

who had completed the installation payments to the Western Electric Co. have since arranged to replace the latter company's equipment with one or other of these plants, so as to save the service charges and the higher replacement costs.

84. A short description of the sound-reproduction equipment will be of interest. The same type of projection machines as were used for silent pictures are still required, but certain modifications are necessary to allow for sound-reproduction. At first the pictures were about equally divided between the sound-on-disk and sound-on-film principles, but the latter is now universally used. In the former the film was run through the machine in synchronization with an electric gramophone equipment, and the sound was reproduced from a modification of the ordinary gramophone disk.

85. The operation of the sound-on-film system depends on the fact that minute currents are generated in a photo-electric cell when a beam of light of varying intensity impinges on it. The film has on it alongside the picture a "sound-track," and after the picture passes through the projection apparatus this sound-track is brought between the beam of light and the photo-electric cell. The sound track is varied in intensity or in width of light area (there are two alternative systems having the same effect), and currents are produced which, when amplified by valves similar to those used in a wireless set, operate a loud-speaker situated behind the screen and reproduce the sounds (speech, music, &c.), which were made during the production and photographed on the sound-track by a process operating in the reverse manner to that described.

D. CONTROL OF THE INDUSTRY.

86. This office has been connected with the film industry for the past ten years, and during that time changes both on the renting and exhibition sides of the industry have been so frequent that a memorandum of this type-written at any stage would have been out of date in two or three years. The kaleidoscopic nature of the industry must be taken into consideration when any suggestions are made for legislative control.

87. In America there has been for a number of years past a system operating which it is understood was inaugurated when the Motion Picture Producers' and Distributors' Association was placed under the control of Mr. Will Hays. This provides for a certain measure of control over the relations between the distributor (renter) and the exhibitor, and it is understood that arrangements have been in force for arbitration on matters in dispute. This principle would appear to have been considerably extended by the provisions of the "Code" issued under the National Recovery Act.

88. It is suggested that some similar form of internal control of the industry would, if it could be arranged, be more satisfactory than definite legislative provision. Even matters such as rejection rights would probably be best controlled under such a system. If, however, legislation were decided upon, the details should be provided by regulation so that the provisions could be changed as might be necessary to meet the changing conditions of the industry.

89. An inquiry is at present being held in New South Wales on similar lines to that proposed in New Zealand, and in the course of this the representative of one of the large exhibiting companies suggested to the Commissioner the appointment of a permanent Board to regulate the industry under the headings set out below. The conditions existing in New South Wales are similar to those in New Zealand in most respects, and the suggestion might well be taken as a basis for consideration at the New Zealand inquiry:—

- "To consider additional licenses for theatres.
- "To arbitrate on trade disputes.
- "To regulate protection.
- "To define rejection rights in contracts.
- "To decide (if any) quotas on (Australian) British films.
- "To determine terms and conditions of film contracts.
- "To rectify any undesirable features of the industry affecting public policy."

90. The extent to which legislative control should be imposed on any industry is a matter on which there exist great differences of opinion. It has been recognized, however, that the film industry, owing to the power of the film as a propaganda agent and its possible effect on public morals, should be under a certain measure of control, which is exemplified by the British quota and censorship legislation. The business side of the industry also is at present subject to the restrictions contained in sections 37 to 39 of the Cinematograph Films Act (see paras. 103 to 105). Most of the matters on which representations have been received could be dealt with by an extension of these provisions.

91. The whole question is one of Government policy, but it may possibly be considered that this industry warrants a greater measure of control than most other businesses, firstly, because the unusual lines on which the industry functions and the fact that there is only a limited supply of films of high exhibition value tend to encourage the adoption of questionable trade practices; and, secondly, because the supply of films is in the main controlled by powerful foreign interests which, irrespective of their competition for business in the local market, largely operate as a unit on policy matters.

E. CINEMATOGRAPH FILMS ACT, 1928.

The following are the principal provisions of the Act.

PART I.—CENSORSHIP OF FILMS AND POSTERS.

92. This Part of the Act repeals the Cinematograph Films Censorship Act of 1916 and the Amendment Act of 1926 (which referred to the censorship of posters and other advertising matter but which was never brought into operation), and re-enacts their provisions with some slight modifications. This Part of the Act is mainly empowering, and the machinery provisions are contained in regulations.

93. The Censor is required to examine all films, but only such posters as are supplied to exhibitors by renters. "Poster" is defined to include most of the "press-sheets," which contain suggestions for advertising and are usually supplied by renters with each picture. It was decided to exclude from the censorship requirements the occasional posters made locally by the exhibitors, since, apart from the considerable expense involved in submission to Wellington, these posters are usually prepared at such short notice that the delay involved would practically prohibit their use. Probably 95 per cent. of all posters are supplied by the renters, and the great bulk of newspaper and other publicity matter used by exhibitors is taken from the renter's press-sheet. The submission of these press-sheets to the Censor does not involve any considerable trouble to the renter, and it was considered that their examination, while not a full censorship, would form a valuable check on film-advertising.

94. The principles on which the censorship is carried out are left to the unfettered discretion of the Censor, the only direction being that contained in section 5 (4) of the Act, which reads—

"The approval of the Censor shall not be given with respect to any film or to any part of a film which in his opinion depicts any matter that is contrary to public order or decency or the exhibition of which would for any other reason be undesirable in the public interest."

95. The forms of certificate of approval prescribed are similar to those used by the British Board of Film Censors. Two certificates are mainly used. "U," "approved for general exhibition," and "A," "approved but recommended more especially for adult audiences." The regulations provide that the renter must attach as an integral part of the film, and the exhibitor must exhibit on the screen, a photographic reproduction of the Censor's certificate.