

# THE COST OF MOVIE PIRACY IN NEW ZEALAND

A recent global study examining the impact of motion picture piracy and consumer behaviour has underscored the importance of intellectual property to economic growth worldwide and revealed the extent of damage caused by copyright theft to creative industries all around the world, not just the interests of American businesses.

## The Cost Of Movie Piracy:



### CONSUMER SPENDING LOSS BY PIRACY SOURCE\*

Downloading	\$33.1 million
Copying	\$13.6 million
Bootleg	\$24.1 million
Total industry loss	\$70.8 million

### MPA MEMBER COMPANY REVENUE LOSS BY PIRACY SOURCE\*

Downloading	\$10.6 million
Copying	\$4.5 million
Bootleg	\$13.6 million
Total loss	\$28.7 million

\* Includes additional losses due to illegal copying for personal use or for others.

The study, undertaken by independent research firm LEK Consulting on behalf of the Motion Picture Association, shows that piracy cost the film industry in New Zealand an estimated 25 percent of the potential market in 2005 – NZ\$70.8 million – of which just NZ\$28.7 million was estimated to have been MPA member company losses.

Internet piracy via P2P file-sharing networks is a significant concern and accounts for the majority of New Zealand movie industry losses – an estimated NZ\$33.1 million in lost consumer spending in 2005. Cracking down on infringing file-sharing networks is therefore crucial in combating piracy.

The trade of bootleg optical discs is also extremely harmful to MPA member companies. In 2005, the bootleg piracy rate was 50%. This means that 50% of the MPA member company titles bought in 2005 were pirated units. In 2005 bootleg piracy was responsible for an estimated NZ\$24.1 million loss in consumer spending.

It is heartening that the New Zealand authorities and judiciary are recognising the damage caused by Internet piracy and the importance of taking action to stop it. Encouraging decisions of recent note in this regard include the sentencing in August 2006 of music and movie pirates to the first prison terms awarded for violations of New Zealand's Copyright Act.

CONSUMER SPENDING LOSS

# \$70,800,000

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