

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.