

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.

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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.