

transfers of shares in limited-liability companies. The Committee therefore recommends that a careful definition of the word "control" is required, and offers the suggestion that some such definition as the following should be adopted:—

A person, firm, or company shall be deemed to control a theatre if such person, firm, or company—

- (a) Is the holder of any exhibitor's licence in respect of that theatre.
- (b) Holds any share or interest in the exhibitor's licence granted in respect of that theatre.
- (c) Holds any interest in the land whereon such theatre is erected and whether as registered proprietor, lessee, mortgagee, or otherwise.
- (d) Holds any share or interest in or any mortgage or charge over any undertaking which has in that theatre any of the interests aforesaid.
- (e) Has the right to exhibit films at such theatre or the right to control or direct the exhibition of films thereat.
- (f) Has the right or privilege to buy or book films for such theatre.
- (g) Enters into any pooling arrangement or any other arrangement for joint adventure or sharing of profits.
- (h) In any other way is so connected with such theatre as to limit or have the right to limit the operation of such theatre and the exhibition of films thereat.

71. One of the matters which was much discussed before the Committee was the question of the granting of new licences in areas of growing population. A stage is obviously reached where the population is as yet insufficient economically to maintain two theatres and yet has grown beyond the ability of one theatre to meet the public demand. Mr. Girling-Butcher's suggestion was that the holder of the current licence should be regarded as the one to whom the second licence should be given, particularly during the transition period when the second theatre could be operated economically only in conjunction with the former established one. This proposal was strongly supported by Kerridge-Odeon, but as strongly resisted by Amalgamated Theatres, who pointed out that their competitor had existing licences on so many sites which came within the category of growing areas that Amalgamated Theatres would, to use their own expression, "forever play second fiddle" if the new licence went to the existing operator. Amalgamated Theatres' view was that each case should be decided on its merits, whilst at the same time they pointed out a number of specific sites where a second theatre was already warranted, and they claimed consideration for the further licence at those sites. The Committee has already recommended under order of reference No. 1 that the granting of further licences to the existing chains should be the exception rather than the rule, and that view necessarily applies to the situation now being discussed. The licensing officer would, of course, require to satisfy himself that an independent exhibitor was financially able, on the one hand, to provide proper amenities for the public, and, on the other, to operate his licence as an economic unit: the principle which he should apply in determining which of several competing applications for a licence should be the successful one should be in accordance with what has already been said concerning the prevention of extension of monopoly.

ORDER OF REFERENCE No. 4

Whether and to what extent the exhibition of sub-standard films should be controlled by licensing regulations.

72. The Committee recommends that any general regulations regarding the exhibition of sub-standard films should aim at the removal of restrictive conditions, save in respect of—

- (a) The protection of the audience from the risks of panic.
- (b) The protection of the industry from unfair competition in the commercial exhibition of entertainment film.
- (c) The preservation of the existing provisions as to censorship (as now provided by subsections (d) and (e) of section 2 (1) of the Cinematograph Films Amendment Act, 1934).