, regional libraries with methodological competence<sup>60</sup>), or universities (academic libraries) (Graph 39). Libraries founded by the Ministry of Culture reported expenditures of EUR 23.5 million in 2017, while the expenditures of libraries founded by local governments amounted to EUR 25.6 million (Graph 39). Accessibility of library services is ensured for majority of the population by public libraries (municipal, city, regional libraries, libraries with methodological competence), while the academic, school and special libraries serve specific groups.

**Graph 39 Total expenditures of libraries (MEUR) and median of expenditures in 2017 (EUR)**



Source: Kult 10, Škol 10

<sup>59</sup> The Ministry of Culture is the founder of the Slovak National Library and 4 scientific libraries: ULB, SSL KE, SSL PO, SSL BB. Scientific libraries also include libraries founded by the Ministry of Education, Science, Research and Sport: CVTI and the Slovak Pedagogic Library, as well as the Central Library of Slovak Academy of Sciences.

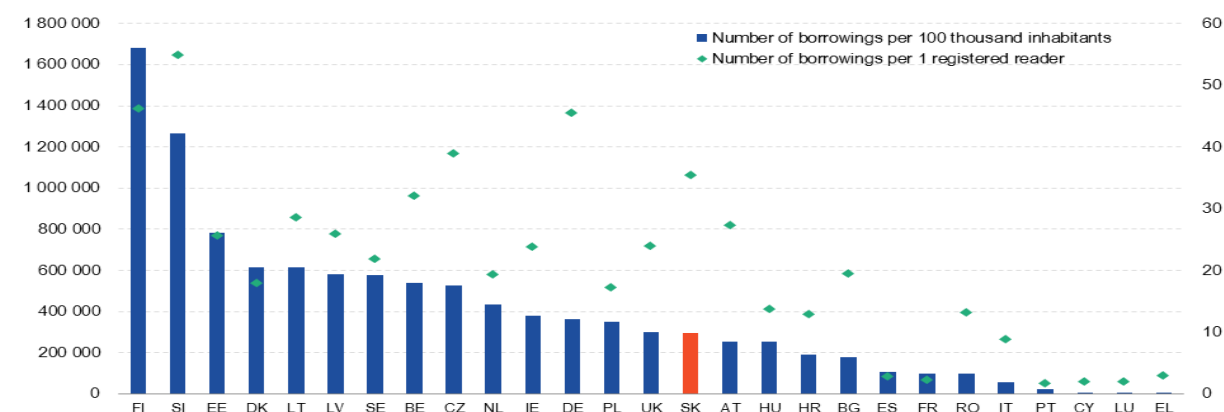
<sup>60</sup> Regional libraries with methodological competence (RLMC).



### 3.2.2 Borrowings and accessibility of the library network

Slovak public libraries have 451 thousand registered readers (8.3% of population), compared with the European average of 17.8%. The number of borrowings<sup>61</sup> per 100,000 inhabitants places Slovakia 15<sup>th</sup> within the EU 27 (Graph 40). One registered user is reported to borrow as many as 35 books a year, which is above the EU 27 average (being 21).

**Graph 40 Number of borrowings of public libraries per 100,000 inhabitants (left axis) and number of borrowings per 1 registered reader (right axis) from 2015 – 2019**

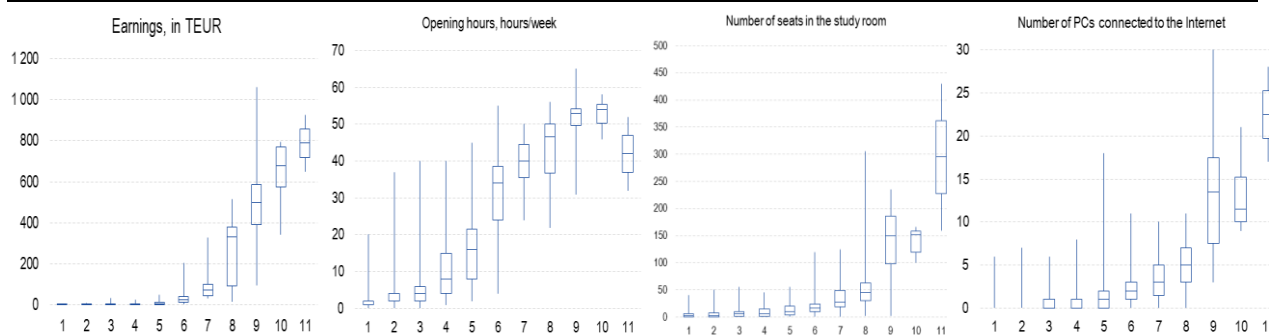


Source: IFLA, ICP

Note: No data available for Malta.

Larger public libraries are more efficient in Slovakia than the smaller ones. This is evident from the evaluation of the indicators defined in the methodological guideline of the Ministry of Culture for determination of standards for public libraries.<sup>62</sup> If divided in 11 size categories based on 8 offer and demand indicators<sup>63</sup>, larger libraries with greater income offer inhabitants better services (Graph 41) and inhabitants respond to that with higher attendance rates and more extensive use of library services (Graph 42).

**Graph 41 Indicators of the offer of public libraries, box plots for 2018**



Source: Kult 10, ICP

Note: The figures on the horizontal axis stand for size categories.

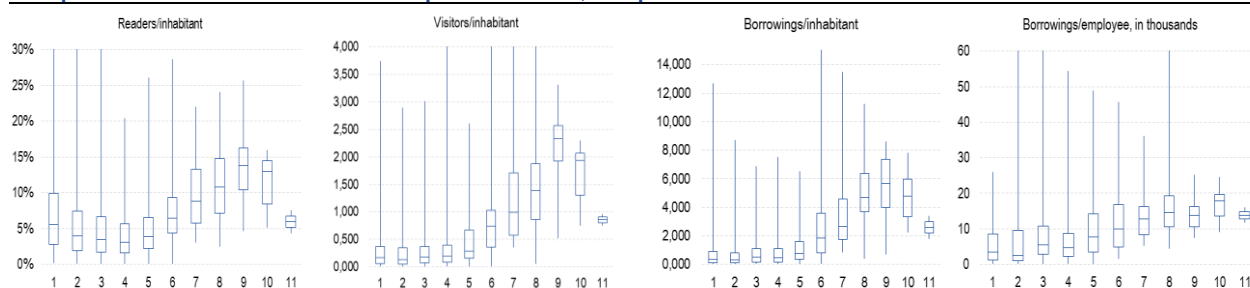
<sup>61</sup> Borrowings include books, electronic documents on physical media (e.g. CDs) or other devices (e.g. e-book reader), or transfer of an electronic document to a reader for a limited period of time (e.g. e-book). Included also are the downloads of the on-line content offered by libraries.

<sup>62</sup> The size categories of libraries, and the indicators were developed based on the Methodological Guideline of the Ministry of Culture of the Slovak Republic for Determination of Standards for Public Libraries (No. MK — 1669/2010-10/7472 of 1 June 2010). The classification of libraries in 11 categories by the size of the municipality is shown in Table 16.

<sup>63</sup> Selected were 4 indicators which describe the offer of library services (library income, opening hours on weekdays, number of seats in the study room, and number of PCs with the Internet), and 4 indicators which describe the intensity of the demand of inhabitants for library services (share and number of readers and visitors in the number of inhabitants in the municipality of the library, number of borrowings per one inhabitant of the municipality and per one employee).

Box plots<sup>64</sup> of the demand indicators have the shape of a wave with the peak around the libraries based in municipalities with the population of 40 to 60 thousand inhabitants (category 9) (Graph 42). Larger libraries are more efficient although the results are normalized to the size of the library's municipality or to the number of employees.

**Graph 42 Indicators of the demand for public libraries, box plots for 2018**

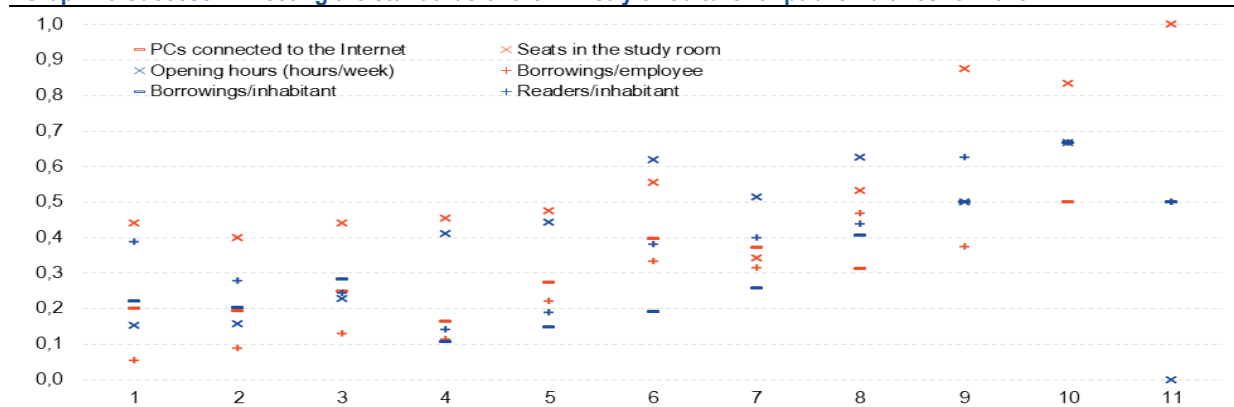


Source: Kult 10, ICP

Note: The figures on the horizontal axis stand for size categories.

**Larger public libraries are more successful in meeting the standards defined by the Ministry of Culture for optimum operating conditions of public libraries** (Graph 43). Although neither of the size categories was successful enough in meeting the standards<sup>65</sup>, it is obvious that larger libraries are quite more successful<sup>66</sup> even though the requirements laid down under the Ministry of Culture's guideline for optimum operation grow with the growing size category (i.e. the standards are higher). Only in a few cases were the standards met by more by 50% of libraries of the relevant size category.

**Graph 43 Success in meeting the standards of the Ministry of Culture for public libraries for 2018**



Source: Kult 10, ICP

Note: The figures on the horizontal axis stand for size categories.

**Measure: Revise the Ministry of Culture's standards for public libraries** The currently valid standards are suitable for benchmarking, but could be better. Size categories could be reduced (too many of them in small municipalities) and the boundaries could be set more naturally to make the number of libraries in them more comparable. The indicators themselves could be re-organised, or deleted and replaced with other ones. The recommended values should also be derived empirically to be more acceptable as an argument in dealings between libraries and their founders. They can be graded by quartiles or deciles, so individual libraries and their

<sup>64</sup> Box plots consist of a column and the so-called whiskers. The beginning of the column represents the value of the first quartile, i.e. 75% of libraries are above the relevant value; the central part represents the median, i.e. 50% of libraries are found above the relevant value; and the last part is the third quartile, i.e. 25% of libraries are found above that value. Whiskers identify the minimum and maximum values.

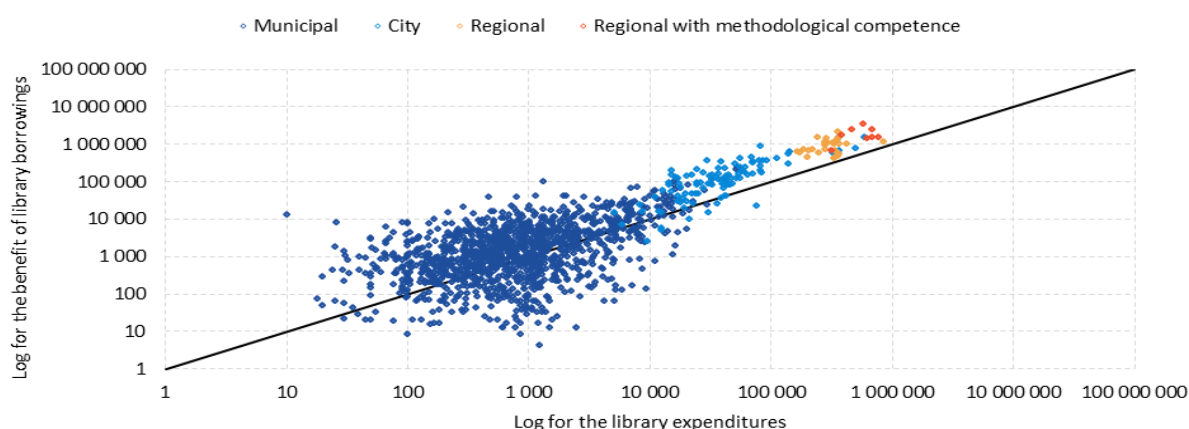
<sup>65</sup> Only in one fifth of cases are the libraries of the relevant category within the relevant indicator successful in meeting the standard to the extent of more than 50%.

<sup>66</sup> The average success of the libraries in categories 1 – 6 is 26.8%, while in the categories 7 – 11 it is 46.8%.

founders could be able to calculate whether or not they score better or worse in the relevant indicator than 25%, 50% or 75% of libraries in the relevant category.

**The return on investment analysis (ROI)<sup>67</sup> reveals that the benefits the libraries with higher income offer to their readers exceed the public expenditures associated with them.** The value of ROI which is higher than one (valid for libraries above the line, [Graph 44](#)) is reported for 66% of municipal libraries, 90% of city libraries, and 100% of regional libraries and libraries with methodological competence. In this sense, the network of public libraries for readers is profitable. This data also reveals that libraries spending more have better return on investments than libraries spending less. It is possible to improve the library's return on investments either by reducing its expenditures or by increasing the number of borrowings or, eventually, by increasing its expenditures, provided that such increase is accompanied by a sufficiently large increase in the number of borrowings.

**Graph 44 Comparison of reading benefit resulting from the number of borrowings from public libraries and their expenditures in 2017 (logarithmic scale)**



Source: Kult 10

*Note: The calculation substituted the extreme values and missing data with the closest non-extreme values and average figures for the relevant type of library.*

**In optimizing the library services, a compromise should be found between the most efficient network of public libraries on one side and the most accessible library network on the other side.** As many as 83% of Slovak population live in a municipality with a public library ([Table 16](#)). As many as one quarter of municipalities with the population below 500 inhabitants, and more than a half of municipalities with the population of 500 to 1,000 inhabitants have their own municipal library. On the contrary, the most efficient libraries (categories 9 or higher) cover in their municipality only 16% of inhabitants. It is possible to say based on the available data that larger libraries are more efficient and more profitable than smaller libraries, but we do not know how much the inhabitants of smaller municipalities would be willing to visit larger libraries in the nearest municipality if they may visit a library with a smaller collection seated directly in their municipality.

**Considering the inefficiency and bad profitability of smaller libraries, there is room for the reduction of their numbers. The core library network could be based on libraries founded in county towns.** These libraries are able to cover a substantial part of the population and, at the same time, they also are natural

<sup>67</sup> Such ROI analysis compares the benefit generated by the library through its borrowing services, where one borrowing is assigned the value of an average market price of the book, with the operating costs of the library. If the library generates benefits for readers which exceed its expenditures, then readers made savings which they would not if they had to buy the borrowed books on a private market.

catchment sites. The set of libraries in county towns approximately overlaps with the set of libraries of category 7 or higher.<sup>68</sup>

**Table 16 Accessibility of public libraries in Slovakia in 2018**

Library category according to the number of inhabitants in its municipality (in thousands)	Number of libraries					% of municipalities in the relevant size category with a library	% of Slovak population with a library in their municipality and number of libraries (in brackets)
	Municipal	City	Regional	Regional with methodological competence	Total		
1 up to 0.5	291	0	0	0	291	26% <sup>69</sup>	83% (1,461)
2 0.5 - 1	393	0	0	0	393	52 %	81% (1,170) <sup>70</sup>
3 1 - 2	395	0	0	0	395	69%	76% (777)
4 2 - 3	140	1	0	0	141	73 %	66% (382)
5 3 - 5	76	19	0	0	95	83 %	60 % (241)
6 5 - 10	21	41	1	0	63	91 %	53 % (146)
7 10 - 20	1	28	6	0	35	100 %	46 % (83)
8 20 - 40	5	9	17	1	32	100 %	36 % (48)
9 40 - 60	0	2	4	2	8	100 %	20 % (16)
10 60 - 100	0	1	1	4	6	100 %	15 % (8)
11 100 or more	0	1	0	1	2	100 %	6 % (2)

Source: Kult 10, ŠÚ SR, ICP

**Measure: Propose criteria for including a library in the core library network.** The state needs to define the core library network. It should determine the areas in which libraries should be located in order to be able to provide efficient services to inhabitants and, at the same time, to make the library network as accessible as possible. Whereas the Ministry of Culture is not the founder of public libraries, the core network should only take the form of a recommendation, but could be used in developing the national library policy.<sup>71</sup> In fact, smaller and inefficient libraries have been closing down for some time already without any interventions of the Ministry of Culture. From 2013 to 2018, 16 libraries on average were closed down every year and 153 libraries on average stagnated (that means that they did not provide any library services in the relevant year).<sup>72</sup>

**The core library network should be defined using the objective criteria of efficiency and accessibility, and libraries included in it should benefit from it.** The developed list would be reviewed in regular intervals to motivate public libraries to increase their efficiency and improve their services. Libraries which would meet the relevant criteria should also be treated preferentially, including in obtaining state funding for purchase of library items.

**The savings coming from rationalization of the network of libraries could be potentially reached if the municipal libraries were closed down or merged with school libraries.** Public libraries in the size category 6 or lower reported costs of EUR 5.1 million in 2018, which accounted for as much as 19% of the costs of all public libraries. These libraries are often less efficient and their rationalization could lead to finding funds in the public budget which would cover the acquisition debt. At the same time, 59% of such libraries are located in municipalities which also have a school library. The accessibility of library services for smaller municipalities can

<sup>68</sup> Out of 83 libraries of category 7, 72 are located in county towns. The remaining 11 libraries are located in towns with the population of more than 10 thousand inhabitants which are not county towns. Ten county towns have less than 10 thousand inhabitants, and therefore their libraries fall in the size category 6.

<sup>69</sup> I.e. 25.89% of municipalities with the population of 1 to 500 inhabitants have a public library.

<sup>70</sup> I.e. libraries of the size category 2 or higher cover 81.46% of the Slovak population in their place of residence, which requires 1,170 public libraries.

<sup>71</sup> For example, the core library network is used in the review within the measures to finance acquisitions of library items (our proposal is that only the libraries in the core library network may apply for the state support) and within the measure relating to the library information system (our proposal is that inclusion in the core library network would be made conditional upon connection to the uniform library information system).

<sup>72</sup> The data and borrowings for public libraries which were used in the review have in all cases been adjusted for the closed and stagnating libraries.

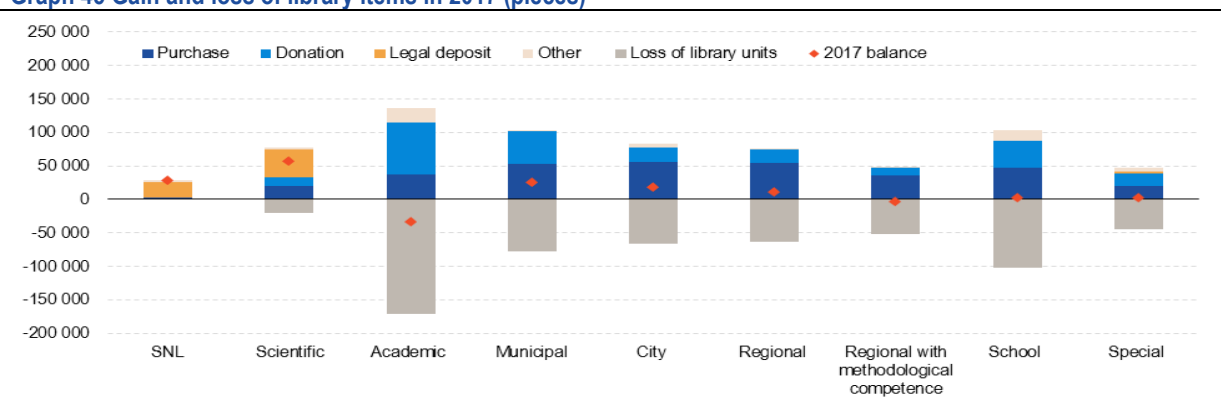
also be solved by using the mobile library service, extending the remote access to the sources of larger libraries, etc.

### 3.2.3 Library collection and its acquisition

**Less than a half of the acquisitions of library items in the Slovak libraries in 2017 were purchased (46%); other significant acquisitions came from donations (36%), legal deposits (10%) and other resources (8%,**

**Graph 45).** The funds for the purchase of library items are so low that if several types of libraries were not donated library items or given legal deposits, their collections would gradually decrease over time as a consequence of natural loss.

**Graph 45 Gain and loss of library items in 2017 (pieces)**



Source: Kult 10, Škol 10

**Slovak public libraries should spend EUR 1.8 to 5.5 million more for acquisitions (Table 17).** This means that high density of the library network does not only lead to inefficiency, but so allocated money is then missing for acquisitions and consequently leads to smaller offer of books for readers. If the acquisition debt was only calculated for the libraries of category 7 or higher, it would reach EUR 1.5 to 2.9 million.

**Table 17 Acquisition debt of public libraries, p. a. (TEUR)**

Municipality size	1	2	3	4	5	6	7	8	9	10	11	Total
Methodology												
MinCu <sup>73</sup>	5	33	82	59	98	65	280	609	228	317	51	1,827
IFLA <sup>74</sup>	105	339	739	405	534	430	705	1,231	321	602	61	5,472

Source: Kult 10, ICP

**Measure: Finance acquisitions for library collections by way of state subsidies. We recommend that this kind of support be available only to those libraries which would be included in the core library network.** Such financing necessitates funding to the tune of EUR 2.2 million from the state budget.<sup>75</sup> Subsidies for the acquisition of library items have also been provided by the Slovak Arts Council from its establishment. In 2016 to 2019, they averaged EUR 0.7 million, while the requested amount averaged EUR 1.2 million. The amount of the necessary funds also depends on the possible increase of the registration fees for the target groups, and on the increase in the number of registered readers. If the number of registered readers of Slovak libraries doubled, thus

<sup>73</sup> Calculated based on the methodological guideline of the Ministry of Culture for definition of standards for public libraries which set the recommended number of acquisitions per one inhabitant of the library site.

<sup>74</sup> Calculated based on recommendation of IFLA setting the annual acquisitions for the library collection at the level of 7% of the total collection.

<sup>75</sup> Calculated as a difference between the funds required for the repayment of the acquisition debt for the libraries of category 7 or higher, and the funds already allocated by the Slovak Arts Council for the acquisition of library items.

achieving the EU average, EUR 0.8 million more would be collected on registration fees which would partially help repay the acquisition debt.

**The current system of legal deposits of periodicals and non-periodicals<sup>76</sup> is unreasonably broad, the statutory obligation is observed to 50% at the most.** The purpose of legal deposits is to ensure systematic registration of publications issued in Slovakia and their storage for the future and, eventually, also to ensure minimum availability (Box 6). Slovak publishers are obligated to provide all published library items at their own cost to 4 to 9 libraries in 4 to 11 pieces depending on their impression and type (books) or regional reach (periodicals) in three days from their public dissemination. Separate rules apply to e-books and audiovisual works. This makes the system non-transparent and imposes an unreasonable burden on publishing houses and the libraries themselves. Each recipient of a statutory copy is obligated to protect and store it to an unrestricted extent even if the relevant publications do not match their specialisation (e.g. fiction in the state scientific libraries and Parliament Library). In 2018, the value of the distributed copies of periodicals and non-periodicals was estimated at EUR 856 thousand. Not all publishers have met this obligation. If this obligation was 100% observed, this amount would grow to at least EUR 1.66 million<sup>77</sup>.

**It would be enough to distribute 2 legal deposits of each publication to fulfil the archiving function.** Based on the estimate relying on the average price of acquisitions of books and periodicals in 2018, the burden for publishers was EUR 703 thousand at the most. Extension of the delivery period to one month or a quarter would result in additional savings of postal and administrative costs. The loss on account of legal deposits (EUR 153 to 957 thousand) should be compensated from the state budget. Strict enforcement of the simplified regulation on legal deposits would produce part of the necessary resources from the collected fines for failure to meet the obligation.

#### Box 6 Legal deposits in other countries

European countries receive 1 to 19 copies from publishers. In Great Britain<sup>78</sup>, 1 copy is distributed to the national library, and 5 libraries may apply for copies one year after publication. The cost of postage is borne by the state. Germany<sup>79</sup> collects usually 2 copies for the national library and 1 for the library of the relevant state, but this requirement varies from one federal state to another. In Austria<sup>80</sup>, the recipients of legal deposits include the national library, the library of the relevant Land and the university library (all in all 5 pieces). Poland<sup>81</sup> is an extreme example; it collects as many as 19 copies for 17 libraries, each is obligated to keep them for at least 50 years.

**Measure: Prepare and submit to the Slovak Government an amendment to the Act on Legal Deposits.** The review recommends to reduce the obligation to distribute legal deposits to 2 pieces and a digital copy for the archiving purposes for the future. Publishers would save at least EUR 703 thousand. Simultaneous liberation of the delivery period for the copies from three days to 1 to 3 months would bring them additional savings on the postal and administrative costs. Compensations for the scientific and regional libraries with methodological competence of EUR 153 to 957 thousand would make up for the value of publications they would lose due to the measure, and would enable them to better target the acquisitions on library items which better suit the needs of their readers.

<sup>76</sup> Act No. 212/1997 Coll. on legal deposits of periodic publications, non-periodical publications and copies of audiovisual works, as amended.

<sup>77</sup> This is a minimum scenario counting on distributing each periodical to only 4 libraries. The nationwide press is to be distributed to 11 libraries; exact data about the geographical reach of periodicals is not available.

<sup>78</sup> Based on the 2003 Legal Deposit Libraries Act.

<sup>79</sup> Available on: <https://de.wikipedia.org/wiki/Pflichtexemplar>

<sup>80</sup> Gesamte Rechtsvorschrift für Pflichtablieferungsverordnung, available on-line:

<https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20006424>

<sup>81</sup> Available on: [https://en.wikipedia.org/wiki/Legal\\_deposit](https://en.wikipedia.org/wiki/Legal_deposit)



**Despite all efforts, Slovakia did not manage to establish a functional and efficient national library information system.**<sup>82</sup> The Slovak National Library's KIS3G project launched already in 2002 aims to establish a nationwide library information system.<sup>83</sup> However, only 29 libraries are currently connected to the KIS3G project (14 public and 15 specialised libraries of state institutions). A functional library information system would enable to create an interconnected library collection which would give the librarians and inhabitants access to the information about the entire library collection of the Slovak Republic (or the collections of those libraries which would be connected to it). In 2018, around 8 thousand library items were exchanged by means of the interlibrary loan system, accounting for only 0.06% of all borrowings. Increase in the efficiency of the library information system would also reduce the impact of the acquisition debt on the inhabitants – if the library did not have a requested book, it could search the collections of other libraries and request it from another library.

**Measure: Increase the number of public libraries connected to the uniform library information system, which would result in libraries and readers having access to a larger library collection.** It is necessary to find out why majority of public libraries reject the current system. After a transitional period, the registration of libraries in the uniform system should constitute a condition for applying for any state subsidy. At the same time, the registration in the uniform system would constitute an inevitable condition for including a library in the core library network.

### 3.2.4 Scientific libraries founded by the Ministry of Culture

**Scientific libraries founded by the Ministry of Culture had to be excluded from certain parts of the library network efficiency analysis, because their primary purpose was not unambiguous. It was not clear whether they are to be libraries serving the general public, or libraries serving specific scientific community.** The benefit of academic libraries of universities and colleges is that they can also specialise in certain area of science and research and direct their acquisition efforts towards that end. Furthermore, academic libraries also offer access to databases of scientific publications, which the scientific libraries do not<sup>84</sup>. Consequently, if the scientific libraries are to serve the scientific community, they are unable to offer resources for scientific work of a sufficient quality. If the scientific libraries are to serve the general public, their activities should be evaluated according to the same criteria as are applicable to the public libraries.

**The review proposes to define the primary role of scientific libraries founded by the Ministry of Culture (ULB, SSL BB, SSL PO, SSL KE).** It is not clear whether they are supposed to be scientific-and-research institutions which should provide library services to a narrow community of scientists and researchers, as is indicated in the Act on Libraries, or they are to operate as public libraries which should provide library services to the general public.

## 3.3 Monument protection policy

- **The aim of the monument protection policy is to identify, discover and protect cultural monuments and their values for the contemporary and the next generations, and to support positive relationship of the general public to the cultural heritage.**
- **As many as 25% of monuments are in a bad or desolate structural and technical condition.**
- **By introducing an expenditure-side or revenue-side financial instrument (e.g. tax advantage) for monument restoration, the additional costs caused by the protection of monuments would be**

<sup>82</sup> The Slovak National Library also administers the second library information system, the so-called KISMaSK which only focuses on small and medium-size libraries.

<sup>83</sup> According to the National Library's web site, the aim of the project is to: "Create standard and uniform environment, make accessible by way of shared databases the sources of cultural and scientific heritage, and thus provide higher-quality library information services.", available on-line: [https://www.kis3g.sk/o\\_projekte.html](https://www.kis3g.sk/o_projekte.html)

<sup>84</sup> The Ministry of Education purchases the license for scientific databases centrally and provides it to university libraries, Slovak Academy of Sciences, and the ministerial libraries (NISPEZ national project). The state scientific libraries founded by the Ministry of Culture are not covered by this license.

compensated on a blanket basis. This would avert the current situation when the state does not use the non-vested subsidies to support all private owners equally.

- If a financial instrument for private owners was introduced, it would not be necessary to support them by way of the *Let's renew our house* (House Renewal) programme, and this scheme would be then able to primarily support the national cultural monuments in the possession of local governments and churches.
- Increase in the cost-sharing requirement for local governments and churches in the House Renewal programme and support of multi-year restoration projects would increase the joint responsibility of applicants for the result of the restoration process. This would also support the quality of the supported projects.
- The development and publication of methodologies of the Monuments Board about its decision-making in the event of structural and technical works on monuments would make the Monuments Board's decision-making process more transparent and acceptable for the public.

The aim of the monument protection policy is to identify, discover and protect cultural monuments and their values in a timely manner for the contemporary and the next generations, and to support positive relationship of the general public to the cultural heritage.

- Take care that as few monuments as possible be in a disrupted or desolate structural and technical condition (monuments condition).
- Be aware of and mediate the historical value of cultural monuments (research and documentation).
- Build positive relationship of the public to monuments (positive relationship of the public).

The overview of the selected indicators of partial objectives available in Table 18.

**Table 18 Proposal of the selected indicators of partial objectives of the protection of monuments**

Partial objectives	Selected indicators		Comment
	Name of indicator	Value	
Condition of monuments	Percentage of monuments in a bad technical condition (damaged or desolate)	25.75 %	2018 MB SR
	Average support of House Renewal programme per 1 project	EUR 23,193	2018 MinCul
Research of monuments and documentation	Number of research studies covering monuments	-	2018 MB SR
	Number of processed counties in the editorial board	3/ 79	
Positive relationship of the public	-	-	2018 MinCul

Source: ICP

### 3.3.1 Condition of monuments

**When immovable objects and movable property are included among monuments, the owners of national cultural monuments incur additional costs and administrative obligations which are not compensated for by the state.** Owners of a national cultural monument (monument) are obligated to take care of the essential protection at their own cost and use the monument in accordance with its historical value. Basically, this means that owners of monuments must restore it using the building materials and processes which were approved by the Monuments Board of the Slovak Republic (Monuments Board)<sup>85</sup> based on monuments research which must

<sup>85</sup> Monuments Board of the Slovak Republic means the Monuments Board based in Bratislava and all regional monuments boards.



be, based on the law<sup>86</sup>, financed by the owner of the monument before any building or technical works at all. The monuments research and special materials and processes requested due to preservation of the cultural-and-historical value of the monument make the restoration of monuments too expensive.

**In early 2019, the Slovak Monuments Board kept records of 9,989 of immovable national cultural monuments and 15,168 of movable national cultural monuments.** Unlike the Czech Republic, Slovakia does not distinguish between the cultural monuments of local significance and the national cultural monuments. Slovakia does not have any monument categorization system based on the level of significance in place. All monuments are thus considered to be national. In the Czech Republic, only the monuments of nationwide significance are declared by the government to be national cultural monuments. At present, there are around 300 of them. If the resources are limited, the categorization system allows to concentrate on the most significant monuments and makes it easier to decide the order of priority in the allocation of funds from the state and other resources. At the same time, the categorization needs to be tied with different criteria and difficulty levels of monument restoration in different categories. This differentiation will positively translate into the speed and costs of restoration of less significant monuments.

**Measure: Introduce monument categorization in the national cultural monuments register by the protection and restoration priority, to make it easier to define the order of priority for funding the monuments owned by the state.** Such a system would also make it easier to define the order of priority for the allocation of funds from the state (House Renewal programme) or other sources. The final draft of this categorization will be submitted to experts for review. It is possible to create multiple classification criteria, e.g. monument value, restoration priority, difficulty of restoration, etc.

**Based on the records kept by the Monuments Board, approximately 75% of immovable monuments<sup>87</sup> are in a good or satisfactory structural and technical condition, the remaining 25% are in a damaged up to desolate condition** (Graph 46). It is quite probable that these results are too positive. The Monuments Board does not keep a database in which all changes of the structural and technical conditions would be regularly updated. The structural and technical condition kept in the database identifies the condition of the monument at the time when the object was declared a cultural monument or after reported restoration of the monument, and does not necessarily reflect the existing condition.

**Measure: Introduce a systematic inspection of the structural and technical condition of monuments.** The Monuments Inspection authority of the Ministry of Culture and the Monuments Board check the monuments on an annual basis within their routine work, and if such inspection took into account the pre-defined representative sample of monuments, its results could be used as a representative indicator of the structural and technical condition of all monuments.

**Measure: Increase the efficiency of the Monuments Board's data collection. The quality of the database of the Monuments Board about investments in monuments could be improved by establishing closer cooperation between the Board and the institutions which have additional information about restorations.** Closer cooperation should be established between the Monuments Board and the Ministry of Culture, so the Board have accurate information about how many and which projects were supported in the relevant year from the House Renewal programme (our estimate is that the Board's database only contains 20% of the investments made). It is also necessary to create an objective methodology which would define uniform rules for recording the information about monuments in the Board's database. Introduction of tax relieves would motivate owners to

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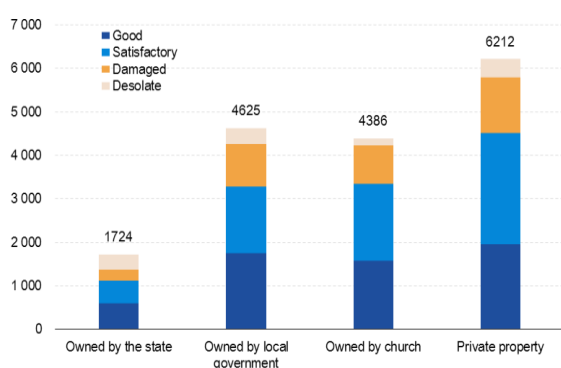
<sup>86</sup> Act on the protection of monuments, Act No. 49/2002 Coll.

<sup>87</sup> The rest of the analysis focuses on immovable monuments and only covers the movable ones implicitly. A significant part of the movable monument collection is located in national cultural monuments (they are mainly religious items in churches which are declared national cultural monuments as well), and the essential precondition for preserving the value of movable monuments is their storage in immovable properties free of structural and technical defects.

notify the Financial Administration of their intent to invest in monuments. Prospectively, it will be desirable that the Monuments Board also establish contact with the Financial Administration and have exact information about how many private investments were made in the relevant year in the restoration of monuments.

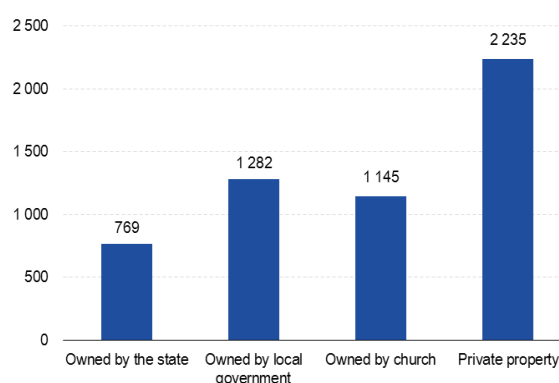
The largest financial debt<sup>88</sup> towards the Monuments Board amounting to EUR 2.2 billion is owed by the private sector (Graph 47). Lower debt is estimated to be owed by the local government (EUR 1.3 billion), church (EUR 1.1 billion) and the state (EUR 0.8 billion). Considering the size of the monuments-related debt, the most significant debt owed towards monuments is that of private owners. The most significant monuments are in the possession of the state.

**Graph 46 Structural and technical condition of monuments by owner in 2018 (number of objects)**



Source: MB SR

**Graph 47 Financial debt on monuments in 2018 (MEUR)**



Source: ICP

**The state should be a role model in the protection of monuments in its possession.** Under section 4.4 Capital expenditures, the review proposes measures for the development of an investment plan of the Ministry of Culture and setting up a project office. Approximately one half of immovable properties of the Ministry of Culture qualifies as monuments and the experiences suggest that the funds allocated for capital expenditures will not be used efficiently without a long-term investment plan and without project experts. Considering the lack of financial resources and the size of the monuments debt, it is desirable to fund the restoration of monuments owned by the state by way of the EU funds.<sup>89</sup>

**Measure:** Ensure the allocation of EU funds for the restoration of the monuments owned by the state.

**A relatively low-cost and successful castle restoration project by engaging the unemployed should also continue in future.** It supports both the monument protection and the employment support policy (acquisition of work skills by disadvantaged job seekers).

**Measure:** Extend the project of monument restoration with the help of unemployed individuals.

**The state should create conditions which would motivate as many private and public (local governments and churches) owners as possible to handle their ownership so as to preserve the historical value of their immovable monuments.** The state should also take into account the fact that it intervened with the proprietary rights of non-state owners of monuments in 1939 – 1989, and this is why it is responsible for the current condition of these monuments as well.

<sup>88</sup> The monument-related debt is calculated based on the number of monument objects of the relevant type multiplied by the average amount of allowance for restoration of an immovable monument allocated from the EU funds intended for the restoration of monuments in 2007 – 2013, weighted based on the structural and technical condition of the monument (weights 0 [good], 0.33 [satisfactory], 0.66 [damaged], 1 [desolate]). In the final report, the higher of the two available international benchmarks of the costs of monument restoration was used (EU funds and Norway Grants).

<sup>89</sup> Financing the monument restoration by way of EU funds is also recommended in the March 2020 final report of the Supreme Audit Office on the rescue and restoration of national cultural monuments (SAO, 2020).

**To improve the conditions of the protection of monuments which are not owned by the state, the review proposes measures which should lead to the reduction of the costs of monument restoration and to the reduction of the related administrative burden. Also, support for high-quality monument restoration projects should be stimulated.** One of the methods to reduce the costs of monument restoration is the enactment of a blanket tax advantage for private owners funded by the reduction of the financial allocation of the *Let's renew our house* subsidy programme. It is therefore necessary to analyse the best monument protection support instrument. A more efficient and transparent Monuments Board would result in the reduction of the administrative burden. Increase in the cost-sharing requirement in the *Let's renew our house* subsidy scheme would lead to the support of higher-quality projects.

**There is currently no tax advantage in place in Slovakia which would stimulate private investments in monuments. Many foreign countries do have various forms of tax advantages in place in order to support protection of monuments.** Majority of developed countries have some form of tax relieves in place in order to stimulate private investments in the renovation of monuments, or in culture in general (Council of Europe, 2003; Arjo & al, 2013). Moreover, on foreign real estate markets private sector is willing to pay more for otherwise comparable property which is a monument (Rypkema, 2012). This behaviour can be explained by the prestige stemming from ownership of a monument, and the existence of tax advantages.

**Introduction of tax advantages would compensate for the higher costs because of the specific building processes and materials requested to be used by the Monuments Board.** Higher costs naturally discourage the private sector from owning and developing immovable properties which are monuments, whereas such ownership is only associated with higher costs and administrative burden without the corresponding increase in the related benefits. The state should compensate the owners of monuments for the higher costs incurred due to conservation of the historical value for the next generations, and this way encourage the private capital to enter the monuments market.

**Tax advantage should be graded, this means that owners of monuments which are open to the public should have higher tax advantage than the other owners.** This would motivate owners to look for nationwide cultural or economic use of the monuments and would consequently stimulate positive relationship of the entire society to the cultural heritage. If the parameters of tax advantages are set well, their establishment could have a neutral effect on the budget, provided that the volume of funds provided from the *Let's renew our house* scheme would be reduced by the amount paid out to the private sector in past (approx. EUR 2.5 million). At the same time, private owners would cease to qualify as eligible applicants for the House Renewal programme since they would be able to use tax advantages on a blanket basis.

**Measure: Conduct analysis of appropriateness of the monument protection support for private individuals by way of financial instruments.** The purpose of analysis is to assess the appropriateness of instruments both on the side of expenditures and revenues (e.g. tax advantages). In the next year, exclusion of support for private persons from the House Renewal programme should be considered. This would create financial room for other owners which were not supported by this financial instrument.

**The state support for monument restoration by way of the *Let's renew our house* (House Renewal) programme amounted to EUR 12 million in 2018. In both the aggregate and unit amount, the support paid out is too low to prevent accrual of monuments debt (Graph 48).** The average support of immovable monuments paid in aggregate by way of the House Renewal programme under the sub-schemes<sup>90</sup> 1.1, 1.2, 1.4 in 2008 – 2016 amounted to EUR 5.7 million and in 2017 – 2018, it reached EUR 10.3 million after addition of a new

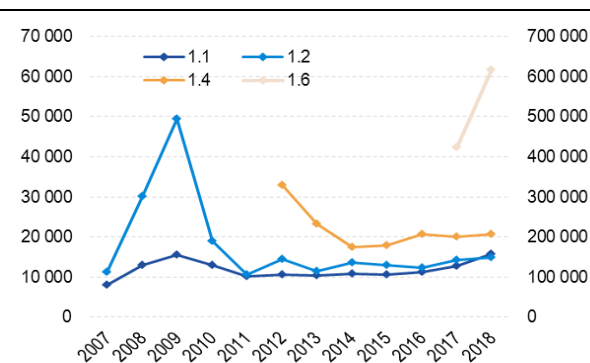
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<sup>90</sup> The House Renewal programme is divided to sub-programmes based on their focus: sub-programme 1.1 Restoration of cultural monuments; sub-programme 1.2 Restoration of cultural monuments in world heritage sites; sub-programme 1.4 Restoration of historical parks and architectonic premises in a critical structural and technical condition. The sub-programmes 1.3 (activities of cultural policy and editorial activities in the area of monuments protection; and 1.5 (transfer for the National Cemetery in Martin) were excluded from this analysis, because they do not support restoration of monuments.

sub-programme 1.6 which finances complex restorations. Also the unit support is negligibly low in the three original sub-programmes when compared with the foreign benchmarks (EU funds, Norway Grants), but the unit support of the new sub-programme 1.6 is comparable with the support from Norway Grants. However, this only applied to 7 supported projects in 2017 and 8 supported in 2018.

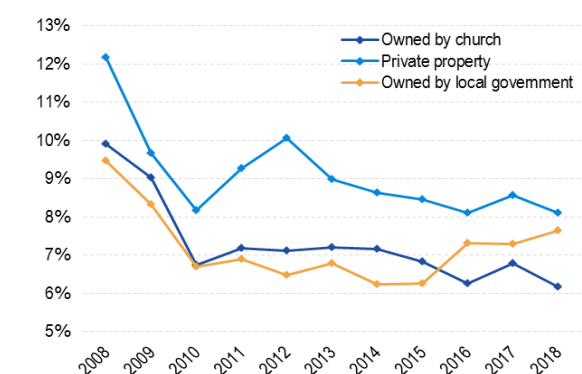
**The support via the *Let's renew our house* programme creates incorrect motivational environment in which the cost-sharing requirement for applicants is very low and makes owners believe that it is the state that should look after monuments.** The problem is the distorted motivation, since the minimum cost-sharing requirement is set at 5% in all sub-programmes and the applicants for support expect the state to finance on average 92% of the restoration value (Graph 49). The truth is that the cost-sharing requirement is higher, because the House Renewal programme only rarely supports submitted projects to the fullest extent, but the nominal value of the cost-sharing requirement remains in the project. To compare, in 2018 own funds amounted to 8.6% of the total submitted budget, while the own funds in the approved budget finally amounted to 14.8%. Consequently, the efforts to support as many applicants as possible leads to a low unit support as well as to the support of projects with a lower total budget compared with the initial intent of projects.

**Graph 48 Average amount of provided support per one project via House Renewal programme (EUR)**



Source: MinCul  
Values for the sub-programme 1.6 on the right axis.

**Graph 49 Cost-sharing requirement for applicants for House Renewal programme support as a percentage of the total budget (%)**



Source: MinCul  
State entities are not eligible applicants.

**The cost-sharing requirement necessary for a subsidy to be granted for the support of a monument is normally higher in other countries when compared with Slovakia (Table 19).** The average cost-sharing requirement needs to be increased and the specific features of various support sub-programmes should be taken into account. The minimum cost-sharing requirement could slightly vary depending on the sub-programme, project type (opening the monuments to the public or no), or applicant. Significant increase in the minimum cost-sharing requirement for the applicants would motivate the applicants to look for a sustainable use of their property, since they would have to also invest their money and, at the same time, it would quite probably lead to a reduction of the number of applications and, consequently, increase in the unit amount of the support without any aggregate increase in the resources in the House Renewal programme. As a result, House Renewal programme would co-finance fewer restoration projects, but the quality of the projects would be higher, they would be more sustainable and financially more significant. These projects could serve in future as the Slovak examples of good practice in the area of monument protection.<sup>91</sup>

<sup>91</sup> The Historic Hotels of Slovakia Association is the Slovak example of good practice. This project managed to make economic use of monuments. It associates entrepreneurs in hotel business who make business in the renewed historic buildings, chateaux and manor houses, available on-line: <https://www.historickehotelyslovenska.sk/>. A good example in the area of public administration is the restored synagogue in Lučenec which serves as a multi-cultural centre where concerts, exhibitions, seminars, etc. are organised, available on-line: <https://www.lukus.sk/synagoga/>. Another good example is the water mill in Dunajský Klátov which is also used as a museum preserving the cultural value of the technical monument as well as generating its own income, available on-line: <https://www.dunajskyklatov.sk/obec-68/vodny-mlyn/>.

**Table 19 Cost-sharing requirement in subsidy programmes for the support of monuments of the selected states**

Country	SK	BE	DK	FR	DE	NL	UK	USA
Cost-sharing requirement	6-12%	5-75%	50-80%	50-60%	10%	30-80%	50-80%	50%

Source: MinCul, (Pickard, 2009)

**The quality of supported projects is also hindered by the impossibility to obtain support for a period longer than one year.** According to the Supreme Audit Office's report, this time frame is not good and is insufficient because the decision granting financial support is published by the ministry in the middle of the year leaving only a small amount of time for the works which must be finished until the end of winter. Consequently, these conditions naturally create environment for supporting less ambitious and lower-quality projects.

**Measure: Transform the House Renewal subsidy programme so as to substantially increase the cost-sharing requirement for the applicants for support and to enable a multi-year support.** It is necessary to develop and implement a plan of increasing the minimum cost-sharing requirement and sub-schemes of multi-year support depending on the type of monument, sub-programme, applicant, and accessibility of the monument for the general public. Although the measure would result in fewer restoration projects co-funded from the House Renewal programme, they would be of a higher quality, higher sustainability, and financial significance. These projects could serve in future as the Slovak examples of good practice in the area of monument protection. It is also necessary to consider the option to derive the cost-sharing requirement from the subsidy provided, and not from the total requested amount.

### 3.3.2 Research of monuments and documentation

**The Monuments Board approves on average 100 architectural and historic research projects and 500 archaeological research studies of various scope.** According to the law, the monuments research must be conducted before the beginning of building works on the monument restoration and must be paid by the owner of the monument, imposing financial and administrative burden on the owners of monuments. Research will then enable correct identification and protection of historic values. The research can be carried out by a natural person with a certificate of special qualification or by the Monuments Board.

**The review proposes to conduct and publish procedural and organisational audit of the Monuments Board which would establish whether the human resources of the Monuments Board are sufficient for the Board to be able to efficiently meet its statutory obligations and whether such human resources are appropriately allocated at individual Regional Monuments Boards.**

**The Monuments Board has been revising the inventory of all monuments in the monuments collection since 2000; for the time being, it has revised 91% of immovable monuments and 82% of movable monuments.** The revision of the inventory is the basic instrument to collect information about the monuments collection, and so obtained information is used in the protection of the monuments collection.

**The first and so far last inventory of monuments and their architectural, cultural and historic value in Slovakia was published in 1967 – 1969.** The promotion of the value of cultural monuments is an essential precondition for a positive relationship of the public to the cultural heritage. Around 15 years ago, the Monuments Board decided to launch a series of books about the monuments of Slovakia. So far, the Levoča, Martin and Ružomberok counties have been processed.<sup>92</sup>

<sup>92</sup> Considering the insufficient allocation of human resources for the project at the Regional Monuments Boards, at the current rate of work the project will be completed in around 395 years. A comparable series in Germany managed to process one third of German counties in 90 years, the other third was outdated (Kiesow, 2012, p. 192). Considering the size of Germany and its population, the German research project progresses three-times faster than the Slovak one.

### 3.3.3 Relationship of the public to the monuments collection

**The surveillance over compliance with the Act on Monuments Protection by the Monuments Board and the owners of monuments is carried out by the Slovak Monuments Inspection authority of the Ministry of Culture which currently employs only two employees.** It is not possible for this number of employees to cover all areas of protection, restoration and research of the monuments collection. This is also significantly lower than the 15 employees of the Czech Monuments Inspection, while the size of the monuments collection is not significantly larger in the Czech Republic (40 thousand of immovable monuments and 49 thousand of movable monuments, National Heritage Institute) even if adjusted for the number of inhabitants.

**Owners of monuments consider their obligations relating to the monument protection to be an unreasonable burden and the public does not show sufficient interest in the cultural heritage.** According to the National Heritage Collection Protection Strategy for 2017 – 2022, the problem is the "negative perception of the status of national cultural monuments by their owners, since the registration of the monument in the Central List of National Cultural Monuments and the resulting obligations are perceived as an excessive burdening of the owner" (p. 9), because the administrative and economic burden imposed on owners increases upon registration. Restoration of monuments according to the decisions of the Monuments Board becomes really expensive due to the costs of requested materials and processes, and the obligation imposed by law to develop a preparatory documentation of restoration which also includes monument research which must be financed by the monument owner. As a consequence, "each year the Monuments Board experiences larger resistance of owners against declaration of their objects a cultural monument" (p. 25). Neither the public "has a positive relationship to the monuments due to discontinuity of ownership relations" (p. 8).

**It is possible to change the negative relationship of the public to the heritage collection by way of engaging the monuments collection in the normal cultural and economic life of regions.** As a result of the measures in the area of the heritage collection protection, the public should cease perceive monuments as unnecessary burden enforced by the state and the monuments should become a natural part of the cultural and economic life of regions.

**One of the methods to bring the use of the monuments "back to life" is to help the managers of the unused monuments look for tenants looking for premises for their activities.** Not only would this raise awareness about the monuments, but it would also indirectly support the structural and technical condition, since the monuments which are actively used naturally tend to be in a more maintained condition.

**Measure: Implement and regularly update a user-accessible list of unused national cultural monuments in order to liaise owners of monuments who do not use them and the persons who look for premises for their business.**

**The speed and transparency of the Monuments Board's decision-making process and, consequently, the relationship of the public to the protection of monuments is also affected by the non-existence of an objective system of rules and principles based on which the Regional Monuments Boards issue decisions on specific matters.** This may make the public feel frustrated because of the contradictory decisions of Regional Monuments Boards in similar matters.

**Measure: Develop and publish objective methodologies which will reduce the subjective aspect of the Monuments Board's decision.** A methodology should be developed and published which would lay down objective principles to guide the decisions of the Monuments Board in specific cases of the structural and technical works on a monument. The existence of published methodologies reduces the information asymmetry between the owners of monuments and the workers of the Monuments Board and, at the same time, these



methodologies may serve as underlying documentation and evidence of the objectivity of the Board's decisions in case of any disputes.

### 3.4 Theatre support policy

- The aim of the theatre support policy is to cultivate, develop and spread theatrical art and build positive relationship of the general public to it.
- Although the statistical survey identified a high increase in the number of theatres in recent years (from 58 in 2011 to 80 in 2018), the number of performances and theatre visitors was growing at a much slower pace; the offer of premières fluctuated as well. In these indicators, we also lag behind the Czech Republic. In 2018, founded theatres showed 2.7 and the independent ones 2.3 performances per 100 thousand inhabitants. In the Czech Republic, it was 3.8 and 3.4 performances, respectively. State theatres had 99 and the independent ones 62 visitors per 100 thousand inhabitants, in the Czech Republic it was 124 or 173, respectively.
- Contracts of founded theatres and musical-and-dance organisations of the Ministry of Culture do not include the number of visitors and the attendance rates among measurable indicators. The review proposes to include these indicators in contracts and monitor them on an annual basis.
- As regards theatre and dance organisations founded by the state and local governments, the value of self-sufficiency averages 21%, in the Czech Republic it is 25%. The review proposes to also include the admissions revenues and their monitoring among the measurable indicators in contracts.
- Independent theatres are supported by way of subsidies from the Slovak Arts Council. Generally speaking, it is necessary to improve the assessment of the impact of subsidies on the indicators of achievement of the supported projects, in case of theatres on the number of performances offered and the number of visitors.

The aim of the theatre support policy is to cultivate, develop and spread theatrical art and build positive relationship of the general public to it.

- Make the theatrical art accessible to the general public (accessibility).
- Ensure diversity of the offer of theatrical genres (diversity).
- Retain the existing and attract new audience by way of activities in Slovakia and abroad (attendance rates).
- Keep documentation and archive theatre activities (record-keeping and research).

The overview of the selected indicators of partial objectives available in [Table 20](#).

**Table 20 Proposal of the selected indicators of partial objectives of the theatre policy**

Partial objectives	Selected indicators		Comment
	Name of indicator	Value	
Accessibility	Number of premières per 100 thousand inhabitants		2018 SK: Kult 10, 5 CZ: Kult 1 (NIPOS)
	- founded theatres and music-and-dance ensembles	2.7 (SK), 3.8 (CZ)	
	- independent theatres	2.3 (SK), 3.4 (CZ)	
	Number of performances per 100 thousand inhabitants		
	- founded theatres and music-and-dance ensembles	99 (SK), 124 (CZ)	
Diversity	- independent theatres	62 (SK), 173 (CZ)	
	Number of theatrical genres offered	-	



Partial objectives	Selected indicators		Comment
	Name of indicator	Value	
Attendance rate	Number of visitors per 100 thousand inhabitants		2018
	- founded theatres and music-and-dance ensembles	24,277 (SK), 31,645 (CZ)	SK: Kult 10, 5
	- independent theatres	8,391 (SK), 29,146 (CZ)	CZ: Kult 1 (NIPOS)
Record-keeping and research	Number of entries in eTHEATRE.SK	37,240	2018 TI
	Number of digital objects in the Traditional Folk Culture Collection	5,409	2020 SLUK

Source: ICP

### 3.4.1 Accessibility and diversity

There were 80 professional theatres (according to the Kult survey) in Slovakia at the end of 2018; 27 founded theatres (4 founded by the state<sup>93</sup>, 23 founded by local governments), and 53 independent (there can be more of them). The Ministry of Culture is the direct founder of four theatres: Slovak National Theatre in Bratislava (SNT), State Theatre Košice (KE Theatre), State Opera in Banská Bystrica (BB Opera), and the *Divadlo Nová scéna* theatre in Bratislava (TNS). These theatres have three ensembles (opera, ballet, and drama, as in case of SNT and KE Theatre), or produce more cost-demanding productions of opera, operetta and musical (BB Opera and TNS). Furthermore, the Ministry of Culture is the founder of one information-and-documentation organisation, the Theatre Institute (TI), which also has a theatre studio focusing on contemporary drama. The Ministry of Culture is also the founder of 3 music-and-dance ensembles – SLUK, which is the Slovak state traditional dance company, *Lúčnica* ensemble, and the *lfjú Szivek* Dance Theatre (TDIS).<sup>94</sup>

The nominal expenditures of state institutions of theatre policy reached EUR 54.6 million in 2019, demonstrating a growing trend of expenditures on a long-term basis even if adjusted for the effects of inflation (Graph 50). Significant increase in the Košice Theatre's expenditures in 2013 is caused by drawing of the funds within the European Capital of Culture project. Increase in the expenditures for SLUK in 2015 is associated with the investments in the digitization workplace, i.e. the Centre for Traditional Folk Culture.

Significantly lower are the expenditures of the theatres founded by local governments – the expenditures of all the 23 theatres amounted to EUR 26.8 million in 2018. The average expenditure of one theatre founded by local government is EUR 1.2 million a year. This is substantially less than the expenditures for the theatres founded by the Ministry of Culture. However, theatres founded by local governments have a cheaper production (drama, puppet, and dance theatre), while the theatres founded by the Ministry of Culture produce more costly opera and ballet productions.

The expenditures of all the 53 independent theatres amounted to EUR 4.8 million in 2018. The independent theatres constitute a very heterogeneous group with highly variable expenditures ranging from several thousand euro to more than one million. This group also includes such well-established theatres as the *L+S Studio*, *Radošina Naive Theatre*, *GUnaGU* theatre, etc. which have permanent theatre premises, are highly popular and have high attendance rates. In addition to the subsidies from public resources (subsidy schemes, contributions from the town, etc.), and admissions revenues, they may also earn money from media and advertising partners<sup>95</sup>. However, a large part of independent theatres are entities founded by civic

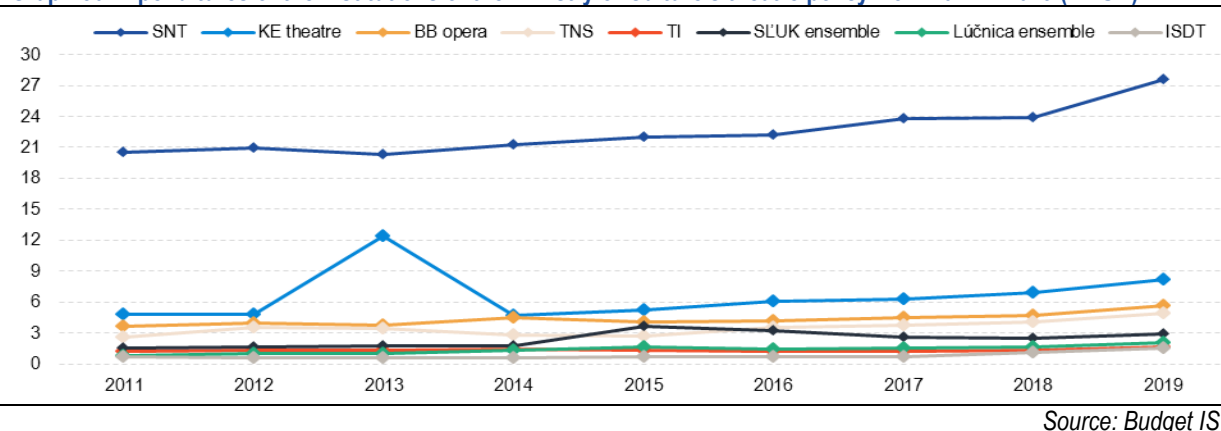
<sup>93</sup> The categorization of theatres is based on the state Kult survey processed by the Theatre Institute. *lfjú Szivek* Dance Theatre is included among founded theatres in the register and is designated as music-and-dance ensemble (just like SLUK and *Lúčnica*). Furthermore, also Studio 12 is included in the register as a state theatre; it does not have legal personality and the Theatre Institute takes it as an "independent theatre".

<sup>94</sup> These music-and-dance ensembles are founded in accordance with Act No. 103/2014 Coll. on theatre and music activities. They are included among theatres in the review because they engage in performing art which is very close to, if not expressly representing, the contemporary dance theatre. The nature of its needs puts it close to theatres.

<sup>95</sup> The Kult survey reveals that theatres received in total EUR 320 thousand from media and advertising payments in 2018.

associations with no permanent premises. Their ability to earn their own money on admission tickets or other resources is limited and, economically speaking, their activity nearly exclusively depends on subsidies from public resources, currently from the Slovak Arts Council.

**Graph 50 Expenditures of the institutions of the Ministry of Culture's theatre policy from 2011 – 2019 (MEUR)**



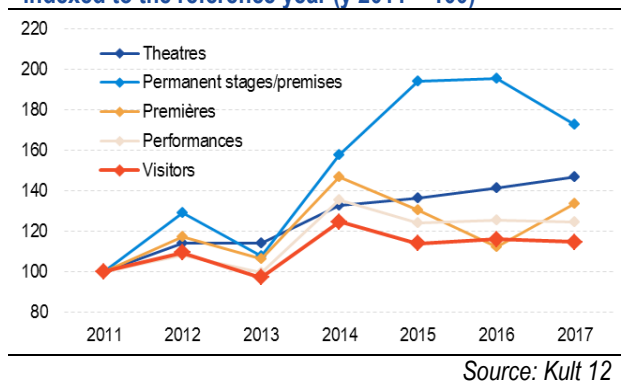
### 3.4.2 Accessibility and attendance rates

The number of theatres has grown tremendously in recent years, reporting a 47% growth since 2011 (Graph 51). With the growth of the number of theatres, also the number of theatre stages or premises has grown. But the number of performances and visitors has been growing at a much slower pace, and even fluctuated on a year-over-year basis. The number of premières fluctuated as well. This is often considered as not only quantitative, but also qualitative indicator of the situation of performing institutions.

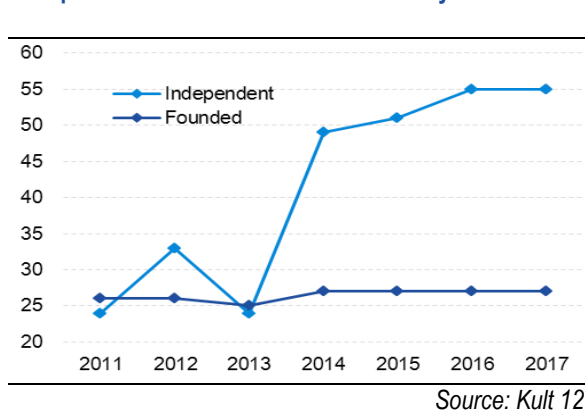
The number of founded theatres has settled at 27 in recent years; this means that the growth of the number of professional theatres is due to the increase in the number of independent theatres (i.e. theatres founded by a legal entity other than the state, higher territorial unit, or municipality), which has more than doubled (Graph 52).

The number of visitors does not grow proportionately to the growing number of theatres (Graph 51). Compared with the founded theatres, characteristic for the efficiency parameters of independent theatres is the substantially lower number of visitors and performances offered. The premises may be one of the causes of the lower number of visitors and offered performances (on average, one independent theatre offers more than 50 performances a year compared with the nearly 200 performances of one founded theatre). Compared with the founded theatres, the independent ones often do not have any permanent stage, they only rent it on the selected days when they perform and these stages often have smaller capacity.

**Graph 51 Efficiency indicators of theatres in 2011 – 2017 indexed to the reference year (y 2011 = 100)**

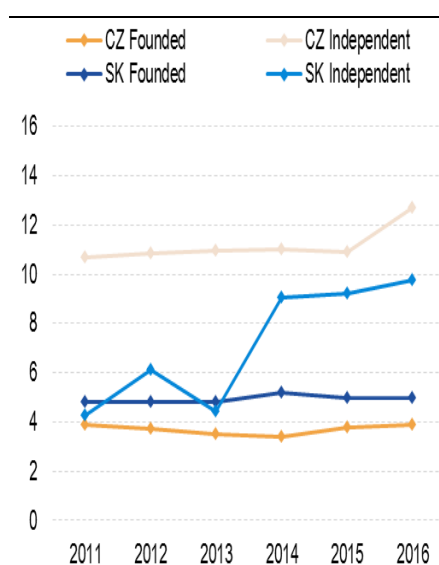


**Graph 52 Number of theatrical entities by founder**



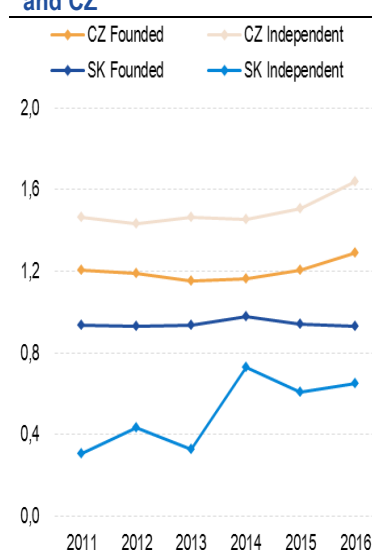
Direct comparison of output parameters of the state and independent theatres against the Czech Republic (NIPOS, 2019)<sup>96</sup> shows that proportionately to the number of inhabitants Slovakia has a slightly higher number of founded theatres. Although the number of independent theatres is lower, it has approximated the Czech figures in recent years (Graph 53). However, Slovakia is lagging behind as regards the performances offered and the numbers of visitors (Graph 54, Graph 55). While the founded theatres in Slovakia surpass the independent theatres in all parameters, in the Czech Republic independent theatres are able to offer more performances than the state ones (the Czech theatre basis is also supported by a larger number of tourists).

**Graph 53 Number of theatres per one million inhabitants by founder in SK and CZ**



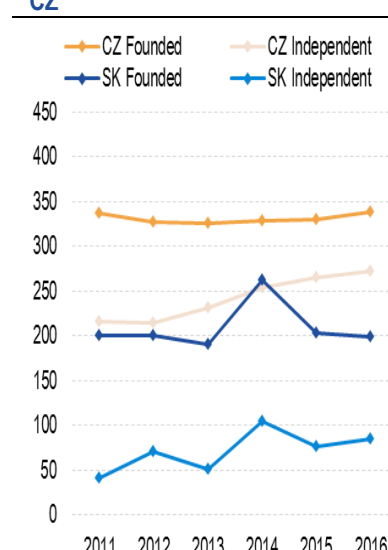
Source: SK Kult 12, CZ: Kult 1

**Graph 54 Number of performances per one thousand inhabitants by founder in SK and CZ**



Source: SK Kult 12, CZ: Kult 1

**Graph 55 Number of theatre visitors per one thousand inhabitants by founder in SK and CZ**



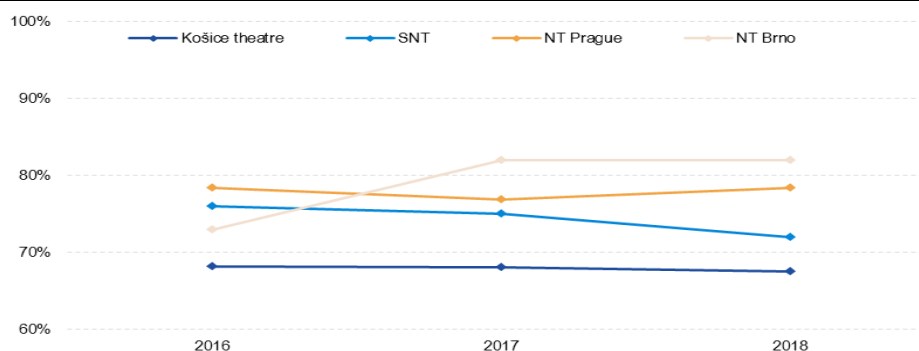
Source: SK Kult 12, CZ: Kult 1

**Contracts of the Ministry of Culture for performing arts organisations do not include the requirements for the number of visitors and the attendance rates in measurable indicators.** The scope of information about the attendance rates of individual organisations reported in annual reports is not identical (least detailed is the data for TDIS and SNT) and has diverse structure, which makes it more difficult to retrieve data to compare attendance rates. Many organisations do not report occupancy rates at all in their annual reports (SNT, TNS, Lúčnica, TDIS).

**If we look at the attendance rate of our multi-ensemble theatres which, considering the offer of more expensive genres of opera and ballet, have the highest expenditures from among theatres, they lag behind the largest Czech multi-ensemble theatres (Graph 56).** Even though the National Theatre of Prague is located in a city with a substantially larger population and higher number of tourists, the demand situation of the National Theatre of Brno and SNT are sufficiently comparable.

<sup>96</sup> Thanks to the joint history of Slovakia and the Czech Republic, it is possible to directly compare certain aspects of these two countries also in cultural statistical surveys. The statistical surveying of culture in the Czech Republic is carried out by NIPOS (National Information and Counselling Centre for Culture, Centre for Information and Statistics on Culture), and uses the same criterion to divide theatres to founded theatres (founded by the state, region, municipality, town or borough) and independent ones.

**Graph 56 Attendance rate of multi-ensemble theatres and their comparison with the theatres in CZ for 2016 – 2018**



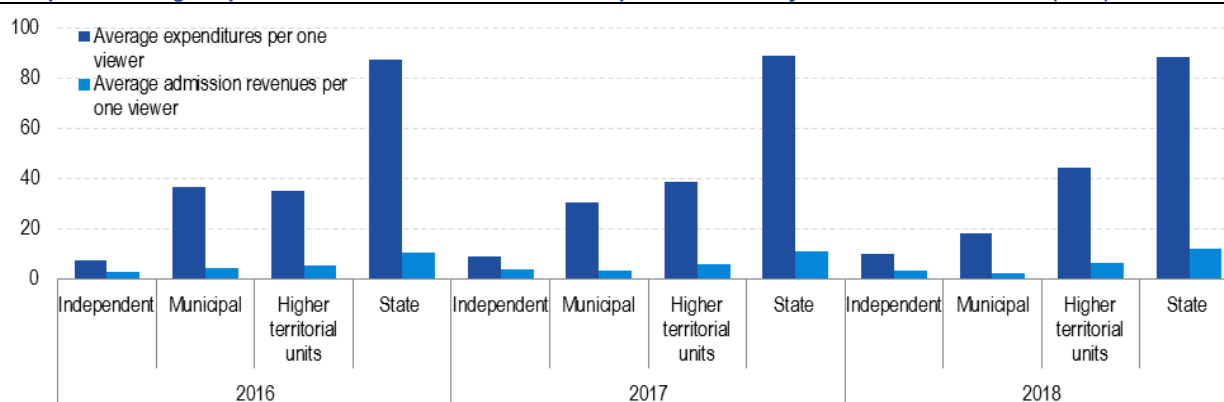
Source: KE Theatre, National Theatre Prague, National Theatre Brno – annual reports, SNT (OReS)

**Measure: Increase cultural participation in the performing arts organisations (theatres, music and music-and-dance ensembles) by including attendance and occupancy rates in the contracts of the founded organisations with the Ministry of Culture. Establish a uniform method of reporting the attendance and occupancy rates in annual reports.**

### 3.4.3 Efficiency and own funds

**Average costs per visitor and the admissions revenues depend on the founder of the theatre (Graph 57).** Independent theatres are able to offer their performances at low costs, and are able to cover major part of them by admission fees (30% in 2018). The largest costs are incurred by the state-founded theatres (which is natural considering the genres they offer), they are able to only cover 13% with the admission fees.

**Graph 57 Average expenditures and admissions revenues per one visitor by founder in 2016 – 2018 (EUR)**



Source: Kult 12

**All founded theatres managed to cover 21% of their expenditures in 2018 with the income other than transfers from founders; in the Czech Republic it was 25% (NIPOS, 2019). This self-sufficiency varies highly from one theatre and dance organisation founded by the Ministry to another (Table 21).** It is lowest for the BB Opera. This is because this theatre only offers the most costly genre of music-and-dance theatre (opera, operetta, and ballet), unlike the multi-ensemble theatres of the Slovak National Theatre and the KE Theatre which also offer cheaper drama. It is highest for the TNS theatre which earns highest income on admission fees per visitor – an attractive production goes hand in hand with efficiently set prices of admissions – the tickets are relatively high, but still manage to generate demand. A relatively high self-sufficiency of the TDIS theatre is derived from more substantial revenues from renting, and not from admission fees.

**It is currently not possible to compare the unit costs (e.g. costs per one performance) of founded theatre and dance organisations, because these organisations are unable to break their total costs down to**

**individual ensembles.** Consequently, we are unable to compare the total costs of opera performances of the three founded theatres offering opera (National Theatre, KE Theatre, BB Opera).

**Measure: Enable mutual comparison and benchmarking of the costs of individual theatre genres by developing a methodology and adjusting analytical accounting so as to enable breakdown of the total costs of organisation to individual ensembles.**

**Table 21 Cost-efficiency indicators for theatre and dance organisations founded by the Ministry of Culture for 2018**

	SNT	KE Theatre	BB Opera	TNS	SLUK**	Lúčnica***	TDIS
self-sufficiency*	18.11 %	15.02 %	4.91 %	43.35 %	14.20 %	22.72 %	26.73 %
admissions revenues (EUR)	3,377,526	646,719	199,665	1,661,205	269,630	198,377	53,819
admissions revenues per one visitor (EUR)	12.70	8.18	5.75	17.86	2.54	2.58	5.38
total costs of one performance	38,637	21,331	40,693	21,245	17,631	21,369	14,909

Source: Finstat, annual reports

\*Proportion of all revenues without contributions from the state budget to the total costs.

\*\*Costs of SLUK also include the costs of the digitization-and-documentation workplace of Centre for Traditional Folk Culture.

\*\*\*The costs of Lúčnica also include the costs of operation of the House of Arts in Piešťany, admissions revenues, and the number of visitors only apply to the activity of ensembles.

**The founded organisations also differ when it comes to the admissions revenues per one visitor (Table 21).** Significant differences are also obvious in the current price lists (Table 22). However, the admissions revenues are also influenced by various discounts, performances for children for lower prices, or free-admission performances. The lowest unit admissions revenues are earned by the music-and-dance ensembles SLUK and Lúčnica. It is possible that these low unit earnings for Lúčnica were caused by the fact that their performances were organised in 2018 and 2019 based on cooperation agreement by an external supplier which set the prices of the tickets and paid Lúčnica the guaranteed minimum compensation for their performance.

**Table 22 Prices of admission tickets of founded theatre and dance organisations in the current 2019 – 2020 season**

	Opera	Ballet	Drama	Musical	Concert	Dance performance
SNT	EUR 6 – 39	EUR 10 – 35	EUR 5 – 25	-	EUR 10 – 50	-
KE Theatre	EUR 3.5 – 20	EUR 2.5 – 15	EUR 3.5 – 15	-	EUR 5 – 20	-
BB Opera	EUR 8 – 12	EUR 5 – 9	-	EUR 10 – 15	EUR 6 – 20	-
TNS	-	-	EUR 15 – 23	EUR 22 – 43	-	-
SLUK	-	-	-	-	-	EUR 15
Lúčnica	-	-	-	-	EUR 6 – 15	EUR 19 – 49*
TDIS	-	-	-	-	-	EUR 15

Source: web sites of individual organisations

Note: Prices for evening performances, no discounts.

\*Price differs depending on the place hosting the theatre.

**Measure: Increase self-sufficiency of founded theatre and dance organisations by including the admissions revenues among measurable indicators in contracts.** The revenues from admissions, both total and per visitor, should gradually grow. The growth of revenues should be gradual and realistic. Besides increasing the attendance rates, this growth may also be achieved by more active work on pricing – differentiation of prices for individual performances (National Theatre widely works with this option, so do other

theatres, but only partially); dynamic pricing depending on the time of purchase (e.g. gradual increase in prices during sale of tickets for highly-demanded performances); change of price differentiation based on zones in audience (the ballet of the National Theatre already went for this option and reduced price categories from four to three for performances in the New Building). Having the total values for all founded organisations, if the attendance rate grew by 5% and the admissions revenues by 10%, the admissions revenue for one year for all founded theatre and dance organisations could be increased by EUR 993 thousand.

**A relatively high self-sufficiency is the strength of independent theatres. Their income comes from subsidies from public funds, which is particularly true for small independent theatres operated as non-profit organisations.** The Slovak Arts Council has increased the number of sub-programmes for theatre and dance as well as the lower and upper limits of the possible subsidy in recent years. At the beginning, the Slovak Arts Council had three sub-programmes for theatre and two for dance, now (since 2019) it offers six programmes for the theatre and five for dance. A standard scholarship was supplemented with the scholarship for the beginner artists. The total support in the programmes for theatre and dance grew from EUR 1.3 million to EUR 2.2 million since 2016. The Kult MINOR subsidy programme supported theatrical and dance arts with the amount of EUR 544 thousand in 2018.

**It will be possible to assess the effect of this growing support after implementation of the measure leading to the improvement of the evaluation of the impacts of subsidy systems.**

#### 3.4.4 Record-keeping and research

**Within its activities, the Theatre Institute also manages a library, museum and a theatre archive which has the status of a specialised public archive.** Within OPIS 2, it joined the project Digital Library and Digital Archive which led to the development of a theatre information system eTHEATRE.SK<sup>97</sup>. This information system contains a publicly accessible database in the categories of famous persons (more than 22 thousand entries), productions (more than 13 thousand entries since 1920), theatres and institutions, events and performances. The Theatre Institute has by nature limited options to generate earned income, while its expenditures decrease over time when converted to constant prices. The Theatre Institute has problems with premises – it does not have premises for its collections to prepare a permanent exposition and organise exhibitions.

**Besides the artistic activities, SLUK also houses a documentary-and-information workplace for intangible cultural heritage called the Centre for Traditional Folk Culture.** It digitizes audio, picture and video materials, and enters them in the open on-line database of Traditional Folk Culture Heritage<sup>98</sup>, which currently contains more than 5 thousand entries. Moreover, it also manages registrations with the Representative List of Intangible Cultural Heritage.

### 3.5 Music support policy

- **The aim of the music support policy is to cultivate, develop and spread musical art and build positive relationship of the general public to it.**
- **Music is the most accessible type of culture; concerts and festivals are visited by at least 1.6 million people a year.**
- **However, their efficiency is not reported in a uniform manner; this is also due to the differing activities of the founded musical institutions. Setting of uniform criteria for reporting would improve comparability.**

<sup>97</sup> eTHEATRE, available on: [http://etheatre.sk/du\\_vademecum/](http://etheatre.sk/du_vademecum/)

<sup>98</sup> Traditional Folk Culture Heritage, available on: <http://fondtlk.sk/sk/index/>



- Czech state music ensembles earn on average EUR 8.80 per visitor on concerts organised by themselves, the Slovak ones EUR 4.70 – 6.50 per visitor. Inclusion of measurable indicators, such as the number of visitors, occupancy rate and admissions revenues in the contracts of founded organisations will motivate institutions to increase their own income.
- Collection of statistical data about musical ensembles, recordings and events is inefficient and the data is incomplete. By amending statistical surveying and cooperation with copyright management organisations at a voluntary level will make such data more accurate.
- The quality of arts education in the area of music is not being evaluated. Establishment and regular assessment of standards of arts schools will enable its quality to be systematically monitored.

The aim of the music support policy is to cultivate, develop and spread musical art and build positive relationship of the general public to it.

- Ensure accessibility of high-quality and diverse offer of music for the general public (accessibility).
- Retain the existing and attract new audience by way of activities in Slovakia and abroad (attendance rates).
- Keep documentation and archive music activities (record-keeping and research).

The overview of the selected indicators of partial objectives available in [Table 23](#).

**Table 23 Proposal of the selected indicators of partial objectives of the music policy**

Partial objectives	Selected indicators		Comment
	Name of indicator	Value	
Accessibility	Number of concerts per 100 thousand inhabitants	102 (SK)	2018
	- founded professional orchestras	7 (SK), 13 (CZ)	SK: Kult 5, 16
	- all professional musical ensembles	19 (SK), 28 (CZ)	CZ: Kult 25 (NIPOS)
Attendance rate	Number of visitors at concerts per one thousand inhabitants	293 (SK)	2018
	- founded professional orchestras	3.9 (SK), 3.8 (CZ)	SK: Kult 5, 16
	- all professional musical ensembles	8.7 (SK)	CZ: Kult 25 (NIPOS)
	Average occupancy of concerts on the domestic front		2018
	- founded professional orchestras	81% (SK)	SK: Kult 5, 16
	- all professional musical ensembles	79% (SK), 71% (EU)	CZ: Kult 25 (NIPOS)
Record-keeping and research	Share of subscription tickets	-	
	- founded professional orchestras		
Record-keeping and research	Number of records in the Snorka database	159,374	2018 MC

Source: ICP

### 3.5.1 Accessibility and attendance rates

The state funds professional institutions of classical music and supports the plurality of offer by supporting genres which are considered to be socially significant, but financially non-profitable. Local accessibility of music events of all genres are also organised by local governments, entrepreneurs and the third sector.

**The Ministry of Culture is the founder of 3 professional musical institutions: Slovak Philharmonic (3 musical ensembles), State Philharmonic Košice, and State Chamber Orchestra Žilina.**<sup>99</sup> The state also supports the Symphonic Orchestra of the Slovak Radio and the Children's Choir of the Slovak Radio. The offer of

<sup>99</sup> Dance ensembles including *Lúčnica*, *SL'UK*, and *Ifjú Szivék* are included among theatrical, and not musical ensembles.



classical musical ensembles closes 1 city and 18 private ensembles (orchestras, chamber ensembles, and choirs). On a per-capita basis, Slovakia has a comparable number of professional musical ensembles to the Czech Republic.

**Other genres (as well as classical music of other non-state entities) are supported by way of sub-programmes of the Slovak Arts Council and KULT MINOR**, where the quality of projects is evaluated by a specialised committee. They include classical and experimental music, jazz and other genres (electronic music, folk, country, gospel, world music, etc.). Supported is the production, concerts and festivals, international activities, contests, criticism, education and research. The expenditures of the Ministry of Culture on the music policy by way of its organisations and subsidy programmes amount to EUR 19.3 million.

**At least 5,500 concerts of various genres were organised in Slovakia in 2018, and at least 1.6 million people visited them.** This estimate is rather conservative, whereas statistical survey does not cover all organisers of music events.

**Reporting of events and attendance rates by state music institutions is not uniform, data collection method needs to be improved.** State music institutions perform with their own ensembles at home and abroad, and also organise events hosting artists, festivals, contests. When talking about performances of their own orchestras, two state symphonic orchestras (Bratislava, Košice) and the State Chamber Orchestra of Žilina reported 233 events, 20% of that in foreign countries (Table 24). Statistical surveying is not clear enough and institutions categorize certain types of performances or events (e.g. music contests, public rehearsals, performances of hosting ensembles ordered by the Ministry of Culture within international cooperation agreements) on an *ad hoc* basis.

Neither is it possible to directly compare the performance efficiency with Czech institutions due to the differences in their activities and reporting. Czech Philharmonic Orchestra organised 537 concerts in 2018, but 356 of them were educational programmes for smaller audiences without the orchestra of the Czech Philharmonic. Educational concerts are organised in Slovakia by the Music Centre, which organised 219 of this kind of concerts in 2018. Slovak Philharmonic is the only to increase accessibility of its performances by free on-line streaming. Each year, they publish around 70 recordings, and in 2018 the stream was accessed by 173 thousand visitors.<sup>100</sup>

**Table 24 Events and attendance rates of Slovak ensembles (2018)**

	Slovak Philharmonic – symphonic orchestra	State Philharmonic Košice	State Chamber Orchestra Žilina
Concerts/performances of musical ensemble			
Total	90	60	83
In Slovakia	72	48	67
In other countries	18	12	16
Attendance rates in SK			
Number of visitors	39,667	24,020	30,001
Occupancy	82 %	72 %	87 %

Source: Kult 5

**Contracts of music institutions with the Ministry of Culture do not list the requirements for the number of visitors and the attendance rates as one of the measurable indicators.** Just like in theatres, also music institutions commit in contracts to organise a target number of events, but not to attract a specific number of visitors. The attendance rate is a significant indicator of the institutions' reach and it should be included in planning.

<sup>100</sup> Video archive of the Slovak Philharmonic, available on-line: <https://stream.filharmonia.sk/>

The review proposes to establish a uniform method of reporting the attendance and occupancy rates in annual reports of music institutions. Include attendance and occupancy rates in the contracts of state-founded organisations.

### 3.5.2 Efficiency and earned funds

Neither of the Slovak music institutions reaches the self-sufficiency level achieved by the Czech Philharmonic Orchestra, the most self-sufficient is the State Chamber Orchestra Žilina (Table 25). Besides the artistic activities, the institutions also earn on rentals, advertising, etc. Czech Philharmonic Orchestra is the only to earn substantial revenue from donations (more than EUR 1 million), their own revenues account for 42.3% of their costs (average for 2016 – 2018). Not all institutions have the same opportunity to earn some extra income, especially when it is challenging for them to even earn on their own artistic activities. In 2018, Slovak Philharmonic earned on the performances of their own orchestra taking place in Slovakia EUR 6.50 on average per one visitor<sup>101</sup>, State Philharmonic Košice earned EUR 4.80, and the State Chamber Orchestra Žilina earned EUR 3.70. The average revenues of Czech founded orchestras (19 ensembles) from their own concerts amounted to EUR 8.80 per visitor. The comparison does not reflect the differences in purchasing power, tourism, or cultural tradition in relation to the classical music. Contracts of music institutions with the Ministry of Culture do not contain admissions revenues. Although they plan the total own revenues, they do not detail their structure.

**Measure:** Include planned admissions revenues among the measurable indicators in contracts with music institutions.

**Table 25 Self-sufficiency of the Slovak and Czech ensembles, average for 2016 – 2018**

	Czech Philharmonic Orchestra	Philharmonic Brno	Slovak Philharmonic	State Philharmonic Košice	State Chamber Orchestra Žilina
Revenues other than transfers (MEUR)	5.6	0.8	1.7	0.3	0.4
Costs (MEUR)	12.9	4.2	11.3	2.6	1.4
Self-sufficiency with costs (%)	42.3 %	17.5 %	15.3 %	12.5 %	21.9 %

*Source: Finstat, annual reports*

### 3.5.3 Record-keeping and research

**Collection of statistical data about music is not efficient and there are gaps in data.** The limitations of statistical surveying concerning the activity of musical and arts ensembles (Kult 5) have been detailed above. The surveys about public events of professional musical culture (Kult 16) are not reliable due to both the incompleteness of intelligence units, and methodological discrepancies (e.g. certain festivals report attendance rates as the number of season tickets sold, other count each visitor separately). The statistics covering music recordings (Kult 19) does not cover all publishers and, in particular, does not provide sufficient information about consumption of domestic music, because it focuses on media which are on the wane, and on-line recordings which are more and more being distributed through streaming services, such as Spotify, are monitored only partially. Furthermore, the Ministry of Culture keeps a non-functional List of Slovak Audio Recordings of Performances<sup>102</sup>. The request for registration in this List needs to be filed with the Ministry of Culture in writing. In 2019, only 13 records were added to the List, but the Kult survey identified 423 records.

<sup>101</sup> Only the concert cycles of the Slovak Philharmonic.

<sup>102</sup> According to Article 3a of Act No. 103/2014 Coll. on theatrical and musical activities and on amendments and supplements to certain acts as amended by Act No. 40/2015 Coll. on audiovision and on amendments and supplements to certain acts which entered into force on 1 July 2015.

### 3.5.4 Arts education

**The systematic evaluation of the arts education quality is non-existent at all levels.**<sup>103</sup> Due to their specific features, arts colleges and academies are rarely captured in international rankings of universities because such rankings focus on research activities. QS World University Ranking<sup>104</sup> in the Performing Arts category only evaluates the reputation of the institution among academicians and employers, but not the publication activities. Slovakia has not placed in the top 100, and it is even questionable whether our schools have been included in the evaluation at all. Certain indicator is the attractiveness of the school for students from abroad. In 2019, music departments of colleges reported 23% students of citizenship other than Slovak, the average for public universities was 4.7%.<sup>105</sup> Austrian arts colleges reported 48.3% of foreign students in 2018,<sup>106</sup> public universities averaged 26.4%.<sup>107, 108</sup>

Rankings of secondary schools usually do not include conservatories (there are 18 of them) or only compare the results of pupils in such general subjects as the Slovak language. Even less information is available about the quality of arts education at the level of primary and primary arts schools. The evaluation of arts subjects and study programmes is a challenge in every single country, but there exist national and, at least in case of secondary music education, even international standards,<sup>109</sup> which would make such evaluation possible.

**Measure: Adopt and regularly evaluate the standards of arts education at conservatories.**

### 3.6 Media and audiovisual policy

- **The aim of the audiovisual and media policy is to create, preserve and make accessible the audiovisual works and regulate public broadcasting.**
- **When the AVF launched subsidies in 2010, the film production started growing; every year, the number of official releases grew by 3, and in 2019, as many as 30 new Slovak films were released. On average, Slovak films are visited by 26 thousand more viewers every year, the receipts grew from EUR 0.4 million in 2012 to EUR 1.2 million in 2018.**
- **Stability of the RTVS funding is uncertain due to loss of fees for public services from pensioners and social assistance benefit recipients. As a consequence of the lost fees from pensioners, the gap for the 1<sup>st</sup> quarter of 2020 is estimated to reach EUR 11 million. At the same time, the number of exempt pensioners will grow from 280 thousand to as many as 345 thousand.**
- **The review proposes measures to compensate for the lost revenues from fees for pensioner households which may be implemented either independently or in combinations.**

The aim of the audiovisual and media policy is to create, preserve and make accessible the audiovisual works and regulate public broadcasting.

- Support original production and presentation of audiovisual works (production).
- Document, archive and make accessible the audiovisual fund (documentation).
- Support and regulate the operation of public media (public media).

<sup>103</sup> Measurement of the arts education results is the responsibility of the Ministry of Education.

<sup>104</sup> World university ranking, available on-line: <https://www.topuniversities.com/university-rankings/university-subject-rankings/2018/performing-arts>

<sup>105</sup> Statistical Yearbook of University Graduates, CVTI 2018, available on-line: [https://www.cvtisr.sk/cvti-sr-vedecka-kniznica/informacie-o-skolstve/statistiky/statisticka-rocenka-publikacia/statisticka-rocenka-vysoke-skoly.html?page\\_id=9596](https://www.cvtisr.sk/cvti-sr-vedecka-kniznica/informacie-o-skolstve/statistiky/statisticka-rocenka-publikacia/statisticka-rocenka-vysoke-skoly.html?page_id=9596)

<sup>106</sup> Statistics Austria: Belegte ordentliche Studien an Universitäten der Künste und Privatuniversitäten mit künstlerischem Schwerpunkt nach Geschlecht und Staatsangehörigkeit im Wintersemester 2017/18, available on-line:

[https://www.statistik.at/web\\_de/statistiken/menschen\\_und\\_gesellschaft/kultur/ausbildung\\_weiterbildung/index.html](https://www.statistik.at/web_de/statistiken/menschen_und_gesellschaft/kultur/ausbildung_weiterbildung/index.html)

<sup>107</sup> Bundesministerium für Bildung, Wissenschaft und Forschung, available on-line: <https://unidata.gv.at>

<sup>108</sup> In the case of Austria, the number of foreign students is due to the quality of schools, affordable scholarship programmes, and the high percentage (16%) of foreigners in the population.

<sup>109</sup> E.g. Standards for Pre-college Music Education of the work group of the European and national associations of music schools. For example, also the Associated Board of the Royal Schools of Music offers a skills testing system in the area of music education.

The overview of the selected indicators of partial objectives available in Table 26.

**Table 26 Proposal of the selected indicators of partial objectives of the media and audiovisual policy**

Partial objectives	Selected indicators		Comment
	Name of indicator	Value	
Production	Number of first releases of Slovak films	30	2018 AVF
	Percentage of Slovak films viewers	4.2 %	
	Percentage of Slovak films revenues	3.7 %	
Documentation	Number of records in IS SK CINEMA	20,714	2019 AVF
	Percentage of materials pending digitization	-	
	Perception of credibility	-	
Public media	Watch time	-	4 <sup>th</sup> quarter 2019, MEDIAN SK
	Perception of news objectivity (RTVS)	22.7 %	

Source: ICP

### 3.6.1 Production

**One of the objectives of the audiovisual and media policy is to support production of original audiovisual works, spread it and make it accessible to viewers.** This is why the Audiovisual Fund (AVF) was established in 2010. Since its establishment, the number of first releases of Slovak films in cinemas has grown substantially (from 8 films on average in 2003 – 2009 to 30 in 2018; on average, 3 more releases every year). The production of audiovisual works is also supported by the CULT MINOR fund which allocates subsidies to minorities, and the Slovak Arts Council which supports non-professional productions.

**The visible output of the audiovisual industry is the film production. Growing trend is also observed in attractiveness for viewers, and commercial success of Slovak films.** On average, Slovak films are viewed by 26 thousand more viewers every year, and in 2018 they managed to attract 4.2% of all cinema visitors. The revenues of Slovak films grew from EUR 0.4 million in 2012 to EUR 1.2 million in 2018, and accounted for 3.7% of all revenues of cinemas. As regards the film production, specific was the year 2017 when 4 Slovak films<sup>110</sup> ranked among the top 10 films and, consequently, reached higher attendance rates as well as revenues. This trend is observed particularly after the establishment of AVF which supported 332 applications with the amount of EUR 10.5 million in 2018. In co-produced films, 2/3 of them had a Slovak partner as the majority producer.

**One of the AVF programmes to support film production is the so-called cash rebate introduced in 2015.**<sup>111</sup> Within this programme, AVF refunds 33% of eligible expenditures (i.e. the expenditures not coming from public funds and spent in Slovakia) to film makers. All entities which register their project that meets the pre-defined conditions (minimum amount of eligible expenditures currently being EUR 150 or 300 thousand depending on the type of film production and passing the so-called cultural test) are eligible to receive the cash rebate. Until 2018, seven out of 48 registered projects were paid this cash rebate in aggregate amount of EUR 1.3 million at the rate of 20% of eligible expenditures<sup>112</sup>.

<sup>110</sup> *Všetko alebo nič* (Everything or Nothing) ranked first with 341 thousand viewers; *Čiara* (The Line) ranked second with 329 thousand viewers, *Únos* (Kidnap) ranked fourth with 279 thousand viewers, and *Cuky Luky Film* ranked tenth with 116 thousand viewers.

<sup>111</sup> The programme is governed by the Decree No. 165/2014 of the Ministry of Culture on film project which constitutes an implementing regulation for Article 22a(2) of Act No. 516/2008 Coll. on audiovisual fund. The analysis of this instrument and prediction of the impact of a higher cash rebate rate (from 20% to 33%) in the comment of ICP 1/2019 is available on-line: <http://www.mkssr.sk/ministerstvo/institut-kulturej-politiky/publikacie-325.html>

<sup>112</sup> In September 2019, the Slovak National Council passed the draft law of the government on the audiovisual fund increasing the cash rebate rate from 20% to 33%.

### 3.6.2 Documentation

**Another objective is to document, archive and digitize the audiovisual collection, a mission implemented by an RTVS workplace and particularly the Slovak Film Institute (OfMinI) run as an informational and documentary organisation founded by the Ministry of Culture.**

In 2011, the Slovak Film Institute joined the national Digital Audiovision programme within the OPIS 2 operational programme, the audiovisual collection systematic renewal project, and the project of SK CINEMA information system which was extended by 20,714 new entries in 2019. In all these projects, the SFI reaches the requested measurable indicators.

The Digital Audiovision programme within OPIS 2 was terminated in the middle of 2016 with 1,000 digitized projects. Now, in the five-year sustainability phase, at least 50 films are digitized a year; in 2018, it was as many as 63 films.

Neither the SFI nor RTVS stream films from their archives on-line, because they would lose revenues from other distribution channels. However, RTVS makes the archive of copyrighted programmes accessible to the radio and television. Other ways of making the film collection accessible include: television broadcasting, DVD publishing, and projections in cinemas.

### 3.6.3 Funding and quality of public media

**Another objective of the audiovisual and media policy is to support public media and set the criteria for their public service role.** The Ministry of Culture supports the activities of RTVS and the News Agency of the Slovak Republic (News Agency) with regular transfer.

Public media are expected to fulfil their specific mission – bring diverse and high-quality content, help strengthen democracy and social cohesion, inter-cultural dialogue, and mutual understanding. **How well they fulfil their mission depends greatly on appropriate and stable funding, in which the decision-making process does not interfere with the autonomy of the media (Council of Ministers of the EU, 2012).**

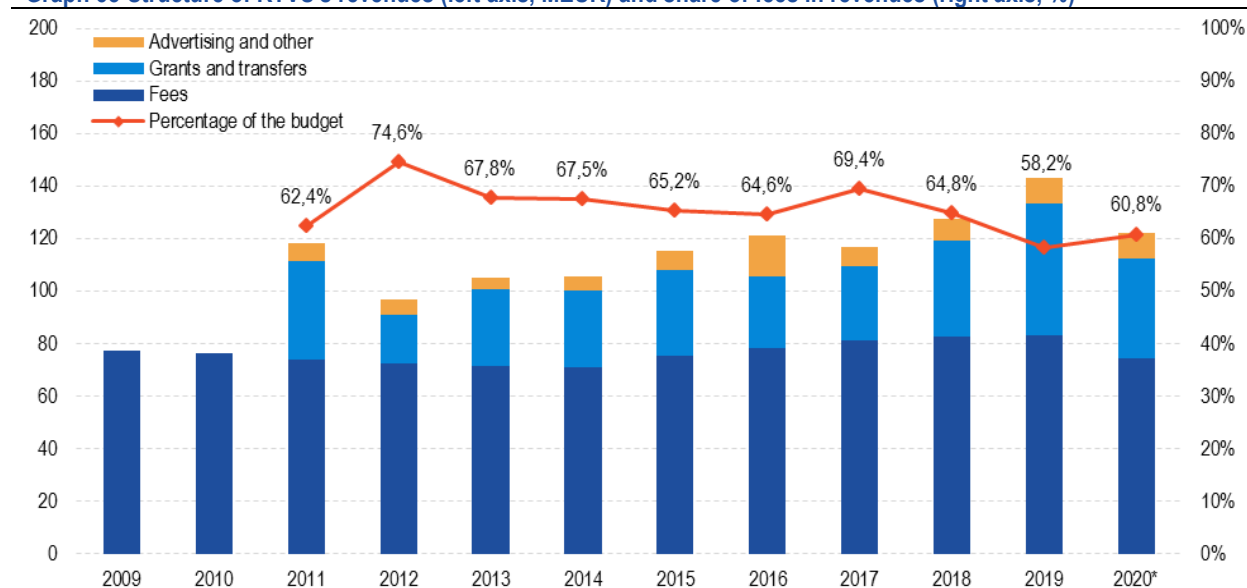
In Slovakia, public radio and television broadcasting is provided by RTVS<sup>113</sup> by way of three TV channels (channels *Jednotka* (Channel One), *Dvojka* (Channel Two), *Trojka* (Channel Three), and *Štvorka* (Channel Four) is to come), and eleven radio stations.

The RTVS budget ([Graph 58](#)) consists particularly of the fees for public services, the so-called concession fees ([Box 7](#)), reaching on average 66%, followed by transfers from the Ministry of Culture, and subsidies; the smallest part comes from advertising and other revenues<sup>114</sup>. The Ministry of Culture represents the state based on the so-called contract with the state. The contract defines the commitment of the state to provide a contribution to RTVS for the production of new original programmes in public interest, to implement the selected investment projects, ensure broadcasting to other countries, and the commitment of RTVS to do the same.

<sup>113</sup> According to the Act No. 232/2010 Coll. on Radio and Television of Slovakia and on amendments and supplements to certain acts.

<sup>114</sup> The revenue operations which constitute a deficit (-) according to the economic classification under ESA 2020 are excluded from total revenues; in 2019, this figure amounted to EUR 35 million.

**Graph 58 Structure of RTVS's revenues (left axis, MEUR) and share of fees in revenues (right axis, %)**



Source: RTVS's annual reports, ICP

Note: The 2020 data reflect the expected status (based on the 2020 draft budget).

**The share of fees in total revenues slightly fluctuates in time.** This is because of the varying amount collected on fees every year<sup>115</sup> (EUR 71 – 83 million), neither the state transfer is stable (EUR 18.7 to 50 million) – it is proposed and approved anew every year.

#### Box 7 Fee for public service (the so-called concession fee) and its payers

**The fee for public service is a fee (tax revenue)** which, according to Act No. 340/2012 Coll., serves to fund the public services in the area of radio and television broadcasting provided by RTVS. The duty to pay the fee of EUR 4.64 applies to a natural person who is registered by an electricity supplier, and to an employer who employs at least three employees, in which case the fee ranges from EUR 4.64 to EUR 464.70 depending on the number of employees. Exempt from the fee are the persons living in households with a person with severe disability or the persons with severe disability themselves. Effective as of January 2020, exempt persons also include the recipients of pension benefits with no income from gainful activity and not sharing household with a person earning regular income, and the recipients of social assistance benefits. Until December 2019, pensioners and recipients of social assistance benefits were entitled to a 50% discount of the fee, i.e. EUR 2.32.

**The amendment to the Act on Fees which exempts majority of pensioners from payment of fees<sup>116</sup> will have a negative impact on the total revenues of RTVS in 2020 corresponding to EUR 11 million<sup>117</sup> and the number of exempt pensioners will grow from 280 thousand to 345 thousand.<sup>118</sup>** This situation will not be sustainable in future, since the gap will grow every year due to population decline and ageing, and will pose a risk to ensuring a budget stability and equilibrium.

<sup>115</sup> The amount collected on fees changes depending on the success of their recovery from bad payers and on the potential change of the fee itself as a consequence of legislative changes.

<sup>116</sup> Act No. 340/2012 Coll. on fees for public services provided by the Radio and Television of Slovakia and on amendments and supplements to certain acts.

<sup>117</sup> According to the internal document of RTVS, the loss on account of payers paying half the rate (EUR 2.32) amounts to EUR 8.1 million and the loss on account of payers with potential exemption of the full rate (EUR 4.64) is estimated to reach up to EUR 3 million.

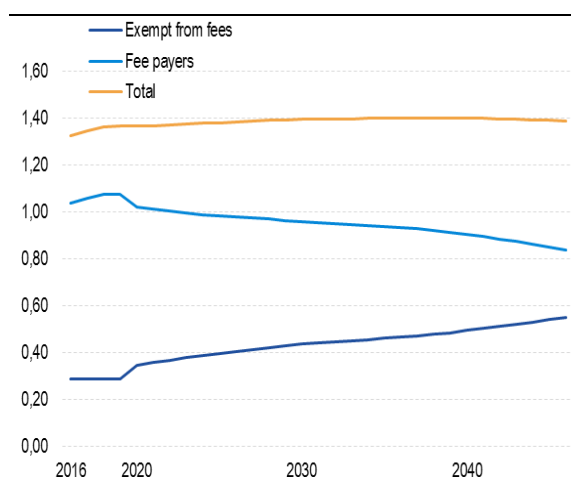
<sup>118</sup> Of that number, 288,046 of those who originally paid half the rate and 54 thousand of latent pensioners who have been paying the full price until now. The number of payers will drop to 1 million of households. The loss of fees on account of the recipients of the social assistance benefit is not taken into consideration, because the number is low and accurate data about their numbers is not available.



**In the long run, the fees to revenues ratio will decrease because the number of paying individuals will decline due to population ageing.** According to the Eurostat's prediction, there will be 420 thousand more people aged 65+ (which overlaps with the groups of population which are exempt from the fees to a great extent) in 20 years (24.57% of the total population). On the contrary, the population aged 16 to 64 years will decrease. This also illustrates how the share of payers and the exempt individuals will fall down (Graph 59). In 2030, the number of non-payers will be 436 thousand, the number of paying households will decrease to 950 thousand (by 70% compared with the current 1.4 million payers).

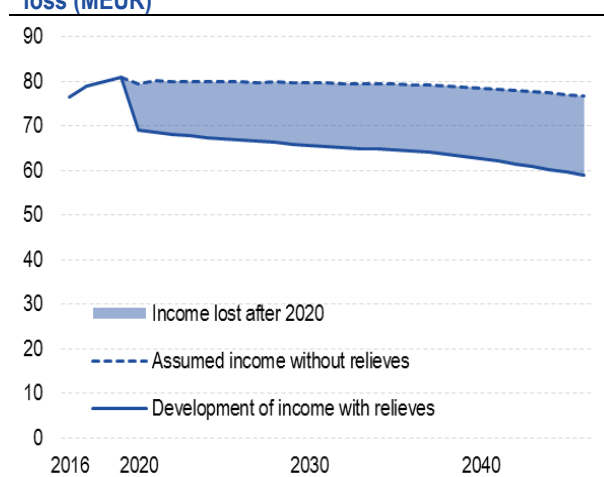
**The lost revenues will grow over time.** In 2030, the gap will amount to EUR 14 million and in 2040 it will be EUR 16 million. The trend of fee collection suggests an EUR 0.43 million year-over-year decrease in future. Unless the fee collection method changes, the total revenues from fees would amount to EUR 80 million in 2030 (households and corporations). With the loss expected, the prognosis of the total collection of fees is in the amount of EUR 65.6 million (Graph 60).

**Graph 59 Development of the number of RTVS fee payers (MEUR)**



Source: Eurostat, RTVS, ICP

**Graph 60 Development of revenues of RTVS from fees with the expected loss and hypothesis without the fee loss (MEUR)**



Source: RTVS, ICP

**The growth of total revenues of RTVS would substantially slow down over time,** the trend would decrease from EUR 2.3 million (2011 to 2019) to EUR 241 thousand (if we also take into account the inflation in future, it would probably stagnate), causing substantial deficit in the RTVS budget and affecting performance of the contract with the state. The share of fees in total revenues would be still lower and lower over time (dropping from 62% in 2021 to 53% in 2040).

**The loss of fees has been compensated for to some extent by the state by increasing the transfer to RTVS, but this is not a sustainable solution.** In 2019, EUR 12 million were released from the state budget to compensate for the social exemptions and additional EUR 8 million in 2020 (meaning that the 2019 transfer totalled EUR 45 million, in 2020 it is EUR 31 million). The public administration budget approved for 2020 – 2022 contains EUR 8 million increases in the transfer for 2021 and 2022 as well. However, the gap due to exemptions reached nearly EUR 11 million already in the first six months of 2020, which means that the funds allocated (compensation from the state) amounting to EUR 8 million a year are insufficient. Not only is the above increase in the transfer in the 2021 and 2022 budget insufficient, but it is also a short-term and not conceptual solution, because it is not guaranteed in legislation for the years to come (the transfer is guaranteed under the budget only for the next two years) and the decision to cover the gap with transfer was made without deeper analysis of other options.



The state transfer of at least EUR 15 million is guaranteed in the contract with the state, but it is far from covering the costs of the year-long work of RTVS and requires *ad hoc* transfers up to the total amount of EUR 50 million. In 2012 – 2020, the transfer fluctuated, its share in the total budget amounts to EUR 19 to 50 million, which is 19 – 35%. Additional funding by means of transfers makes RTVS even more dependent on the decisions about the amount of such transfers, and this is exactly due to the consequences of the loss resulting from social exemptions. It will therefore be necessary to consider and implement a new RTVS funding model which would ensure its stable and continuous funding.

**Table 27 Measure – compensation of the loss of revenues of RTVS**

Objective	Measure	Estimate of savings (+), or costs (-)	Funding resource	Responsibility	Deadline
Ensure stable and efficient funding of RTVS	<b>Compensate for the loss of fees for public service</b>				
	a) Set a higher fee rate	0 to +10.5 MEUR a year	private individuals	RTVS, MinCul	30/07/2020
	b) Compensate by way of state transfer	0 to -10.5 MEUR a year	State budget	RTVS, MinCul	30/07/2020
	c) Increase own revenues	0 to +11 MEUR	private corporations	RTVS	31/12/2020
	d) Funding from the state budget	-122 MEUR	State budget	MinFin, MinCul	

Source: ICP

**Measure: Propose a sustainable RTVS funding model** Compensate for the loss of income due to exemption of pensioner households from payments by taking measures which may be implemented either separately or in a combination.

**The first way to compensate for the lost revenues is to increase the fee per one household.** It should grow from the existing EUR 4.64 to EUR 5.60<sup>119</sup> from 2021. Increase to EUR 5.60 matches the calculation of the compensation for the lost revenues from the exempt pensioners, and not the compensation for the total budget of RTVS aiming to ensure 100% funding. The review recommends that RTVS set the fee increase calculation method in cooperation with the Ministry of Culture. Either on an annual basis to cover for the lost revenues (on average, it is 4 cents more every year, at current prices), or on a four-year basis. This approach should rely on the upcoming amendment to the 2016 Act on Fees for Public Services provided by RTVS which describes this concept in detail. The fees for households in Slovakia are one of the lowest in the EU and have not been valorized since 2003. Under the effect of inflation, the fee would have been EUR 6.87 in 2018 (and not EUR 4.64). The EU average is EUR 146.44 a year, in Slovakia it is EUR 44.68, placing Slovakia last even among the V4 countries. Czechs pay EUR 7.23 a month, Polish EUR 5.31, Hungary formally cancelled the fee and compensated the gap from the state budget. It follows from the European Broadcasting Union's survey (EBU) that increase in the fee does not affect the loss due to non-payment (EBU, 2019, p. 10). Quite the contrary, there is positive correlation between the fee amount and the share on the media market. Appropriate fee amount warrants stable funding of media which may then plan their activities in the medium-term horizon (EBU, 2019, p. 12).

**Another option to compensate for the lost revenues is to increase the state transfer with the aim to protect independence of RTVS by setting the maximum cap for the transfer with regard to the total budget.** The contract with the state currently warrants minimum state transfer for RTVS of EUR 15 million a year, but the transfer amounts to EUR 19 to 50 million. If the state were to cover for the expected loss of planned

<sup>119</sup> Fee calculation: the amount lost on payment for the relevant year divided by the number of paying households and divided by 12 months is added to EUR 4.64.

revenues in full, the transfer would account for 34.5% of the total revenues of RTVS in 2020, and as much as 40% in 2040, posing a risk of a growing dependence of RTVS on the state (Graph 61). Compared with the EBU average (Table 28), the state transfer to total expenditures ratio is already twice as high (29% compared with 15% of the EBU average). Although all public media are dependent on public revenues to a substantial extent, they always have one dominant funding system as their source of revenue: payment (of concession fees), or public funds provided from the state budget, or other transfer. There are only five countries, Slovakia included, in which both fees and public funds are significant (>10%)<sup>120</sup>. Poland and the Czech Republic receive revenues mainly from the fees for services (revenues from the state amount to 1% and 0.5%, respectively). Hungary is a specific case, the concession fees are paid fully by the state, so the transfer accounts for as much as 76% of all revenues.

**Table 28 Revenues of RTVS in 2018 (MEUR, %) and average of EBU countries in 2018 (%)**

Structure of revenues	RTVS (MEUR).	RTVS (%)	EBU average (%)
Payments	82.5	64.9 %	62.7 %
Subsidies and transfers	36.4	28.6 %	15.1 %
Advertising	3.9	3.1 %	9.8 %
Commercial revenues – rental and others	1.5	1.2 %	8.9 %
Other	2.8	2.2 %	3.6 %
Total revenues of RTVS less the revenue operations	127.1	100 %	100 %
Financial operations	20.1		-
<b>Total revenues</b>	<b>147.2</b>	<b>116 %</b>	<b>-</b>

Source: RTVS, EBU

**As the third option, the review proposes to increase other revenues (particularly from advertising) by liberating the time limits for ads, which is where RTVS is lagging.** The average EBU country earns as much as 9.8% of its revenues on advertising, and additional 12.5% on other commercial activities (rental and others). But in RTVS, advertising only accounts for 3.1% of all revenues. This is the second lowest percentage among the V4 countries. The Czech Republic earns 2% on ads, but as much as 7% on other commercial activities. Hungarian television earns 6% on ads and 18% on the commercial and other activities. Ads account for as much as 33% of all revenues of Polish television and additional 20% come from other commercial activities. RTVS should also consider the option of offering video on demand (VOD) streaming.

RTVS currently has a time limit for ads of 3% of the broadcasting time of radios and 0.5% of the television<sup>121</sup> (and 2% of the broadcasting time for teleshopping).<sup>122</sup> This places Slovakia in the second strictest<sup>123</sup> category of four categories in the ranking of countries by advertising time restrictions. The revenues from advertising total 4.15% on average (approx. EUR 4.7 million a year). It is possible to partially increase their own revenues also by liberating the time for ads, e.g. 5% on the radio and 1.5% on the television. This would bring additional revenues of EUR 1 million from the ads broadcast on the radio and EUR 10 million on the television. Extending the time limit for ads would have a negative effect on the revenues of private broadcasters.

**The fourth option of how to compensate for the lost revenues of RTVS is a measure which would change the RTVS funding method.** Funding would be set as a revenue with a fixed sum, eventually with indexation of this amount over time.

<sup>120</sup> Albania, Bosnia and Herzegovina, Morocco, Serbia, and Slovakia (Harmann & Cimino, 2019).

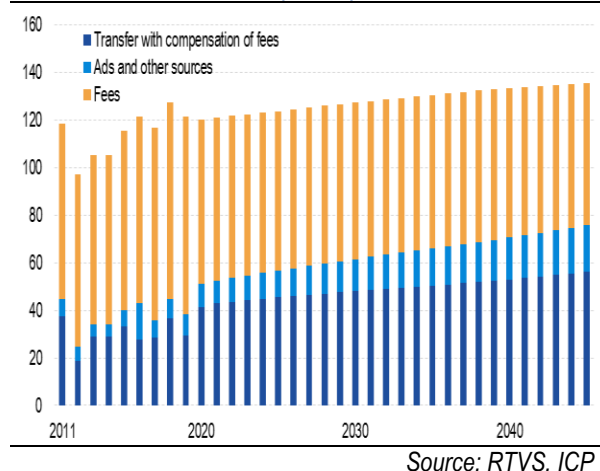
<sup>121</sup> Within the V4 countries, our situation is similar to that of the Czech Republic (0.5% of the broadcasting time on čt2 and čt4 channels). A substantially more generous advertising time has Poland (20%) and the Hungarian Television (10 –20 %). France and Ireland have a 10% limit, Norway and Italy 4%, Denmark and British BBC are, on the contrary, completely ad-free.

<sup>122</sup> 2020 RTVS Business Model, available on-line: [http://cdn.srv.rtvs.sk/a542/file/item/sk/0002/obchodny\\_model\\_2020\\_media\\_rtvs.mEHo.pdf](http://cdn.srv.rtvs.sk/a542/file/item/sk/0002/obchodny_model_2020_media_rtvs.mEHo.pdf)

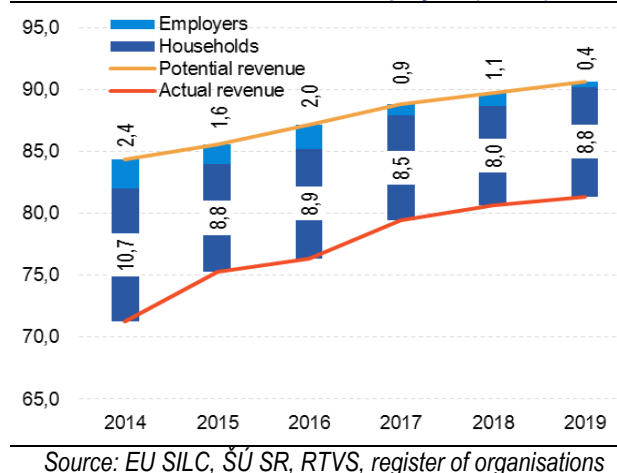
<sup>123</sup> The category includes states with the limit of 10% of broadcasting time, this criterion is met by 16% of countries in case of radio and 17% of countries in case of TV.

**Measure:** The review recommends to reduce the gap opened by the uncollected fees by more efficient fee recovery. This will require to also evaluate other existing recovery models (payment together with the electricity bill, external collection companies, etc. (EBU, 2019). RTVS has collected EUR 9 million less fees than as was expected in recent years (Graph 62). The revenues coming from households accounted for 85% of the total revenues from concession fees. Only 82% of households<sup>124</sup> and employers obliged to pay fees actually paid them. The gap in the collection of fees from households comprised nearly 300 thousand bad payers of concession fees<sup>125</sup>. The gap in collection of fees from organisations is estimated to average EUR 1 million. The number of paying employers could grow by around 12 thousand, if the fee collection process was more efficient. After 2020, the gap coming from fees from households will be reduced by collection of fees from pensioners not paying until that time in the amount of around EUR 5 million. The gap will decrease from EUR 9.2 million to EUR 4.2 million. The leakage rate will be around 6%.

**Graph 61 Development of revenues of RTVS with the increased state transfer (MEUR)**



**Graph 62 Difference of actual and potential revenues from fees from households and employers (MEUR)**



It would also be possible to reduce the costs of RTVS by gradual transition to captioning of foreign-language programmes which instead of dubbing, which would also improve language skills and support economic growth (Box 8). Captioning instead of dubbing would result in annual savings of around EUR 640 thousand and help improve the acquisition of English language by 7 to 23 points in TOEFL testing. This would have a positive impact on various areas of economy and support its growth.

### Box 8 Captions or dubbing?

Replacement of dubbing with captions would save around EUR 640 thousand a year, because one minute of dubbing is substantially more expensive than one minute of captions.<sup>126</sup> In 2018 – 2019, RTVS paid on average EUR 870 thousand for dubbing and licenses for language versions which allowed it to use the already existing dubbing of programmes.<sup>127</sup> If they were replaced with captions, the annual costs would amount to around EUR 230 thousand.<sup>128</sup>

<sup>124</sup> According to the data of the RTVS's financial audit, the success of collection from households is 65%, which is caused by a different calculation methodology.

<sup>125</sup> Internal document of the Institute for Financial Policy.

<sup>126</sup> A minute of dubbing costs roughly 8 times as much as a minute of captions. Unit prices constitute an estimate based on available data. The price for a minute of dubbing (EUR 20.60) is calculated based on the total annual costs of RTVS of internally produced dubbing divided by the total number of minutes in 2018. RTVS does not outsource dubbing from external dubbing companies, and buys licenses for language versions of already existing dubbing. The price for a minute of captioning (EUR 2.60) is calculated based on the total annual costs of closed captions produced by external companies divided by the estimated total number of minutes in 2018. This price includes the production of captions and translation.

<sup>127</sup> The calculation is based on the RTVS's data. In 2018 and 2019, the average costs of internal dubbing were EUR 190 thousand, the costs of external dubbing averaged EUR 540 thousand, and language versions EUR 140 thousand.

<sup>128</sup> The calculation is based on the costs of closed or open captions (the 2018 – 2019 average is EUR 420 thousand) included in 64% programmes. Additional costs to caption the remaining programmes would total EUR 230 thousand.

**Countries using captions report a 28% better knowledge of the English language than countries using dubbing. Captions help improve the knowledge of English measured in the TOEFL testing<sup>129</sup> by 7 to 23 points on average** (Micola, Banal-Estañol, Fenoll, & Bris, 2016).<sup>130</sup> Captions have the highest effect on listening comprehension. What is more, the effect on the knowledge of the English language exceeded the positive effect of higher expenditures on education.<sup>131</sup> Captioning helps children acquire foreign language faster, strengthens reading skills and develops the mother tongue vocabulary (Koolstra, van der Voort, & van der Kamp, Television's impact on children's reading comprehension and decoding skills> A three-year panel study, 1997).

**The form of translation of audiovisual works depends on the language spread and the political regime in past<sup>132</sup>** (Danan, 1991; Szarkowska, 2005). Countries speaking more common languages<sup>133</sup> decided to go for dubbing.<sup>134</sup> Smaller states speaking less common languages responded to the growing number of imported programmes by choosing the cheaper form of translation, being captions (Gottlieb, 1997; Danan, 1991).<sup>135</sup> Authoritarian regimes<sup>136</sup> preferred dubbing, aiming to support their nationalist strategy (Danan, 1991; Szarkowska, 2005).

**Slovakia is one of the countries which have a strong dubbing tradition.** The foreign-language films and programmes are usually dubbed; if they are intended for children and youth aged less than 12 years, dubbing is mandatory. The specific feature is the acceptance of Czech language versions, a practice widespread after formation of the Slovak Republic for practical reasons and still permissible for programmes produced before 2008 according to the Act on the State Language<sup>137</sup>. On the contrary, cinemas use Slovak or Czech captions (except the children's films).

**Any eventual transition to captioning would also necessitate the consideration of the established customer habits** which are a common phenomenon on the market and their change requires gradual and slow implementation (Fogg & Hreha, 2010) and developing a long-lasting social consensus. If only some of the TV stations decided to use captioning, the customer habits preferring dubbing<sup>138</sup> would create a competitive

<sup>129</sup> Test of English as a Foreign Language which is either taken in writing or over the Internet is an upgraded version of the original paper TOEFL test, and in addition to reading, writing and listening comprehension includes also speaking. In 2017, the average scores of the Internet test were 90 in Slovakia. To compare, Slovenia which has a socialist history as well but went for captioning reports average knowledge of English at the level of 93 scores. Similar differences are observed in comparisons of Spain (85) and Portugal (87) or Austria (98) and the Netherlands (100) – Portugal and the Netherlands caption audiovisual works.

<sup>130</sup> The effect of a translation and captioning is estimated at the level of 7 points (0 – 120) on a written test and 23 points (0 – 120) on the Internet testing (Micola, Banal-Estañol, Fenoll, & Bris, 2016). The effect is adjusted for the variables influencing the knowledge of language in the country, such as the expenditures on education, economic quantities, closeness of mother tongue to English, etc., and its value is expected to manifest in a long-term horizon. On average, states with captioning scored 1.5 points (0 – 120) better on written tests and 6.5 points (0 – 120) better on Internet testing. On average, the states using dubbing scored 51.3 on written tests and 76.2 on Internet testing. The analysis covers countries all over the world, 14 from Europe (except Slovakia). The study measures the knowledge of English by way of the international TOEFL test. The impact of the translation method was measured by the dummy variable (dubbing vs. captioning). The estimates of the impact of captioning on the knowledge of a foreign language is affected by the problem of the so-called endogeneity. Endogeneity occurs because the historical and political circumstances and development in a country had an impact both on the knowledge of English, and on the decisions about the translation method, which distorts the results. This is why the study does not use the translation method, but the so-called instrumental variable (size of language in past) which is independent of the historical events in the country and, at the same time, appropriately describes the selected translation method, resulting in a non-distorted estimate of the impact of captioning on the knowledge of English.

<sup>131</sup> The effect of captioning achieved the rough coefficient of 23, while the coefficient of expenditures on education amounts to 0.5.

<sup>132</sup> This division took place during and after the Second World War (1930 – 1950) when silent films were replaced with films with sound. Television then started using the method of translation of audiovisual works used by cinemas in the relevant country. Since then, the translation method remained unchanged even if the countries changed their political regimes for some time (Szarkowska, 2005). On one hand, this is associated with strong preference of viewers favouring the already selected translation method (customer habits) and, on the other, with the organisation of the economy depending on the translation method (captioning is more expensive in dubbing countries, and dubbing costs more in countries where audiovisual works are normally captioned) (Media Consulting group, 2007).

<sup>133</sup> France, Spain, Germany, Austria, Switzerland

<sup>134</sup> There also exists another translation method – a voice over, which is a technique using a single voice of a narrator (not being a part of the narration) reciting the translated script over the action, a technique widespread in Poland. Its impact on the economy of the country and knowledge of foreign languages is similar to that of dubbing.

<sup>135</sup> Netherlands, Flemish Region, Sweden, Portugal, Greece, Slovenia

<sup>136</sup> Germany, Italy, Spain, Japan

<sup>137</sup> Act No. 270/1995 Coll. of the Slovak National Council on the state language of the Slovak Republic as amended.

<sup>138</sup> Internal surveys of Joj TV station, cited from <https://www.interez.sk/sef-dabingu-tv-joj-branislav-mitka-odvazim-sa-tvrdit-ze-slovensky-dabing-je-kvalitnejši-ako-cesky/>

advantage for those which would continue using dubbing. The calculation of the savings does not include the loss of revenues of dubbing studios and actors for whom dubbing is a significant source of income and also supports their casting in other than dubbing roles.

**Better knowledge of English supports economic growth** (Ginsburgh, Melitz, & Toubal, 2017; Ku & Zussman, 2010; Lee, 2012; Ufier, 2015). Improvement of the knowledge of English by 1 point in TOEFL testing may increase the net export of the relevant country by 0.8 to 1.9 percentage points (Ufier, 2015). English is a global language generally used in many areas of economy (international trade, finance, tourism, science and technology, advertising, culture, etc.) and, at the same time, the most widely taught foreign language in the world (Graddol, 1997; Graddol, 2006; Melitz).

**It follows from the survey made by EBU that households are more willing to pay fees (resulting in lower loss of payments) and the fees are higher in countries in which the quality of media is higher.** Public consent with payments appears to correlate with the perception and quality of media (EBU, 2019). The British BBC is a good example. BBC defines the criteria of performance and a set of measurable indicators (watch times; trustworthiness and satisfaction survey; surveys to assess impact, value and efficiency of services provided by the media based on audience, including disclosure of results; employee fluctuation rates; number of permanent employees; share of reruns and first releases; informing public of how their payments are used, etc.).

**Measure: Measure the performance (quality) and public nature of RTVS by developing a system of assessment criteria and measurable indicators, and their regular evaluation. As the second step, the public aspect and quality will have to be regularly (once a year) evaluated based on the developed system of measurable indicators.**

### 3.7 Church support policy

- The aim of the church support policy is to financially support the activities of churches and religious communities.
- According to the last census conducted in 2011, 76% of Slovak population reported to be adherents in one of the registered churches in Slovakia; compared with 2001, the percentage of adherents decreased by 8 pp.
- Churches and religious communities are supported by the state by a direct allocation from the budget category of the Ministry of Culture, and in the form of tax relieves and purpose-specific subsidies. The state allocation has been growing since 2013; in 2019, it reached EUR 47.7 million corresponding to 17% of the expenditures from the Ministry of Culture's budget category. The state supported restoration of the church-owned monuments with additional EUR 6.5 million.
- The European countries use various models to fund churches; besides direct allocation from the state budget, they also support them, for example, by way of taxes, or contributions and donations from adherents.

**There are 18 registered churches and religious communities in Slovakia and, according to the census (2011), 4.0 million people profess being a part of them.** Dominant religion is the Roman Catholic (3.3 million adherents), followed by Evangelical Church of the Augsburg Confession (316 thousand), and Greek Catholic (207 thousand); the remaining 180 thousand are adherents in smaller churches. The data about creed is surveyed by censuses in a 10-year cycle. The next census will take place in 2021, updating the data.

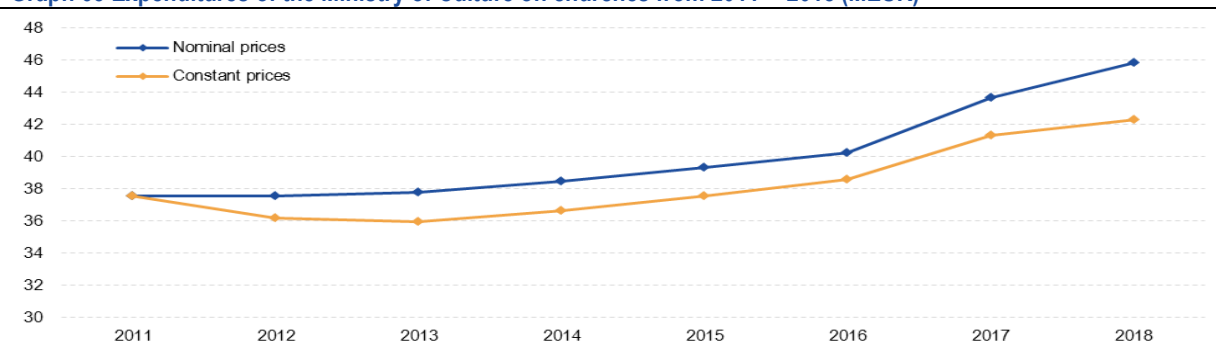
**The number of adherents is on decline.** In the course of ten years (censuses in 2001 and 2011) the percentage of adherents professing any of the religions in the population decreased from 84% to 76%. Paradoxically, the 1991 census revealed even less adherents – 72.8% of the entire Slovak population. But this



result is due to the methodological change of the survey: the open question used in 1991 was replaced with selection of one of the options in the list of registered churches or the option "no creed" in the 2001 survey.

**In 2019, churches were supported from the Ministry of Culture's budget category with a state allocation of EUR 47.7 million.** This corresponds to 17% of all expenditures of the Ministry of Culture's category (EUR 281 million). Before 2019, the state allocation to churches used to be laid down under the Act on State Budget for the relevant year, as it started to grow more significantly in 2016 (Graph 63). The allocation was intended for the wages of clergy<sup>139</sup> and operation of headquarters.

**Graph 63 Expenditures of the Ministry of Culture on churches from 2011 – 2018 (MEUR)**



Source: Budget IS

**A new legal regulation entered into force in 2020<sup>140</sup> liberating the purpose and automatically increasing the allocation.** The state allocation serves to support funding of various activities, liturgical activities, educational activities, cultural and charitable activities of the church, the costs of church connected with its activities in the position of an employer, and the operational costs. The total amount of the allocation to churches is derived from the amount in 2019, and will automatically grow with the growth of inflation and valorization of wages of public servants.<sup>141</sup> The indexed amount will then be distributed proportionately to the number of adherents. This means gradual transformation of the re-allocation of the amount exclusively based on the number of adherents, and not clergy. This re-allocation benefits larger churches which used to receive lower allocation proportionately to one adherent compared with small churches. Some churches and religious communities do not apply for a state allocation at all, and are not re-allocated anything (Christian Boards, Jehovah's Witnesses, Church of Jesus Christ of Latter-day Saints, Bahá'í Faith). But law permits them to re-join the funding system.

**The state supports churches also by way of tax relieves and purpose-specific subsidies.** The revenues from church fund-raising campaigns, church services and contributions from the church members are exempt from income tax in registered churches and religious communities. Churches do not pay the property tax on sacral buildings.

**In 2019, they received subsidies in aggregate amount of EUR 6.5 million from the *Let's renew our house* programme for the restoration of monuments owned by churches.** This amount translates into 53% of the total allocation for the programme. Churches own 26% of all immovable monument objects in Slovakia and 93% of movable monument objects are located in sacral buildings (altars, liturgical items, etc.). Sacral buildings are usually used for their original purpose and churches look after them, thanks to which they are in a generally good condition – only burgher houses are in a better condition.

<sup>139</sup> The wages of clergy are governed by the Regulation No. 299/2007 Coll. of the Slovak Government.

<sup>140</sup> Act No. 370/2019 Coll. on the financial support of churches and religious communities.

<sup>141</sup> As provided under Act No. 370/2019 Coll., considered is 20% of CPI (in percentage) for the year two years before the relevant budget year and 80% of the increase in the basic scale of wage tariffs of employees performing work in public interest (in percentage) approved for the year for which the state's allocation is being determined.

Other financial resources include contributions from adherents, donations from natural persons and legal entities, gains on their own property, gains on their own activities, gains on public fund-raising campaigns, etc. However, this data is not being published. **The state allocation accounts for roughly 25 – 50% of the revenues of larger churches<sup>142</sup>, in case of smaller churches and religious communities, it may get even higher than 90%<sup>143</sup>.**

### Box 9 Church funding methods

#### Funding by the state

Besides Slovakia, this method is also used in Greece, Belgium, Croatia or Hungary. Greece passed a legislative change in 2018 making wages of priests independent of the wages of public servants. The state allocation (EUR 200 million) will not be increased if the number of priests grows.

Czech Republic launched the settlement process between the state and churches in 2013. The state agreed to return to churches 56% of their former properties within restitution process within the time period of 30 years. As regards the properties which will not be returned for certain reasons, the state will pay compensations and will, during a transitional period, support churches with a contribution that will gradually decrease. Once the settlement process is complete, they will not be entitled to any contribution from the state.

#### Funding by members

- **Donations, fund-raising campaigns and voluntary contributions.** They are a major source of funding in, for example, the Netherlands and Great Britain, which also earns substantial amounts on the historical property. Also the Polish churches, including the Catholic one which is the largest of them, live on voluntary contributions of adherents. Poland directly supports only the church schools, health and social services based on the same conditions as are applicable to public institutions. Taxpayers are free to decide whether or not a part of their income tax paid should go to the church.
- **Church taxes.** Church tax is **compulsory** in Germany and Scandinavian countries for all adult members of major churches (with some exceptions applicable to low-income groups) who pay it as a special tax on top of their other taxes. The amount of the church tax derives either from the total taxable income (around 1 – 2%) or only from the assessed income tax (ranging from 8 – 21%). The adherence to a church is usually determined by baptism and individuals who wish to be exempt from the tax obligation must deregister from the church. The revenues from church taxes account for around 75% of revenues of Scandinavian churches, in Germany it is approximately one half.
- **Other tax solutions.** In Italy, the state sets aside 0.8% of the total collected taxes. This is also known as *otto per mille*. Each taxpayer may decide whether to use their 0.8% of the tax to fund a church or one of the state humanitarian organisations (Pew Research Center, 2019). This is similar to Spain where taxpayers may decide to give 0.7% of their taxes to the catholic church.

Majority of states also have some sort of instrument to contribute for the historical buildings of churches, whether from the state budget or the budgets of local governments. A frequently used instrument of support is a tax relief for churches, clergy, and private contributors (e.g. in the USA, donors may deduct a part of their donation from taxes).

<sup>142</sup> Depending on the calculation method used.

<sup>143</sup> According to the Church Department of the Ministry of Culture.



## 4 Cross-cutting issues of cultural policies

### 4.1 Evaluation of the Ministry of Culture's programme structure

**It is quite possible to monitor the purpose of expenditures at the lowest level within the existing programme structure. But this is not so in case of the joint objective they are expected to contribute to. This means that the structure does not help monitor the outcomes of policies.** At the same time, this is partially caused by the problematic definition of indicators of achievement and objectives of the cultural policy. The understandability and monitoring of the expenditures by category could be improved if the expenditures were re-grouped based on the cultural policy in which they belong. The new structure which would group expenditures to be used for the same outcome would then make it easier to define measurable indicators of achievement.

**It is not possible to monitor the results of cultural policies in the programme structure.** Just like in other budget categories, the definition of indicators is affected by the request to define them at the lowest level of programme structure. Strategic results at the level of individual categories are not monitored. The programme structure thus contains a huge number of measurable indicators (69), but neither of them is result-oriented. They often measure partial activities, e.g. extension of databases, updates of information systems, or organisation of cultural events. A quarter of indicators is only logical and expresses performance of an activity. The result-orientation could be strengthened if the objectives of individual cultural policies and the indicators of achievement were defined both at the level of individual categories and at the level of cultural policies.

**To support monitoring of expenditures and the subsequent assignment of indicators of achievement, it would be appropriate to re-group the expenditures based on cultural policies for which they are used.** The expenditures of the Ministry of Culture's category are divided in three programmes. The largest one (Development, dissemination, protection and presentation of cultural values) contains 77% of expenditures within the category, and it aims at "raising the cultural awareness in the area of protection and presentation of cultural heritage, artistic production and provision of cultural services". At the lowest level, the programme is divided by areas, such as museums and galleries, libraries or media, which allows to monitor allocation of expenditures by individual areas. To improve the understandability of the entire programme of the programme structure and to further strengthen monitoring of expenditures, the existing elements should be re-grouped according to cultural policies. This would make it possible to determine the total volume of expenditures going to individual policies. Then it would be possible to define objectives and measurable indicators for them.

**The Policy Making and Implementation programme combines the administrative expenditures of the Ministry of Culture's office and the transfer schemes, which disrupts monitoring of expenditures.** The Policy Making and Implementation programme accounts for approximately one fifth of the category's expenditures (EUR 76 million). It covers particularly the operating expenses of the Ministry's office, transfer for churches, and various transfers decided throughout the year. However, the programme structure does not make it clear why the transfers are included in the Policy Making and Implementation programme. Whereas they pursue a similar objective to the objective pursued by the expenditures in the main programme, the option to transfer them to the cultural policy they match should be considered when the new structure is developed.

**The review proposes to keep the three existing programmes and strengthen monitoring of the expenditures at the level of sub-programmes and elements.** The re-organisation should allow to monitor all expenditures which are spent on similar objective. Subsequent definition of indicators of achievement would thus enable to monitor the extent to which the relevant objective has been achieved. In the first programme, we propose to plan all expenditures associated with cultural policy. The second programme should focus on the expenditures associated with the administration issues of the ministry. The third, cross-cutting programme, would be used to plan the IT expenditures, just like it is now.

Within the existing Development, Dissemination, Protection and Presentation of Cultural Values programme, we propose to establish sub-programmes based on cultural policies (Table 29). At the same time, we propose to develop a Support of Cultural Policies sub-programme to plan the expenditures on the elements which cannot be unambiguously included in one of the cultural policies. They particularly include the expenditures which are allocated to multiple cultural policies. At the lowest level, we propose to keep majority of the existing elements.

Within the Policy Making and Implementation Programme, we propose to only keep the elements which are used to plan expenditures associated with the administrative issues of the Ministry. The elements for which transfers and subsidy programmes have been planned so far (e.g. Development of Slovak Librarianship, Development of Museums and Galleries) should be transferred to the Development, Dissemination, Protection and Presentation of Cultural Values (e.g. the Libraries and Library Activities and Museums and Galleries elements).

**Measure: Prepare and implement a new programme structure of the Ministry of Culture to focus on the outcomes of cultural policies.**

**Table 29 Proposal of a new programme structure of the Ministry of Culture**

Programme	Sub-programme	Element	2019, MEUR
Development, Dissemination, Protection and Presentation of Cultural Values	Art support policy	Theatres and theatrical activities	37
		Music, concerts and ensembles	20
		Fine arts, photography, architecture and design	2
		Support of literature	1
	Cultural Heritage Policy	Museums and galleries	36
		Libraries and library activities	26
		Protection of monuments	9
		Cultural and edification activities	8
		Intangible cultural heritage and traditional culture	
		Support of <i>Matica slovenská's</i> activities	2
	Church policy	Contribution for the operation of church headquarters	45
		Slovak Catholic Charity	2
		ECAV diaconia	0
		Headquarters of the diaconia of the Reformed Christian Church in Slovakia	0
	Media and audiovisual policy	Radio and Television of Slovakia	50
		Contribution to the Audiovisual Fund	7
		Media and audiovision	6
		Systematic renewal of the audiovisual heritage performed by the Slovak Film Institute	2
	Support for cultural policies	Contribution to the Slovak Arts Council	23
		<i>Let's renew our house</i> programme	12
		Support of the cultural activities of budgetary and contributory organisations	9
		Fund for supporting culture of national minorities	8
		Support of cultural activities abroad	1
		Digitization of Culture project	1
		Support to increase attendance rates for cultural events	2
		Culture of disadvantaged groups and removal of barriers from cultural infrastructure	1
	Conceptual and management activities	Conceptual and management activities	16
Policy Making and Implementation	Technical Assistance IROP	Technical Assistance IROP PO 3	1

Programme	Sub-programme	Element	2019, MEUR
	PO 3		
		Support infrastructure	4
Information technologies funded from the state budget	Information technologies funded from the state budget	ORES – Support for the presentation of cultural-and- edification activities	0
		Internal administration systems	0
		Specialised systems	0
			0

Source: BIS, VřM

## 4.2 Subsidy and arts funds

Subsidy and arts funds differ from each other, the only thing they have in common is the support focusing on artists. The transformation of the selected programmes of the Ministry of Culture's subsidy scheme to independent subsidy schemes has been one of the largest changes within cultural policy in recent years. In 2010, the Audiovisual Fund (AVF) was the first independent cultural scheme founded by law to start granting subsidies. In 2016, the Slovak Arts Council (SAC) launched its activities and, finally, the Fund Supporting Culture of Minorities (KULT MINOR) started with its subsidy activities in 2018. Also the Ministry of Culture's subsidy scheme continues in its subsidy activities. The final report will compare the subsidy models from the perspective of processes as well as outcomes.

The subsidy scheme of the Ministry of Culture used to be the only subsidy instrument designed for the support of arts and creative industry. It has operated since 1991 in the form of the Pro Slovakia fund, its current version is governed under Act No. 434/2010 Coll.<sup>144</sup> Applications are reviewed by a commission consisting of 3 – 11 members (always an odd number). Subsidies are currently provided within three programmes:

1. **Let's renew our house** – support for the protection, restoration and development of cultural heritage;
2. **Culture of disadvantaged groups** – support for the cultural activities of persons with disability or otherwise disadvantaged groups of population;
3. **Cultural vouchers** – support for the cultural participation of pupils and students of primary and secondary schools;
4. **Support for the local and regional culture** – is a part of the subsidy scheme of the Ministry of Culture since 2020.

The subsidy funds take the form of a public independent institution and are founded by law<sup>145</sup>. Their formation is based on the so-called arm's length principle which is common in public administration all over the world. The decision-making process concerning the subsidies provided follows the rules defined in the act under which the relevant fund was founded and is independent of the Ministry of Culture. The applicable laws govern the issues of the activities and bodies of the scheme; operation of specialised commissions reviewing applications; provision of funds; applicants and application filing process; funding and financial management of the scheme, etc. The arm's length principle is normally used in the cultural policy in the development of subsidy support instruments (Hillman Chartrand & Caughey, 1989; Towse, 2010).

The total volume of the subsidies provided (from both the Ministry of Culture's subsidy scheme and the founded funds) in recent years has grown significantly and, compared with 2008, more than doubled until

<sup>144</sup> Act No. 434/2010 Coll. on the provision of subsidies under the competence of the Ministry of Culture of the Slovak Republic.

<sup>145</sup> AVF – Act No. 516/2008 Coll. on the Audiovisual Fund and on amendments and supplements to certain acts as amended; Slovak Arts Council – Act No. 284/2014 Coll. on the Slovak Arts Council and on amendments and supplements to certain acts, and Act No. 434/2010 on the provision of subsidies in the competence of the Ministry of Culture of the Slovak Republic as amended by Act No. 79/2013 Coll.; KULT MINOR – Act No. 138/2017 Coll. on the Fund for the Support of Culture of Minorities and on amendments and supplements to certain acts.

**2018 (from EUR 20.7 million to EUR 54.0 million).** The programme structure has been made wider and new forms of subsidy support have been offered (scholarships for artistic production for natural persons in the AVF and the Slovak Arts Council). The formation of founded funds was accompanied by the increase in the number of applications, increase in the number of approved applications, and the increase in the amount provided for the support activities (Table 30).

**Table 30 Changes before and after the start date of founded funds**

	Number of applications		Number of supported applications		Approved amount (MEUR)	
	before the start date of the fund*	at the beginning of the fund*	before the start date of the fund*	at the beginning of the fund*	before the start date of the fund*	at the beginning of the fund*
AVF	261	488	112	251	3.8	6.0
Slovak Arts Council	3,995	4,946	2,419	2,959	9.3	16.5
KULT MINOR	1,897	2,079	1,269	1,400	4.1	7.3

Source: MinCul, AVF, SAC, GO SK, KULT MINOR

\*Note: The yearly average for three years before the fund started operating; programmes were provided from the subsidy scheme of the Ministry of Culture (in case of KULT MINOR, from the Office of the Government).

\*\*Note: The average for the first three years of the fund's operation (in case of KULT MINOR, only for one year of its operation).

### Subsidies and decision making

**In all funds as well as the Ministry of Culture's subsidy scheme, the applications submitted are reviewed by specialised commissions.** The composition of these commissions and their operation are governed directly by the acts which found the relevant funds, and the applicable internal guidelines. The quality of evaluation by individual commissions is supported by the publication of the list of their members and their decisions. In case of founded funds, their general direction is also decided by administrative boards members of which are the representatives of individual areas of arts and culture. Members of administrative boards are appointed based on nominations by the Minister at various periodicities.

**The situation is slightly different at KULT MINOR where the work of specialised commissions constitutes some kind of self-government.** The submitted applications are reviewed separately for individual minorities. Each of the actually supported 13 minorities have their own specialised board, except the Hungarian and the Roma ones which have three boards for each priority area. The specialised boards have five members, majority of them are appointed by the director based on nomination from among the candidates elected by the assembly of the organisations of the relevant minorities, and the remaining members are appointed by the director without the need of such nomination. A separate specialised board is set up for the Inter-Cultural Dialogue and Understanding programme, and is appointed directly by the director of the scheme.

**The decisions of the founded funds and the subsidy scheme of the Ministry of Culture are public** – the lists of all applicants are published on web sites together with the information about projects and decisions to support or not to support the relevant application. But they differ as to the extent of the information published and method of subsidy allocation. All founded funds also publish verbal justifications if they decide not to support a project, or in case of other problems.

**The problem shared by all founded funds is:**

- **shortage of reviewers** – specialised commissions are not changed as often as necessary in some of the programmes because there is shortage of experts in the relevant area, or they are not interested in taking part in commissions;
- **possible conflict of interests** – individual acts founding the funds contain differing definitions of the conflict of interests and it is then not always possible to avoid a situation that certain programmes have commission members who concurrently cooperate with the entities which applied for subsidy.

For example, the Slovak Arts Council addresses the issue of possible conflict of interests by not including such a reviewer in the commission. If the conflict of interests is identified later when the commission is already set up and in work, such a member is excluded from the review of all applications in the programme.

**Evaluation of the support activities of funds**

**It is currently problematic to assess the impact of subsidy systems in culture, because we lack data about the supported projects in an easy-to-process format.** Recipients in each subsidy fund are requested to report evaluation of the content of the implemented projects mainly in the form of a text, and not of structured data. The results in the form of text are difficult to process, they are varied and differ (Table 31) as to the scale of information about the project outputs provided by the recipients. As regards the support from subsidy systems, the data available mainly includes the amount of support, area of investment, and number of supported projects, or the applicant's residence. But this is not enough, because it is not clear how many people benefited from the supported activities or does not specify individual activities which hinders evaluation of the instrument of subsidy systems and their efficiency in the attainment of objectives and the comparability with other instruments.

**Measure: To improve the efficiency of the funds used for subsidizing activities by better assessment of the results of the supported projects and better definition of future objectives of subsidy funds, it will be necessary to incorporate a systematic collection of data about the implemented projects into the factual project assessment processes.**

Other countries (Box 10) collect structured data within the supported projects using an application for the recipients which is easy to export (e.g. in the format of .csv, .xls). An example of the aspects of projects which need to be monitored for the purposes of project evaluation process:

- number of outputs stating the genre (within music, it was jazz, classical music, experimental music, etc.);
- number of people reached by the activities (e.g. number of participants or visitors, age structure of visitors, number of engaged individuals from disadvantaged groups);
- location where the activity took place;
- distribution of creative products generated from the support (e.g. CD, publications, games);
- number of new premises for culture;
- specification of buildings renewed stating how they are used again and how they contributed to the development of the relevant location.

**Box 10 Collection of the data about supported projects**

The theory of subsidy funds (Towse, 2010) as the arm's length instrument puts high emphasis on the decision-making on allocation of public finance, ensuring highest possible level of expertise and transparency by engaging experts, but neglects the measurement of the specific impacts of the supported activities.

Various Arts Councils also started focusing on the evaluation of projects after their implementation from the perspective of finance as well as the content. First of all, it is important to establish consistent data collection, an issue already pointed out by the value for money analysis of the Irish Arts Council (DCHG, 2015). In 2016, the Arts Council then started working on the data collection based on longer discussion about the selection of the right names for individual fields for measurement and in 2019 they launched an electronic system and already have the first results about the impact of the support activity<sup>146</sup>. For example, the Arts Council is able to present how many pre-school children went to contemporary dance performances in Dublin in 2019 thanks to support from public funds.

**Table 31 Overview of the methods of collection of information about the implemented projects currently supported by subsidy funds in culture (February 2020)**

Subsidy system	Reporting on the implemented projects	Link to the registration system
Ministry of Culture's subsidy scheme	Data collection in the form of text within the registration system – uploading word documents	<a href="https://ds.culture.gov.sk">https://ds.culture.gov.sk</a>
AVF	Data collection in the form of text within the registration system. Certain data about certain programmes is provided from the Slovak Film Institute (number of viewers of films, number of awards).	<a href="http://registracia.avf.sk">http://registracia.avf.sk</a>
Slovak Arts Council	Data collection in the form of text within the registration system.	<a href="https://podpora.fpu.sk">https://podpora.fpu.sk</a>
KULT MINOR	Data collection in the form of text within the registration system.	<a href="https://podpora.kultminor.sk">https://podpora.kultminor.sk</a>

Source: ICP

## Cultural vouchers

Cultural vouchers constitute a financial discount of the admission fees of the selected cultural institutions for primary and secondary schools. Both parties, schools and cultural institutions may apply for them by registering with the Cultural Vouchers subsidy programme. This programme was founded with the aim to increase the attendance rates of cultural institutions among pupils and students of primary and secondary schools and, at the same time, to make students regular visitors also in the future without the need to motivate them with these vouchers (the so-called demand-side incentives).

Each student and teacher of the registered school receives 4 vouchers valued at EUR 4 (EUR 1 = 1 voucher). Every year, the Ministry of Culture allocates EUR 3 million for cultural vouchers; the value of vouchers actually used (reported and refunded) amounted to EUR 2.3 million in 2019. They were distributed among 744 thousand students and teachers from 2,879 schools. On average, 75% of all schools participate in the programme; if we omit special primary and secondary schools, it is 90% of schools. This means that on average 75% of all funds intended for cultural vouchers are used.

The scheme is not easy to evaluate in the actual form; it is demanding for administration and burdened with unnecessary bureaucracy.

The declared objectives of the subsidy programme<sup>147</sup> include the development of the conditions for active participation of cultural institutions in education of school-age youth, make children and young people interested

<sup>146</sup> Measurement and evaluation, available on-line: <http://www.artscouncil.ie/Arts-in-Ireland/Strategic-development/Measurement-and-evaluation/>

<sup>147</sup> <https://www.kulturnepoukazy.sk/kp20/index.html>



in culture, and monitor the attendance rates of cultural institutions by this age category<sup>148</sup>. Monitoring which should be provided by the information system for cultural vouchers is not adequate in the actual form. The system does not allow to accurately measure the reach of the programme, e.g. which schools, how many vouchers, and in which cultural institutions. The limited form of the system remains unused – by experts, schools, cultural institutions or the public, because the system does not offer the option of a deeper analysis of participation of the younger generation, students of primary and secondary schools.

As many as 3 information systems implemented in 2006 are currently necessary to process the agenda of cultural vouchers, and additional two systems of the Ministry of Culture are used here (Nuntio and State Treasury)<sup>149</sup>. The vouchers are distributed to schools in the printed form only. The operating expenses of the information systems together with the costs of voucher printing and personification and distribution amount to around EUR 165 thousand a year, which is around 7% with the distributed vouchers amounting to EUR 2.3 million. The operating expenses of the subsidy schemes of AVF and KULT MINOR amount to 5%, in the Slovak Arts Council it is 3.5% of the total budget.

At present, schools must register every year on the web site [www.kulturnepoukazy.sk](http://www.kulturnepoukazy.sk) to obtain the vouchers for students. At the same time, if they miss the date of registration, they lose the right to receive the vouchers.

**Measure: Make the programme of cultural vouchers more targeted and efficient by monitoring and evaluating its objectives, and particularly the interest of children and youth in culture, and by reducing the operating expenses and the administrative burden.**

**Monitoring and evaluation of the achievement of objectives** should be a part of functionalities of the new information system and, at the same time, should also be conducted within regular user inquiries, e.g. by way of surveys.

**It is possible to increase the efficiency of cultural vouchers with the help of the new information system.** It is necessary to replace the existing information system which only permits a printed version of vouchers with a new, low-maintenance and user-friendly system which would cost less without compromising quality. The new system should offer an option of an electronic form of cultural vouchers and should contain analytical instruments for evaluation of their success.

**The administrative burden can be reduced by cancelling the every year repeated registration process.** It will be necessary to define whether one-off registration would be enough or the schools would receive the vouchers automatically. This step goes hand in hand with the measure about transition to the electronic form of cultural vouchers and should contain analytical instruments for evaluation of their success.

## Arts Funds

**Arts funds support artists just like the founded funds, but they only use 45% of their total revenues for the support activities (2018).** Although the arts funds – the Literary Fund, Music Fund and Fine Arts Fund, differ in their history, activities, and sources of revenues from the founded subsidy funds, their mission is the same – provide support to artists. Arts funds support creative literary, scientific and arts activities, and create material conditions for the creation of new artworks and performances. They provide support in the form of scholarships, and specifically long-term, creative remunerations, awards, travel allowances, loans to support the creative activities and other forms of support<sup>150</sup>.

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<sup>148</sup> Information for the applicants for subsidies from the Ministry of Culture's budget category in the Cultural Vouchers programme for 2020 (cultural institutions).

<sup>149</sup> More detailed information about the existing limitations of the existing status is contained in the Analysis of Cultural Voucher Processing (Soitron, 2019).

<sup>150</sup> According to Article 2(3)(b) of Act No. 13/1993 Coll. on arts funds.



**The main sources of revenues of arts funds are the compulsory contributions of the recipients of royalties and royalties of performers, contributions for use of works and fees for use, including the so-called free works<sup>151</sup>.** The levy paid to arts funds amounts to 2% of the gross royalties and royalties of performers. The contribution paid by users of works amounts to 1 – 2% of the relevant base, e.g. 1% of the collected admission fees for a theatre play or 2% of the aggregate gains for the audio or audiovisual recordings sold. Around 40% of the total contributions paid to the funds (EUR 900 thousand) come from RTVS. RTVS pays 1% of the collected concession fees, and 50% of that amount goes to the Literary Fund, 35% to the Music Fund, and 15% to the Fine Arts Fund. The Slovak Radio pays 0.14%, and the Television 0.1% of concession fees for the use of free works, other users pay a share of royalties. Other sources of revenues of arts funds include the business revenues, subsidies, sponsorship, inheritance, etc.

**Less than a half of the collected contributions (EUR 1.1 million of EUR 2.3 million) was used for the support activities in 2018.** Unlike in the case of the founded subsidy schemes, the law does not expressly lay down how much the arts funds must use for the support activities from their budget. In 2018, arts funds reported quite diverse data in this area – 27% to 57% of their total expenditures were used on the support activities (Box 11). The remainder was used for the operations or their other activities (e.g. publishing, consulting, commercial).

**The success of the collection of contributions is low, neither the authors nor the users of works are motivated to pay them.** It is not possible to accurately quantify the gap in the collection of contributions, because the fee system is complicated and we lack fragmented information. But it is possible to expect the gap to be substantial; if only one group of compulsory payers was taken into account, particularly the publishers of books and periodicals, and they met their duty to pay the contribution to the extent of 100%, according to the most recent data (Eurostat, 2015) they would contribute EUR 2 million, which is nearly as much as all arts funds currently managed to collect.

Poor awareness is one of the reasons for such a large gap in the collection of contribution, another one is the unwillingness to pay, which may have several reasons. There is no equivalent system to the system of compulsory contributions to the arts funds used with other professions, and this may be viewed as discrimination against artists, organisers of events, and sellers. For the authors of works, it is technically possible to create a work and offer it other than by using author's contracts (e.g. by invoicing author's services, if they are freelancers). Rules are unnecessarily too strict for some users. Criticism particularly comes from publishers which consider the selling price of the whole impression, and not of the sold products, to be essential. For others, the regulation is defined so vaguely that they are unsure how to follow it: for example, the provisions also apply "*mutatis mutandis*" to the remunerations of the producers of unrecorded media.<sup>152</sup> And, finally, the control mechanisms intended to recover contributions are rarely enforced. The motivation to contribute is also reduced by the method of support distribution which is rather formal and has no clear criteria in place based on which the support is provided.

**It is advisable to review the Act on Arts Funds, its objective and method of operation.** The first step is to answer the question whether both the authors and users of artworks should be obligated to create a support fund for their community by deducing part of their earnings. If yes, the conditions for payment must be unambiguous, transparent and encumber the groups of compulsory payers evenly, and the support should be distributed based on clear and transparent criteria.

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<sup>151</sup> The phrase "free work" in the document has the meaning according to Article 9 of the Copyright Act, <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2015/185/#paraGraph-9>.

<sup>152</sup> According to Article 25 of Act No. 13/1993 Coll. on arts funds.

**If the system of support funds is retained in any form, its distribution should be made more efficient.** Arts funds currently consume large portion of finance for their own operation, reducing the volume of money provided to support artists. The founded subsidy schemes provide direct support at lower cost. Arts funds should have a cap for operating expenses, just like the subsidy funds have, otherwise it is more efficient to transfer their support activities under subsidy funds.

**If the revenues from contributions to arts funds were transferred to the founded subsidy funds and used for direct support, EUR 1.1 million more would be distributed among artists every year.** The thing is that the founded subsidy funds may not use more than 5% of their revenues for their operations (the Slovak Arts Council may use only 3.5%)<sup>153</sup>. If the support activities were transferred to the Slovak Arts Council, the Council would be permitted to use only EUR 80 thousand of the current volume of revenues from contributions to the arts funds (EUR 2.3 million) for its operations. If the support was administered by way of the Slovak Arts Council, similar subsidies (EUR 900 thousand) as the amounts now provided by arts funds (EUR 1.1 million) would be achieved if only RTVS as the only from among all compulsory payers paid the contribution. Consequently, the Ministry of Culture would save EUR 100 thousand because neither of the founded organisations of the Ministry of Culture would have to contribute to the arts funds.

Secondary activities, such as publishing and other activities could be taken over by the founded organisations of the Ministry of Culture (Music Centre, Literary Information Centre) which already engage in similar activities. The estimate of additional costs depends particularly on the decision whether to keep these services or rather invest the funds in direct subsidies. Eventual dissolution of arts funds would also necessitate decisions concerning their assets, and particularly the residential facilities of the Literary Fund and the shops of the Music Fund, as well as the collections of works in their possession. Any transformation must take place in cooperation with the representatives of the affected artists, subsidy funds, Music and Literary Information Centre, or other budgetary and contributory organisations of the Ministry of Culture. Increase in the budget of the funds and other state-funded organisations by the contributions collected from authors and users must not result in the decrease in their resources.

**As the first option, the review recommends cancelling art funds and transferring their support activities under the subsidy funds. The support of artists would therefore grow by EUR 1.1 million.** To do this step, it would be necessary to analyse the transfer of individual activities from the arts funds to the founded organisations, and to amend the Act on Founded Funds.

Another option is complete **dissolution of the funds as well as of the obligation to pay contributions to them.** This would mean EUR 1.1 million lower support for artists a year but, on the other hand, cancellation of the obligation to pay in total amount of EUR 2.3 million a year.

**The third option is to keep the arts funds, but revise the system of contributions and distribution of support.** Were the arts fund be kept, it is necessary to clearly and fairly define the obligations of payers and raise awareness, and put in place a more transparent system of distribution of the support and set a maximum cap for the operating expenses, just like the subsidy funds have.

**Measure: Prepare and submit to the Government for deliberation an amendment to the Act on Arts Funds, or revoke this law, and transfer their support activities under founded funds or the organisations founded by the Ministry of Culture; this step would result in the amendment of their laws and by-laws.**

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<sup>153</sup> Some of the earned revenues are exempt from this rule. This is why the 3.5% of the revenues of arts funds is calculated based on the revenues from contributions, and not their own gains from other activities.

### Box 11 Arts funds

Three arts funds were founded by the Act No. 13/1993 Coll. on arts funds as national-and-cultural public institutions:

- **Literary Fund** – for the creative activities in the area of literature, theatre, film, radio, television and entertainment arts;
- **Music Fund** – for the creative activity in the area of music;
- **Fine Arts Fund** – for the creative activity in the area of fine arts.

**Literary Fund** received revenues of EUR 1.45 million in 2018; EUR 1.39 of that amount came from contributions requested under the law. EUR 767 thousand, i.e. 55% of the revenues from contributions, were used for direct support activities.

**Music Fund** had the revenues of EUR 555 thousand in 2018, with EUR 457 thousand coming from contributions paid under law and 18% of all revenues coming from their own income. The Fund used EUR 111 thousand for support activities; this amount was increased by EUR 14 thousand coming from the reserve fund built from the profits of the Fund, so it used EUR 125 thousand for support activities, i.e. 27% of the revenues from contributions.

**Fine Arts Fund** gained revenues of EUR 413 in 2018<sup>154</sup>. 50% of the revenues, i.e. EUR 205 thousand, were provided for direct subsidies.

The operation of arts funds is governed by their by-laws which are submitted by the board of the relevant fund to the Minister of Culture for approval. The arts funds operate as artistic self-governments. Members of the committees of sections are elected by registered creative associations and professional organisations operating in the relevant creative area, and the boards then consist of the representatives of the section committees.

## 4.3 Information systems

**IT expenditures of the Ministry of Culture's budget category (MinCul) averaged EUR 16.5 million in 2011 – 2019 (4.7% of the budget)<sup>155</sup> (Graph 64). The total amount of the IT budget corresponds to the average of other ministries, the share is one of the highest.** 36% of the total and 60% of the investment IT expenditures come from the EU. Major part of the IT expenditures is associated with the digitization of cultural heritage treated in Chapter 4.9.

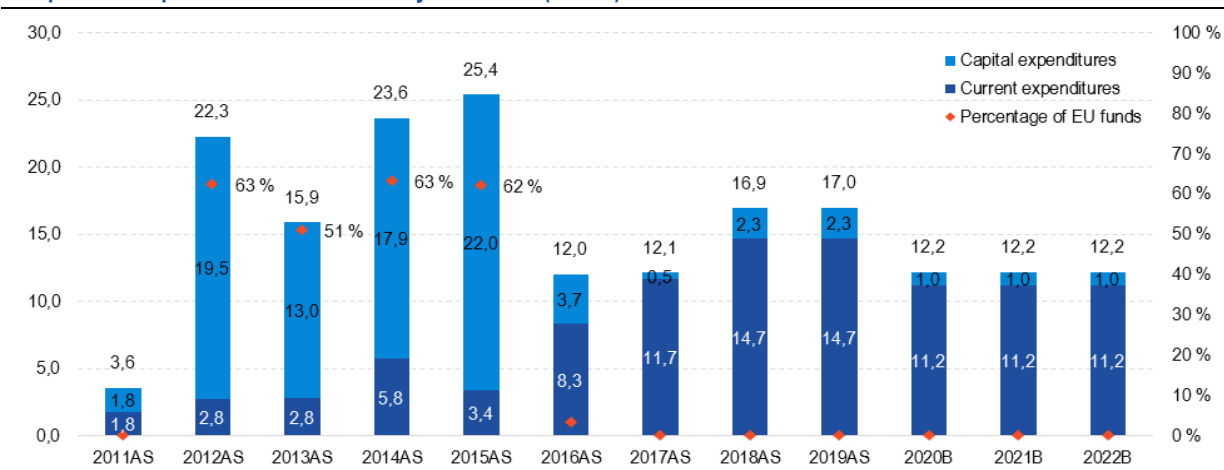
The expenditures in the public administration budget for 2020-22 do not include the planned investments from structural funds. The Monuments Board, a funded organisation of the Ministry of Culture, plans to implement the "Monuments Information System" project (aka PAMIS) which should help save the time of employees by digitization of processes. The investment costs are estimated at EUR 12.5 million and the annual operating costs at EUR 1.2 million, and the project may save as many as 43 FTEs<sup>156</sup> (EUR 0.9 million a year, in 2027). After implementation of the information system, it is recommended to modify the number of FTE working on the optimized agendas in accordance with the measured benefits and the number of submissions, or to use the free resources to reduce overtime work or increase the number of resolved issues. It will be necessary to monitor the expected savings and reflect them in the budget of the organisation.

<sup>154</sup> Due to shortage of data about the detailed structure of revenues, all calculations are based on a simplified assumption that all revenues of the Fine Arts Fund come from contributions.

<sup>155</sup> IT expenditures mean expenditures of the entire budget category of the Ministry of Culture filtered according to the programme classification (OEK) and according to the economic classification (selected ICT codes EKRK).

<sup>156</sup> Full-time equivalent. Analysis available on-line: <https://www.mfsr.sk/sk/financie/hodnota-za-peniaze/hodnotenie-investicnych-projektov/hodnotenie-investicnych-projektov.html>

**Graph 64 IT expenditures of the Ministry of Culture (MEUR)**



Source: BIS, VFM

The largest part of the budget (EUR 6.8 million, 44%) is allocated for the purchase of external IT services (Table 32). The share of expenditures in the purchase of external services of software maintenance and development and other ICT services corresponds to the average of the other budget categories of ministries. According to the results of the DataCentrum performance efficiency evaluation<sup>157</sup>, it is possible to use internal resources even for the specialised IT services and save costs compromising the quality. The "Human Resources in Public Administration"<sup>158</sup> document states that the Ministry of Culture has internal resources particularly at the Operations Department, the missing resources for strategic IT management are the largest drawback.

**Table 32 Largest cost items (EUR)**

Item	2017	2018	2019	Share
Services in the ICT area, software maintenance and development	4.9	7.7	7.7	44%
Routine and standard maintenance of computing technology	4.2	3.9	4.4	27%
Other	3.0	5.4	4.9	29%

Source: BIS, VFM

**Measure: Analyse the economic efficiency of switching from external IT services to internal labour force and develop a time schedule for the implementation**

It is possible to reduce the IT expenditures at least by EUR 0.75 million in 5 years by changing the operating model of the selling and booking system. The Ministry of Culture operates its own ticket selling and booking system. The same services could also be provided by way of a licensed software or portals of commercial ticket sellers. The most cost-efficient option is to go for a licensed software (Table 33), some of the founded organisations already use this solution (SFI, SLUK). The cost-saving potential for 2019 – 2023 estimated at EUR 0.75 million (EUR 0.15 million a year) will be updated in the feasibility study and will also include comparison with alternative solutions. It is possible to increase the expected savings by better specification of requirements and negotiating better conditions on the grounds of exclusive turnover from admissions.

**Table 33 Costs of ticket sale and booking in 2019 – 2023 (MEUR)**

Option	Costs
Keeping the existing system requiring development	1.7
Sale of tickets by way of ticketing companies	3.2 – 4.3
Use of licensed solution	1.0

Source: ICP

<sup>157</sup> DataCentrum Performance Efficiency Evaluation, available on-line: [https://finance.gov.sk/files/archiv/92/Hodnotenie\\_vykonnosti\\_DataCentra\\_web.pdf](https://finance.gov.sk/files/archiv/92/Hodnotenie_vykonnosti_DataCentra_web.pdf).

<sup>158</sup> Human Resources in Public Administration, available on-line: <https://platforma.slovensko.digital/uploads/short-url/7nmziofRZBteCvxzYj2BKRllaTx.pdf>.

**Measure: Optimise the ticket selling and booking system in the founded organisations of the Ministry of Culture.** Prepare a binding plan for changing the selling and booking system based on the analysis results. Update the analysis researching the cost-efficiency of alternative solutions.

The IT expenditures are not concentrated on the Office of the Ministry, comparable expenditures are reported by 3 other budgetary organisations (Table 34). The IT expenditures of the Office of the Ministry of Culture averaged 26% in 2015 – 19; 3 other budgetary organisations report similar IT expenditures (and they are largely connected with digitization projects). Since 2020, the IT expenditures of the University Library in Bratislava and of the Slovak National Library are expected to be higher than the expenditures of the office of the Ministry.

**Table 34 Average annual IT expenditures of the budget category (MEUR)**

Organisation	2015 – 2019	2020 – 2022
Ministry of Culture of the Slovak Republic	4.3	2.4
University Library in Bratislava	3.9	2.5
National Edification Centre	3.5	2.1
Slovak National Library	2.4	3.1
Other	2.7	2.0

Source: BIS, VřM

Due to failures to meet the rules of IT expenditures planning, it is not possible to compare them in more detail in time or between organisations. According to the methodological guideline pertaining to 0EK, the IT expenditures of the administrators of individual budget categories and their budgetary and contributory organisations which are funded from the state budget should be recorded in the inter-ministerial programme 0EK<sup>159</sup>. The methodological guideline 0EK is only adhered to by the office of the Ministry of Culture which plans on average 79% of IT expenditures in accordance with that guideline. Other budgetary organisations do not record IT expenditures in the inter-ministerial programme at all (Table 35).

**Table 35 Expenditures on IT funded from the state budget in the inter-ministerial programme 0EK**

Organisation	Amount of expenditures (MEUR)	2017	2018	2019	2020	2021	2022
Office of the Ministry of Culture	3.1	77%	83%	89%	76%	76%	76%
Other organisations	10.4	0%	0%	0%	0%	0%	0%
Total	13.5	15%	21%	28%	15%	15%	15%

Source: BIS, VřM

**Measure: Implement budget planning based on the methodological guideline 0EK in all budgetary and contributory organisations of the Ministry of Culture.**

Due to poor data quality, it is not possible to evaluate the returns on the operational IS. The Ministry operates or plans to develop 74 information systems<sup>160</sup>. The data about the costs and use of IS (number of submissions, number of users, percentage of electronic submissions, etc.) is either of poor quality or is not available at all. The information systems with annual expenditures exceeding EUR 100 thousand should be planned according to 0EK as separate items. Only 1 IS is so recorded in the public administration budget. The central meta-information system MetalS should serve as a point of aggregation of the data about individual IS, including the costs and measurable indicators of achievement. The data about the initial and target values of measurable indicators is available for 1 IS; actual data is not provided.

**Measure: Regularly upload data about the cost and use of individual IS in MetalS.**

<sup>159</sup> Methodological Guideline of the Deputy Prime Minister's Office for Investment and Informatisation for Planning IT Purchases within the Inter-Ministerial Programme 0EK Information Technologies Funded from the State Budget, available on-line: [https://drive.google.com/file/d/15pFGMX80gV\\_5AUZM-Fiu0Z7TaQxJdVRx/view?usp=sharing](https://drive.google.com/file/d/15pFGMX80gV_5AUZM-Fiu0Z7TaQxJdVRx/view?usp=sharing)

<sup>160</sup> Central meta-information system of the Slovak public administration, available on-line: <https://metais.vicempremier.gov.sk/cilist/ISVS>

**Economically efficient procurement of servicing IT services requires comparison of the existing model and scope of purchase with other alternatives, including the option of using internal resources for these works.**

In 2017, the Ministry of Culture concluded a 5-year service level agreement for the office and 30 organisations with the value of EUR 15.8 million incl. VAT<sup>161</sup>. The services are ordered in the form of one-month flat rate for individual organisations and may be, in relevant cases, extended by the services provided on top of such flat rate.

It is not possible to establish based on the available documents whether the unit prices and the volume of external services are set efficiently and whether their purchase from one supplier for organisations located all over Slovakia is a more cost-efficient option. Average unit price of IT specialists of EUR 918 incl. VAT (totalling EUR 3.5 million) is higher than the price that is usual for the Slovak public sector of EUR 672 incl. VAT. By reducing the unit prices to the referential level, EUR 0.2 million could be saved every year under a new contract. It would be possible to reduce the cost even now if the proof of economic return on the services used on top of the prepaid scope was requested.

Cost efficient procurement of IT services for the next period requires a feasibility study to be prepared. One of the basic assumptions for the preparation of this study is setting the priorities for how to handle digital data resulting from the digitization processes of the artefacts representing cultural heritage of Slovakia. It is necessary to compare all relevant alternatives of procuring the services, including the option of developing own resources and preparing as accurate estimate of the necessary quantity and budget as possible.

**Measure: Prepare a feasibility study to identify the most efficient method of provision of servicing IT services after expiry of the existing contract**

**Measure: Before using services on top of the prepaid scope, prove economic return of the services being ordered.**

#### **4.4 Capital expenditures**

**Investments within the budget category of the Ministry of Culture accounted for around 14% of the category in 2011 – 2019 (around EUR 39 million on average) (Graph 65).** The investments were funded mainly from the state budget. They were increased in 2012 – 2015 mainly due to the more significant funding of the cultural heritage digitization projects from the EU funds. Digitization projects will be in the sustainability phase until the end of 2021. In the next years, the Ministry plans to finance investments mainly from the state budget (EUR 9.9 million in 2020 and EUR 8 million in each of 2021 and 2022).

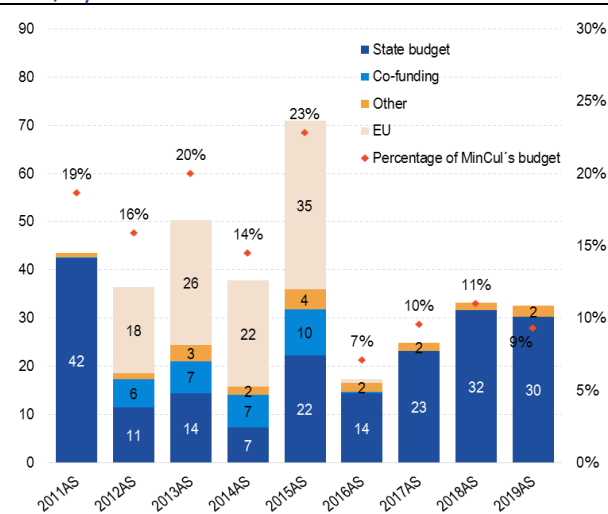
**Capital expenditures at the end of the year regularly highly exceed the approved budget at the beginning of the year, which is mainly caused by the EU funds and transfers of the unused accrued expenditures (Graph 66).** The investment budget approved in the category of the Ministry of Culture at the beginning of the year only accounted for 39% of the total capital expenditures drawn at the end of that year. The largest differences in 2012 to 2015 were caused particularly by projects supported by the EU funds (55% of the difference) which were not planned within the Ministry of Culture's category. Other differences are mainly due to the transferred accrued funds (45% of the difference, not drawn in the year in which they were originally planned). If the Ministry of Culture lacks the information about the size of its investment budget for the next years on a long-term basis, it cannot efficiently plan future investments.

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<sup>161</sup> Service Level Agreement, available on-line: <https://www.crz.gov.sk/index.php?ID=2910679&l=sk>

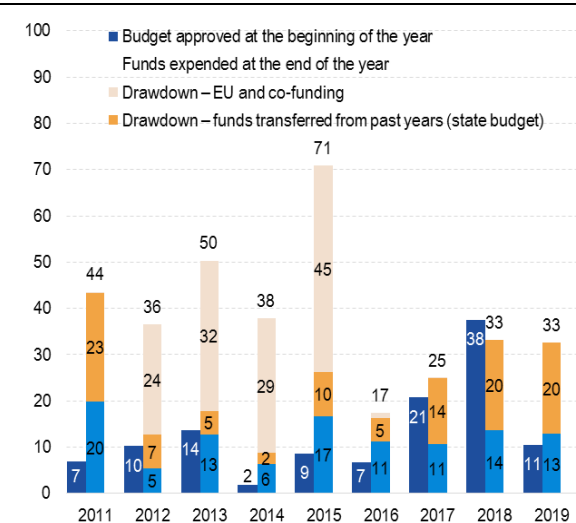


**Graph 65 Capital expenditures of the Ministry of Culture by funding sources in 2011 – 2019 (left axis, MEUR) and share in the total budget of the MinCul category (right axis, %)**



Source: BIS, VřM

**Graph 66 Drawdown of the investment budget in 2011 – 2019 (MEUR)**



Source: BIS, VřM

**The Ministry of Culture currently does not have a long-term investment plan in place.** Investments are selected and implemented mainly on an as needed basis throughout the year. The most significant investments in the restoration of cultural monuments are approved directly by the Government in the course of the year (e.g. emergency care of the Spiš Castle – EUR 4.8 million, 2019<sup>162</sup>). It follows from the discussions with the Ministry of Culture that absence of smaller investments in the maintenance of good condition of the property and cultural monuments may later necessitate huge investments in complex restoration due to their long-lasting bad condition. As the Ministry of Culture informed, the preparation and implementation of investment projects is restricted by insufficient resources of the Ministry of Culture's organisations. Efficient facility management and a well-set long-term investment process are important for gradual reduction of the number of deteriorating monuments (modernization debt) quantified in the review.

**Long-lasting shortage of investments in restorations, renovations or reconstructions of cultural monuments and collection objects led to gradual accrual of the modernization debt.** The debt on monuments owned by the state is estimated to reach EUR 222 – 769 million (EUR 1.6 – 4.7 billion for those owned by private individuals, church, and local governments).

**The increase in investments itself will not bring the expected results if the projects are not assigned a priority order and are not prepared on a long-term basis.** A good example is the documentation of buildings owned by the Ministry of Culture and the long-term investment plan being prepared for the 24 selected national cultural monuments. The Ministry of Culture plans to submit the investment plan to the Government for deliberation. Its approval should result in the development of a long-term plan of systematic investments in the restoration of cultural monuments.

**The investment plan should consist of a list of planned investments in culture including projects which are in the early preparation phase.** It serves as an instrument of strategic planning enabling transparent planning and preparation of investments from the initial phases. Preparation of an investment project and its inclusion in the plan from the very beginning of project preparation or preparation of the feasibility study enables better planning of future expenditures.

<sup>162</sup> Proposal of Emergency Care of the Spiš Castle, available on-line: <https://rokovania.gov.sk/RVL/Material/24237/1>



**Measure: Prepare and submit to the Slovak Government for deliberation a long-term investment plan for national cultural monuments owned by the Ministry of Culture and its subordinated organisations. As a follow up, prepare and submit to the Slovak Government for deliberation a long-term investment plan for all immovable properties owned by the Ministry of Culture and its subordinated organisations.**

There currently is no methodology which would quantify the benefits of a good condition of national cultural monuments. The general framework for the preparation and evaluation of investment projects is provided by the methodological guidelines of the Ministry of Finance<sup>163</sup> which are supplemented with sector methodologies in the selected areas. Sector methodologies need to be amended in all areas in which it is necessary to specify individual approach to the preparation of projects or calculation of benefits. The review recommends to finalize the methodologies for the preparation of feasibility studies and an economic analysis in culture. During development of methodologies, emphasis should particularly be laid on the rules of creation and selection of alternative solutions, and on objective quantification of future benefits. The review also recommends that the feasibility studies and economic analysis be prepared to the maximum possible extent by the employees of the Ministry of Culture's analytical unit. The analytical unit should be built so as to be able to prepare feasibility studies and economic analyses on its own without ordering them externally.

**Measure: Finalize the methodologies for the preparation of feasibility studies and an economic analysis in culture. Make the preparation of the studies and economic analysis a part of the work of the Ministry of Culture's analytical units.**

The organisations of the Ministry of Culture do not have sufficient resources for the preparation of investment projects and documentation. Lacking sufficient resources in technical positions (designers, architects, etc.), budgetary and contributory organisations often experience limitations during preparation of investment projects and evaluation of the services supplied externally. This increases the risk that the project would be implemented with the use of more-than-standard solutions although the same results could be achieved using more efficient alternatives.

Project office has a potential to develop sufficient internal resources, but not all organisations of the Ministry of Culture implement projects regularly, so they would not use their own resources to the fullest. It is appropriate to build a project office as a joint centre at the Ministry which would provide services to all subordinated organisations.

**Measure: Found a central project office with internal resources in technical positions who would prepare investment projects and the necessary documentation for the Ministry of Culture's subordinated organisations with the aim to improve the project preparation efficiency.** The Ministry of Culture's study has estimated the cost of foundation and operation of such an office at the level of EUR 1.7 million a year, but the estimate needs to be updated and the cost justified.

#### **4.5 Improvement of the management of budgetary and contributory organisations**

The Ministry of Culture's leadership method does not focus on the achievement of results through its founded organisations (the BUCO) on a long term basis. Founded as national cultural institutions, the aim of funded organisations is to provide authorial freedom for the production and activities of the organisations and increase transparency, independence and efficiency of their operation to achieve the best possible results. The relationships between the Ministry of Culture and the state-funded organisations usually focus on formal control,

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<sup>163</sup> Methodological guideline on the process of preparation of investments and investment projects and framework for the evaluation of public investment projects in Slovakia, available on-line: <https://www.mfsr.sk/sk/financie/hodnota-za-peniaze/hodnotenie-investicnych-projektov/hodnotenie-investicnych-projektov.html>

cooperation on strategic planning is only very limited and restricted to one year. As a consequence, although the objectives of the Slovak cultural policy are defined, their implementation is often formal.

Such countries as Ireland, Finland, Denmark or Estonia have better results in the participation in cultural services, even though they have similar instruments of cultural policy as Slovakia<sup>164</sup>. One of the reasons may also be that they have management elements in place which are currently not used by the Ministry of Culture (Box 12). Such elements as a selection process of a manager, definition of the term of office, and strategic planning need to be implemented or modernized.

### Selection and dismissal of a managing employee

**There are substantial differences between the BUCO organisations as regards the rules of selection or dismissal of managing employees, or approval of plans, which makes the expectations from the organisations unclear.** The managing activities of funded BUCO organisations as public institutions are currently governed primarily under three laws. Act on Public Service<sup>165</sup> applies to all, but it only has two exceptions for cultural organisations. One based on the Act on Theatrical Activities<sup>166</sup> for theatre and music institutions, and the other one based on the Act on Audiovision<sup>167</sup>. This led to the creation of three groups of BUCO organisations (Table 36).<sup>168</sup> There also is a fourth group of founded organisations of the Ministry of Culture comprising only the Monuments Board, since this is the organisation which carries out specialised state administration. The Monuments Board is managed by the general manager who is appointed and dismissed by the Minister based on consultation with the Monuments Board<sup>169</sup>. The appointment is for an indefinite period of time.

**Table 36 Management processes of BUCO organisations at the Ministry of Culture, data valid as of February 2020, number of BUCO organisations in brackets**

Process	Group 1: Museums, libraries, informational and documentary BUCO organisations (19)	Group 2: Theatre and music institutions (10)	Group 3: Slovak Film Institute (1)
Selection and dismissal of a managing employee	Selection process should take place. The method of selection committee appointment not clear. May be dismissed at any time by the Minister.	Managing employee may be selected by the Minister even without the selection process with a specialised committee. The method of selection committee appointment not clear. May be dismissed at any time by the Minister.	Managing employee selected and dismissed by the appointed board of the SFI. The Board of the SFI is a permanent body holding approval power (Box 12).
Term of office of the managing employee	indefinite	5 years (extension possible)	5 years (extension possible)
Strategic planning	without published strategy	without published strategy	Strategy absent, only the manager's vision published: "Slovak Film Institute Management and Development Project 2018 – 2023" <sup>170</sup> .

<sup>164</sup> Primarily, they are instruments combining direct foundation of cultural institutions and indirect financial support of cultural areas by way of independent funds.

<sup>165</sup> Act No. 552/2003 Coll. on the performance of work in public interest and on amendments to certain acts; Article 5.

<sup>166</sup> Act No. 103/2014 Coll. on theatrical and musical activities and on amendments and supplements to certain acts.

<sup>167</sup> Act No. 40/2015 Coll. on audiovision and on amendments and supplements to certain acts; Article 5(3) and Article 25(7)

<sup>168</sup> There also is a fourth category of cultural organisations in the Ministry of Culture relating to the organisations founded by law (RTVS, News Agency, Slovak Arts Council, AVF, KULT MINOR, *Matica slovenská* institution), and each of them has a selection process in place matching its needs. This analysis primarily deals in the relationship of the Ministry of Culture to the BUCO organisations.

<sup>169</sup> Act No. 49/2002 Coll. on the protection of monuments; Article 9(4).

<sup>170</sup> SFI Management and Development Project, available on-line: <http://www.sfu.sk/slovensky-filmovy-ustav-o-nas/organizacna-struktura/rada-sfu>

Content and budget preparation	The development process for the indicators of activities under the contract is based on agreement between the manager and the relevant section of the Ministry of Culture, and the budget planning is based on agreement with the budget section of the Ministry.
	The inspection is carried out by a specialised official of the Ministry who personally attends the public annual audits.
Inspection	The Board has the opportunity to approve the planned budget and audits in the annual reports at least four times a year. The selection and change of the managing employee is possible after 5 years.

Source: Act No. 552/2003 Coll.; Act No. 103/2014 Coll.; Act No. 40/2015; ICP

**The current setting of the selection and dismissal of the managers of BUCO organisations exposes managing workers to uncertainty, but the selection process could be improved in terms of transparency and professionalism.** Managing employees may be dismissed both in the first and the second group of BUCO organisations for convenience at any time by the Minister. Selection processes for the first and second group of BUCO organisations are conducted in accordance with the Guideline No. 1/2012<sup>171</sup> which does not clearly define the structure of the selection committee. As regards the second group of BUCO organisations focusing on theatrical and musical activities, effective of 2014 the managing employees may also be appointed directly by the Minister; under the current legal regulation, it is possible to replace the selection process with a direct appointment. The term of office is not the same for all BUCO organisations (Table 36). The term of office of the statutory representatives of BUCO organisations in the area of theatrical and musical creative activities and the Slovak Film Institute is five years. The remaining 19 BUCO organisations have managers appointed for an indefinite period of time<sup>172</sup>. In February 2020, 11 managers had already held the office for more than 10 years, and three managing workers for more than 20 years. Selection processes take place when the previous manager resigns, e.g. due to retirement. The decision whether or not the offices of managers who are appointed for five years should be extended is issued by the Minister together with the general manager of the Ministry of Culture's Arts section based on the concept of the managing worker for the past and future period which is not public.

Within the measure, we recommend to define a mandatory selection process after the five-year term of office for all managing employees of state-funded organisations by way of legislative changes or other instrument. The measure is conditioned by gradual implementation which will not disrupt professional and qualified work of state-funded organisations. The criteria for the selection of managing employees in public institutions conditioned by a selection process with a specialised committee are also recommended by the discussion study Budget 2.0 (Hagara, Kišš, & Ódor, 2019), due to overall improvement of the transparency and expertise in public administration. Within the measure, it is necessary to lay down clear rules for the selection of committee members in the form of a published guideline by specifying the professions which are to occur among the selection committee members<sup>173</sup> for each organisation, publish nominations of committee members for the Minister to choose, or conduct the selection by public hearing. To eliminate political interference with the activities of the organisations, it is also necessary to clearly define the conditions, under which managing employee may be dismissed by the founder during the five-year term. If any of the state-funded organisations is ready, it is also appropriate to allow to supplement an "engaging board" (*zapájaná rada*) model to the legal form of the state-funded organisation; such a board would not be a statutory body, but would have decision-making powers (refer to the Board of the Slovak Film Institute) (Box 12).

<sup>171</sup> Guideline No. 1/2012 of the Ministry of Culture on the selection process for a vacant position when performing work in public interest.

<sup>172</sup> The selection process for managers is also important within the organisations which have managers in several branches, e.g. the SNM appoints 18 branch managers for their specialised museums. Neither these processes are clearly formulated, the selection is rather for an indefinite period of time.

<sup>173</sup> For example 1 expert on management; 2 experts on qualifications – domestic and foreign; 1 representative of employees; 1 representative of the founder.

**Measure:** To increase the results orientation expected from the head workers of state-funded organisations, a five-year term of office should be gradually implemented for head employees with a better public selection process.

### Long-term planning

**It is difficult for the state-funded organisations to manage their work, because the Ministry of Culture does not create conditions for long-term development for state-founded institutions.** The method used by the Ministry of Culture to manage the planning of normal course, development, and inspection of the activities of the state-funded organisations is limited to one year only and goes without wider expert discussion. The Ministry of Culture currently does not require the organisations to present and publish development strategies.

1. Every year, the state-funded organisations discuss with the relevant section of the Ministry in order to define the content of their work and lay down indicators in the contract, and prepare budgets together with the Ministry's budget section.
2. The state-funded organisations may obtain funding for their development by way of the instrument of priority projects (see below) or by way of budgetary measures based on *ad hoc* non-legislative materials, all of them of poor efficiency.
3. The inspection of the work of state-funded organisations is rather formal and takes place at the annual audit of activities.

Since these management processes are restricted to one year only, there is no room for a wider discussion among experts about the objectives of cultural policies and the activities of national cultural institutions, or the evaluation of their results and impacts on the society.

Strategy is a classic control instrument which reflects the position of the institution and its desired role in the society (the so-called mission and vision statement). It reflects wider mission within the policy which finances it, takes into account the contemporary trends, continuously tries to respond the question about who or what is the object of organisation's services and how the organisation may influence the society. Their management should then be subject to that strategy. When selecting head employees, thought should be given to whether or not they would be able to implement the defined strategy by their vision of management which should be published. Strategic planning applies both to private companies and public institutions (Johnson, Scholes, Whittington, & Pyle, 2011). In case of public institutions, it is desirable to also publish such strategic materials. The public cultural institutions in Europe have a long history of publication of their strategies (e.g. Ireland, Denmark, Estonia). Following extensive specialised discussions with stakeholders and experts, Ireland prepared a 15-year strategy for the Irish National Museum which is gradually defined by a partial strategy for five years with audit of activities, a process taking place every five years.<sup>174</sup> It is a good practice when the founder supports the state-funded organisations in their efforts to formulate strategies with relevant expertise (a process now underway at the Košice Self-Governing Region, Bratislava Magistrate).

**Measure:** To improve the results and development of the state-funded organisations, it is necessary to implement strategic planning within the prepared and published strategy. The review recommends to prepare and publish a strategic document for 6 – 9 years in each budgetary and contributory organisation of the Ministry of Culture

**The financial instrument for the development of state-funded organisations, the so-called priority projects, is not very motivational.** Every year, approximately EUR 7 million is distributed among the state-funded organisations by way of priority projects (approx. 1/4 of the total amount under the projects, and 4.8% of

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<sup>174</sup> Corporate Information of the National museum of Ireland, available on-line: <https://www.museum.ie/Corporate-Media/Corporate-Information>

the budgets of the state-funded organisations). The aim of the priority projects is not clear. On one hand, priority projects are perceived as expenditures on top of contracts with the founder. On the other hand, state-funded organisations incorrectly understand them as "additional funding" for the core activities.<sup>175</sup>

It is necessary to better set the objectives of this financial instrument, because the objectives of individual elements in the programme budget planning are only output objectives, and the follow-up priorities of the Ministry of Culture are set as additional funding of budgets. It is also necessary to work on administrative transparency and economy of this instrument by developing the principles governing the provision of funds, and the rules for the evaluation of the funds within the elements of priority projects whereas there currently does not exist a uniform process for their distribution. Decision-making process concerning priority projects should take place at the time when the one-contracts of institutions are being drafted; this would allow the organisations a more efficient planning. When this measure is implemented, the budget planning needs to be changed so as to make the funding of normal activities of the state-funded organisations, such as acquisitions or activities of the museum, a normal part of the budget in the contract and not an option to be funded from priority projects.

**Measure: To improve the development of national cultural institutions, it is necessary to define a more efficient method of distribution of priority projects at the time when the state-funded organisations and the Ministry of Culture draft contracts.**

It is necessary to consider the use of existing legal forms (budgetary and contributory organisations) as well as adaptation of the concept of public research institutions for the purposes of the state-funded organisations in culture. The main issues of PBOs, such as the multi-year guaranteed funding, having multiple founders, or looking for multi-source funding options (international discussions also treat such options as private and public sector partnerships), need to be further analysed. The attempt of the Czech Republic to establish a new legal form of a public cultural institutions with a similar to the legal form of state-funded organisations did not work well<sup>176</sup> particularly due to unclear relationships between several founders.

**Measure: To remove the barriers to the development of cultural institutions, the legal forms appropriate for cultural institutions should be analysed.**

#### **Box 12 Other legal forms and their management by way of a board**

The legal form of PBOs governed under the Act on Budget Rules<sup>177</sup> currently permits the founder to appoint a statutory body, although the statutory body should be specified in the articles of association. Therefore, if the organisation is ready for this kind of management, there is also room for electing a board and potentially defining its operation. Boards are common parts of the management of cultural institutions abroad. The European cultural institutions incline to the decision-making model based on the arm's length principle where the decisions concerning the management of the organisation are taken by experts and important stakeholders. These models sometimes go hand in hand with a change of the legal form to foundations with an administrative board consisting of stakeholders (Estonia<sup>178</sup>, Norway<sup>179</sup>), state holding (Austria), or this

<sup>175</sup> Priority of the Ministry of Culture for the element 08T0103 for 2020: "Maintaining the continuity of arts projects which organisations are not able to cover with the budget and are funded as priority projects and, at the same time, are part of the core activity." In fact, they normally use the priority projects to fund their core activities, such as exhibitions, general activities of the museum, performances, acquisitions of collections and library units, or emergency care for buildings, and settle the incidental expenses and minor investments from the current budget.

<sup>176</sup> Resolution No. 460 of the Government of the Czech Republic of 23 May 2016 on the Senate's draft act on public cultural institutions, available on-line: <https://apps.odok.cz/veklep-detail?pid=KORNA9LJ3HPS>

<sup>177</sup> Act No. 523/2004 Coll. on Budgetary Rules in Public Administration and on amendments to certain acts.

<sup>178</sup> Ministry of Finance of Estonia: Analysis of National Tasks, Chapter 4.9 (Estonian); May 2016

<sup>179</sup> Norwegian Statistics of Museums, EGMUS plenary 2014, available on-line:

[https://www.egmus.eu/fileadmin/intern/2015\\_The\\_Hague/Norway\\_Arts\\_Council\\_EGMUS\\_Meeting\\_Nov\\_2015.pdf](https://www.egmus.eu/fileadmin/intern/2015_The_Hague/Norway_Arts_Council_EGMUS_Meeting_Nov_2015.pdf)

principle is applied in the legislation of the state-funded organisations (Lithuania<sup>180</sup>, Ireland<sup>181</sup>). Based on this principle, each institution has an appointed board in place which consists of various experts, or representatives of stakeholders, and this board decides important issues of the organisation. The statutory body is left on the board or head worker to varying extent.

The main role of the board of an organisation is to oversee the long-term mission of the organisation and take steps to fulfil it. The board's engagement in the organisation may range from a "passive board" which only approves the plans submitted, through "engaging board" which establishes a dialogue about the organisation, to an active statutory body which manages the organisation (Nadler, 2004). The intensity of engagement is usually defined in the relevant directives. Various stages of activities call for various roles of the board. Usual roles of the board (Block, 2018):

- Draft the mission and vision of the organisation.
- Approve strategic policies and plans of the organisation, budget, and monitor their fulfilment.
- Select a head employee, monitor attainment of the organisation's objectives by such employee with the option of his or her dismissal.
- Serve as the social capital of the organisation or establish meaningful partnerships for fund-raising.
- Evaluate its own activity.

The success of an effective board of the organisation depends highly on the experience and engagement of individual board members (Sonnenfeld, 2002). This goes hand in hand with several problematic themes which need to be considered separately for each organisation.

### **Boards in cultural organisations in Slovakia:**

**Slovak Film Institute** has a board in place (since 2008) which selects a manager, and the manager is the statutory body. The board convenes four times a year and approves the annual plans and budgets of the SFI. It is evident from meeting minutes that the board does convene and discusses these activities. Minutes do not contain any grave comments on the manager, but members of the board have the opportunity to ask the manager how he or she wants to react to new trends (e.g. on VOD, 26/06/20019 minutes<sup>182</sup>). This is why the process on how the organisation is developing is more open to inspection than in case of other PBOs which do not have such a board. The board has five members, two are appointed directly by the Minister and three are appointed based on nominations from the audiovisual industry. One of the drawbacks of the appointment process is the fact that nominations of candidates considered by the Minister for board members are not published (refer to Chapter 4.2). If any of the PBOs is ready, it may change its legal form to the new legal form and for example choose the "engaging board" model which is not a statutory body, but holds decision-making powers (refer to the SFI's board).

<sup>180</sup> Draft act changing the legal forms of museums, Lithuania, paragraph 26, available on-line: <https://www.e-tar.lt/portal/en/legalAct/5e5f01d0d85311e8a1baff673bb7216a>

<sup>181</sup> Act on National Cultural Institutions, Ireland, 1997, available on-line: <http://www.irishstatutebook.ie/eli/1997/act/11/enacted/en/print>

<sup>182</sup> SFI's Board minutes, available on-line: <http://www.sfu.sk/slovensky-filmovy-ustav-o-nas/organizacna-struktura/rada-sfu>



## Potential for increasing the earned income

The funds earned by the state-subsidized organisations accounted for 16% of all expenditures in 2017 to 2019, and when compared with analogous organisations, this self/sufficiency is lower than in the Czech Republic. Should the earned income gradually grow, the potential could get to the level of EUR 6.8 million a year.

The earned income of the state-subsidized organisations<sup>183</sup> differs significantly. It also depends on the type of their activities – the organisations focusing on performing arts earn most, the same applies to museums which earn on the admission tickets. The lowest income is earned by the documentary-and-informational organisations which have limited opportunities in this area. If we compare self-sufficiency of the selected state-subsidized organisations with self-sufficiency of analogous organisations in the Czech Republic (Table 37), the potential to increase the earned income is EUR 6.8 million a year. Actual achievement of such higher income depends on multiple factors, such as change of pricing policy, gradual increase in the attendance rates, increase in their own income from ancillary activities, searching for other sources of their income, etc. It is also inevitable to count on gradual increase in the earned income over several years.

**Table 37 Estimate of the potential for the increase in the earned income by state-subsidized organisations of the Ministry of Culture**

	Total expenditures (MEUR)	Earned income (MEUR)	Self-sufficiency in SK	Self-sufficiency in CZ	Potential of the earned income (MEUR)	Potential increase (MEUR)
theatres, and music and dance ensembles (7 organisations)	44.8	8.3	18.6 %	25.2%*	11.3	3.0
musical ensembles and organisations (4 organisations)	16.6	2.7	16.5 %	37.0%**	6.1	3.4
museums and galleries (4 organisations)	35.1	5.8	16.4 %	17.6 %*	6.2	0.4
					Total	6.8

Source: BIS, 2018

Note: \*Statistical survey Kult CZ 2018 (NIPOS)

\*\*Average self-sufficiency of the Czech Philharmonic Orchestra Prague and Philharmonic Orchestra Brno according to the annual report.

**Measure: Gradual increase in the income earned by the state-founded organisations of the Ministry of Culture.**

## 4.6 Cultural participation and increasing the demand for culture

Although the data about cultural participation is available, specific information about factors playing role in the increase or decrease in cultural participation are lacking. Similarly, only minimum information is available about the visitors of cultural institutions and about how they would rate the visit. As a consequence, we do not have data which would allow us to identify how to efficiently increase cultural participation.

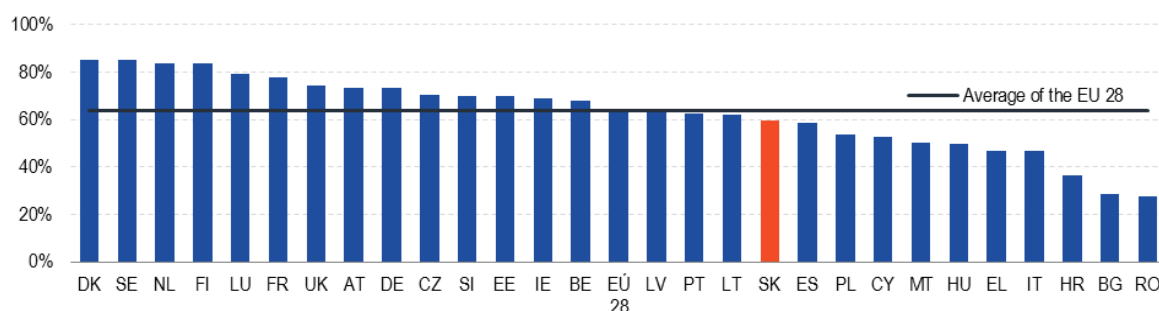
**It follows from international comparisons that Slovaks seek cultural events less than an average EU citizen.** According to the last EU-SILC survey made in 2015, 59.4% of Slovak respondents aged 16 or more

<sup>183</sup> This part only treats the state-subsidized organisations, because the state-funded ones are expected to have limited opportunities to earn their own income.



visited at least once a cultural institution or event (cinema, theatre, concert, museum, gallery). The European average is 63.7%, in the Czech Republic it is as high as 70.2% (Graph 67).

**Graph 67 Passive participation in culture in 2015**

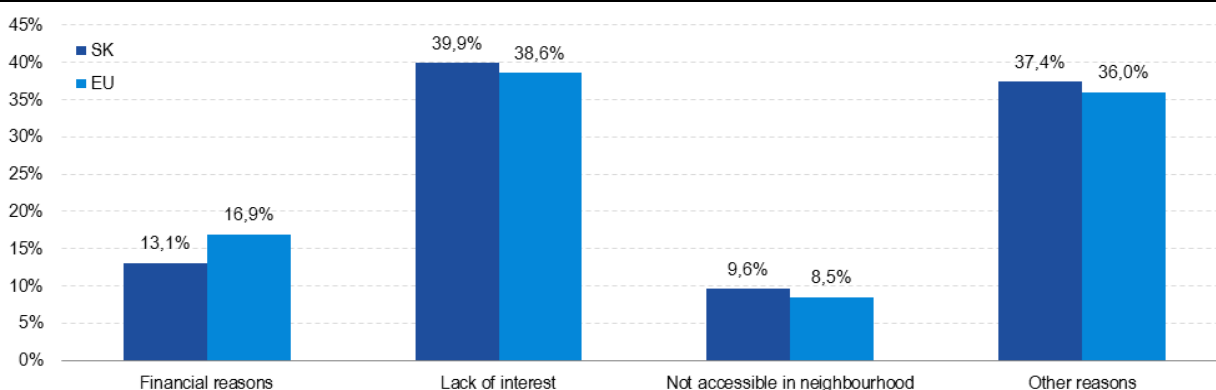


Source: Eurostat

Note: Share of respondents who went to a cinema, theatre, concert, museum or art gallery at least once in the last year.

However, this survey does not offer responses to the question about what motivates people to participate in culture. It only surveyed the reasons for not taking part in it (Graph 68). Compared with the EU average, Slovak most often due to lack interest and perceived absence of cultural institutions and events in neighbourhood. On the contrary, financial reasons are quoted less often than in the EU. Although general research categories have been used, it is not clear what else is included among the other reasons or what are the reasons for the lack of interest. Another limitation is that the area of cultural participation is only surveyed periodically every five years.

**Graph 68 Reasons for non-participation in culture**



Source: EU-SILC, 2015

Due to absence of relevant surveys and data, we actually do not know the factors which have an impact on the increase in cultural participation. The most appropriate tool to survey the needs and opinions of visitors, including in the area of cultural organisations, is the market research (Kolb, 2013) which can be done in various ways (freely according to the report WPF – TDC (2016):

- deep dives market studies);
- collection and quantitative analysis of the point-of-sales data;
- long-term exit survey and post-performance surveys.

### Deep dives market studies

Deep dives market studies which would focus on detailed behaviour, needs and expectations of visitors and would be more of a marketing than sociological nature are lacking in culture. The content of this kind

of survey should be closer to the so-called Usage & Attitude surveys (Kelly, 2012) and focus on the following areas:

- visits of cultural institutions and events – visit frequency, reasons, method;
- main motivators and barriers of visits (accessibility assessment, factors determining interest and absence of interest);
- satisfaction with the visited institutions and events;
- perception and attitude toward individual state-founded cultural institutions;
- communication channels used and preferred for surveying information about cultural institutions and events;
- decision-making process and purchase of the tickets, price sensitivity at payment of the tickets.

The results of the survey would include:

- information about actual visitors – their description and eventual segmentation;
- estimate of the potential of future visits;
- information about the key factors which affect the attendance rates;
- identification of the factors which contribute to the visitor satisfaction;
- specific recommendations leading to the increase in the attendance rate.

The survey should be made on a representative sample of population (to also cover individuals not visiting cultural institutions and events) in the form of personal interviews.

### Box 13 Surveys in culture of the National Edification Centre

In 2016, the National Edification Centre made a survey titled *Continuous sociological survey of cultural consumption in the Slovak Republic* (Mrva, Pietsch, Vojteková, & Kováčik, 2016; Šedovič & Hergezelová, 2018). The survey was made on a representative sample of Slovak population aged more than 18 years (based on quota limits of gender, age, education, nationality, type and place of residence; the sample consisted of 1,111 respondents) and on a sample of 4<sup>th</sup> grade (663 respondents) and 8<sup>th</sup> grade (665 respondents) pupils of primary schools. The data was collected in the form of personal interview with the help of a paper questionnaire. The survey focused on the frequency of visits of various cultural events and institutions. It also surveyed the popularity of individual areas of culture, perceived accessibility, satisfaction and expenses used on culture. The survey was supposed to be continuous, but we do not have information that this survey would be continued.

The NEC made one more survey of a broader sociological nature titled *Culture and values of the Slovak population* (Mrva, 2018) with data collection taking place in 2017. The survey was made in the form of personal interview with the use of an electronic questionnaire; the sample was representative, covered the population aged 16+ (based on the quotas of gender, age, place of residence and education) and consisted of 1,008 respondents. Cultural consumption only formed smaller part, and the survey rather focused on the perception of culture in a wider social and value context including: taste in culture, perception of family, assessment of social and historical personalities and events, and confidence (Gajdoš, Mathias, Mrva, Révészová, Šedovič, & Vanoch, 2019).

Example of such a survey is the Irish national survey made by the Arts Council in 2018<sup>184</sup>. The survey was made on a sample of 1,068 respondents aged more than 16 years. It surveyed the attendance of cultural events and

<sup>184</sup> Public attendance, participation and engagement with the arts in Ireland, available on-line: <http://www.artscouncil.ie/Arts-in-Ireland/Strategic-development/National-public-survey/>

institutions, satisfaction, attitudes towards culture and arts, etc. One of the results was the segmentation of visitors (by the number of various types of events and institutions they visit) with recommendations for work with individual segments.

**The NEC made two surveys also covering cultural participation in past (Box 13).** These surveys brought only limited information about the factors present in cultural participation. Neither did they offer specific recommendations for cultural policy making (although they partially outlined them) or for the activities of individual cultural institutions.

### Collection of point-of-sales and institution visit data

**Increase in the collection of the point-of-sales data and during visits of institutions or events may help have better knowledge about the structure of visitors and use of institution's services. Thorough analysis of this data may lead to specific recommendation for how to increase the attendance rate and how to provide services.**

Currently available is the data about the attendance rates of cultural institutions from the state statistical survey in culture (KULT – MinCul). It is aggregated data about annual attendance rates. However, majority of cultural institutions have minimum or none information about the structure of their visitors. Some of the institutions are able to obtain partial information from the data about the categories of tickets sold (how many tickets were sold in the ticket category covering children, students, pensioners, etc.) and from the data about the time of sale (business days, weekends, holidays, etc.).

**Cultural institutions should extend the data collected at ticket selling to include as many variables as possible.** At off-line selling, it is quite easy to survey the information about the buyer's postal code (WPF - TDC, 2016), which is a simple way to capture geographical information about the visitor and it is also possible to record on site the information about whether the visitor is from or outside Slovakia. In case of on-line purchase, the situation is even simpler – the registration form filled out by the buyer can be amended to include various sociodemographic data.

**Thorough analysis of the data collected at sale can bring various information about the buying behaviour of visitors.** Since 2019, the Irish Arts Council has collected data from the purchasing channels of ten cooperating organisations.<sup>185</sup> It uses the collected data to prepare reports about the total number of tickets sold, about the purchasing channels used (cash register, web, phone, etc.), or how far in advance the visitors buy the tickets.

Modern technologies which are so common now enable to monitor buying behaviour directly in the institution. The National Technical Library in Prague is an example of this approach<sup>186</sup>. Every visitor to this library must enter through a turnstile (registered visitors by using the library pass, the not registered ones by using the so-called free day pass the visitor prints from a machine installed before the turnstile). The library thus has accurate information about the number of visitors, days and time of visit, duration of the visit.

### Visitor questionnaire surveys at institutions and events

**Direct surveying of data from the visitors of events provides feedback about the composition of visitors, reasons of their visit, satisfaction and overall evaluation of their experience, about the services used and expenditures spent during their visit, about the efficiency of communication channels of the cultural institution. Outputs may result in recommendations leading to the improvement of the overall experience of visitors and the increase in their loyalty.**

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<sup>185</sup> Box Office reporting and insights project, available on-line: <http://www.artscouncil.ie/boxofficecollectionproject/>

<sup>186</sup> Registration and free day pass, available on-line: <https://www.techlib.cz/cs/2691-registrace-a-volny-vstup>

It is not possible to evaluate a visit of cultural institution or event without direct questioning of visitors. There are several options how to get feedback about the visits of cultural institutions:

- automatic electronic questionnaires located at the exit – visitor replies to a couple of short questions on a touch screen when leaving the institution;
- paper or electronic questionnaire administered by an interviewer – the interviewer asks the visitor leaving the institution to reply to a couple of short questions;
- paper questionnaire available to a visitor – the questionnaire may be handed over in the relevant place when filled out;
- electronic questionnaire sent to a visitor – if the institution has visitor's e-mail address (many institutions build a mailing list of their visitors).

These surveys may be available all year long or at each event, or they can be administered in waves once or several times a year. Every one of the above methods has its pros and cons, and are chosen depending primarily on the possibilities of the relevant institution.

However, questionnaire surveys can also be used to make even quite complex surveys with elaborate outputs. In Denmark, 208 museums, galleries, castles, châteaux or sites of historical significance made a joint survey in 2013.<sup>187</sup> Individual cooperating institutions collected 100 to 800 questionnaires (nearly 52 thousand pieces in aggregate). Visitors of these institutions had both paper and electronic questionnaires at disposal. The questionnaire surveyed demographic data of visitors, their satisfaction, information about exhibitions, values, and relationship to culture, and resulted, among other things, in the segmentation of visitors according to their behaviour, expectations and preferences. Warsaw made a questionnaire-based survey of visitors of cultural institutions in 2016 (30 institutions – theatres, museums, and art galleries, concert halls, etc.) on a sample of 5,098 respondents.<sup>188</sup> The survey focused on various aspects of behaviour and attitudes of visitors. Katowice combines the data from direct visitor surveys in 18 various cultural institutions with the data obtained from the attendance rates of web sites of these institutions.<sup>189</sup>

**Questionnaire-based survey of visitor information in organisations founded by the Ministry of Culture is no big news, some institutions even conduct them. But it seems they are isolated efforts of various intensity and utilisation of the collected information, and of various focus of survey.** For example the State Opera in Banská Bystrica issues a monthly bulletin *Súflér* containing a questionnaire for the viewers they may fill out to rate soloists and performances. In past, the Slovak National Theatre used to send visitors an electronic questionnaire at the end of the season asking about various aspects of their satisfaction, viewers could also rate plays and artists.

**To be able to monitor the satisfaction development over time and compare it between individual cultural institutions, these surveys should be unified and standardized to some extent for all founded institutions. This may be done by imposing an obligation to use a set of uniform questions with a prescribed frequency of survey on a specific sample of visitors.** Replies to these questions could be compared across individual institutions and monitored over time and on a long-term basis. The decision concerning other parts of surveys and the overall survey method would be made by the cultural institution itself.

**Measure: Identification of the needs and behaviour patterns of the actual and potential visitors will lead to recommendations for how to increase cultural participation.** Regular survey focusing on the behaviour and needs of visitors, extended data collection during ticket sales and visits of cultural institutions, and

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<sup>187</sup> Museums – Knowledge, Democracy, Transformation, available on-line: [https://issuu.com/jacobthorekjensen8/docs/ks\\_bruger\\_en](https://issuu.com/jacobthorekjensen8/docs/ks_bruger_en)

<sup>188</sup> Visitor Report of Warsaw's Cultural Institutions, available on-line: <https://www.nck.pl/badania/raporty/raport-z-badania-publicznosci-warszawskich-instytucji-kultury>

<sup>189</sup> Katowice's cultural ecosystem, available on-line: <https://dataforculture.eu/en/about/>

satisfaction surveys will create a strong basis for defining specific steps to increase the attendance rates in individual organisations.

#### 4.7 Instruments to stimulate private finance in culture

**The share of private finance in culture is lower in Slovakia than in other countries** (Table 9). It could be stimulated by various instruments and mechanisms which motivate inflow of finance from households, enterprises or the non-profit sector. Tax policy is the key element of public intervention in this area (Box 14).

There are various ways to increase private funding of culture (Box 15), particularly:

- by increasing demand for culture (lower VAT, vouchers, tax advantages for purchases of works of art);
- by stimulating direct investments of businesses in culture in exchange of investment returns, brand promotion, or other incentives for the investor (sponsoring, public-private partnerships, compensatory subsidies, transfers of artworks);
- by stimulating philanthropy-based donations which, unlike direct investments, are provided without expecting financial consideration (corporate and individual giving, foundations);
- by creating new private funding sources (bank regimes, crowd-funding, and fund-raising platforms);
- by supporting dealership activities (art and business organisations); or
- by purpose-specific use of taxes (lottery funds, tax assignment).

**The choice of instruments highly depends on the objectives of the cultural policy of the state which are based on its social model, tradition, and economic situation.** The countries professing the Nordic model and the Netherlands emphasize generous support of artists, arts education, quality, social solidarity and equality. This funding model highlights cooperation of the public and the private sector. The states with an extensive cultural heritage direct priorities of cultural policy towards its conservation (Italy, Greece, Malta, Cyprus), and therefore have various instruments in place to support private investments in its restoration. The economic potential of culture is emphasized by conservative and liberal countries (United Kingdom, Denmark, Austria, Netherlands). This made them work harder on increasing their own earned income by improving quality. For the time being, the countries of Central and Eastern Europe adopted this model as an objective without taking more extensive measures yet (Klamer, 2010).

**The countries of the Anglo-Saxon model of cultural policy such as the United Kingdom and the Netherlands have the most efficient instruments to stimulate private capital in culture** (Copič, 2011), which is demonstrated by the high share of private sector in culture funding. Dutch cultural policy is based on the premise that the state is not to evaluate the art and only takes up the role of an intermediary. Indirect support of culture in the form of tax incentives reaches the same figures as the direct support in form of transfers and subsidies (Hemels, 2017). Financial incentives and programmes to stimulate private finance translated into high share of the private sector in culture (Table 10). Public subsidies are conditional upon certain conditions which need to be met to increase demand for culture in new audience (young people and ethnic minorities). The Sponsorship Act protects beneficiaries against undesirable influence of sponsors on the outcomes and, at the same time, grants tax relieves up to 150% of sponsor's expenditure. It also prefers regular payments of lower value, aiming to motivate a wide range of smaller sponsors to support culture on a long-term basis.

Besides these measures, the Netherlands also has a tradition of tax-advantaged foundations to stimulate cultural entrepreneurship, agencies supporting cooperation between cultural institutions and the economic sector, and banks granting favourable funding in culture (Triodos bank). At the same time, the expenditures on restoration and preservation of cultural heritage are deductible from the tax base.

**Cultural policy in the United Kingdom emphasizes culture's contribution to the economy and works on the tradition of private financing of culture.** Contrary to many European countries, cultural organisations in the United Kingdom are not founded by public administration. Rather, they are charitable organisations (and, indirectly, have the status of public benefit organisations) which receive public subsidies (arm's length model). The purpose of the programme for the stimulation of Arts & Business cooperation is to increase private investments, raise awareness, and share skills between individual sectors. Common forms of investments enjoying various tax advantages include public-private partnerships, sponsoring and donations. Relatively recent sources of income in culture include lottery funds and crowd-funding.

**Cultural policy in Slovakia does not have a strategy to increase private finance in place and uses only a few instruments to stimulate private finance, which translates into its smaller share in funding of the culture** (Table 9). Equivalent to the European standard is the demand stimulated by lower VAT on books and periodicals, which corresponds to tax expenditures of EUR 7.5 million. Use of other existing instruments is quite poor. This may be because of low number of eligible entities (tax assignment), non-existent tax incentives for the private sector (donations and sponsoring), or weak tradition of private support for the culture.

**The volume of tax assigned to culture amounted to less than EUR 1 million in 2018 of the total amount of EUR 68 million.** The assignment means the opportunity to donate 2% of taxes to non-profit institutions individuals and legal entities. In culture, they usually include associations supporting culture, ensembles, foundations, arts schools and the like. Larger state-founded and independent cultural institutions are not eligible to solicit financial support from assignment. It is not possible to quantify the exact volume of assignment in culture and the share of eligible entities based on the available data.<sup>190</sup> The option of tax assignment was not used by roughly 800 thousand individuals and 27 thousand companies (10%). The gap of possible assignment thus reached at least EUR 20.9 to 23.7 million, EUR 18.2 million for individuals and EUR 2.7 – 5.5 million for legal entities (IFP).

**Sponsoring and donation<sup>191</sup> are not tax-advantaged in the current system and account for less than 1% of the revenues of cultural institutions** (Table 38).<sup>192</sup> Basically, sponsorship takes the form of an advertising contract which is tax-advantaged. Sponsor may deduct a part of expenditures from taxes<sup>193</sup>, increasing its earnings thanks to advertising. Non-profit organisations in culture also have an option of charity advertising,<sup>194</sup> which also exempts the recipient from income tax up to the amount of EUR 20 thousand.

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<sup>190</sup> Eligible are only the cultural institutions which are non-profit organisations. Around one tenth of the intelligence units of statistical surveying of the Ministry of Culture (711) are non-profit organisations, and only a negligible part of them gained support from assignment (41 organisations in an aggregate amount of EUR 51 thousand). The list of assignment recipients also includes smaller non-profit organisations active in culture which are not part of the Ministry of Culture's statistical surveying (estimate of at least 380). They obtained support estimated at EUR 875 thousand. The data does not distinguish the areas in which the non-profit organisations are active and the estimate was generated with the help of key words (theatre, museum, gallery, ensemble, library, books, music, sound, edification, film, culture, art) in the list of recipients. The total number of smaller non-profit organisations in culture may be a bit higher.

<sup>192</sup> Donation means provision of material help without expecting consideration. Sponsoring provides promotional services to sponsors.

<sup>193</sup> Based on the data received from the statistical survey of culture by way of Kult statements, the volume of sponsoring in culture amounted to around EUR 2 million in 2018, the most in the area of book publications and audiovisual industry. The areas treated in more detail in the review (theatres, museums and galleries, libraries, music) received from sponsoring EUR 650 thousand and within the events they organised (theatre and music festivals) another EUR 280 thousand. Theatres and galleries managed to raise most funds from sponsoring.

<sup>194</sup> In this case, the advertising services need to be formally fulfilled. This means that only the part of expenditures which directly serves to earn, ensure or maintain taxable income of the sponsor thanks to advertisement is tax deductible.

<sup>194</sup> Charity advertising was introduced in the Slovak legal system by the Act No. 344/2017 Coll. amending the income tax act. Contrary to the commercial advertising, it privileges the non-profit sector if it engages in public benefit services.

**Table 38 Sponsorship in culture as a source of income in 2018 (TEUR)**

	Total	Transfers and subsidies	Sponsorship amount	Other revenues	Revenues (receipts)
Non-periodical publications	113,719	13,762	426	13,098	86,433
Audiovision	93,944	17,796	346	1,527	76,722
Theatres	73,918	55,215	324	3,128	15,251
Cultural and edification activities	73,524	54,709	312	1,303	17,201
Galleries	11,982	10,677	219	266	820
Public performances of professional music bands	39,385	23,577	186	602	15,020
Theatre festivals	2,070	1,516	91	18	446
Musical and art ensembles	9,552	8,128	47	217	1,160
Libraries	60,288	57,930	33	696	1,629
Museums	63,356	47,923	33	2,854	12,547
Sound records	5,069	353	14	608	4,094
Multimedia industry	41,180	178	14	254	40,748
Astronomical observatories	3,100	2,699	4	131	266
Specialised design activities	10,584	1,117	3	37	9,427
Total	601,670	295,578	2,052	24,739	281,764

Source: KULT (2018)

The worst disadvantage of sponsoring based on a contract for advertising in culture is the fact that the actual volume of so donated funds for the recipient is lower than it is in case of sponsoring, whereas the purpose of such a contract is the advertising service, and not the support of the recipient. Since the maximum consideration for advertisement is not regulated as it normally is in the sponsorship laws, substantial part of the revenue is consumed by the advertising production process.<sup>195</sup> Unlike the sponsoring in sports, the costs of advertising are not restricted. The costs of advertising production in case of sponsoring should only swallow a negligible portion of the funds provided (Table 39).

The sponsorship law relating to sports contains rules which lay down a cap for the costs of advertising of the sponsor (10% of sponsorship amount) and are tax advantageous both for the sponsor and the recipient. If the conditions laid down are met<sup>196</sup>, the sponsorship amount may be accounted as a tax expense, and is tax neutral for the recipient. This only applies to entities with non-zero tax liability, and the law also lays down the criteria of sponsoring transparency (publication of contracts, sponsoring agreement), which reduces misuse of sponsoring in informal economy (Table 39).

**Measure: Analyse the setting of tax advantage of sponsoring in culture with the aim to stimulate private finance in culture by way of sponsorship.** The analysis should take into account the existing volume of funds in culture from advertising agreements and the optimum tax mixture within the Slovakia's tax system (motivation of sponsors, target groups, amount of the tax advantage, form, delimitation, etc.), transparency and the examples of good practice of other countries.

<sup>195</sup> For example, the costs of advertising in the Slovak National Gallery account for 10 – 40% of the sponsorship amount. In case of larger donations, it is roughly 30%.

<sup>196</sup> Sponsor is then allowed to connect its name with sports performance of the sponsoree, but the costs of advertising must not exceed 10% of the sponsorship amount.



**Table 39 Differences in financing by contract for donation, advertising and sponsorship**

	<b>Donation</b>	<b>Advertising</b>	<b>Sponsorship (sport)</b>
Main purpose	Support of recipient without expecting consideration	Support of sponsor's market replication	Support of recipient in exchange of promotion of its name
Tax relief for the provider	No. Besides philanthropic motivation, the setting does not motivate donation.	It is not limited by the economic outcome, the provider may reduce the tax base even in case of loss. Even if the ad provider has a tax debt.	Only for tax payers (profitable companies), the use of costs by the recipient needs to be documented. Not possible in case of debt on taxes, insurance premiums and bankruptcy.
Tax relief for the recipient	Tax neutral revenue.	Only in case of charity advertising.	Tax neutral revenue.
Actual volume of funds for the recipient.	Reduced by the income tax.	Large portion of the funds is spent for ad production and often also for the agent's commission. Only a small volume of so provided funds is left for the receiving organisation and its activities. Reduced by the income tax.	Maximum 10% of the funds may be used for the costs of sponsor promotion. The balance must be used by the recipient for the agreed purpose.
Transparency	Contracting parties are not obligated to disclose contract or other information.	Contracting parties are not obligated to disclose contract or other information.	Contracting parties are obligated to disclose the sponsorship agreement and document the use of funds for the support of sport.

Source: Prepared by VFM according to (Sepeči, 2016)<sup>197</sup>

#### **Box 14 Tax incentives for culture in other countries**

The most common **tax incentives for the provider** used in other countries include **tax relieves** related to sponsorship and donations which reduce the tax base. Their effect on investor's motivation depends on the tax progressivity in the relevant country and the cap applied to the expenses that the sponsor or donor may deduct. The countries with lower income taxes usually have a higher cap on the deductible expenses (USA), while countries with more progressive and higher taxation use lower caps (Germany). The problem with tax incentives and their distribution is that they often favour higher income groups at the expense of the lower income groups (the "upside-down" effect of tax incentives).

The negative re-distribution effect (the "upside-down" effect) can be prevented by a **tax bonus** which directly reduces tax and, consequently, does not depend on the income and its amount. In majority of the cases, it is capped by a certain value of donation and tax liability. At the same time, tax bonus constitutes the highest burden on the public budget (France, Canada).

The Netherlands have developed a different system which favours the middle class. Tax advantaged are the lower regular annual payments lasting at least 5 years up to 100% of the taxable income. Compared with the systems used by the USA and Germany, the effective costs of sponsorship and donations are lowest here (Hemels, 2017).

**Tax assignment** is another way to prevent the "upside-down" effect. This instrument is often used in the Eastern Europe and does not exact any additional tax expenses compared with the relief or bonus. At the same time, it does not bring any additional private finance, but only re-distributes the public funds.

Relevant for collection development institutions is the **tax advantage for in-kind donations**. For example, these

<sup>197</sup> What is better for sports and the society – advertising agreement or agreement on sponsorship in sports, available on-line: <https://www.epi.sk/odborny-clanok/co-je-lepsie-pre-sport-i-spolocnost-zmluva-o-reklame-alebo-zmluva-o-sponzorstve-v-sp.htm>

donations include the option to donate one's own artwork. In Australia, donors are allowed to deduct the entire market value of the donation (for museums, libraries, galleries) from the tax base; the United Kingdom, the Netherlands and the USA treat in-kind donations as financial sponsorship and cap them. They are more complex than financial payments, because it is necessary to set their market value.

**Tax advantage for the recipient** is mainly used in the area of charitable organisations and increases the motivation of organisations to look for a sponsor. In the United Kingdom, the receiving charities can claim 25% of the gift's value for every gift they donated (gift aid scheme).

## Box 15 Selected instruments to stimulate private investments in culture

### Demand for culture

A **reduced VAT rate** for the purchase of cultural goods is used to increase the demand for culture. This measure is used by nearly all European states (within the range of 4% to 15%) mostly on the purchase of books and periodicals, or on visits of art performances. Some countries exempted the selected cultural goods from the entire VAT (Netherlands, Ireland, Germany, Bulgaria, Latvia). Demand is also stimulated by **vouchers** which can be used for cultural purposes (Netherlands). In Slovakia, pupils and students of primary and secondary schools receive vouchers they can use to pay the admission fee or services of the cultural institutions involved in the system (theatres, museums, galleries, libraries, etc.). Denmark supports **purchase of artworks** by enterprises which may reduce their expenses by 25% of the work price.

### Direct investments

A huge potential for the support of direct investments in culture has been identified in corporate **sponsorship** which is based on the provision of promotional and advertising service to the sponsor. Countries in the Central and Eastern Europe (Czech Republic, Lithuania, Latvia, Slovakia, Slovenia) consider the expenses of companies on sponsorship to be advertisement expenses. In such event, tax deductible is only that portion of the expenses which directly increases the profit of the company thanks to the ad. Other countries support the potential of sponsoring by separate laws and tax incentives (Denmark, Netherlands, Ireland, Great Britain, Austria, Italy, Portugal, Greece and Malta).

For example, the Sponsorship Act in the Netherlands defines the rules of sponsorship (sponsors may not influence the activities of the receiving cultural institution, it defines the public benefit organisations in culture which then give access to tax advantages). The Dutch system of sponsors motivates with the lowest effective costs used for sponsorship, as the businesses may claim as much as 150% of the expenses as a tax relief. Most favoured are the lower regular annual payments which are provided for at least 5 years. This is how the Netherlands attracts sponsors from the middle class and smaller businesses and mitigates the upside-down effect of progressive taxation when the highest-income entities benefit most from tax incentives.

In case of infrastructural investments where the cost efficiency is superior to the possible deterioration of quality due to cost reduction, culture often uses **public-private partnerships** (PPP). Belgium has a special scheme in place to support organisations and open calls which supports infrastructural investments in culture with emphasis on innovation. Every year, it generates around EUR 55 million. PPP projects are also common in the Great Britain where they give tax advantages to the engaged entities, in Ireland (music projects), Austria (museums) and in Portugal, Germany and Hungary (which has the so-called 1% rule for the restoration of monuments based on which construction companies which are awarded concessions for large public projects must donate 1% of their services or gains on these purposes).

## Matching funds

Matching funds denote a situation when private investment in cash or in kind is associated with a public support from grants. In Great Britain, various schemes according to the size of the receiving organisation provide public support for each invested pound by the private sector. Private investors are more motivated to invest in culture when assured that the project will also be supported with public funds and recipients are motivated to look for additional funds in the private sector. Support of combined funding improves the financial sustainability and also may positively influence the quality of outcomes.

## Philanthropy

Direct investments by way of philanthropy, in which even the financial or material help is provided without expecting any consideration, are supported mainly by tax advantages. **Corporate giving** is supported in the countries professing Anglo-Saxon cultural policy and the countries of Eastern Europe, except Slovakia (Hungary, Czech Republic, Poland, Estonia, Latvia, Slovenia). **Foundations/funds** which either donate money to other organisations or use them for their own charitable purposes have in some countries their own legal form and preferential access to tax relieves (Denmark, Germany, Latvia, Hungary, Italy). A well-established system of foundations in the area of culture is used in the Great Britain and the Netherlands and, by way of bank foundations in the area of philanthropy, in Italy and Spain. **Individual giving** is, e.g. in the countries which collect inheritance tax<sup>198</sup>, commonly supported by its reduction if objects of cultural significance are donated (Germany, Italy and Greece).

## Purpose-specific taxes/special regulations

Various forms of purpose-specific taxes constitute another source of culture funding which combines public and private finance. **Lottery funds** mean an obligation of lottery companies to use for public benefit purposes certain part of their profits which are then re-allocated to various funds (charity, education, health, culture). In the Netherlands and Great Britain, they are a significant source for funding public benefit activities. In Italy, they are intended for the conservation and restoration of cultural heritage. **Tax assignation** or donation of a % of taxes is an important pillar of non-profit sector funding in the countries of Central and Eastern Europe (Hungary, Poland, Slovakia, Lithuania, Romania, Slovenia). However, only a small number of cultural institutions are non-profit organisations in Slovakia. The most common criticism of this system asserts that the potential of this measure has not been used to the fullest and large part of eligible entities do not donate funds for this purpose.

## Other sources of private funding

Other sources of private funding include particularly the **crowd-funding** which uses digital platforms to collect micro contributions from many individuals or entities by using on-line platforms. These forms are widely used in the Great Britain and the Netherlands. Crowd-funding is tax advantaged in Spain. The Netherlands and Italy have a tradition of the so-called **bank regimes** when banks provide advantage funding for cultural purposes. Triodos bank in the Netherlands provides better interest rates to cultural institutions and finances construction and restoration of museums and theatres.

## Agencies supporting cooperation

Intermediary mechanisms between cultural institutions and the economic sector are supported by way of **arts and business organisations** which raise awareness and liaise and provide information about possible funding

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<sup>198</sup> Only several states collect inheritance taxes (FR, DE, UK, US, ES, EL, IT, BE, FI, DK, PL).

sources for cultural institutions. This kind of agencies has a long tradition in Belgium, the Netherlands, Austria, Germany, Ireland, United Kingdom and in Sweden.

Sources: (Compendium, 2018)<sup>199</sup>, (Copič, 2011)

#### 4.8 Benchmarking for savings on current expenditures of the Ministry of Culture

**Current expenditures of the Ministry of Culture amounted to EUR 318.5 million in 2019 (Graph 69). Most current expenditures of the Ministry of Culture go on current transfers (on average 43% of expenditures), then wages (29%), and the purchase of goods and services (28%).** Potential savings in the budget category of culture are possible in the expenditures on the goods and services and on wages. The savings on current transfer must be looked for directly in the institutions which receive the transfers. The review analysed in detail 16% of the expenditures on goods and services in the form of expenditures on a standard and routine maintenance of the systems of digitization centres. Additional savings can be found in the current expenditures which the review has not analysed in detail.

**The review identified cost-saving measures covering the expenditures on routine and standard maintenance of digitization services (EUR 8 million, more in Chapter 4.9).** Any other savings of current expenditures can only be identified by conducting a more detailed analysis of other expenditures on goods and services, and by analysing the current expenditures of the Office of the Ministry of Culture itself. It would also be possible to save on wages if the support and inter-sectional activities were centralized; however, their quantification is conditional upon updating the process audit in the founded budgetary and contributory organisations of the Ministry of Culture (Box 16).

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<sup>199</sup> Compendium of Cultural policies & trends, available on-line: <https://www.culturalpolicies.net/>

### Box 16 Process and profession audit of the Ministry of Culture's organisations

The 2008 audit of 33 organisations of the Ministry of Culture<sup>200</sup> proposed measures leading to 25% reduction of the labour force (906 job positions). The measures have been implemented only partially. By introducing more efficient processes, changing the work organisation, and centralising the selected support processes into the Central Servicing Organisation (CSO), the Ministry could reduce the labour force by one quarter according to the audit conducted by Centire.

The Central Servicing Organisation which was founded (by a transformation of the then existing Cultural Facility Management) based on audit recommendations took care of telecommunication services, business trips abroad, or rental of premises. The aim was to gradually extend the scope of its services and let it operate at the ministerial level. It was dissolved in 2011.

It is not clear to what extent it would be possible to apply general recommendations of the audit now considering the actual setting of processes. Consultants estimated the measures proposed by the audit to have been implemented only partially (40% of their potential), the centralisation of support and inter-sectional activities did not take place at all.

In case of ministerial centralisation of the activities of human resources, funding, law and IT (as activities qualifying for centralisation) and the resulting labour force reductions by 9%, the savings of the Ministry would reach nearly EUR 9 million a year.<sup>201</sup>

Table 40 Planned and achieved savings proposed by the Ministry of Culture's audit (FTE, 2008)

	Systematised job positions*	Analysed positions	Basic optimisation	Optimisation of processes	Centralisation of support processes	Target number of employees	% of savings on analysed FTE
Audit 2008	4,774	3,582	-236	-220	-450	2,676	25 %
Estimate of implemented savings (2008)	4,774	3,582	-236	-100	0	3,246	9 %
Status (2018)	4,680						

Source: Centire (2008), prepared by VFM  
Note: \* In 2018, the category does not include the State and Church Relationship Institute and the News Agency of the Slovak Republic (compared with 2008) anymore, added were the Ensemble Lúčnica, Slovak Design Centre and Kunsthalle Bratislava.

**Measure: Analyse the structure and processes of the institutions founded by the Ministry of Culture.**  
**Found a central servicing organisation based on the update of the process audit** To evaluate the financial efficiency, i.e. whether it is possible to achieve the desired results by the best use of the available human, material and other resources, it is necessary to update the process audit in all 31 state-founded organisations of the Ministry of Culture.

The expenditures on the goods and services in the Ministry of Culture amounted to EUR 77 million in 2019. Most expenditures on goods and services are spent on the purchase of services (54%), maintenance (15%) and the purchase of utilities and material (each 12%) (Graph 70). The largest items in the area of expenditures on services include the general services<sup>202</sup> (29% in 2019), bonuses and allowances (21%), meals (10%) and compensation for workers working based on agreement and not an employment contract (9%). A substantial jump in the expenditures on services in 2014 and 2015 is caused by the purchase of digitization services. Also the gradual increase in the expenditures on routine and standard maintenance is

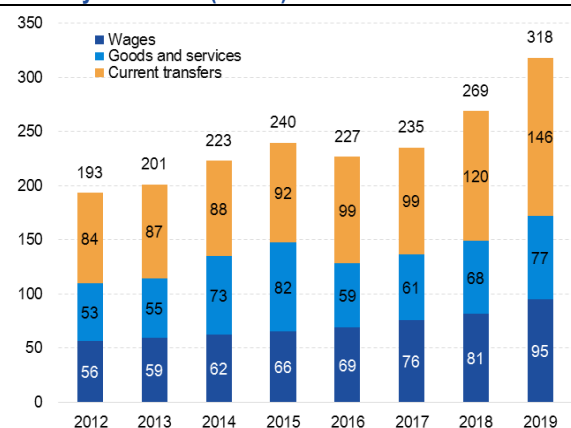
<sup>200</sup> CENTIRE. 2008. Final analytical report of the project "Process and Profession Audit in the Organisations Founded by the Ministry of Culture of the Slovak Republic".

<sup>201</sup> The estimate of savings relies on the results of the 2008 audit and on the 2019 wage costs. The reduction of FTE resulting from centralisation requires update of the process and profession audit.

<sup>202</sup> General services provided by suppliers include, for example, cleaning services or printing of documents. It is not possible to break the expenditures down to individual services falling in this category based on the data.

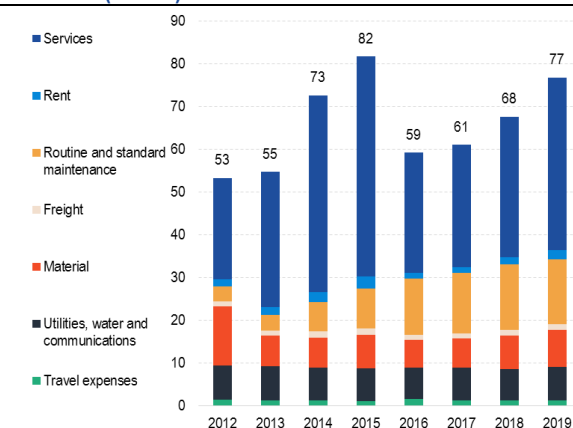
caused by digitization. The digitization project is a capital investment, and therefore it is surprising that as much as 16% (average) of current expenditures on the purchase of goods and services was allocated for the expenditures associated with digitization in the monitored period. In 2019, after the implementation phase, the expenditures associated with digitization still account for 14% of all current expenditures.

**Graph 69 Structure of current expenditures in the Ministry of Culture (MEUR)**



Source: Budget IS

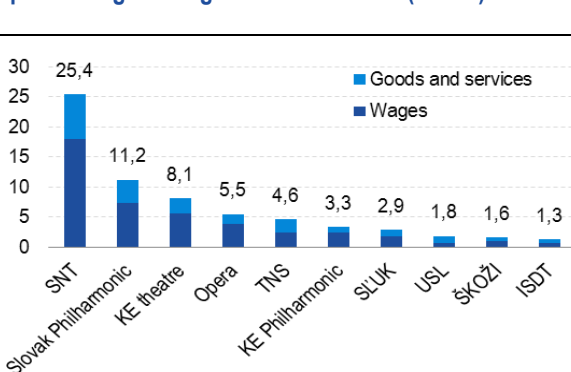
**Graph 70 Structure of expenditures on goods and services (MEUR)**



Source: Budget IS

The performing arts organisations reported current expenditures of EUR 65.5 million in 2019, which is 43% of the current expenditures of all budgetary and contributory organisations of the Ministry of Culture (Graph 71). They consist mainly of theatres and musical institutions, which are organisations receiving the largest average allocation for wages (61%). Of the expenditures on goods and services, the largest allocation goes to services (64%)<sup>203</sup>, smaller one to the purchase of material (13%) and utilities (12%) (Graph 72).

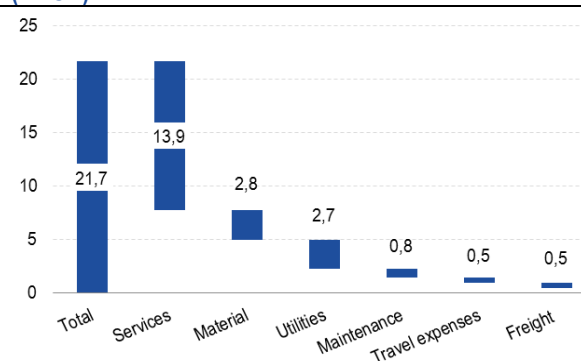
**Graph 71 Structure of current expenditures of the performing arts organisations in 2019 (MEUR)**



Source: Budget IS

Note: Expenditures on goods and services also include a negligible number of current transfers. The data about the expenditures of Studio 12 is not available, it forms a part of the expenditures of TI.

**Graph 72 Structure of expenditures of the performing arts organisations on goods and services in 2019 (MEUR)**



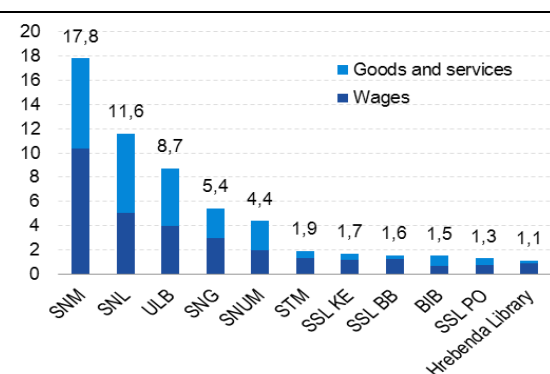
Source: Budget IS

The cultural heritage organisations reported current expenditures of EUR 56.9 million in 2019, which is 37.1 % of the current expenditures of all budgetary and contributory organisations of the Ministry of Culture (Graph 73). They particularly include museums, libraries and galleries with a lower allocation for wages (58%) than in case of performing arts. The largest items of the expenditures on goods and services include the

<sup>203</sup> The accounting books of the Slovak National Theatre, SF and Košice Theatre reveal that substantial portion of the expenditures on the purchase of services (on average 47.9%) is used for the purchase of external art productions and license fees.

services (36%) and maintenance (31%); the high value of maintenance is nearly exclusively due to organisations engaged in the digitization project and this value consists of the expenditures on the maintenance of the purchased digitization hardware and software (Graph 74). The purchase of material and utilities was allocated 15% and 12% of expenditures, respectively. When adjusted for the expenditures on maintenance, the purchase of material and utilities would account for a more substantial part of expenditures compared with the performing arts organisations.

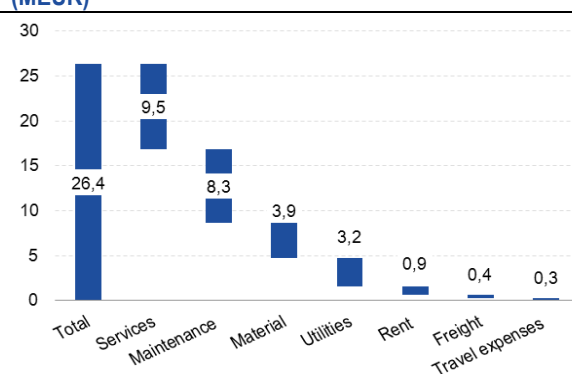
**Graph 73 Structure of current expenditures of the cultural heritage organisations in 2019 (MEUR)**



Source: Budget IS

Note: Expenditures on goods and services also include a negligible number of current transfers.

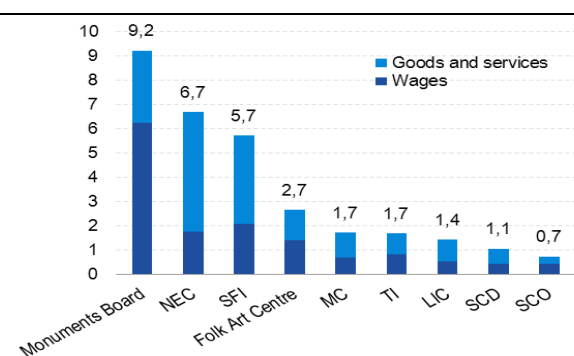
**Graph 74 Structure of expenditures of the cultural heritage organisations on goods and services in 2019 (MEUR)**



Source: Budget IS

**Other organisations of the Ministry of Culture spent EUR 30.9 million on current expenditures in 2019, which is 20% of the current expenditures of all budgetary and contributory organisations of the Ministry of Culture (Graph 75).** They consist of various information and scientific institutions (and the like) with the lowest allocation for wages (46%). The largest items of the expenditures on goods and services include services (52%) and maintenance (29%) and, again, the allocation for maintenance is nearly exclusively tied with digitization-related expenditures (particularly NEC and SFI) (Graph 76). Other expenditures on goods and services account for less than 10% of the allocation.

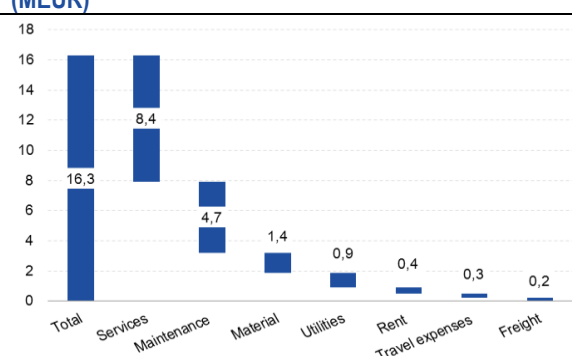
**Graph 75 Structure of current expenditures of other organisations of the Ministry of Culture in 2019 (MEUR)**



Source: Budget IS

Note: Expenditures on goods and services also include a negligible number of current transfers.

**Graph 76 Structure of expenditures on goods and services of other organisations of the Ministry of Culture in 2019 (MEUR)**



Source: Budget IS

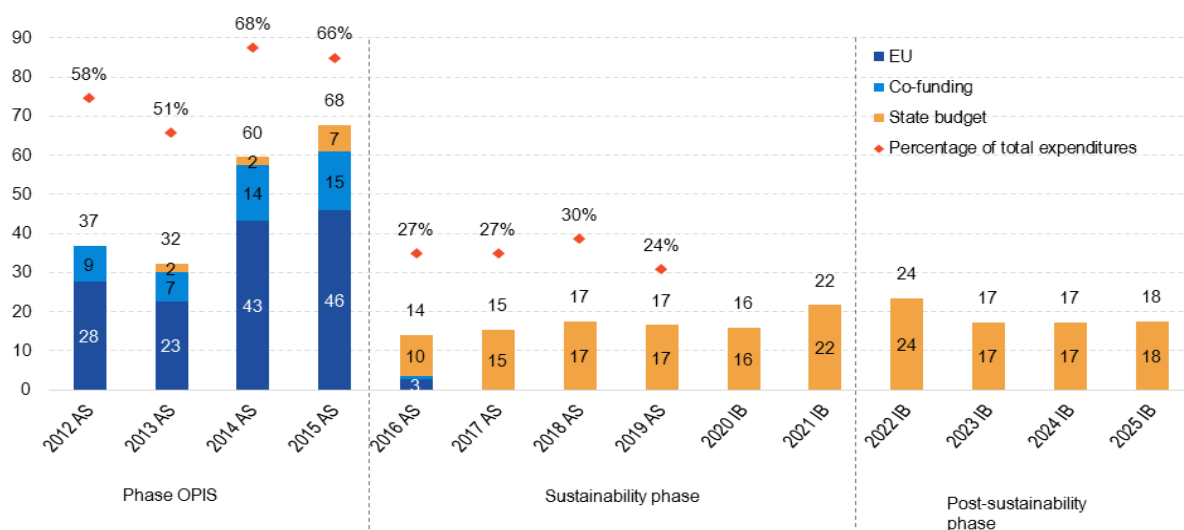


## 4.9 Cultural heritage digitization

According to the 2015 evaluation report of OPIS, the aim of cultural heritage digitization is the digitization of the content of the repository institutions, its archiving, accessibility, and improvement of the systems for its acquisition, processing and protection. It is the largest investment project of the Ministry of Culture since the formation of Slovakia and will exact around EUR 300 million in 2012 – 2021 (Graph 77). The cultural heritage digitization project cost EUR 196.4 million in 2012 – 2015<sup>204</sup>, and was mainly financed from the European funds in that period. The costs from 2016 until the end of 2021 when the sustainability phase will be closing are estimated at additional EUR 101 million. Nine organisations founded by the Ministry of Culture engaged in digitization and several digitization centres were created (SNL, SFI, MSNU, SNG, SLUK, SSL PO, NEC, MB SR), central data archive (ULB), and the central application infrastructure and registry (NEC) with a portal to present digitization results to the public – Slovakiana<sup>205</sup>.

Considering the current model of mass digitization, the annual costs of cultural heritage digitization amount to around EUR 16 million. The operational model may change after 2021; until that point, its main features are defined by the requirements for sustainability of projects, and this opens discussion about value for money. Currently, budget requirements for the next term are being prepared and if the actual mass digitization model is maintained, it will be necessary to increase the expenditures on capital goods again and this may increase the average annual allocation for digitization to EUR 19.6 million.

**Graph 77 Expenditures on the cultural heritage digitization (MEUR)**



Source: Budget IS, ICP

Note: The data is indicative only and estimated based on the state budget and the budgets of digitization centres.

Comments: AS - actual status, IB - indicative budget.

The indicator of the number of digitized objects was met within individual digitization projects. A weak side is the accessibility of the digitized objects – both to experts and the general public, at a national and European level.

The digitization process was also inspected by the Supreme Audit Office (NKÚ, 2020)<sup>206</sup>, which did not identify any misconduct, but emphasized the need to resolve the issue of dissemination of digitized

<sup>204</sup> In the Chapter, as well as in the entire body of the review, all expenditures are reported according to the source of the budget IS; according to the ITMS source, the expenditures in 2012 – 2015 amounted to EUR 179.8 million.

<sup>205</sup> Cultural Heritage of Slovakia – Slovakiana. Available on: <https://www.slovakiana.sk>

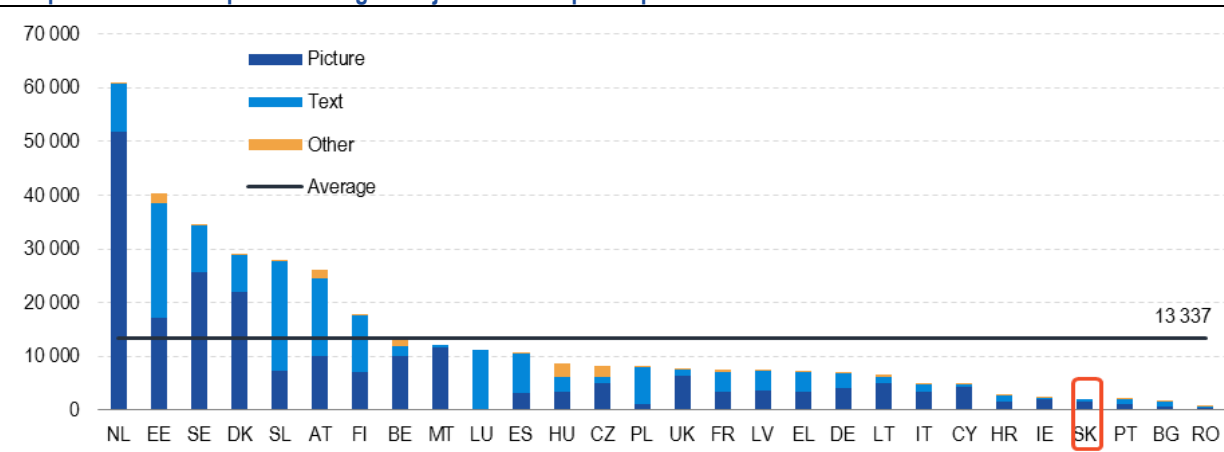
<sup>206</sup> Supreme Audit Office. Development of repository institutions and renewal of their national infrastructure. Final report, February 2020, available on-line: <https://www.nku.gov.sk/documents/10157/265201/96547-0-110.pdf>

**objects and their on-line accessibility to the general public.** The recommendations listed in the conclusions of this review are also reflected in the measures proposed in the final report of the spending review.

**Only 18% of all free cultural objects are digitized and made accessible on Slovakiana.** The target number of digitized objects is being met, but a substantially lower number of objects are made accessible to the general public (Table 41). The number of digitized objects made accessible was not a measurable indicator in individual national projects in the sustainability phase. The data about the number of digitized objects made accessible is non-existent, neither the monitoring reports for SORO OPIS PO 2 contain it.

**The same accessibility issue also applies at the European level, which is an unused opportunity to promote Slovak culture abroad. On the European portal of the digitized cultural heritage known as Europeana, Slovakia is one of the countries with the smallest number of digital objects (Graph 78).** Slovakia has made accessible 2,072 objects per 100 thousand inhabitants, while the average number is 13,337 objects. Worse results have been reported only by Portugal, Bulgaria and Romania.

**Graph 78 Number of published digital objects on Europeana per 100 thousand inhabitants in 2018**



Source: European Commission Report of Commission Recommendation 2011/711/EU

**Accessibility of the digitized content is not uniform, sometimes duplicate, the objective of central accessibility of all digitized objects has not been attained.** Majority of implementers of national projects (except MSNU and NEC) developed their own presentation portals for on-line accessibility of digitized objects to the general public. Institutions also send some objects to Slovakiana portal. This central portal has fewer objects than the portals of individual digitization centres (Graph 79). At the same time, some objects are accessible on two sites.

**Table 41 Digitization progress status of the selected national projects**

	Plan (until the end of the sustainability phase)	2015	2016	2017	2018	2019
<b>SNG</b>	total number digitized	128,500	102,404	107,381	113,145	119,264
	total number made accessible to the general public (www.webumenia.sk)	-	-	53,038	67,728	75,484
	sent to CAIR	32,239	48,463	62,622	66,695	66,695
	made accessible on Slovakiana	2,375	-	13,247	14,067	14,069
<b>SNL*</b>	total number digitized	1,684,744	1,398,962	1,449,298	1,503,206	1,549,083
	total number made accessible to the general public (www.dikda.snk.sk**)	420,127	878,575	913,586	1,051,298	1,070,944
	sent to CAIR	73,660	73,660	499,769	716,696	755,449

	Plan (until the end of the sustainability phase)	2015	2016	2017	2018	2019
	made accessible on Slovakiana			10,175	16,760	19,091
<b>SFI***</b>	total number digitized	1,300	1,001	1,073	1,145	1,275
	total number made accessible to the general public****	-	-	-	-	-
	sent to CAIR	38	67	89	103	117
	made accessible on Slovakiana	0	0	88	103	112
<b>Monu ments Board</b>	total number digitized	2,355	1,858	1,958	2,059	2,266
	total number made accessible to the general public (www.sketchfab.sk)	0	47	961	1,465	1,665
	sent to CAIR	30	47	726	1,126	1,469
	made accessible on Slovakiana	0	47	726	1,126	1,469
<b>SLUK</b>	total number digitized	2,260	1,500	4,100	4,500	4,900*****
	total number made accessible to the general public (www.fondtlk.sk)	-	-	1,663	3,552	5,189
	sent to CAIR	0	0	0	1,784	2,052
	made accessible on Slovakiana	0	0	0	1,776	2,050
<b>SSL PO</b>	total number digitized	558	104	231	314	485
	total number made accessible to the general public (www.portalsvk.sk)	91	231	313	396	484
	sent to CAIR	0	0	0	135	357
	made accessible on Slovakiana	0	0	0	86	299
<b>M SNP</b>	total number digitized	230,832	168,926	174,582	194,670	204,727
	sent to CAIR		5,050	13,833	82,917	105,723
	made accessible on Slovakiana		814	-	18,072	39,633
<b>NEC</b>	total number digitized	2,500	1,339	1,933	2,656	3,984
	sent to CAIR		0	0	0	424
	made accessible on Slovakiana		0	0	0	291

Source: SORO OPIS PO 2, NEC, SNG, SNL, SFI, MB SR, SLUK, SSL PO, M SNP

Note: \*Data of SNL without outputs of the partner of the Slovak National Archive project.

\*\*However, digitized objects of SNL are accessible on this portal only in the premises of SNL.

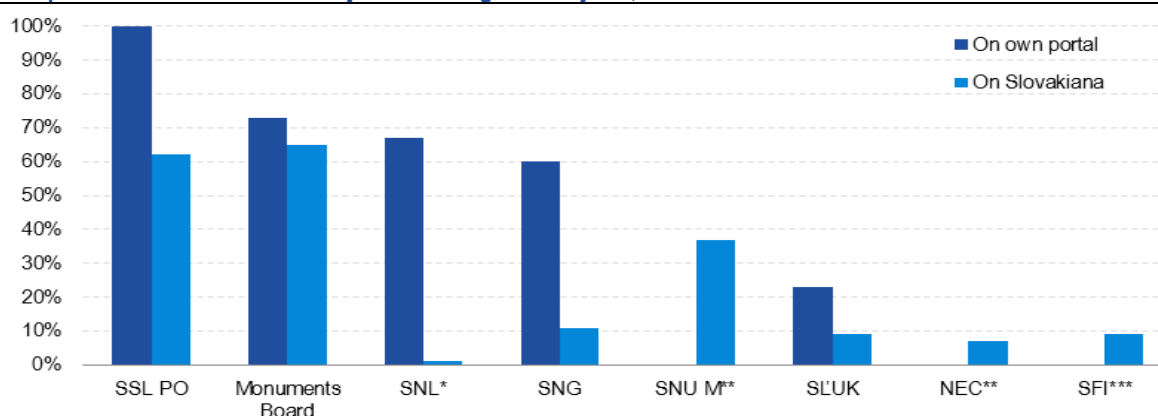
\*\*\*Digitized objects of the Slovak Film Institute, without the objects digitized in RTVS.

\*\*\*\*Audiovisual works digitized by the Slovak Film Institute are subject to copyright, they are made accessible to the public by way of television broadcasting, in cinemas, on media, etc.<sup>207</sup>

\*\*\*\*\*SLUK has digitized objects at disposal and makes them accessible on top of the OPIS PO2 project

<sup>207</sup> Selected indicators of the accessibility of the digitized content of the Slovak Film Institute to the public (for the period of 2015 – 2019): 60 blu-ray media issued;  
939 screenings in cinemas in Slovakia; 1,135 newly licensed films for broadcasting in Slovakia and abroad; 37 licenses for films to be issued on media and VoD in other countries; 911 borrowings of records and parts of records used in co-productions.

**Graph 79 Share of accessible objects in all digitized objects, status at the end of 2019**



Source: SORO OPIS PO 2, NEC, SNG, SNL, SFI, MB SR, SL'UK, SSL PO, M SNP

Note: \*Objects of SNL on their own portal are accessible only in the SNL's premises in Martin.

\*\*M SNP and NEC make their objects accessible on Slovakiana only.

\*\*\*Objects of the Slovak Film Institute are copyrighted; only short trailers are made accessible on Slovakiana.

Based on the digitization results and the discussions with the organisations of the Ministry of Culture engaged in digitization, we assume that there are narrow places in the digitization production process as well as potential to increase efficiency. This inefficiency may have several reasons:

- **management and coordination** – the digitization process consists of 4 specific phases (the phase of production, archiving, making accessible and use) which are entered by nine various organisations of the Ministry of Culture in different phases of the production process – reduced efficiency may occur during mutual communication and coordination of processes;
- **ideology reasons** – various participants in the digitization process differ in their views on making the objects of cultural heritage accessible, they are afraid that the attendance rates of institutions would decrease when the cultural heritage is made accessible on-line;
- **copyright and legal reasons** – uniform interpretation of the Copyright Act should be provided by the methodological manual prepared by the Copyright Centre of NEC in cooperation with the Ministry of Culture; digitization centres do not concur on its interpretation, it should be updated to reflect the digitization practice and the amendments to the Copyright Act;
- **technical reasons** – problems also occur when the digitized objects are sent between individual parties to the digitization process.

**Individual institutions disagree on the interpretation of legal regulations treating accessibility of the digitized content.** Different accessibility rights may also be due to the fact that certain cultural institutions use only the exceptions laid down under the Copyright Act, and others also cooperate, on a contractual basis, with copyright management organisations (based on license agreements).

**There still remains the issue of accessibility of commercially unavailable works, although approximately 1.4 million of such works should be digitized until the end of the sustainability phase.** An umbrella license agreement was concluded already at the end of 2015 between SNL, NEC and LITA (as the copyright management organisation) governing conditions for public accessibility of commercially unavailable works<sup>208</sup>. This plan has not been implemented up to this date, and LITA terminated this agreement at the end of 2019. The platform could be developed using the already prepared infrastructural elements of NEC.

<sup>208</sup> Extended umbrella license agreement governing conditions for the accessibility of commercially unavailable works digitized by SNL on the Slovakiana portal, available on-line: <https://www.crz.gov.sk/index.php?ID=2256333&l=sk>

**Measure:** Make publicly accessible the digitized works which are not commercially available anymore by resolving license conditions and creating a user platform.

### Digitization strategy and benefits

It is possible to digitize cultural heritage based on various digitization operational models depending on the items to be digitized, the quality of digitization, and the subsequent use of digital objects. Slovakia went for mass digitization with a high quality of digital objects and laid less emphasis on the subsequent utilisation of the digital objects and the issues relating to setting the priority order for digitization.

**Slovakia invests 3.6 times as much in digitization and employs three-times as many people. Median attendance rates of the digitization web sites is 96 thousand visitors in Europe, in Slovakia it is at the level of 88 thousand<sup>209</sup>.** Average expenditures of the Slovak digitization centres amount to EUR 1.8 million compared with the EUR 0.5 million spent in other countries per one centre (Table 42). On average, one Slovak centre employs 20 employees, while other countries have only 6.5 employees. The results achieved by foreign digitization centres came from the Enumerate core survey taken in 2018 which surveyed 1,023 digitization centres in 25 European countries<sup>210</sup>.

**Table 42 Input and output digitization indicators in the EU and Slovakia**

	EU	SK	EU	SK	EU	SK
Number of digitization centres	421	9	507	9	189	9
	Expenditures, EUR		Employees, FTE		Website traffic	
Mean value	448,647	1,761,932	6.5	20	1,066,613	
Median	40,000	1,029,479	3	12	96,000	87,722*
Modus	30,000	-	1	12	500,000	

Source: Enumerate core survey 4, budgets of digitization workplaces during the period of sustainability

Note: Data for the EU comes from the 2018 survey results. Data for Slovakia is the average for the sustainability phase.

\*Repeated visit rate of [www.slovakiana.sk](http://www.slovakiana.sk) in 2019.

**One of the reasons for higher costs of the Slovak digitization centres is the more-than-standard equipment of the digitization centres and support centres for digitization in SNL, NEC, ULB and MSNU<sup>211</sup>; but this makes their routine and standard maintenance financially very demanding.** This top-notch equipment translates into high costs; in 2017 – 2019, large portion of the total costs of digitization was allocated for routine and standard maintenance (SNL – 53% of EUR 5.57 million a year; NEC – 77% of EUR 3.46 million a year; ULB – 71% of EUR 3.21 million a year; MSNU 41% of EUR 1.73 million a year).

**But the experiences of other countries reveal that if other operational models are chosen for digitization of cultural heritage, it can also be done at lower financial costs. The cultural heritage digitization strategy being prepared for 2021 – 2027 should take into account various operational models of digitization.** For example, a more cost-saving operational model exists in the Czech Republic where comparable number of works is made accessible at lower operational costs.

**The expenditures on the maintenance of the digitization hardware and software in the Czech Republic are substantially lower than in Slovakia (Table 44).** If the digitization was done according to the Czech model, the savings on the operational costs of SNL, NEC, ULB and MSNU would reach no more than EUR 8 million a year (i.e. 2.7% of the Ministry of Culture's budget) (Table 43). The estimate of savings has been calculated based on the savings index derived from the comparison of similar contracts in Slovakia and the

<sup>209</sup> At the same time, Slovakiana is a uniform portal which should cover digitization results for the entire Slovakia, which is not so in case of portals of specific cultural institutions in Europe we used to compare Slovakiana's attendance rate.

<sup>210</sup> Enumerate observatory, available on-line: <https://pro.europeana.eu/page/enumerate>.

<sup>211</sup> These four budgetary and contributory organisations have been chosen because their expenditures on digitization accounted for 85% of all expenditures on digitization during the sustainability phase.

Czech Republic. Slovak maintenance contracts forming the basis for the calculations are valid until the end of 2020. The quantification of savings does not include capital, wage and current expenses other than for a routine and standard maintenance, neither does it include the expenses of five other digitization centres. This estimate may therefore be considered to be conservative. If a more selective digitization model is chosen, the potential of savings that could be achieved on cultural heritage digitization in Slovakia may even be higher. It is questionable how efficient are the efforts to digitize the whole collections of cultural institutions at the actual quality.

**Table 43 Estimate of savings resulting from a more frugal maintenance of digitization in Slovakia (EUR)**

	<b>Expenditures on routine and standard maintenance (average 2017-2019, MEUR)</b>	<b>Savings index</b>	<b>More frugal maintenance (TEUR)</b>	<b>Potential savings (MEUR)</b>
SNL	2.9	0.092	271	2.7
NEC	2.7	0.023	61	2.6
ULB	2.3	0.057	130	2.1
MSNU	0.7	0.092	64	0.6
Total				8.0

*Source: ICP*

The contractual conditions for maintenance of the digitization hardware and software of SNL<sup>212</sup> were compared with the conditions for a similar service provided to the National Library of the Czech Republic (Czech Library).<sup>213</sup> Similar service<sup>214</sup> in the Czech Republic is provided for EUR 282 thousand a year compared with the EUR 2.4 million in Slovakia (9.2% of the SNL's expenses). The maintenance of the CAIR system and the Slovakiana portal<sup>215</sup> operated by NEC is, compared with the maintenance of public and non-public portals of eSbírky<sup>216</sup> and Manuscriptorium<sup>217</sup>, even less efficient (2.3% of the NEC's expenses). Maintenance of the Slovak system costs EUR 2 million a year<sup>218</sup>, while the contracted costs of the Czech systems amount to EUR 46 thousand a year (average expenses of both portals).<sup>219</sup> At the same time, similar low costs of the presentation portals are also reported by the SNG or SLUK. This means that not only is the maintenance of CAIR and Slovakiana highly inefficient, but partly also duplicate, because individual digitization centres also operate their own presentation portals. Neither the maintenance of the central data storage of ULB<sup>220</sup> can be said to be economical when compared with the long-term data storage of the digitalization line of the Czech Library<sup>221</sup>. The contracted costs of maintenance of ULB amount to EUR 1.4 million a year compared with the EUR 78 thousand contracted by the Czech Library (5.7% of the ULB's expenses). We could not find a similar contract covering maintenance of digitization technology for museums in the Czech Republic, but considering the costs of MSNU of routine maintenance, our assumption is that they are equally inefficient as the SNL's expenses.

<sup>212</sup> Service Level Agreement. Available on: <https://www.crz.gov.sk/index.php?ID=2216477&l=sk>

<sup>213</sup> Service Level Agreement for the support of NDK's software platform. Available on: <https://smlouvy.gov.cz/smlouva/9442619> and Provision of Support Services for the Digitization Line Scanning Equipment. Available on: <https://smlouvy.gov.cz/smlouva/11185048>

<sup>214</sup> Similar services mean maintenance of HW and SW which have the same role in the digitization process in the Czech Republic and Slovakia. This way, it is for example possible to compare the Slovak and Czech costs of maintenance of long-term data storage and conclude that the Slovak costs significantly exceed the Czech ones. Without deeper analysis, it is not possible to definitely say whether the higher costs are caused by disadvantageous unit prices for the provided service or the top-notch and, consequently, expensive equipment of Slovak digitization centres. If we want to achieve savings, we should revise the unit prices and check whether the quality of the HW and SW used is not unnecessarily too high. Irrespective of the explanation for the reason of the higher costs in Slovakia compared with the Czech Republic, we may conclude, having compared the Slovak costs of digitization with the services and benefits it brings to the citizens of Slovakia, that digitization does not bring value for money.

<sup>215</sup> Cultural Heritage of Slovakia – Slovakiana. Available on: <https://www.slovakiana.sk/>

<sup>216</sup> National Museum of the Czech Republic, Cultural Heritage on-line. Available on: <https://www.esbirky.cz/>

<sup>217</sup> National Library of the Czech Republic, Digital Library. Available on: <http://www.manuscriptorium.com/cs>

<sup>218</sup> NEC contracted as many as two companies for the maintenance. Available on: <https://www.crz.gov.sk/index.php?ID=3079632&l=sk> and, at the same time, <https://www.crz.gov.sk/index.php?ID=2910679&l=sk>

<sup>219</sup> Maintenance of eSbírky. Available on: <https://smlouvy.gov.cz/smlouva/7869123> and maintenance of Manuscriptorium. Available on: <http://www.manuscriptorium.com/cs>

<sup>220</sup> Service Level Agreement (SLA). Available on: <https://www.crz.gov.sk/index.php?ID=2288584&l=sk>

<sup>221</sup> National Library of the Czech Republic – Framework Agreement on the Support Services for the Long-Term Data Storage of the Digitization Line. Available on: <https://smlouvy.gov.cz/smlouva/6306879>

**Table 44 Comparison of the economic efficiency of contracts for digitization maintenance in Slovakia and the Czech Republic**

Service provided	Contract SK [EUR excl. VAT/year]	Contract CZ [EUR excl. VAT/year]	Frugality index [CZ/SK]
Maintenance of digitization HW and SW (SNL)	2,444,293	255,127	0.092
Maintenance of the presentation portal for the digitization results (NEC)	2,012,486	45,882	0.023
Maintenance of the data storage (ULB)	1,381,034	78,431	0.057
Maintenance of digitization HW and SW (MSNU)	-	-	0.092*

Source: ICP, Central Register of Contracts (SK), Register of Contracts (CZ)

\*Note: The same index as the index for SNL used due to similarity of services.

**Measure: More frugal approach to the purchase of support services for digitisation centres would save at least EUR 1 million in 2021; according to the estimate of the Ministry of Culture, the cost after 2021 depend on the selected operational model of digitisation with the upper limit of up to EUR 8 million.** Provision of services at the current level of the Czech Republic would decrease the cost by EUR 8 million a year.

To continue in the digitization process, it is necessary to develop a strategy which would review various operational models for the cultural heritage digitization and revise the existing model of mass digitization. First of all, it is necessary to define measurable indicators which would also reflect the factors of demand for digital cultural objects and their regular monitoring and auditing. The next process of digitization should focus on making the digitized content accessible both to experts and the general public, and on active use of digital objects by the professional cultural community during its services (e.g. development of interactive applications, on-line supplementary materials for expositions and exhibitions, contacting visitors, etc.).

The future digitization strategy should respond to the inter-related questions about the scope and object of digitization and about the technological equipment level of digitization centres, and should assess the value for money of the existing solution compared with other countries. From the cultural and political point of view, it is not reasonable to digitize the whole collections without defining the priority order and to do it at a superior-quality level costing too much (compared with other European countries). At the same time, it is necessary to lay more emphasis on the factors of the demand for digitization results and take care that the professional as well as lay communities have the best possible access to the digitization results<sup>222</sup> and that these results be used more in line with the financial costs used for digitization. Archiving of digital objects is considered to be an equally relevant objective as making them accessible to the professional and layman community. However, they should be archived in a manner giving user-friendly access to the professional cultural community. At the same time, it is necessary to reasonably resolve the issues relating to the high quality of digital objects depending on the type of object and its subsequent utilisation. **The future strategy should unambiguously quantify the future additional costs and the benefits of cultural heritage digitization relevant for the preparation of the cost-benefit analysis (CBA).**

#### 4.10 Research and publication activities

**Public cultural institutions receive funds for research activities, but their quality and impact are not evaluated.** Of the total 29 institutions of the Ministry of Culture, 17 institutions engage in research-and-scientific or, as the case may be, research activity in a broader or narrower sense. Neither of them is a purely scientific institution, a large part of their research works is carried out internally for practical purposes of the organisation (professional protection of collections, research on monuments, etc.). The ministerial budget is also used to

<sup>222</sup> This is also in line with the Manifesto of the Slovak Government for 2020 – 2024.



support the *Matica slovenská* institution which houses the *Slovak Historical Institute of MS* and the *Slovak Literary Institute of MS*.

**The internal survey of the Ministry of Culture revealed that EUR 655 thousand was used for research activities in 2018** (MinCul, 2016). The research activities are financed by an aliquot part of the institution's budget for its core activity or, eventually, by purpose-specific funds provided by the Ministry of Culture for a research project included among priority projects. 488 employees engaged in research activities. They often do research along with other obligations which makes it impossible to accurately quantify the resources allocated to research work (in FTE).

**According to the newest data, only six institutions drew funds from extra-budgetary sources in 2015** (MinCul, 2016). For example, the source of additional funds is the subsidy scheme of the Research and Development Agency of the Ministry of Education. Those who apply for the support from these sources must have a certificate of qualification for research and development<sup>223</sup>. Although 14 state-founded organisations have this accreditation which is granted by the Ministry of Education, they were investigators of an RDA project only four times in 2002 – 2019, receiving support in aggregate amount of EUR 371 thousand. The accreditation is certain guarantee of research quality, because the applications are reviewed by a professional commission taking into account the scientific qualifications, results achieved so far, and the condition of sustainability of the research activity development.

**Unlike universities and colleges, organisations supported by a contribution from the Ministry of Culture are not obliged to register their scientific works in the central register.** As a consequence, we do not have scientometric parameters of scientific publications to be able to compare them with equivalent outcomes. Of the scientific periodicals issued by the institutions of the Ministry of Culture, only one is indexed in the Web of Science database. As regards the publications intended for wider public, such as thematic monographs, catalogues, edification and popularisation publications, etc., we lack data about their distribution and readership. Without this information, it is not possible to evaluate the quality of scientific outputs of the institutions supported by the Ministry of Culture.

**Measure: Impose an obligation on all public institutions which finance their research activities from the Ministry of Culture's budget to register publications in the central register of publication activities and to obtain the certificate of qualification for research and development (Ministry of Education).**

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<sup>223</sup> Decree of the Ministry of Education of the Slovak Republic of 12 August 2009 on incentives for research and development. Available on: <https://www.minedu.sk/data/att/687.pdf>

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