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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

SECOND INTERIM REPORT

FROM THE

JOINT COMMITTEE ON SOCIAL
SECURITY,

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MEMBERS OF THE COMMONWEALTH PARLIAMENTARY JOINT COMMITTEE
ON SOCIAL SECURITY.

(Appointed 3rd July, 1941.)

(a) HERBERT CLAUDE BARNARD, Esquire, M.P., Chairman.

Senate.

- (b) Senator JAMES JARVIST ARNOLD.
- (c) Senator WALTER JACKSON COOPER, M.B.E.
- (d) Senator RICHARD VALENTINE KEANE.

House of Representatives.

- MAURICE McCRAE BLACKBURN, Esquire, M.P.
- (e) The Honorable JOHN ARTHUR PERKINS, M.P.
- RUPERT SUMNER RYAN, Esquire, C.M.G., D.S.O.,
M.P.

- (a) Appointed Chairman, 12th November, 1941.
- (b) Appointed 12th November, 1941.
- (c) Appointed Deputy-Chairman, 13th November, 1941.
- (d) Discharged 12th November, 1941 (Deputy-Chairman from 4th July, 1941).
- (e) Chairman from 3rd July, 1941, to 12th November, 1941.

JOINT COMMITTEE ON SOCIAL SECURITY.

SECOND INTERIM REPORT.

UNEMPLOYMENT AND THE WAR EMERGENCY.

In its Interim Report to Parliament dated the 24th September, 1941, the Committee stated that it recognized the need for the introduction of Unemployment Insurance in Australia at the earliest practicable date, and that details of a scheme would form the subject of a further report. In response to the request of the Government, the Committee held special sessions to hear and consider additional evidence, and now submits its Second Interim Report.

2. There is abundant proof that unemployment is a major cause of social insecurity, and its ill effects are so widespread that even in times of peace and comparative prosperity, protective measures necessarily appear in any comprehensive plan of social legislation.

3. The Committee is faced with two problems which, though not quite unconnected, call for different solutions. There is the problem of remedying war-time unemployment: there is the problem of relieving post-war unemployment. In this report the Committee deals with war-time unemployment and, at a later stage, will submit a further report on post-war unemployment.

4. It has been shown during the present conflict that modern warfare causes a radical disturbance of the industrial and economic life of the community, and international relationships are such that, while the belligerents themselves may suffer most severely, there is universal distress and disruption. The Committee has no doubt that the progress and gravity of the war, with the certainty of further and probably large scale attacks upon this continent, have created new aspects of individual insecurity which would not arise in peace-time, and which have accentuated the ill effects to such a degree that there now exists an abnormal situation demanding immediate consideration as part of the nation's war effort.

5. Large numbers of people may now suffer the loss of employment or income, not merely through the normal hazards and imperfections of the economic systems, but also through enemy action, and government intervention in industry in the interest of the nation. In consequence, they and their dependants will be placed in a position of acute need. To some extent this has already developed as the outcome of the serious curtailment of imports and exports and the mobilization of our national resources, and it may increase with the intensification of war organization and displacement of non-essential industries. The situation will become more serious in the event of further enemy action in Australia, bringing in its train the destruction of houses, factories, business and other establishments, and indirectly, of the means of livelihood of persons and communities involved in such action. Widespread distress would follow, and the Commonwealth should make early provision to meet such an emergency by the immediate acceptance of responsibility for adequate relief measures to be put promptly into effect.

6. The Committee feels strongly that any scheme to combat the ill effects of unemployment which did not take account of Australia's imminent peril would be unrealistic, and its recommendations have been framed accordingly. Briefly stated, we are recommending a scheme of protection against distress arising from the war, and from other causes which can be applied in the present emergency.

7. Provision has been made in Repatriation and National Security legislation to cover members of the armed forces and defence workers, and their dependants. Civilians injured as a result of enemy action are also to be compensated.

8. There remain, however, certain groups for whom no protection against distress has yet been provided. These include—

- (a) Those whose employment and/or other means of livelihood has been lost through enemy action, and who are unable reasonably to maintain themselves and their dependants;
- (b) Persons similarly situated as a result of the economic or other effects of the war.

THE NEED FOR PROTECTION.

9. There is unanimity of opinion in favour of some form of protection for the worker against loss of income due to involuntary unemployment, and stress has been laid on the urgency of the task in its immediate relation to the war. It is acknowledged that unemployment is not generally the fault of the individual; that the most skilled and thrifty worker is exposed to the risk of it for reasons beyond his control, particularly in war-time; and that individual saving is insufficient to ward off the peril. While the case for general provision is most convincing, the Committee suggests that protection be provided against unemployment arising from the war.

10. In offering a remedy for war-time unemployment the Committee feels that it can draw no defensible distinction between—

- (a) the case of the worker deprived of work by war conditions and war-time policies ;
and
- (b) the case of the worker out of work through causes unaffected or not obviously affected by the war.

11. The Committee's view is that by Government policy all people capable of working are equally at the disposition of the Government. As the Committee understands it, the policy of the Government is that every person may be called upon to do whatever the Government thinks fit. The obligation should not be unilateral. If "A", being unemployed, is to hold himself in readiness to answer the Government's call, he should be maintained while he remains so ready. He should be paid on the same principle as the soldier is paid whether he is fighting, training or resting. He should receive from the nation reasonable maintenance. Such maintenance should be related to his domestic obligations and his family needs. The payment of any sum to "A" should be conditional upon his performing, at the appropriate rate of wages, such work as the Government might call on him to do. The withholding of maintenance from the head of a family should, of course, not deprive his dependants of maintenance.

FINANCING THE SCHEME.

12. The counterpart to the right of everyone in the community to protection against loss of income due to unemployment is the obligation of all the potential beneficiaries to contribute to the scheme. The simplest and most equitable plan in the present circumstances is to impose a general tax on every income-earner in the community, with the exception of those on the lowest scale. This tax should be graduated according to the income of the taxpayer, with a small exemption limit varying according to the income and family responsibilities of the taxpayer. Juniors on relatively low incomes who have no family responsibilities are often in a better position than married men with larger nominal incomes, and they can quite equitably be asked to contribute. It would probably be best, for reasons of convenience and in order to separate the operations of the scheme, to place the proceeds of the tax in a special unemployment fund, from which could be made all disbursements, both for benefit and administration. All deductions should be made at the source, where possible, in the same fashion as present Federal income tax.

		Per week.
		<i>s. d.</i>
13. We suggest the following scale of benefits :—		
Adult unemployed persons		50 0
Wife of an unemployed person		25 0
One child of an unemployed person		5 0
Single unemployed person (eighteen years and under 21 years)		17 6
Single unemployed person (sixteen years and under eighteen years)		15 0

14. There are few workers who do not fear unemployment, and not the least part of their fear is the thought that they might be compelled to ask for charity. The scheme put forward here would give them assured benefits as a right for which they had contracted, always subject to the condition that they must be unreservedly ready to work as the Government may direct. No one who will not work is entitled to be supported by a community struggling for its life. All labour is equally honorable.

ADMINISTRATION.

15. The administration of the scheme should be vested in the Department of Social Services.

WAR EMERGENCY.

16. In view of the present state of national emergency, it appears to the Committee as a matter of urgency that there should be some central co-ordinating authority to take immediate steps to provide for any civil emergency that might arise, and to ensure that, as far as possible, any section of the community disturbed by enemy action is catered for. It is clear to the Committee from its inquiries that there is no Department at present completely organized and de-centralized to deal with this problem. It would appear that the work will be comparable with that performed by the Department of Social Services, which is as well organized, equipped and de-centralized as any other Department to deal with such a contingency.

17. It seems to the Committee therefore that it would be a wise procedure to place with that Department central control of any new organization that might be created to meet any disturbances to the life of the civil community. The Commonwealth authority selected for this purpose should be authorized to consult with the appropriate State authorities and organizations to ensure that adequate steps are taken to minimize the ill effects of war conditions and to co-ordinate groups having this common object.

RECOMMENDATIONS.

18. In view of the gravity and intensification of the war situation, the Committee is of opinion that, as an urgent war measure, the Commonwealth should forthwith provide protection for the Australian people from distress through unemployment, particularly that caused by the war, and therefore recommends—

(a) The immediate introduction of a Commonwealth scheme of protection against unemployment and distress resulting therefrom, subject to the conditions set out in this Report.

	Per week.	
	s.	d.
(b) Benefits, as under, be paid—		
Adult unemployed person	50	0
Wife of an unemployed person	25	0
One child of an unemployed person (under sixteen years)	5	0
Single unemployed person (eighteen years and under 21 years)	17	6
Single unemployed person (sixteen years and under eighteen years)	15	0

(c) The scheme be financed by means of a graduated tax imposed on incomes, subject to paragraph 12 of this Report.

(d) Responsibility for administration of the scheme be vested in the Department of Social Services.

(e) A central Commonwealth co-ordinating authority—the Department of Social Services is suggested—be authorized to take immediate steps to provide for any civil emergency that might arise as the result of enemy action in Australia.

(Signed) H. C. BARNARD, Chairman.
 J. J. ARNOLD, Member.
 MAURICE BLACKBURN, Member.
 J. A. PERKINS, Member.

MINORITY REPORT.

We are in entire agreement with the substance of this Report, but find ourselves unable to subscribe to the recommendations contained in paragraphs 13 and 18 (b) regarding the rates of benefit for unemployed. While the Government should accord to persons disemployed as a result of the war treatment as generous as possible, we consider that the proposed rates of benefit would place a burden on the country greater than its financial resources can at present bear. In addition, acceptance of the suggested rates will create anomalies and injustices in the case of old-age and invalid pensioners, returned soldiers, and civilians injured by enemy action, all of whom are in receipt of benefits at a much lower rate. It would also confer benefits, unreasonable in the present circumstances, on persons in the Commonwealth unemployed from seasonal and other causes unconnected with the war. For these reasons, we dissent from the recommendations.

(Signed) W. J. COOPER, Deputy-Chairman.
 R. S. RYAN, Member.

6th March, 1942.