CABINET

PRICES AND PAY - THE NEXT PHASE

Note by the Second Permanent Secretary, Cabinet Office

1. By direction of the Prime Minister, I am circulating for information copies of the final versions of the Counter-Inflation Bill and the White Paper on the Second Stage of the Programme for Controlling Inflation as revised in the light of the discussion in Cabinet on 15 January.

2. The White Paper and the text of the Bill will be published at 1.45 pm on Wednesday 17 January.

Signed J J B HUNT

Cabinet Office

16 January 1973
The Programme for Controlling Inflation: The Second Stage

Presented to Parliament by the Chancellor of the Exchequer
by Command of Her Majesty
January 1973

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HER MAJESTY'S STATIONERY OFFICE
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Cmnd. 5205
THE PROGRAMME FOR CONTROLLING INFLATION: 
THE SECOND STAGE

1. In the tripartite discussions last year the Government, the TUC and the CBI agreed on three objectives: to maintain a high rate of growth and to improve real incomes; to improve the position of the low paid and pensioners; and to moderate the rate of cost and price inflation. On 6th November 1972 the Prime Minister announced that it had not proved possible to reach agreement on the means of achieving these aims. The Government had no alternative but to bring in statutory measures. There would be a temporary standstill during which the Government would work out proposals designed to secure the objectives.

2. The Government now announce the next stage of their programme. This White Paper describes the policy to be pursued and the new legislative framework which will supersede the Counter Inflation (Temporary Provisions) Act 1972. A draft Bill is published in a companion White Paper (Cmnd. 5206).

3. The Government commend these proposals to Parliament and to the nation because they are essential if we are to sustain the higher rate of economic growth which is now being achieved and which is the only basis for increasing our prosperity. Inflation is the biggest single threat to that prosperity and to the improvement of our standard of living. By making our products less competitive in home and overseas markets and by impairing confidence in our ability to maintain growth, it threatens the value of our currency and endangers jobs, as well as investment which can create more jobs. It also damages industrial relations and is socially unjust.

4. Inflation is a world wide problem. Many countries have shared in the recent sharp acceleration in the rates of price and pay inflation. We must plan on the basis that the fight against inflation will continue for a long time to come. That is why the Government's proposals include continuing machinery by which inflation can be tackled. This machinery could also be used under voluntary arrangements when they can be agreed.

5. The Government acknowledge the co-operation and understanding shown by all sections of the community in the operation of the standstill. In the next stage the Government will continue to rely on voluntary co-operation to the maximum extent possible. They believe that co-operative arrangements to check inflation are the best way to proceed, and this White Paper explains how the Government's proposals leave the way open for agreed voluntary arrangements in the future. But meanwhile responsibility for combating inflation and safeguarding the higher rate of economic growth in the interests of the whole community rests with the Government.

6. The draft Bill provides for the establishment of two new agencies: a Price Commission and a Pay Board. It also gives to the Government and the agencies for a 3-year period powers to regulate prices, pay, dividends and rents. It is intended that all concerned with prices and pay should
observe the relevant policies outlined in the next section of this White Paper, and in the Appendix. The Government will embody these policies in a Code for determining prices and pay, which will be laid before Parliament for approval in a statutory instrument. It will then be applied by the agencies. Ministers will ensure that the agencies receive from firms and employers the necessary information about price and pay increases to enable them to apply the Price and Pay Code to particular cases. They will thus play a key role in implementing the policy within the Code and their decisions will be binding under the law. The Bill will also give special powers to Ministers to ensure that prices reflect fairly the effects of the abolition of purchase tax and selective employment tax and the introduction of value added tax.

7. The legislative proposals are described more fully later in the White Paper. To allow Parliament adequate time to consider the Bill and to avoid a gap between the expiry of the powers under the Counter Inflation (Temporary Provisions) Act and the date when the powers under the new Bill become operative, the Government will ask Parliament to approve an Order in Council for a 60-day extension of the Act. However, provided the new Bill is enacted by 31st March, the standstill on pay will come to an end on that date and the pay policy described in this White Paper will then be brought into operation. Because of the need for special care about price movements in the period following the introduction of VAT, the standstill arrangements for prices will continue until the end of April. Thereafter the new policy for prices described in the White Paper will apply.

The Policies

8. The Government’s policies are directed to attacking the rise in prices. A large number of price increases stem from domestic causes which we can influence or control, especially pay and other increases in incomes. However some causes of price increases are outside the control or influence of the United Kingdom. We are heavy importers of food and raw materials. The prices of these fluctuate on world markets and in recent months many of them (e.g. meat, grain, wool and metals) have risen sharply. More broadly, the prices of nearly all our imports are affected by inflation in other countries and by rising demand as a result of higher living standards throughout the world. For example, there have been increases in the cost of many imported components and semi-manufactures for industry. Some prices will be affected gradually over the next few years by our obligations to the European Community. We can as a nation protect some of our more vulnerable members against these increases. The Government are pledged to protect retirement pensioners by maintaining the purchasing power of their pensions and giving them a share in the nation’s increasing prosperity when pensions are again increased next autumn. This White Paper contains proposals designed to give special help to the low paid. But increases in import costs are a charge on the living standards of all of us which, as a community, we cannot avoid.

9. While therefore some increases are beyond our control, the Government are determined to press home the attack on the domestic causes of rising prices. In working out the policies to achieve this described in the next paragraphs, the Government have therefore had in mind three objectives:
to steady prices, to be fair, and to sustain a faster rate of economic growth. And in considering methods for implementing the policies they have looked for those which are as straightforward as possible, require the minimum of administration and allow flexibility in operation to meet differing circumstances.

CONTROL OF PRICES

Manufacturers’ prices

10. The Government intend to ensure that prices are firmly controlled and to reinforce the effects of competition in doing so. Manufacturers will not be permitted to increase their prices except to the extent that they have to meet unavoidable cost increases. The extent to which these can be passed on in increased prices will be prescribed in the Price and Pay Code. For this purpose allowable costs will be strictly defined and there will, for example, be a reduction in them to ensure that the benefits of increased productivity are used to keep prices down. Pay increases which do not comply with the policy will not be an allowable cost. There will thus be no question of passing on all cost increases automatically as price increases. Manufacturers will also be required to reduce their prices if cost reductions occur.

Limit on profit margins

11. These requirements will be backed by a limitation on profit margins on sales in the home market; net profit margins as a percentage of sales will not be allowed to exceed the average level in the best two of the previous five years. If the limit is exceeded price reductions will be required.

Prior approval

12. Large firms will be required to seek prior approval for price increases for manufactured goods. This requirement may also be applied to other firms with a substantial share of the market for certain important products. Smaller firms not required to seek prior approval for price increases may be required to provide regular information enabling the Price Commission to monitor their prices effectively.

Wholesale and Retail Prices

13. In operating the price control, the gross percentage margins of distributors (that is, wholesalers and retailers) will be held at the level of a recent base period. This control will be backed by a limitation of profit margins (average of the best two of the previous five years) comparable to that applied to manufacturers. The effect will be to limit gross margins where the distributor's purchase prices rise sharply. The Government intend to ensure by these requirements that the control exercised over manufacturers’ prices is fully reflected at the retail level. It would also be wrong to allow extra profits to be made as a result of increases in world prices of food and other products by those trading in them. Where therefore supply prices rise steeply eg because of large rises in world prices, it may be necessary to make further special arrangements to limit margins.

14. Further information on how price control will operate for manufacturers and distributors and for other industries and services is given in
the Appendix. In devising all these arrangements it will be the Govern-
ment's aim to minimise the extra administrative requirement on the business
sector. The Government will continue to consult about further developments
of the policy.

Transition to Value Added Tax

15. Special arrangements will be made to ensure that when VAT replaces
purchase tax and selective employment tax on 1 April, the full benefit
of any net reduction in tax is passed on to the public, and any price increases
are no larger than is justified by the tax change. The Government therefore
propose to take the necessary powers in the Bill to ensure that the consumer
is treated fairly in the tax change.

Statutory price fixing bodies

16. Prices determined by bodies such as the Traffic Commissioners and
the Civil Aviation Authority will be subject to the policy and arrangements
will be made for these bodies to apply the Code.

Prices of Nationalised Industries and other public sector trading services

17. The prices of the nationalised industries will in general be subject to
regulation on the same principles as apply in the private sector. They will
be within the scope of the Price Commission, just as pay in the industries
will be within the scope of the Pay Board. Nationalised industry export
prices, like those of the private sector, will not be subject to control. The
charges for international air travel and for certain air navigation and landing
services, and British Rail charges for international traffic, will also be outside
the control. Prices for coal and steel are subject to our obligations as
members of the European Coal and Steel Community.

18. In the interests of price restraint the nationalised industries, with full
Government approval, have held down their prices during the past eighteen
months at very heavy cost to the taxpayer. The effect of the policy for the
next stage will be that the industries will be permitted to increase prices to
which the policy applies only on the same strict criteria as private sector
undertakings. The Price and Pay Code which will govern consents by the
Price Commission will be framed accordingly. The Code will not however
for the time being permit the nationalised industries concerned to increase
prices by more than their cost increases in order to reduce their deficits.
Subject to that, the Price Commission will not under the Code withhold
increases which it would allow to a private undertaking facing similar cost
increases.

19. Where Government Departments are engaged in substantial trading
operations, proposals to increase prices will be referred for advice to the
Price Commission. They will be asked to apply the same principles in
examining them as to nationalised industry prices. The trading services of
local authorities and similar public bodies will be within the scope of the
policy and the Code will apply to them.

School Meals

20. The Government have decided that the increase in the school meal
charge from 12p to 14p from 1 April 1973 announced in Cmnd 4515 will be
defered for the time being.
RENTS, RATES AND LAND

Housing

21. Nearly all house rents are already regulated by law. In the Government's view, the policy embodied in the Housing Finance Act of fair rents, coupled with a comprehensive system of rebates and allowances, is the right one. This Act, and the corresponding Scottish Act, have recently been approved by Parliament. The Government's policy on rents during the next stage will therefore be to rely on the Housing Act provisions for phasing increases towards fair rents and stabilising rents at the fair rent level. But in order to assist lower paid tenants, the Government will increase by £3.50 the needs allowance which is used to calculate rent rebates or allowances. As a result, those local authority and private tenants qualifying for rebates or allowances whose income goes up as envisaged in the Government's policies will generally have to pay no more rent, and many of them will pay less than now. A married tenant with two children and a weekly income of £35 who is living in a local authority house with an average rent (ie about £3.60) will normally pay no more rent than now.

Rates

22. The Government recognise that improvements in social services and in the environment, which are in themselves very desirable, involve extra expenditure by local authorities. Rates are however important both in commercial and industrial costs and in household budgets. The Government have therefore substantially increased the Exchequer contribution to the financing of local government expenditure through the rate support grant for 1973-74 with the aim of enabling local authorities to keep the average increase in rates down to a level consistent with the need to contain inflation. Because of wide variations in the circumstances of different local authorities, a uniform level of rate demand cannot be expected. The Government intend, however, to establish arrangements to monitor proposed increases in rates and where rate demands appear to be at an unnecessarily high level they reserve the right to call in the local authority concerned and require them to reconsider their proposal.

Land and Business Rents

23. The Government fully recognise the extent to which rising land prices can contribute to general inflationary pressures. They therefore, intend, before the next stage of the policy comes into operation, to bring forward proposals which will increase the availability of building land and reduce the extent to which it is possible for people to make disproportionately high profits from transactions in land. They also intend to continue in the next stage of the policy the standstill on business rents. These enter into the cost of many goods and services, and unlike housing rents are not subject to control under any permanent legislation. There will be powers in the Bill which will enable the Government to continue to control them. Consideration will be given during the next stage to longer-term policy for business rents.

PAY

24. Pay is the largest single element entering into prices which are under our own control or influence. There is no prospect of achieving
a reduction in the rate of price inflation unless increases in pay are brought well below the levels reached immediately before the standstill when increases in both wage rates and earnings were running at 15–16 per cent above a year before. For some time to come these pre-standstill increases will continue to give rise to price increases. But the rate of pay increases must be brought more nearly in line with the growth of output available to support them, so as to reduce price inflation progressively and improve the prospects of a sustained faster growth in real earnings.

The pay limit

The next stage of policy will run from the end of the pay standstill until the autumn of 1973. During that period, the total of increases in pay for any group of employees (to run for 12 months from the date of implementation) should not exceed the sum which would result from the payment of £1 a week per head plus 4 per cent of the current pay bill for the group, exclusive of overtime.

This limit is deliberately expressed as an addition to the pay bill for the group of employees concerned. It thus leaves scope for negotiation and for flexibility in application to the circumstances of particular workers and the amounts that they receive, but the Government believes that the emphasis should be on the lower paid. Within the limit no individual should receive an increase of more than £250 a year. In the Government's view, the increase in the national pay bill which the limit is likely to produce (including increased earnings from overtime etc.) is the maximum consistent with securing a significant reduction in the inflationary impact of pay on prices.

Settlements deferred by the Standstill

The first 90 days of the statutory period of standstill which Parliament has already approved end on 27th February. Once that period is over, the Government do not think it right that any pay increase caught by the standstill should be held up for more than 90 days from the normal operative date of the group concerned. From 28th February deferred increases will therefore be permitted to take effect without retrospection 90 days after their normal operative date or on 1st April, if earlier. This is subject to the requirement that that date is not less than 12 months after the previous settlement. Increases which were agreed on or before 6th November when the standstill was announced will be allowed to take effect in full. In all cases negotiated after that date the cost of settlements must be at the rate of £1 per week per head plus 4 per cent. If negotiators wish to make a settlement for less than 12 months in order to revert to their normal operative date, they will be free to do so, provided they keep within that rate.

Scope of the Pay Policy

As during the standstill the policy will apply to all employment incomes, including income from self-employment, and to all wages and salaries from shop floor to board room level. With a few exceptions referred to in the Appendix, it will cover improvements in terms and conditions of employment, fringe benefits etc. Further particulars of the pay policy generally are given in the Appendix.
The Low-paid

29. The form in which the pay limit is expressed is however designed to favour low paid workers for whom it would give a better deal than a single percentage limit. The Government attach importance to this and they expect negotiators to pay full regard to it.

30. Certain other aspects of the policy will particularly benefit the lower paid. First where women's rates are still less than men's, negotiators will be free to decide on increases above the pay limit which would reduce the differential by one third by the end of 1973. Secondly, the provision in the Appendix that certain improvements in hours and holidays may be negotiated outside the pay limit will benefit the low paid. Thirdly, the Government also propose to pursue in consultation with the TUC and CBI proposals worked out in the tripartite talks last autumn which envisaged the establishment of a board to help improve the capacity of industry to raise pay levels for the lower paid. The increase in the needs allowance for rent rebates and allowances will greatly assist the low paid. Finally, in consulting industry on the Price and Pay Code the Government will particularly wish to discuss for the subsequent stage of the policy the question of threshold agreements, which could be of special importance in protecting the living standards of low paid workers.

Subsequent Stage of the Policy

31. The policy set out in this White Paper will operate under the Prices and Pay Code until the autumn. During this stage the Government will undertake full consultation on the policy for the subsequent period, so that the attack on price inflation can be carried further.

32. These consultations will cover the level of pay increases which would be appropriate in relation to the movement of prices and the rate of growth of the national economy. The Government's aim in these consultations will be to develop a policy which will enable the possibilities of economic growth to be fully realised in terms of the improvement of the real earnings and standard of living of the community as a whole, while bringing down the rate of increase of prices and money incomes.

33. As an integral part of these consultations, the Government will seek the help of the Pay Board in its advisory capacity on problems of relativities and anomalies both within and between groups of employees. Resolution of these problems must occupy an important place in any policy to deal with inflation in the longer-term which is to be effective and seen to be fair. The aim will be to find ways in which, within the overall pay limit for the subsequent stage, progress can be made in dealing with these problems and in encouraging the resumption of longer-term improvements affecting pay, such as productivity and restructuring schemes.

DIVIDENDS

34. The Government will continue the control of dividends in the next stage of the policy. The present control by reference to the corresponding dividend a year earlier will continue until the end of the standstill on pay.
Thereafter, dividends declared for a company's account year will not normally be permitted to bring the total declarations for that year to more than 5 per cent. above the amount declared for the company's preceding account year. Further details are given in the Appendix.

THE LEGISLATION

35. The draft Bill published in Cmnd. 5206 contains three main elements:

   (i) provision for the establishment of a Price Commission and a Pay Board and for their procedures and functions, and for a Code governing prices and pay to which they will be required to have regard in carrying out their functions. The Government will be required to prepare the Code, embody it in a statutory instrument and submit it for approval to Parliament. These sections of the Bill will come into effect when the Bill receives the Royal Assent.

   (ii) provisions which will enable Ministers and the agencies to control prices, pay, dividends and rents while they are in force. These provisions will come into force when the order embodying the code of rules for the agencies is made. These powers will then run for three years, after which they could be extended for further periods of twelve months, but only after affirmative resolutions of Parliament.

   (iii) a special power available from the date on which the Bill becomes law until 30th June, 1973, to control prices when purchase tax and selective employment tax are replaced by value added tax, so as to ensure that they properly reflect the tax changes. The Government consider that this power will be needed by 1st April, when the tax change takes effect.

36. The first purpose of the Bill is thus to give the Government the powers for a sustained attack on inflation, beginning with a period during which the use of statutory powers is unavoidable. But it is also a flexible instrument capable of accommodating a wide range of policies including an entirely voluntary approach. In particular, the Price Commission and Pay Board could play an important part in voluntary policies of different kinds, as well as under a range of policies backed by statutory controls.

Price and Pay Code for the Agencies

37. The Bill requires the Treasury to prepare a Code under which the agencies will operate in dealing with price and pay questions which come to them under the control powers, or are referred to them by Ministers. This code requires approval by affirmative resolutions of each House of Parliament. Subsequent amendments of the code would require similar approval. The Bill also provides for consultation with consumers, employees and employers and other bodies which are considered appropriate before the order embodying the Code, or subsequent amending orders, are made. The Price and Pay Code represents both terms of reference for the agencies and a statement of the policies which the Government expects those concerned with prices and pay to observe.

38. The Bill also requires Ministers to ensure that the agencies are given those prior notifications of proposed increases in prices and pay which
they need to implement the policy. Ministers are empowered to require firms and employers to notify proposed increases and it is intended to use this power selectively to cover the more important prices and pay settlements.

39. The Government propose to establish the agencies as soon as possible after the Bill becomes law. However, the new control powers will not be available until the order containing the Code for the agencies has been made. The Counter Inflation (Temporary Provisions) Act will cease to have effect as soon as the new control powers become available.

Role of the Agencies when controls are in operation

40. When the statutory powers are in operation the agencies will have an important executive function, and can also have an advisory one. The consent of the relevant agency will have to be obtained before prices or pay can be increased by firms and employers required to give prior notification. The agencies will receive direct any applications for consent to increases and will be free to approve or reject them in accordance with the Code. Ministers will be able in exceptional circumstances and after consultation with the agency to approve increases not authorised by the agency.

41. The powers to control dividends and rents run for the same period as the powers to control prices and pay, but the Bill provides in these cases for control by Ministers.

42. Offences under the Bill include the contravention of a notice or order forbidding an increase, or part of it, issued by an agency or by a Minister; striking or threatening to do so to force an employer to contravene a notice or order; refusing to supply information or supplying false information. All these offences are punishable by fines.
APPENDIX

A: PRICES

SCOPE OF THE POLICY

Prices of most manufactured goods and services supplied to the home market will be subject to control. The prices of goods and services exported will not be controlled. Other goods and services which will be exempt from control include:

Imported products
Fresh food and other similar products subject to fluctuations from external or seasonal causes
Goods and services whose prices are regulated as a result of international agreements or arrangements
Goods and services sold by auction
Secondhand goods.

2. Manufacturing enterprises will not be able to increase prices in the domestic market except to the extent that allowable costs rise. Distributors' gross percentage margins will be held. Within this, there will in certain cases be more detailed scrutiny of margins on individual items where prices rise substantially, particularly as a result of world price movements. In addition to these controls on prices and margins, there will be a restriction of net trading profits operated at the level of the whole enterprise, or of approved major sub-divisions. These profits, expressed as a ratio of profits before tax to sales or turnover, will be held to the average of the best two of the previous five years.

3. The Government intend that precise rules on costs, profits and margins should be firmly established as soon as possible. Consultation with industry, trade and commerce will continue about the Price and Pay Code which will apply after the end of the standstill, and will be administered by the Price Commission. The Government wish all firms to know as soon as possible how the control will apply to them, so that they may make the necessary preparations in good time and so that the burden of administration on them and on the Price Commission is reduced to the minimum consistent with effectiveness.

4. The code for determining prices will include the following points:

(a) The costs to be allowed will be strictly defined.
(b) Only salary and wage increases approved by the Pay Board or consistent with the Price and Pay Code may be included.
(c) An offset to allowable costs will be required to take account of increases in productivity.
(d) Price reductions will be required in certain circumstances eg where costs fall.
(e) The date from which cost rises will be taken into account will normally be the date of the beginning of the standstill ie 6th November, 1972.
The Price and Pay Code will give the Price Commission some latitude in applying the controls in certain cases, e.g., to deal with a loss situation; or where the Price Commission is satisfied that application of the general rules would impede investment.

5. The code will apply to all enterprises but different administrative arrangements will apply to different sectors as follows.

MANUFACTURERS

6. For the purpose of control, all companies whose main activities is in manufacturing will be divided into three Categories. The largest firms (Category I) and other firms with a relatively large share of the market for particular goods, will be required to notify the Price Commission before increasing prices of goods they sell. The period of notice will be specified in the Code after consultation. The Price Commission may authorise the increases requested or it may refuse consent. Unless the Price Commission notifies the applicant to the contrary within a time to be specified, the proposed price increase may be implemented. Category I firms will also be required to submit to the Commission regular reports of their costs, prices and profit margins for scrutiny in connection with the application of these arrangements.

7. Medium-sized firms (Category II) will not be required to obtain consent before increasing prices, but they will be required to submit regular reports of their costs, prices and profits to the Price Commission. The Commission will be empowered to investigate as it considers appropriate. If necessary, the Commission may require that prices should be reduced.

8. Smaller firms (Category III) will also not be required to obtain prior agreement to increase prices, nor will they be required to submit returns to the Price Commission. But they will be subject to spot checks. All enterprises above a minimum size will have to keep records in appropriate form, and may be required to justify price increases to the Commission.

9. The definition of the three Categories will be worked out urgently in consultation with those concerned, but the Government envisage that all manufacturing companies with a turnover over £50 million a year will fall into Category I, though that Category may well need to go wider.

SERVICE INDUSTRIES

10. Special arrangements will be made, after consultation, for the application of the code to service industries. In the case of certain services, particularly those provided by small firms, the Price Commission may need to assess cost changes in the provision of services on an industry or sector basis and to indicate the extent of any price increases considered to be justified.

11. Service industries will be subject to profit control on the same basis as manufacturers.

COMMISSION SELLING

12. Where goods or services are sold on commission, that commission, expressed as a percentage, will not generally be increased.
DISTRIBUTORS.

13. Distributors' gross percentage margins will be held at the level of a base period which in the Government's view should normally be the last account year of the firm concerned before the introduction of the Code. This will, however, be subject to consultation. This control will limit gross margins where the distributors' purchase prices rise sharply. The Government intend by this means to ensure that the restraint exercised over manufacturers' prices is fully reflected at the retail level. Where supply prices of goods rise particularly sharply, e.g. where they are affected by large rises in world commodity prices, it may be necessary to make special arrangements for margins to ensure that retail prices do not rise to an unreasonable extent.

14. Large distributors will be required to furnish regularly to the Price Commission particulars of their turnover, gross margins and profits. The Government envisage, subject to consultation, that a limit of the order of £10 million annual turnover will apply. All distributors whose turnover exceeds £50,000 will be required to keep records of the same information which may be examined by the Price Commission.

TRANSITION TO VAT

15. The Government's intentions are described in paragraph 15 of the White Paper. The Government will be holding urgent consultations with those concerned to work out arrangements for ensuring that the tax changes are properly reflected in prices of goods and services.

16. The Bill will empower designated officers, including Weights and Measures inspectors under the direction of Ministers, to investigate prices to see that they properly reflect the tax changes.

TENDERS

17. Prices quoted in competitive tenders will not be subject to price approval by the Price Commission, but enterprises offering tenders will be required to conform to the Code, including the rules for allowable costs. They will be subject to the overall profit control.

B: PAY

18. All employment incomes, including income from self-employment and other incomes fixed on an individual basis, will be covered by the policy. The policy will apply from the end of the pay standstill until the autumn of 1973. (The particular treatment of settlements deferred by the standstill is dealt with in paragraphs 35-36 below.) The following paragraphs set out in more detail for immediate guidance how the Government intend that the policy should be applied. This same guidance will be embodied in the Price and Pay Code which, after consultation with industry and subject to the approval of Parliament, will apply after the end of the pay standstill and will be administered by the Pay Board.

THE PAY LIMIT

19. The policy will be based on the principle that settlements should not be made more frequently than at 12 month intervals and that no group should receive increases in excess of the pay limit during their next 12 month period.
20. The annual limit to which pay settlements must conform will in general be related to the group covered by the settlement, not to the individual. The total cost on the annual pay bill of all pay increases affecting any of the group during a 12 month period must not exceed the equivalent per head of £1 a week plus 4 per cent of the average pay bill per head over the previous year. The cost of overtime working should be excluded from the calculation save for the cost of any increase in the premium paid for such work. Within this pay limit no individual should receive an increase of more than £250 a year.

21. Within this total figure there will be scope for negotiations, for example on the extent to which the increase is to be weighted in favour of the lower paid, to which as indicated in the White Paper the Government attach importance. Negotiators will also be free to decide the extent to which the increase takes the form of improvements in other terms and conditions of employment, as an alternative to a straight increase in pay.

OTHER TERMS AND CONDITIONS

22. The cost of improvements in other terms and conditions of employment must be included in the total cost of settlements. Improvements in pensions and redundancy payments schemes may, however, be negotiated outside the pay limit, as may reductions in standard working hours down to a net 40 hours per week and improvements in annual holidays up to 3 weeks.

23. All new benefits under share option and share incentive schemes were subject to the standstill announced in Cmnd. 5125. This standstill will continue for the time being. The Government will be initiating consultations with a view to seeking a way of enabling such schemes (which the Government believe provide desirable incentives) to be implemented in future within the framework of pay policy.

EQUAL PAY

24. The Government stand by the requirement of the Equal Pay Act 1970 to achieve equal pay by the end of 1975. They wish orderly progress towards this to continue and any remaining differential between men's and women's rates may therefore be reduced by up to one-third by the end of 1973 outside the pay limit, if necessary. Increases outside the limit for this purpose may only be made where pay settlements within the limit do not widen the existing relativity between men's and women's rates.

25. The Government therefore do not intend to make an Order under the 1970 Act to make it mandatory to bring women's rates of pay up to 90 per cent of the corresponding men's rates by the end of 1973.

PAYMENT BY RESULTS

26. Where settlements affect workers covered by schemes of payment by results (including pieceworkers), increases in pay which will arise from the operation of such schemes must be included within the pay limit except in so far as such increases are due to increased output within the terms of existing schemes.
PRODUCTIVITY AND PAY RESTRUCTURING SCHEMES

27. In this stage of the policy any new productivity and pay restructuring schemes will have to be implemented within the pay figure, if necessary by staging. Future treatment of such schemes will be a matter for consultation with industry and others concerned, including the Pay Board.

NATIONAL, LOCAL AND PLANT NEGOTIATIONS

28. Where settlements for a particular negotiating group are concluded at more than one level, e.g. a settlement at national level is supplemented by settlements at local or plant level, the total resulting increase must be within the pay figure.

LONG-TERM AGREEMENTS

29. Further guidance will be given by the Government after consultation with industry about the payment of increases agreed before the standstill but not due for payment until after the standstill ends, for example the later stages of long-term agreements and cost of living sliding scales.

30. As regards the conclusion of new agreements, negotiators are free to reach settlements providing for staged increases at not less than 12 month intervals, but the later stages will have to conform to whatever guidelines are operating then, on which the Government will be consulting industry.

ARBITRATION ETC.

31. The policy applies to all settlements whether reached by direct negotiation, conciliation, arbitration, or by other methods of pay determination whether statutory or otherwise. The cost of Industrial Arbitration Board awards under section 8 of the Terms and Conditions of Employment Act and similar legislation will, however, be outside the pay limit.

PERSONAL INCREMENTS

32. Personal increments of any kind may be paid so long as any additional cost on the annual pay bill of the group concerned is counted against the pay limit. Where, however, existing pay is expressed in a predetermined range or scale and the increments are regular and of specified amounts, any cost of movements within the range or scale on the annual pay bill of the group concerned will not count against the pay limit. The cost of any improvements in existing ranges or scales must be contained within the pay limit.

NEW EMPLOYERS AND NEW WORK

33. The policy will apply to the fixing of pay by new employers or for new work. In all such cases rates of pay should be no higher than those currently paid in the locality by other employers for the same or similar work.

OTHER EMPLOYMENT INCOMES

34. The policy applies to all other employment incomes including incomes from fees and allowances, save re-imbursement allowances in respect of expenses necessarily incurred in the course of employment. All self-employed
persons should take account of the relevant guidelines when determining their fees and charges, in order that their income from them net of allowable costs should conform to the pay limit. The agencies will have the power to restrict the charges and incomes of any category of the self-employed when they appear to be increasing excessively. Scales of fees or charges may in suitable cases be made subject to notification. The Government are a major user of many of the services of professional bodies and will ensure that the policy is followed in their day to day dealings with such bodies.

SETTLEMENTS DEFERRED BY THE STANDSTILL

35. Settlements and other increases (such as personal increments) which were due to be implemented before the 90 day standstill, ie before 30th November, 1972, may take effect from 28th February. Thereafter, increases which have been deferred may be implemented 90 days after their due date or at the end of the standstill if that is earlier. In both cases this is subject to the due date being not less than 12 months after the previous settlement.

36. Subject to the above provisions on timing, settlements deferred during the standstill which were reached on or before 6th November, 1972, will be allowed to take effect in full but without retrospection. For others who would normally have been due for an increase during the period covered by the standstill but had not reached a settlement by 6th November, the cost of the settlement must be at the rate of £1 per week head plus 4%. If negotiators wish to make a settlement for less than 12 months in order to revert to their normal operative date, they will be free to do so, provided they keep within that rate.

NOTIFICATION OF PAY INCREASES

37. Under the new legislation an Order will be made indicating the arrangements for notification of pay increases, including arrangements for notification of certain increases in advance of implementation. The categories of pay increases required to be pre-notified will be announced after consultation with industry, but are likely to include those covering 500 or more employees; certain others may be required to be notified when implemented and all but the smallest firms may be required to keep necessary records of settlements implemented.

C: DIVIDENDS

COMPANIES AFFECTED

38. Paragraph 34 of the White Paper will apply to dividends declared by all companies incorporated in the United Kingdom except: —

(a) Investment Trusts as defined in Section 359 of the Income and Corporation Taxes Act 1970.

(b) Close companies to the extent that they increase distributions in order to comply with the special tax rules concerning such companies.

(c) Companies entirely in the beneficial ownership of another company or companies where ordinary payments are exclusively inter company transactions.
39. Companies which still have commitments under prospectuses issued before 6th November 1972 will be permitted to honour them. The Treasury will also be prepared to consider such cases as recovery situations, where an earlier account year may be a more suitable basis for comparison, and increased dividend declarations in order to resist an actual takeover bid. If a company considers that there may be sufficient reasons for exceptional consideration, the Treasury should be consulted in good time before any action is taken.

DIVIDENDS AFFECTED

40. The dividends affected are all dividends payable in cash (excluding fixed rate dividends) and analogous distributions out of the assets of a company otherwise than by way of repayment of capital.

CALCULATION OF DIVIDENDS

41. Dividends declared in respect of a company account year should not bring the total amount of dividends declared in respect of that account year to more than 5 per cent above the money amount declared in respect of the company's preceding account year. Pro rata adjustments should, however, be made to take account of any differences in the lengths of company account years, increases in paid up share capital (where these reflect the value of new cash subscribed or other real considerations), or reductions in share capital.

PROCEDURE

42. The Treasury will, when the legislation comes into force, lay an Order applying Clause 8 of the Bill to all quoted companies other than those listed in paragraph 38 above. A statutory order or notice can be applied under the legislation to companies other than quoted companies (unless otherwise excepted) and they will be expected to comply with the limit.
The Programme for Controlling Inflation: The Second Stage

A DRAFT BILL

Presented to Parliament by the Chancellor of the Exchequer by Command of Her Majesty
January 1973

LONDON
HER MAJESTY'S STATIONERY OFFICE

Cmnd. 5206
EXPLANATORY NOTE

The Bill provides for the control of prices, pay, dividends and rents following the expiration of section 2 of the Counter-Inflation (Temporary Provisions) Act 1972. It creates two Agencies, the Price Commission and the Pay Board, and provides powers for them to restrict prices and pay in accordance with a code to be formulated by the Treasury. It also provides for restrictions to be imposed on dividends and rents. These powers are exercisable initially for three years. There is also a temporary power to control the effect on prices of the introduction of value-added tax.

Clause 1 provides for the establishment of the Agencies and the appointment of their members. It is supplemented by the provisions of Schedule 1.

Clause 2 provides for the Treasury to prepare a code to which the Agencies are to have regard in performing their functions under the Bill, and which may contain practical guidance for those concerned in decisions on levels of prices and pay. The code will be contained in a statutory instrument, subject to Parliamentary control.

Part II of the Bill sets out the general powers to restrict prices, pay, dividends and rents. The temporary power which relates to the introduction of value-added tax is set out in Part III.

Clause 3 provides for the provisions of Part II to be brought into force at the same time as the code and for them to cease to operate after three years. The clause enables the operation of Part II to be terminated before the period of three years has expired or for its operation to be extended, for periods of up to twelve months at a time.

Clause 4 enables the Minister to make an order providing for prior notice of price or pay increases to be given to the appropriate Agency. The order may forbid the implementation of an increase until the Agency has had time to consider it.

Clause 5 enables the Price Commission to restrict prices or charges in relation to transactions effected while Part II is in force and requires them to exercise their powers for the purpose of ensuring that the relevant provisions of the code are implemented. Provision is made for the Commission to give people an opportunity of making written representations before any restriction is imposed.

Clause 6 contains provisions for the restriction of pay by the Pay Board, corresponding to those in Clause 5.

Clause 7 enables other statutory provisions relating to prices and pay to be modified by order.
Clause 8 empowers the Treasury, by order or notice, to restrict the declaration or payment of company dividends while Part II is in force.

Clause 9 gives a general power to make orders restricting increases in rents.

Clause 10 confers upon the Minister temporary powers to control prices or charges to ensure that they correctly reflect the tax changes which occur on 1st April 1973 (the introduction of value-added tax and car tax and the abolition of purchase tax and selective employment tax).

Clause 11 empowers the Minister and the Agencies to obtain information and inspect documents for the purposes of the Bill.

Clause 12 creates offences and prescribes penalties in respect of contraventions of the Bill and of orders or notices under the Bill.

Clause 13 supplements clause 12 in its application to offences by unincorporated bodies.

Clauses 14 and 15 contain provisions modifying the Bill in its application to Scotland and Northern Ireland.

Clause 16 defines “Minister” as meaning the Minister for the Civil Service, the Treasury, the Secretary of State, the Minister for Agriculture, Fisheries and Food or the Minister of Posts and Telecommunications.

Schedule 1 empowers the Minister (who can be any one or more of the Ministers specified in Clause 16(1)) to refer to an Agency any question relating to prices, charges, pay or company dividends, and requires the Agency to examine the question, or keep it under continuous review, and report to the Minister. The Schedule also relates to the constitution and proceedings of each Agency and to the appointment of their members, officers and servants.

Schedule 2 contains provisions for approving increases in prices, charges or pay. These include provisions for the granting of consents in cases where restrictions are imposed by orders or notices under Part II.

Schedule 3 contains supplemental provisions, relating in particular to the making of orders and giving of notices.

Schedule 4 is concerned primarily with the enforcement of orders and notices imposing restrictions.

Financial Effects of the Bill

The expenditure on the two Agencies will depend on the numbers and complexity of the matters they are concerned with, but is expected to be about £3 million a year.

Effect of the Bill on Public Service Manpower

In the short term the Bill is likely to require an increase in public service manpower of about 700.
Counter-Inflation Bill

ARRANGEMENT OF CLAUSES

PART I
THE AGENCIES

Clause

PART II
PRICES, PAY, DIVIDENDS AND RENTS

3. Duration of Part II.
   Prices and pay
4. Notification of price and pay increases, and approvals and consents.
7. Power to modify Acts about prices and pay.
   Dividends and rents
8. Restrictions on dividends.
9. Orders about rent increases.

PART III
PRICE CONTROL RELATED TO VALUE ADDED TAX

10. Introduction of value added tax: temporary power to control prices and charges.

PART IV
SUPPLEMENTAL

11. Power to obtain information.
12. Offences.
13. Offences by unincorporated bodies.
15. Application to Northern Ireland.
16. Interpretation.
17. Expenses.
18. Short title, supplemental provisions and repeals.

A 2
SCHEDULES:
Schedule 1—The Agencies.
Schedule 2—Approvals and consents.
Schedule 3—Supplemental provisions.
Schedule 4—Enforcement.
Schedule 5—Repeals.
Establish a Price Commission and a Pay Board; to authorise the formulation of the principles to be applied by those bodies; to afford powers of control over prices, pay, dividends and rents; and for connected purposes.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

THE AGENCIES

1.—(1) There shall be established two Agencies to be called respectively the Price Commission and the Pay Board.

(2) Each Agency shall, subject to subsection (5) below, consist of not less than five and not more than twelve members appointed by the Secretary of State and the Minister of Agriculture, Fisheries and Food (acting jointly), in the case of the Price Commission and by the Secretary of State, in the case of the Pay Board.

(3) Her Majesty may, by Order in Council, provide for the amalgamation of the Price Commission and the Pay Board into a single Agency, to be known by such name as may be specified in the Order.
PART I

(4) An Order in Council under subsection (3) above—
(a) shall be subject to annulment in pursuance of a resolution of either House of Parliament;
(b) may contain supplemental and incidental provisions; and
(c) may make consequential amendments in any enactment, including this Act.

(5) The Secretary of State may, by an order contained in a statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament—
(a) direct that the minimum or maximum number of members of each Agency shall be a number greater or less than that specified in subsection (2) above;
(b) vary or revoke any previous order made by virtue of this subsection;
and an order made by virtue of this subsection may provide for the composition of the two Agencies to differ.

(6) The provisions of Schedule 1 to this Act shall have effect in relation to the advisory role of the Agencies and incidental matters relating to each of the Agencies, their members, officers, servants and proceedings.

2.—(1) The Treasury shall prepare a code for the purposes of this Act, and it shall be the duty of the Agencies to have regard to that code in performing their functions under this Act.

The Treasury shall from time to time make such changes in the code as appear to them to be required.

(2) The code may include practical guidance for those concerned in decisions on levels of prices and pay.

(3) The code, and any change in the code, shall be contained in an order made by statutory instrument, and may be varied or revoked by a subsequent order so made.

(4) Before making an order under this section the Treasury shall consult such representatives of consumers, persons experienced in the supply of goods or services, employers and employees and other persons as they think appropriate.

(5) An order made under this section before the expiration of a period of 28 days beginning with the passing of this Act shall cease to have effect at the expiration of a period of one month beginning with the date on which it was made unless,
before the expiration of that period of one month, the order has been approved by a resolution of each House of Parliament.

In reckoning the said period of one month (but not in reckoning the period of 28 days beginning with the passing of this Act) no account shall be taken of any time during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than four days.

(6) An order under this section (other than one to which subsection (5) applies) shall not be made unless a draft of the order has been approved by resolution of each House of Parliament.

PART II

PRICES, PAY, DIVIDENDS AND RENTS

3.—(1) This Part of this Act shall come into force on the date on which the first order under section 2 of this Act comes into force.

(2) Subject to the provisions of this section, this Part of this Act shall cease to have effect at the expiration of a period of three years beginning with the date on which the first order under section 2 of this Act comes into force.

(3) Her Majesty may by Order in Council—

(a) extend or further extend the period for which this Part of this Act is in force, and

(b) whenever this Part of this Act has ceased to be in force, again bring it into force for a period specified in the Order, or extend or further extend that period.

(4) The period specified in an Order under subsection (3) above shall not exceed twelve months, and no one Order shall extend that period by more than twelve months.

(5) An Order under subsection (3) above shall not be made unless a draft of the Order has been approved by resolution of each House of Parliament.

(6) The period for which section 2 of the Counter-Inflation 1972 c. 74. (Temporary Provisions) Act 1972 has effect in accordance with section 1 of that Act shall (if not already terminated) terminate when this Part of this Act first comes into force, but Part II of Schedule 3 to this Act shall have effect as respects orders and notices under that Act.

(7) The period for which this Part of this Act is in force (on the first or any subsequent occasion) may at any time be terminated by Her Majesty by Order in Council.
PART II

Prices and pay

4.—(1) The Minister may, in such cases as appear to him appropriate, by order make provision to ensure that the Agencies receive notice of increases in any prices, charges or remuneration in time to consider whether the increases conform with the relevant provisions of the code, and whether the Agencies should exercise the powers conferred by the following provisions of this Act in order to prevent those increases.

(2) The order may provide that, until the end of the period given for consideration of the proposed increase by the Agency, any implementation of the increase constitutes a contravention of the order.

(3) The length of notice required by an order under this section shall not exceed eight weeks.

(4) Schedule 2 to this Act shall have effect as respects—

(a) procedures for obtaining the Agencies’ approval for increases, and

(b) procedures for giving consents overriding the Agencies’ orders and notices about prices, charges and remuneration.

(5) An order under this section or under the said Schedule 2 may be made to come into force before the time when this Part of this Act is in force, and may require notices to be given before that time.

(6) An order under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

5.—(1) The Price Commission shall exercise the powers conferred by this section in such ways as appear to them appropriate for the purpose of ensuring that the provisions of the code which concern prices and charges are implemented.

(2) For the said purpose the Price Commission may restrict any prices or charges for the sale of goods or the performance of services in the course of business, where the relevant transaction is effected at a time when this Part of this Act is in force.

(3) The powers conferred by subsection (2) above shall be exercisable by order, or by notice given to the person, or each of the persons, selling the goods or performing the services subject to the restriction.

(4) Before making or giving an order or notice under this section (other than one which only removes or lessens a restriction), the Price Commission shall give not less than 14 days notice to the persons selling the goods or performing the
services which would be subject to the restriction, and shall afford to those persons an opportunity of making written representations to the Price Commission.

(5) If, in the case of an order under this section, it appears to the Price Commission to be impracticable to give notice under subsection (4) above to all the persons selling the goods or performing the services, they may instead publish 14 days notice of their intention to make the order in the Gazette and in such other ways as may be prescribed, and shall afford to all those persons an opportunity of making written representations to the Price Commission.

(6) Where an order or notice under this section is contravened, the liability for the contravention attaches to the person selling the goods or performing the services.

6.—(1) The Pay Board shall exercise the powers conferred by this section in such ways as appear to them appropriate for the purpose of ensuring that the provisions of the code which concern remuneration are implemented.

(2) For the said purpose the Pay Board may restrict any kind of remuneration for a period when this Part of this Act is in force.

(3) The powers conferred by subsection (2) above shall be exercisable by order, or by notice given to the person, or each of the persons, paying the remuneration subject to the restriction.

(4) Before making or giving an order or notice under this section (other than one which only removes or lessens a restriction), the Pay Board shall give 14 days notice—

(a) to the person or persons paying the remuneration which would be subject to the restriction, and

(b) to any organisation or organisations of workers which appear to the Pay Board to be concerned,

and shall afford to those persons an opportunity of making written representations to the Pay Board.

(5) If it appears to the Pay Board—

(a) in the case of an order, that it is impracticable to give notice under subsection (4) above to all the persons paying the remuneration, or

(b) in any case, that a substantial number of those receiving the remuneration are not represented by any organisation of workers,

the Pay Board shall publish 14 days notice of their intention to make the order, or to give the notice, in the Gazette and in such other ways as may be prescribed.
PART II

Power to modify Acts about prices and pay.

(6) Where an order or notice under this section makes it illegal to pay remuneration of any amount, it shall also be illegal to enter into any agreement or arrangement whereby the employer makes to, or for the benefit of, the employee some payment, whether called remuneration or not, to compensate for the remuneration which it is illegal to pay; and an employer who enters into any such agreement or arrangement, or makes any payment pursuant to any such agreement or arrangement, contravenes the provisions of the order or notice.

7.—(1) The Minister may by order direct that—

(a) any provision of any Act, whether passed before this Act or later, which relates to prices, charges or to remuneration or other terms or conditions of employment, or

(b) any provision having effect under any Act within paragraph (a) above,

shall, while this Part of this Act is in force, have effect subject to such exceptions, modifications or adaptations as may be specified in the order.

(2) An order under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Dividends and rent

8.—(1) The Treasury shall have power to restrict the declaration or payment of ordinary dividends by companies at any time when this Part of this Act is in force.

(2) The powers conferred by subsection (1) above shall be exercisable by order, or by notice given to the company, or each of the companies, affected by the notice.

(3) Without prejudice to the generality of subsection (1) above, an order or notice under this section may—

(a) provide for the basis on which any comparison is to be made with the declaration or payment of any earlier dividends by the companies concerned;

(b) prohibit any company to which it applies from making any such distribution as may be specified in the order or notice;

(c) prohibit any such company from assuming any obligation, whether conditional or otherwise, to make any such distribution as may be so specified; and

(d) make provision for the giving of consents, whether by the Treasury or by one of the Agencies, to the doing of anything otherwise prohibited by the order or notice.
(4) This section shall apply to every company incorporated under the law of any part of the United Kingdom; but nothing in this section shall apply to companies not so incorporated.

9.—(1) The Minister may by order provide for restricting increases of rent taking place while this Part of this Act is in force.

(2) The supplemental and incidental provisions that may be made by an order under this section may include provisions excluding, adapting or modifying any provision contained in, or having effect under, any Act (whether passed before this Act or later) which relates to rent, and in the exercise of any power to make regulations or other instruments under any such Act regard may be had to matters connected with the operation of this section.

PART III

PRICE CONTROL RELATED TO VALUE ADDED TAX

10.—(1) Subject to subsection (2) below, the powers conferred on the Minister by this section shall be exercisable, as respects transactions effected on or after 1st April 1973, where he considers it expedient for the purpose of ensuring that prices and charges correctly reflect the introduction of value added tax and car tax, and the abolition of purchase tax and selective employment tax, by the Finance Act 1972.

(2) The Minister shall not exercise the powers conferred on him under this section except so far as appears to him to be necessary to prevent or offset excess prices or charges in transactions effected on or before 30th June 1973.

(3) For the said purpose the Minister may, as respects relevant transactions, restrict any prices or charges for the sale of goods or the performance of services in the course of business.

(4) The powers conferred by subsection (3) above shall be exercisable by order contained in a statutory instrument, or by notice given to the person, or each of the persons, selling the goods or performing the services subject to the restriction.

(5) No order or notice shall be made or given under this section to take effect after 30th June 1973; but any such order or notice may be expressed to have effect for any period not exceeding three months, notwithstanding that the period ends after that date.

(6) An order or notice made or given under this section—

(a) may be framed in any way whatsoever;

(b) may define "relevant transaction";
PART III

(c) may be varied or revoked by a subsequent order or notice so made or given;

but the variation or revocation of an order or notice under this section shall not affect liability for any offence committed before the variation or revocation takes effect.

(7) Any person who is designated in accordance with paragraph 2 of Schedule 4 to this Act may, in relation to prices which in his opinion are charged in the course of retail trade, perform the Minister's functions of restricting prices by means of the giving of notices under this section.

(8) A transaction shall not be invalid because it involves a price or charge which exceeds the limit imposed in relation to that transaction by an order or notice under this section; but the person paying the price or charge shall be entitled to recover the amount representing the excess unless he is a person who is himself liable to punishment by reason of his having aided, abetted, counselled or procured the offence committed under this Act by the other party to the transaction.

(9) Where an order or notice under this section is contravened, the liability for the contravention attaches to the person selling the goods or performing the services.

(10) There is no contravention of an order or notice under this section if what has been done is authorised by the consent in writing of the Minister; and, in the case of a notice given by a person designated as mentioned in subsection (7) above, the consent in writing of any such person shall have the same effect for the purposes of this subsection as if it had been given by the Minister.

PART IV

SUPPLEMENTAL

11.—(1) The Minister, or either Agency, may for the purposes of this Act by notice require any person—

(a) to furnish, whether by periodical returns or by other means, such estimates or other information as may be specified or described in the notice, or

(b) to produce to an officer of the Minister, or of either Agency, being an officer duly authorised for the purpose, any documents so specified or described.

(2) The Minister may for the purposes of this Act by order—

(a) require any class or description of persons specified in the order to furnish to the Minister, or to either Agency, such periodical or other returns containing
estimates or other information as may be so specified or described, or

(b) require any person carrying on a business, or any class or description of persons who carry on a business, to keep such records as may be so specified or described.

(3) A notice or order under this section may specify the way in which, and the time within which, it is to be complied with and, in the case of a notice requiring the production of documents, the facilities to be afforded for making extracts from, or taking copies of, the documents.

(4) Nothing in this section shall be taken to require a person who has acted as counsel or solicitor for any person to disclose any privileged communication made to him in that capacity.

(5) A notice or order given or made under this section may be varied or revoked by a subsequent notice or order so given or made, and an order under this section shall be contained in a statutory instrument.

12.—(1) If a person contravenes any of the provisions of Offences. Part II or Part III of this Act, or of any order or notice under Part II or Part III of this Act, he shall be liable—

(a) on summary conviction to a fine not exceeding £400, and

(b) on conviction on indictment to a fine.

(2) If an organisation of workers, or any other organisation or other person, by taking any action described in subsection (3) below, exercises any pressure on an employer to contravene section 4 or 6 of this Act, that person shall be liable—

(a) on summary conviction to a fine not exceeding £400, and

(b) on conviction on indictment to a fine.

(3) The action referred to in subsection (2) above is—

(a) calling, organising, procuring or financing a strike, or threatening to do so, or

(b) organising, procuring or financing any irregular industrial action short of a strike, or threatening to do so.

(4) A person who—

(a) refuses or wilfully neglects to comply with an order or notice under section 11 of this Act, or

(b) in furnishing any estimate or other information in compliance with such an order or notice, makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular, or
PART IV

(c) with intent to deceive, produces in compliance with such an order or notice a document which is false in a material particular, or

(d) in keeping any records in compliance with an order under section 11 of this Act makes an entry which he knows to be false in a material particular, or recklessly makes any entry which is false in a material particular, or

(e) in furnishing information in connection with an application for approval or consent under Schedule 2 to this Act, or for consent under Part III of this Act, makes any statement, or produces or makes use of any document, which to his knowledge is or may be misleading, false or deceptive in a material particular, shall be liable on summary conviction to a fine not exceeding £400.

(5) Subject to subsection (6) below, where an offence under this Act committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate or any person who was purporting to act in any such capacity, he as well as the body corporate shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(6) In proceedings for an offence under subsection (2) above against an official of a trade union in respect of action taken by him in his capacity as such an official it shall be a defence to show that he was acting within the scope of his authority on behalf of the trade union.

This subsection shall have effect in relation to an organisation which is for the time being entered in the special register under section 84 of the Industrial Relations Act 1971 as it has effect in relation to a trade union.

(7) Nothing contained in or having effect under this Act, and nothing made illegal by this section, shall give rise to any criminal or tortious liability for conspiracy, or to any other liability in tort; and nothing which is made illegal by this Act shall constitute an unfair industrial practice within the meaning of the Industrial Relations Act 1971.

(8) Proceedings for an offence under this Act shall not be instituted in England or Wales except by or with the consent of the Attorney General, or in Northern Ireland except by or with the consent of the Attorney General for Northern Ireland.
PART IV

(9) In this section—

(a) "irregular industrial action short of a strike" has the meaning given by section 33(4) of the Industrial Relations Act 1971,

(b) "strike" has the meaning given by section 167(1) of that Act, and

(c) "within the scope of his authority" shall be construed in accordance with section 167(9) of that Act.

13.—(1) The section has effect as respects any organisation of workers or organisation of employers, or any other organisation, where the organisation of workers or employers or other organisation is an unincorporated body.

(2) If anything made illegal by or under any provision of this Act is done by a person within the scope of his authority on behalf of such an unincorporated body, that body shall be guilty of an offence under that provision, and shall be liable to be proceeded against and punished as if the illegal action had been taken by that body.

(3) Section 12(6) of this Act shall apply to an official of an unincorporated organisation of workers as it applies to an official of a trade union.

(4) Where an offence is alleged to have been committed under this Act by such an unincorporated body—

(a) proceedings for the offence shall be brought in the name of that body (and not in that of any of its members),

(b) for the purpose of any such proceedings any rules of court relating to the service of documents shall have effect as if that body were a corporation, and

(c) any fine imposed on conviction shall be payable out of the funds of that body.

(5) Where an offence mentioned in subsection (4) above is an offence punishable on conviction on indictment, section 33 of the Criminal Justice Act 1925 and Schedule 2 to the Magistrates' Courts Act 1952, shall have effect as if the said body were a corporation.

(6) In subsection (2) above the expression "within the scope of his authority" shall be construed in accordance with section 167(9) of the Industrial Relations Act 1971.

14.—(1) The provisions of this section shall have effect for the application of this Act to Scotland.
PART IV
1949 c. 94.

(2) (a) Where an offence mentioned in section 13(4) of this Act is an offence punishable on conviction on indictment section 40 of the Criminal Justice (Scotland) Act 1949 (proceedings on indictment against bodies corporate) shall have effect as if the said body were a body corporate.

(b) Section 12(7) of this Act shall not apply except in relation to an unfair industrial practice, but nothing contained in, or made under, this Act or made illegal by that section shall be relevant for the purposes of any proceedings in reparation.

Application to Northern Ireland.

15.—(1) This Act shall, in its application to Northern Ireland, have effect subject to the provisions of this section.

(2) A Minister of Northern Ireland may in relation to an Act of the Parliament of Northern Ireland exercise the power of making an order which is conferred by section 7 of this Act; and subsection (2) of that section and paragraph 1(8) of Schedule 3 to this Act shall not apply to an order so made but such an order shall be subject to negative resolution within the meaning of section 41(6) of the Interpretation Act (Northern Ireland) 1954 as if it were a statutory instrument within the meaning of that Act.

(3) Where an offence mentioned in section 13(4) of this Act is an offence punishable on conviction on indictment, section 18 of the Criminal Justice Act (Northern Ireland) 1945 and Schedule 25 to the Magistrates' Court Act (Northern Ireland) 1964 (procedure on charge of an offence against a corporation) shall have effect as if the body there mentioned were a corporation.

(4) It shall be the duty of the Ministry of Commerce for Northern Ireland to enforce in Northern Ireland the provisions of—

(a) any order or notice under section 5 of this Act; and

(b) any order or notice under section 10 of this Act;

and Schedule 4 to this Act shall apply as if—

(i) for references to a local weights and measures authority and to an inspector or chief inspector appointed under the Weights and Measures Act 1963 there were substituted respectively references to the Ministry of Commerce for Northern Ireland and any of its officers;

(ii) paragraphs 1(1) and 5 were omitted; and

(iii) references in paragraph 4 to a Minister of the Crown included references to a Minister of Northern Ireland and to a department of the Government of Northern Ireland.
(5) The Secretary of State shall for each financial year pay into the Exchequer of Northern Ireland such sum as the Secretary of State and the Ministry of Commerce for Northern Ireland may agree to be appropriate as representing the expenses incurred by that Ministry under this Act.

(6) The Parliament of Northern Ireland shall have the same power to pass Acts with respect to any matter as they would have had if this Act had not been passed; and, in the event of any inconsistency between any Act of the Parliament of Northern Ireland passed after the passing of this Act and any provision of this Act or any order, or other instrument having effect by virtue of this Act, the Act of the Parliament of Northern Ireland shall, in Northern Ireland, prevail.

(7) Any expression defined for the purposes of this Act by reference to an Act which does not extend to Northern Ireland shall, unless the context otherwise requires, apply, subject to any necessary modifications, in relation to Northern Ireland as so defined.

16.—(1) In this Act, unless the context otherwise requires— Interpretation.

"the Minister" means the Minister for the Civil Service, the Treasury, the Secretary of State, the Minister of Agriculture, Fisheries and Food or the Minister of Posts and Telecommunications;

"Act" and "enactment" include respectively an Act and enactment of the Parliament of Northern Ireland;

"business" includes any trade, profession or vocation, and the expression "in the course of business" shall be construed accordingly;

"charge" includes a charge for the performance of services, including any charge for the application of any process to goods;

"the code" means the code for the time being contained in an order under section 2 of this Act;

"goods" includes ships and aircraft, minerals, substances and animals (including fish);

"official" has the meaning given by section 167(1) of the Industrial Relations Act 1971;

"organisation of workers" and "organisation of employers" have the meanings given by sections 61(1) and 62(1) of the Industrial Relations Act 1971;

"prescribed", in relation to publication by the Agencies, means a manner of publication prescribed under paragraph 5(2) of Schedule 3 to this Act;
PART IV

1971 c. 72.

1965 c. 66.
1965 c. 67.
1966 c. 42 (N.I.).

"price" means any price or charge for the sale of goods; "trade union" has the meaning given by section 61(3) of the Industrial Relations Act 1971.

(2) Any reference in this Act to anything contravening this Act, or any provision of this Act, shall include a reference to a failure to comply with the provision in question.

(3) Any reference in this Act to an offence under this Act, or under any provision of this Act includes a reference to an offence under an order or notice made or given under this Act, or under that provision, and any reference in this Act to anything contravening, or made illegal by, this Act or any provision of this Act shall be construed accordingly.

(4) Any reference in this Act to any other enactment shall, except so far as the context otherwise requires, be construed as a reference to that enactment as amended or applied by or under any other enactment, including this Act.

(5) This Act shall apply in relation to—
(a) a conditional sale agreement, and
(b) a hire-purchase agreement,
as if the agreement were a sale of the goods to which the agreement relates for an amount equal to the total purchase price or hire-purchase price, with a fair reduction where the consideration for receipt of that price includes the installation, maintenance or repair of the goods or the performance of other services apart from the giving of credit.

This subsection shall be construed in accordance with the Hire-Purchase Act 1965, the Hire-Purchase (Scotland) Act 1965 or the Hire Purchase Act (Northern Ireland) 1966, as the case may be.

(6) In this Act "Gazette" means, in relation to a matter relating exclusively to England and Wales, or exclusively to Scotland, or exclusively to Northern Ireland, the London Gazette, the Edinburgh Gazette and the Belfast Gazette respectively, similarly for matters to be published or notified in any two of those Gazettes, and, subject to that, all three of those Gazettes.

Expenses.

17. There shall be paid out of money provided by Parliament—
(a) any administrative expenses incurred by a Government department in consequence of the provisions of this Act, and
(b) any increase in the sums so payable under any other Act which is attributable to this Act.
18.—(1) This Act may be cited as the Counter-Inflation Act 1973.

(2) Schedules 3 and 4 to this Act (provisions about orders and notices, and about enforcement) shall have effect for 5 supplementing this Act.

(3) The Acts specified in Schedule 5 to this Act shall be repealed to the extent set out in the third column of that Schedule.
Section 1.

S C H E D U L E S

SCHEDULE 1

THE AGENCIES

PART I

ADVISORY ROLE OF THE AGENCIES

References and instructions

1.—(1) The Minister may refer to the appropriate Agency any question relating to prices, charges, remuneration or company dividends, and the Agency shall examine the question and report to the Minister.

(2) The Minister may instruct the appropriate Agency to keep under continuous review any question concerning all or any of the matters mentioned in sub-paragraph (1) above; and—

(a) the Agency shall from time to time as they think fit, report to the Minister on the matters to which the instruction relates;

(b) the Minister may at any time require the Agency to make to him a report on those matters, or on any question relating to them.

Supplemental provisions

2.—(1) For the purposes of paragraph 1 above "the appropriate Agency" means the Agency which in the opinion of the Minister is, in the circumstances of the case, the Agency which should consider the reference or, as the case may be, carry out the instruction.

(2) A question referred, or instruction given, to one of the Agencies under paragraph 1 above may be framed in any way whatsoever, and in particular may be concerned with a specified region or locality or with named persons.

(3) The Minister referring any question, or giving an instruction, to one of the Agencies under paragraph 1 above may at any time—

(a) withdraw the question or instruction, or

(b) vary it by referring a further question or, as the case may be, by giving a further instruction, under paragraph 1 above.

(4) In framing any report under paragraph 1 above the Agency concerned shall have regard to the need for excluding, so far as that is practicable, matter which relates to the private affairs of a person and the publication of which would or might in the opinion of the Agency prejudicially affect the interests of that person; but for the purposes of the law relating to defamation, absolute privilege shall attach to any report made by either Agency.
PART II

INCIDENTAL PROVISIONS HAVING EFFECT IN RELATION TO EACH AGENCY

3. The Agency shall be a body corporate with perpetual succession and a common seal.

Appointment of members

4.—(1) The Secretary of State may appoint persons to the Agency either as full-time members or as part-time members and may appoint any person to be a part-time member of both Agencies.

(2) The Agency shall have a chairman and one or more, as the Secretary of State thinks fit, deputy chairman or deputy chairmen appointed by the Secretary of State from among the members of the Agency (including any part-time members).

Tenure of office, etc., of members

5.—(1) Subject to the following provisions of this paragraph, a member of the Agency shall hold and vacate office as such in accordance with the terms of his appointment.

(2) A person shall not be appointed to the Agency for a term exceeding five years, but previous membership thereof shall not affect eligibility for re-appointment.

(3) The Secretary of State may, with the consent of the member concerned, vary the terms of appointment of any member of the Agency, so far as they relate to his service as a full-time or part-time member.

(4) A member of the Agency may at any time resign his membership by notice in writing addressed to the Secretary of State.

(5) The Secretary of State may, by notice in writing addressed to the member in question, terminate the appointment of any member of the Agency who is, in his opinion, unfit to continue in office or incapable of performing his duties as a member.

Tenure of office of chairman and deputies

6.—(1) Subject to the following provisions of this paragraph, the chairman and any deputy chairman of the Agency shall hold and vacate office as such in accordance with the terms of his appointment.

(2) The chairman or a deputy chairman of the Agency may at any time resign his office as such by notice in writing addressed to the Secretary of State.

(3) If the chairman or a deputy chairman of the Agency ceases to be a member of the Agency, he shall also cease to be chairman or, as the case may be, a deputy chairman.
Sch. 1

Remuneration and expenses of members

7. The Secretary of State shall, out of money provided by Parliament—

(a) pay to the members of the Agency such remuneration, and such travelling or other allowances as he may with the approval of the Minister for the Civil Service determine, and

(b) in the case of any member of the Agency to whom he may, with the approval of the said Minister, determine that this paragraph applies, pay such pension, allowance or gratuity to or in respect of the member on his retirement or death, or make such payments towards the provision of such a pension, allowance or gratuity, as he may, with the like approval, determine;

and if a person ceases to be a member of the Agency and it appears to the Secretary of State that there are special circumstances which make it right that that person should receive compensation he may, with the approval of the said Minister, pay to that person out of money provided by Parliament a sum of such amount as he may, with the like approval, determine.

Application of House of Commons Disqualification Act

8. In Part II of Schedule 1 to the House of Commons Disqualification Act 1957 (bodies of which all members are disqualified under that Act), there shall (at the appropriate place in alphabetical order) be inserted the following entries:—

"The Price Commission"

"The Pay Board";

and the like amendment shall be made in the Part substituted for the said Part II by Schedule 3 to that Act in its application to the Senate and House of Commons of Northern Ireland.

Officers and servants

9. The Agency—

(a) shall have a secretary, to be appointed by them after consultation with the Secretary of State and with the consent of the Minister for the Civil Service, and

(b) may, after such consultation and with the consent of the said Minister, appoint such other officers and servants as they think fit.

10.—(1) The Agency shall pay to their officers and servants such remuneration, and such travelling and other allowances, as the Secretary of State may with the approval of the Minister for the Civil Service determine.

(2) The Agency shall, in the case of such persons engaged in its business as may be determined by them with the approval of the Minister for the Civil Service (not being members of the Agency), pay such pensions, allowances or gratuities to or in respect of them as
may be so determined, make such payments towards the provision of
such pensions, allowances or gratuities as may be so determined or
provide and maintain such schemes (whether contributory or not) for
the payment of such pensions, allowances or gratuities as may be so
determined.

(3) Where a participant in such a scheme as is mentioned in sub­
paragraph (2) above becomes a member of the Agency, he may be
treated for the purposes of the scheme as if his service as a member
of the Agency were service as a person engaged in their business
otherwise than as such a member, and his rights under the scheme
shall not be affected by paragraph 7(b) above.

General provisions with respect to the Agency's proceedings

11. The validity of any proceedings of the Agency shall not be
affected by any vacancy among the members of the Agency, or by any
15 defect in the appointment of any such member.

12. Subject to paragraph 17 below, the Agency may determine their
own procedure, including the quorum necessary for their meetings.

Exercise of chairman's functions during absence, incapacity etc.

13.—(1) At any time when the chairman of the Agency is absent or
20 otherwise incapable of acting, or there is a vacancy in the office of
chairman—

(a) such one of the Agency’s deputy chairmen as the Secretary
of State may direct or, in default of any such direction, such
one of them as the Agency may determine, or

(b) if there is then only one deputy chairman of the Agency, the
deputy chairman,

may exercise any of the functions of chairman of the Agency.

(2) At any time when every person who is chairman or deputy
chairman of the Agency is absent or otherwise incapable of acting,
or there is no such person, such member of the Agency as the Secre­
tary of State may direct or, in default of any such direction, such
member of the Agency as the Agency may determine, may exercise
any of the functions of chairman of the Agency.

Inquiries

14.—(1) The Agency may hold such inquiries as they consider
necessary or desirable for the discharge of their functions under this
Act; and the chairman of the Agency or other member of the
Agency presiding in his stead, may at any such inquiry direct that
any person appearing as a witness be examined on oath, and
40 administer an oath accordingly, or, instead of so directing, require
the person examined to make and subscribe a declaration of the truth
of the matter respecting which he is examined.

(2) If any person who is to give evidence at any such inquiry so
requests at the hearing, or by a notice in writing served on the
Agency's secretary before the date of the hearing, the public shall
be excluded from the hearing while that person gives his evidence.
SCH. 1

15.—(1) For the purposes of any inquiry under this Act, the chairman of the Agency or any other member of the Agency authorised by the chairman (whether generally or in connection with the particular inquiry) to exercise the powers conferred by this sub-paragraph, may by summons require any person to attend, at such time and place as is specified in the summons, to give evidence on any matter so specified, being a matter in question at the inquiry.

(2) No person shall be compelled for the purposes of any such inquiry to give any evidence which he could not be compelled to give in proceedings before the High Court.

(3) No person shall be required, in obedience to a summons under this paragraph, to go more than ten miles from his place of residence unless the necessary expenses of his attendance are paid or tendered to him.

(4) A person who refuses or wilfully neglects to attend in obedience to a summons issued under this paragraph or to give evidence as required by such a summons shall be liable on summary conviction to a fine not exceeding £400.

(5) In the application of this paragraph to Scotland, for any reference to a summons there shall be substituted a reference to a notice in writing, and for the reference to the High Court there shall be substituted a reference to the Court of Session; and in the application of this paragraph to Northern Ireland, for the reference to the High Court there shall be substituted a reference to the High Court in Northern Ireland.

Publication of information and advice

16. The Agency may arrange for the publication, in such form and in such manner as they may consider appropriate, of such information and advice with respect to the application of any provisions of the code, or the discharge of any of the Agency's functions, as may appear to them to be expedient.

Power of Secretary of State to give directions

17. In determining any matter of procedure (including the quorum necessary for their meetings) and in exercising their powers under paragraph 16 above, the Agency shall act in accordance with any general directions which may from time to time be given with respect thereto by the Secretary of State.

Expenses of the Agency

18. The expenses incurred by the Agency under paragraph 10 above and, to such amount as the Secretary of State may with the approval of the Minister for the Civil Service determine, any other expenses of the agency shall be paid out of money provided by Parliament.

Interpretation

19. This Part of this Schedule shall have effect in relation to the Price Commission as if references to the Secretary of State were references to the Secretary of State and the Minister of Agriculture, Fisheries and Food, acting jointly.
SCHEDULE 2

APPROVALS AND CONSENTS

Procedure for approving proposed increases

1.—(1) The Minister may by order establish procedures by which, in cases prescribed by the order, either Agency will be required—

(a) to entertain proposals for increases of prices, charges or remuneration, and

(b) where satisfied that the increases ought to be allowed, to approve the proposals.

(2) Where an Agency approve proposals for an increase in accordance with the order, the Agency shall not at any time exercise their powers under Part II of this Act so as to prevent the increase which has been duly approved, or any part of that increase, being made:

Provided that this sub-paragraph shall not apply to an increase in prices or charges if it appears to the Price Commission that, since the increase was approved, there has been a fall in the costs or charges which justify the increase.

(3) An order under this paragraph—

(a) shall prescribe the time within which an Agency are to give their decision whether or not to approve the proposal, and

(b) may provide that, in circumstances specified in the order, the Agency shall be deemed to have given their approval if they have not duly notified the applicant of their decision within the time prescribed under paragraph (a) above, and

(c) may prescribe some earlier time limit by which the Agency are to be deemed to have given their approval if they have not given notice to the applicant that the application is still under consideration,

and

(d) may make it a contravention of the order to implement the increase before the time limit under paragraph (a) above, or (where the application is then no longer under consideration) before such earlier time as is specified in the order.

(4) A proposal for an increase which an Agency are required to entertain under this Schedule shall be made to the Agency in such form and manner as may be prescribed by the Agency.

2. Where notice of an increase is given under section 4 of this Act, an order under paragraph 1 above may treat that notice as an application for approval of the increase.

3.—(1) Any reference in this Act to an order under Part II of this Act shall include a reference to an order under paragraph 1 above.

(2) An order under paragraph 1 above shall be subject to annulment in pursuance of a resolution of either House of Parliament.
Consents by Agencies

4.—(1) There is no contravention of an order or notice under section 5 or section 6 of this Act if what has been done is authorised by the consent in writing of the Agency making or giving the order or notice.

(2) An application for consent under this paragraph shall be made to the Agency in such form and manner as may be prescribed by the Agency.

Consents by the Minister

5.—(1) If, after consultation with the Agency, the Minister is satisfied that there are exceptional circumstances which justify an intervention by him in any case where the Agency have imposed a restriction under section 5 or section 6 of this Act, or are considering whether to do so, he may give his consent in writing to the increase in question.

(2) Where the Minister gives his consent, the Agency shall not at any time exercise their powers under Part II of this Act so as to prevent the increase covered by the consent, and if the Agency have already imposed a restriction on the increase, the consent shall be equivalent to consent granted by the Agency.

6. There is no contravention of an order under section 4 of this Act, or under paragraph 1 of this Schedule, if what has been done is authorised by the consent in writing of the Minister.

Terms of consents

7.—(1) Any power of granting a consent conferred by or under any provision of this Act includes a power to attach any conditions or limitations to the consent.

(2) The granting of a consent in exercise of a power conferred by or under any provision of this Act shall not affect liability for any offence committed before the date from which the consent is expressed to take effect or, if it is not expressed to take effect from a specified date, before the time when the consent is received by the person to whom it is given.

SCHEDULE 3

SUPPLEMENTAL PROVISIONS

PART I

ORDERS AND NOTICES UNDER THIS ACT

1.—(1) An order or notice under Part II of this Act may be framed in any way whatsoever, and may define any expression used in the provisions under which it is made or given (other than an expression defined by section 16(1) of this Act) both for the purposes of the order or notice, and for the purposes of the said provision as it applies in relation to the order or notice.

(2) An order or notice under Part II of this Act may prescribe any method of comparing prices, charges, rates of remuneration or rents.
(3) Any such order or notice concerning remuneration may take account of any terms or conditions of employment, and may determine whether remuneration becoming payable after the period for which it is payable is to be taken into account in making any comparison.

(4) An order made by a Minister under Part II of this Act may contain any kind of supplemental or incidental provisions, including, in the case of an order concerning rents, provisions for the recovery of rent overpaid.

(5) Any provisions made in pursuance of sub-paragraph (4) above shall, if the order so provides, continue in force after Part II of this Act ceases to have effect.

(6) Any order or notice under any provision of Part II of this Act may be varied or revoked by a subsequent order or notice under the same provision.

(7) The variation or revocation of an order or notice under Part II of this Act shall not affect liability for any offence committed before the variation or revocation takes effect.

(8) An order made by a Minister under Part II of this Act shall be contained in a statutory instrument.

(9) An order made by an Agency under Part II of this Act shall be published in the Gazette, and in such other ways as may be prescribed.

Identification of two or more different persons

2.—(1) For the purposes of sections 4 to 6 of this Act, and of any provision made under those sections, the following shall be treated as one person, that is—

(a) all the persons who successively carry on any business;

(b) the person having control of any company, and all the companies controlled by that person;

(c) where any companies are amalgamated or reconstructed, the companies wound up in the course of the amalgamation or reconstruction, and the companies resulting from the amalgamation or reconstruction.

(2) An order or notice under sections 4 to 6 of this Act may exclude or modify the provisions of sub-paragraph (1) above as they apply to, or in relation to, the order or notice.

Validity of transactions

3.—(1) The Minister may by order prescribe the degree to which anything made illegal by any order or notice under Part II of this Act, or anything otherwise affected by any such provision, is to be valid or invalid.

(2) This paragraph applies both at a time when Part II of this Act is in force, and later.
(3) In the case of an order or notice restricting any price or charge, an order under this paragraph may make the excess of any price or charge over the restriction recoverable by the person paying the price or charge.

(4) Where in accordance with an order under this paragraph a contract to pay any remuneration remains invalid (in whole or in part) after the date when section 6 of this Act ceases to be in force, the order may further provide that the provisions of sections 12 and 13 of this Act (offences) shall continue to apply in relation to the implementation of the contract as if section 6 of this Act was still in force.

(5) An order made under this paragraph—

(a) may be varied or revoked by a subsequent order so made, and

(b) shall be contained in a statutory instrument.

Application of provisions of the Interpretation Act 1889

4. On the expiration of Part II of this Act (whether on the first or any subsequent occasion), section 38(2) of the Interpretation Act 1889 (effect of repeals) shall apply as if Part II of this Act had been repealed by another Act.

Notices and orders

5.—(1) The Minister may by regulations prescribe the manner in which any notice is to be given under this Act, and the evidence which is to be sufficient evidence of its having been given, and of its contents and authenticity.

(2) The Minister may by regulations prescribe the manner in which any order made under this Act by either Agency is to be published, and the evidence which is to be sufficient evidence of its having been published.

(3) In any proceedings against any person for an offence consisting of a contravention of an order made by either Agency under this Act, it shall be a defence to prove that the order had not been published at the date of the alleged contravention, unless it is proved that at that date reasonable steps had been taken for the purpose of bringing the purport of the order to the notice of the public, or of persons likely to be affected by it, or of the person charged.

(4) The power of making regulations under this paragraph shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

Crown servants

6.—(1) Although this Act does not bind the Crown an order or notice may be made or given under section 6 of this Act, or under this Schedule, so as, without imposing any obligation on the Crown as
an employer or otherwise, to apply (either expressly or impliedly) to persons employed by or under the Crown, and section 12(2) of this Act shall apply accordingly.

(2) For the purposes of this Act employment by any such body as is specified in Schedule 3 to the Redundancy Payments Act 1965 (national health service employers) and corresponding employments in Northern Ireland shall (if they would not otherwise be so regarded) be regarded as employment by or under the Crown.

(3) In the application of this paragraph to Northern Ireland references to the Crown include references to the Crown in right of the Government of Northern Ireland.

Consultations by Ministers before the passing of this Act

7. A provision of this Act which imposes on a Minister a duty to consult any person shall not be taken as implying that further consultation is required by the provision where the Minister is satisfied that there was consultation before the passing of this Act which in his opinion was sufficient for the purpose.

PART II

Orders and Notices under the Counter-Inflation (Temporary Provisions) Act 1972

Orders and notices about prices, charges and remuneration

8. Any order or notice which was made or given in exercise of the powers in paragraph (a) or paragraph (b) of subsection (5) of section 2 of the Counter-Inflation (Temporary Provisions) Act 1972 (whether or not also in exercise of other powers in that Act), and which was in force immediately before the coming into force of Part II of this Act, shall have effect as if made or given under section 5 or, as the case may be, section 6 of this Act, and may be varied or revoked by the relevant Agency in accordance with Part II of this Act.

Orders adapting legislation about prices, charges, remuneration, dividends or land

9. An order under paragraph 4(2) of the Schedule to the said Act may contain any kind of supplemental or incidental provisions, and any such transitional or other supplemental or incidental provisions shall, if the order so provides, continue in force, or take effect, after the said section 2 ceases to be in force.

SCHEDULE 4

Enforcement by local weights and measures authorities

1.—(1) Every local weights and measures authority may within their area enforce the provisions of—

(a) any order or notice under section 5 of this Act, and
(b) any order or notice under Part III of this Act; so far as in their opinion those provisions concern prices or charges in retail trade.

(2) For the purpose of determining—
   (a) whether to recommend that any such order or notice should be made or given, or
   (b) whether the provisions of any such order or notice are being complied with,
a local weights and measures authority may make, or may authorise any of their officers to make on their behalf, any purchases of goods, and may authorise any of their officers to obtain any services.

(3) Nothing in this Schedule shall confer on any person authorised to enforce any provision of this Act mentioned in this Schedule any power to institute proceedings in Scotland for an offence.

(4) In acting under this paragraph an authority shall conform with such directions, if any, as the Minister may give, either generally to all authorities, or to that particular authority.

**Power of Minister to designate officers for purposes of enforcement**

2.—(1) The Minister may by order designate—
   (a) any inspectors or chief inspectors appointed under the Weights and Measures Act 1963, or
   (b) any officers of either Agency,
as persons to execute this Act in accordance with this paragraph by doing what may be done by his officers.

(2) Where an order is made under this paragraph designating any inspectors or chief inspectors, or any officers of either Agency, it shall be the duty of the local weights and measures authorities, or as the case may be of the Agency, to put the services of the persons so designated at the disposal of the Minister making the order.

(3) A person designated by an order under this paragraph shall act in accordance with directions given by the Minister in the same way as would one of his officers, but shall be deemed, while so acting, to continue to be employed by the authority or Agency putting his services at the disposal of the Minister.

(4) An order made under this paragraph—
   (a) may be varied or revoked by a subsequent order so made, and
   (b) shall be contained in a statutory instrument.

(5) Any reference in this Act to an officer, or a duly authorised officer, of the Minister shall include a reference to a person who is designated under this paragraph, and who is acting in accordance with directions given by the Minister and duly authorised for the purpose.
Powers of inspection and entry

3.—(1) A duly authorised officer of the Minister, or of a local weights and measures authority, may at all reasonable hours, and on production, if required, of his credentials, exercise the following powers for the purpose of determining whether the provisions of—

(a) any order or notice under section 5 of this Act, or
(b) any order or notice under Part III of this Act,
are being complied with.

(2) The said powers are—

(a) a power to inspect any goods and to enter any land or any premises, other than premises used only as a dwelling, and
(b) a power to require any person carrying on a business, or employed in connection with a business, to produce any document relating to the business, and a power of making extracts from, or making copies of, the documents.

(3) A person who wilfully obstructs an officer acting under this paragraph shall be liable on summary conviction to a fine not exceeding £400.

(4) A person who, with intent to deceive, produces, in compliance with a requirement under this paragraph, a document which to his knowledge is or may be misleading, false or deceptive in a material particular shall be liable on summary conviction to a fine not exceeding £400.

(5) In this paragraph “premises” includes any stall, vehicle or vessel.

Restriction on disclosure of information obtained under this Act

4.—(1) This paragraph applies to information given or supplied pursuant to Part IV of this Act, or obtained in the course of exercising the powers conferred by paragraph 3 above.

(2) No such information shall be disclosed except—

(a) with the consent of the person by whom or on whose behalf the information was given or supplied, or as the case may be the owner of the goods or the occupier of the land or premises, or
(b) to members of either Agency, or to the officers or servants of either Agency, or
(c) to any Minister of the Crown, or an officer or servant appointed by, or person exercising functions on behalf of, a Minister of the Crown, or
(d) in the case of information obtained by a person acting on behalf of a local weights and measures authority, to any officer of that authority, or
(e) with a view to the institution of, or otherwise for the purpose of, any criminal proceedings pursuant to or arising out of this Act, or the Counter-Inflation (Temporary Provisions) Act 1972.
(3) Sub-paragraph (2) above does not apply to information given or supplied to either Agency in proceedings to which the public are admitted, or contained in any report of either Agency.

(4) If a person contravenes the provisions of this paragraph he shall be liable—

(a) on summary conviction to a fine not exceeding £400, and
(b) on conviction on indictment to a fine.

Expenses to be treated as expenses for special county purposes

5.—(1) In respect of any period during which a district council in Wales are the local weights and measures authority for their district, any expenditure incurred for the purposes of this Act by the council of the county in which that district is situate shall be treated as incurred for special expenses of the county council, and that district shall not be chargeable therewith.

1972 c. 70.

(2) Before the coming into force of the Local Government Act 1972 sub-paragraph (1) above shall not apply, but in respect of any period during which the council of any non-county borough or urban or rural district in England or Wales are acting as a local weights and measures authority, or are a party to any agreement made or deemed to have been made under section 37 of the Weights and Measures Act 1963, any expenditure incurred for the purposes of this Act by the council of the county in which that borough or district is situated shall be treated as incurred for special county purposes, and that borough or district shall not be chargeable therewith.

1963 c. 31.

Section 18.

SCHEDULE 5

REPEALS

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<td>The Prices and Incomes Act 1966.</td>
<td>The whole Act, so far as unrepealed.</td>
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<td>1967 c. 53.</td>
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