



SUPPLEMENT

TO THE

NEW ZEALAND GAZETTE

OF

THURSDAY, 14 JANUARY 1971

Published by Authority

WELLINGTON: FRIDAY 15 JANUARY 1971

PRICE ORDER No. 2154

(PRICE JUSTIFICATION SCHEME)

Price Order No. 2154 (Price Justification Scheme)

FIRST SCHEDULE

PURSUANT to the authority given by the Minister of Industries and Commerce in writing under his hand on the 13 January 1971 in terms of section 18 (2) (C) of the Control of Prices Act 1947, and in consideration of the powers conferred upon it by section 10 of that Act, the Price Tribunal hereby makes the following price order.

PRELIMINARY

1. This order may be cited as Price Order No. 2154 and shall come into force on 15 February 1971.

2. Except as otherwise provided by this order, the maximum price which may be charged or received for any goods to which this order applies is the price which the manufacturer, packer, wholesaler, retailer, or other trader or seller was charging for goods of the same kind as at 14 February 1971.

PART I

MANUFACTURERS' AND PACKERS' PRICES FOR SPECIFIED GOODS

3. Any manufacturer or packer of any goods specified in the First Schedule hereto may apply to the Tribunal on the form set out in the Third Schedule hereto for a new maximum price at which the particular goods may be sold by the manufacturer or packer making the application.

4. Where a manufacturer or packer has made an application under clause 3 of this order and the Tribunal has not within a period of 21 days (excluding statutory holidays) after the date of the receipt of the application notified the applicant in writing of any objection it may have thereto the manufacturer or packer may, on the expiry of that period charge the new maximum price, and the new maximum price shall be deemed to be the maximum price fixed by the Tribunal for the purposes of this order.

5. If a manufacturer or packer has made an application for a new maximum price and the Tribunal has notified the applicant in writing that it objects to the price applied for, the price which the manufacturer or packer may charge for the particular goods shall be the price charged as at the 14th day of February 1971 or such other price as the Tribunal may specify in writing delivered to the manufacturer or packer; and if such other price is specified it shall be deemed to be the maximum price fixed by the Tribunal for the purposes of this order.

6. The Tribunal may fix a maximum price for any goods specified in the First Schedule hereto at the price charged as at the 14th day of February 1971, or at the price applied for, or at such other price as it thinks fit.

7. Notwithstanding anything in Part II of this order the Tribunal may if it thinks necessary fix the wholesale and retail prices of goods subject to this part of this order.

PART II

WHOLESALE AND RETAILERS' MARGINS

8. (1) The maximum selling price that may be charged by any wholesaler or retailer for goods specified in the First and Second Schedules hereto shall not exceed the amount of the into-store cost of those goods to the wholesaler or retailer increased by the margin of profit on the into-store cost which the wholesaler or retailer was normally incorporating on goods of the same kind as at the 12th day of November 1970, or such other margin as the Tribunal may from time to time authorise.

(2) In calculating the into-store cost of goods specified in the First Schedule the manufacturers' or packers' prices shall be deemed to be the prices determined under Part I of this order.

9. Any resale prices recommended by a manufacturer or packer to a wholesaler or retailer shall not include a margin of profit greater than the margin of profit normally incorporated in respect of goods of the same kind as at the 12th day of November 1970, or such other margin as the Tribunal may from time to time authorise.

10. This part of this order does not apply to second-hand goods or to goods already on the Control of Prices (Positive List) Notice 1966, as at the 14th day of February 1971.

11. The provisions of section 15 (7) of the Control of Prices Act 1947 shall not apply to this order.

Dated at Wellington this 15th day of January 1971.

The seal of the Price Tribunal was affixed hereto in the presence of—

[L.S.]

S. T. BARNETT, President.
F. F. SIMMONS, Member.

(I. and C.)

PRICE JUSTIFICATION SCHEME (SCHEDULE OF GOODS)

Foods and Related Commodities

Aerated waters.
Bacon and ham.
Bread (other than the kinds already subject to price order)
Breakfast and dessert cereal foods.
Biscuits.
Cocoa.
Coffee.
Confectionery (including chocolate).
Fish, canned.
Fruits, dried, canned, or bottled.
Ice-cream of all descriptions including iced confections.
Jams and marmalades of all types.
Marmite and Vegemite.
Meat canned (with or without other ingredients).
Milk condensed or evaporated and milk powder.
Peanut butter.
Poultry, frozen.
Rice.
Soap, soap powders and detergents.
Soups canned and soup powders and cubes.
Tooth pastes including powders and tablets and denture preparations.
Tea.
Toilet paper.
Vegetables, dried, canned, or frozen.

Intoxicating Liquor

Beer.
Spirits.

Clothing, Footwear, and Soft Goods

Men's and boys' standard underwear.
Men's working clothing.
School uniform clothing.
Gum boots.
Men's working boots.
School uniform footwear.
Blankets.
Nursery squares.
Sheets.
Towels and towelling.

Household Appliances

Ranges and rangettes (kitchen cooking).
Refrigerators and home freezers, including combination refrigerators and home freezers.
Washing machines.

Building Materials, Etc.

Asbestos cement products.
Baths.
Blocks, concrete.
Bricks.
Building boards (including wallboards and particle boards).
Cement.
Cylinders, household including hot water cylinders.
Field tiles and pipes of earthenware.
Plywoods.
Roofing tiles of all descriptions.
Timber (New Zealand grown) (including timber charges of all kinds).

Farm Machinery and Equipment as Follows:

Dairy machinery and dairy equipment for farm use.
Harvesting and haymaking equipment.
Milking machine rubberware.
Planting, seeding, and fertiliser machines and equipment.
Shearing machines.
Soil tilling and preparing machines and equipment.
Wool presses.
Wire netting and mesh.

Miscellaneous

Batteries, dry cell.
Container board.
Electric cables, insulated.
Floor coverings including carpets.
Lime.
Mattresses.
Paints.
Pet foods, canned or packaged.
School stationery.

SECOND SCHEDULE

SCHEDULE OF GOODS

Animal products.

Animal and vegetable fats and oils and their cleavage products; prepared edible fats, animal and vegetable waxes.

Arms and ammunition; parts thereof.

Articles and manufactures of carving or moulding material.

Artificial resins and plastic materials; cellulose esters and others and articles thereof; rubber, synthetic rubber, factice, and articles thereof.

Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware.

Base metals and articles of base metal.

Footwear, headgear, umbrellas, sunshades.

Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings.

Machinery and mechanical appliances; electrical equipment; parts thereof.

Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; clocks and watches; musical instruments; gramo-

phone records; sound recorders and reproducers; television image and sound recorders and reproducers, magnetic; parts thereof.

Mineral products.

Paper-making material; paper and paperboard and articles thereof.

Pictures.

Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin.

Prepared foodstuffs, beverages, spirits and vinegar; tobacco.

Products of the chemical and allied industries.

Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of gut.

Textiles and textile articles.

Toys, games and sports requisites; parts thereof.

Vegetable products.

Vehicles, aircraft, and parts thereof; vessels and associated transport equipment.

Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork.

And any other goods intended for sale to any person for use or consumption.

THIRD SCHEDULE

PART I

PRICE JUSTIFICATION SCHEME
SUBMISSION IN SUPPORT OF PRICE INCREASES

Manufacturers or Packers seeking increases in prices of goods covered by this scheme are required to complete Parts I and II in duplicate and send both copies to the Secretary, Department of Industries and Commerce (Distribution Division), Private Bag, Wellington.

- (a) Name of firm
 - (b) Address (including telegraphic address).....
 - (c) Telephone number.....
 - (d) Items on which price increases sought.....
 - (e) Other items to which P. J. Scheme applies (please list).....
 - (f) Manufactured items not covered by P. J. Scheme.....
 - (g) Approximate proportion by sales value of P. J. items to total business
- i.e., sales value of (d and e) expressed as a percentage of sales value of (d and e and f)

(Use columns for separate items and packs on which price increases sought)

(h) Description of items, packs, etc. on which price increases sought					
(i) Present selling prices of items for which price increases sought (State quantity to which price relates)	\$	\$	\$	\$	\$
(j) Proposed selling prices .. .. .	..	..	..	..	..
(k) Increase in selling prices now sought .. .. .	..	..	..	..	..

- N.B.—Under items (i), (j), and (k):
- (i) Please indicate freight and delivery terms applicable in each instance and also show both gross and net prices in cases where discounts are allowed.
 - (ii) Where the applicant sells to traders at various distribution levels (e.g., wholesalers and retailers) the prices charged to each should be shown, and the approximate proportion of sales at each level should be stated.
 - (iii) In cases where resale prices are recommended to customers these should also be shown.
 - (iv) Required information which cannot be supplied within the compass of this form should be set out on a separate sheet.
 - (v) Please also show on a separate sheet with supporting calculations the additional annual revenue, at the current level of output expected to be derived from the desired price increases.

THIRD SCHEDULE—continued

PART II

PRICE JUSTIFICATION SCHEME STATEMENT OF COSTS IN SUPPORT OF PROPOSED PRICE INCREASES

	A	B	C	D
	Revenue and Cost Items for Whole Business (as at Base Date)	Revenue and Cost Items as at Base Date for all Goods Under P.J. Scheme	Revenue and Cost Items for Whole Business at Present Time	Revenue and Cost Items at Present Time for all Good Under P.J. Scheme
	\$	\$	\$	\$
(i) Sales (columns "A" and "B") on an annual basis at price levels applicable on base date. (See note 1, Part III)				
(ii) Sales (columns "C" and "D") on an annual basis at current price levels (not taking into account proposed price increases)				
(iii) Amount of sales revenue included in columns "C" and "D" attributable to price increases since the base date (please show details of calculations on a separate sheet)				
(iv) Current sales converted to base date prices item (ii) minus (iii)				
(v) Percentage movement in output (Item (iv) minus item (i) as a percentage of item (i))				
Cost Items Calculated on an Annual Basis at Levels Obtaining or Envisaged at Base Date and at Present Time—(please see Part III as to substantiating details required for specific items)				
(vi) Materials (other than packaging materials) ..				
(vii) Packaging materials				
(viii) Wages, salaries, and other remuneration—				
(a) Factory staff				
(b) Clerical staff				
(c) Sales and distribution staff				
(d) Managerial and executive				
(ix) Repairs and maintenance				
(x) Depreciation				
(xi) Power				
(xii) Rent				
(xiii) Rates				
(xiv) Interest				
(xv) Administration and general expenses (apart from wages and salaries)				
(xvi) Outward freight				
(xvii) Discounts				
(xviii) Other selling and distribution expenses ..				
(xix) Payroll tax				
(xx) Expenses (if any) N.E.I.				
(xxi) Total expenses				
(xxii) Deduct from totals of columns "C" and/or "D" totals of columns "A" and/or "B" adjusted for item (v)				
=(xxiii) Effective increase in costs				
(xxiv) Additional revenue calculated on an annual basis expected to be obtained from proposed price increases (Please show under columns "C" and/or "D" and supply detailed calculations on a separate sheet)				

Signature of Applicant

PART III

INSTRUCTIONS FOR THE COMPLETION OF PART II AND DETAILS OF SUBSTANTIATING INFORMATION REQUIRED

1. Under Part II details of sales revenue and costs are required to be calculated on an annual basis both as at the base date and at the date of lodging the submission for increased prices. The base date is to be taken as the day immediately preceding the date of operation of the last price increase applied by the applicant on the range of items covered by the Price Justification Scheme. Where the last price increases taken on these goods were applied at varying dates on different items then the day preceding the date on which the first of these items was increased in price becomes the base date.

2. Part II of the form provides for revenue and cost particulars to be supplied with regard to the total business of the applicant (columns "A" and "C") and also with regard to the business transacted in items coming under the Price Justification Scheme (columns "B" and "D"). However, this latter allocation of revenue and costs need not be supplied where price justification items cover at least 75 percent by value of the total business handled, provided the applicant

seeks to recover on the price justification items no more than a proportionate share of cost increases allocated on a sales value basis.

3. In detailing costs as required for the purposes of items (v) to (xx) of Part II of this form applicants are asked to take into account the level of expenses which they were experiencing at the base date together with such pending cost increases to which they were irrevocably committed at that date. The same procedure should be followed in setting out details of costs applicable at the date of lodging this price submission.

4. Details of the calculation of each item at each of the two time points set out in Part II of the form are to be shown on a separate sheet, and all calculations are to be reconcilable with the financial records. The base figure for the calculation of each item, which would frequently be the expenditure on that item during the applicant's financial year prior to the time point in question (or the expenditure during some other appropriate period) should be shown together with details of such adjustments as have been made in arriving at the cost figure entered on the form.

5. The details supplied of the calculation of items at each point of time should reveal the reason for the differences in costs and revenue over the period—but where such differences are appreciable applicants should ensure that the causes of them are adequately explained.

6. The following notes relate to specific items and cover the substantiating particulars which it is desired should be furnished on a separate sheet.

Sales

7. The sales figures sought under items (i) and (ii) (Part II) should be shown as gross values before the deduction of discounts—which are to be separately disclosed under item (XVII).

Materials and Packaging Materials

8. The basis of calculation of this cost is to be shown with supporting calculations for each of the two points of time. Where an increase in the cost over the period is due to a rise in the price of the materials themselves the date when such rise took place should be indicated—together with particulars of the allowance which has been made for the clearance of the old, lower-costing stocks. Where the increase in cost has been occasioned by a change in the type of packages, or packaging materials used, explanatory details should be supplied.

Wages, Salaries, and Other Remuneration

9. In entering this item on the form please provide separate figures for the various classes of staff—(as set out in sub-items (a) to (d) item VIII Part II) and ensure that in each instance all types of remuneration are taken into account—i.e., payments at ordinary time, payments at overtime rates, holiday pay, bonuses, travelling allowances, etc.

Substantiating details should provide a breakdown under these headings for payments made to your various classes of staff—and particulars of calculations should be furnished to indicate how the amounts in question have been arrived at either by projection from the amount paid in the previous financial year—or by taking a typical shorter period, say the 2 weeks prior to the time points in question, grossed up to an annual basis.

If a portion of the increase in this item is attributable to increase in rates of remuneration which first became payable from a date subsequent to 31 December 1970, please indicate the relevant date, and furnish additional details under the headings already mentioned of the annual level of wage and salary remuneration payable as at 31 December 1970.

Repairs and Maintenance

10. Substantiating details for the amount shown under this heading at each time point (i.e., base date and the date of the pricing submission) should reveal the reasons for any significant increase which may have taken place. If the current calculation incorporates items (e.g., the painting of a building) which would normally recur at intervals of 2 or more years please supply particulars and indicate a suitable spread of such charges so that the present period is not saddled with more than its appropriate share.

Depreciation

11. Please provide a subdivision of this item of cost at both relevant dates under the headings of:

- (a) depreciation at standard income tax rates;
- (b) special depreciation;
- (c) depreciation provided for in excess of (a) and (b).

Power

12. Particulars furnished in support of this item should provide a breakdown of expenditure incurred on the various classes of power—electric, gas, oil, coal, etc. Where any increase in cost has been occasioned by a change in the type of power used the reason for this should be explained.

Rent

13. Please indicate the name of the owner of the property, and if such owner is a subsidiary or associated company of the applicant, show the basis on which the rental has been calculated. Details should be given of any change in rental which took place between the relevant dates—that is the base date and the date of this submission.

Interest

14. A detailed breakdown of this charge should be furnished showing the sources of the loan funds and the rates of interest in each case. By way of comparison interest payments made during the financial year prior to the base date, and prior to the lodging of the current submission should be supplied.

Administration and General Expenses

15. An indication should be given of the main items incorporated under this heading, which should include all expenses (other than distribution expenses) not otherwise included.

Outward Freights

16. Substantiating details of the calculation of this item at the two relevant points of time should include particulars of any general increases in freight charges which have taken place over the period.

Discounts

17. This item should be related to the value of sales as calculated at each of the two time points. Cash and quantity discounts should be separately shown.

Other Selling and Distribution Expenses

18. In addition to indicating bases of calculation please itemise under appropriate headings.

Payroll Tax

19. Details of calculation supplied for this item should indicate that it represents only the actual tax payable on the amounts enumerated under item (viii) after taking into account such exemptions as are allowable, but excluding export incentives.

