PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

PRICES JUSTIFICATION AMENDMENT BILL 1979

Date Introduced: 1 March 1979
House: House of Representatives
Presented by: Hon. W. Fife,
Minister for Business and Consumer Affairs

Short Digest of Bill

Purpose

To amend the operations of the Prices Justification Tribunal (PJT) by reducing the emphasis on price notification and broadening its inquiry function.

Background

The Liberal-National Country Party announced before the December 1975 election its intention, if elected, to abolish the PJT and use the machinery of the trade practices legislation to promote fair prices. However, after being elected, the Government received representations from trade unions and other sections of the community seeking the retention of the PJT. On 16 September 1976, Hon. J. Howard, the then Minister for Business and Consumer Affairs, announced the Government's intention to retain the PJT but in a significantly modified form. It was stated that the Government's belief was that the emphasis of the Tribunal should change from that of a price approval body to that of a public surveillance body. On 11 November 1976, a Bill which later became the Prices Justification Amendment Act 1976, was introduced. The Act came into effect on 13 December 1976 and contained a number of significant amendments. The obligation to notify price increases was made applicable only to companies in the $30m. turnover class (previously $20m.) and to those subsidiaries of prescribed companies which had annual turnovers above $5m. It was estimated that this would reduce by half, the number of companies notifying prices to the Tribunal. A further amendment was that the exemption provisions of the Act were broadened. In exercising its discretion to grant exemptions the Tribunal was required to consider (1) whether the company concerned was in a position substantially to control a market for goods or services, and (2) the reasonableness of the pricing behaviour of a company or companies over a period of time. The Act also had a specific requirement that the Tribunal in dealing with notifications pay due regard to the need for the companies
to achieve levels of profitability sufficient to maintain adequate levels of investment and employment.

On 18 October 1978, the Minister for Business and Consumer Affairs, the Hon. W. Fife, announced that the Government had again considered abolishing the PJT but had instead decided to make further changes to restrict its powers. The amendments announced are incorporated in the Prices Justification Amendment Bill 1979.

Main Provisions

Clauses 4 and 5 repeal ss.4 and 5 of the Act which specified the size of companies (in excess of $30m. turnover) and their subsidiaries (in excess of $5m. turnover) required to notify prices.

Clause 6 repeals s.16 and 17 and inserts new ss.16, 17, 17A and 17B. New s.16 sets out the functions of the PJT as being to conduct prices justification inquiries or other inquiries specified by the Minister. The Tribunal can now only initiate a prices justification inquiry with the approval of the Minister (sub.s.16(3)). New s.17 states that the Minister may by notice in writing require the PJT to conduct inquiries. The Minister may specify the goods or services to be inquired into without specifying particular companies (para. 17 (2)(a)) or alternatively he may specify both the goods or services and the companies to be inquired into (para. 17 (2)(b)). In addition the Minister may give directions as to the conduct of an inquiry other than a prices justification inquiry or matters to be taken into consideration in such an inquiry (sub.s.17(4)) and may also specify the time for completion of an inquiry (sub.s.17(5) and (6)).

New s.17A allows the Minister to direct the Tribunal to give special consideration to certain matters in exercising its functions and powers and the Tribunal must comply with the direction.

Proposed s.17B provides that following a prices justification inquiry the PJT may determine a company to be a prescribed company and require it to notify price increases for a period of up to 12 months or such longer period approved by the Minister. This will in future be the only circumstance when companies are required to notify prices.

Clause 7 makes consequential amendments to s.18 of the Act. In particular the provisions giving the PJT the power to grant exemptions to companies from notifying prices are repealed because they become redundant.
Clause 8 inserts a new s.18B which allows the PJT to grant interim price increases to a company which is the subject of a prices justification inquiry.

A new s.19AA is inserted by cl.10. This sets out the procedure for pre-inquiry consultation between the PJT and a company, where the PJT is considering a prices justification inquiry on its own initiative. A company that is to be the subject of an inquiry may seek a conference with the Tribunal to consider whether such an inquiry should be held (para. 19AA(1)(b)). If the PJT decides to hold an inquiry after following the procedures specified, the Minister's approval is required before it can proceed (sub.s.19AA(3)).

Sections 21 and 23 are amended to strengthen the position of companies claiming confidentiality for information supplied to the PJT. The PJT is required to observe confidentiality claims unless disclosure is considered necessary in the public interest. Proposed s.34A inserts secrecy provisions to reinforce the confidentiality provisions.

Clauses 15 and 16 are transitional provisions. Clause 15 provides that inquiries currently continuing are to be completed as provided under the existing Act. Clause 16 relates to a company which is being inquired into at the time the amendments come into operation and provides that it will be subject to the notification provisions of s.17B.

7 March 1979