

Industry issues

In an effort to provide current information on a range of industry issues, the Association wrote to all major Distributors seeking their commitments and comments on the following topics.

Rental Advertising

Is your company still committed to pro rental advertising including the use of a "Rent or Buy" tag line?

they are experiencing a vastly reduced damage rate with hard coated disc's. Is it your companies intention to commence hard coating of DVDs in the near future?

Macro vision /copy right protection.

Does the product you currently supply have any form of copy protection ? Is any form of copy protection being considered for any HD DVD or Blu-ray DVD your company may supply in the future.

Hard Coating DVD's

The feed back from our members is very positive to hard coating of DVDs,

Security Boxes

Probably one of the most contentious issues for our members, particularly for

new stores or when re fitting a store, which security box system do we allow for, Red tag, One-Time etc? What security boxes does your company offer stores to choose from? Does your company have any plans to change your current security box supplier in the near future?

For easy of reading all the answers received are contained in table form and the Association trusts this maybe helpful in conducting and planning your business.



	Rental advertising	Hard coating	Macrovision/ Copyright	HD and Blu-Ray	Security Boxes
Universal	Rent or Buy tag line with applicable titles	No hard coating takes discs outside specs	Yes macrovision symbol on DVD sleeve	Advanced Access System Content	85% Reg tag selected TV series One-Time Security Cases
Paramount	Title by Title but reintroduced window	Under investigation	Yes macrovision	AACS copy protection	Red Tag but happy to speak with Rental if other preferred
Warner	Yes will continue with Rent or Buy tag line	Will not be hard coating	Protected by CSS	Protected by Advanced Access System Content	Red Tag with some One time for TV product
Sony	Yes	No not at this time	all DVD with AASC and certain releases Macrovision	Blu-Ray commencing late this year	Both Red tag and One-Time Security boxes
20th Century Fox	Where appropriate Fox have and will continue to support a Rent or Buy Tag line	Not on current format but Blu discs will be Hard coated	Macrovision is currently used on 20th Century Fox product		Uses both Reg Tag and One Time Security Cases no plans to change
BVHE	Yes with no plans to change	No plans to hard coat	all DVD copy protected		Red Tag boxes with no plans Change
Roadshow	Yes when purchased widely by Rental	No	Macrovision at present more details when new formats released later this year		Reg Tag security systems

Court clamps down on film copyright theft with 12 month jail sentence

Sydney, Australia – Thursday 16th November, 2006 Mr Vito Raimondi was convicted of copyright offences and jailed for a period of twelve-months when he appeared at Sutherland Local Court in NSW yesterday.

Mr Raimondi from Beverly Hills in Sydney, was raided by police in October, 2005 following a three month investigation by the Australian Federation Against Copyright Theft (AFACT) and NSW Police.

Raimondi was selling pirate copies of movies including *40 Year Old Virgin*, *The Brothers Grimm*, and *The Skeleton Key* alongside hard

core pornography. Seizures from the raid totalled more than 1,000 DVD-Rs, eight DVD-R burners, three computers, two scanners, and a printer.

On handing down the twelve-month jail sentence Magistrate Pearce commented on the court's duty to consider the damaging effect "upon the commerce of the legitimate sale of DVDs."

This is the second jail term handed down for copyright offences in NSW this year with Thi Tho Le, a 53 year-old woman from Hinchinbrook, being sentenced to eleven one-

year jail terms to be served concurrently by Liverpool local court in June.

"This is a welcome result for our industry which is under a continuing threat from film piracy crime", said Adrienne Pecotic, Executive Director of AFACT. "Two jail terms this year shows that the courts are sending a strong deterrent message to all movie thieves that copyright theft is being taken very seriously. NSW Police are also to be commended for their actions in investigating and securing this successful prosecution."

Revised APRA licence scheme

In September 2006, the Copyright Tribunal handed down its decision in relation to a new background music licence scheme that would apply to the retail and general business sectors (including video retailers). The decision marks the end of a four year process whereby the Tribunal considered the value of music in business, the rates charged by international collecting societies and the impact that the revised licence scheme would have on Australian businesses.

The outcome of the Tribunal's decision delivers a licence scheme that adequately values the use of background music and provides for an equitable distinction between the fee structures that will apply to large and small businesses. To provide for an easy transition to the new licence scheme, the Tribunal has also determined that the revised licence fees should be phased in over a three year period.

Further information on the new background music licence is available from the APRA website (www.apra.com.au/music/users) or by calling 1300 852 388. APRA will commence contacting existing clients two months prior to the renewal of their annual licence, to offer them the new agreement.



AVRRA announces Board for 2006/2007

At the recent Annual General Meeting of the Association, held on Friday 10th November at Star City, the members voted on the Board appointments for the coming year.

The AVRRA Board 2006/2007 is:
George Kafataris *President*
David Hynes *Vice President*
Jeff Menck *Treasurer*
Lyn Meier
Andrew Gardiner
Gordon Rose
Rick Wight
George Papadopoulos
Keran Wicks
Gary Lewis

At the meeting Tony Romano tendered his resignation from the Board explaining that, after some twenty odd years in the video industry he was moving on to other business interests. The meeting thanked Tony for his service to the industry and in particular all his efforts on the AVRRA Board.

"Members Have Your Say"

The Board is encouraging members to email or write to the AVRRA office detailing, in short or at length, their thoughts on the industry and the matters that concern them most.
 Email to: ross@avrra.com.au
 or mail to: AVRRA Ltd, P O Box 420 Spit Junction 2088

So get involved, let us know what's on your mind. Look forward to hearing from you.

ASSOCIATE MEMBERS

Rocket Software (Customsoft) • Imagine Entertainment (an IDT entertainment company) • Eagle Entertainment • Legal and Commercial / National Default Registry • New Zealand Video Dealers Association • APRA • Settec Australia

Industrial Relations Contact Numbers

One of the most time consuming tasks of any business these days is ensuring wages and conditions for all staff are correct. For the convenience of members we have produced a list of contact details for all the Industrial Relations Departments (Australia)

New South Wales
 131 628
www.dir.nsw.gov.au

Victoria
 03 9651 5560 or 1800 287 287
www.irc.vic.gov.au

Western Australia
 1300 655 266
www.docep.wa.gov.au

Queensland
 1300 369 945 within state or 1800 177 717 elsewhere
www.dir.qld.gov.au

South Australia
 08 8303 0400
www.industrialcourt.sa.gov.au

Tasmania
 03 6233 7657
www.wst.tas.gov.au - *general info*
www.pat.tas.gov.au - *award rates*

ACT and NT
 1300 363 264
www.wagenet.gov.au
note this web address also has links to each state site.

OUR MISSION

To develop, promote and represent the video industry. To provide effective service, support and direction for our members.

AUSTRALIAN DVD AND VIDEO INDUSTRY AWARDS

Proudly sponsored by **AAV Regency**

Cocktail Party Sponsor

• Samsung Australia

Silver Sponsors

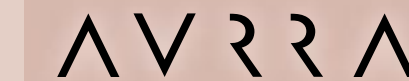
- One-Time Security
- Red Tag
- Sony DADC
- Take One Magazine
- Technicolor Australia

Bronze Sponsors

- Blockbuster
- DVD Orchard
- Eagle Entertainment
- I D T Home Entertainment
- Gadens Lawyers
- Gfk Marketing Services Australia
- Peacock Films
- Sonopress
- Home Entertainment Suppliers
- The A V Channel
- MRA Entertainment
- MarketMakers Accessories
- Samsung Australia

Supporter

- Force Entertainment
- Simpson's Solicitors



AVRRA Ltd.
 Ross Walden,
 Executive Director

Level 1, 3 Brady Street
 Mosman 2088 NSW
Postal: PO Box 420
 Spit Junction 2088 NSW
Ph: 02 9960 0046
Fax: 02 9960 0041
Email: ross@avrra.com.au

ABN: 79 054 038 881

Presidents Annual Report 2006

George Kafataris

It is a great pleasure and certainly very satisfying to commence this years Annual Report by saying that the traditional Rental Video store, our members, remain a strong player in this ever changing format landscape of movie delivery. Statistical information during the year confirms rental turns are up and members are seeing growth within their businesses. This has proven many critics wrong.

I can report that the Association has enjoyed a successful year, particularly as it has maintained a constant level of membership, now representing over 75% of all video stores nationally. The Association is indeed a truly representative industry body.

In regard to finances, Jeff Menck, our Treasurer for the past number of years must again be congratulated on providing the Association with very comprehensive financial reports during the year. Jeff's keen eye for detail on both expenses and revenues, coupled with a well planned and thought out budget has placed the Association with a sound financial platform, allowing the Board to again contain membership fees at last years levels, unchanged since 2001.

Many thanks Jeff .

Piracy remains a priority for our members and the Association's web site, with its direct link to the Australian Federation Against Copyright Theft, has again this year proven an excellent mechanism for our members to report illegal activity. Members are encouraged to continue to use this avenue of reporting Piracy as it is the most direct method of ensuring any possible action is taken by AFACT.

During the past year the Association has also been a very active member in supporting the proposed Intellectual Property Awareness Trust, contributing financially to the first two stages, the Qualitative research stage and the Creative message stage and providing a representative to sit on all the I P Trust sub committee meetings during the year. As it was always going to be, the question of funding the Communication Stage [stage three] remains unresolved. The Association suggests a funding model that equally spreads the cost across Rental and Retail with a small increase on products sold. This is not yet possible as it requires 100% Distributor support.

The Association remains committed to working in the best interests of its members with the Piracy issue.

The whole Board has worked tirelessly during the year, conducting face to face Board meetings and monthly teleconferences covering a wide range of industry matters, the Rental Forum, Telstra Big Pond advertising, a redesigned AVRRA newsletter and commenced a revision of Association policies to mention a few. The

commitment of all Board members, giving their time and effort addressing all the important issues on behalf of our members and for the video industry as a whole, must be highly commended. I would like to personally thank you for all your dedication and support.

The job is not finished, the challenges will always be there, so to the Board for the coming year, to be confirmed later at this meeting, I can only say keep up the good work, the benefits that flow on to our members will be your reward.

To those Board members not seeking re election my special thanks for your time and efforts during your period on the Board and I know you will be watching closely from the sidelines.

I would also like to acknowledge and thank Ted Konidis, who resigned as a Board member this year after serving six years as a Director of AVRRA and also welcome Gordon Rose, George Papadopoulos and Rick Wight, who all accepted Board positions this year.

"Australian DVD and Video Industry Awards", in its third year has proven a huge success, attracting close on five hundred industry people. The night will be a great mixture of formalities and fun, hosted by Andrew O'Keefe and now back at the more favoured venue, Star City once again.

Judging of this year's Rental awards was again done via a Mystery Shopper program, with all stores entered being visited once and the top 50% of stores revisited a second time. The scores of both visits were averaged out in percentages to arrive at the winners. The Executive Summary attached to the final report from the Mystery Shopper company said that again this year the overall standard of entries was one of the highest they had come across in any industry, with the winners only been separated by very small percentage margins. Well done to all stores that entered and congratulations to all the winners.

I must make mention of the efforts of the Association's Executive Director, Ross Walden. Ross has continued to manage the affairs of the Association and the office, efficiently and effectively. He goes about his duties with the membership's best interest in mind always. Amongst his many, day to day responsibilities, Ross has also taken on the major organizational role for tonight's ADVIA awards, and as mentioned earlier we are expecting a fantastic night with attendance at full capacity.

Thank you Ross.

In closing, once again, many thanks to all Board members and I look forward to another successful year for the Association.

AFACT ANNOUNCES COPYRIGHT AWARENESS PROGRAM, COPYRIGHT OR COPYWRONG

First partnership under the program to be with education authorities, aimed at 8 to 12 year olds

Sydney, 22nd September 2006 – The Australian Federation Against Copyright Theft (AFACT) on Friday (22) formally unveiled its copyright education and awareness initiative, *Copyright or Copywrong*, and the first partner for the program: The National Copyright Unit of the Copyright Advisory Group of Australian Schools and TAFES (NCU).

The announcement was made by AFACT's Executive Director Adrienne Pecotic and Delia Browne, National Copyright Director of the Copyright Advisory Group for the Ministerial Council on Employment, Education, Training and Youth Affairs, at AFACT's annual anti-piracy forum, held in Sydney Sept. 22nd.

The *Copyright or Copywrong* program will provide a framework to:

- Explain new copyright laws
- Guide the public on how to lawfully use copyright works
- Guide work-places on managing copyright risks (such as downloading films at work for illegal distribution)
- Explain the consequences of copyright theft to the community, the economy and Australia's film and TV industry; and
- Change attitudes to encourage respect for copyright laws.

"*Copyright or Copywrong* is an initiative developed by AFACT with the film and TV industry to promote copyright education and awareness to the Australian public through schools, work-places, the community and law enforcement," said Pecotic.

"Copyright theft in all media is a big problem in Australia; losses to the film and TV industry last year alone were estimated to be \$233 million. This program provides a partnership opportunity between government, educators and industry to help make that problem, and why it's happening, better understood. Copyright or Copywrong comes at a time when Australia is embracing the transition from analog to digital and needs to secure an innovative future for Australia's creative industries while addressing the consequences that copyright theft has on the community."

The First Partnership Under the Program

Through the alliance with NCU, an awareness program will be developed including course materials, teaching guides and a supporting website specifically for school children aged between eight and 12. It's expected to be tested in schools in Term 2, 2007.

"The objective of this initiative is to devise and test

a program for teachers and children across Australia to assist in teaching awareness, understanding and respect for intellectual property through the creation by school children of their own creative copyright works," said Browne.

"The message we want to get across to children is when they can use other's materials legally, when they need permission and how to give permission to others to use their material," she added. "In the end, it's all about respecting other's as well as the copyright in your own creations. We see this initiative as an important starting point in a partnership between AFACT and NCU to secure greater access to copyright materials for schools."

"Starting in the classroom is a very appropriate beginning for *Copyright or Copywrong*, as schools are major users of copyright material," said Pecotic. "By understanding the concept of respecting copyright from an early age, children will be well equipped to navigate the digital age."

The *Copyright or Copywrong* program will unfold over the next 12 months to coincide with and support copyright law reform, with AFACT actively seeking similar partnerships across other relevant sectors.

Its launch comes with the Federal Government due to introduce significant changes to Australia's copyright laws, including tougher anti-piracy provisions and over-hauling content Technological Protection Measures to keep up to date with an increasing range of delivery platforms.

"Rapidly changing technology and the Internet now allows large scale, high quality digital copying and distribution of copyright-protected content through every home PC," said Pecotic.

"At the same time methods to protect that content are becoming more sophisticated, allowing the lawful consumption at home of copyright works in increasingly flexible ways, so there is an unprecedented need to reach these homes with information on what the new laws allow and the consequences of copyright theft."

Also speaking at today's forum designed to promote effective risk management strategies for copyright theft in schools, workplaces and the community was the Federal Attorney General, the Hon. Philip Ruddock; the Motion Picture Association's Executive Vice President and Chief Technology Officer Brad Hunt; and Mike Ellis, the MPA's Senior Vice President and Regional Director for Asia-Pacific, outlining the global impact of movie theft, which through illegal burning, copying, downloading, sale and distribution of films cost the MPA's member companies US\$6.1 billion in 2005.

About *Copyright or Copywrong*

The Copyright or Copywrong initiative has grown out of independent research commissioned by AFACT and the film and TV industry into the attitudes and behavior of the 23% of Australians estimated to be involved in film piracy. That research indicated that while 92% of Australians understood that piracy is a crime, they:

- Did not understand the consequences of their actions on other Australians and creative industries
- Did not know what actions were permitted under copyright laws
- Did not consider copyright theft to be morally wrong

Piracy in Australia

A recent independent report conducted by L.E.K. Consulting indicates that movie piracy cost the Australian film industry an estimated \$233 million in potential revenue in 2005. The illegal distribution of unauthorised copies of movies rose from 4% in 2000 to around 10% of the legitimate market in 2004. Police across Australia have more than doubled the number of illegal discs seized in 2004 compared to 2003. Discs comprise mostly DVD-R copies as DVD-R technology has increased its share of the pirate optical disc market. In addition Australian Customs seized over 40,000 pirate DVDs imported into Australia in 2004, a 185% increase compared to the 14,000 seized by Customs in 2003.

Police jurisdictions recognise organised crime involvement in film piracy. Organised crime links to movie piracy in Australia were first uncovered following a raid on Malaysia-linked movie pirates in 2002.

About NCU

The National Copyright Unit of the Copyright Advisory Group (CAG) provides advice on copyright issues to the various Education departments and associations, schools, TAFES, curriculum developers and other educational bodies. The NCU negotiates and manages educational copying licences on behalf of schools and TAFES. CAG is a committee of the Schools Resourcing Taskforce (SRT) of the Australian Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA). CAG is the national body responsible for copyright policy and administration for Australian schools (including non government schools) and the majority of TAFE colleges.

The Australian DVD and Video Industry Awards 2006

Oh what a night!

Well another very successful night with over 500 people attending the third annual ADVIA at Star City on the 10th November. Again sponsored by AAV Regency and with some twenty other industry related companies supporting the event (refer to the front page of the newsletter or our web site www.avrra.com.au for the complete list) it was a night not to have missed.

A first for this year was the pre event Cocktail Party sponsored by Samsung with the launch of their Blu-ray machines. Many people were given a first hand opportunity to experience the Blu Ray format at the two display stands set up. Others asked questions why the champagne was

blue which proved a huge hit in getting the message across.

Around 8.00 pm the Ballroom doors opened to a spectacularly decorated silver and blue room. With the tables set and a huge chandelier hanging right over the dance floor the scene was set for a fantastic evening. Andrew O'Keefe, the MC for the evening, dispensed with all the normal housekeeping matters and it was straight into the awards. First up was the Rental awards section and although only the winning stores from each state were presented their award on stage is important at this time to acknowledge the other finalist stores in each state.

Rental Excellence Finalists
 New South Wales
 Civic Corrimal
 Top Video Westleigh
 Video Ezy Marketown - **Winner**

Victoria
 Blockbuster Taylors Lake
 My Movies Now North Melbourne
 Blockbuster Melton - **Winner**

Queensland
 Video Ezy Bribie Island
 Network Video Dalby
 Network Video Winston Glades - **Winner**

Tasmania
 Network Star Channel - **Winner**
 Top Video Ulverstone

ACT
 Civic Video Chisholm - **Winner**
 Leading Edge Belconnen

Western Australia
 Network Kelmescott - **Winner**
 Video Ezy Rockingham

South Australia
 Video Ezy Victor Harbour
 Civic Video Welland
 Network Atlantic Video Blair Athol - **Winner**

National Rental Excellence Winner
 Blockbuster Melton

Rental Group Marketing Award
 Civic Video "Christmas Savings at Civic"

Keith Williams Award
 Jeff Menck



TAS, SA, WA, ACT Rental Excellence award winners with Patrick Gleeson [rear of photo] from Red Tag



Rebecca Moore accepting the National Rental Excellence award from Peter Colby SONY DADC on behalf of Blockbuster Melton



Angela Borrelli Civic Video winners of the Rental Group Marketing award with Peter Colby from Sony DADC



The Samsung Australia crew Cocktail Party and Bronze Sponsors



Jeff Menck [r] winner Keith Williams Award with Fiona Horman from AAV Regency the event sponsor.



NSW, QLD, Vic Rental Excellence award winners with Patrick Gleeson [centre with glasses] from Red Tag

Congratulations to all the stores that entered and to the winners well done, from the summary provided by the Mystery Shopper company you are well and truly deserved winners.

Of special note on the night was the announcement of Jeff Menck as the winner of the Keith Williams Award for 2006. Jeff has been involved in the video industry for some 25 years now and has worked tirelessly giving his time and efforts as an AVRRA Board member and acting as Treasurer of the

Association for over seven years. On behalf of the whole Rental industry well done Jeff, you are a worthy recipient of the award.

A complete list of all the winners on the night, Rental, Retail and Distributors can be found in the table with this newsletter or simply log on to our web site www.avrra.com.au

Again my special thanks to all the sponsors, without your support a night like this would not be possible. See you all there next year.

AWARD WINNERS

ADVIA 2006
 Rental Excellence Award – New South Wales
VIDEO EZY MARKETOWN

ADVIA 2006
 Rental Excellence Award – Queensland
NETWORK VIDEO WINSTON GLADES

ADVIA 2006
 Rental Excellence Award – Victoria
BLOCKBUSTER MELTON

ADVIA 2006
 Rental Excellence Award – Tasmania
STAR CHANNEL NETWORK VIDEO

ADVIA 2006
 Rental Excellence Award – South Australia
ATLANTIC NETWORK VIDEO BLAIR ATHOL

ADVIA 2006
 Rental Excellence Award – Western Australia
NETWORK VIDEO KELMSCOTT

ADVIA 2006
 Rental Excellence Award – ACT
CIVIC VIDEO CHISHOLM

ADVIA 2006
 National Rental Excellence Award
BLOCKBUSTER MELTON

ADVIA 2006
 Rental Group Marketing Award
CIVIC VIDEO
"Christmas Saving at Civic"

ADVIA 2006
 Retail Title of the Year
HARRY POTTER & THE GOBLET OF FIRE
Warner Home Video

ADVIA 2006
 Rental Title of the Year
MIR & MRS SMITH
20th Century Fox Home Entertainment

ADVIA 2006
 Best Marketing Campaign for New Release Theatrical Title
HARRY POTTER & THE GOBLET OF FIRE
Warner Home Video

ADVIA 2006
 Best Marketing Campaign for Catalogue Campaign of the Year
ALAN JONES RECOMMENDS
Universal Pictures Video

ADVIA 2006
 Major Retailer of the Year
TARGET

ADVIA 2006
 Specialist Retailer of the Year
JB HI FI

ADVIA 2006
 Most Improved Retailer of the Year
JB HI FI

ADVIA 2006
 Rental Retailer of the Year
VIDEO EZY

ADVIA 2006
 Keith Williams Award
JEFF MENCK

AFACT WELCOMES STRONGER ANTI-PIRACY LAWS

Proposed copyright reforms put pressure on movie thieves and clarify legal downloading options for consumers

Sydney, Oct. 19th 2006 – The Australian Federation Against Copyright Theft (AFACT) today welcomed proposed changes to the Copyright Act announced by Federal Attorney General Philip Ruddock that would strengthen anti-piracy laws and penalties while taking into account the increasing choices consumers have in the way they watch film and television programs.

"The draft legislation strikes a balance between cracking down on movie theft and recognizing, in a practical fashion, the transition from analog to digital in terms of how content can be delivered to Australians," said AFACT's executive director Adrienne Pecotic.

"More options to access content means more flexibility for consumers, and these proposed changes give a clearer roadmap to what is legal and what is not both in the home and in the workplace," she added.

For movie thieves the legislation provides stronger deterrents against circumvention of technological protection measures, more effective tools for law enforcement such as on-the-spot fines and the ability to seize proceeds of copyright crime, and more rigorous guidelines to target the theft of film and television programs over the Internet.

"Copyright theft across all media is a big problem in Australia; losses to

the film industry last year alone were estimated to be \$233 million," said Pecotic.

"These reforms would provide a major boost for Australia's film and TV industries, small businesses and the Australian economy. Stronger enforcement and better-resourced education programs are essential in the fight against movie theft and this is a solid step forward by the government."

For consumers the legislation is expected to encourage businesses to provide more and more flexible ways to access digital content, especially on-line, and to clarify what consumers can do with the film and television programs they have legally obtained.

AFACT has been working over the last 12 months, in consultation with the film and TV industries, government and copyright user groups, to help update the Copyright Act in relation to piracy.

"We're very pleased that the Australian government fully recognizes the impact piracy is having on Australia and is acting to tackle two of the biggest challenges of the digital age: consumer confusion in the face of technology that makes it easy to steal film and TV programs; and the need to balance legal consumer access to copyright film and television programs with legal protection for the technology that safeguards those programs against theft."

About AFACT

AFACT acts on behalf of the 50,000 Australians directly impacted by copyright theft including independent cinemas, video rental stores and film and television producers across the country.

AFACT has its own anti-piracy hotline: 1800 251 996.

AFACT works closely with industry, government, police and educational institutions to address copyright

theft and protect the interests of the film and television industry as well as the interests of Australian movie fans.

For further information contact:
Adrienne Pecotic
 Adrienne Pecotic
 (02) 9997 8011/0414664 566
adrienne.pecotic@afact.com.au