

25 July 2013

Commerce Committee Secretariat
Bowen House, Parliament Buildings
WELLINGTON 6160

SUBMISSION on
Copyright (Parallel Importing of Films) Amendment Bill

Introduction

1. Thank you for the opportunity to make a submission on the Copyright (Parallel Importing of Films) Amendment Bill. This submission is from Consumer NZ, New Zealand's leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of consumer information and advice.

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2. We do not wish to appear before the committee to speak to our submission.

Summary

3. Consumer NZ believes reducing the ban on the parallel importation of films from nine months to five months is a move in the right direction. Ideally, we think the ban should be allowed to lapse entirely on 31 October 2013. Extending the ban by a further three years will limit consumer choice.

Rationale for the ban

4. The ban was established to give sufficient time for cinemas to screen films without competition from parallel-imported DVDs.
5. In 2007, the Law and Economic Consulting Group (LECG) reviewed the ban and its impact upon four creative industries. In regard to the motion picture film industry, it found the case for retaining the ban was "relatively weak". It stated:
 - parallel importing has had little or no apparent impact on the industry;
 - the ban on parallel importing appears to give more protection to initial DVD sales than to the widespread cinematic release of films.
6. While the LECG agreed that the removal of the ban might negatively impact on provincial and rural cinemas, it stated: "it is questionable whether even the most extreme effect that might result, namely the possible closure of a few provincial cinemas, justifies a temporary ban across the entire industry."

7. The Ministry of Business, Innovation and Employment's 2013 regulatory impact statement recommended the ban be allowed to lapse. By doing so, it said consumers would benefit from:
 - Earlier access to content
 - More competitive and innovative services
 - Some reduced cost of DVDs.

Benefits of ending the ban

8. We agree with the Ministry's recommendation. We don't believe that restricting the trade on parallel-imported films provides a net benefit to consumers. In fact, the ban allows distributors to delay cinema release dates in order to maximise profits. As a result, consumers must wait longer to watch the latest films.
9. Lifting the ban may force New Zealand distributors to release films as close as possible to the international release. Earlier cinematic releases should result in the equivalent reduction for subsequent format releases.
10. As the regulatory impact statement notes, cinemas may need to improve their services in order to compete with DVDs, other distributors and home video services if the ban is allowed to lapse. We believe consumers would benefit from an increase in competition in this area.
11. Consumers will also be able to buy parallel-imported versions of the films without having to wait for the five-month period to end. While consumers can already parallel import DVDs for private use, they're more likely to buy parallel-imports if they're available from local retailers.
12. If the ban remains in place, consumers may be forced to pay higher prices for alternate film formats. For instance, the ban allows authorised distributors to demand a higher price for DVDs if the DVD is released within five-months of the cinematic release.
13. We are not convinced the ban provides a net benefit to the New Zealand economy. While it protects industry interests, it may stifle the emergence of new markets and services, such as electronic home video services, and reduce consumer choice.

Thank you for the opportunity to make a submission on this bill. If you require any further information, please do not hesitate to contact me.

Yours sincerely



Sue Chetwin
Chief Executive