

62. The Committee feels that its answer to the first question posed by order of reference No. 2 should unhesitatingly be in the affirmative and, indeed, that the effective control of New Zealand picture-theatres should be maintained in the hands of New Zealand even as against British nationals. The second question posed in the order of reference is not one which the Committee feels should be answered at the present time. The dangers from outside control are potential only: if ever there were indications of a likelihood of their becoming real, the licensing system, both as to renters and distributors, affords an immediate safeguard, whilst, if licensing control proved insufficient, regulations under the Cinematograph Films Act (the power to make which is recommended by the Committee) could include limitation on or prohibition against the transfer of control beyond the hands of New Zealand nationals. It may well be that at some future date the question of whether a holder of an exhibitor's licence under section 32 of the Act should also be allowed to hold a renter's licence under section 28 may have to be considered: the Committee does not feel that such a step is warranted in the present state of affairs.

63. At the most the situation must be watched and power given to make the matter of national control one which comes within the ability of the Government and the licensing authority to deal with.

ORDER OF REFERENCE No. 3

Whether a system of restrictive licensing of picture-theatres should be continued, and, if so, under what conditions.

64. The answer to this question was basic to the whole of the Committee's consideration of the matters referred to it; the evidence given and the representations made left no doubt in the minds of members that a continuation of the licensing system was essential. None of the interests represented suggested that the system could be abandoned, and the discussions on this topic centred upon the constitution of the licensing authority and of the best mode of increasing the regulatory powers of the authority. The Cinematograph Films Act, 1928, required renters and exhibitors to take out licences, but there was no control exercised over the industry generally under those licences.

65. As is set out in the departmental report (paragraphs 25 and 26), the present licensing regulations (deriving authority both from the Board of Trade Act and the Cinematograph Films Act) are those of 1937 (Serial number 1937/182) and Amendment No. 1 of 1938 (Serial number 1938/61). The former is expressed in the departmental report to be a temporary measure, and it is stated that Government would consider any representations by the industry as to the final form in which control should be applied. The latter regulation was never enforced, and in the circumstances set out in paragraph 26 of the departmental report, what is now known as the Film Industry Board came into being. In 1940 the power of the licensing officer under Regulation 4 of the 1937 regulations was dealt with in the case of *Levin Amusements, Ltd. v. Girling-Butcher*, [1940] N.Z.L.R. 854, when it was held by the Court that the public interest under Regulation 4 was the public interest in general and could not be confined to the interests of the public in the particular locality in question. Mr. Girling-Butcher in his evidence considers that new regulations should be drawn to cover this point. The Committee's attention was also drawn to the fact that there is no provision enabling the licensing officer to control transfers of licences and that any regulation framed to deal with transfers would require to go far enough to cover the existing situation where the majority of licences are held by limited-liability companies and the effective control of the licence