

Czech culture minister on Audiovisual Act amendment: We must be responsive to the dynamic changes in the audiovisual industry

On Sunday July 2nd, the 57th edition of the Karlovy Vary International Film Festival (KVIFF) hosted a meeting on the future and support of the audiovisual industry. The meeting was attended by Czech prime minister Petr Fiala, minister of culture Martin Baxa and the main players of the local audiovisual industry.

Prime minister Petr Fiala and culture minister Martin Baxa met with representatives of the Czech and international audiovisual industry on Sunday. They discussed a planned amendment to the Czech Audiovisual Act, an upcoming transformation of the Czech Film Fund into the State Audiovisual Fund, the current situation regarding the temporarily suspended film incentive programme, and the inclusion of audiovisual projects in the National Recovery Plan.

"The principal reason for the amendment is the long-term unsustainability and instability of the current system. We must be responsive to the dynamic changes in the audiovisual industry. We are now looking at a very diverse range of audiovisual formats that will be eligible for selective support. As regards film incentives, we will adapt the system so as to prevent a possible outflow of large projects while effectively supporting small ones and helping to develop the talent of our filmmakers," explains Baxa and adds: *"Given the breadth of the working group that prepared the amendment and the different needs of the main actors in the Czech audiovisual sector, the discussions were often very challenging, but thanks to a constructive approach and everyone's ability to agree on a common interest, the most important issues were resolved."*

An important point are the current unequal contributions of individual players in the audiovisual sector. The amendment aims to harmonise them. The parafiscal fee will be set at a mandatory 2% for everyone, and both domestic and international VOD platforms will be incentivised by a statutory percentage of turnover to invest in local content creation. Compared to the original proposal, a 4th pillar will be created that will include separate selective support for animation and gaming.

"All these changes have been designed to ensure that the system benefits from the cooperation between individual players and helps to develop an audiovisual infrastructure that will also support smaller independent productions, in which new talent and debut creators can be involved more easily," says the culture minister.

The most significant change, besides the unified parafiscal fees and mandatory percentage of direct investment for VOD platforms, will be the tying of the size of the incentives to the performance of the audiovisual industry, i.e. the collection of parafiscal fees.

An adaptation to the dramatic changes on the audiovisual market has to happen before the amendment to the Audiovisual Act is adopted, however. At last year's KVIFF, negotiations between the Czech Audiovisual Producers Association and the Ministry of Finance unblocked the incentives programme and increased support to an all-time high of CZK 1.4 billion. Systemic changes were also agreed upon. Later in 2022, an amendment to the Platform Services Act limited the amount of incentives to CZK 150 million per project. Nevertheless, project registration was forced to close soon after the beginning of this year. The Ministry of

Culture together with audiovisual industry players have found a possible solution which would enable registration to open again.

The good news is that audiovisual projects have been included in the National Recovery Plan for 2024 and 2025. The plan has CZK 200 million earmarked for the support of the audiovisual sector. The Ministry of Culture will provide more detailed information about this type of support in the autumn.