



VILLAGE ROADSHOW

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SPEECH DELIVERED BY GRAHAM BURKE AT THE 71ST AUSTRALIAN INTERNATIONAL MOVIE CONVENTION

THE PIRACY PLAGUE – A FIVE STEP SOLUTION

Good morning.

Those of you who know me know I am passionate about many things, but most of all I am passionate about beating the piracy plague -

AND THERE IS A FIVE STEP SOLUTION.

Right now the sun is shining and business is great off *Star Wars*, *Finding Dory* and *Suicide Squad* – a blockbuster run of big pictures.

Here we are on the Gold Coast about to enjoy some wonderful movies and great food and wine.

But at home – just over the hill from your theatres – there is a raging bushfire coming inexorably towards you. A fire that will destroy all of your homes, as at this stage piracy in Australia is virtually unchecked.

The evidence is real and damning:

- Visits to pirate sites in 2015 were estimated at 78.5 billion worldwide. In Australia a frightening 1.24 billion visits;
- Our own 6 times Academy Award winning Australian film, *Mad Max: Fury Road*, has been downloaded or streamed 3.5 million times in Australia alone. By comparison the total unit sales of our Australian DVD, pay-per-view and legal streaming came in at 516,396 times;
- This weekend past – fact, not estimated – tens of thousands chose to see *Magnificent Seven* and *Bridget Jones* free (stolen) – NO WINDOWS; and
- Australia accounted for 12.5% of the torrents of the Season 6 premiere episode of *Game of Thrones* and was the world's worst offender. The USA, with a population of 300 million came in at 3rd with 8.5%.

This is the issue. For whatever reason, Australians have taken to piracy at a far greater per cap than virtually anywhere else in the world - way ahead of the USA.

Now, there has been some decline in piracy amongst Australian adults in the last year. Part of this is due to new streaming services such as Netflix, Presto and Stan which demonstrate that when product is legally available is a critical factor.

However, before we get too comfortable by this decline in total piracy, the emphasis on movies is worse, and illegal online activity of 12- to 17-year-old Australians has almost doubled since last year – with a whopping 31% pirating movies.

From our research, let me give you some typical focus group reactions from 12- to 17-year-olds:

- “Why should I be the sucker that has to pay for what everyone else is getting for free?”
- “I know it’s wrong and I will stop when everyone else stops” and
- “If you aren’t chased up for it and the websites are still running (police can cancel them) then, no, it’s not piracy.”

However, there is also good news. Let me give you some powerful facts from recent research:

- 73% of people agree that piracy is stealing / theft;
- 24% of people who have stopped pirating say they did so because they felt bad about it; and
- 67% of teens understand that pirating damages the livelihoods of people working in the film and TV industry.

Ultimately, the community attitudes run very much in our favour and herein lies our greatest opportunity.

I draw the powerful analogy with smoking. 20 years ago this room would have been full of people filling up ashtrays and in restaurants 8 out of 10 people would have been smoking. Now smoking is socially taboo.

This is our over-arching aim with piracy: to reinforce positive sentiment and carry the community with us.

What is exciting is that Australian media is sympathetic, or where not, if made aware of our case then see the real position.

I have done 100 or more interviews from country radio to metro press. Journalists are mostly on board with us as their creativity and sweat of the brow is equally dependent on copyright protection.

Some that start out with “freedom of the internet” change from Saul to Paul when they discover the context and extent of the problem.

Again, no different to road rules that protect lives, copyright protects livelihoods. It was Charles Dickens after all in 1867 who went to New York to fight the cause for American copyright (successfully).

The potential for havoc to our way of life is frightening.

As for Australian feature film production...simply stated there will be none. Already a number of companies and individuals have been put out of business.

The Australian film *100 Bloody Acres* was watched in cinemas by a fraction of the thousands who illegally downloaded it.

The team behind it were devastated because the drop in revenue impacted their ability to finance their next film.

Producer Julie Ryan said "If we can't monetise our productions, I can't employ anyone".

Nelson Woss, Producer of *Red Dog* also recognised this saying:

"If we as filmmakers produce something entertaining, which people love, but the film cannot expect a decent return because pirates steal it – then it's all over. It's not a viable business and ultimately quality Australian films won't get made."

It's true of any industry. Apple's Steve Jobs said "We thrived when we created intellectual property. If people copied or stole our software, we'd be out of business. If it weren't protected, there'd be no incentive for us to make new software.

There is no business model able to compete with "no windows and free".

And, in no other commercial sector is legitimate business expected to compete with stolen goods or so-called "free".

In cinemas, you guys are the magical and exciting social and entertainment hubs of your communities - the soul of your town or suburb. What would Parramatta or Bendigo be without the glamour of the cinema for mum and dad to take the kids to or the teenagers on their first or 14th date? Just dead and boring retail.

And there is also the vital question of what we are as Australians.

There will be no *Gallipoli*, no *Muriel's Wedding*, no *Red Dog*, or for those of you who are about to see *Lion* this week, none of these films will even be born.

On *Red Dog: True Blue*, I've seen a rough cut, and when our young hero finds the little puppy, *Red Dog*, for the first time, you will have tears of joy rolling down your face. Bryan Brown as the loving grandfather and John Jarrett as Lang Hancock are marvellous. A 10 out of 10 movie.

Lion, distributed by a competitor, is a movie I'm going to personally do everything in my power to assist its success – an exquisite film that is both sheer entertainment and one that reinforces good values - it is part of shaping the character of what we are and how we define ourselves as Australians.

It's movies like *Red Dog* and *Lion* - with the heart and happiness they bring to our damaged planet - is what our war on piracy is all about.

I still come back to Philip Adams's famous quote "do we want to be a remote Los Angeles suburb?"

And unless action is taken that will be the outcome.

There are two other aspects to piracy often little known.

Firstly, we are sending our kids to very dangerous on line neighbourhoods.

The pirates are not good guys.

These aren't roguish, basement dwelling computer geeks.

These are the same type of people that sell heroin.

It's been proven, they often have connections to organized, international crime syndicates.

Pirates are only about the dollars.

They make tens of millions blitzing our kids with advertising for:

- Hard core pornography. As one 14-year-old girl said in our research "the sexual ads can be so awkward like when they pop up I try to shut them down really quick." And these ads are really demeaning and indescribably horrible;
- Online gambling – easy as falling off a log. Forget restrictions on casinos it is all out there and now;
- Oh and if you want steroids or party drugs – easy – imagine what the sellers put in these – it's all available; and
- Weight loss scams and banking scams a plenty.

In fact, 99% of advertising dollars on pirate websites is what is known as 'rogue' or 'high risk' advertising, namely antisocial or criminal.

Secondly, and equally terrifying, is the ever-increasing amount of malware on the web, with pirate sites being the number one method to deliver and propagate serious criminal activity, corrupt or destroy your computer, and hold your data to ransom.

Movies are the "digital bait" for these criminals who are not deterred because they don't believe they will be caught in the shady cover of internationally operated, covert pirate websites.

Just some of the facts on things that are happening out there:

- Stealing bank and credit card information is rife;
- Finding personal information to sell even a person's identity for financial gain; and
- Hacking a computer and controlling it to commit fraud.

The research and evidence of this is unquestionable. One of the scariest things is that 45% of the malware on infringing sites surveyed were delivered passively, in a process which infects the user's device without the user having to click a link after arriving on the page.

One of my Village colleagues who researches piracy for me has to do so on a separate laptop because it is so infested with viruses as a result of visits to pirate websites!

The dictionary defines piracy as:

“The practice of attacking ships at sea.”

This conjures up images of Johnny Depp and certain rebel / Robin Hood type good guys.

It is anything but – my definition is:

“Leeches – thieves – they employ no one – pay no Australian tax and are criminals”

Now, I am confident we can eliminate the multi-million dollar income these leeches skim and bring this plague under control.

Like the plague, if we get rid of the rats and fleas, and clean up our neighbourhood, we can create a healthy environment for all of us.

Again I love analogies and those who say this can't be done could say that about safety on the roads.

It is about being ever vigilant – whether it be speed limits, restrictions on drink-driving or safe intersections.

Our roads are dramatically safer now, and with effective action our world can be just as safe from piracy.

The benefit to you as exhibitors is that when especially young people are unable to easily access stolen goods, not only will your world stabilise, but you will also see a definite lift in your business.

Recent research from Carnegie Mellon University (Feb 2016) found that without piracy, box office revenue would have been 14 – 15% higher per year.

Korea is a market where piracy got so bad cinemas were in trouble and home entertainment actually shut down with the dismissal of all employees.

The government and industry got together, and with their own version of the five steps, cinemas are now up 50% in attendance on where they were at the worst, the streaming and the home entertainment sector is a powerhouse and local production is dynamic.

This boosting of legal trade will be very welcomed by Treasurer Scott Morrison – our Australian ATO after all is a major partner to all of us in this room.

To this end we are not alone.

The Liberal Government stopped the boats, and thanks to legislation on site blocking, have given us the weapons to stop piracy too.

Senator Fifield, the man responsible in government, and Minister for Communications and the Arts was invited today, but unable to attend because Parliament is sitting, recorded a message you saw earlier. The Minister has demonstrated a proactive and vital interest in protecting Australian creativity, film production and jobs within the industry.

The five steps to reverse the plague are:

1. Site Blocking Legislation

Through the bipartisan initiative of the Liberal Government and the Labour Opposition, we have world's best standard site blocking legislation in place.

I pay tribute to Malcolm Turnbull and Bill Shorten, both of whom have been unwavering and powerful supporters of our cause.

We are currently awaiting a Court decision which will set the rules of engagement for the process and establish the precedent for blocking websites.

Nothing is more important or urgent, as every day that passes, tens of thousands of our movies are stolen, and it is a devastating contagious plague, as more people typically unaware that it is wrong, becomes infringers because the sites are wide open and no apparent action has been taken by government.

So that no time is lost, we are gearing up for when we have the judge's decision. We will be ready to immediately bring another court action to request the blocking of an additional 100 criminal sites. Similarly, Foxtel, Music and various sporting bodies will also be taking action to protect their copyright.

Many sites will pop back up with a different name, but we will knock them right back down again.

40 countries around the world, including some in Asia, have introduced legislation blocking overseas websites. And the experience in the UK has been very positive.

International research showed that blocking 53 sites in the UK caused a significant decrease in piracy. Relatively few users circumvented the blocking, and blocking appears to have had the greatest impact on the heaviest consumers of pirated products.

The argument often used by those who oppose site blocking is that it will "break the internet".

Well, clearly, that hasn't happened here in Australia or internationally, where blocking is used for a range of other law enforcement purposes – like global blockage of child pornography sites through INTERPOL, blocking of sites promoting terrorism, or investment fraud.

If site blocking is used to enforce laws against other illegal activities, it clearly makes sense to limit copyright infringement.

Why is there an assumption that online rules should somehow differ from offline rules?

If a shop in Westfield started selling drugs or stealing credit card details, it wouldn't just be Frank Lowy shutting it down – the authorities would be hauling them off to court in very short time.

This is what is about to happen to foreign criminal websites.

2. Alliance with Google

There are many misapprehensions about Google by some people across the intellectual property world.

They are not our enemy - in fact Village Roadshow sees Google as our ally.

They are a vital and necessary stakeholder in online content protection and I believe they can help us fight this fight more efficiently and as part of taking reasonable steps are up for this.

In Google's ongoing fight against piracy, to quote directly from their recent press release to support their "How Google Fights Piracy" report:

"...Google is all-in when it comes to partnering with the content industry ..."

"Google takes the challenge of online piracy seriously – we continue to invest significant resources in the development of tools to report and manage copyrighted content, and we work with other industry leaders to set the standard for how tech companies fight piracy."

This support is both public and unqualified and is the basis for us to work together constructively and "all in".

Google have now become a major player in content in two areas.

Firstly, YouTube, a giant content business, presents an opportunity for aligning our interests, and this is happening with Content ID. Importantly when Black Spy circumvents, then cooperatively White Spy responds.

The good guys and bad guys are not just on your movie screens!

Secondly, Google Play is a cyber store where renting movies legally has been made easy.

We are working closely with Google and seeking support on a number of specific initiatives that include:

- Take downs – where we give notice of search results directing people to pirate sites for our movies and Google remove the offending links to a specific title from the page;
- Legitimate Offerings – when people search our movies, we ask Google to give emphasis to legal and legitimate options that drive revenue for content owners;
- Site ranking demotions – after notices are sent to remove search results, we ask Google to lower their ranking in search results which effectively means banishment into no man's land; and
- Follow the money – is aimed at cutting off pirates' money supply. Google is a leader in rooting out rogue sites and ejecting them from their advertising networks.

It is for this reason that as Village Roadshow, we believe Google are making genuine endeavours and we are supporting them achieving legislation on safe harbour, conditional on responsibility to take reasonable steps to efficiently put an end to piracy!

3. Timely and Price Attractive Availability of Legal Product

Some people excuse, or have rationalised their piracy, by saying product is not available legally in a timely manner and at fair prices.

Five years ago there was reasonableness to this argument as it could have been said to be true.

Since then the world has changed, with virtually every theatrical movie releasing across the globe on the same date as America.

In television and streaming sites it is universally “express from the USA.” Theatrical windows in Australia lagged behind America but today we are virtually simultaneous. For example, Warner’s two Blockbuster movies *Suicide Squad* and JK Rowling’s *Fantastic Beasts* will be released both in theatres and home entertainment on the same date as the USA.

In terms of pricing, and the opening up of new prices akin to what McDonald’s charge for a hamburger, the landscape has changed from night to day.

Films are available to digitally rent at prices 15% cheaper than the US when you factor in exchange rate and local taxes.

Bottom line: the platform offering movies on digital to buy or rent is fiercely competitive, with iTunes and Google Play leading the pack, and all movies available. For content owners this is a new source of revenue.

4. Legal Action

As Village Roadshow, we are planning to pursue our legal rights to protect our copyright by suing repeat infringers - not for a King’s ransom, but akin to the penalty for parking a car in a loading zone.

If the price of an act of thievery is set at say, \$300, we believe most people will think twice.

However, the more important role of the legal action is to be part of the process of educating people that piracy is indeed wrong and is theft.

In our research we repeatedly come across people who have not been told otherwise, and assume from continued practice that it is socially and legally acceptable, and that it does no harm, or that their individual activity won’t make any difference.

These are the attitudes we believe we can change.

This is all part of winning people to our cause.

Any revenue derived from this proposed legal program will be devoted to positive education on piracy.

I should also point out that it is our intent with this strategy that anyone caught in the net with dire health or difficult circumstances, we would waive the action providing they undertake not to infringe again.

The fact is most people are honest and would no more think of going into a 7 Eleven and swiping a Mars Bar than flying to the moon.

5. My final Point. Win Over Strong Community Support

This is the big one.

If we can consolidate the view held in the community that piracy is theft, damaging to our way of life, and carry the people of Australia with us then we will have won the war.

Our approach is transparent, logical, sincere and passionate.

It's about jobs, about creative works, and taxpaying companies.

Based on a recent independent report, 1 million people, or 8.7% of the Australian workforce rely on copyright and \$111 billion of economic value is generated.

Leading this initiative is Creative Content Australia. It's a unique body, because for the first time a broad church of people that often have conflicting views have come together in a common cause.

Creative Content Australia membership remarkably includes all of the key players in the industry, from production - the Directors' and Writers' Guilds and Screen Producers' Association - and from the business side, every major and independent exhibitor and every major and independent cinema and home entertainment distributor.

Giving us powerful support is our key union, the Media and Entertainment and Arts Alliance, Foxtel, major sporting bodies, Deluxe and other stakeholders concerned about supporting copyright.

Creative Content Australia's brief is a commitment to educating people about the value of screen content and the role of copyright.

We are working in schools, providing a range of teaching resources that stimulate discussion about copyright and raise awareness about the impact of piracy on the creative industries. These resources are downloaded by thousands of teachers annually.

We are also developing a broad based campaign that will warn people of the danger of viruses and malware and reinforce the message that piracy is theft.

We will rely as always on the support of all the exhibitors here to play this in your cinemas and we've got terrific commitments of support from Nine, Seven, Ten and Foxtel.

A community caring together to fight this plague.

Other social behavioural campaigns have, over the years, changed people's behaviour – from smoking to drink driving.

Win over the hearts and minds of the community and we will have won this war. That is our goal.

Now this is where you can help.

Each one of you can be a “worrier” and a “warrior” in our cause.

You can actively join this battle by informing your family, your kids and their friends - the headmaster at your kids’ school, your local member, your local grocer and above all, your local newspaper, TV and radio stations. Tell them of the social and economic consequences of piracy. You can remind them that your personal business and career are at stake.

Now a Final Word

Why we will win with Johnny Jones, age 14

Johnny will go to Pirate Bay or PutLocker and they will be shut and not there. While Johnny may not understand that the pirate websites he visited are doing anything wrong, he will quickly understand they no longer exist.

So Johnny will then Google, “download *Red Dog: True Blue* free” and the options will mostly be legal or legitimate and at reasonable prices.

However, if he persists to seek stolen alternatives they will be the really bad websites full of scams and frauds that will wreck his computer and empty his bank account.

Simultaneously, he will be seeing our cinema and TV commercials pointing out the real risks and that piracy is indeed not as he thought OK, but dangerous and theft. Also he’ll hear of a mate hit with a \$300 penalty.

At this point, not only will it be pretty bloody hard, but I know Johnny. He is a good person and he will begin to see the fairness and his mum who pays the internet bills will say “Johnny STOP this, we can’t afford fines and I did not bring you up to be a thief”.

We’ve already won his mum over, and I know we can win over Johnny – he’s a good guy.

Fellow Ambassadors – Right is might.