

Does Workfare Work?

Work-for-the-dole or 'workfare' schemes frequently appear on the menu of measures considered by welfare reformers. Indeed the Welfare Working Group proposed one in its final report, currently being considered by the government as part of its election manifesto. Do such schemes work, and what are they intended to achieve?

Work-for-the-dole usually entails continuation of a benefit payment in return for undertaking some community service activity. The idea often finds favour with taxpayers who want both a return for their money and a moral, mutual obligation enforced.

But the Working Group's *Options* paper found that "Job creation schemes in the public sector appear to be ineffective for most adults and unemployed youth. ...although there may be some scope to use these programmes to increase the non-financial incentives to find work". These findings were based on broad OECD research into what works and what doesn't across a variety of countries.

Yet some countries persist with such schemes. Australia's work-for-the-dole scheme (WfD) adds \$20 a fortnight to a participant's unemployment benefit and covers such activities as heritage, the environment, tourism, sport, and community care and services. Placements are temporary and voluntary, but may be used to meet eligibility requirements. In other words, no work, no support.

WfD is controversial but has survived for 14 years and a succession of governments. Why? While the scheme slightly improves prospects of further employment, University of Melbourne research found those who went through the scheme actually stayed longer on welfare. Other research suggests that unpaid work has a 'chilling' effect on job search activity but

that delivers some 'soft outcomes', such as increased self-esteem and improved interpersonal skills.

In the United Kingdom, a new mandatory workfare programme was implemented from April this year, to "help customers discover for themselves the expectations of work including: attending on time and every day, following instructions and working in teams." Participation is compulsory or sanctions will apply, and placements are contracted out. However, with only 10,000 placements expected annually, it appears the scheme is reserved for the hardest to place beneficiaries or the most artful dodgers.

Workfare programmes also operate throughout the United States and Canada, ranging from work-for-the-dole to undertaking subsidised work, work experience or training. The US programmes form part of the Temporary Assistance for Needy Families (TANF) national scheme funded by state and federal government money. While schemes vary widely, all states must engage at least 70 percent of their welfare populations in work-related activities for at least 30 hours a week. A large proportion of family assistance funding goes to workfare schemes, but subsidising work in the private sector is preferred.

Though it is difficult to isolate the effects of workfare from other elements of welfare reform, its adoption in the US has contributed to a dramatic reduction in welfare rolls. Part of the decline is the deterrent effect, with many potential applicants deterred from applying for welfare by the prospect of mandatory work.

A 2008 comparative review of workfare programmes in the US, Canada and Australia commissioned by the UK Department for Work and Pensions confirmed the deterrent effect and concluded that subsidised job schemes that pay a wage can achieve better employment outcomes than work-for-the-dole schemes, and that workfare is least effective for people with multiple barriers to work.

In the 1990s New Zealand created work-for-the-dole schemes which were evaluated in 2004. A joint report from the Department of Labour and the Ministry of Social Development found, "...participating in Community Work Experience programmes with no wage subsidy decreases the probability of becoming independent of [Work and Income] assistance in the first two years after starting a placement."

Despite this, and their own reported findings, the Welfare Working Group recommended, under *Signals, expectations and consequences of not meeting obligations*, that ".....a credible work for welfare scheme be established, in order to test the willingness of a small group of recipients to comply with their job search obligations, such as in situations of six months on welfare for no apparent reason, or earlier if there are successive work test failures."

Anecdotal evidence suggests that for many of the most intractable cases envisaged in this proposal, the biggest barriers to employment placement are their chaotic lives, and the absence of simple daily disciplines involved in rising early and going to work. So rather than using work-for-the-dole as an ongoing employment scheme or a means of dealing with people with multiple barriers to employment, the Group appears to see it, like the British approach, as having a twofold purpose: to teach some vital personal discipline and to act as a deterrent to malingerers.

If that is so, New Zealand will have benefited from international experience, using workfare mainly to begin signalling that only the truly needy should apply for welfare. And surely that is exactly what the architects of New Zealand's social security system envisaged.

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