

PART V.—ORGANIZATIONS ASSOCIATED WITH THE DEPARTMENT

SECTION 1.—PRICE TRIBUNAL

181. The following report on price control during the past year covers the operations of the Price Tribunal :—

(a) GENERAL

182. The Tribunal has continued to safeguard the interests of consumers by maintaining a strict control over prices of goods and services. This past year, the first complete year of price control since the cessation of hostilities, has presented the Tribunal with innumerable difficulties. The reconversion of industry from wartime to peacetime production, the rehabilitation of returned servicemen into the commercial world, and the shortages of supplies from United Kingdom and elsewhere have all brought their particular problems. The Tribunal has, however, by rigidly adhering to the principle of price control, as laid down by the Government, endeavoured to ensure that the consumer is protected from exploitation and that the worker on the lower income receives his full share of the available goods and services.

(b) BASIC PRINCIPLES

183. Briefly, the basic principles on which price control has been administered in New Zealand may be stated as follows :—

- (i) Only proven and allowable increases in cost are permitted to be passed on in prices.
- (ii) As far as practicable, a profit is not allowed on such increases in cost.
- (iii) Applicants are required to absorb the whole or part of increased costs when, on examination of their financial accounts, it is considered fair and reasonable that they should do so.
- (iv) Replacement costs are not recognized.

184. Where, for convenience and to meet trade practice, percentages covering overhead and profits are used, every endeavour is made to ensure that such percentages do not provide to the traders concerned any greater monetary amount of profit than that obtained in 1939. Where percentages are used, frequent revision of these is necessary and, where costs rise, the percentage is reduced accordingly.

(c) PRICE ORDERS

185. During the year ended 31st March, 1947, 162 Price Orders were issued, bringing the cumulative total of such Orders issued to 669. These Orders, which are not necessarily new Orders, but include amendments to existing Orders, covered a wide range of commodities, but mainly affected foodstuffs and articles of clothing. The past year also saw an extension of the goods affected by Prohibition of Sale Notices. The new goods in this category include furniture, upholstery, underwear of all kinds, leather and electrical goods, farm and commercial tractors, motor cars and trucks (chassis only), farm machinery and implements.

186. These notices give a more effective control of prices by making it obligatory for approval of prices to be obtained before sale in all cases, whereas goods not prohibited require approval of prices only when the prices exceed those ruling in 1939.

187. The remission of sales tax announced in the Budget presented in August last involved the Tribunal in a considerable amount of work in ensuring that the benefit of such taxation remission was passed on to the consumer.