

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.