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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

FIFTH INTERIM REPORT

FROM THE

JOINT COMMITTEE ON SOCIAL
SECURITY,

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(Appointed 3rd July, 1941.)

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JOINT COMMITTEE ON SOCIAL SECURITY.

FIFTH INTERIM REPORT.

RECONSTRUCTION PLANNING.

INTRODUCTION.

1. In varying degrees planning for the post-war period has already commenced in most countries of the world, and in some considerable progress has been made. In the United Kingdom reconstruction planning has been placed under the direct control of a Cabinet Minister, in Canada it is the responsibility of a Cabinet Sub-Committee of which the Minister for Pensions and Health is Chairman, while in the United States planning originally undertaken for a peacetime economy will now embrace the post-war period. The Carnegie Commission for International Peace and the National Resources Planning Board of America have each made exhaustive investigations and have presented reports which must be of great value to planning authorities in other countries. In the international sphere, the International Labour Office has been responsible for the appointment of representative Committees which have been functioning for some time past.

2. It is now universally acknowledged that post-war planning must form an essential part of the war-time activities of every nation if any semblance of economic stability is to be preserved after the war has ended, or if we are to be prepared for the social and economic changes that will inevitably occur and which are even now in evidence.

RECONSTRUCTION AND SOCIAL SECURITY.

3. The atmosphere and circumstances of the war and the consequential disturbance of social and living conditions tend to magnify the immediate post-war problems to the exclusion of the ultimate objective of all planning—social security. In simple terms our social objective may be described as the attainment of a better standard of living for the great majority of the nation and in particular for the lower wage-earners, and protection against the hazards which life presents—poverty, unemployment, ill health, malnutrition and bad housing. Reconstruction or economic planning is an important—though not complete—means to this end. But this is not a new problem, and planning for this post-war period will not in itself provide any lasting or complete solution. The problem of social and economic insecurity is elusive and difficult to catch up with. It is influenced and conditioned by new social and economic factors from day to day, but if our objective is clear and our planning is along practical lines, we can progressively advance towards the goal of social security which we envisage for all.

4. It is important that our immediate planning be related to and integrated with long-range planning of social security and be directed to the attainment of our ultimate objective.

TRANSITIONAL PERIOD.

5. The problems of transition from war to peace—involving, in the international sphere, financial adjustments between the nations, conditions of international

trade, relief to famine and disease-stricken nations, economic, political and moral re-establishment and international relationships generally; and, in the domestic field, economic and social reconstruction, relaxation of war-time controls and emergency powers, repatriation and re-employment—are momentous and are vital to our future security.

INTERNATIONAL AGREEMENTS.

6. While the terms of peace affecting international relationships and trade and the internal economy of the nations remain unknown, the factors which will contribute to the economic rehabilitation and social security of the Australian people are reasonably definable, and it is possible to indicate the lines upon which post-war planning should now be undertaken. The knowledge that action is being taken to provide for their security after the war would raise, even higher, the morale of all who have vacated civil occupations to undertake war duties and it is conceivable that, in the event of a turn of the tide of war in our favour, the resistance of our enemies may be lessened if they are assured of the right to live in the post-war world under the principles of the Atlantic Charter.

7. We are fully conscious of external factors, including the terms of Article 7 of the Mutual Aid Agreement between the United Kingdom and the United States of America, and of the material effect they may and probably will have on our internal economy. As the war proceeds, these factors may undergo very considerable change. They are not yet capable of definition except in the most general terms. The investigations being made and the collaboration initiated by the various international committees—notably those associated with the International Labour Office—seem to cover this field as fully as present circumstances permit. In any case, eventually, international agreements will form the basis of collaboration between the nations and therefore will be resolved as matters of high policy of the Allied Governments.

SITUATION IN AUSTRALIA.

8. The situation within Australia, however, is a domestic responsibility. The economic framework of commerce and industry generally within which internal planning can be accomplished during the war can, and should, now be proceeded with, and it is this aspect with which we deal in this report. As the war is prolonged, we will, no doubt, experience increasing restriction on industry and individual liberty of action. The greater this governmental control and the longer its duration, correspondingly greater will be the reaction following the declaration of peace. It seems inevitable that there will then be a strong demand for the removal of war-time control and for that personal freedom we have been fighting to preserve. At all cost personal liberty must be re-established and preserved, notwithstanding temporary retention of such measures as are necessary to regulate and facilitate return to a peacetime economy and the stabilization of employment.

9. After nearly three years' practical experience of the immense difficulties to be overcome in the re-organization of industry and man-power for war—and we have not yet reached the peak of organization and production efficiency—we can better appreciate the magnitude and complexity of the problems entailed in post-war transition to a peace-time economy. This reverse action will have to be accomplished in a very much shorter—in fact severely limited—period, if serious consequences are to be avoided. By comparison, the difficulties will be greater than in stepping up war production because, when peace comes, most likely there will be an abrupt cessation of war production, with consequential pressing needs for new avenues of civil employment. These will have to be provided chiefly in industry and in projects initiated by the Government. But, except in isolated cases, industries which have been converted to war production or to make way for it, will have long since ceased civil production, and cannot suddenly be re-established and expanded to meet such abnormal demands. This illustrates the imperative need for early planning of industrial rehabilitation and development and—perhaps more important still during the immediate post-war period—a national works development programme. Furthermore, the “cushioning” of demobilization of service men and women and war workers will be conditioned largely by the extent of social services in the form of educational and vocational facilities, repatriation and after care and, of course, re-employment available to them. Hence the need for the inclusion in any plans for reconstruction of detailed investigations and planning for demobilization and repatriation to facilitate civil rehabilitation. A related necessity is the formulation of schemes of rural settlement for a proportion of ex-servicemen, but this is a task for rural experts who will be guided by past experience of such schemes which provide valuable data for future planning. We consider that the whole field of rural planning should be entrusted to one expert authority.

10. In this report we recommend the specific aspects of planning that should now be undertaken and the organization which we consider necessary and suitable for the purpose. Because the consequences of planning are vital to our future as a nation and to the contentment and security of the Australian people, it is imperative that only the most able and experienced experts be entrusted with the work. If the best results are to be attained dynamic direction and complete co-ordination are essential.

PLANNING ORGANIZATION.

11. Plans for reconstruction planning under the direction and control of the Inter-departmental Advisory Committee on Reconstruction have been submitted to us in evidence. We consider this inter-departmental committee has proved unwieldy and unsuitable to direct and co-ordinate such planning. One of its chief defects is that its members occupy highly responsible positions and, because of their full-time preoccupation on important war work, cannot devote the necessary time to reconstruction planning. Very few meetings of the committee have been held since its creation. We are of the opinion that this administrative set-up is unrealistic and unlikely to achieve the desired results. Moreover, it has the inherent serious defect that, although it has been proposed to us that the nominal direction and co-ordination of reconstruction remain with the inter-departmental committee, the actual co-ordination will depend chiefly upon officers attached to the various sectional committees and, finally, with the executive officer of the inter-departmental committee. This amounts to delegation of responsibility which, in our opinion, is

fundamentally wrong and ignores the basic necessity for the direction and co-ordination of post-war reconstruction planning by a small body of carefully selected experts. It is clear that a problem of such magnitude must be directed by men who are able to give full and uninterrupted time to its solution. Insofar as it has been undertaken in Australia, reconstruction planning has not been sufficiently practical in its objective.

12. We have been advised of the proposal to appoint a rural rehabilitation commission, of its terms of reference, and of the investigations which the Tariff Board has been instructed to make concerning re-establishment and expansion of secondary industries. For the immediate planning that it is now possible and indeed essential to proceed with, it appears to us to be urgently necessary first to review and more clearly define the functions of each planning committee, it being evident that there is an absence of proper direction and co-ordination and that overlapping and confusion on important functions already exist. Moreover, under the existing organization, emphasis is being placed upon investigations which, in our view, are less important than other more urgent and important aspects of planning herein enumerated. We propose therefore a simple but, we believe, more appropriate and effective organization under which each planning committee will follow its own specific field of planning under the general direction and co-ordination of an expert planning authority.

13. Experience of reconstruction planning organization which may be taken as a guide exists chiefly in the United States and to a lesser degree—because of its international scope and affiliations—in the International Labour Office organization. In both cases the committee system has been adopted and has proved effective—the National Resources Planning Board of America, which consists of three members, being a conspicuous example. Co-ordinating and subsidiary committees are invariably small in number of personnel and consist of experts in the various matters concerned. Each committee functions separately but the work of all is co-ordinated by a central expert authority. We consider that such a system is best suited to our requirements in Australia and, subject to the recommendations which follow, is more likely to achieve the desired results than any strictly departmental organization which, also, would place a severe limitation on the choice of personnel necessary for the several committees recommended. Moreover, the time of senior officials is already heavily taxed with urgent war duties from which only in isolated cases they could be spared. In our view, it is not possible to encompass essential planning within a smaller number of committees than herein recommended because of the separate divisions that automatically result from a close examination of the problem.

14. The importance and comprehensive nature of post-war economic planning are such as, in our opinion, to justify ministerial oversight by a Minister especially appointed for the purpose; also that all social services and social planning be placed under the control of a Minister for Social Security, to ensure uniformity of policy and administration in our expanding social structure.

15. Economic planning for post-war should be on very clearly defined lines embodying those major problems on the solution of which depend the stabilization and expansion of employment and industry and economic rehabilitation generally.

16. Social planning should include social services, medical, health and welfare services and measures necessary to establish the basis of future security and the improvement of social and living conditions immediately following the war.

EDUCATION.

17. Although not at present generally recognized, we believe that as an integral part of reconstruction and as the basis of social security, education on a uniform basis should be introduced in Australia. Whether this should be Commonwealth controlled or under a system of grants-in-aid will depend upon any new powers that may be granted to the Commonwealth and, therefore, cannot now be resolved. Notwithstanding this present impasse, we desire to record our view that education is essentially a social service which should be nationally controlled and should provide in reality equality of educational opportunities for all in Australia alike. Apart from the variations in studies, scholarships and in fees and finance generally for higher education, the wide differences in curriculum existing in the various State systems leave much to be desired. While in some States attention is paid to vocational guidance, great improvement should be made in the aid to children reaching the normal school leaving age by way of vocational and technical training to fit them for future careers outside the established professions, and, above all, to provide cultural and civic training to qualify them to become useful and efficient members of society.

18. We recommend—

(1) ECONOMIC PLANNING.

- (a) A *Ministry for Reconstruction* to be responsible for economic planning for post-war;
- (b) A *National Planning and Co-ordination Committee* consisting of three experts, including a works expert as chairman. This committee to be responsible to the Minister for the direction and co-ordination of economic post-war planning by sectional committees—including the following:—
- (c) A *Works Development Planning Committee* consisting of a Commonwealth Co-ordinator of Works as Chairman and a works representative of each State.
- (d) A *Secondary Industries Planning Committee*. The Tariff Board is well fitted for this work and should continue the investigations it has already commenced.
- (e) A *Rural Planning Committee* consisting of five members experienced in rural settlement and industries, and including an authority on soldier settlement.
- (f) A *Demobilization and Repatriation Planning Committee* consisting of representatives of the Repatriation Commission, Defence Services and Departments of Labour, War Organization of Industry and Social Services.
- (g) *Co-ordination of Departmental Planning activities*.

(2) SOCIAL PLANNING.

- (a) A *Ministry for Social Security* to be responsible for Social Services; Medical and Health Services; Welfare Services and Social Planning. Such planning now to include—
- (b) A *Commonwealth Social Security Act* as recommended in our reports of the 24th September, 1941, and 25th March, 1942.
- (c) A *Scheme of Unemployment Benefits* as recommended in our report of the 25th March, 1942.
- (d) *Appointment of a National Housing Planning Authority* as recommended in our reports of the 24th September, 1941, and 20th May, 1942.

- (e) *Measures designed to improve social and living conditions* immediately after the war, such as a national scheme of medical, health, maternal and child welfare services.

19. In explanation of the foregoing recommendation we desire to add the following comments:—

ECONOMIC PLANNING.

In our planning for the post-war period, the major problems such as national works development projects and the re-establishment and expansion of primary and secondary industries and ancillary services to assist in the stabilization of employment, are of the greatest importance.

20. The authority of the National Planning and Co-ordination Committee should cover the direction and co-ordination of all economic planning for post-war, including the activities of Commonwealth departments engaged therein. Broadly the function of the committee should be planning of the organization and development of our resources—both physical and human—to ensure in the post-war period the maximum stabilization of employment—including youth employment—and economic stability and progress generally. The committee should from time to time report direct to the Minister, who should, at least once a year, present a report to Parliament comprising reports made by the committee and a statement of the executive or legislative action taken or proposed to be taken upon them.

WORKS DEVELOPMENT PLANNING.

21. The function of the Works Development Planning Committee would be to prepare, in consultation with Commonwealth, State and local authorities, a public works programme in order of importance and reproductive value, to provide large-scale employment for demobilized servicemen and women and war workers, as required, pending their re-absorption in industry and economic re-adjustment between the nations. The cessation of hostilities will produce the immediate problem of absorption and re-employment in civil life of members of the forces and war-workers, numbering many thousands. While a considerable number will revert to their pre-war occupations in the public service, railways, banks and private employment, plans will have to be made in advance for the employment of very large numbers of men and also many women. The preparation of a works development programme to be put into operation at this stage, to take up any lag in employment, is of the utmost importance; indeed, it is probably the most urgent and important phase of planning to be completed. As the States will be vitally concerned in public works planning and, as members of the Loan Council, in the provision of finance, an early opportunity might be taken to secure their endorsement of this proposed works development planning and their co-operation in the appointment of a committee for the purpose. In determining priorities for works projects, location will be a matter for consideration as well as the permanent value to the nation, labour and materials potential and the indirect effect upon industry generally; the whole being related to a policy of national development and stabilization of employment. There is a vast field of development by way of reproductive developmental works in Australia including schemes for water conservation, irrigation, hydro-electric and other power services, land reclamation, public utility services, building construction and transportation affecting all classes of labour and materials. In this connexion also, many works projects for the development and expansion of post and telegraph services would be sound financially in addition to providing large-scale employment.

INDUSTRIAL REHABILITATION.

22. The investigations undertaken by the Tariff Board in connexion with the post-war rehabilitation and development of secondary industries should form part of the planning here recommended. The Board's activities in this respect should be subject to the general direction of the National Planning and Co-ordination Committee to whom it should report. Its inquiries should include the extent and regularity of potential re-employment in the re-establishment of industries, or in the development of new industries in the post-war period. As the services of expert industrialists, now directing war production, become available, they should be co-opted to assist in this most important phase of post-war planning.

23. In dealing with industrial rehabilitation, no specific proposals covering transport, communication and other ancillary services have been made at this stage because the factors influencing such services are now frequently changing and are no guide to the future. Later, as the position clarifies with the establishment of a more permanent basis of future development, it may be found necessary to undertake the planning of such services, particularly should any entirely new circumstances eventuate.

24. That it will not be possible to complete the final details of our economic planning is clearly indicated by studying the terms of the Atlantic Charter, the interpretation and effects on Government policy of which, will have far-reaching repercussions on industrial rehabilitation and our economic structure generally. A similar effect will follow the implementing of Article 7 of the Mutual Aid Agreement between the United Kingdom and the United States of America, which reads—

In final determination of benefits to be provided to the United States of America by the United Kingdom Government, the terms and conditions shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations. To that end they shall include provision for agreed action by the two countries, open to participation by all other countries of like mind, directed to expansion by appropriate international and domestic measures of production, employment, and exchange and consumption of goods which are the material foundation of liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to tariffs reduction and other barriers; and in general to the attainment of all economic objectives set forth in the joint declaration made on 12th August, 1941, by the President and the British Prime Minister.

RURAL REHABILITATION.

25. Great importance attaches to rural rehabilitation, the planning of which requires three of the most capable and experienced men in the problems of primary industries whose services can be secured, with the addition of two practical farmers. This committee should be entrusted with rural rehabilitation generally and in particular for the post-war period including—

- Land utilization and improvement;
- Settlement schemes for ex-servicemen;
- Organization of primary production;
- Financial aid granted to, and proposed to be granted to, rural industries, including administration of such aid;
- Marketing, having regard particularly to the interests of producers and consumers;
- Measures and amenities conducive to decentralization;
- Functions and possible co-ordination and simplification of boards and other agencies in the post-war period; and
- Living standards of persons engaged in rural pursuits.

26. The committee should be authorized to make interim reports on any matters of urgency arising from the effect of war conditions on rural industries.

27. We consider it important that there should be no overlapping of functions between the various planning committees, and therefore propose that any public works projects favoured by this committee be referred to the Works Development Planning Committee and, finally, be co-ordinated in the general plan by the National Planning and Co-ordination Committee.

CO-ORDINATION OF DEPARTMENTAL PLANNING.

28. Commonwealth departments should collaborate closely with the National Planning and Co-ordination Committee and, insofar as they directly relate to economic planning and reconstruction generally, departmental activities should be co-ordinated by that committee. It is important also that in the investigations and planning to be undertaken by the National Planning and Co-ordination Committee, information necessary to such planning in the possession of departments, including war service departments, be made available, and that the administrative facilities of departments be utilized as far as possible before any new organizations are created. The grim necessities of war automatically increase the impressment of civil supplies and the regulation and control of industry as the war proceeds. Although now unavoidable, this will aggravate the problem of transition from war organization to a peace economy and the reestablishment of members of the forces and war workers in civil avocations. When the end of the war is in sight, therefore, it will become increasingly important for there to be close collaboration and co-ordination between those departments engaging in or controlling war organization and the National Planning and Co-ordination Committee and other committees engaged in reconstruction planning.

SOCIAL PLANNING.

29. In previous reports we have stressed the need for consolidation of Commonwealth social legislation, for laying the foundation for future developments and for measures calling for early introduction.

COMMONWEALTH SOCIAL SECURITY ACT.

30. A Commonwealth Social Security Act, as recommended in our reports already referred to, should now be passed by Parliament. It should embody the foundation principles of complete social security and take the form of a legislative framework into which present social legislation is drafted and future measures will be included.

UNEMPLOYMENT BENEFITS.

31. In our opinion, the Social Security Act should include a scheme of unemployment benefits financed by a graduated tax on incomes, an example of which was to be found in the War Tax. In its Third Interim Report of the 25th March, 1942, the Social Security Committee recommended such a tax "as a means of financing unemployment benefits and to maintain a minimum standard of subsistence for disemployed persons or those suffering from want of the necessities of life".

HOUSING.

32. Housing is an economic, but primarily a social problem, the implications of which overshadow the immediate aspects of employment and building expansion necessarily associated with any large-scale housing project. Slums and bad and inadequate housing are the root cause of many of our most acute social evils and a great deal of ill health, and the importance, therefore, of housing as a social necessity cannot be over-estimated. The committee again urges the immediate appointment of a Housing Planning Authority, as recommended in its 1st and 4th Interim Reports of 24th September, 1941, and 20th May, 1942, respectively. This authority should report direct to the

Minister for Social Security concerning the social aspects of housing, including housing standards, slum clearance and draft uniform legislation, but the employment and works development aspects, which might be described as the by-products of a national housing scheme, should be co-ordinated by the National Planning and Co-ordination Committee.

MEDICAL, HEALTH, MATERNAL AND CHILD WELFARE SERVICES.

33. The Social Security Act should also include a national scheme of medical, health, maternal and child welfare services for all, irrespective of circumstances. Proposals for such a scheme drafted by the National Health and Medical Research Council are before the Committee. These proposals will be fully investigated and a report thereon submitted to Parliament. Such a scheme, we consider, is of the utmost importance in our approach to social security, and probably will be possible of achievement when normal conditions are being restored to the medical profession by the demobilization from the forces of the large number of medical practitioners at present engaged therein.

GENERAL.

34. While research and long-range planning on other economic and sociological aspects not directly related to our immediate economic rehabilitation cannot be ignored, the occupation of time and man-power in this field of activity, in our opinion, cannot at present be justified.

35. Under these proposals economic planning would be the responsibility of the National Planning and Co-ordination Committee, details being worked out by

subsidiary committees. Social planning will be a function of the Ministry for Social Security. The services of officers of the Reconstruction Division, Department of Labour and National Service, experienced in economic planning, should, therefore, be made available to the sectional planning committees recommended above, and officers engaged in social and welfare activities be attached to the Department of Social Services where, in our view, they should more appropriately be located.

36. As external relations, trade negotiations and treaties, and International Labour Office liaison affecting reconstruction planning generally involve Government policy, it is assumed that the Government would determine its own course of action in such matters and that departmental facilities exist for giving effect to its decisions.

37. In order to assist the Government in its consideration of reconstruction planning, the substance of this report was incorporated in a letter to the Prime Minister on the 10th August, 1942.

H. C. BARNARD, Chairman.

W. J. COOPER, Deputy Chairman.

J. J. ARNOLD, Member.

MAURICE BLACKBURN, Member.

J. A. PERKINS, Member.

R. S. RYAN, Member.

8th October, 1942.