

1949
NEW ZEALAND

MOTION-PICTURE INDUSTRY COMMITTEE

(REPORT OF THE)

(MR. R. M. MACFARLANE, CHAIRMAN)

Laid on the Table of the House of Representatives

ORDERS OF REFERENCE

Extracts from the Journals of the House of Representatives

THURSDAY, THE 27TH DAY OF NOVEMBER, 1947

Ordered, "That a Select Committee be appointed, consisting, by leave, of eleven members, to inquire into the motion-picture industry in New Zealand; the Committee to have power to sit during the recess and for twenty-eight days after the commencement of the next session, at such times and at such places as the Committee may see fit, and to report to this House within twenty-eight days after the commencement of the next ensuing session of Parliament, the proceedings of the Committee during the taking of evidence to be open to accredited representatives of the press: the Committee to consist of Mr. Anderton, Mr. Bowden, Mr. Broadfoot, Mr. Fortune, Mr. T. L. Macdonald, Mr. Macfarlane, Mr. Petrie, Mrs. Ross, Mr. Walls, Mr. Wilson, and the Mover."—(Hon. Mr. NORDMEYER.)

THURSDAY, THE 15TH DAY OF JULY, 1948

Ordered, "That the period set down by order of the House dated 27th November, 1947, within which the Motion-picture Industry Committee was required to present its report be extended until 30th September, 1948, to enable the Committee to complete its deliberations and prepare its report."—(Hon. Mr. NORDMEYER.)

TUESDAY, THE 28TH DAY OF SEPTEMBER, 1948

Ordered, "That the period set down by order of the House dated 15th July, 1948, within which the Motion-picture Industry Committee was required to present its report be further extended, and that the Committee have power to sit during the forthcoming recess at such times and at such places as the Committee may see fit, and to report to this House on or before the 15th day of July, 1949, the proceedings of the Committee during the taking of any further evidence to be open to accredited representatives of the press."—(Hon. Mr. NORDMEYER.)

WEDNESDAY, THE 13TH DAY OF JULY, 1949

Ordered, "That the period set down by order of the House dated 28th September, 1948, within which the Motion-picture Industry Committee was required to present its report be further extended until 31st August, 1949, to enable the Committee to complete its deliberations and prepare its report."—(Hon. Mr. NORDMEYER.)

WEDNESDAY, THE 17TH DAY OF AUGUST, 1949

Ordered, "That the Motion-picture Industry Committee have leave to sit during the present sitting of the House."—(Mr. MACFARLANE.)

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INTRODUCTION

1. An inquiry into the organization and operations of the motion-picture industry in New Zealand was made by a Select Committee of the House in 1934. At that time there was a general feeling of uneasiness among exhibitors as to the contracts they were required to enter upon with the renters of films and the methods of competition between chain-theatre interests and independent exhibitors. The 1934 Committee submitted a comprehensive report on the conditions then obtaining and recommended certain provisions which were, in the main, subsequently embodied in the legislation affecting the industry. The findings of this Committee and the measures taken in accordance with their recommendations have been proved to have been soundly based and to have resulted in very much better conditions within the industry.

2. From the evidence tendered to the present Committee it is clear that the control of the industry has changed considerably since 1934. At that time the chain-theatre concerns were divided into two main camps which between them had practically complete control of the first-run city theatres and also the theatres in the large towns. On the one hand there was Amalgamated Theatres, Ltd., and on the other the Fuller-Hayward, Kemball, and Williamson organizations, which, although constituted as separate companies (and not bound together as they later became in 1938 under Theatre Management, Ltd.), were even then referred to as the "combine" as they operated under arrangements for pooling of returns in some cases, combined exhibiting companies in others, or had agreements with each other for the non-competitive buying of film. The Kerridge interests, which then operated a group of theatres in the Gisborne area, have in the meantime purchased shareholdings in these three organizations which have been consolidated under one control, a half-share being owned by the J. Arthur Rank Organization of Great Britain, and the whole being known as Kerridge-Odeon. During the transitional period there were some changes and for a time the group was temporarily broken up, but in the final result there is still to-day the same major division of the exhibiting side of the industry into two main groups—Amalgamated Theatres, Ltd., and Kerridge-Odeon—which between them control all except one or two of the theatres showing first releases in the cities and major towns.

3. Of recent years there have been a number of complaints that the position of independent theatres, which operate mainly in the suburbs and country towns, has been prejudicially affected by the extension and amalgamation of the chain interests, which, it has been suggested, are able to exercise power over the renters and obtain preferential treatment in the matter of film-supplies. In 1943, one independent exhibitor, claiming that he was unable to obtain a sufficiency of films of adequate quality to operate his theatre, petitioned Parliament, and the Industries and Commerce Committee, on the basis of the evidence tendered, recommended that a full investigation be made.

4. In addition to the consolidation of interests mentioned above, there have been further acquisitions by the chains, whose domination of the business is thereby increased. Through their control of the first-run theatres they are in a position to decide what films are to be exhibited. While it is true that all the better British and American productions are actually screened in New Zealand, there is always the possibility of discrimination against one or more producers or against certain types of films.

5. Rather than limit the scope of the inquiry, the order of reference was made as wide as possible so that all matters affecting the industry could be dealt with at the same time. The cinema is a major influence in modern life. It is more than a mere commercial pursuit, and its effects on public opinion, though difficult to gauge, are nevertheless very far reaching. The order of reference to the Committee was therefore left as wide as possible.

PROCEEDINGS

6. At the initial meeting of the Committee on 6th April, 1948, consideration was given the principal matters which should be investigated, and it was agreed that evidence be heard to enable the Committee to form opinions in respect of the following :—

- (1) Whether the existing monopoly conditions in the exhibition of films in New Zealand are compatible with the public interest and whether any legislative or other action should be taken to overcome, limit, regulate, or supervise these monopoly conditions.
- (2) Whether it is desirable in the national interest that the effective control of New Zealand picture-theatres should be maintained in the hands of New Zealand or British nationals, and, if so, what steps should be taken to ensure this.
- (3) Whether a system of restrictive licensing of picture-theatres should be continued, and, if so, under what conditions.
- (4) Whether and to what extent the exhibition of sub-standard films should be controlled by licensing regulations.
- (5) Whether any legislation is desirable regulating the relationship of landlord and tenant either as affecting picture-theatres or generally.
- (6) Whether the existing provisions of the Cinematograph Operators Licensing Regulations 1938 and the proposed standard by-laws on the prevention of panics provide adequately for the safety of the public in picture-theatres.
- (7) Whether the continuation of an industrial committee such as the Film Industry Board is desirable, and, if so, what matters should be referred to it for determination and to what extent should its constitution and powers be authorized by legislation.
- (8) Whether the existing conditions of supply of films to independent exhibitors are reasonable, having regard to the conditions in the industry which are beyond New Zealand control, and, if not, are any legislative provisions recommended to govern this matter.
- (9) Whether the existing prices of admission to picture-theatres are reasonable.
- (10) Whether any amendments are desirable in regard to the amount or form of taxation to which the industry is at present subject.
- (11) Whether existing legislation and practice is adequate to ensure that the exhibition of the best films of all types is encouraged and that the character of films exhibited is appropriate for adult and juvenile audiences respectively, and, if not, what further provision should be made.
- (12) Whether it is desirable in the national interest to foster the production of films in New Zealand, and, if so, by what means.
- (13) Whether there are any other matters affecting the motion-picture industry which should be reported upon.

7. Because of the technical nature of the industry, and the effect upon commercial interests of any recommendations the Committee might make, it was decided that counsel be retained to assist the Committee and lead the evidence. It was agreed also that the main sections concerned be afforded the facility of being represented by counsel or advocates who should have the right to cross-examine witnesses on their evidence. The wisdom of this course was apparent at the hearing, as it resulted in many aspects

being brought to light which might not have been raised otherwise. Kerridge-Odeon was represented by Mr. F. C. Spratt, Amalgamated Theatres by Mr. E. L. Bartleet, Twentieth Century Fox Film Corporation (N.Z.), Ltd., by Mr. H. R. C. Wild, the New Zealand Motion Picture Distributors' Association by Mr. E. P. Hay (whose place when he was elevated to the Supreme Court Bench, was taken by Mr. Wild), the New Zealand Motion Picture Exhibitors' Association by Mr. C. R. Edmond as Secretary, with Mr. H. F. Guy appearing on behalf of the independents in the association, the Independent Cinemas Association by the Hon. J. Robertson, and the New Zealand Theatrical and Places of Amusement and Related Employees' Industrial Union of Workers by its secretary, Mr. J. Fleming.

8. The hearing of evidence occupied in all fifteen days, on some of which the Committee sat in the evenings. Evidence was given by forty-one witnesses, and in addition there was a considerable volume of written submissions. The hearing of evidence was commenced on 18th May, 1948, in the expectation that the proceedings could be concluded before the commencement of the parliamentary session. It was found, however, that the number of witnesses coming forward, and the detailed nature of their submissions, was such that the hearing would take considerably longer than had been anticipated. Since it would not have been practicable to meet during the session, it was necessary to adjourn, and the remaining evidence was not heard until almost a year later. Some advantage was gained by this long adjournment, as it enabled the Committee to view the trend of events during that time.

DEPARTMENTAL REPORT

9. A joint memorandum was presented to the Committee as a basis for its considerations by Mr. R. Girling-Butcher and Mr. F. Johnson, the two departmental officers who have been most closely concerned with the administration of the industry. Mr. Girling-Butcher had recently retired from the position of Chief Inspector of Films, and Mr. Johnson from the position of Assistant Secretary of the Department of Industries and Commerce. Their joint report traversed the changes in the industry since the 1934 inquiry and outlined some of the problems involved. Incorporated also in schedule form were copies of various documents and certain statistics relating to the industry. With minor qualifications, the report was accepted by all parties as an accurate and factual statement of the position. Since it would otherwise be necessary to refer to these matters in some detail, a copy of the departmental statement is included in this report as an Appendix.

10. Between the time that the departmental report was presented and the conclusion of the Committee's investigations, there have been a few changes which should be recorded and read in conjunction with that report. Mention is made in the departmental report at paragraphs 14 and 17 of the Fox Film Corporation's acquisition of a half-interest in Amalgamated Theatres and of the Rank purchase of a half-interest in the Kerridge chain. Since then Twentieth Century Fox Film Corporation (N.Z.), Ltd., have purchased additional shares in Amalgamated Theatres, Ltd., making their total shareholding just less than three-quarters. Under provisions in the articles of the company, the Moodabes and the Fox Film Corporation have equal control of the company. There is provision for arbitration in the event of disagreement both between

shareholders and between directors, though up to the present recourse to arbitration has not been necessary and the conduct of the business has been left entirely to the Moodabe interest. The Moodabe family shares are all held by Mr. M. J. Moodabe, who has the right to transfer these to members of his family. There is a pre-emptive right of each shareholder to purchase the shares of the other, with a special provision that in the case of shares held by the Moodabe family they must be offered to other members of the family at fair value before being offered to the Fox Film Corporation. The effect of this arrangement is that the Fox Film Corporation cannot obtain any further degree of control so long as the Moodabe family wish to retain their present shareholding. It is to be noted that a similar arrangement as to pre-emptive rights of buying shares exists between the Kerridge and Williams interests and the Rank interests in the Kerridge-Odeon organization.

11. The other changes involve extensions of the Kerridge-Odeon influence over more theatres. Pooling arrangements have been entered into in two situations where independent theatres operated in competition with theatres of the Kerridge-Odeon organization—the independent theatres concerned are the Ascot, Newtown, and the Regent, Hokitika. Agreements have also been concluded for the acquisition of controlling interests in the Peerless Theatre, Auckland, and the Regent Theatre, Matamata. From the evidence submitted, it would seem that there is every possibility of further present independently-controlled theatres passing to chain organizations unless steps are taken to combat the trend which has been apparent in recent years.

GENERAL OBSERVATIONS

12. Before dealing with the particular questions examined by the Committee, there should be some reference to the various sections within the industry and the many interests concerned with and affected by its welfare.

13. A full description of the main sections of the industry—producers, renters, and exhibitors—is included in an Appendix to the report of the 1934 parliamentary Committee. It is not intended to repeat the whole of that information, but a brief reference to the parts played by these interests will make for a clearer understanding of the main points in this report. It will also serve to explain those terms which may not be readily understood by persons outside the industry.

FILM-PRODUCTION

14. Most theatres in New Zealand present a programme consisting of one “feature film,” or long-story picture, which is the basis of the entertainment. This is supplemented by “supports,” or “shorts,” which include news reels, short comedies, cartoons, and films which describe particular items of interest or study social problems. Some theatres present programmes of two features and only one or two shorts.

15. The only films produced in New Zealand are made by the Government Film Unit, and by several independent producers operating in a comparatively small way who make short films under the sponsorship of local bodies and commercial organizations. One or two feature films have been made in New Zealand, but large-scale production has not been attempted. The New Zealand public, therefore, is almost wholly dependent for its film entertainment on motion pictures produced in other countries.

16. The following table, submitted by the Film Censor, shows the numbers of films passed by him from each source country for the years from 1928-29 to 1948-49. (This should be read as in substitution for the table in paragraph 3 of the departmental report) :—

Year	Feature Films.			Shorts.	
	British.	United States of America.	Continental.	British.	United States of America and Continental.
1928-29	64	361	23	410	813
1929-30	58	569	17	454	1,528
1930-31	54	457	2	137	1,427
1931-32	90	373	9	276	1,085
1932-33	114	369	4	361	1,212
1933-34	146	359	3	534	968
1934-35	121	354	6	554	1,136
1935-36	107	373	3	374	1,203
1936-37	98	338	1	427	1,077
1937-38	97	408	0	463	1,198
1938-39	61	381	3	495	926
1939-40	74	420	9	576	1,031
1940-41	40	413	7	400	833
1941-42	44	388	1	499	763
1942-43	29	407	8	432	791
1943-44	25	342	2	450	669
1944-45	50	310	1	497	702
1945-46	36	335	1	437	668
1946-47	34	316	3	517	603
1947-48	54*	281	17	578	599
1948-49	66†	290	12	563	642

* Including 2 Australian.

† Including 1 Australian.

17. The Cinematograph Films Act, 1928, contains quota provisions designed to ensure that British films are given a reasonable percentage of the New Zealand market. It provides for the registration of films and stipulates that at least 20 per cent. of the feature films acquired by renters are to be of British origin. A falling off in British production in recent years has made it impossible to maintain this percentage. In 1942-43, British films were only 6.5 per cent. of the total. Increased production since then brought the figure in 1948-49 to 17.9 per cent. of those passed by the Censor. It is expected that within a few years the required quota will be attained.

18. Most films shown in New Zealand are produced by the major American and British companies. The outstanding personality in Great Britain is Mr. J. Arthur Rank, whose majority holdings in several companies enable him to control more than 50 per cent. of British production studios. In one of his subsidiary companies, Gaumont British Corporation, an interest is held by the American Fox Film Corporation. The Rank Organization is also interested in Universal Films, of America. The only other major British producer of pre-war years, Associated Picture Corporation, is linked financially with Warner Bros., of America.

FILM RENTING

19. Overseas producers distribute their films through what are known as renters or film exchanges. These are responsible for distribution, and hire the films to exhibitors. They collect the rentals, deduct expenses and charges, and remit the balance to the producing organizations. The major renting companies are subsidiaries of the producing companies, and are registered in New Zealand under names which correspond with those

of the producers concerned. Also operating in New Zealand are several smaller renting organizations, of which some or all of the capital is held locally. These have special arrangements with overseas producers for the distribution of certain films.

20. The rentals charged to exhibitors by the film exchanges or renters are, in the case of the larger theatres, almost always a percentage of the admission receipts for the screenings of the particular film. In smaller situations a flat rental is paid—that is, the exhibitor contracts to receive the film in return for the payment of a specified amount for each screening or period of screenings.

21. The major renting companies in New Zealand are members of the Motion Picture Distributors' Association of New Zealand (Inc.). This organization is closely associated with, and is stated to be directly responsible to, the Motion Picture Distributors' Association of Australia; and evidence on behalf of the distributors was given by Mr. F. McN. Ackland, chairman and chief executive of the Australian association. It was stressed in evidence that the association does not function in any way as a means of reducing competition or as a medium for the arrangement of prices. Its functions embrace policy matters not directly related to individual selling, and no decision can operate that is not reached unanimously.

22. It is to be noted that not all the film renters of New Zealand belong to the association, which represents only those who act on behalf of American producing principals. The smaller New Zealand distributors are not members, nor is British Empire Films, Ltd., the company which is associated with Kerridge-Odeon.

FILM EXHIBITION

23. It is the exhibitor who, having rented the film from the renter, screens it in his theatre. The exhibitor therefore represents the only section of the industry with which the public ordinarily comes in contact.

24. The term "situation" is generally used in speaking of the particular locality which is served by one or more theatres.

25. A film is said to be "released" when it is first screened, and the theatres which regularly screen pictures for the first time in their areas are known as first-release theatres. Theatres screening films which have already been shown in the locality are known as second or third-release theatres. A film which has its initial New Zealand screening in one of the first-release theatres later passes to another city or major town where it is again screened at a first-release theatre, the term now meaning that the film is being screened in that particular locality for the first time.

26. The motion-picture exhibitors of New Zealand include some who operate only one theatre, others operating several which together are known as a circuit, and the major companies whose circuits are so large that they are normally referred to as "chains." The two chains, Kerridge-Odeon and Amalgamated Theatres, Ltd., control between them practically all the first-release theatres in New Zealand. The remaining exhibitors, both one-theatre operators and small circuits, are to be found in city suburbs, the smaller towns, and in country districts, and in general are termed "independents."

27. It is important from the renter's point of view that his films should have a "good release"—i.e., that they should be suitably advertised and have their initial screening in a theatre the reputation and position of which is appropriate to the standing and estimated box-office value of the films concerned. Although there is nothing to prevent a film being first screened in one of the smaller situations (and this has actually been done on occasions to relieve bottle-necks caused by the extended runs of other films), it is a practice which renters try to avoid. Apart from the financial advantages of a good city first release and the possible loss of prestige through a provincial first release, the smaller theatre operators often judge the rental value of a particular film by the success of its first city showing. For this reason, renters do not normally make films available to other

exhibitors until they have been screened in one of the main city theatres. Thus it is apparent that the two big organizations which control all but one or two of the first-release situations are in a very strong position and could, should they so desire, bring pressure upon renters in the way of obtaining favourable terms and preference over independents. On the other hand, exhibitors are themselves dependent on the renters for a continued supply of films, and would not be likely to insist on terms so low that renters might refuse to continue the supply.

28. There are two associations of exhibitors. The New Zealand Motion Picture Exhibitors' Association has a membership of both chains and independents. A New Zealand council, with representatives of independents in seventeen districts, is elected annually, and meets once or twice a year to discuss matters which affect independents. An executive elected at the annual meeting is composed of seven representatives from the independents and five from the major chains. The association operates a mutual film insurance fund, an exhibitor's despatch claim fund, and a public liability insurance plan. It negotiates awards and provides a number of other facilities for exhibitors. One hundred and ninety-nine out of 252 ordinary independent exhibitors and 12 out of 17 circuit exhibitors are members of the association, in addition to the 166 major chain theatres.

29. The independent Cinemas Association was formed in 1941 by some independents, mainly in the Auckland area, who were dissatisfied with the organization of the Motion Picture Exhibitors' Association, holding that it was unduly influenced by the chains. The Independent Cinemas Association, which confines its membership to independents, has 75 members, holding 117 licences. Some exhibitors are members of both associations.

OTHER INTERESTS

30. Among the many others who are concerned with the industry and made submissions to the Committee are projectionists, front-of-house employees, owners of theatre buildings, and confectionery-stall owners who derive most of their business from theatre patrons.

31. Although they are not primarily concerned in the normal commercial side of the theatre, mention must be made of the many small groups which are concerned with the cinema and screen films of particular interest to their own members. Throughout New Zealand there are some twenty-five film societies whose three thousand members are interested in the social, cultural, and educational aspects of the cinema. The co-ordinating body is the New Zealand Film Institute, whose submissions to the Committee concerned their freedom to screen pictures of interest to them, and the very wide question of the impact of the cinema on the public from the cultural, artistic, and educational points of view. In addition to the film societies, there are a number of smaller groups with similar aims. These include library groups, and school authorities who conduct screenings for various purposes.

SUB-STANDARD FILMS

32. The film normally screened by the commercial cinema is made from nitro-cellulose stock and is 35 mm. in width. Because it is highly inflammable, special precautions are necessary for its handling and custody. A smaller-sized film, 16 mm. in width, and usually made from cellulose acetate, has become increasingly popular in recent years. This, known as "sub-standard" film because of its smaller size, is the type normally used by film societies, schools, and wherever there is not a fully-equipped theatre. It is also used by some "itinerant exhibitors," who transport their plant and film, giving screenings in a number of places in turn each week or fortnight.

33. Prints are made on 16 mm. film of most of the more popular features and shorts, and these offer most of the advantages of the larger film. They require a less expensive plant and do not entail the same fire risk. They are easier to transport and handle. The small film, however, has a shorter life, and the size of the screen on to which it can be satisfactorily projected makes it unsuitable for large audiences.

34. The Committee heard two classes of submissions concerning sub-standard film. One was made by film societies and similar organizations, who wished to have as few restrictions as possible on their operations. On the other hand, commercial exhibitors of sub-standard film were concerned lest they should lose business through competitive screenings by those who could operate at lower cost and without heavy capital expenditure, or whose activities would not be governed by the licensing regulations.

CINEMATOGRAPH FILMS ACT AND REGULATIONS

35. The Cinematograph Films Act, 1928, provided for the censorship of films and posters, the registration of films before exhibition, the making of regulations regarding the storage, transport, and projection of films, and for the British quota (in which connection provision was made for the licensing on a yearly basis of renters and exhibitors). There were also certain provisions governing film contracts, and general matters, among which section 41 provided for the appointment of an Advisory Committee by the Minister.

36. The present system of licensing, under which licences can be refused on economic grounds, was first introduced in 1932 by regulations under the Board of Trade Act, 1919, but after operating for about twelve months these regulations were held by the Court of Appeal to be repugnant to the Cinematograph Films Act, 1928, and *ultra vires*. The 1934 Committee recommended the reintroduction of restrictive licensing, and appropriate legislation was passed in 1934 as an amendment to the Cinematograph Films Act. This empowered the making of regulations under the Board of Trade Act to govern the licensing of theatres.

37. The Cinematograph Films (Issue of Exhibitors' Licences) Regulations 1937 authorized the licensing officer to refuse to issue additional licences where he was satisfied that the existing theatre or theatres provided adequately for the requirements of the locality or where the granting of further licences would cause undue hardship, or was not in the public interest. The licensing officer was also empowered to refuse a licence if he were not satisfied that certain standards were being observed in the conduct and amenities of a theatre.

38. These regulations were amended in 1938 by Amendment No. 1, under which there could be attached to exhibitors' licences conditions specifying, amongst other things, the maximum quantity or proportion of first-run film which could be exhibited during the currency of the licence. A theatre which previously had screened second or third-release films could thus be prevented from changing its policy and screening first-class films. (It will be obvious that such a change of policy would be equivalent to the establishment of an additional first-release theatre.)

39. The Cinematograph Films Emergency Regulations, 1946, gave the Licensing Officer power to extend preference to discharged servicemen in considering applications for new licences or transfer of licences.

FILM INDUSTRY BOARD

40. Objections by renters and exhibitors to the application of Amendment No. 1 (*vide* departmental report, paragraph 26) led to discussions which resulted in the establishment of a board of internal control being set up between the parties within the industry. This body became known as the Film Industry Board. Its constitution and

methods of operation are described in the departmental report, paragraphs 37 and 38, while the full text of the agreement constituting the Board is annexed to that report as Schedule No. 7.

41. The establishment of the Board had as its object the settlement within the industry of disputes such as those which led to the introduction of Amendment No. 1. The industry hoped that this would make further legislative provisions unnecessary. The Board was so constituted that it could act in an advisory capacity to the Minister, and there have been no further Advisory Committees appointed under section 41 of the Cinematograph Films Act, 1928.

BOOKING OF FILMS

42. It is not proposed to outline in any detail the practices within the industry in regard to the booking of films or the conditions laid down by legislation or agreement between the parties. Mention is made of the particular provisions most under discussion under the relevant heading, where the Committee's recommendations are given. A few brief comments will serve to explain the procedure generally adopted.

43. Renters are advised by their principals each year the titles and general descriptions of the feature films which are expected to become available during the ensuing period. Arrangements are then made with exhibitors to hire these films when they are ready for release. At the time the contracts are entered into there is available only the broad descriptions of the films concerned, and hence the term "blind booking" which is applied to such contracts. Some exhibitors, and particularly those in the smaller theatres, are able to contract for films after they have been released and the box-office value in the cities has been ascertained, but by far the majority of bookings, and especially those in respect of first-release theatres, are entered upon before the films have entered the country.

44. It is customary for renters to insist upon an exhibitor contracting for a number of films at the same time, as he is then compelled to accept less attractive ones together with those of higher value. It was stated by some exhibitors that most renters would make contracts for a minimum of thirteen features, even in those cases where screenings were made only once a week and not more than fifty-two programmes would be required throughout the year. Representatives of the renters claimed that such was not the case, and that several exchanges were prepared to contract for a lesser number.

45. The 1934 Committee paid considerable attention to the terms of the contracts which exhibitors were required to enter into with the renters in order to obtain supplies of films, and it was the opinion of that Committee that renters were insisting upon contracts which embodied terms in many instances unfair to the exhibitors. In accordance with the recommendation of that Committee, a standard form of contract was introduced, and is now mandatory. (See *New Zealand Gazette* No. 107, of 24th October, 1940.) It is notable that no serious criticism of the terms of the contract was offered to this Committee in any of the evidence tendered; on the contrary, there was repeated mention of the value of the standard contract in contributing to good relations in the industry.

NON-COMPETITIVE BUYING ARRANGEMENTS

46. Where two or more exhibitors are competing with each other for the supply of films, a form of auctioning would result in an increase of the film hire they are willing to pay. It is therefore understandable that the two chain-theatre companies have come to an arrangement that each will confine their buying to certain of the "services" offered, and will not bid against each other. Mention of the arrangement between the two major companies is made in the departmental report in paragraph 22, where it is

referred to as the "K.O.G." agreement (Keep Off the Grass). At least one of the representatives of the chain companies at the hearing implied that this term was now inappropriate, and referred to the "understanding" between the companies. Although no express mention was made in evidence that any such arrangement existed except between the two major chains as far as the first-release situation is concerned, it is not unlikely that similar understandings exist in other cases where theatres are nominally competing with each other for film-supplies.

REJECTION RIGHTS

47. Because of the system within the industry of "blind" and "block" bookings, a right is afforded exhibitors who have booked more than four films at the same time to reject 20 per cent. of the number in the contract. As explained in the departmental report, paragraph 7, this provision has been of greatest value to independents and is used not only to avoid taking pictures of doubtful box-office value, but also in cases where an exhibitor desires to avoid paying too high a price for any particular film included in his contract.

ORDER OF REFERENCE No. 1

Whether the existing monopoly conditions in the exhibition of films in New Zealand are compatible with the public interest and whether any legislative or other action should be taken to overcome, limit, regulate, or supervise these monopoly conditions.

48. There appears to be general agreement amongst all sections of the industry, and, indeed, amongst all witnesses who gave evidence before the Committee, that a tendency towards monopoly was inherent in the motion-picture business; it was, however, asserted with confidence (and not seriously attacked) that the public interest had not suffered in any way from such progress towards monopoly in control as had so far resulted in New Zealand. That is not to say that there were not groups within the industry who complained or pointed out that their particular interests were affected by the growth of the monopolistic tendency—but the public interest as represented by those who attend performances in cinemas in New Zealand was not shown to have been affected adversely; indeed, there was a body of evidence which tended to show that in amenities of theatres, standards of film exhibited, and prices of admission the New Zealand theatre goer was better off than his counterpart in the rest of the world.

49. The logical inference from the acceptance of this result flowing from the "tendency towards monopoly" would be that complete monopoly would still further advance rather than prejudice the public interest. Mr. Kerridge in terms claimed that this was in fact the case; Mr. Moodabe, on the other hand, regarded human nature as too weak to withstand the temptation to use complete monopoly for the benefit of the monopolist and not for the benefit of the public.

50. The Committee is strongly of the opinion that as a matter of principle the control of the motion-picture industry in New Zealand, whether on the distribution or on the exhibition side, must not be allowed to develop into a monopoly. The Committee, goes further, and is of the opinion that the tendency towards further monopolistic control should now be arrested and that in so far as the exhibition side of the industry in first- and second-release situations is at present under the control of the two chains (Kerridge-Odeon and Amalgamated) these chains should not be allowed to grow bigger, or at any rate that their enlargement should be regarded as the exception rather than the rule.

51. The situation and the remedy are best understood in relation to certain figures and evidence placed before the Committee and accepted by it as established.

(1) 1934 POSITION

The report to Parliament of the Committee of inquiry into the motion-picture industry (dated 23rd April, 1934) revealed that there were at that time the following chains which controlled the number of theatres mentioned :—

Amalgamated Theatres, Ltd.	..	..	..	..	31
Fuller Hayward Theatre Corporation, Ltd.	..	..	..	..	45
J. C. Williamson Picture Corporation	..	..	..	..	14
Kemball Theatres, Ltd.	..	..	..	..	18
J. C. Williamson Picture Corporation and Kemball Theatres	..	..	..	..	11
Christchurch Cinemas, Ltd. (in which Fuller Haywards had a large interest)	..	..	..	..	7
R. J. Kerridge	..	..	..	..	16
Total	..	..	..	..	142

(The interrelationship of the various chains in certain situations is summarized at page 29 of that report.)

(2) DEVELOPMENTS BETWEEN 1934 AND 1948

The departmental report, as amplified by the evidence, shows that Messrs. Kerridge and Williams, through a company controlled by them known as Union Investments, Ltd., acquired control of the Kemball chain (which had been reorganized as New Zealand Theatres, Ltd.) by a series of transactions up to the year 1940. Then in 1945 Union Investments acquired the Fuller and Fuller-Hayward chains. In the early part of 1946, Mr. J. Arthur Rank virtually acquired a half-share in Union Investments and the other companies in which the Kerridge and Williams interests were held by the transfer of half the share capital in these companies to Odeon Holdings, Ltd., a company controlled and substantially owned by Mr. Rank. The theatres thus controlled (the old Kerridge chain plus the theatres acquired from the Kemball group and the Fuller, Fuller-Hayward group) thereafter became known as the Kerridge-Odeon Theatres, and to their number there was added the old Williamson group by a purchase of the Williamson Theatre Corporation shares made by Union Investments, Ltd., in October, 1946. All these transactions were effected by transfers of shares in the companies concerned. Prior to the transactions the old chains had abandoned or released their control of certain smaller theatres, but the Kerridge group and later Kerridge-Odeon have not divested themselves of the control of any theatre which came under their control by the transactions mentioned above.

(3) 1948 SITUATION

At the time when the Committee commenced its sittings the chains had thus been reduced to two and they controlled the following number of theatres :—

Amalgamated Theatres	..	..	..	..	..	47
Kerridge-Odeon	..	..	..	..	..	130
Total	..	..	..	..	..	177

52. The evidence satisfied the Committee that the two chains so far controlled the exhibition side of the industry in New Zealand, that only in one town with a population of 5,000 or more (Gore) was there a theatre operated by an "independent" except in city suburban situations. Furthermore, there were only five theatres known to Mr. Girling Butcher which operated in real opposition to the chains, namely :—

Gore (mentioned above)	..	..	..	..	Regent.
Dominion Road, Auckland	..	..	..	..	Capitol.
Wellington	..	..	..	..	Paramount.
Newtown, Wellington	..	..	..	..	Ascot.
Hokitika	..	..	..	..	Regent.

Whilst the Committee has been sitting, two of these have passed into the virtual control of the Kerridge-Odeon chain by pooling or similar arrangements—namely, the Ascot at Newtown and the Regent at Hokitika— whilst the Paramount Theatre has been put under offer to the other chain by reason of the difficulty its operators claim in getting adequate film-supplies. In addition, Kerridge-Odeon has entered into arrangements with the Carroll circuit in Auckland which includes the lease of the Peerless Theatre at St. Heliers and control of the Regent Theatre at Matamata. Mr. Kerridge stated frankly that his policy was to extend his company's control in both competitive and non-competitive situations just as far as the licensing officer would permit such extension. It is proper to say that in his printed statement of evidence Mr. Kerridge had said, "I wish to record that we recognize, from the point of view of the Government, the desirability of two competitive interests and would not under any circumstances consider the purchase or absorption of a major competitive interest without prior discussion and the approval and sanction of the Government," and elsewhere in that printed statement he says, "My organization is prepared to give an undertaking that this happening will not take place without the approval of the Government or licensing officer." Mr. T. S. Townsend, the general manager of the Kerridge-Odeon organization, giving evidence before the Committee on behalf of Mr. Kerridge before the hearing was adjourned in 1948, made it clear that this undertaking could not be extended to cover the acquisition of other theatres outside the Amalgamated Theatres chain, and Mr. Kerridge himself emphasized his buying policy and declared that so far as practical operation was concerned one chain would adequately and effectively serve the public interest.

53. Amalgamated Theatres, on the other hand, assured the Committee that it had no policy of expansion beyond a desire to compete in certain of the larger situations in which they were not represented and a claim for consideration in the granting of new licences in growing areas.

54. In its later recommendations the Committee has expressed itself firmly of opinion that in the public interest the licensing of the industry should continue and under this head will make specific recommendations for controlling the growth of monopoly by the use of licensing, particularly in regard to transfers of shares or interests which have the effect of transferring control. If, however, such a use of the licensing system proves ineffective to prevent the growth of monopoly, resort should be had to section 26 of the Board of Trade Act, 1919, and if need be by strengthening the provisions of that Act.

55. In Great Britain the Cinematograph Films Act of 1948 laid it down by section 5 that after a fixed date no person who controlled more than 200 theatres should be enabled to acquire control of any theatre beyond those then controlled by him. Obviously, if such a provision were to be introduced into New Zealand a much smaller number of theatres would need to be fixed as the maximum and a strict definition of "control" would require to be introduced to cover the great variety of forms under which control is exercised in this country:—*e.g.*, ownership of theatre, ownership of shares, lease of theatre, pooling arrangements, &c.

56. If other means prove ineffective in preventing any further growth of monopoly, it is considered that legislation along the lines of the British Act of 1948 should be introduced.

57. The Committee gave consideration to the Danish legislation, where monopoly is defeated by making the licence personal to the exhibitor and by forbidding dealings in the licence ; such a system would, however, in the opinion of the Committee, involve too revolutionary a change in New Zealand, having regard to the present organization of the industry.

ORDER OF REFERENCE No. 2

Whether it is desirable in the national interest that the effective control of New Zealand picture-theatres should be maintained in the hands of New Zealand or British nationals, and, of so, what steps should be taken to ensure this.

58. In most countries a consideration of this matter has regard to the three main elements in the motion-picture industry—namely, production, distribution, and exhibition—it is not merely a matter of monopoly in relation to competitors, but goes further by reason of the consequences of putting into the hands of one individual or concern the power to decide what films the public shall see. Even within a large film-producing country like the United States of America steps have been taken to control the “vertical combine” or “vertical integration” whereby a producer, being also a distributor and in control of a chain of theatres, can, if he chooses, exclude all but his own pictures from those theatres.

59. The Committee was invited to consider the potentialities existing in New Zealand for the occurrence of such a state of affairs. It is true that there is no such production of entertainment film in New Zealand as would give rise to any parallel to the American situation, but attention has been drawn to the fact that J. Arthur Rank, through Odeon Holdings, is virtually half-owner of the Kerridge-Odeon chain controlling some 140 theatres, whilst Twentieth Century Fox holds nearly three-fourths of the shares in Amalgamated Theatres and thus in 47 theatres in New Zealand. Both Mr. Rank and Twentieth Century Fox are, of course, large producers of film, and through Gaumont British have certain interrelationships which may extend in the future. In addition, the Committee is informed that British Empire Films, Ltd., a distributing concern outside the membership of the Motion Pictures’ Distributors Association, is a subsidiary of the Kerridge-Odeon interests, whilst Twentieth Century Fox Films is a large distributor and a member of Motion Picture Distributors’ Association.

60. All these factors admittedly are a potential source of influence in the New Zealand theatre situation and could conceivably result in the effective control of New Zealand theatres passing wholly from the hands of New Zealand nationals. The Kerridge and Williams interests and the Moodabe interests in the two chains may well at some future date transfer their holdings to Rank and Fox respectively, and the result would be that, except in some country and suburban situations, the exhibition side of the industry would be clear of local shareholder control and in the hands of concerns which had large interests in the production and distribution side of the industry.

61. The Committee is satisfied on the evidence placed before it that no such steps are in contemplation. Both the Rank and Fox productions are highly regarded by the New Zealand public in its search for entertainment, and there has been no suggestion put before the Committee that the propaganda power of the film has in any way been used adversely to the public interest in this country. But that propaganda power is so great that the situation must be watched.

62. The Committee feels that its answer to the first question posed by order of reference No. 2 should unhesitatingly be in the affirmative and, indeed, that the effective control of New Zealand picture-theatres should be maintained in the hands of New Zealand even as against British nationals. The second question posed in the order of reference is not one which the Committee feels should be answered at the present time. The dangers from outside control are potential only: if ever there were indications of a likelihood of their becoming real, the licensing system, both as to renters and distributors, affords an immediate safeguard, whilst, if licensing control proved insufficient, regulations under the Cinematograph Films Act (the power to make which is recommended by the Committee) could include limitation on or prohibition against the transfer of control beyond the hands of New Zealand nationals. It may well be that at some future date the question of whether a holder of an exhibitor's licence under section 32 of the Act should also be allowed to hold a renter's licence under section 28 may have to be considered: the Committee does not feel that such a step is warranted in the present state of affairs.

63. At the most the situation must be watched and power given to make the matter of national control one which comes within the ability of the Government and the licensing authority to deal with.

ORDER OF REFERENCE No. 3

Whether a system of restrictive licensing of picture-theatres should be continued, and, if so, under what conditions.

64. The answer to this question was basic to the whole of the Committee's consideration of the matters referred to it; the evidence given and the representations made left no doubt in the minds of members that a continuation of the licensing system was essential. None of the interests represented suggested that the system could be abandoned, and the discussions on this topic centred upon the constitution of the licensing authority and of the best mode of increasing the regulatory powers of the authority. The Cinematograph Films Act, 1928, required renters and exhibitors to take out licences, but there was no control exercised over the industry generally under those licences.

65. As is set out in the departmental report (paragraphs 25 and 26), the present licensing regulations (deriving authority both from the Board of Trade Act and the Cinematograph Films Act) are those of 1937 (Serial number 1937/182) and Amendment No. 1 of 1938 (Serial number 1938/61). The former is expressed in the departmental report to be a temporary measure, and it is stated that Government would consider any representations by the industry as to the final form in which control should be applied. The latter regulation was never enforced, and in the circumstances set out in paragraph 26 of the departmental report, what is now known as the Film Industry Board came into being. In 1940 the power of the licensing officer under Regulation 4 of the 1937 regulations was dealt with in the case of *Levin Amusements, Ltd. v. Girling-Butcher*, [1940] N.Z.L.R. 854, when it was held by the Court that the public interest under Regulation 4 was the public interest in general and could not be confined to the interests of the public in the particular locality in question. Mr. Girling-Butcher in his evidence considers that new regulations should be drawn to cover this point. The Committee's attention was also drawn to the fact that there is no provision enabling the licensing officer to control transfers of licences and that any regulation framed to deal with transfers would require to go far enough to cover the existing situation where the majority of licences are held by limited-liability companies and the effective control of the licence

is transferred merely by a transfer of shares in the company. There is also in existence the Cinematograph Films Emergency Regulations (Serial number 1946/93), whereby provision is made for preference to servicemen as a matter of rehabilitation when competing applications for licences are received. The major representations made to the Committee on the question of licensing were those of the Film Industry Board itself (annexed to the departmental report as Schedule 8) and of independent exhibitors as to setting up an appeal authority to deal with disputes concerning licences and questions such as film-supplies, film hire, &c.

66. Up to the present time the licensing officer under the Cinematograph Films Act has been the holder of the office of Chief Inspector under that Act, who is, however, more immediately concerned with his other duties concerning public safety and with the regulations relating to storage, &c., of film. He is an officer of the Internal Affairs Department, whereas the bulk of the controversial matters that have arisen over licensing in the film industry have to do with the Department of Industries and Commerce, which is directly concerned with the administration of the Board of Trade Act.

67. The Committee considers that one of the first necessary steps to be taken in connection with the future licensing of the industry is to separate the functions of the licensing officer from those of the Chief Inspector. The licensing of theatres should be under the control of the Department of Industries and Commerce and the licensing officer should be a responsible officer of that Department, whilst matters of public safety should continue to be the responsibility of the Inspector of the Internal Affairs Department.

68. The Film Industry Board proposal involves the setting-up of a licensing tribunal consisting of three members, the Chairman being a departmental officer, and the other two persons men who have no financial interest in the industry and who are appointed by the Minister from a panel of four names submitted by the Film Industry Board out of names submitted to them by the Distributors' Association, the Exhibitors' Association, and the Independent Cinemas Association.

69. The proposal involved a right of appeal from that tribunal to a Judge or Magistrate. Mr. Girling-Butcher took the view that on any such tribunal a departmental officer should not be the Chairman, and that if such a tribunal were set up the Chairman should be a person of judicial experience. The Committee feels that, while there is merit in Mr. Girling-Butcher's suggestions if such a tribunal were to be set up, it prefers to see a licensing officer as at present but, as suggested above, working directly under the Industries and Commerce Department. The Committee is of the opinion that so long as the Film Industry Board continues to function as satisfactorily as witnesses from all branches of the industry claim it has functioned there is no need for an appeal authority, but that if it became necessary in the future to replace the Film Industry Board (either upon its ceasing to exist or upon its ceasing to function satisfactorily) by a legally constituted body, then it might well be that such a body as part of its functions should act as an appeal authority.

70. In order to strengthen the hand of the licensing authority, provision must be made making it necessary for his consent to be obtained to any transfer of a licence and enabling him to refuse a transfer of a licence on any of the grounds which would have enabled him to refuse a licence or a renewal of a licence when applied for by the existing holder or upon the ground that monopolistic control is increasing. As has been mentioned above, this involves his ability to deal with the effective transfer of control by

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).

73. The Committee recommends that regulations should classify the exhibitor rather than the film. A commercial exhibitor, whether of 35 mm. or 16 mm. film, should in general be subject to the whole of the licensing regulations. A non-commercial exhibitor should in general be exempt, save in respect of the three matters set out above.

74. The licensing officer should be the one to decide the question of whether a commercial use is being made of a film, and if under the relaxation of the regulations now proposed an exhibitor's activities resulted in his being classified as an exhibitor of commercial film, he would then be required to comply with all the regulations relating to the exhibition of commercial film.

75. The Committee cannot recommend the adoption of the suggestion that all licensing restrictions should be removed from non-commercial exhibition of sub-standard film, but feels that with the limiting of the restrictions suggested above, bodies such as the Film Institute and Library film groups will be able to carry out their work with a minimum of difficulty whilst the public is still protected in respect of the premises on which the exhibition is held, the industry will be protected against unfair competition, and the necessities of censorship will be preserved.

ORDER OF REFERENCE No. 5

Whether any legislation is desirable regulating the relationship of landlord and tenant either as affecting picture-theatres or generally.

76. Almost all the representations made to the Committee under this head were designed to protect the tenant from the possibility of being harshly dealt with by his landlord at the expiration of a lease during the term of which the tenant (personally holding an exhibitor's licence but entitling him only to exhibit films at premises owned by another) had built up the goodwill of the business in his landlord's theatre. The Committee is satisfied, particularly by the illustration given by the Rangiora Borough Council, that this is a problem which works both ways, and that there may be many cases where the landlord, who has provided the premises that have enabled the exhibition of pictures to take place, may require protection both against lack of zeal in the public interest on the part of the tenant and against the removal of the licence to other premises when the tenant has become independent of the landlord's premises. Quite a number of problems arise. At the present time the provisions of the Tenancy Act, 1948, and the restrictions upon procuring building permits and materials for theatres tend to protect the tenant from eviction and the owner from carrying out improvements which might otherwise be required of him. Each party is thus in some position of advantage in avoiding what might otherwise be required of him by the licensing officer.

77. Regulation 4 of the 1937 regulations (Serial number 1937/182) also tends to entrench the exhibitor-tenant in a position of advantage. The regulation reads as follows :—

4. If any application is received by the licensing officer for a licence for an existing licensed theatre from any person other than the existing holder or, in the case of an expired licence, the previous holder, he may refuse to issue such licence where he is satisfied that the issue would involve an unreasonable hardship on such existing or previous holder, or where in his opinion the issue is not in the public interest, having regard to the conditions existing in the industry.

The exhibitor-tenant at the end of his lease is able to use the weight of this regulation, combined with the protection of the Tenancy Act, to force the landlord to accept terms for a renewal of lease which may not be reasonable or even to grant a renewal which would otherwise be withheld. The landlord, on the other hand, may (as in the case of the Rangiora Borough Council) have formerly been the licensed exhibitor and desires to resume exhibition; part of his desire may relate to the fact

that the tenant-exhibitor will only be interested in the business whilst trade is good, and be only too anxious to hand the premises back to the landlord when times get hard. There may also arise a conflict between the Tenancy Act, under which the landlord has been able to evict the exhibitor-tenant, and Regulation 4, under which the licensing officer, as a matter of hardship, may wish to refuse to licence the landlord as against the former tenant. The licensing officer cannot compel the landlord to accept a particular tenant nor ordain the terms of the tenancy; he can only refuse or grant the licence. That licence while granted to a particular exhibitor is in terms available only to a particular named theatre, and a situation could arise where the licensing officer's insistence on the claim of a particular licensee to be granted the licence and the landlord's refusal to accept that person as a tenant would result in a deadlock, during the continuance of which the public would suffer the inconvenience of being deprived of its accustomed entertainment. It is understood that this actually happened in one locality where the licensing officer declined to licence a proposed exhibitor and the landlord carried out the threat of closing the premises if the licence were not granted.

78. Mr. Girling-Butcher suggested consideration of the introduction into New Zealand of a provision similar to that contained in the Landlord and Tenant Act, 1927, England. This Act, amongst other things, provides for compensation to be awarded to a tenant who is refused a renewal of his lease after he has by his own efforts built up the goodwill on his landlord's premises and for the granting of a new tenancy to the tenant if compensation for goodwill would not adequately cover the tenant's loss. The Court acted as a tribunal in fixing compensation or the grant of the new tenancy. In its operation this Act has not been easy of application because of the difficulty of determining whether the existing goodwill of a particular business on a particular site is the result of the carrying-on by the tenant or his predecessors in title of that particular business or whether the improvement in goodwill was related to factors such as increased population, which had nothing to do with the tenant's efforts. Such an Act if introduced into New Zealand could scarcely be limited in its application to the motion-picture industry, so that unless the general law of landlord and tenant were to be amended by Parliament along the lines suggested, one is left with the problem of whether the licence should be reckoned as personal to the exhibitor-tenant or as being attached to the premises or as partly both.

79. The only possible solution which suggests itself to the Committee is that it should be a condition of the grant of a licence in respect of the premises and of the grant of a licence to an individual to exhibit films in those premises that where the owner of the premises is not the holder of the licence, he and the licensee shall agree as a matter of contract that in the event of any dispute arising as to the future grant or renewal of a lease in respect of the premises and the owner (or intermediate lessor) and the tenant are unable to agree as to the terms and conditions of renewal of lease or the continued use of the exhibitor's licence in respect of the premises, they will accept the decision of, say, the licensing officer or the Film Industry Board as binding upon them, including the assessment of compensation for goodwill to an outgoing tenant. This, coupled with Regulation 4 of the 1937 regulations, would enable the licensing officer to withhold a licence from the owner who wanted to impose harsh conditions on a tenant for the renewal of a lease and also bind the licensee to accept reasonable terms from the landlord instead of his being able to force the landlord's hand; it could not, however, assist the landlord whose premises were inferior to other premises to which the exhibitor-tenant proposed to remove on the expiration of his lease (taking his licence with him if the Licensing Officer were willing to license the new premises). The landlord's complaint that he had been made use of by the tenant so long as it suited the latter can only be met by the answer that that factor had been taken into account when the rent for the old premises was fixed.

80. On the other side of the picture, complaints have been made that owners of theatres in isolated country districts where the theatre is the only possible place at which performances such as concerts or amateur theatricals can be held have refused to forgo the exhibition of films to allow outside bodies to rent the theatre for these other productions. Beyond recommending theatre-owners to consider the public interest and its need for cultural entertainment, the Committee cannot suggest any way in which the holder of a licence can be denied the full advantage which the licence confers upon him; indeed, it is to be remembered that by the provisions of Regulation 5 of the 1937 regulations (Serial number 1937/182) an exhibitor's licence is deemed to involve an obligation to carry out exhibition of films on the number of nights set out in the licence, so that an exhibitor who was licensed for six nights a week would actually commit a breach of his licence in allowing some other society to use the theatre. If this is a real difficulty in the way of the exhibitor meeting requests for the use of his theatre, then it is recommended that the licensing provisions should enable the licensing officer to exempt the exhibitor from the obligations of Regulation 5 on special occasions.

ORDER OF REFERENCE No. 6

Whether the existing provisions of the Cinematograph Operators Licensing Regulations 1938 and the proposed standard by-laws on the prevention of panics provide adequately for the safety of the public in picture-theatres.

(a) CINEMATOGRAPH OPERATORS LICENSING REGULATIONS

81. Without desiring to express an opinion on matters of detail for which specialized technical knowledge is essential, the Committee feels that adequate protection both of the public and the operator must be maintained at all times. Representations from the New Zealand Federated Motion Picture Projectionists' Industrial Association of Workers tended to show that present regulations and the proposed safety code contemplate the protection only of the public and do not embrace the personal safety, convenience, and health of the operator. The Committee, at the invitation of the association, inspected a number of premises in Wellington which, if typical, certainly illustrated the need for more consideration being given to the needs of the operator. Some of the matters in question are within the province of the Arbitration Court; others, however, involve the Cinematograph Films (Storage, Exhibition, and Renting) Regulations, the enforcement of which come within the province of the Internal Affairs Department and the Inspectors of Films and Inspectors of Explosives, &c., appointed under the various Acts and regulations.

82. The association invited the Committee to recommend the adoption of fixed minimum standards for size, construction, ventilation, &c., of operating-boxes and the amenities to be provided for operators. It is felt that this would operate too harshly in the smaller and country theatres and in buildings such as local halls which are used for purposes other than the exhibition of films.

83. At the same time, the present regulations should be overhauled to ensure that adequate provision is made for the protection of the operator, and it should be a condition of the issue of a licence that the Inspector is satisfied with the size, construction, and amenities of the operating-box.

(b) PUBLIC SAFETY : FIRE AND PANIC

84. The proposed safety code (included in the departmental report as Schedule 11), which in its uncompleted state was presented by the Standards Institute, is regarded by the Committee, subject to the following comments, to be adequate, and the Committee recommend that the code should be completed and brought into operation as

soon as possible. As, however, the adoption of the safety code is a matter within the discretion of the local municipal or other body concerned, it may be necessary to give power to the licensing officer to require as the condition of the grant or renewal of a licence that the theatre is constructed or equipped in accordance with the safety code, whether or not the local authority has adopted it or, having adopted it, is enforcing it properly. A wise discretion will need to be vested in the licensing officer in dealing with existing buildings, some of which could not, except by major reconstruction, comply with the code. In general, however, all new buildings and as many old buildings as practical should be required to conform to the proposed standards, and even to the extent where exceptions are made the licence should be granted only where the licensing officer is satisfied that the public safety is reasonably safeguarded. This also applies to smaller country situations and to places where the place of exhibition has not been constructed primarily for a theatre.

85. The Committee feels that the standard code should provide for a recognized and trained fire-protection watchman who is present in the theatre throughout all performances, including matinees, and irrespective of the number present in the audience. Unless there is some very good reason to make an exception, there should be some male person present at every performance, and he should carry out the duties of fire-protection watchman. This may involve in the case of a theatre normally conducted by one individual that he himself should be trained as a fire-protection watchman, but the necessity of his being trained is the greater when he is in sole charge.

ORDER OF REFERENCE No. 7

Whether the continuation of an industrial committee such as the Film Industry Board is desirable, and, if so, what matters should be referred to it for determination and to what extent should its constitution and powers be authorized by legislation.

86. In general the Committee accepts the strong representations made to it that the Film Industry Board, so long as it continues to function as satisfactorily in the interests of the industry as it has in the past, should be left unfettered by restrictive rules and regulations so that its very flexibility enables it to cope with the complex problems which arise.

87. At the same time, it is desirable that the Board should receive official recognition so that it may be referred to simply as the Film Industry Board in any legislation or regulations in which it is mentioned. This has already been done in the case of the standard form of film hiring contract (see *New Zealand Gazette* No. 107 of 24th October, 1940, clause 28), which refers to—

the Film Industry Board (hereinafter referred to as "the Board") constituted by an agreement in writing bearing date the 8th day of June, 1939, made between the New Zealand Motion Picture Exhibitors' Association, Incorporated, and the Film Exhibitors' Association, Incorporated, of the one part, and the Film Exchanges Association of New Zealand, Incorporated, of the other part.

A similar reference in the interpretation section of any amending Act would give the Board statutory recognition.

88. It is further desirable that power should be taken by legislation to meet the situation that would arise if for any reason the Board went out of existence or failed to achieve settlement of the matters committed to it. Part of its strength is that by paragraph 7 of the agreement constituting the Board more than one dissentient vote on a proposed resolution (other than on a matter submitted to the Board as an arbitration tribunal) prevents the passing of that resolution; this has up to the present time resulted in unanimity in the decisions of the Board, but it could easily lead to a deadlock. The Committee recommends that the Minister should have power in such circumstances to set up a body clothed with the necessary powers to carry on the work heretofore accomplished by the Board.

89. The Committee also considers that the right of approach to the Board by the various sections of the industry is too limited. At present it requires the consent of both parties to a dispute before the Board can deal with the matter. In some quarters it was argued that to give to any person in the industry who felt aggrieved a right of reference to the Board would "clutter up" the Board with trivial complaints; the Committee is not satisfied that this would be the case, and in any event feels that a power given to the Board to impose costs upon a person or company bringing frivolous or vexatious or trivial questions before it would be a salutary deterrent. It is significant that Kerridge-Odeon (in whose printed statement was an undertaking to refer all disputes with independents to the Film Industry Board) used the presence in the witness-box of Mr. R. H. Allen, secretary of Amalgamated Theatres, to invite (and secure) a bargain with his company that so long as the constitution of the Board remained substantially the same his company would abide by any decision of the Board on any complaint regarding that company. The Committee therefore recommends that any person connected with the industry who has any complaint against or grievance with any other person connected with the industry shall have the right (subject to the imposition of costs as stated above) to have his complaint or grievance dealt with by the Board on the basis that the decision of the Board shall be binding on both parties.

90. This, however, raises the question of whether there shall be some appeal from the decisions of the Board. When parties voluntarily accept the arbitration of the Board it is only right that the decision of the Board should be final, but when a person can compel his adversary to submit to the decision of the Board there may arise circumstances which would warrant some right of appeal. In the opinion of the Committee, however, such an appeal authority would still be unnecessary whilst the Board continued to function as it does at present, and, indeed, it would strengthen the authority of the Board within the industry if it were known that its decisions were final, the Board itself having been selected by the industry as the most satisfactory body for the handling of disputes. If, however, under the Committee's earlier recommendation, it became necessary to replace the Board by a similar body set up by statute or regulation, consideration might well have to be given to appointing some judicial person or judicial body to act as an appeal authority, but again only when the dispute had not voluntarily been committed to the new Board by the parties to the dispute.

91. The Committee feels that in at least one respect the constitution of the Board is not wholly satisfactory to certain of the operators in the industry. By the terms of the agreement under which the Board is constituted it consists of nine persons, four being appointed by the distributors and four by the exhibitors, with a Chairman who shall be a Magistrate or a retired Magistrate appointed by the Minister of Internal Affairs. It has been the practice of the exhibitors to have their four members appointed on the basis of one from each of the two chains and two from the independents. It is questionable whether this is a just balance. By a process which is a natural development of the growth of the chains, the independents have increasingly tended to become divided into two camps (although many independent exhibitors belong to both camps), the broad difference between the two being that one group finds itself operating in competition with the chains in local situations whilst the other group is not subjected to real competition. The most striking example of this fact was that the Independent Cinemas Association, through the Hon. John Robertson, put a separate case before the Committee from the other independents, represented by Mr. Guy, and it emerged in evidence that at the present time the two independent members of the Film Industry Board were appointed out of the group represented by Mr. Guy, so that the group represented by the Hon. John Robertson had no representative on the Board. Previously the reverse was the case, and there is obviously a quite different point of view represented on the Board according to who wins the election on the appointment of the independent representatives

on the Board. It is said that some persons who are on the roll of independents are not truly independent in that they have arrangements with the chains either for booking of films or for pooling arrangements of one sort or another. The evidence satisfies the Committee, however, that the number of independents who are by their geographical situation in real competition with the chains is too small to warrant their having separate representation on the Board. The most that can be recommended is that the roll of independent exhibitors entitled to vote on the appointment of two members to the Board should be most carefully scrutinized to ensure that only those exhibitors who are wholly divorced from any form of control by the chains should be allowed to vote on the appointment of these independent representatives to the Board. The definition of control already suggested under order of reference No. 3 (paragraph 70) can usefully be made a basis for the compilation of the roll of independents so that no exhibitor controlled by a chain within that definition would be entitled to vote.

92. There is one other matter connected with the operations of the Film Industry Board upon which the Committee desires to express a view. The standard form of film-hiring contract provides in clause 28 already referred to that the Board shall be the arbitrator of any dispute arising under the standard form of contract. Certain of the evidence before the Committee suggested that smaller operators could not afford to maintain their legal rights under the standard contract and were forced to accept cancellations and substitutions in film-supplies which a stronger exhibitor such as a chain would not have to submit to. The Committee feels that it should be the Board's own province to see to it that the standard contract is adhered to so that the smaller operator need have no fear of the consequences of standing upon his full rights.

ORDER OF REFERENCE No. 8

Whether the existing conditions of supply of films to independent exhibitors are reasonable, having regard to the conditions in the industry which are beyond New Zealand control, and, if not, are any legislative provisions recommended to govern this matter.

93. The Committee is satisfied that one of the root causes for the agitation which resulted in the setting-up of the Committee was the question of the supply of films, particularly in the case of independents. It is only natural that the distributor must look for the greater part of his return from the chain exhibitors, who control the first and second-release situations and the theatres in almost the whole of the large towns. It is only natural also that, subject to the distributors' desire to meet the reasonable requirements of his best customers, the distributor should endeavour to book a film first in the situations that will produce the largest amount of film hire. In practice, however, the evidence satisfies the Committee that many independents suffer a much longer delay in having films made available to them than is warranted by the circumstances. It is to be remembered that an exhibitor pays the freight involved for the despatch of the film to him, so that it is a matter of some expense when the films travel a long rather than a short distance to him. The Committee was informed that there are cases where the transportation charges are as great as the film hire. The Committee does not accept a zoning plan advanced by the Hon. John Robertson as, in the absence of a great many more prints of a film than are at present available, there would be even longer delays in the film reaching some independents. The Committee feels, however, that the distributors should make it their business, much more than is done at present, to have a film made available to independents within a particular province or locality after the first and second run has been completed, and thus avoid this source of complaint.

94. The number of prints of any film which can be made available in New Zealand is necessarily limited not only by the question of cost in relation to returns from New Zealand business, but also by the dollar situation, for, whilst copies of prints are made

in Australia, the raw materials must come from dollar areas. It was, however, stated by the distributors that the usual practice was to have two or three and sometimes more prints of a film circulating simultaneously in New Zealand. The Committee recommends that the distributors should use every endeavour to have a minimum of three prints of feature films available, and that in general the circulation of one of them should be in the northern half of the North Island, one of them in the southern half of the North Island, and the third in the South Island. Moreover, it is felt that only some compelling urgency should result in what was disclosed in the case of one sample print of a popular film the routing of which was inquired into, where the film after finishing its showing in Christchurch on 4th November was not exhibited in the South Island again until 24th December, and had been shown only for one week in the North Island in the intervening seven weeks; it was not shown in an independent theatre until 18th February nor in any independent theatre in the South Island until 19th April. The Committee is fully cognizant of the fact that it does not follow that because a date is available in a particular district for an independent to secure the exhibition of a film it will necessarily suit the independent to book that film—he may well have booked another film for that date. But, broadly speaking, it appears that independents could get much earlier dates if opportunities were afforded to them in good time. In the illustration mentioned above, nine independent theatres in the South Island exhibited the film in the nine and a half weeks between 19th April and 25th June; and it would seem that most of them could have had the film between 4th November and 24th December of the previous year under better planning.

95. The Committee recommends that complaints as to quality, price, and exhibition dates of films should be included amongst the matters which exhibitors may refer to the Film Industry Board as a matter of right.

96. One independent exhibitor complained to the Committee that rejection rights were not properly exercised by Kerridge-Odeon, who preferred to rely upon the value of their business in the eyes of the distributor as sufficient ground for being relieved of contracts which could not conveniently be fulfilled. Section 9 (1), (2), and (3) of the Cinematograph Films Amendment Act, 1934, provides as follows:—

(1) Notice of his intention to reject any film pursuant to any right of rejection conferred on any exhibitor by the last preceding section or by any contract shall be given by the exhibitor to the renter within twenty-one days after the receipt by the exhibitor of a notification from the renter that such film will be available for exhibition by the exhibitor in terms of his contract:

Provided that in the case of a film that has not been released when such notification is given by the renter, the exhibitor may give notice of his intention to reject such film at any time within twenty-one days after its release or within twenty-one days after the film has been otherwise made available for view by the exhibitor or by some person nominated by the exhibitor to view it on his behalf at a screening arranged by the renter.

(2) Any notification given by a renter to an exhibitor for the purposes of this section with reference to a film that has been released before such notification is given shall specify the theatre in which such film was released, and such other particulars (if any) relating to prior exhibitions of the film as may be prescribed.

(3) For the purposes of this and the last preceding section the right to select any film or films from any number of films, the subject-matter of a film-renting contract, shall be deemed to be a right to reject any unselected film or films.

It is felt that this section might be strengthened by adding to the proviso to section 9 (1) the words " whichever is the earlier " or some such phrase as " if such view of such film at such arranged screening takes place prior to the release of such film." There could then be no question of a right of rejection arising months after the release of the film, by a process of arranging a special screening rather than the pre-release screening contemplated by the phrase of the proviso.

97. The Committee also feels that some, though not much, film might become available earlier to independents if the chain exhibitors were required each month to give notice to, say, the licensing officer or the Board setting out the titles of the films they had rejected under their statutory rights in the preceding month. Another exhibitor

could from this source ascertain what rejected films had thus come available for hiring. It is, however, to be remembered that rejection rights are normally exercised because a film has little or no box-office value, so that it would be only in exceptional cases that by this process suitable film not otherwise available would be open to offer from another exhibitor.

98. Finally in this connection the Committee feels that section 9 should make perfectly clear that which the distributors in evidence stated that they acknowledged—namely, the right of an exhibitor to exercise his 25-per-cent. rejection right when he has been required to book a block of films (thirteen was stated to be the practice in some cases) without having had the full range of the distributor's releases to choose from. It would seem that there requires to be added to section 9 (3) some phrase such as “provided, however, that no exhibitor shall be deemed to have had or to have exercised a right to reject such unselected film or films unless in fact he has been given the full right of selection from the total number of films released in that film-renting season by the renter under that film-renting contract.”

ORDER OF REFERENCE No. 9

Whether the existing prices of admission to picture-theatre are reasonable.

99. The Committee is firmly of opinion that existing prices of admission are reasonable. Only one witness put forward a considered case for an increase in prices, which is a matter in any event for the Price Tribunal if a particular exhibitor reckons he has good grounds for claiming higher admission charges. In the view of the Committee, increases in price of admission would at once tend to increase the charges of film hire and the spiral of successive increases passed on to the public would be the normal consequences. The Committee has therefore no recommendation to make under this head.

ORDER OF REFERENCE No. 10

Whether any amendments are desirable in regard to the amount or form of taxation to which the industry is at present subject.

100. Except for a passing reference to the amusement-tax (which is levied only on prices of admission above 1s. 6d.), no representations were made before the Committee on this matter, and the Committee has no recommendations to make.

ORDER OF REFERENCE No. 11

Whether existing legislation and practice is adequate to ensure that the exhibition of the best films of all types is encouraged and that the character of films exhibited is appropriate for adult and juvenile audiences respectively, and, if not, what further provision should be made.

101. A considerable portion of the Committee's time was taken up in hearing evidence and submissions on the topics included in this part of the order of reference and a wide divergence of informed opinion was disclosed. The matters raised fell broadly under three heads, which should be considered separately, namely:

- (a) Type of films generally.
- (b) Censorship.
- (c) Children's films, children's clubs, &c.

(a) TYPE OF FILMS GENERALLY

102. In general the evidence showed that all the best film produced in English-speaking countries is exhibited in New Zealand without unreasonable delay. The British quota of feature film has not since the 1936-37 season reached the 20 per cent. figure which the 1934 Act requires, but the Committee is satisfied that the industry is doing its best and that the increasing merit and popularity of British films will, if the same standard of production is maintained, soon result in the quota being achieved. The Committee urges the industry to do all that it can to achieve the full British quota at the earliest possible date.

103. The Committee spent some time examining the situation disclosed by the association between Twentieth Century Fox, Amalgamated Theatres, Mr. J. Arthur Rank, and Kerridge-Odeon. Up till recently Twentieth Century Fox were the distributors of most British film, and despite Mr. Rank's association with Kerridge-Odeon, the first release of the majority of British films took place in Amalgamated Theatres. A changed policy now results in the two chains sharing the first release of British film, and to this extent the early exhibition of these pictures to a wide range of audiences is promoted.

104. On the wider question of the encouragement of the best films generally, whether from Britain, United States of America, or elsewhere, it is not possible to make specific recommendations regarding the normal commercial channels of exhibition. Under commercial exhibition the earning-capacity of particular films - the box-office test - must be the deciding factor as to what type of film is shown, in what numbers, for what duration, and in what cinemas. Up to the present, though many of them have been highly commended by overseas critics, even the best continental films have, with few exceptions, achieved little or no popularity here, and it is clearly impossible to force public taste in such matters. If encouragement to the exhibition of better films is to be given, it must come mainly through the development of public taste and appreciation.

105. In bringing about such development the film societies, library film groups, and other channels of non-commercial exhibition of sub-standard film, which have already been mentioned in this report, though small in numbers, appear to be growing in influence. The co-ordinating body, which represents most of such groups, is the New Zealand Film Institute, the counterpart in New Zealand of similar bodies in Britain, Australia, Canada, United States of America, and elsewhere. The British Film Institute receives a substantial Government grant in furtherance of its work, and it is recommended that the New Zealand Film Institute, working in the field of adult education, should be given every possible encouragement.

(b) CENSORSHIP

106. Many hours of the Committee's time were occupied in hearing divergent views on the question of how far the censorship provisions of the Cinematograph Films Act should be used to exclude children from attending performances of films unsuitable for general exhibition, and on the question of adequacy of censorship generally.

107. At present (apart from two special types of certificate for exhibition to film societies or specified classes of person) there are three types of certificate issued, namely

“U,” which approves the film for universal exhibition.

“A,” which approves the film subject to a recommendation that it is suitable more especially for adult audiences only.

“A Special,” which approves the film subject to the recommendation that it is unsuitable for exhibition to children.

108. Various recommendations were made to the Committee for altering these classifications or increasing the number of certificates, as, for instance, by introducing a certificate "for exhibition to persons over sixteen only" or that the film was suitable for audiences consisting solely of children. Opinion amongst witnesses was also divided on the question of whether the duty of keeping children away from unsuitable films devolved on the management of the theatre or upon the parents of the children concerned. Another matter much canvassed in evidence was the tendency of attracting attention to a questionable film by the over-advertising of its unsuitability for children and the danger to adolescents involved, particularly if, up to a certain age, they had been compulsorily excluded from attending other than "U" Certificate films. "Horror" films also came up for discussion, and the Committee attended a special screening of selected samples of film which the Censor had found necessary to excise.

109. Upon these difficult problems the Committee can only make the broadest recommendations:—

- (1) It does not feel that there is any need for an alteration in the classes of certificate now used and believes that censorship in New Zealand is wisely used in the public interest.
- (2) It regards as impracticable the suggestion that the exhibitor should be subjected to penalties in cases where, despite the Censor's warnings, children seek to attend performances unsuitable to them. This is so much a matter of parental control that the most the Committee can recommend as against the exhibitor is that for films carrying the "A Special" Certificate—*i.e.*, unsuitable for exhibition to children—no children's prices shall be fixed, so that children attending the performance pay adult rates. At the same time, the Committee draws public attention to the purposes for which censorship exists and urges all sections of the community to regard it as wise guidance of which the public should take full notice in the interests of their children.
- (3) The Committee recommends the Censor to view "horror" films with special disfavour; the evidence shows that most sections of the industry are aware that these films can be positively harmful, and it is said that their production is declining. The exercise of the strictest censorship will still further tend to reduce to a minimum the exhibition of this type of film.
- (4) The power is vested in the Censor to approve or disallow the posters and other advertising matter used for publicity purposes. The Committee recommends that this power be more strictly exercised, and if the difficulty of dealing with it is a matter of staff, adequate assistance to the Censor should be provided.

(c) CHILDREN'S FILMS, CHILDREN'S CLUBS, ETC.

110. When the Committee commenced its hearings, children's cinema clubs were being widely organized by both the Kerridge-Odeon and Amalgamated organizations, as well as by some independents. Conflicting evidence was given by education authorities on the value of these clubs, but, in any case, those run by the Kerridge chain have now ceased operations, and it would appear that the others are no longer of any great importance.

111. On the basis of the evidence given in connection with these clubs and with children's matinees generally, the Committee wishes to place on record its disapproval of the practice of special Saturday morning screenings for children. It cannot but regard these as undesirable. At the same time, it is strongly of the opinion that in all centres where two or more cinemas are operating, one at least should provide special Saturday afternoon screenings for children, and it would recommend that the licensing

officer give consideration to making the provision of such matinees a condition of the licence of appropriate cinemas. In this connection the Committee welcomed the evidence that increasing numbers of children's films were being made by the Rank Organization, and feel that every possible encouragement should be given to the production and exhibition of films which children will not only enjoy, but which will also develop their critical appreciation of the art of the cinema.

ORDER OF REFERENCE No. 12

Whether it is desirable in the national interest to foster the production of films in New Zealand, and, if so, by what means.

112. The evidence discloses no hindrances upon the production of entertainment film in New Zealand beyond the necessity of providing considerable capital for what must be a speculative return: obviously production could only be economical if the resultant film proved competitive in quality (both technical and artistic) with imported film, but there is nothing to prevent any one from making the venture. There is, however, no case made out for the expenditure of public money on such a project.

113. The evidence showed that the National Film Unit, which produces topical and documentary rather than entertainment film, was fulfilling a useful function and (subject to the expense involved) could well be still further developed.

ORDER OF REFERENCE No. 13

Whether there are any other matters affecting the motion-picture industry which should be reported upon.

114. Amongst a number of sundry matters brought to the attention of the Committee, only two warrant special mention:—

(a) *Front-of-house Employees*.—On behalf of this union of workers, Mr. Fleming made representations concerning wages and conditions of employment. The Committee feels that this is a matter wholly within the province of the Arbitration Court and one upon which, therefore, it should make no recommendations.

(b) *Confectionery, &c., Stalls*.—Evidence was given on behalf of the Small Shop Keepers' Association regarding the tendency of the Kerridge-Odeon chain to displace the privately-conducted confectionery-stalls in favour of a subsidiary of Kerridge-Odeon known as "Nibble-nooks," and complaints of harsh treatment were made. The Committee understands that in at least one instance this very matter was before the Courts at the time the Committee considered the evidence, so that it would be improper to comment on a matter that is *sub judice*. It is proper, however, to say that the Kerridge-Odeon chain contends that its purpose is to provide the public with improved amenities; Amalgamated Theatres, while agreeing that it may well be the case that the company could give better service than is provided by the stall-holders, has not embarked on any similar scheme, largely because of the tenancies it has created. The whole topic may well be one which must be considered in relation to the wider question of monopoly already covered by this report.

THANKS

115. The Committee wishes to record its appreciation of the Chairmanship of Mr. R. M. Macfarlane, whose ability and helpfulness was of great assistance.

It also appreciates the manner in which trade interests and others concerned have co-operated in presenting evidence and making information available.

Thanks are due to Messrs. R. Girling-Butcher and F. Johnson, whose wide experience was embodied in a valuable report which formed the basis of the Committee's deliberations. Other departmental officers associated with proceedings also merit the Committee's appreciation.

The work of Committee Clerk was ably carried out, first by Mr. J. G. Turkington, and after the adjournment by Mr. A. J. McDonald.

Mr. D. M. Wilson, Private Secretary to the Minister of Industries and Commerce, rendered valuable assistance.

A special word of appreciation must be accorded Mr. R. Hardie Boys, counsel for the Crown. His handling of the evidence and skilful analysis of the points adduced played a most important part in all aspects of the Committee's work.

R. M. MACFARLANE, Chairman.

APPENDIX

MEMORANDUM OF NEW ZEALAND FILM INDUSTRY, 1934-48

1. For the purposes of the proposed inquiry the report of the parliamentary Committee of 1934 forms a convenient reference as to conditions existing up to that time. The memorandum attached to that report sets out the relationship in the industry of producer, renter, and exhibitor. No great change has taken place in this relationship. Production in the United States of America remains mainly in the hands of the same major concerns, which are still represented in New Zealand by subsidiary renting companies. Production in Britain was not affected by the war to the extent which might have been expected, despite the fact that more than half the studios were requisitioned for war purposes. There was a progressive drop in the number of films until 1942, but from then onwards a fairly rapid recovery took place, even during the war years. There is to-day a considerable advance on the pre-war years in the quality of films coming to New Zealand from British studios.

2. What is probably the most outstanding feature in the British film industry during the past few years and one which has had its repercussions in New Zealand is the emergence of Mr. J. Arthur Rank as the outstanding personality in all branches of the post-war industry. Mr. Rank, through various companies in which he holds majority interests, now controls two of the three major theatre circuits in Britain, the renting company (General Film Distributors, Ltd.) which distributes most of the British films, and more than 50 per cent. of the British production studios. In one of the British theatre circuits he is associated with the American Fox Film Corporation and, in America, with Universal Films. Through his other circuit theatre concern (Odeon) he has purchased extensive interests in chain-theatre companies in Australia (Union Theatres) and New Zealand (Kerridge-Odeon). Further reference to the latter is made below. In New Zealand the films produced under his control are still distributed by Fox and exhibited by Amalgamated Theatres, Ltd., under an agreement made prior to his purchase of the New Zealand exhibition interests. The only other major British producer of the pre-war years—Associated British Picture Corporation (originally British International Pictures, Ltd.)—is now linked financially with Warners (American) both in the third major theatre circuit and in its British production studios. Most of the latter were taken over for war requirements and the company has not yet resumed production on the pre-war scale.

3. The following table sets out the renting companies at present operating in New Zealand and shows the number of American and British "quota" films approved by the Censor during the past two years. The first eight companies are owned and controlled by the corresponding American producers, British Empire Films by Kerridge-Odeon, and the rest are companies with local capital.

Renter.	Films Passed by Censor.*			
	1946-47.		1947-48.	
	British.	Foreign.	British.	Foreign.
Metro-Goldwyn Mayer (N.Z.), Ltd.	1	30	..	35
Paramount Films, Ltd. . . . .	..	26	1	27
Twentieth Century Fox Film Corporation (N.Z.), Ltd.	13	36	..	27
Universal Pictures Pty., Ltd. . . . .	..	43	..	21
United Artists Pty., Ltd. (Aust.)	1	18	..	21
Warner Bros. Pictures (N.Z.), Ltd.	1	22	..	11
RKO Radio Pictures (Asia), Pty., Ltd.	1	29	..	36
Columbia Pictures Pty., Ltd.	4	50	2	61
British Empire Films (N.Z.), Ltd.	8	53	11	21
Reliance Films, Ltd.	2	..	3	10
Miscellaneous . . . . .	..	2	..	10
Totals.. . . .	31	309	17	280

* These figures were found in subsequent evidence to be inaccurate. See Table on page 7.

PARLIAMENTARY COMMITTEE OF INQUIRY, 1934

4. This inquiry was held at a fairly late stage of the depression. The matters then under consideration had reference mainly to conditions arising from the depression and to the relationship of renter and exhibitor. Substantial effect was given to all the recommendations of the Committee mainly by means of the Cinematograph Films Amendment Act passed in 1934. The following notes set out in detail the action taken.

CENSORSHIP PROVISIONS

5. Section 5 (5) of the principal Act was repealed and provision was made, *inter alia*, for the issuance by the Censor of special certificates of approval of films applying only in respect of exhibitions by film societies or to specified class or classes of persons.

STANDARD CONTRACT

6. The Minister was authorized (section 10) to prescribe the terms of a standard contract to be used for all film-hiring agreements. The details of this contract were thrashed out by an Advisory Committee containing representatives of both sides of the industry and departmental officers under the Chairmanship of Mr. E. Page, S.M. (later Mr. Justice Page). The contract form then agreed upon has proved beneficial to both exhibitors and renters and, with three minor amendments made to meet changing conditions in the industry, is still in force.

STATUTORY REJECTION RIGHT

7. The right to reject 25 per cent. of the films "block booked" recommended by the Committee was provided in sections 7-9 of the amending Act. As was anticipated, it has proved of greatest value to the independent exhibitors, who have not the buying power necessary to obtain the concessions granted by the renter to the circuit-theatre concerns. The right is mostly exercised to reject the lower-grade pictures, but on occasion is used with respect to pictures in the upper bracket as a protection against what are deemed to be unreasonable charges for these pictures. The licensing officer under the controlling regulations is concerned to see that the public interest is not prejudiced by such rejections, and investigations are made in all cases where an allegation is made that an adequate standard of film is not being screened, or if it comes under notice that the rejection right is being improperly exercised.

MINIMUM ADMISSION PRICES

8. The recommendation of the Committee in this regard was given effect to by the inclusion in the standard contract (pursuant to section 10 (2) of the amending Act) of a provision that the minimum admission price shall be 6d. in the case of special pictures approved by the Minister. The practice is that a committee representing both renters and exhibitors submits annually a list of

pictures for the Minister's approval. These are mostly taken from the lower bracket, but represent reasonable entertainment value. This arrangement was made during the depression, and under present economic conditions the right to screen at 6d. is not availed of to any extent, if at all. The system of annual submission to the Minister is, however, retained against the possibility of another depression.

9. The question of the adequacy of the present prices of admission has been raised by both sides of the industry during recent years. The position is that admission prices are still the same as before the war and substantially the same as during the depression years. It is doubtful if this condition applies in anything like the same degree in any other industry, and on the face of it there is some justification for a review. On the other hand, the theatre balance-sheets taken at face value would probably not justify the Price Tribunal in agreeing to an increase. The operating-costs have certainly increased considerably in common with all other industries, but against this the improved economic conditions have increased the theatre audiences to an extent which at least compensates for this. There is, however, probably some merit in the contention of the exhibitor that the refusal of the necessary permits and the shortage of supplies has prevented an adequate expenditure on maintenance and replacement such as would normally be prudent business in prosperous times and which would, in any case, be required under the licensing regulations. The renter also, although he cannot claim any drop in returns and has shared in the result of the apparently prosperous conditions may have grounds for his contention that the increased revenue does not meet the appropriate share of his increased production and distribution costs, nor permit him to prepare reserves for less prosperous times.

PREVENTION OF MONOPOLY OF FILMS

10. The 1934 Committee recognized that the operation of licensing regulations on the lines which it recommended must result in some degree of monopoly being given to existing exhibitors and to those who subsequently obtained licences under the regulations. It approached the problem by an endeavour to prevent one exhibitor obtaining an advantage over another by hiring an undue proportion of the films available. Effect was given to the Committee's recommendation in section 12 of the amending Act. This provided that it should be an offence for any exhibitor to hire more films than were reasonably required for the operation of his theatre and that the renter committed an offence if he refused to rent any films which were not the subject of a contract with a competitive exhibitor or under offer to him. The section has proved inoperative, firstly because film-hiring contracts do not expire at the same time and it is impracticable to prove an offence in time to provide a safeguard to the competitive exhibitor, and secondly because of the difficulty of interpreting the reasonable requirements of a theatre. These will depend on policy with respect to number of exhibitions and whether a single- or double-feature bill is screened. The exhibitor under investigation can therefore adapt his policy to his film-hiring arrangements even though he may appear to have contracted for an altogether undue proportion of the total films available. If, moreover, he is a major exhibitor whose business is essential to the renter he will be able to prevent any complaint by the latter, and may ultimately avoid screening some of the films contracted for, and without payment as provided for in the standard contract, by negotiating a compromise made when the new season's contracts are being made.

11. The experience of the departmental officers responsible for the administration of the legislation is that the difficulties of film-supply as between exhibitors can best be dealt with by compromise negotiated by a trade committee such as the Film Industry Board, discussed in detail below. There must, however, be some positive provision to ensure a reasonable approach by both exhibitors concerned and by the renters whose contracts are involved. In the cases which have been satisfactorily dealt with by the Film Industry Board it was made clear that solution of these problems by consent was the alternative to new measures of legislative control.

THEATRE LICENSING SYSTEM

12. The recommendations of the Committee that a theatre licensing system should be continued on the lines of that in force in 1932-33 (but declared by the Court to be *ultra vires* of the Cinematograph Films Act) was given effect to by section 13 of the amending Act. Regulations on the same lines were made in 1935, but the Crown Law Office came to the conclusion in 1936 that in this form they were still *ultra vires* of the Act. The regulations now in force (Cinematograph Films (Issue of Exhibitors' Licences) Regulations 1937) were therefore issued giving the nominal authority for making the decision to the licensing officer under the Act. This question and the later recommendations of the Film Industry Board for amendments of the Licensing system are discussed in more detail below.

KERRIDGE-ODEON, AMALGAMATED-FOX MONOPOLY FOREIGN CONTROL

13. One of the questions which the Government has been asked to refer for inquiry is as to whether the existing concentration of control of the entertainment business in the hands of two major chain-theatre concerns is in the public interest. The reference is particularly to the Kerridge-Odeon Co., which, in addition to its picture-theatre business, controls or is interested in most of the

theatres used for legitimate stage production. It also operates a subsidiary company which runs the refreshment business in most of the controlled theatres. There is, in fact, a substantial monopoly. Attached are Schedules showing—

Schedule 1: The theatres operated by Kerridge-Odeon or in which they have an interest sufficient to control policy, or for which they arrange the film buying;

Schedule 2: Theatres similarly controlled by Amalgamated Theatres, Ltd.; and

Schedule 3: Theatres operated by "independent" exhibitors.

It will be seen that since 1934 the major companies have both consolidated and extended their grip on the exhibition side of the industry and, excluding the city suburban theatres, there is now only one town with a population of 5,000 or more (Gore) in which a theatre is operated by an "independent."

14. The present position traces back to the facts set out in paragraphs 57-64 of the report of the 1934 Committee and was clearly foreseen in paragraph 63. By 1936 the effects of the competition of Amalgamated Theatres in the first-release situation and in secondary centres was already felt by the loosely-organized Fuller-Hayward, Williamson, Kemball "combine." The pooling arrangements were mostly discontinued and a scramble for film-supplies developed on a three-cornered basis. Fullers-Fuller-Haywards had the largest chain, Williamson's the smallest but the best first-release theatres, and Amalgamated the lowest overhead. Amalgamated were the first to safeguard their position by association with a foreign renter. They had previously had a film-hiring agreement with Fox Films (America) for several years, and this was converted to a sale to the latter of a half-interest in the company. The departmental officers have been assured that the provisions of the agreement and the effect of the sale were to retain administrative control in the hands of the Moodabe brothers in New Zealand, and for arbitration in New Zealand of any matters in dispute.

15. Fullers had, at this time, association with Australian interests which (coupled with the strength of the New Zealand Circuit) temporarily enabled them to hold out and to obtain reasonably satisfactory film-supplies. The market was, however, definitely a seller's one and their situation remained vulnerable. Williamson's were in a particularly difficult position in competitive buying owing to the limited number of secondary-town theatres they controlled, and their prospects were so unsatisfactory that negotiations were entered into for the sale of the shareholding to foreign interests. In an endeavour to avoid this an approach was made to ascertain whether the Government would provide finance on a temporary basis so that the control could be retained in New Zealand hands. The position was finally cleared up so far as the "combine" companies were concerned by the purchase at the end of 1937 of a controlling interest in Williamson's by the J. R. McKenzie Trust and the establishment in 1938 of Theatre Management, Ltd.

16. This latter company was formed to buy films for and to operate the theatres controlled by Fullers, Fuller-Haywards, and Kemballs. The latter interest had, in the meantime, been reorganized as New Zealand Theatres, Ltd., and in this company Mr. R. J. Kerridge, who up to this time had operated a circuit of theatres in the Auckland district, obtained an interest. He was thus, in the first instance, connected with Theatre Management, Ltd., but later obtained from the associated companies the controlling interest in New Zealand Theatres, Ltd., and withdrew from the association by mutual agreement.

17. The articles of Theatre Management, Ltd., provided for control of the theatres by the company for a period of seven years. At the end of this time Fullers, then in control of Mr. A. Ben Fuller, broke away, and a further period of instability in the exhibition side of the industry was threatened. A series of cross-negotiations followed between the Kerridge interests (which had by this time effectively absorbed New Zealand Theatres, Ltd.) and Amalgamated, Fullers, Williamson's, and certain foreign interests. Kerridge first bought Fullers and later Williamson's. With the latter purchase he achieved complete amalgamation—as distinct from a temporary association—of all the interests included by Mr. J. H. Mason in the initial formation of Theatre Management, Ltd. It might be unkind to say that King Stork had replaced King Log, but it is to be noted that no previously independent theatres were affected. The Moodabes in the meantime, after some effort at the sale of their interests in both New Zealand and abroad, settled down to operate Amalgamated Theatres on the basis established in 1936. Mr. Kerridge sold a half-interest in his amalgamation to the British Rank interests, thus establishing Kerridge-Odeon.

18. One important factor which must be given major consideration is that of the location of control of the principal New Zealand theatres operated by the two circuit companies. In 1936 there was serious danger that all the first-release companies, both in Australia and New Zealand, would come under the control of foreign and particularly American interests. The view is held in most countries that, particularly having regard to its propaganda possibilities, national control of the industry is desirable—at least to the extent that effective and not nominal control of majority shareholding should be permanently retained by nationals. This view was expressed on behalf of Cabinet at the time of the Amalgamated sale to Fox. The position with respect to Williamson's was held in 1936 by the purchase by the McKenzie Trust, which is predominantly a New Zealand interest. The majority shareholding in Fullers at that time was in Australian hands. The Kerridge purchase has from this point of view the advantage that the company at first had entirely New Zealand capital and the later sale of half-interest was to a British company. The question does arise for consideration as to whether any action should be taken to stabilize the position of both this and the Amalgamated shareholding.

19. On the question of monopoly it is first to be noted that some degree of monopoly or chain operation of picture-theatres exists in every country. It is in fact inherent in the business. The theatres sell not goods, but service. Group operation is the most economic in most service industries, but particularly so in this case, since the same film is used over and over again to provide the service, and group operation simplifies and gives flexibility to the booking arrangements. The producer is involved in very high overheads. He is seldom capitalized sufficiently for more than one year's operations. He therefore finances each year on the returns from the films produced in the preceding one. It is an advantage to him to have early knowledge of the probable returns from each market. "Block-booking" contracts are therefore the rule. A blanket contract covering a number of theatres is desirable, and his agent, the renter, therefore offers better conditions to the chain exhibitor than to the independent. On the exhibition side, better hiring terms (thus conserving overseas funds), earlier releases, and more convenient booking arrangements can be made for a chain of theatres. With the safeguards provided in the New Zealand legislation, block-booking is an advantage to the exhibitor as well, since he can plan ahead for the theatres.

20. It is not apparent that the public is in any way prejudiced by this system. The views of the entertainment-seeking public are evidenced by the box office. High prices are readily paid and people travel considerable distances to see the early release of popular pictures. To use the trade expression, the public "shops for its pictures" and any attempt to force the public taste results in them staying away in thousands. The chain exhibitor, by his control of a number of theatres, can operate what is called a "horses for courses" policy and show the same type of film regularly in a particular theatre. In this, as in other matters, the box-office result is the deciding factor. The show consists of the picture plus the theatre. The chain operator has an advantage in getting early release of the pictures. He usually has adequate finance and the amenities offered in this theatre at least do not suffer in comparison with the independent. The evidence available indicates that the standard of amenities in New Zealand is higher and the prices of admission much lower than in any other English-speaking country.

21. This is not to say that some control or review of theatre monopoly operation may not be desirable and in the interest of all concerned—even the monopolist. There have been suggestions made in the past, and they may be reviewed when the inquiry is held, that the buying-power of the chain companies prevents the independent exhibitor in the suburban theatre, or in the intermediate town on circuit, obtaining reasonable release dates. The comparative importance of the larger towns and the central situations in the cities, in which the chain-theatre exhibitor mostly operates, makes a determination on the facts a matter of some difficulty. The information available to the departmental officers does not disclose any outstanding evils in the chain operator-independent situation. Government may consider, however, that whereas in New Zealand something in excess of half the total business is under one control and more than three-quarters in two hands, there exist possibilities of economic pressure both on the renters and on other exhibitors which at least justify the situation being kept under observation.

22. Some reference should be made here to what is known in the trade as the "K.O.G." agreement (Keep Off the Grass) applying to the hiring of films for first release in the principal city theatres. The effect of the agreement was to divide the films available between the two circuits so that each retained its basic "service" or "services" and the remaining supplies were contracted for on a basis determined from year to year according to the requirements of their respective theatres in each centre. Each operator agreed not to tender for the "services" allocated to the other under the agreement. It was a recognition, based on experience, of the danger to the stability of the industry of even two-party buying on a fully competitive basis. It would appear that the results achieved by the arrangement had some benefits for the renter as well as for the exhibitor, but the former would probably represent that these benefits were mainly at his expense, that there are objections in principle to a unilateral decision, and that it involves an extension of the monopoly principle. It is possible, however, that stability in the industry might be arranged by means which would be even less acceptable to the renter.

23. It is common knowledge that Government is inclined to look askance at monopoly controlled by private enterprise. It is, however, difficult to see an alternative. Repeated experience has demonstrated that three-party competitive first-release buying of film-supplies benefits only the foreign producing interests. This would be even more the case if all or most first-release theatres were controlled independently. It may be contended that a more equal division of interest between the major chains would be desirable, but, short of Government intervention, it is not easy to see how this could be brought about. The business is definitely speculative in character and appears to be most successful under administrative and operational methods which would be regarded by Government Departments as highly unorthodox. The order of reference as drawn will probably not exclude consideration of the advisability of some form of Government control or supervision.

THEATRE LICENSING SYSTEM

24. The 1934 Committee in recommending the continuation of a restrictive licensing system (paragraph 65) suggested administration by a tribunal and the attachment of certain conditions to licences. It also made a general recommendation that such matters should be considered by an Advisory Committee set up under the principal Act. This latter procedure was followed, and in order to hold the position in the meantime the regulations were issued in 1935 in the same form as in 1932.

They provided for a direction to the licensing officer by the Minister. In 1936 the Crown Law Office advised that this form was not in conformity with section 13 of the amending Act and that the Industrial Efficiency Act was the only statute which would permit the setting-up of a licensing tribunal as desired by the industry. Both renters' and exhibitors' organizations were informed of this position and told that if licensing was desired the Government was prepared to take the necessary action under that Act.

25. The renters in particular were concerned with the possible effect on the industry of certain provisions of the Act, and a combined deputation met the Minister. It was explained that both sides of the industry desired a licensing system, but neither was prepared to accept the system involved in the application of the Industrial Efficiency Act. The Minister stated that Government did not desire to impose control to any greater extent than was acceptable to the industry. It was finally agreed that, in the meantime, regulations would be issued giving the formal power of decision as to issue or refusal of licences to the licensing officer as required by the Act. The regulations now in force (The Cinematograph Films (Issue of Exhibitors' Licences) Regulations 1937—Schedule 4) were therefore issued on the understanding that this was a temporary measure and that Government would consider any representations made by the industry as to the final form in which control should be applied. The regulations embodied the conditions recommended in paragraph 65 (c) of the 1934 Committee report. These had only been applied to a limited extent when the shortage of materials and restrictions on building permits prevented the further application of the regulations. The licences have, however, been tagged to indicate that requisitions are pending.

26. In 1938 certain difficulties arose in the administration of the regulations owing to the failure of the latter to distinguish between first- and second-release operation. It will be clear that if the policy of a second-release theatre in a city is changed to first release, the result is the same as if an additional first-release theatre were licensed. If an additional supply of films is not available, this might have serious effect on the existing first-release theatres. An amendment to the regulations was therefore issued (Schedule 5) purporting to classify theatres and to refer all licences to the operating-conditions existing when the principal regulations were issued. Both the renters and a section of the exhibitors took exception to these provisions, and the renters' organization made it known that no further film-hiring contracts would be made until the matter was adjusted. Representatives of their Australian association visited New Zealand and discussions were held with the departmental officers at which the position was satisfactorily explained. It was suggested that a trade committee be set up to consider and determine matters such as those which had prompted the amending regulations and that in the meantime, the Department should not act under the regulations with respect to the licences in question. The Ministers concerned refused to meet the renters' representatives, as the latter could not, owing to circumstances, withdraw at that stage the threat to discontinue the making of contracts. The proposals were, however, approved, and they were communicated in a departmental letter, copy of which is attached (Schedule 6). The trade committee was set up in accordance with an agreement signed by all the trade associations. Copy of this is also attached (Schedule 7). The Committee subsequently became the Film Industry Board referred to below.

27. There was, as stated above, a clear understanding that the 1937 regulations were not satisfactory either to the industry or to the Departments concerned, and that some form of tribunal should be set up in due course under special legislation. Government did not deem it appropriate to deal with this matter during the war years and since the end of the war the Film Industry Board has made definite recommendations as to the form of tribunal desired by the industry. These are attached (Schedule 8).

28. In clause 65 (b) of its report the 1934 Committee recommended that reasonable protection should be afforded both owners and lessees of theatres under the licensing system. It is questionable if the draft regulations submitted by the Film Industry Board provide adequately for this aspect. It is suggested that if consideration is being given to the detailed provisions of the proposed regulations, the Committee might consider the application of the provisions of the British Landlord and Tenants Act, 1926, either in general or with particular reference to the film industry. Attached is a note (Schedule 9) extracted from a legal publication containing the relevant terms of the Act and some account of the results in operation.

SUB-STANDARD FILMS

29. During recent years there has been a major development in the use of sub-standard and particularly 16 mm. film. The stock of this film is cellulose acetate, which is much less inflammable than the nitro-cellulose used in the 35 mm. film normally screened in the theatres. It does not require the same safeguards in projection, and although it has not the same service life it is particularly adaptable for recording and screening short subjects of educational, sporting, advertising, and kindred character. It can be used to carry a sound track and for a limited number of screenings has all the advantages of the standard film, while at the same time it takes up less space and can be projected with much simpler equipment. During the war years the authorities circulated to the fighting Services 16 mm. copies of the ordinary entertainment films, and the success of this operation makes it clear that this type of film has a place in the entertainment world of the future, particularly for isolated communities.

30. It is desirable that the use of this film should not be restricted for educational or similar purposes. At the same time, if the ordinary entertainment films are to be subject to a restrictive licensing system, it is only fair that licensees who have spent considerable sums to provide both amenities and safeguards for the public in picture-theatres should not be subject to competitive operation of sub-standard copies of the same film. The Film Industry Board has given much consideration to the problem in an endeavour to reconcile these two principles, and the recommendations made to the Government are attached (Schedule 10).

PUBLIC SAFETY IN THEATRES

31. The Municipal Corporations Act gives control of public buildings to local authorities. The schedule to the amending Act of 1938 empowers the Council to require as a condition of license that a fireman shall be employed at all of the performances. In practice, it is found that in some cases the position is controlled by definite by-laws, in others by inserting the necessary conditions in the licence, and in still others, by mutual agreement between the local authority and the licensee. In a limited number of cases, no action whatever is taken. As a result there is no standard of requirements or practice. Even where a fireman is employed there is no definition of his duties or responsibilities or of those of the management.

32. The position was very strongly represented to Government on behalf of the Theatrical Workers' Union when it was contended that the present position was most unsatisfactory from the point of view of public safety. Further, that since many of the local authorities were not in fact exercising their powers adequately, some positive provisions were necessary to safeguard the public. A conference was held with representatives of the Wellington City Council, the Exhibitors' Association, the Fire Service, and the union. As a result of this conference, a Technical Committee consisting of the executive officers of the Picture Exhibitors' Association, the Wellington City Council, and the union, together with the technical officer of the Department, was set up to draw up a draft set of conditions for adoption.

33. It was found that the Municipal Corporations Act did not contain any authority under which regulations in this regard could be issued, and an empowering clause was inserted in the Statutes Amendment Act of 1944. The draft regulations were subsequently drawn up by the Technical Committee under this provision. It was afterwards decided that the necessary provision could more appropriately be made by way of by-law under the general provision of the the Municipal Corporations Act. The Standards Institute was therefore instructed to draw up a model by-law based on the draft regulations. A copy of this is attached (Schedule 11).

34. Briefly, the by-law provides a standard set of conditions for fire and panic prevention and for the enforcement of these conditions either by a member of the local fire brigade or by a member of the theatre staff trained as a fire-protection watchman. Part I sets out the obligations on the theatre management. Part II determines the application of the by-law and the qualification and duties of the fire-protection watchman. Part III defines breaches of the by-law. The First Schedule sets out in detail the duties of the fire-protection watchman and the second schedule the panic drills.

35. In addition to this by-law the Standards Institute is drawing up a model by-law dealing with the standard of construction and exits and other safety provisions to be required in theatres and places of public entertainment.

LICENSING OF FILM OPERATORS

36. Another provision made since 1934 having an important bearing on the safety of the public in theatres is the licensing of operators. The regulations providing for this were made in 1938. The film normally used in commercial picture-theatres is very highly inflammable, and despite the fact that a number of safety devices are incorporated in all projection machines and the general regulations provide rules for safe operation, occasional fires do occur, usually involving only a limited length of film. The Film Operators Licensing Board set up under these regulations is responsible for ensuring that operators are trained to a satisfactory technical standard and that appropriate rules of safe practice are observed. The administration of the regulations is in the hands of the Chief Inspector of Films, who is Chairman of the Board, and who also administers the general licensing regulations.

STATISTICS

37. Schedule II sets out in an abridged form the main items of statistics which are collected annually by the Government Statistician. The period covered is from 1939 to 1946.

FILM INDUSTRY BOARD

38. The Film Industry Board, set up as the result of the discussions in 1938, has definitely established itself as an important factor in the industry. The 1934 Committee was of opinion (paragraph 71) that the Advisory Committee provided for in the principal Act would suffice to represent the industry viewpoint. This has not proved to be the case. It is felt that the Board as now constituted has much more general and more positive representation of all sections of the industry and that its independent status is an advantage, particularly when dealing with matters of internal concern. The

Ministers concerned have on several occasions approved the principle of internal settlement of problems affecting the industry and have indicated that, provided the public interest is safeguarded, Government has no desire or intention of exercising legislative control over the industry to any greater extent than is desired. The Board is in a position to represent fully the industry viewpoint, and the attached representations may be regarded as authoritative. It is noteworthy that up to the present all policy decisions of the Board have been unanimous.

39. The Board has no official status, but is still functioning with the informal approval of both Ministers concerned. It is the practice to refer most, if not all, matters affecting the industry to it for an expression of opinion, and serious consideration is given to any representations made on the Board's own initiative. Since the provisions of section 12 of the amending Act proved ineffective all complaints by independent exhibitors regarding inadequate film-supply have been referred to the Board for settlement. In every case a satisfactory arrangement has been negotiated. Up to the present, both the Board and the renters and exhibitors concerned with the complaints have acted with the knowledge that the licensing policy had not so far been determined and that unless a spirit of reasonable compromise prevailed, less acceptable provisions might be imposed. The question does arise whether the existing unofficial constitution will suffice for similar problems when a formal licensing tribunal is set up. It may be considered desirable to include in the amending legislation which will be necessary powers of making regulations sufficiently wide to meet any failure by the Board to deal effectively with this problem.

F. JOHNSON,

Late Assistant Secretary of Industries and Commerce.

R. GRLING-BUTCHER,

Late Chief Inspector under the Cinematograph Films Act.

SCHEDULE 1

Theatres controlled by Kerridge-Odeon through Union Investments Ltd. Those in which local interests hold shares in the proportion of one-half or less are marked *. In several of these cases the operational control is by the local interests :—

Town.	Theatre.	Town.	Theatre.
Auckland	St. James (F). Majestic (F). Regent (F). Embassy (F). Prince Edward (F). Vogue. State. *Brittania, Ponsonby. Victoria, Devonport. Cameo, Grey Lynn.	Whangarei Gisborne Napier Hastings Masterton Hawera	Plaza. Regent. Majestic. Gaiety. Mayfair. Regent. Cosy. Municipal. *Regent. *Opera House.
Wellington	Majestic (F). St. James (F). Regent (F). Embassy (F). Opera House. Time. Princess. Kinema. Kilbirnie. Regal, Karori. Tatler, Lyall Bay. Capitol, Miramar. *Royal, Eastbourne. Rivoli, Newtown. *State, Petone. *Grand, Petone. *Palace. King George, Lower Hutt. Prince Edward, Lower Hutt. *De Luxe, Lower Hutt.	Stratford Blenheim Greymouth Westport Hokitika Ashburton Damaru Timaru Gore Kaikoura Reefton Blackball Waimate Helensville Arapuni Kawakawa Mount Maunganui Otorohanga Opotiki Paeroa Te Aroha Tauranga Whakatane Wairoa Dannevirke	*Plaza. *Grand. *Kings. *Palace. *His Majesty's. Regent. *Opera House. St. James. Victoria. *Princess. St. James. Majestic. Opera House. *Majestic. *Royal. Regent. St. James. Mayfair. Criterion. *Hall. *Arcadia. *Regent. *Palace. *Kings. *Regent. Regent. Regent. Regent. Regent. Majestic. Regent. Town Hall. Regent. Grand. Regent. Gaiety. Hall, Nuhaka. *Regent. *Municipal.
Christchurch	Avon (F). Plaza (F). *Regent (F). *Majestic (F). *Tivoli (F). *Grand (F). *St. James. *Royal.	Marton Pahiatua Carterton Feilding Taihape Otaki	Civic. Regent. *Regent. Regent. Majestic. Regent. Civic.
Dunedin	Regent (F). Empire (F). Strand (F). St. James (F). His Majesty's. Mayfair.		
Hamilton	*Regent. *Royal. *Roxy, Frankton.		
Wanganui	Majestic. Regent.		
Palmerston North	Regent. *Vogue. *Mayfair. *Meteor.		
Invercargill	Majestic. Regent.		
Nelson	*Majestic.		

(F) First-release theatre.

Theatres operated with local interests but in which less than half-shareholding is held by Union Investments, Ltd.

Town.	Theatre.	Town.	Theatre.
Kaitiaia ..	Princess.	Rotorua ..	Regent.
New Plymouth ..	Mayfair.		Majestic.
	Opera House.	Thames ..	Lyric.
	Regent.		Regent.
		Featherston ..	Kings.
		Greytown ..	Cosy.
			Town Hall.

Theatres in which no financial interest is held but for which Kerridge-Odeon buy films :—

Town.	Theatre.	Town.	Theatre.
Otorohanga ..	Town Hall.	Denniston ..	Hall.
Feilding ..	Tivoli.	Herekino ..	Hall.
Broadwood ..	Hall.	Murchison ..	Hall.
Collingwood ..	Hall.	Wellsford ..	Hall.

SUMMARY

Controlled ..	..	..	111 theatres.
Minor interest in ..	..	..	11 theatres.
Film bought for ..	..	..	8 theatres.
Total ..	..	..	130 theatres.

SCHEDULE 2

Theatres controlled by Amalgamated Theatres, Ltd. :—

Town.	Theatre.	Town.	Theatre.
Auckland ..	Civic (F).	Dunedin ..	Grand (F).
	Century (F).		Octagon (F).
	Plaza (F).		State (F).
	Roxy (F).	Dargaville ..	Empire.
	Tivoli (F).	Whangarei ..	Regent.
	Oxford.	Hamilton ..	Civic.
	Strand.		State.
	Civic Theatre.	Cambridge ..	Tudor.
	State, Devonport.	Gisborne ..	Kings.
	Victory, Greenlane.	Napier ..	State.
	Crystal Palace, Mount Eden	Hastings ..	State.
	Princess, Balmoral.	Masterton ..	State.
	Rialto, Newmarket.	New Plymouth ..	State.
	Avon, Newton.	Te Kuiti ..	Empress.
	State, Onehunga.		State.
	Regal, Ponsonby.	Wanganui ..	Opera House.
	Adelphi, West Lynn.	Palmerston North	State.
Wellington ..	Plaza (F).	Nelson ..	State.
	Kings (F).	Timaru ..	State.
	State (F).	Invercargill ..	State.
	Tudor.		
Christchurch ..	Mayfair (F).	(Also one-third interest in Kings and Regent, Thames.)	
	State (F).		
	Crystal Palace.		
	Liberty (F).		

SUMMARY

Controlled ..	..	..	45 theatres.
Minor interest in ..	..	..	2 theatres.
Total ..	..	..	47

(F) First-release theatre.

SCHEDULE 3

Department of Industries & Commerce.
G.P.O. Box 3025, Wellington, 2nd April, 1948.

DEAR SIR,—

I am forwarding herewith the Roll of Independent Exhibitors licensed in New Zealand as at the 28th March, 1948.

The definition of an "independent" as approved by the Hon. Minister is as follows:—

"By an Independent Exhibitor" is meant any licensed exhibitor other than J. C. Williamson Picture Corporation Ltd; John Fuller & Sons Ltd; Fuller Theatres Corporation Ltd; N.Z. Theatres Ltd; Christchurch Cinemas Ltd; Amalgamated Theatres Ltd; Kerridge Theatres Ltd; and their respective associated or subsidiary companies under the control of any of them such independent exhibitor to be, in fact, completely free and independent in the management of his business of any control whatsoever by the above-named companies."

The procedure I intend to follow in regard to the election of the two independent members to the Film Industry Board is, briefly, as follows:—

- (1) Your comments in regard to the Independent Roll as forwarded herewith must be received by me by the 30th April, 1948.
- (2) By "comments" I mean any representations you care to make concerning (a) any licensed exhibitor whose name appears on the Roll and who should not, in your opinion, be classified as an "independent" exhibitor or (b) any licensed exhibitor whose name does not appear on the Roll and who should, in your opinion, be classed as an independent exhibitor under the above description.
- (3) In accordance with the Hon. Minister's directions, the objections received must be accompanied by *full supporting* statements of the objections. (NOTE.—A number of objections were considered by Mr. Stilwell last year and it is not proposed to re-submit to him any further objections in respect of cases dealt with last year unless new or material evidence is supplied in support thereof.)
- (4) As soon as all objections have been disposed of, the necessary amendment will be furnished by way of a supplement to the Roll and nomination papers forwarded for the purpose of nominating two independent exhibitors as members of the Film Industry Board.
- (5) The nomination papers will have to be returned to me on a date specified and immediately thereafter voting papers will be circulated to all those whose names appear on the Roll as amended by any decision given by Mr. Stilwell.
- (6) Voting papers will also contain provision for exhibitors to vote whether or not the term of office on the Board should be for one or three years.
- (7) The results of the election will be communicated to each exhibitor and in addition, the N.Z. Motion Picture Exhibitor's Association (Inc.) and the Independent Cinemas Association (Inc.) will be advised in order that, if they so desire, they may publish the information in their respective Bulletins.

Yours faithfully,

J. W. MILES., Returning Officer.

ROLL OF INDEPENDENT EXHIBITORS AS AT THE 28TH MARCH, 1947

Location.	Theatre.	Exhibitor.	Number of Votes Each Licensee Entitled To.
Akaroa	Oddfellows Hall ..	T. E. Taylor	1
Alexandra	Town Hall	Maitland and Hern	4
Amberley	Town Hall	H. O. Hills, Charles Street, Kaiapoi	2
Arrowtown	Hall	Mrs. E. C. Reed, P.O. Box 3	1
Auckland Suburbs—			
Birkenhead	Kiwi	Associated Cinemas, Ltd. .. ..	..
Avondale	Grosvenor	Associated Cinemas, Ltd., 22 Kitchener Street, Auckland	5
Blockhouse Bay	Hall	D. Fleming	1
Dominion Road	Capitol	Modern Theatres (Provincial), Ltd., Empire Buildings, Swanson Street	4
Dominion Road	Astor	W. E. Ford	1
Ellerslie	Southern Cross	J. Bew	1
Sandringham	Mayfair	J. Arneric	1
Glen Eden	Town Hall	Glen Eden Town Board	1
Kingsland	Royal	G. F. V. Townshend	2
Mission Bay	Berkley	Modern Theatres (Provincial), Ltd. .. ..	..
Mangere	Cinema	G. E. Tracey	1
New Lynn	Delta	G. Popovic, 77 Great North Road, New Lynn	1
Milford	Picturedrome	Picturedrome Milford, Ltd., 30 Customs Street West	1
Northcote	Kings	H. J. Hayward	1
Onewunga	Strand	Onewunga Amusements, Ltd.	1
Parnell	Liberty	G. F. V. Townshend .. ..	..
Pt. Chevalier	Ambassador	Ambassador Picture Theatre, Ltd.	1
Remuera	Tudor	Associated Cinemas, Ltd. .. ..	..
Takapuna	Gaiety	Associated Cinemas, Ltd. .. ..	..
St. Helier's Bay	Peerless	J. J. Carroll, P.O. Box 999, Auckland	1
Auroa	Public Hall	J. G. and M. M. Aagaard, Inglewood	7
Awakino	Public Hall	V. F. and C. S. M. Scanlan	4
Awanui	Evans Hall	S. R. and W. G. Thompson	3
Balelutha	Britannia	J. W. Mitchell, P.O. Box 75	1
Benneydale	Benneydale Hall	M. R. Spiers, Taumaranui	2
Belfast	Belfast Town Hall ..	W. J. G. Barnes, 20 Philip Street, Riccar- ton, Christchurch .. ..	..
Bluff	Town Hall	E. N. Strain, Anzac Square, Dunedin	3
Brighton	Public Hall	J. Stone, Electrolux Building, Dunedin	7
Browns Bay	" 555 "	Mrs. O. Williams	1
Broadwood	A. and P. Hall	G. J. Irvine	1
Bulls	Town Hall	C. H. Edwards, P.O. Box 6	1
Cheviot	Town Hall	L. M. Burnett, Box 5, Cheviot	1
Christchurch Suburbs—			
St. Albans	Century	Christchurch Theatrettes, Ltd., P.O. Box 265	1
New Brighton	Roxy	G. R. Davis, corner Beresford and George Streets, New Brighton	2
Papanui	Memorial Hall	C. E. Carlton, 27 Harakeke Street, Riccar- ton	3
Riccarton	Rex	Gore Pictures, Ltd., 83 Riccarton Road	5
Sumner	Hollywood	G. G. McDougall, Grafton Road, Sumner	1
Clinton	Coronation	Gore Pictures, Ltd. .. ..	..
Clive	Public Hall	Mrs. M. Gumbley, 305 Albert Street, Hastings	2
Clydevale	Hall	A. Robertson, Kaitangata	4
Clyde	Atheneum	Maitland and Hern .. ..	..

ROLL OF INDEPENDENT EXHIBITORS AS AT THE 28TH MARCH, 1947—continued

Location.	Theatre.	Exhibitor.	Number of Votes Each Licensee Entitled To.
Coromandel	Caledonian	Mrs. G. Fraser, 5 Eulington Avenue, Mount Eden	1
Cromwell	Town Hall	Maitland and Hern .. ..	..
Culverden	Amuri	R. D. Crewes	1
Darfield	Memorial Hall	G. Cridge, Box 36, Darfield	3
Denniston	Miners Hall .. ..	.. ..	1
Edgecombe	Hall	King's Picture Co., Ltd., Matata	5
Eketahuna	Public Hall	C. G. Bouzaid, Greytown	1
Eltham	Town Hall	Fairfield Investments, Ltd., P.O. Box 11, Petone	1
Dunsandel	Dunsandel Hall	R. M. Cridge, 86 Heaton Street, Christchurch	4
Fairlie	De Luxe	G. C. Knight, Talbot Street, Geraldine	5
Foxton	Town Hall	Foxton Borough Council	1
Foxton Beach	Beach Hall	M. F. Howard, Oxford Street, Levin	2
Geraldine	Town Hall	C. C. Knight .. ..	..
Glentunnel	Domain Hall	G. Cridge	9
Glen Afton	Public Hall	W. R. A. Mercer, Ngaruawahia	9
Glen Massey	Public Hall	W. R. A. Mercer .. ..	..
Granity	Lyric Hall	Granity Band Committee	1
Green Island	Town Hall	Green Island Borough Council	1
Hamner	Hall	Mrs. B. Smellie	4
Haumoana	Hall	W. H. McLean	1
Hawarden	Saleyard's Hall	Mrs. B. Smellie .. ..	..
Hector	Hall	Hector - Ngakawau Co-operative Picture Association, Ltd.	1
Henderson	Town Hall	Henderson Town Board	1
Herekino	Hall	R. L. Houghton	1
Hikurangi	Criterion	Hikurangi Pictures, Ltd., P.O. Box 43, Kaikohe	1
Horotiu	Hall	W. R. A. Mercer, Ngaruawahia	2
Horeke	Hall	A. W. Blundell	1
Hornby	Kozy	C. E. Carlton .. ..	..
Howick	Monterey	W. R. Tracey, Wallace Street, Papatoetoe	1
Hunterville	St. James	Mrs. B. A. McKnight, Ohingaiti	3
Harewood Aerodrome	Institute Hall	R. M. Cridge, 86 Heaton Street, Christchurch .. ..	..
Halswell	Town Hall	R. M. Cridge .. ..	..
Huntly	Town Hall	Huntly Borough Council	1
Inglewood	Town Hall	J. G. and M. M. Aagaard .. ..	..
Kaeo	Hall	W. E. Pye	1
Kaipoi	Rialto	H. O. Hills .. ..	..
Kaikohe	Regent	Northland Pictures, Ltd., P.O. Box 43	3
Kaitangata	Club Hall	A. Robertson .. ..	..
Kaitawa	P.W.D. Hall	Y.M.C.A. (N.Z.), Inc., Box 790, Wellington	4
Kaiwaka	Public Hall	Kaiwaka Hall Society, Inc.	1
Kaka Point	Hall	A. Robertson .. ..	..
Kaponga	Town Hall	J. G. and M. M. Aagaard .. ..	..
Kaipara Flats	Hall	K. H. Lovell	3
Karamea	Hall	F. H. Wood	1
Karapiro	Y.M.C.A.	Y.M.C.A. (N.Z.), Inc. .. ..	..
Kawhia	Wards Hall	Kawhia Picture Co.	1
Kerepehi	Cosy	A. J. Innis	1
Keri Keri	Cathey	Cathey Ltd.	1
Kohu Kohu	Picturedrome	L. Keys, P.O. Box 29	1
Korakunui	Public Hall	L. R. Haytor, Box 201, Hamilton	4
Kati Kati	Cinema	W. Henderson	1
Lawrence	Town Hall	Pleaver and Weatherall, Milton	2
Leeston	Town Hall	N. C. Potter, 1 Titoki Street, Riccarton	1

ROLL OF INDEPENDENT EXHIBITORS AS AT THE 28TH MARCH, 1947—*continued*

Location.	Theatre.	Exhibitor.	Number of Votes Each Licensee Entitled To.
Levin	Regent	United Theatres, Ltd., Box 11, Petone ..	1
Lincoln	Hall	C. E. Ford, 4 The Esplanade, New Brighton ..	2
Little River ..	Triangle	C. E. Ford .. ..	..
Lumsden	Regent	Gore Pictures, Ltd. .. ..	..
Lyttelton	Harbour Lights	Mrs. M. Morse, P.O. Box 15	1
Lake Coleridge ..	Community Hall	R. M. Cridge, 86 Heaton Street, Christchurch	..
Macandrew Bay ..	Public Hall	J. Stone, Dunedin .. ..	..
Maketu	Hall	N. Grafas, Te Puke	2
Mamaku	Regent	J. H. Purcell, P.O. Box 12	2
Manaiia	Town Hall	J. G. and M. M. Aagaard .. ..	..
Mangamuku	Hall	S. R. and W. G. Thompson .. ..	..
Mangaweka	Picture Hall	Mrs. B. A. McKnight .. ..	..
Mangonui	McKays Hall	A. F. Garton, Oruru	2
Manunui	Kings	Imperial Picture Co., Ltd.	3
Mangapehi	Hall	M. R. Spiers .. ..	..
Manurewa	Regent	Modern Theatres (Provincial), Ltd. ..	..
Maraetai	Hall	M. H. Campbell, 12 Mercer Road, Herne Bay, Auckland	1
Martinborough ..	Town Hall	C. P. Cotter	1
Matamata	Regent	Matamata Theatre Co., Ltd., Te Aroha ..	1
Matata	Kings	Kings Picture Co., Ltd. .. ..	..
Matiara	Regent	Gore Pictures, Ltd. .. ..	..
Matiere	Hall	C. G. Wakelin	1
Mangaturoro ..	Public Hall	J. C. Massey	1
Mayfield	Public Hall	C. G. Knight .. ..	..
Methven	Public Hall	C. D. Stone, Methven Pictures	1
Millerton	Peggie's Hall	Stockton Mine Co-operative Association, Ltd.	2
Milton	Coronation	E. N. Strain .. ..	..
Moerewa	Hall	Auckland Farmers' Freezing Co., Ltd., P.O. Box 113, Auckland	1
Mokau	Town Hall	Mrs. G. Terrill	1
Morrinsville	Regent	T. E. Martin, P.O. Box 58	2
Morrinsville	Strand	T. E. Martin, P.O. Box 58 .. ..	..
Mosgiel	Coronation	E. N. Strain .. ..	..
Motueka	Majestic	H. Saunders, P.O. Box 129, Nelson ..	1
Murchison	Public Hall	Murchison Theatre, Ltd.	1
Matakana	Hall	K. H. Lovell .. ..	..
Mapua	Hall	M. J. Lark .. ..	..
Mangakino	Social Hall	Waikato Hydro Recreation and Athletic Association	..
New Brighton ..	New Princess	G. R. Davis	1
Ngauwawhia	Town Hall	G. Calder, P.O. Box 908, Auckland ..	5
Ngatea	Hauraki	Ngatea Picture Co., P.O. Box 47, Paeroa ..	1
Ngongotaha	Public Hall	J. H. Purcell	1
Nightcaps	Coronation	Nightcaps Town Board, P.O. Box 17 ..	1
Norsewood	Town Hall	E. J. Smith, P.O. Box 7	1
Ohawhai	Gaiety	G. G. Sinton and H. F. Guy, P.O. Box 43, Kaikohe	1
Ohai	Public Hall	Ohai Public Hall Association, P.O. Box 27	1
Ohakune	Plaza	H. Thompson	3
Ohakune	Kings	H. Thompson .. ..	..
Ohingaiti	Public Hall	Mrs. B. A. McKnight .. ..	..
Ohura	Plaza	Estate of K. Kallil	1
Okaiwa	Public Hall	J. G. and M. M. Aagaard .. ..	..
Okato	Hempton Hall	J. G. and M. M. Aagaard .. ..	..
Okaihau	Gaiety	Northland Pictures, Ltd. .. ..	..
Omakau	Public Hall	Maitland and Hern .. ..	..

ROLL OF INDEPENDENT EXHIBITORS AS AT THE 28TH MARCH, 1947—continued

Location.	Theatre.	Exhibitor.	Number of Votes Each Licensee Entitled To.
Oparau	Public Hall	Oparau Hall Society, Inc.	1
Opoutane	Talkies	A. Rarere	1
Opunake	Everybody's	Mrs. B. M. Whiting, Domett Street	2
Orepuki	Regent	J. Davies, P.O. Box 21, Tautapere	2
Orini	Public Hall	W. R. A. Mercer .. ..	..
Oruru	Garton's Hall	A. F. Garton .. ..	..
Otahuhu	Gaiety	Otahuhu Enterprises, Ltd.	2
Otahuhu	Orpheus	Otahuhu Enterprises, Ltd. .. ..	..
Otautau	Town Hall	Otautau Picture Co.	1
Otira	Social Hall	Otira Social Hall Committee	1
Outram	Hall	J. Stone .. ..	..
Owaka	Memorial Hall	A. Robertson .. ..	..
Oxford	Town Hall	Oxford Benevolent and Improvement League, Inc.	1
Paekakariki	St. Peter's	Banks Theatres, Ltd., Paraparaumu Beach	3
Paihia	Lancaster's	Messrs. Dyke and Bedgood	1
Papakura	Windsor	Modern Theatres (Provincial), Ltd. .. ..	..
Papakura	Star	A. E. Berry and J. W. G. Wilson	1
Papatoetoe	Central	V. M. Tracey	1
Paraparaumu	Seaside	Banks Theatres, Ltd., Goulds Buildings, Beach Road .. ..	..
Parawera	Public Hall	L. R. Haytor, P.O. Box 201, Hamilton .. ..	..
Patea	Town Hall	Patea Pictures, Ltd., P.O. Box 54, Patea	1
Pieton	Albert Hall	R. G. Dawkins, P.O. Box 19	1
Piripaua	Hall	Y.M.C.A. (N.Z.), Inc. .. ..	..
Plimmerton	Royal	J. A. and E. E. Wilkinson, 19 Argentine Avenue, Miramar	1
Pleasant Point	Town Hall	C. C. Knight .. ..	..
Pongaroa	Town Hall	A. P. Campbell	1
Porongahau	Town Hall	W. Cook	1
Port Chalmers	Laurier	Mrs. M. G. Raines	1
Portland	Hall	Portland Welfare League	1
Pukekohe	Strand	Associated Cinemas, Ltd. .. ..	..
Pukemiro	Miner's Hall	W. R. A. Mercer .. ..	..
Putaruru	Civic	Town Board	1
Pungarehu	Hall	J. G. and M. M. Aagaard .. ..	..
Queenstown	Embassy	G. D. Cockrane	1
Raetihi	Royal	H. Thompson .. ..	..
Rakaia	Town Hall	C. E. Carlton .. ..	..
Rangiora	Regent	Estate of C. H. Haigh, P.O. Box 742, Christchurch	1
Rata	Soldier's Hall	W. J. Barlow, 67 West Street, Feilding	2
Ratana Pa	Picture	Piha Ratahi	1
Raupunga	Kia Ora	J. E. Adsett	1
Rawene	Eclipse	Northland Pictures, Ltd. .. ..	..
Richmond	Hall	H. N. S. Williams	1
Riwaka	Oddfellows	J. A. N. Macauley .. ..	..
Rotowaro	Miner's Hall	W. R. A. Mercer .. ..	..
Roxburgh	Town Hall	Borough Council	1
Ruatoria	Gaiety	W. L. Wheeler, Tokomaru Bay	5
Ruawai	Rialto	P. A. Finlayson	1
Russell	Public Hall	Russell Theatre, Ltd.	1
Raglan	Town Hall	J. H. Meekings, P.O. Box 17, Raglan	1
Riverton	Empire	B. L. Shieb	1
Runanga	Miner's Hall	Runanga State Coal-miner's Industrial Union of Workers	1
Sheffield	Town Hall	G. Cridge .. ..	..
Seacliff	Public Hall	J. Stone .. ..	..

ROLL OF INDEPENDENT EXHIBITORS AS AT THE 28TH MARCH, 1947—continued

Location.	Theatre.	Exhibitor.	Number of Votes Each Licensee Entitled To.
Seargill	Public Hall	Mrs. B. Smellie .. ..	..
Shannon	Renown	Estate of A. E. Hyde	1
Southbridge	Memorial	W. A. Lattimore, 15 Totara Road, Riccarton	1
Stockton	Stockton Hall	Stockton Mine Co-operative Association, Ltd.	1
Stokes Valley	Crown	H. H. Love, Stokes Valley	1
Takaka	Golden Bay	Golden Bay Theatre Syndicate	1
Takapau	Town Hall	J. Sullivan, P. O. Box 53	1
Taradale	Town Hall	Mrs. M. Gumbley .. ..	..
Taumaranui	Regent	Imperial Picture Co., Ltd. .. ..	..
Taumaranui	Kings	Imperial Picture Co., Ltd. .. ..	..
Tawa Flat	Hall	O. S. James, 135 Kamo Road, Whangarei	1
Taupiri	Hall	W. R. A. Mercer .. ..	..
Tangiteroria	Public Hall	H. B. Mansell	2
Te Awamutu	Empire	Te Awamutu Picture Theatre Co., Ltd.	1
Te Awamutu	Regent	Te Awamutu Picture Corporation, Ltd.	1
Te Akau	Hall	R. C. H. Keech .. ..	..
Te Kaha	Hall	W. L. Wheeler .. ..	..
Te Kapo	P.W.D. Hall	C. C. Knight .. ..	..
Te Kao	Hall	Te Kao Motion Picture Committee	1
Te Karaka	Waikohu Hall	E. F. Krause	1
Te Kauwhata	Memorial	H. G. Ogles	1
Te Kohanga	Recreation Club	Te Kohanga Recreation Club	1
Te Kopuru	Hall	Te Kopuru Animated Picture Co., Ltd.	1
Temuka	Elite	South Canterbury Picture Co., Ltd.	1
Te Papa	Rex	D. A. Turner	1
Te Puko	Capitol	N. Grafas .. ..	..
Te Teko	Hall	King's Picture Co., Ltd. .. ..	..
Tikitiki	Hall	J. L. Coats	1
Tikotangi	Public Hall	V. F. and C. S. Scanlan .. ..	..
Tirau	Public Hall	E. W. Jordan	1
Tokomaru Bay	Gaiety	W. L. Wheeler .. ..	..
Tokaanu	Hurley's Hall	B. Phillips, Taumaranui	2
Tolaga Bay	Reynold's	W. L. Wheeler .. ..	..
Trentham	Y.M.C.A.	Y.M.C.A. (N.Z.), Inc. .. ..	..
Tuai	Hall	J. G. Tennant, care of R. Eban	1
Tuakau	Memorial	G. Calder .. ..	..
Tuatapere	Britonia	J. Davies .. ..	..
Turua	Public Hall	H. Hamilton and Jennings, P.O. Box 47, Paeroa	1
Tokoroa	Reg. Walsh Building	W. R. Caldwell, 76 Wellington Street, Hamilton East .. ..	..
Upper Hutt	Mayfair	Mayfair Theatre Co., Ltd.	2
Upper Hutt	Majestic	Mayfair Theatre Co., Ltd. .. ..	..
Urenui	Town Hall	V. F. and C. S. Scanlan .. ..	..
Ahipara	Public Hall	S. R. and W. G. Thompson .. ..	..
Waikari	Public Hall	J. O. Arres, Waikari .. ..	..
Waharoa	Public Hall	Waharoa Public Hall Trustees	1
Waiau	Public Hall	Mrs. B. Smellie .. ..	..
Waiheke Island	Public Hall	R. A. G. Wright, Oneroa	1
Waihi	Academy	G. Calder .. ..	..
Waihi	Miner's Hall	G. Calder .. ..	..
Waihi Beach	Meikle's Hall	Mrs. E. M. Meikle, Waikino	1
Waikouaiti	Public Hall	J. Stone .. ..	..
Waimana	Hall	King's Picture Co., Ltd. .. ..	..
Waipawa	Municipal	F. Ganderton, P.O. Box 16, Waipukurau	2
Waikanae	Hall	Banks Theatre, Ltd. .. ..	..
Waikowhai	Miner's Hall	W. R. A. Mercer .. ..	..

ROLL OF INDEPENDENT EXHIBITORS AS AT THE 28TH MARCH, 1947—*continued*

Location.	Theatre.	Exhibitor.	Number of Votes Each Licensee Entitled To.
Waipiro Bay ..	Gaiety ..	W. L. Wheeler ..	..
Waipiro Falls ..	Power Station ..	J. Stone ..	..
Waipukurau ..	Municipal ..	F. Ganderton ..	..
Waitahuna ..	Brown's Hall ..	Pleaver and Weatherall ..	..
Waitara ..	Royal ..	Waitara Theatre Co., Ltd. ..	1
Waitati ..	Public Hall ..	J. Stone ..	..
Waitoki ..	Hall ..	Stevens Bros. Hall Syndicate, Kaukapakapa ..	1
Waiuku ..	Lyceum ..	G. Calder ..	..
Wakefield ..	Hall ..	M. J. Lark, Farnham, Blenheim ..	3
Wallsend ..	Majestic ..	F. Galletly, Gibson Street, Ross ..	3
Warkworth ..	Town Hall ..	Conroy Pictures, Ltd. ...	1
Waverley ..	Town Hall ..	Mrs. C. V. B. Haddow, Box 54, Patea ..	1
Wellington ..	Tivoli ..	Tivoli Investments, Ltd., P.O. Box 450 ..	1
Wellington ..	St. Francis ..	Father T. F. Connolly ..	1
Woodville ..	Cosy Theatre ..	N. K. Chapman ..	..
Wellington Suburbs—			
Island Bay ..	Empire ..	Empire Theatre Co., Ltd., P.O. Box 1651, Wellington ..	1
Brooklyn ..	Vogue ..	E. Ranish ..	1
Johnsonville ..	Empress ..	H. F. Lamb ..	1
Khandallah ..	Town Hall ..	L. R. Vinsen, 12 Khauri Street, Miramar ..	1
Newtown ..	Rivoli ..	Scala Theatres, Ltd., Box 1651 ..	1
Newtown ..	Ascot ..	South Wellington Picture and Investment Co., Ltd., Box 1617 ..	1
Ngaio ..	Town Hall ..	S. E. Vinsen, 25 Bourke Street, Kilbirnie ..	1
Wellington ..	Paramount ..	G. L. Johnston ..	2
Wellington ..	Roxy ..	G. L. Johnston ..	..
Waimangaroa ..	Hall ..	Waimangaroa Co-operative Society, Ltd. ..	1
Waitomo Caves ..	Public Hall ..	L. R. Haytor, Box 201, Hamilton ..	..
Wellsford ..	Settler's Hall ..	Wellsford Theatres, Ltd., P.O. Box 12 ..	1
Whitianga ..	Atheneum ..	J. H. Keith, Box 94, Paeroa ..	1
Winton ..	Royal ..	Miss G. Horner ..	1
Whakatiwai ..	Public Hall ..	W. R. A. Mercer ..	..
Waiwera ..	Gaiety ..	K. H. Lovell ..	1
Westshore ..	Public Hall ..	M. R. Steed ..	..
Aramoho ..	Duchess ..	Duchess Theatre, Ltd., P.O. Box 29, Wanganui ..	1
Waiutu ..	Miners' Hall ..	W. W. Brett ..	1
Wyndham ..	Town Hall ..	Burns Bros. ..	2
Whatatutu ..	Whatatutu ..	H. G. Martin ..	1

LIST OF CIRCUITS

Exhibitor.	Theatre.	Town.	Number of Votes.
V. F. and C. S. M. Scanlan, Mahoe Street, Inglewood	Public Hall ..	Midhurst ..	..
	Public Hall ..	Toko ..	..
	Public Hall ..	Douglas ..	..
	Hall ..	Korito ..	..
	Public Hall ..	Whangamomona ..	..
	Public Hall ..	Pukearuhe ..	..
	Public Hall ..	Uruti ..	..
	Public Hall ..	Tangaporutu ..	..
	Hall ..	Tarata ..	..
	Hall ..	Lepperton ..	..

LIST OF CIRCUITS—continued

Exhibitor.	Theatre.	Town.	Number of Votes.
W. J. Barlow, 67 West Street, Feilding	Apiti Hall	Apiti .. ..	..
	Halcombe Hall	Halcombe .. ..	..
	Town Hall	Turakina .. ..	..
	Town Hall	Rangiwahia .. ..	..
	Hall	Kimbolton .. ..	..
Burns Bros., Wyndham	Town Hall	Edendale .. ..	..
	Public Hall	Fortrose .. ..	..
Butel Bros., Mataura	Public Hall	Balfour	2
	Masonic Hall	Waikaia .. ..	..
	Drill Hall	Riversdale .. ..	..
	Public Hall	Tapanui .. ..	..
	Public Hall	Waikaka .. ..	..
	Public Hall	Heriot .. ..	..
	Public Hall	Drummond .. ..	..
	Public Hall	Dipton .. ..	..
	Public Hall	Mossburn .. ..	..
	Pizzey's Hall	Athol .. ..	..
G. I. Cook, 7 Lynn Street, Oamaru	Public Hall	Dunroon	2
	Victory	Kurow .. ..	..
	Public Hall	Herbert .. ..	..
	Public Hall	Tokarahi .. ..	..
	Public Hall	Maheno .. ..	..
	Public Hall	Hampden .. ..	..
	Public Hall	Ngapara .. ..	..
	Public Hall	Makikihi .. ..	..
	Coronation Hall	Palmerston .. ..	..
	Memorial Hall	Hari Hari .. ..	..
F. Galletly, Gibson Street, Ross ..	Public Hall	Ahaura .. ..	..
	Public Hall	Wataroa .. ..	..
	Public Hall	Ikamatua .. ..	..
	Jack's Hall	Kotuku .. ..	..
	Memorial Hall	Kumara .. ..	..
	Town Hall	Ross .. ..	..
	Hall	Moana .. ..	..
F. R. Hull, Plimmerton	Hall	Porirua	1
	Hall	Titahi Bay .. ..	..
	Hall	Hikutaia	2
H. A. Hamilton, P.O. Box 47, Paeroa	Public Hall	Te Hoe .. ..	..
	Public Hall	Tahuna .. ..	..
	Public Hall	Walton .. ..	..
	Public Hall	Waikino .. ..	..
	Public Hall	Waitakaruru .. ..	..
	Public Hall	Patetonga .. ..	..
	Public Hall	Wairimu .. ..	..
B. Phillips, Taupo Road, Tau- maranui	Town Hall	Owhango .. ..	..
	Town Hall	Kakahi .. ..	..
	Crumps Hall	Ongarue .. ..	..
	Hall	Waimiha .. ..	..
	Hall	Taurewa .. ..	..
	Hall	Middlemarch .. ..	..
W. Hull, Alexandra	Public Hall	Ranfurly .. ..	..
	Public Hall	Millers Flat .. ..	..
	Public Hall	Pukehina .. ..	..
	County Hall	Taneatua .. ..	..
M. J. Lark, Farnham, Blenheim	Native Hall	Rotoitoi .. ..	..
	Hall	Renwicktown .. ..	..
	Hall	Canvastown .. ..	..
	Town Hall	Havelock .. ..	..
	Town Hall	Seddon .. ..	..
	Town Hall	Ward .. ..	..
	Linkwater Hall	Mahakipawa .. ..	..
	Public Hall	Mapua .. ..	..
	Carlake Hall	Rai Valley .. ..	..

LIST OF CIRCUITS—continued

Exhibitor.	Theatre.	Town.	Number of Votes.
R. C. Needham, West Street, Pukekohe	Public Hall	Maungatawhiri	1
	Public Hall	Pollok	..
	Public Hall	Mercer	..
	Public Hall	Waerenga	..
	Public Hall	Patamahoe	..
P. H. Owens, 84 Wellington Street, Hamilton	Public Hall	Opuatia	..
	Mahoenui Hall	Mahoenui	1
	Town Hall	Pio Pio	..
	Town Hall	Aria	..
	Public Hall	Te Kawa	..
J. E. Skeen, Taupo ..	Public Hall	Waitoa	..
	Majestic	Taupo	1
	Public Hall	Reporoa	..
	Public Hall	Te Whaiti	..
E. H. N. King ..	Public Hall	Murupara	..
	Public Hall	Kaingaroa	1
	Public Hall	Ngakuru	..
	Public Hall	Waiohau	..
Mrs. B. Whiting, Domett Street, Opunake	Public Hall	Waitotara	1
	Public Hall	Rahotu	..
	Public Hall	Whatawhata	1
W. R. Caldwell, 76 Wellington Street, Hamilton	Memorial Hall	Tokoroa	..
	Te Pahu	Te Pahu	..
	Hall	Gordonton	..
	Hall	Tauwhare	..
	Memorial Hall	Ohaupo	..
N. A. Letts, Waiotemarama ..	Whirinaki Hall	Whirinaki	1
	Opononi Hall	Opononi	..
L. R. Haytor, P.O. Box 201, Hamilton	Hall	Pirongia	..
M. F. Howard, Oxford Street, Levin	Hall	Tokomaru	1
	Hall	Rongotea	..
	Hall	Tangimoana	..
J. S. Henderson, Mangapehi ..	Hall	Kumeu	1
	Hall	Waimauku	..
	Hall	Riverhead	..
	Hall	Silverdale	..
	Hall	Clevedon	..
W. R. A. Mercer, Ngaurawahia ..	Hall	Pokeno	..
H. B. Mansell, Tangiteroria ..	Hall	Parakao	..
	Hall	Waiotira	..
W. Hull, Alexandra ..	Public Hall	Lauder	2
	Public Hall	Tarras	..
	Public Hall	Wanaka	..
	Town Hall	Naseby	..

SCHEDULE 4—THE CINEMATOGRAPH FILMS (ISSUE OF EXHIBITORS' LICENCES)
REGULATIONS, 1937

Enacting authority: His Excellency the Governor-General in Council.

Date on which the regulations were made: 10th day of June, 1937.

Date of notification in *Gazette*: 17th day of June, 1937.

IN pursuance and exercise of the power and authority conferred upon him by section 26 of the Board of Trade Act, 1919, the Cinematograph Films Act, 1928, and section 13 of the Cinematograph Films Amendment Act, 1934, and of every other power and authority enabling him in this behalf, His Excellency the Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council, doth hereby, on the recommendation of the Minister of Industries and Commerce, revoke the Board of Trade (Cinematograph Films) Regulations, 1935, published in the *New Zealand Gazette*, 1935, Vol. I, page 1025, and doth make the following regulations relating to the regulation and control of the exhibition of cinematograph films.

REGULATIONS

1. These regulations may be cited as the Cinematograph Films (Issue of Exhibitors' Licences) Regulations, 1937, and shall come into force on the date following the publication hereof in the *Gazette*.

2. In these regulations, if not inconsistent with the context,—

“Licensing officer” means the officer appointed to receive applications for and to issue Exhibitors' Licences under the Cinematograph Films Act, 1928:

“Theatre” means a cinematograph theatre as defined in the Cinematograph Films (Storage, Exhibition, and Renting) Regulations, 1929.*

3. If in any locality there are one or more theatres where public exhibitions of films are given by an exhibitor or exhibitors licensed under the Cinematograph Films Act, 1928, and an application is received by the licensing officer for licence for an additional theatre, or for an increase in the number of seats in any existing licensed theatre, which increase involves a structural alteration to the building, or an increase in the number of nights per week on which exhibitions of film are licensed to take place the licensing officer may refuse to issue such licence where he is satisfied:—

(a) That the existing theatre or theatres provide adequately for the requirements of the locality having regard to the entertainment value and date of release of the films exhibited, the seating accommodation and general amenities provided, the number of nights per week on which exhibitions are given, the prices charged for admission, and any other relevant considerations affecting the public interest; or

(b) That in view of the conditions existing in the industry or the limited number of films of reasonable exhibition value obtainable in the market, the granting of further licences in the locality or the licensing of additional seating accommodation or of exhibition on additional nights would cause undue hardship to such existing licensed exhibitor or exhibitors or would result in unreasonable economic waste.

4. If any application is received by the licensing officer for a licence for an existing licensed theatre from any person other than the existing holder, or, in the case of an expired licence, the previous holder, he may refuse to issue such licence where he is satisfied that the issue would involve an unreasonable hardship on such existing or previous holder, or where in his opinion the issue is not in the public interest, having regard to the conditions existing in the industry.

5. Every exhibitor's licence issued under the Cinematograph Films Act, 1928, shall, for the purposes of these regulations, be deemed to involve an obligation on the licensed exhibitor to carry out exhibitions of films on the number of nights set out in the licence. In the event of failure by any licensed exhibitor to carry out such exhibitions the licensing officer may, on the expiration of the existing licence, refuse to issue a further licence, or may issue a further licence in accordance with the normal practice of the exhibitor during the six months preceding the application for such licence.

6. Where the licensing officer is satisfied that in any licensed theatre the conditions existing with respect to—(i) The quality or date of release of the films exhibited or of the films which the licensee has contracted to exhibit; or (ii) the nature of the seating or general conditions or amenities of the theatre; or (iii) the standard of projection and sound reproduction provided; or (iv) the prices charged for admission to the theatre—do not provide adequately for the requirements of the locality with regard to public entertainment, he may require the licensed exhibitor to improve such conditions to any standard deemed necessary by him, and in default of compliance with such requisition he may on expiration of the existing licence refuse to issue a further licence in respect of that theatre.

7. Every applicant for a licence under the Cinematograph Films Act, 1928, in respect of whose application an investigation into the matters referred to in these regulations is deemed necessary by the licensing officer shall, on requisition by the licensing officer, issued at or subsequent to the date of application, pay an application fee in accordance with the scale set out below:—

(a) Where the application refers to a theatre to be used for first-run exhibition in the cities of Auckland, Wellington, Christchurch, or Dunedin, £25:

(b) Where the application refers to a theatre to be used for exhibitions on six nights per week in a city other than those set out in paragraph (a) of this clause or in a borough having a population exceeding 10,000, £15:

(c) In the case of any other application, £10.

8. Every application for an exhibitor's licence under the Cinematograph Films Act, 1928, received prior to the date of these regulations and in respect of which a licence has not yet been issued shall be deemed to be subject to the conditions contained in these regulations.

**SCHEDULE 5—THE CINEMATOGRAPH FILMS (ISSUE OF EXHIBITORS' LICENCES)
REGULATIONS 1937, AMENDMENT No. 1**

GALWAY, Governor-General

ORDER IN COUNCIL

At the Government Buildings at Wellington, this 11th day of May, 1938
Present :

THE RIGHT HON. M. J. SAVAGE PRESIDING IN COUNCIL

PURSUANT to the Board of Trade Act, 1919, the Cinematograph Films Act, 1928, and section 13 of the Cinematograph Films Amendment Act, 1934, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, doth hereby on the recommendation of the Minister of Industries and Commerce, make the following regulations.

REGULATIONS

1. These regulations may be cited as the Cinematograph Films (Issue of Exhibitors' Licences) Regulations 1937, Amendment No. 1.

2. These regulations shall come into force on the date following notification hereof in the *Gazette*.*

3. In these regulations unless inconsistent with the context—

“Exhibition area” in respect of any licensed premises means any area in which such premises are situate and which is from time to time for the time being generally recognized by persons engaged in the trade of hiring and exhibiting cinematograph film as constituting a single locality so as to produce the result that if film has at any time been publicly exhibited anywhere in that area it is no longer regarded as first-run film when exhibited anywhere else in that area :

“First-run film” in respect of any exhibition area means hired film which has not previously been publicly exhibited in that exhibition area :

“First-price film” means film which is for the time being offered for hire by any renter at the highest price which he is charging for the hire of film ; “second-price film” means film which is for the time being offered for hire by any renter at the next to highest price which he is charging for the hire of film : and “third-price film” means all film offered for hire which is not “first-price film” or “second-price film” :

“Separate film” means a length of film in respect of which a separate approval has been given by the Censor or on appeal from the Censor.

4. Notwithstanding anything contained in the Cinematograph Films (Storage Exhibition and Renting) Regulations 1929,* any exhibitor's licence hereafter issued under the Cinematograph Films Act, 1928, may contain a condition specifying the maximum quantity or proportion of first-run film or number of separate first-run films or (in either case) of first-run film being first-price film, second-price film, or third-price film respectively that may during the currency of the licence be exhibited pursuant to the licence or may specify that no first-run film or no first-run film being first-price film or second-price film or either may be so exhibited.

5. In any exhibitor's licence hereafter issued for any premises first licensed prior to the 1st day of October, 1937, the said condition relating to first-run film shall be in accordance with the practice of those premises with respect to the quantity and number of first-run films exhibited during the two years immediately prior to that date, or during the period of licence if less than two years.

6. In any exhibitor's licence hereafter issued for any premises first licensed on or after the 1st day of October, 1937, the said condition relating to first-run film shall be in such terms as the Licensing Officer thinks proper.

7. Any exhibitor's licence current at the coming into force of these regulations may be amended by the Licensing Officer of his own motion by adding thereto a condition relating to first-run film in the same terms as might be inserted pursuant to the preceding provisions of these regulations in any exhibitor's licence hereafter issued.

8. Any application for amendment of the condition in any licence relating to first-run film may be declined by the Licensing Officer where he is satisfied that in view of the conditions existing in the industry or the limited number of films of reasonable exhibition-value obtainable in the market such amendment would cause undue hardship to any person already holding a licence in respect of premises in the neighbourhood or would result in excessive economic waste.

C. A. JEFFERY,

Clerk of the Executive Council.

* *Gazette*, 23rd September, 1929, Vol. III, page 2519.

SCHEDULE 6—DEPARTMENTAL LETTER APPROVING FORMATION OF FILM INDUSTRY BOARD

27th October, 1938.

Sir Victor Wilson,
President,

Motion Picture Distributors' Association of Australia,
Care of Waterloo Hotel,
Wellington.

DEAR SIR VICTOR,—

PROPOSALS FOR THE FORMATION OF A TRADE COMMITTEE FOR THE MOTION PICTURE INDUSTRY

In reply to your letter of 26th instant, I have to advise that the subject matter of this letter, and the preliminary agreement for the formation of the Trade Committee, which has now been signed by representatives of both exhibitors and renters, have been given very careful consideration. I am now directed by the Hon. Minister of Internal Affairs, with the concurrence of his colleague, the Hon. Minister of Industries and Commerce, whose Department is mainly responsible for the enforcement of the licensing regulations, to inform you as follows:—

- (1) The Government welcomes the formation of a Trade Committee to deal internally with matters affecting the industry. It is considered that this will simplify the process of rationalization of the business and will, to some extent at any rate, avoid the necessity for any further Government control of an industry which is admittedly of a complex character.
- (2) The Government will be pleased to consider any representations made by this committee, when set up, on matters affecting either the industry generally or any particular section of it.
- (3) The Minister of Internal Affairs will approve of any modifications of the Standard Contract which are necessary to enable the proposed Trade Committee to function as an arbitration tribunal with respect to film-hiring contracts.
- (4) The Government will give further consideration to the proposal that the Trade Committee should function as a body representative of the trade to advise the Government on matters referred to it, if it is considered as a result of experience that the committee is likely to function effectively for this purpose.
- (5) It is desired as a condition of approval that arrangements should be made for the appointment to the Trade Committee of representatives of the Departments of Internal Affairs and Industries and Commerce, such representatives to act as observers and have powers of discussion but not of voting.
- (6) It is considered that in the meantime at any rate, the Committee could function satisfactorily without specific statutory authority. The question of giving it a constitution under the Cinematograph Films Act will be considered at a later date should events determine that this procedure is desirable.
- (7) It is suggested for the consideration of your Association that it is unlikely that the proposed Trade Committee will function successfully unless the representatives of both exhibitors and renters on the Committee are empowered to carry out their functions without any restrictions being placed on their freedom of action.

I am also directed to state for the information of your Association that the assurance contained in your letter under reply with respect to film supplies has been accepted at its face value only in view of the explanation given with respect to the personal difficulties under which you were operating and the absence in Melbourne of a number of members of your Association—these facts making an unqualified assurance impracticable.

I am instructed to make special reference to this matter in consequence of the fact that the members of your Association have on several occasions by concerted action disturbed the normal procedure with respect to the making of film hiring contracts, at times when legislation affecting the film industry was either proposed or, as in the present case, had been completed. The self-evident purpose of this action is to force the hand of the Government by bringing pressure to bear through the New Zealand exhibitors. As intimated in my letter of yesterday's date, the New Zealand Government is not prepared to discuss any proposals with any section of the industry under conditions of duress of this character.

I am further directed to convey to yourself and the industry generally the best wishes of both Ministers concerned in the administration of the controlling legislation in New Zealand, and to express the hope that the formation of the proposed Trade Committee will result in more harmonious relations between the two sections of the industry than has existed previously.

Yours faithfully,

(Sgd.) R. GIRLING-BUTCHER,
Chief Inspector of Films.

SCHEDULE 7—AGREEMENT SETTING UP THE FILM INDUSTRY BOARD

AN AGREEMENT made this 8th day of June, one thousand nine hundred and thirty-nine, between New Zealand Motion Picture Exhibitors Association Incorporated a Society incorporated under the Incorporated Societies Act 1908 and having its registered office in the City of Wellington and the Film Exhibitors Association Incorporated a Society incorporated under the said Act and having its registered office in the City of Auckland (the two Societies before named being hereinafter referred to as "The Exhibitors Associations") of the one part and The Film Exchanges Association of New Zealand Incorporated a Society duly incorporated under the said Act and having its registered office in the City of Wellington (hereinafter referred to as "the Exchanges Association") of the other part:

Whereas the Members of the Exchanges Association are corporate bodies carrying on separately in New Zealand the business of film renters or distributors of cinematograph films and comprise nearly all the persons or corporate bodies engaged in such business in New Zealand And whereas the members of the Exhibitors Associations are persons or corporate bodies who hire the said films from the Renters or distributors for exhibition in New Zealand and constitute in the aggregate all or nearly all of the persons or corporate bodies engaged in the business of exhibitors of such films And whereas the business carried on as aforesaid by the members of the Exhibitors Associations on the one hand and the Members of the Exchanges Association on the other hand are to a large extent interdependent as constituting the one industry and matters of common interest to both sides of the said industry are frequently arising not only as between individual members or groups of members of the said respective organizations but also as between the general body of members of all such organizations and outside authorities And whereas there is a general desire on the part of the members of all the said organizations for co-operation between the two sides of the industry with regard to such matters in order to bring about a degree of voluntary regulation of the domestic affairs of the industry and to afford a means of promoting and safeguarding the common interests of the industry And whereas the Exhibitors Associations as representing the said exhibitors and the Exchanges Association as representing the said renters have after consultation between themselves agreed upon the setting up of a Board of Internal Control within the said industry having equal representation from both sides thereof and in the course of their negotiations in the matter have disclosed the whole of their proposals to the Government Authorities which are concerned with the administration of the various statutes and regulations affecting the said industry with the intention that the said Board of Internal Control should be constituted not only with the knowledge and approval of the said Authorities but on such a basis that such Board will obtain the recognition of the said Authorities And whereas it is expedient that these presents should be entered into for the purpose of setting out the constitution and functions of the said Board Now therefore it is agreed by and between the parties hereto as follows—

(1) There is hereby constituted a Board of Internal Control (hereinafter referred to as "The Board") in respect of the industry carried on in New Zealand for the distribution and exhibition of cinematograph films and the Board shall consist of nine persons of whom four shall be appointed by the Exhibitors Associations as they may mutually agree and four by the Exchanges Association and the parties mutually agree to make such appointments and to maintain their full respective representation on the Board by filling any vacancies as they arise from time to time. The Board may continue to function notwithstanding any casual vacancy. The remaining member who shall be a Stipendiary Magistrate or retired Magistrate and Chairman of the Board, shall be appointed by the Minister of Internal Affairs. Each party hereto undertakes to notify the Minister of Internal Affairs within six weeks from the date of signing of this Agreement the name of its appointees to the Board and upon the appointment of a Chairman by the said Minister the Board shall be deemed to be constituted.

(2) The functions of the Board shall be—

- (a) To act as a tribunal for the settlement of disputes arising out of the contractual relationships between renters and exhibitors,
- (b) To act as an advisory body on matters touching the welfare of the said industry,
- (c) To consider any matter referred to it by the Minister of Internal Affairs or other Government Authority,
- (d) To arbitrate on any question submitted to it by the voluntary agreement of the parties to a dispute within the industry.

(3) Upon the death, resignation, absence from New Zealand or incapacity to act of any member of the Board (apart from the Chairman) the Association or Associations which appointed such member shall appoint another person in his place and stead. Any appointment of a member of the Board (apart from the Chairman) may be revoked at any time by the Association or Associations which made the appointment and upon such revocation or upon any other vacancy such Association or Associations shall appoint another member in place of the one whose position has become vacant. The Minister of Internal Affairs shall have the like powers with regard to the Chairman.

(4) The members of the Board may meet together for the despatch of business, adjust or otherwise regulate their meetings and proceedings as they think fit and may appoint any person to act as Secretary on such terms as they think fit. Any remuneration attached to the office of Secretary and any expense incurred in connection with the carrying out of the duties of the Board shall be defrayed as to one half by the Exchanges Association and as to the other half by the Exhibitors Associations.

(5) At all meetings of the Board representatives of the Departments of Industries and Commerce and Internal Affairs shall be entitled to be present to act as observers with the right to take part in all discussions but not to exercise any vote. Notices of all meetings of the Board shall be given to the said Departments accordingly to enable such representatives to be appointed from time to time.

(6) A meeting of the Board may be called at any time by the Chairman and shall be called at any time by the Secretary on the request in writing of any two members of the Board.

(7) Any resolution proposed at any meeting of the Board (other than in respect of questions submitted to the Board as an arbitration tribunal) shall be deemed to be carried if there be recorded not more than one dissentient vote of the members of the Board other than the Chairman. The quorum necessary for the transaction of business shall be seven members apart from the Chairman and in the event of any Member of the Board being unable to attend a meeting he shall appoint in writing a substitute for that particular meeting, such substitute to be entitled to exercise the full rights of a member for the time being. If at any meeting the quorum necessary shall not be present within thirty minutes after the time appointed the Chairman may adjourn the meeting to such time not earlier than twentyfour hours, and place as he may deem fit and at the adjourned meeting the members then present shall form a quorum for the transaction of business at such adjourned meeting, and any resolution shall be deemed to be carried if there be not more than one dissentient vote recorded.

(8) (a) On any dispute coming before the Board to be dealt with pursuant to its arbitration functions, the same shall be dealt with in the first instance by the Board either as a whole or through a standing committee or a committee *ad hoc* (the Chairman of the Board to be a member of and the Chairman of any such Committee) with the object of endeavouring by conciliation to bring about an amicable settlement between the parties. In the event of the Board being unable to bring about such a settlement the dispute shall thereupon be referred for final determination to two arbitrators and an umpire, each party to the dispute having the right to appoint one arbitrator whether a member of the Board or not and the Chairman of the Board to act as the umpire and to sit with the arbitrators on the hearing of the dispute. Subject to the provisions of the next succeeding paragraph hereof, the arbitration shall be conducted in all respects as a submission to arbitration under the Arbitration Act, 1908, and the Board may before the arbitrators enter upon the reference require the parties to prepare a formal statement of the questions to be decided by the arbitrators. Any party to a dispute shall have the right to appear before the Board and before the arbitrators by counsel.

(b) The Board may from time to time formulate rules of procedure for the conduct of proceedings under this clause and in the event of the Board failing to resolve upon such rules the Chairman may formulate the same in any case or generally as he sees fit and any such rules shall govern such proceedings.

(c) For the purposes of this clause a meeting of the Board attended by six members (inclusive of the Chairman) shall be deemed to be validly constituted and shall be competent to pass resolutions by a majority of the votes of the persons present, for which purpose the Chairman shall have a deliberative as well as a casting vote. Provided that if at any meeting the quorum shall not be present within thirty minutes after the time appointed the Chairman may adjourn the meeting to such time not earlier than twentyfour hours and place as he may deem fit and at the adjourned meeting the members then present shall form a quorum for the transaction of business at such adjourned meeting.

(9) Whereas a standard form of film renting contract approved by the Minister of Internal Affairs pursuant to Section 10 of the Cinematograph Films Amendment Act 1934 is in operation in the said Industry and such standard contract makes provision for the submission to arbitration of certain matters arising out of a contract existing between a renter and an exhibitor; And whereas it is the intention of the parties not only that all such submissions to arbitration should be deemed to be references to the Board for the purpose of the exercise of the Board's arbitration functions as hereinafter set out but also that the provisions of the said standard form of film renting contract should be extended so as to provide that all disputes of whatsoever nature arising under any film renting contract shall be disposed of by arbitration on a reference to the Board in matter aforesaid NOW Therefore the parties expressly agree that a formal request shall be made to the said Minister for the variation of the said standard form of film renting contract accordingly and the execution of these presents by the said parties shall be deemed to be a joint application to the said Minister for his approval to such variation.

(10) It is further declared as one of the intentions of the parties that the Board shall function as a body representative of the said industry for the purpose of advising the said Minister or other Government Authority on matters arising in respect of the administration of the Cinematograph Films Act 1928 and its amendments or other statutory enactments affecting the industry and the parties agree that the Board shall have power to act accordingly if and whenever the said Minister or other Government Authority refers any matter or matters to the Board for such advice AND the parties further agree that the Board shall have authority to make such representations to the Minister from time to time as it thinks fit either for the securing of statutory recognition of its functions as an advisory body accordingly or for the holding in abeyance of the functions of the Advisory Committee referred to in Section 41 of the said Act whilst the Board remains in existence.

(11) This agreement shall be deemed to operate in the first instance for a period of five years from the date hereof and in the event of neither of the parties having at least six calendar months before the expiry of that period signified in writing to the other party its desire that the same should terminate at the end of the said period of five years shall continue thereafter until terminated by at least six calendar months' notice given by either party to the other.

(12) And lastly it is hereby declared and agreed that all the parties hereto shall maintain the principle of regulation and control of licensing of theatres.

As witness the hands of the parties hereto the day and year first above written.

N.Z. Motion Picture Exhibitors Association (Inc.).

Film Exhibitors Association (Inc.).

Film Exchanges Association of N.Z. (Inc.).

SCHEDULE 8—PROPOSALS OF THE FILM INDUSTRY BOARD FOR THE REVISION OF THE LEGISLATION RELATING TO THE LICENSING OF MOTION-PICTURE THEATRES

1. There should be a licensing tribunal located in Wellington.

2. (a) That a tribunal be appointed comprising a departmental officer, being a Government nominee, as Chairman, and two persons having no financial investment in or being on the pay-roll of the industry.

(b) That the procedure for the appointment of the two pay-members of the licensing tribunal be that the Motion Picture Distributors' Association, Motion Picture Exhibitors' Association, and the Independent Cinemas Association submit a panel of names to the Film Industry Board: trade members only of the Board select a panel of four names for submission to the Minister and the Minister appoint the two members who, associated with the Government employee representative as Chairman, would constitute the licensing tribunal.

3. That there be three trade experts appointed to advise the tribunal, but without voting-power—one to represent the Motion Picture Distributors' Association, one the Motion Picture Exhibitors' Association, and one the Independent Cinemas' Association.

4. There should be a right of appeal by way of rehearing from a decision of the tribunal, and the appeal authority should be an individual Judge or a Magistrate.

5. The right of appeal should be available to either—

(1) A dissatisfied applicant: or

(2) Any persons properly concerned and materially affected by the decision.

6. The functions of the tribunal, in addition to the consideration of applications for licences, transfers of licences, or variations in respect of the conditions of licences, should include the review of licences, authority to impose conditions, and consideration of all matters affecting the conduct of theatres, observance of number of screenings weekly in accordance with conditions of licences, the standard of entertainment, adequacy, quality, and age of films exhibited, and amenities of theatres in so far as they affect the public interest or welfare of the industry generally, and with power to issue requisitions, as necessary, to give effect to the foregoing, and authority to revoke licences during the currency of them in the event of default of the licensee.

7. The tribunal may, in conveying its decision on any application, attach such conditions thereto as it deems necessary, and may indicate that no further application should be considered for that locality for a specified period, which period could be subject to review at any time by the tribunal.

8. The tribunal should be required to give reasons for any decision given in respect of every application.

9. Provision should be made for decisions of the tribunal to be subject to revocation or variation at any time if the applicant or licensee fails to give effect to the decision of the tribunal within a specified period.

10. The regulations should provide for form of application to be completed by every applicant for a new licence, such form to tell the complete story, such as reasons why the new licence is considered necessary, approximate distance of proposed new theatre from the nearest theatres, the approximate number of people the new theatre will serve, transport facilities available, the estimated cost of building and equipping the proposed theatre, the financial position of the applicant, both in respect of theatre construction and operation, proposed screening policy and admission charges, applicant's experience and general suitability. Provision should also be made for the application to show that it is in conformity with the requirements of the town-planning authorities if in respect of a town-planned area, and, except with the approval of the tribunal, every application should be for a definite site in respect of which the applicant holds either an option or title, except where town-planning requirements are involved.

11. No licence shall be transferred or varied in terms without the authority of the tribunal, and all transfers and variations shall be the subject of application to the tribunal, and the tribunal may, at its discretion, require all or any part of the information as that called for in an application for a new licence, and may review the financial consideration involved in the conditions of transfer.

12. On the tribunal being satisfied that the information supplied by the applicant warrants the application being fully considered prior to dealing with it, the application should be advertised as directed by the tribunal, allowing not less than fourteen days after publication for persons directly or indirectly affected to submit objections and/or representations in respect of it. Subject to regulations made under this Act, the tribunal may from time to time make rules for regulating its procedure.

13. Provision to be made to enable the tribunal to determine if a new licensee is, in fact, justified on the representation of either—

- (a) The Film Industry Board.
- (b) The administering Department.
- (c) The territorial local authority.
- (d) The Housing Department.

14. New licences should only be issued after consideration of the following matters: Whether—

- (a) A new licence is justified by the considerations involved in the existing regulations. (See Regulation 3 (a) and (b) of the Cinematograph Films (Issue of Exhibitors' Licences) Regulations 1937.)
- (b) The theatre is located in town-planning lines so as to provide the best service possible for the residents of the district.
- (c) The theatre be of such seating capacity and design to serve future requirements for a reasonable period and whether its amenities and equipment are adequate for the particular locality.

15. Provision to be made for disputes as between landlord and tenant for a renewal of tenancy to be settled by the licensing tribunal on the lines of the Landlords and Tenants' Act, 1936, in England.

16. Present licensing system to be amended to provide for the issue of permanent licences in lieu of the annual ones now operating.

17. For the purpose of enabling it to carry out its duties and functions, the tribunal should have all the powers of Commission under the Commissions of Inquiry Act, 1908.

SCHEDULE 9—LANDLORDS AND TENANTS ACT, 1927 (ENGLAND)

The head note to the above Act is as follows: "An Act to Provide for the Payment of Compensation for Improvements and Goodwill to Tenants of Premises Used for Business Purposes or the Grant of a new Lease in Lieu Thereof and to Amend the Law of Landlord and Tenant."

The first portion of the Act deals with compensation for improvements or goodwill on the termination of tenancies of business premises.

Under sections 1 and 2, the tenant's right to compensation for improvements is set out. Generally speaking, the tenant is entitled to compensation for improvements effected during the tenancy unless the landlord gives notice that he is willing to give a further lease at such rent and for such term as, failing agreement, the tribunal considers reasonable.

Under section 3, the landlord has certain rights of objection to the making of improvements.

Section 4 provides that the tenant of a holding to which the Act applies shall, if a claim is made in the manner prescribed, be entitled on the termination of his tenancy to be paid by the landlord compensation for goodwill if he proves to the satisfaction of the tribunal that by reason of the carrying-on by him or his predecessors in title at the premises of a trade or business for a period of not less than five years goodwill has become attached to the premises by reason whereof the premises could not be let at a higher rental than they would have realized had no such goodwill attached thereto. There are certain provisos to the general statement in the section. Proviso (b) restricts the tenant's right to compensation if the landlord serves on the tenant notice that he is willing and able to grant the tenant or obtain the granting of the renewal of the tenancy of the premises at such rent and for such term not exceeding fourteen years as, failing agreement, the tribunal may consider reasonable. Subsection (c) provides that "in the case of licensed premises (presumably licensed under the Liquor Act) the sum payable for goodwill under this section shall not include any addition to the value of the premises attributable to the fact that the premises are licensed premises."

Section 5, paragraph (1), of the Act provides that where the tenant alleges that although he would be entitled to compensation under section 4 the sum which could be awarded to him under that section would not compensate him for the loss of goodwill he will suffer if he removes and carries on his trade in other premises, he may in lieu of claiming compensation serve on the landlord a notice requiring a new lease of the premises. Paragraph (2) of the section provides for the matter to be dealt with by the tribunal, which, if it considers the grant of a new tenancy reasonable, may order the grant of a new lease for such period not exceeding fourteen years on such terms as to the tribunal may seem proper.

Section 21 of the Act provides that the tribunal for the purpose of Part I of the Act shall be the County Court, but that under certain conditions any proceedings may be transferred to the High Court.

In a recent number of the *English Law Journal*—page 69 of the issue of 28th January, 1939—a report is given of an address by Mr. F. P. J. Merlin to the Valuers' Association on 19th January. This address dealt with the Act and its work during the last ten years. In the preamble, said Mr. Merlin, the Act was described "as an Act to provide for the compensation for improvements and goodwill to tenants of premises used, &c.," but it was a curious fact that, notwithstanding that its first object was stated to be the provision for the payment to tenants of compensation for improvements in respect

of business premises, not one single award of monetary compensation was proved to have been made during the last ten years. On the other hand, hundreds of tenants had found the Act a great help in their negotiations for new leases. In many cases tenants had been granted new leases against the will of their landlord, and in some cases—not very many—they had secured monetary compensation for the loss of their goodwill. Lord Carson, who had opposed the Bill strenuously in the House of Lords, elicited the fact that the Bill affected 2,000,000 business premises in England and Wales. The pungent rejoinder to this reply was the grim comment that this “would mean 2,000,000 law suits,” which would “eventually fructify to the benefit of my profession.” But during the last ten years the number of actual law suits or proceedings commenced during the eight years ending December, 1935, was not more than about 1,200 in all. A large number of these were amicably settled without recourse to a final decision by the tribunal. Where the matters were contested to the bitter end, the tenants were successful in securing compensation or a new lease in 142 cases and were unsuccessful in 120.

The rest of the article deals with the difficulty in defining goodwill, and it concludes as follows: “The Act,” concluded Mr. Merlín, “as a valuable weapon of negotiation in the hands of tenants has justified itself in thousands of cases as a medium for securing new leases at fair rentals. On the landlords’ side, it has created the feeling that tenants now have certain legal rights which cannot be safely ignored possibly because they are so vague and as yet so imperfectly understood.”

SCHEDULE 10—RECOMMENDATION OF THE FILM INDUSTRY BOARD FOR THE REGULATION OF THE RENTING AND EXHIBITION OF SUB-STANDARD FILM

(1) That commercial film be defined as—

(a) All film imported into New Zealand for exhibition in 35 mm. theatres, and including sub-standard copies of such film: Provided that the Minister may on the recommendation of an appropriate trade committee authorize the exclusion from this definition of any film registered or released in New Zealand not less than twenty-four months previously; and

(b) Any other film of similar type and character to those normally released in 35 mm. theatres which has been declared by the tribunal to be for that reason an entertainment film.
(NOTE.—This proposal would involve reference by the Censor to the tribunal of any film of ordinary-release type submitted to him on 16 mm. stock.)

The question should be considered as to whether the Censor and Registrar should specifically register film as commercial or non-commercial.

(2) That all public exhibitions of film, whether standard or sub-standard size, shall be subject to licence either by or under the supervision of the tribunal. The term “public exhibition” should be defined to include exhibition by clubs, societies, &c., when more than 50 persons are likely or invited to be present. Provision should be made to exclude from this definition free exhibitions to pupils of schools, Universities, or similar educational authorities, but such authorities should be made responsible for ensuring public safety.

(3) That in order to reduce to the minimum the restrictions imposed on the exhibition of non-commercial sub-standard films compatible with public safety and the maintenance of an economic licensing system, the following provisions should apply:—

(a) That all licences for the exhibition of standard or sub-standard nitrocellulose film be under the direct control of the tribunal.

(b) That all exhibitions of commercial films be subject to all the requirements of the licensing regulations as now proposed and be under the direct control of the tribunal.

(c) That provision be made to simplify the licensing of occasional public exhibitions of non-flam film for which either no charge is made or where the proceeds, excluding actual and reasonable expenses, are devoted to some philanthropic purpose or to the funds of some religious, sporting, or cultural association. It is suggested that these licences should be issued on behalf of the tribunal by the local authority for the district, and that the following conditions should apply:—

(i) That, in the interests of public safety, such licence be issued in respect only of such premises as the local authority is prepared to licence under the Municipal Corporations Act for the purpose of public entertainment of the concert type.

(ii) That the licence contain the necessary conditions to safeguard the public particularly against the panic risk.

(iii) That the applicant for licence be required to specify the films to be exhibited and to certify that such films are not commercial films.

(iv) That the local authority be required to ensure that such occasional exhibitions do not occur within its district, otherwise than as may be specifically approved by the tribunal, with such frequency as to constitute an entertainment competitive in a business sense with the regular picture-theatre.

(v) That the licence fee be a nominal one (1s. is suggested).

- (d) That all licences for exhibition on commercial basis for private profit of non-commercial films, and whether application is for exhibition in a number of premises or regular exhibitions in one premises, shall be under the direct control of the tribunal. The latter shall, in addition to the considerations applying under the draft regulations, determine every such application in such manner as shall ensure that reasonable provision is made for the exhibition of films other than entertainment film.
- (e) That provision be made for sub-standard film to be defined as all film other than 35 mm. film.
- (f) That provision be made for the Censor to register sub-standard films as commercial or non-commercial films.
- (4) That the proposed trade committee referred to in paragraph 1 (a) above should consist of two representatives of the renters and two representatives of the exhibitors, plus one representative of the non-commercial interests, the functions of the committee to be confined to the scope of paragraph 1 (a) of the above report.

SCHEDULE II—NEW ZEALAND STANDARDS INSTITUTE DRAFT NEW ZEALAND STANDARD BY-LAW FOR FIRE AND PANIC PREVENTION IN THEATRES

1. *Scope*.—This by-law deals with the prevention of danger from fire in theatres, and the provision of safeguards against fire and panic therein.
2. *Interpretation*.—In this by-law, unless inconsistent with the context,—
 - “The Act” means the Municipal Corporations Act, 1933;
 - “Council,” in relation to any theatre, means the Borough Council or other body by which the theatre is licensed or required to be licensed under Part XXV of the Act;
 - “Duly qualified fireman,” in relation to any theatre, means a serving member of a Fire brigade;
 - “Emergency,” in relation to any theatre, means any emergency (whether arising from fire or earthquake or fear thereof or otherwise) in which the safety of the audience of the theatre is or may be imperilled;
 - “Fire-protection watchman,” in relation to any theatre, means the person qualified as a fireman to the satisfaction of the proper officer;
 - “Licensee,” in relation to any theatre, means the person holding or required to hold a licence for the theatre under Part XXV of the Act;
 - “Manager,” in relation to any theatre, includes every person for the time being acting as or performing the functions of manager of the theatre;
 - “Proper officer,” in relation to any theatre, means the proper officer within the meaning of clause 2 of the Twelfth Schedule to the Act*;
 - “Theatre” means any building (being a building to which Part XXV of the Act applies)—
 - (i) In respect of which an exhibitor's licence or a licence for the projection of cinematograph-film under the Cinematograph Films Act, 1928,† is held or required to be held; or
 - (ii) Which is used as a theatre, music-hall, concert-hall, or for public meetings;

PART I—GENERAL

Manager to Act as Fire-protection Watchman in Certain Cases

1. At every performance or assembly in any theatre for which a fire-protection watchman is not required to be employed (whether in a theatre to which Part II hereof applies, or in any other theatre to which this by-law applies), the manager, or a person appointed by him in that behalf, shall carry out such of the duties of a fire-protection watchman specified in clause 2 of the First Schedule hereto as apply to the proposed assembly or performance, and in every case where more than 450 persons are present during a performance the manager shall provide for the attendance, throughout the performance, of a male member of the staff: Provided that in the case of a cinematograph-theatre the operator or assistant operator within the meaning of the Cinematograph Operators Licensing Regulations 1938* shall not be deemed capable of carrying out any of the duties or obligations of fire-protection watchman imposed by this by-law.

Log-book to be Kept

2. (a) The manager of every theatre shall provide and at all times keep in the theatre a log-book subdivided under the following headings:—
 - (i) Date.
 - (ii) Time of performance.
 - (iii) Projection-room.
 - (iv) Exit doors.
 - (v) Fire appliances.
 - (vi) Lobbies and passages.
 - (vii) Emergency lighting.
 - (viii) Overcrowding.
 - (ix) Remarks.

* See Municipal Corporations Amendment Act, 1938, section 27 and schedule.
Vol. I. Page 797.

† See Reprint of Statutes.

(b) As soon as possible after the commencement of every performance in the theatre, full and correct entries based on the inspection prescribed in clause 2 of the First Schedule hereto shall be made in the log-book under the headings of subclause (a) of this clause by the fire-protection watchman or other person carrying out the duties specified in clause 1 hereof, and shall be signed by him and by the manager of the theatre.

Panic-prevention Training

3. (a) Every person regularly employed in a theatre shall be required to undergo training in the prevention of panic in accordance with the general directions set out in the Second Schedule hereto, and that training shall be carried out to the satisfaction of the proper officer.

(b) In the case of any performance or assembly at which regular theatre staff are not employed, such action for the training of the temporary staff shall be taken as may be required or approved by the proper officer.

Manager to Give Directions

4. (a) The manager of every theatre shall be responsible in all cases for directing the action to be taken in any emergency: Provided that in the event of his absence from the theatre during any performance the manager shall appoint a competent deputy, and the deputy shall exercise and perform all the powers and duties of the manager during his absence.

(b) Every person employed in a theatre, including the fire-protection watchman, and every person present at any performance in the theatre, shall in any emergency comply with and carry out all directions given by the manager.

Staff Attendance Throughout Performance

5. To ensure the safety of the public and prevent or overcome panic among the audience of every theatre, attendants, who are members of the staff of the theatre, in addition to the fire-protection watchman, shall remain in the theatre throughout every performance and be available for duty according to the following minimum standards :—

- (i) At least one attendant in the auditorium of the theatre.
- (ii) One attendant on each floor on which there are more than 50 but less than 400 persons present at any time throughout a performance.
- (iii) At least two attendants on each floor on which there are not less than 400 persons present at any time throughout a performance.
- (iv) For the purposes of this clause each section of a theatre of the stadium type shall be deemed to be a separate floor.

Communication System

6. A communication system shall be arranged in every theatre to the satisfaction of the proper officer so that in the event of an emergency a warning can be immediately communicated to the manager, the fire-protection watchman, and the attendants required to be on duty under clause 5 hereof, and also to the fire brigade or to such other person as the proper officer may specify in that behalf.

Exit Notice to be Displayed

7. During every performance in any theatre there shall be shown on the screen, or (if there is no screen) otherwise exhibited, for a period sufficient to enable it to be read by the audience, a notice in the following words :—

“All exits in this theatre are clearly indicated. Please note the position of the exit nearest to your seat.”

Prohibition Against Smoking

8. No person shall smoke or be permitted to smoke in any part of the auditorium of any theatre at any time while it is occupied for any performance, or in any other part of the theatre where smoking is prohibited in terms of a notice displayed by direction of the manager, and the manager and the fire-protection watchman, any attendant on duty in the theatre, or any other person acting with the authority of the manager may give such directions to any person and do such things as may in his opinion be necessary to ensure compliance with this by-law.

Inspections

9. To ensure that this by-law is complied with in every theatre, the Council shall arrange for regular inspections to be made by the proper officer or by some member of a fire brigade or by some other person acting with the authority and under the direction of the proper officer. Every fireman required to be in attendance at a performance pursuant to the provisions of the Twelfth Schedule to the Act shall be deemed to be so acting and shall make the said regular inspections accordingly.

PART II—FIRE-PROTECTION WATCHMEN

Theatres Affected

10. This part of the by-law applies to every theatre which—

- (i) Has seats for not less than 450 persons; or
 - (ii) Has seats for less than 450 persons but not less than 300 persons, and to which this part is for the time being applied by the Council by a notice in writing issued to the licensee; or
 - (iii) Has seats for less than 450 persons and to the licensee for which a condition is attached requiring the provision at public entertainments of a duly qualified fireman, —
- if, in respect of any such theatre, an exhibitor's licence or a licence for the projection of cinematograph-film under the Cinematograph Films Act, 1928, is held or required to be held, or if, during any performance therein, but in respect of such performance only, scenery or temporary stage lighting is used or changed.

Fire-protection Watchman

11. (a) It shall be the duty of the licensee and of the manager of every theatre to which this Part applies to arrange that a qualified person employed by or on behalf of the licensee as a fire-protection watchman is present at the theatre—

- (i) Throughout every evening performance held in the theatre;
- (ii) Throughout every afternoon performance on a Saturday or a holiday; and
- (iii) Throughout every other performance at which not less than two-thirds of the seats in the theatre are occupied.

(b) Where, pursuant to a condition attached to the licence for any theatre to which this Part of this by-law applies, any duly qualified fireman is provided for any performance in the theatre, such fireman shall be deemed for the purposes of this by-law to be employed as a fire-protection watchman for that performance.

Qualifications of Fire-protection Watchman

12. (a) No person shall be qualified to be employed as a fire-protection watchman if he is the manager or licensee of the theatre and unless he is a member of a fire brigade or the holder of a certificate of proficiency issued for the purposes of this by-law by the proper officer.

(b) The proper officer may at any time cancel any such certificate of proficiency if the holder fails in any respect to carry out his duties and obligations under this by-law, or if the proper officer is of opinion that he is not fully capable of carrying out those duties and obligations.

(c) Every fire-protection watchman shall at all times while he is on duty wear a uniform or other distinctive indication of his position approved by the proper officer.

Execution of Duties

13. Every fire-protection watchman, at every performance for which he is employed, shall carry out the duties specified in the First Schedule hereto, and shall be present in the theatre throughout the performance, and shall also give the manager of the theatre all the assistance in his power in relation to the public safety and the prevention of fire or other emergencies.

PART III—BREACHES OF BY-LAW

Breaches of By-law

14. Every person commits a breach of this by-law who—

- (i) Without lawful excuse acts in contravention of or fails to comply in any respect with any provision of this by-law or any direction given under this by-law;
- (ii) Wilfully destroys or mutilates or renders illegible any entry in any log-book under this by-law, or wilfully makes or signs a false or fraudulent entry in or makes an omission from a log-book;
- (iii) Resists, obstructs, or deceives any person who is exercising or attempting to exercise any power or function under this by-law.

Liability for Breaches of By-law

15. Where any provision of this by-law or any direction given under this by-law is contravened or not complied with in the case of any theatre, then (without prejudice to any proceedings that may be taken against any other person) the licensee and the manager of the theatre shall each be deemed to have committed a breach of this by-law: Provided that in any proceedings that by virtue of this clause are taken against any person in respect of a contravention of or non-compliance with any such provision or direction on the part of another person it shall be a sufficient defence for the defendant to prove that the contravention or non-compliance occurred without his knowledge and that he exercised all due diligence to secure compliance with the provisions or directions.

FIRST SCHEDULE

Duties and Obligations of Fire-protection Watchmen

1. All fire-protection watchmen shall attend for fire drill and general instruction at such places and times as the proper officer shall direct, and, during the first year of employment, shall so attend for such purposes not less frequently than once in every month.

2. It shall be the duty of every fire-protection watchman to carry out the following duties :—

(a) Before the admission of the public to the theatre, to examine the projection-room and all exit doors, fire-extinguishers, fire appliances, lobbies, passageways, stairways, and emergency-lighting arrangements. The examination shall comprise the following routine—

(i) *Projection-room* : Arrange with operator to test projection-port shutters by manual control. Examine fire-extinguishers and self-closing arrangements on projection-room door :

(ii) *Exit Doors* : Test opening of all exit doors. Ensure that panic bolts are operating efficiently, that doors open easily, and that there is no internal or external obstruction to free exit in emergency :

(iii) *Fire Appliances* : Ensure that fire-extinguishers, hose-reels, and similar equipment are in good order, unobstructed, and ready for use :

(iv) *Lobbies and Passageways* : Ensure that all lobbies, passages, and stairways are free from obstructions (including advertising billboards), so as to allow free exit in emergency :

(v) *Emergency Lighting* : Examine exit and emergency lights, and test emergency-lighting switch to ensure that all such lights are in order.

(b) *Fire Precautions*.—To take all measures reasonably necessary to protect the premises against outbreak of fire throughout the performance and until the audience has left the building, including an inspection made immediately after the interval of all places where smoking is permitted :

(c) To inspect the theatre for overcrowding before and after commencement of the performance :

(d) In respect of every performance, to make his report in the log-book and to sign the report :

(e) If any of the equipment, appliances, doors, shutters, places, or other things referred to in paragraph (a) hereof are found out of order, to notify the manager immediately thereof, and, if not corrected before the commencement of the performance, to make a report by telephone to the fire brigade :

(f) If overcrowding takes place, to notify the manager immediately thereof, and, if not corrected forthwith, to make a report to the fire brigade within half an hour after the commencement of the performance. The fact that any such report has been made shall be entered in the "Remarks" column of the log-book.

SECOND SCHEDULE

A : Panic Drill

1. Positions shall be allotted to the attendants by the manager, and a special roster shall be prepared and exhibited in a conspicuous place in the theatre, accessible to the staff.

2. A signal shall be arranged as a "call to stations," and shall be of such a nature as to be undiscernible by the audience.

3. At any such signal, all attendants shall QUIETLY take up their respective stations, and "stand by" the exit doors and emergency-lighting switch and be prepared to open exits, and apply the emergency-lighting switch, should the SECOND signal be given. CARE SHALL BE TAKEN THAT EXITS ARE NOT OPENED OR THE EMERGENCY SWITCH APPLIED UNLESS THE SECOND SIGNAL HEREAFTER REFERRED TO IS GIVEN. Positions shall be taken up quietly, and in such manner as NOT to arouse any apprehension in the minds of any in the audience.

4. A second signal may be given under circumstances described in the following part of this Schedule—B : Instructions to be Given at Panic Drill.

5. A third signal to "abandon stations" may be given after the first or second signal. Attendants will thereupon resume their theatre routine as though nothing had occurred.

6. Panic drill shall be carried out by the theatre staff at least once a month, preferably before the opening of the theatre.

7. Positions for opening up the exits should be taken up and the procedure brought into operation at the close of the performance each evening.

B : Instructions to be Given at Panic Drill

1. At any signs of incipient panic the second signal shall be given, and the emergency-light switch shall AT ONCE be applied by the operator or the attendant responsible, and the other attendants shall throw open their exits at their respective stations. It may also be advisable for the manager to make an effort to address the audience from the stage or some other convenient place in the theatre.

2. It is imperative that IN ALL CIRCUMSTANCES PANIC SHALL BE AVOIDED. Attendants shall be prepared to meet any emergency. They shall train themselves to be cool and collected. A calm demeanour will inspire others with confidence and thus minimize any danger of panic. Operators and musicians (if any) shall make every endeavour to keep the show going. Failing the picture, music—preferably of a lively nature—if heard through the auditorium helps to calm excitable persons and diverts attention from anything which might cause panic.

SCHEDULE 12.—STATISTICS OF CINEMATOGRAPH-THEATRES

	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.*
Theatres (number)	574	572	548	523	525	551	568
Persons engaged (number)—							
Males	1,534	1,536	1,460	1,442	1,495	1,543	1,543
Females	1,363	1,443	1,567	1,672	1,705	1,837	1,770
Total	2,897	2,979	3,027	3,114	3,200	3,380	3,313
Salaries and wages paid (£)—							
To males	241,005	241,940	249,874	256,077	280,980	299,767	322,214
To females	112,123	120,822	129,170	149,212	165,724	193,058	208,631
Total	353,128	370,762	379,044	405,289	446,704	492,825	530,845
Seating accommodation (number)—							
Seats at under 1s. 6d.	75,176	79,813	72,049	67,351	71,690	68,614	64,432
Seats at 1s. 6d.	145,463	148,700	146,773	147,275	145,565	149,338	151,926
Seats at 2s.	34,477	38,698	37,900	39,115	40,333	41,652	43,179
Seats at over 2s.	11,674	10,264	10,930	12,783	12,328	14,889	14,409
Total seats available	266,790	271,555	267,652	266,524	269,916	274,493	273,946
Paid admissions (number)	31,171,130	31,491,811	31,218,474	34,034,232	38,256,659	35,520,430	36,965,771
Theatre revenue (£)—							
Admission receipts (including amusement-tax)	2,009,662	2,107,443	2,133,523	2,421,058	2,803,086	2,588,111	2,817,646
Screen advertising	31,170	30,392	36,511	35,660	42,961	51,488	61,258
Other receipts	60,167	60,568	55,089	53,357	48,452	46,784	54,513
Total theatre revenue	2,100,999	2,198,403	2,225,723	2,510,075	2,894,499	2,686,383	2,933,417
Theatre expenditure (£)—							
Salaries and wages	353,128	370,762	379,044	405,289	446,704	492,825	530,766
Film hire	601,215	607,257	622,302	686,696	806,322	778,257	851,779
Freight	36,451	32,568	32,381	34,906	38,389	38,948	37,048
Advertising	174,573	167,843	153,470	146,863	152,986	149,901	150,017
Amusement-tax	53,783	58,146	69,799	87,609	121,169	110,241	131,199
Rent	271,353	289,434	285,524	285,773	280,303	285,156	324,137
Other expenses	350,308	367,516	355,419	397,583	415,216	370,949	433,653
Total theatre expenditure	1,840,811	1,913,526	1,897,939	2,044,719	2,270,089	2,226,308	2,408,499

* Latest figures available.

CLASSIFICATION OF THEATRES

The following table shows a classification of theatres according to number of screening days per week and of circuit operators :—

Screening.	Theatres.	Persons Engaged.	Salaries and Wages.	Seating Accommodation.	Paid Admissions During Year.	Average Admission Charge.*
	Number.	Number.	£	Number of Seats.	Number.	d.
Six days per week ..	195	2,419	443,702	168,374	31,283,038	18·9
Odd days per week ..	202	737	69,434	72,923	4,559,824	14·6
Circuit ..	171	157	17,630	32,649	1,122,909	15·3
Totals ..	568	3,313	530,766	273,946	36,965,771	18·3

Screening.	Theatre Revenue.				Theatre Expenditure.*
	Admission Receipts.*	Screen Advertising.	Other.	Total.	
	£	£	£	£	£
Six days per week ..	2,467,754	50,574	47,597	2,565,925	2,148,733
Odd days per week ..	278,292	8,157	5,724	292,173	253,182
Circuit ..	71,600	2,527	1,192	75,319	66,584
Totals ..	2,817,646	61,258	54,513	2,933,417	2,468,499

*Including amusements-tax.

CLASSIFICATION, BY PROVINCIAL DISTRICTS

The table represented hereunder gives, by provincial districts, the principal statistics of cinematograph-theatres for the year 1945-46 :—

Provincial Districts.	Theatres.	Persons Engaged.	Salaries and Wages.	Seating Accommodation.	Paid Admissions During Year.	Average Admission Charge.*
	Number.	Number.	£	Number of Seats.	Number.	d.
Auckland ..	236	1,336	210,560	110,291	14,792,827	18·1
Hawkes Bay ..	22	158	23,702	11,495	1,692,804	17·8
Taranaki ..	38	137	21,224	14,030	1,471,640	17·1
Wellington ..	91	750	130,258	57,940	8,584,498	19·0
Marlborough ..	5	39	6,379	2,953	308,871	17·8
Nelson ..	26	87	10,630	8,640	970,232	15·7
Westland ..	16	64	9,067	6,395	623,467	15·5
Canterbury ..	55	434	71,642	30,617	4,962,160	19·4
Otago—						
Otago portion ..	51	197	31,687	21,084	2,511,267	18·2
Southland portion ..	28	111	15,617	10,501	1,048,005	17·1
Totals ..	568	3,313	530,766	273,946	36,965,771	18·3

Provincial Districts.	Theatre Revenue.				Theatre Expenditure.*
	Admission Receipts.*	Screen Advertising.	Other.	Total.	
	£	£	£	£	£
Auckland	1,114,125	19,348	20,829	1,154,302	956,681
Hawkes Bay	125,356	2,798	2,341	130,495	112,835
Taranaki	104,791	2,802	2,919	110,512	89,646
Wellington	679,564	13,854	10,501	703,919	606,857
Marlborough	22,921	679	398	23,998	20,743
Nelson	63,611	1,316	1,882	66,809	53,726
Westland	40,332	1,115	1,110	42,557	32,497
Canterbury	401,424	11,324	10,378	423,126	355,952
Otago—					
Otago portion	190,047	5,629	2,020	197,696	167,555
Southland portion	75,475	2,393	2,135	80,003	72,007
Totals	2,817,646	61,258	54,513	2,933,417	2,468,499

*Including amusements-tax.

Approximate Cost of Printing.—Preparation, not given ; printing (1,478 copies), £155.

By Authority: R. E. OWEN, Government Printer, Wellington.—1949.

Price 1s. 3d.]

