



# VILLAGE ROADSHOW LIMITED

Web Site: [www.villageroadshow.com.au](http://www.villageroadshow.com.au)

29 March 2017

House of Representatives Standing Committee  
Communications and The Arts  
Parliament House  
Canberra, ACT, 2600

## **Inquiry into the Australian Film and Television Industry**

Village Roadshow Limited ("Village") refers to the Inquiry into the Australian Film and Television Industry by the House of Representatives Standing Committee on Communications and The Arts.

Village welcomes the opportunity to comment into the factors that contribute to the growth and sustainability of the Australian film and television industry.

Village strongly supports the submission from the Australian Film and TV bodies to the Inquiry and wishes to add its separate voice to the discussion.

We believe in the Australian Film and Television Industry and the importance of Australians seeing their own culture reflected in the film and TV programs they experience.

Village is a proudly Australian company and is one of the largest producers and distributors of filmed entertainment in Australia, from initial ideas, conception and script writing, through detailed involvement in all areas of film production, including owning Australia's largest film studio, to distribution and use of that filmed entertainment through a myriad of channels, including cinema, subscription and free television, DVD and, importantly in today's environment, all aspects of digital and online exploitation.

Our core businesses are cinema exhibition, theme parks, film distribution, film production and recently new investments in Australian TV production. These businesses provide significant employment, in cinemas from country regions to city suburbs, in movie studios on the Gold Coast and Wet'n'Wild Sydney, in film and TV distribution (through cinemas, DVD, digitally by an array of platforms and offerings including iTunes, Telstra Bigpond, Ozflix, subscription TV (Foxtel and Stan platforms) and Free TV, through to film production and provide unique opportunities for Australians to see Australian culture, whether through the production or distribution of films like the Mad Max films, Bran Nue Dae or Red Dog and Australian TV programs that reflects Australian society.

Each of these businesses, our employees, customers and suppliers depend heavily on the creation, skilful use and strong protection of intellectual property, including copyright.

## **Productivity Commission recommendations**

Village speaks with deep knowledge of the practical implications of potential changes to the protection of intellectual property and does not come with an "academic", theoretical, perspective.

The Productivity Commission's Draft Inquiry Report on Australia's IP Arrangements ignores the real world, and adopts a flawed concept of copyright that colours and prejudices its findings and recommendations.

The fact that Australia is a net importer of intellectual property does not mean that we should weaken legal protection of copyright. Australian intellectual property requires strong protection in the face of piracy. The fact that international creative organisations also benefit from Australia's strong copyright protection should not be used as an excuse to water down that protection.

In particular, Village rejects the Productivity Commission's recommendation to legalize the circumvention of Technological Protection Measures (TPMs), including geo-blocking. Territorial copyright restrictions are a fundamental part of the way in which Australian producers are able to finance a film or TV program and allow a licensee of rights in a territory to recoup its contribution to the production budget in the form of licence fees.

### **Incentives – Location Offset**

The lack of a globally competitive Location Offset has resulted in a significant opportunity cost to the Australian film industry and, as a result, the overall Australian economy and job market.

Film incentives are a key factor in ensuring a long terms sustainable film production industry that is an industry for our times and into the future – an innovative and highly skilled industry that has huge economic benefits and creates sustainable jobs as well as contributing to our national identity and culture.

The global reality is that the major Hollywood studios and global production companies, like Village Roadshow Pictures (the Global film division of Village in partnership with Warner Bros.), will continue to spend around US\$10 billion a year producing their films in the countries and locations that offer competitive incentives and rebates. For Australia to maintain a long term sustainable film industry, and all the significant benefits that follow, Australia needs to offer a film incentive and rebate program that gives the global film production industry a reason to allocate some of this US\$10 billion to Australia.

Australia continues to be considered a highly desirable location for the production of films for the global marketplace given the expertise of local crews, sophisticated infrastructure, varied locations, quality service providers, and great quality of life. Australia is considered by the major global film production studios as one of the four only "full service" locations for film production, along with the United States, Canada and the United Kingdom. In spite of this, major Hollywood productions have steered clear of Australia over the past 5 or more years because of the uncompetitive level of the Location Offset at 16.5%.

As a global player, Village Roadshow Pictures will continue to invest its US\$350m to US\$425m a year (and therefore US\$1.2 billion of film production) where the incentives will continue to be available. As an Australian company, VRP wants a significant portion of this to be in Australia even where the Producer Offset cannot apply.

In order for this to occur (i.e. to be competitive with what is available elsewhere), the Location Offset should be increased from its present 16.5% to 30%.

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## **Piracy**

The Australian Film and Television Industry provides 46,000 Australian jobs and a \$5.8 billion benefit to the Australian economy.

Piracy remains a fundamental threat to the Australian Film and Television Industry and put these jobs and economic benefits at risk. Continuing or even increased, online piracy could mean:

- The Australian film and television drama production industry would be shut down. Without strong copyright protection and curbs on piracy there is just no business model.
- Australian families and kids, whether it be in Frankston, Parramatta, Ararat or Launceston, have the cinema as the social hub of their communities. If the product is stolen there will be no viability and not only will there be massive job losses but arguably the soul of communities will go dark.
- The home entertainment industry employs 2000 people and for example in a country like Spain where piracy hasn't been addressed by government the entire sector has closed down with loss of all jobs.

Village strongly endorses the Australian Film and TV bodies urging Government to increase its commitment to protect the rights of creators and fight piracy.

In particular, Village endorses the suggestion of the Department of Communication and the Arts for the Productivity Commission to examine the small claims model adopted by the UK Intellectual Property Enterprise Court to consider whether a similar model could be adopted in Australia.

The undersigned is a strong champion of Australian filmed entertainment (as well as international filmed entertainment) and will continue to fight to protect the rights of creators of great content for Australians to consume.

Yours sincerely

**Graham W Burke**  
**Co-Chairman and Co-Chief Executive Officer,**  
**Village Roadshow Limited**

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