Prices Justification Amendment Bill 1976.
Introduced by the Minister for Business and Consumer Affairs, Hon. J. Howard.

Purpose
The Bill gives effect to the Government’s decision, announced on 16 September 1976, to alter the operations of the Prices Justification Tribunal (P.J.T.). The general purpose of the change is to substantially reduce the number of companies which must notify the Tribunal of their price increases.

Summary
The main proposals of the Bill are as follows:

The obligation to notify price increases will apply only to companies with annual turnovers of $30 million or more, as against the previous figure of $20 million. (sub-clause 5(b)) Furthermore, a company that is a subsidiary of another company will not be required to notify the Tribunal of price increases unless it has an annual turnover of $5 million or more. (sub-clause 5(c))

In exercising its directive regarding exemptions from the notification of price increases, the Tribunal shall consider the following:

(a) whether the company is in a position substantially to control a market for goods or services supplied by the company; and

(b) whether the prices charged by the company during a substantial period have been fair and reasonable. (sub—clause 16(c))

Where a company does not implement an approved price increase within 90 days, it must renotify the Tribunal should it wish to apply the increase at a later time. Previously, this time limit stood at 30 days. (sub-clause 16(a), (b))

In exercising its functions, the Tribunal is required to have due regard to the need for the company concerned to achieve a level of profitability that is sufficient to enable the company to maintain an adequate level of investment and employment (clause 15)

Each half-year, the Tribunal is required to report to the Minister on the most significant price increases in each industry and the principal reasons for these increases (clause 19).

After consultation with the Chairman of the Tribunal, the Minister may appoint persons to be associate members of the Tribunal, either for a period not exceeding 5 years or for the duration of a particular enquiry. (clause 7).

Comments
As intended, these amendments to the Prices Justification Act will relieve many smaller and medium sized companies, together with companies operating in
competitive environments who have tended to have their applications for price increases approved by the Tribunal in the past, from the requirement to notify the Tribunal of price increases. However, one of the problems facing the Tribunal under the amended legislation will be that of determining just what constitutes “substantial control” of a market and similarly what is meant by “fair and reasonable” prices.

Finance, Industries, Trade and Development

LEGISLATIVE RESEARCH SERVICE

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