

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.