STATUTORY INSTRUMENTS

1974 No. 775

COUNTER-INFLATION

The Counter-Inflation (Notification of Increases in Prices and Charges) (Amendment) (No. 2) Order 1974

Made - - - - - -	*2nd May* 1974
Laid before Parliament - -	*2nd May* 1974
Coming into Operation - -	*6th May* 1974

The Secretary of State, in exercise of powers conferred on her by sections 5 and 15 of, and paragraphs 1(1) and (2), 2(4) and 3 of Schedule 2 to and paragraphs 1(1), (2), (4) and (6) and 2(2) of Schedule 3 to, the Counter-Inflation Act 1973**(a)**, and of all other powers enabling her in that behalf, hereby makes the following order:—

1.—(1) This Order may be cited as the Counter-Inflation (Notification of Increases in Prices and Charges) (Amendment) (No. 2) Order 1974 and shall come into operation on 6th May 1974.

(2) The Interpretation Act 1889**(b)** shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament and as if this Order, the Order hereby varied and the Order hereby revoked were Acts of Parliament.

2. The Counter-Inflation (Notification of Increases in Prices and Charges) (No. 4) Order 1973**(c)** is hereby revoked.

3. The Counter-Inflation (Notification of Increases in Prices and Charges) (No. 3) Order 1973**(d)** as varied**(e)** is hereby further varied—

(*a*) in article 1(2), in the definition of "provider of services", by the substitution for the words "the leasing of industrial, construction or office plant, machinery or other equipment" of the words "the hiring of contractors' plant and scaffolding or the leasing of industrial and office machinery";

(*b*) by the insertion after article 3(3) of the following paragraph—
"(3A) There shall also be left out of account car tax payable by the person in question and value added tax which is, under Part I of the Finance Act 1972**(f)**, chargeable by the person in question on the supply by him of goods and services (including goods and services specified in an order under section 6 of that Act) other than on the supply of any goods of which the price, or any services for which the charge, is under paragraph (3) above to be left out of account";

(*c*) in article 3(4), by the revocation of the words "or who ceased to carry on that activity";

(*d*) by the revocation of article 4(5);

(a) 1973 c.9. **(b)** 1889 c. 63. **(c)** S.I. 1973/2118 (1973 III, p. 7283).
(d) S.I. 1973/1786 (1973 III, p. 5488). **(e)** S.I. 1974/543 (1974 I, p. 2235).
(f) 1972 c. 41.

(*e*) by the insertion after article 4 of the following article—

"4A.—(1) Subject to article 4, an increased price or charge shall be treated for the purposes of this Order as an increased price or charge because it exceeds an earlier price or charge unless the condition specified in paragraph (2) below is satisfied.

(2) The condition referred to in the preceding paragraph is a condition that the increased price or charge is made in accordance with any formula, which provides for the price or charge to be varied because of changes in costs specified in a provision of the contract under which the increased price or charge is proposed to be charged or made and that either—

(*a*) that provision was subsisting at 25th March 1974; or

(*b*) it was the established practice at that date of the person proposing to implement the increased price or charge to be party, as seller of the goods or as provider of the services, to contracts containing a provision specifying the same formula as, or a formula similar to, the above-mentioned formula whereby that person sold or agreed to sell goods or to perform services (being, in either case, of the same description as those to which the increased price or charge relates) to persons in the capacity of distributors or in the capacity of domestic consumers; or

(*c*) the contract provides for the goods to be sold to, or for the service to be performed for, any person except in the capacity of a distributor or in the capacity of a domestic consumer

Provided that in the case of a formula relating to the supply of electricity by an Area Electricity Board, this article shall have effect as if, for references to 25th March there were substituted references to 15th October 1974.

(3) For the purposes of this article paragraph 2(1) (*b*) of Schedule 3 to the Act shall not have effect";

(*f*) in article 5(5), by the substitution for paragraphs (*a*) and (*b*) of the words "for the period of 28 days" and by the addition at the end of the words "Provided that in relation to an increased price or charge notified to the Commission by a person specified in paragraph (2) (*b*) above before 6th May 1974 this paragraph shall have effect as if for the reference to 28 days there were substituted a reference to 14 days";

(*g*) by the insertion in article 5 after paragraph (5) of the following paragraph—

"(6) Provided that this article shall not apply to the implementation before 3rd June 1974 of a price or charge which is by reason only of the operation of article 4A to be treated for the purposes of this Order as an increased price or charge";

(*h*) in Schedule 3—

(i) in paragraph 3, by the addition at the end of the words "and the date when it was first implemented"; and

(ii) in paragraph 4, by the insertion after the words "article 4" of the words "and article 4A".

Shirley Williams,
Secretary of State for Prices and
Consumer Protection.

2nd May 1974.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order amends the Counter-Inflation (Notification of Increases in Prices and Charges) (No. 3) Order 1973. The most important changes are—

(*a*) value added tax and car tax are to be left out of account in the calculation of sales for the purpose of determining the application of the Order — article 3(b);

(*b*) increases in prices and charges resulting from the operation of variation of price or escalation clauses are to be treated as increases for the purposes of the Order unless the specified conditions are met—article 3(d), (e) and (g);

(*c*) all companies which are manufacturers or providers of services and have sales exceeding £5 million are required to give 28 days' notice to the Price Commission of intention to increase a price or charge. Hitherto manufacturers having sales not exceeding £50 million and providers of services having sales not exceeding £20 million have been required to give 14 days' notice only—article 3(f);

(*d*) the date of implementation of a price or charge which it is intended to increase is required to be stated in the notification to the Price Commission — article 3(h)(i).

The Order also makes a number of minor drafting amendments and revokes the Counter-Inflation (Notification of Increases in Prices and Charges) (No. 4) Order 1973 which is now spent.

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