

Work for the Dole in Australia and New Zealand: A Critical Assessment

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Over the past decade Australia and New Zealand have pursued reform of the system of production through labour-market deregulation and programs of privatisation to reduce the significance of public-sector activity in the economy. The acceptance of enterprise bargaining by the Industrial Relations Commission in 1991 in Australia and the passing of the Employment Contracts Act in the same year in New Zealand were important milestones in this process.

Following the lead of some American States, the governments of Australia, Britain, Canada, New Zealand and the USA, among others, have now widened the scope of the reform process by redefining the role of the welfare system. In particular, the rights and obligations of persons receiving unemployment benefits have been the focus of increasing scrutiny. There is now a commonly held belief that the payment of unemployment benefits should not be of unlimited duration and that recipients should be subject to reciprocal obligations in the form of unpaid work and/or training, in addition to job search. Work for the Dole was introduced in Australia in December 1997 and a similar scheme, the Community Wage, was implemented in New Zealand in October 1998. The term Work for the Dole will be used to identify both these programs.

This chapter explores the political, economic and social pressures over the past decade that have led to the introduction of these programs in Australia and New Zealand. It goes on to examine the issues of citizenship and the role of the State by analysing the ramifications for human rights arising from a program in which the receipt of unemployment benefits is conditional on unpaid work. The levels of pecuniary and non-pecuniary benefits are compared with those of paid work, and the authors consider whether these schemes should conform to labour standards, including rights to unionisation and

collective bargaining. Next, we look at the capacity of these schemes to enhance the functioning of the labour market. Finally, we assess the Work for the Dole schemes against the view that the predominant source of sustained unemployment is not the deficiencies of unemployed persons arising from the absence of particular skills and/or behavioural traits, but rather demand deficiency. Further market reforms are unlikely to produce sufficient jobs to achieve full employment. Persistent unemployment should be viewed as a collective issue, because the private sector is unable to provide sufficient jobs.

Historical background

During the post-war economic boom in Australia and New Zealand, open-ended provision of unemployment benefits, along with publicly funded employment services, enjoyed widespread public and political support. Benefits were seen as a safety net underpinning the welfare state in the context of a fully employed economy (Watts, 1987) in which unemployment was low and tended to be of short duration.

The Australian Commonwealth Employment Service functioned largely to assist employers in a tight labour market, and outlays on labour-market programs and income support for the unemployed were negligible (Jones, 1983: 196). Several large public-sector utilities such as the railways, the public works departments, the postal service and the defence industries acted as employers of last resort, helping to keep the level of unemployment low. Until the mid-1970s, the public sector was also a large provider of apprenticeships to young Australians. Youth unemployment started to rise significantly when the Fraser government's so-called Razor Gang slashed public-sector employment in 1976 (BLMR, 1983).

Since the first OPEC oil shock in the early 1970s, the unemployment rate in Australia and New Zealand has exhibited a long-run trend increase (see Figure 6.1). The Australian unemployment rate has been above both the OECD and New Zealand rates during the 1990s, but in the December quarter 1998, the New Zealand and Australian unemployment rates were 7.7 per cent and 7.4 per cent, respectively.

In addition, in Australia the average duration of unemployment rose from 3 weeks in 1966 to 50.5 weeks in February 1998. The long-term (one year or longer) share of total unemployment increased in New Zealand and remained high in Australia. In addition, the part-time share of employment in both countries has increased significantly (see Table 6.1).^{*} This has been accompanied

^{*} Part-time employment is defined as less than 30 hours per week in New Zealand and less than 35 hours in Australia, so the figures are not strictly comparable.

by a long-term rise in the percentage of part-time employees in Australia who are seeking more hours of work (Burgess et al., 1998b). When account is taken also of the hidden unemployed, the extent of the under-utilisation of labour resources is significantly understated by Australia's official unemployment rate (Burgess, Mitchell and Watts, 1999; Mitchell and Watts, 1997; Watts, 1999).

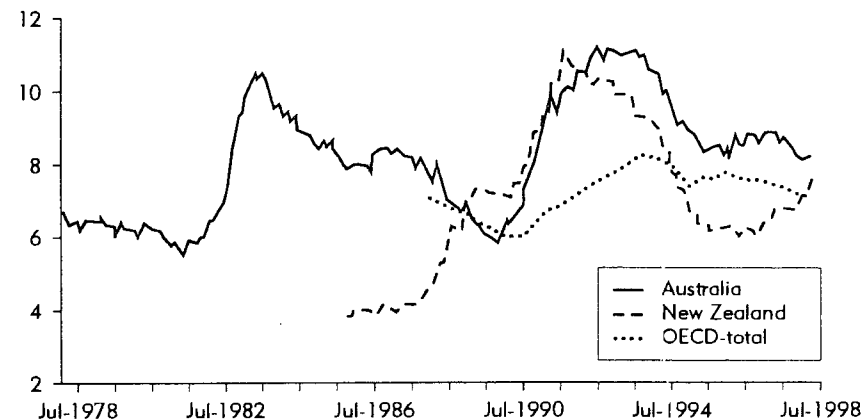


Figure 6.1: Standardised unemployment rates (%), Australia, New Zealand and OECD

Table 6.1: Summary labour-market statistics: Australia and New Zealand

	Australia		New Zealand	
	1986	1996	1986	1996
Part-time share of employment	18.9	25.0	16.8	22.4
Long-term unemployment share of total unemployment	27.4	28.4	8.1	20.7
Female youth unemployment rate	14.0	14.1	7.9	11.0
Male youth unemployment rate	14.9	15.4	7.9	12.3

Notes: Long-term unemployment is defined as more than twelve months. Youth are defined as 15–24-year-olds.

Source: OECD LF Statistics 1977–97, 1998; *Employment Outlook*, June 1998.

The principles underpinning income support survived the initial rise in unemployment. The two countries became more creative and experimental in their policy design, but focused on supply-side initiatives. Special labour-market programs were developed in Australia to address the employment needs of disadvantaged groups and regions. Ad hoc adjustment and experimentation with these programs has continued to the present, but on a reduced scale under the coalition government. Many overlapping programs emerged, of which a large proportion was cyclically dependent and linked to elections. Consequently there were large fluctuations in the commitment of expenditure to the unemployed and labour-market programs (Commonwealth of Australia, 1985; Commonwealth of Australia, 1993: ch. 5).

In 1983/84 nearly 52,000 people in New Zealand participated in the Project Employment Programme, a fully subsidised job-creation program, but the administration costs of the scheme were very high and there was no direct evidence that the capacity of the participants to secure jobs was increased (McKenzie, 1997: 103). In the past decade, however, there has been a more active role for employment placement services, along with a greater emphasis on skills training, targeting the long-term unemployed.

In Australia an active employment strategy was introduced in 1991, requiring that claimants enter case management (Newstart) agreements. They were expected to negotiate with the authorities over the specific activities that they would undertake in return for their welfare payment, such as joining a training course and applying for a certain number of jobs.

The Labor government responded to the policy-induced recession in 1993 by issuing a Green Paper outlining policies to reduce the unemployment rate from 11 per cent to 5 per cent over a six-year period (Commonwealth of Australia, 1993). The underlying assumption was that the constraint on reducing unemployment was largely structural, so that the first objective was to reduce the Non-Accelerating Inflation Rate of Unemployment (NAIRU). Consequently there was minimal direct job creation.

This paper spawned the White Paper, *Working Nation*, which developed the concept of the Job Compact (Commonwealth of Australia, 1994) and articulated the notion of *reciprocal obligation* between the long-term unemployed and the community. Income-support payments were no longer a right but were now made conditional on recipients' actively seeking work, taking up reasonable offers of training and jobs. There would be, in effect, an implicit transaction between the long-term unemployed and the state (Crean, 1997: 293), reflecting the integration of the benefit system with active labour-market programs (Langmore and Quiggin, 1994: 158).

The obligation of the state extended beyond income support to the provision of guaranteed jobs of at least six months tenure for people who had been

unemployed for more than eighteen months. In return for this guarantee, the unemployed had to agree to the placement offered or lose their benefits. The jobs were full-time with award payments, and were linked to training.

These programs were seen as necessary to:

- maintain workforce attachment of the unemployed;
- reduce long-term unemployment and help improve the operation of the labour market;
- enable long-term unemployed to gain a share of the growing job opportunities; and
- prevent labour shortages and unnecessary wages growth (Commonwealth of Australia, 1993: 120).

The Job Compact program only operated for around eighteen months, but it appears to have been successful in moving the long-term unemployed into work (Junankar and Kapuscinski, 1998).

In New Zealand a work test was introduced for recipients of the unemployment benefit in March 1991, and recipients were also required to engage in activities to enhance their employment prospects. Eligible recipients could be required to undertake work in exchange for unemployment benefits under the Community Task Force Scheme. To be eligible, a person had to be in receipt of unemployment benefits for at least thirteen weeks and not be employed part-time (McKenzie, 1997: 106). Benefit levels were also cut in 1991.

The work-test requirements were formalised in April 1997. If a beneficiary failed to comply with requirements of the program, sanctions were imposed (McKenzie, 1997: 104). Case management was also introduced. In addition, those who became unemployed voluntarily had their period of non-entitlement extended from a maximum of six weeks to twenty-six weeks.

Contemporary labour-market policy in Australia and New Zealand

The Australian coalition was elected to government in March 1996 promising to reduce unemployment and place the unemployed in *real* jobs. While the notion of real jobs was never defined, it came to mean a paid position in the private sector, though not necessarily a full-time job. A casual job provided by a fast-food vendor would qualify as a real job. Priority was given to reducing youth unemployment, and funding for special labour-market programs was to be maintained, although some Australian economists have stressed that

these programs are costly and ineffective (Sloan, 1993; Sloan and Wooden, 1994).*

The coalition asserted that its structural reforms of the labour market and industrial-relations system, together with programs of microeconomic reform and fiscal consolidation, would induce an expansion in private-sector investment and employment (Burgess et al., 1998a).

Privatisation of employment services

The coalition government's first two budgets (1996/97, 1997/98) radically reformed the program of employment assistance. The government claimed that the efficiency and effectiveness of assistance would improve through an employment services market that rewarded service providers for placing clients into 'real' jobs. The new arrangements were funded by scrapping most of the previous government's labour-market programs. Projected expenditures on these programs were to fall by \$1.8 billion over four years in line with the government's strategy of deficit reduction. In fact, as Stromback and Dockery (1998: 31) note, the government was unable to achieve such dramatic reductions; the forward estimates for 1998/99 showed net savings of only about \$0.5 billion.

In fulfilment of former minister Vanstone's promise to 'break the CES's monopoly on government funded labour exchange services' (1997: 1) an integrated, 'one-stop-shop' service delivery agency commenced on 1 May 1998. This agency was to provide all the Department of Social Security's income-support services, as well as the registration, assessment and referral services formerly provided by the Commonwealth Employment Service. Labour-market assistance to job-seekers, however, was to be provided through competing 'employment placement enterprises' (EPEs), including private and community employment agencies and the corporatised Employment National, which replaced the publicly funded Commonwealth Employment Service (Biddle and Burgess, 1998b). The Department of Employment, Education, Training and Youth Affairs (DEETYA) would contract the agencies after a tendering process and an assessment of likely regional demand. The EPEs would receive

* The OECD Jobs Strategy (1996: 8) noted that active labour market policies in the form of job-search assistance, including initial interviews with the public employment service, in-depth counselling and job clubs, are the least costly intervention and yield consistently positive outcomes. On the other hand, Moore (1997) claims that unemployment benefits reduce work incentives and promote welfare dependency. This was reinforced by anecdotal evidence of work-shyness and 'dole-bludging' among the unemployed, which accorded with the perceptions of some members of the community (Bainbridge 1997).

placement fees for each eligible job-seeker placed in a job listed on a national vacancy database. The placement fees were scaled to reflect the different needs of job-seekers and the levels of assistance required to place them.* The responsibility for unemployment has effectively been privatised.

Similarly, the New Zealand Minister of Employment, Peter McCardle, announced a radical reform of employment placement services in December 1997. A one-stop shop for unemployment services was to be one component in the effort to improve the delivery of services to job-seekers. This entailed the 'integration of the three separate services of Income Support, the New Zealand Employment Service and the Community Employment Group' (McCardle, 1998a: 2).

Work for the Dole in Australia

Persons who had been unemployed for at least six months, were aged 18–24 years and were not already in case management or in a training program were eligible for the Australian Work for the Dole scheme. Those under 21 years of age would work for a maximum of 24 hours per fortnight, while those 21 and over could work up to 30 hours per fortnight. Participants were allowed to receive an extra \$10 a week to cover additional expenses (DEETYA Media Release K10/97). Participants in the scheme were not defined as employees and hence would not be covered by worker's compensation, but

* *The Jobs Letter* (1999) argued that participants in the Job Network who secured contracts to provide Flex 3 services were offered an unsatisfactory structure of pecuniary incentives. The payment ranged from \$3300 to \$9200 per long-term unemployed person, depending on the individual's degree of disadvantage, as assessed by Centrelink. The providers received only 30 per cent of the promised sum when they took the individual on. The next 40 per cent was paid only if the person had been placed in a job and had lasted thirteen weeks. The final 30 per cent came only if he or she lasted 26 weeks. The payment reflects outcomes rather than process. It soon became apparent that providers were signing up long-term jobless people to secure the up-front 30 per cent, but were averse to spending much in pursuit of the elusive 70 per cent. This tendency to provide little assistance to the long-term unemployed has been exacerbated by the fact that charities and community groups are typically short of cash until government payments are received. Furthermore, many providers under-priced their bids for the Flex 1 tender (to undertake job-matching for ordinary job-seekers) in the expectation that they would cross-subsidise these services from the fixed-price Flex 3 contracts. In August 1998 the Federal Government revamped the Job Network at a cost of \$55 million, with \$10,000 grants for struggling agencies and a more attractive payment system for placing some job seekers. Unemployed people who were not on social security benefits were also allowed to use the Job Network, and agencies would receive payment if these people were placed in jobs.

would be covered by insurance arrangements purchased by DEETYA. They were also required to seek full-time work and, unless employed full-time, would be registered as unemployed. There was also scope for the involvement of older participants.

In early December 1997, the federal government piloted 178 Work for the Dole projects throughout Australia, with over 10,000 participants. Many of the communities with the highest rates of youth unemployment received few or no projects. To allay public concern, Employment Minister David Kemp claimed that the selection criteria for Work for the Dole projects had been considered to ensure that:

- projects would not displace paid jobs;
- projects would benefit the broad community rather than businesses;
- work experience would be worthwhile for participants; and
- sponsors would continue to support the participants when the project ended.

These programs ran for a maximum of six months. The government claimed that the scheme was not designed to save money, replace real jobs or manipulate the youth unemployment rate (Burgess et al., 1998b), but would act as a disincentive for those able to secure employment but unwilling to do so (Pike, 1997). Also, participants would be less inclined to engage in crime or anti-social behaviour and their self-esteem and motivation would be enhanced (Pike, 1997).

Despite the emphasis on voluntarism, it was revealed in mid-January 1998 that around 40 per cent of the 1400 people involved in Work for the Dole had been compelled to participate. Undeterred, the government announced a new, more comprehensive set of initiatives, beginning on 1 July 1998, based around the principle of 'mutual obligation'. The minister said that 'In return for financial support from the community, it is fair to expect individuals to improve their job prospects, their competitiveness in the labour market or contribute to their local community' (Kemp, DEETYA Media Release K4/98).

All 18-24-year-olds who had been receiving unemployment payments for six months were obliged to take part in training programs, to undertake voluntary or part-time work for at least six hours a week for a minimum of 14 weeks, or to relocate in exchange for benefits.

The overall scheme included at least 25,000 places a year in an expanded Work for the Dole scheme, with 80 per cent of places targeted at 18-24-year-olds. In addition, there were to be 12,000 places a year in a new literacy and numeracy training program; a further 2200 Job Placement, Employment and Training (JPET) places per year; and 6500 places a year under a new career-counselling program to 'help young people to define their employment, education, and training goals' (DEETYA media release K36/98).

The responsibility for organising and participating in the approved activities rests with the unemployed, who are obliged to inform Centrelink of how they are meeting their enhanced obligations. It is also compulsory to keep detailed diaries, which must be submitted as part of a regular review process (see also Burgess et al., 1998b).

At the Liberal Party's campaign launch in September 1998, John Howard proposed to extend Work for the Dole to any school leaver who had been unemployed for three months. In December 1998, the government announced 388 new projects costing over \$20 million and providing more than 13,000 places, commencing between February and August 1999. Again at least 80 per cent were to be available to 18-24-year-olds in receipt of Newstart or the Youth Allowance for six months or more. In the year beginning October 1997, 16,000 job-seekers participated in Work for the Dole schemes, and 30 per cent of participants moved on to further training or employment (Department of Employment, Workplace Relations and Small Business, 1998). In January 1999 the Prime Minister proposed that young unemployed people who failed literacy and numeracy tests should be forced to take remedial courses or have their dole cut. He argued that remedial courses would improve their ability to compete in the job market. The government estimated that the new measures would potentially affect about 100,000 young people, but it only funded 11,500 places a year for remedial training.

Those who breach 'mutual obligation' requirements face an 18 per cent reduction of their unemployment payment for 26 weeks for the first breach in a two-year period, a 24 per cent reduction over 26 weeks for the second, and an eight-week non-payment period for any further breach in a two-year period (DEETYA, 1998).

The Community Wage in New Zealand

In 1998 the New Zealand Employment Minister, Peter McCardle, argued that the most effective way to assist job-seekers into the workplace quickly was through job-search assistance with a strong emphasis on taking any job as a first step, rather than expensive classroom-based training in vocational skills (McCardle, 1998a).^{*} Reconnecting the unemployed, who often lack basic and useful skills, with a working environment would 'maintain their motivation, dignity, confidence, skills and self esteem, while giving something back to the

^{*} The OECD Jobs Strategy (1996: 10) argues that the benefit system should encourage part-time employment that promotes contact with the labour market for targeted groups.

community that supports them' (McCardle, 1998c: 1). McCardle argued that the work ethic was a fundamental facet of human nature and human character.

The Community Wage replaced unemployment benefits in October 1998. Under the scheme, a job-seeker receives a payment in return for participating in training, organised part-time community work or other specified activities. Improving recipients' standards of attendance, behaviour and attitude was an important part of the Community Wage concept. Just as important was 'changing attitudes towards the unemployed' (McCardle, 1998a: 1). The success of the scheme would be measured in terms of reducing or containing the numbers of long-term unemployed (McCardle, 1998a: 2).

The Community Wage is now New Zealand's only state income-support payment, covering all job-seekers and incorporating all existing unemployment benefits. All job-seekers receiving the Community Wage have a contract (Job Seeker Agreement) that specifies their obligations, including being available for community work and actively seeking paid employment. There is no time limit on benefits, but they may be withheld if it is judged that insufficient efforts are being made to secure employment or enhance employment prospects. There is no change to the classification of the unemployed.

Participants also receive an allowance of \$21 a week, and a further \$20 per week is available for actual and reasonable extra costs. The Employment Contracts Act does not apply, and those receiving the Community Wage are not entitled to sick or holiday pay, even if they are participating in a work-experience activity. Community Wage recipients are insured. Sponsors are required to sign a contract stating that if it were not for the scheme, the community work would not be done.* They are required to conform to health and safety regulations, but are not liable to pay insurance premiums for participating job-seekers. The sponsors are also required to provide a reference for the job-seekers at the end of their community work, covering their attendance, attitude and other employment-related issues.

Subject to strict criteria, dependent spouses have access to recoverable special needs grants up to approximately half the weekly rate of the Community Wage. Since 1 February 1999 dependent spouses and single parents with children have been 'work-tested' and can be asked to join Work for the Dole schemes. Recipients of sickness and invalid benefits have been assessed to establish their capacity to work since November 1998. Caregivers and partners of the sick and disabled are also among those with new obligations to seek work, with different rules applying according to the age of the person being cared for. The Sickness Benefit was merged into the Community Wage in November 1998 (Peters, 1998).

* Similar procedures were utilised in the Community Taskforce scheme.

In April 1998 New Zealand had 187,000 unemployed, but when people on sickness benefits, widows, invalids and sole parents were added, the total was 350,000. The change in policies had little immediate effect on beneficiaries, because the long-term unemployed remained the government's primary target for its Work for the Dole measures.

Job-seekers are expected to volunteer to participate in suitable activities, but participation can be required when it is considered to be in a job-seeker's best interests. The maximum amount of community work per week is twenty hours for those seeking full-time work, and ten hours for those seeking part-time work. This allows job-seekers time to seek paid employment.

Community Wage recipients can pursue their own community work, training or organised activity within the Department's conditions and rules, subject to formal approval by the Department. Sponsors can employ job-seekers to work paid hours on top of their community work placement. Any extra paid work is governed by employment legislation. Income from such work is taxable, and can result in the reduction of the Community Wage. In keeping with the government's philosophy that paid work underpins economic independence, job-seekers are encouraged to take up opportunities to do paid work.

Job-seekers aged over 60 can participate in organised activities if they so choose. Those aged 55 plus can choose not to participate after six months registration. The newly integrated work and income department (WINZ) in New Zealand is supposed to consider whether it is fair and reasonable to require participation in a particular activity (McCardle, 1998a). Financial sanctions apply if job-seekers fail to provide a 'good and sufficient reason' for their failure to fulfil obligations. In the first two months of the scheme, 81 people had their Community Wage payment reduced or suspended.

'Mutual obligation' and Work for the Dole: an assessment

The Work for the Dole schemes that have been implemented in Australia and New Zealand share a similar underlying philosophy of mutual or reciprocal obligation. The means-testing of benefits and tighter eligibility criteria indicate that both governments see recipients as a burden to the community (Pike, 1997). Unlike the earlier Australian Job Compact, the schemes do not guarantee participants a full-time job at normal rates of pay funded by the state, but require them to undertake part-time community work at minimum wages equal to the unemployment benefit. In effect, unemployment benefits are no longer a right, but have become part of a system of duties. The experience gained from undertaking community work is assumed to equip unemployed

workers with the skills to secure long-term employment opportunities – 'real jobs' (Australia) or 'unsubsidised paid work' (NZ).

Neither government has provided a clear exposition of the causes of the high rates of unemployment. The emphasis on the individual acquisition of training, skills and experience suggests that employers in both countries are unable to match the skill demands of the vacant positions with the skills and experience of the unemployed. As a consequence, unemployment is viewed as an individual rather than a collective problem.

Both governments appear to be attempting to exploit the apparent divergence of economic interests between taxpayers and the recipients of benefits by emphasising the obligations that the unemployed have to the community that is supporting them. The Australian scheme has been described as a purely political gesture to appease commonly held prejudices about unemployed youth (Grattan, 1997), and in New Zealand, McKenzie (1997: 102) suggested that the programs were designed to address the public criticism that the unemployed were paid to do nothing.

Unemployed workers in Australia who are not in a Work for the Dole scheme must receive permission from the welfare authorities before performing more than twenty hours of voluntary work per week. This suggests that Work for the Dole has little to do with service to the community, but rather is a form of compulsory labour. In addition, community organisations that participate face the costs of supervising conscripts, and also risk deterring traditional volunteers.

There is a suspicion that the program aims to force the unemployed off welfare benefits, as opposed to placing them in employment. The 1998/99 Budget Measures forecast that the full implementation of the Work for the Dole program would save the government more than \$25 million per year from more young people taking up paid work and from 'the application of activity test penalties of either benefit rate reduction or a period of non-payment' (Commonwealth of Australia, 1998: 1–26).

Finally, Work for the Dole participants are an enigma with respect to Australian labour force statistics. The department claims that their correct status is unemployed. By contrast, the Australian Bureau of Statistics claims that, since the labour force survey is based on self-enumeration, participants may classify themselves as either employed or unemployed, while the unemployed who are placed in training and third-sector employment programs could classify themselves as being not in the labour force.* Thus youth unemployment rates could be understated as a result of the Work for the Dole program.

* Based on private correspondence between John Burgess and officers of DEETYA and ABS.

Human rights

Article 23 of the Universal Declaration of Human Rights states that 'Everyone has the right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment'. Furthermore, 'everyone . . . has the right to equal pay for equal work', along with 'remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection'. The right to form and to join trade unions is specifically mentioned. Article 25 elaborates on what an adequate standard of living means. Article 8-3-a of the International Covenant on Civil and Political Rights states that no one shall be 'required to perform forced or compulsory labour', which the International Labour Convention defines as 'all work or service which is extracted from a person under the menace of penalty and which the person has not offered himself voluntarily'.

Does Work for the Dole in Australia and New Zealand accord with these principles? First, participants are forced to work a certain number of hours without choice in order to receive the equivalent of a part-time wage. The existence of detailed sanctions against those who fail to meet requirements indicates that neither government feels that all participants will co-operate voluntarily (McCardle, 1998a, DEETYA, 1998).

Secondly, participants receive the same payments as unemployed people who have not been forced to join the scheme. Similarly, community volunteers might be resentful of unemployed conscripts receiving remuneration for community work.

Thirdly, if a low income from employment is insufficient to ensure 'an existence worthy of human dignity' in Australia, the state pays a supplementary social security benefit. Under Work for the Dole, the state refuses to acknowledge that the equivalent income is insufficient, which signifies systematic discrimination between the unemployed on the basis of age.

Fourthly, because the participants are not employees and the sponsor organisations are not employers, participants do not qualify for any of the non-wage benefits associated with employee status. There are no grievance rights or protections against sexual harassment and discrimination. There is also no opportunity for trade unions to engage in collective bargaining or industrial action. The jobs and the participants exist in a legal limbo.

Finally, the Howard literacy plan makes young people scapegoats for the failure of the education system and will discriminate against non-English speakers.

In effect, unemployment for many people has become a simple transaction. The unemployment benefit is exchanged for a quantum of labour input applied to a variety of activities at a price set unilaterally by the government.

Burgess and Mitchell (1998) suggest that governments are violating the right to work (Article 23) by refusing to eliminate unemployment via the appropriate use of budget deficits. They note that unemployment is not compatible with fundamental human rights in that it denies those affected access to income and hence participation in markets. Furthermore, it stigmatises them and reduces their opportunity for advancement, and violates basic concepts of community participation and citizenship. Until employment is considered to be a human right, a portion of the community will be excluded from effective economic participation.

Burgess and Mitchell (1998) maintain that the right to work in the form of paid full-time (or fractional) employment should be a legally enforceable right guaranteed by the state. They suggest that citizens should have a choice as to the type of work they do, should be paid at adult minimum rates, and should be accorded the same rights and conditions that are associated with full-time employment (pro rata in the case of part-time employment). Holiday and sickness benefits, a safe workplace and protection against unfair dismissal should be included.

Thus the Work for the Dole scheme in Australia fails on the principles of human rights. There is no commitment on the part of the government to the principle of work as a human right and hence the need to pursue full employment policies.

Training, 'real' jobs and labour-market efficiency

Despite their major shortcomings with respect to human rights, can these Work for the Dole schemes be construed as efficient training programs designed to assist unemployed workers to obtain *real* jobs, thereby improving the functioning of the labour markets in the two countries?

In Australia the scheme targets youth, the group with the highest unemployment rates but the lowest unemployment duration (Biddle and Burgess 1998a, Burgess et al, 1998b). If participation in Work for the Dole does increase employability, then it would be more efficient to target older workers with longer average durations of unemployment.

Schemes such as Work for the Dole primarily emphasise work experience and the attitudinal conditioning of the unemployed (Biddle, 1998). In Australia there appears to be no attempt to match job-seekers' aspirations and skills with the needs of sponsoring organisations or with the emerging job opportunities (MacDonald, 1997; Pike, 1997). Any skills attained are likely to be specific to the needs of the project and the sponsor organisation, rather than to participants' future employment aspirations. Community organisations typically have limited resources to employ paid staff, and are unlikely to be

able to offer continuing employment. Thus there is considerable doubt as to whether the skills gained from undertaking community work will make any long-term difference to the employment prospects of participants, especially youth. Leech (1997) further argues that working for a community organisation isolates participants from links with the employed world, so that they are unable to develop employment networks in the form of contacts with people with jobs.

MacDonald (1997) suggests that voluntary work is a useful activity for some unemployed people in Australia but should not be compulsory. Case management is required to co-ordinate the process of linking job-seekers' aspirations, skills and personal development with job outcomes (see also Pike, 1997). The Work for the Dole guidelines require some post-program support to participants, including assistance in the preparation of resumés, maintaining contact with participants, providing links with employers, and providing references and certificates of project completion (DEETYA, 1998: 9), but this is no guarantee of future employment.

The Australian evidence to date suggests that there is a relatively low rate of transition of job-seekers from part-time employment into permanent, full-time employment (see Alex De Ruyter's essay below; also Burgess and Campbell, 1998). This suggests that initiatives to assist unemployed workers to obtain temporary, part-time work under mutual obligation may not improve their chances of achieving full-time employment, unless potential employers differentiate between part-time community work and private-sector part-time employment. Of a total of 2.585 million part-time employees in Australia in May 1995, only 337,000 or 13 per cent, had progressed to a full-time job by September 1996. Yet 44 per cent of part-time employees desired a full-time job and 18 per cent desired additional hours; only 38 per cent found their existing hours of work acceptable.

The syphoning of job-seekers into temporary jobs is not sufficient to break the unemployment cycle and will not promote skill acquisition and access to better-paid, more stable employment. Rather Work for the Dole can lead to disjointed occupational progression, poor returns on education, training and work experience and the decay of extant skills. Such schemes do not appear to lead to the unemployed being placed in the long-term full-time jobs with the training and promotion opportunities that are necessary for them to overcome the cycle of despair, low self-esteem and a poor work ethic (see also House of Representatives Standing Committee on Employment, Education, and Training, 1997: 120). Without sustained job creation, relatively high unemployment rates for all age groups will persist.

In the British context Layard (1997: 196-7) argues that an active labour-market policy increases the number of employable workers, thus reducing the

NAIRU and stimulating employment growth through downward wage pressure. Peck and Theodore (1998: 15) rebut this view, pointing out that increased churning and job instability exacerbate problems of underemployment. Any job creation is likely to be marginal and accompanied by a further erosion of pay, working conditions and job security in the secondary (part-time and short-term) labour market. Finally, active labour-market programs do not engage the primary sector. Yet, if inflationary wage pressures are to act as a constraint on employment in the longer term, they are likely to originate in the primary sector through genuine skill shortages and the exercise of union power, both of which are largely unaffected by the increased number of employable workers in the secondary sector (see Solow, 1998: 32-3).

During its first term in office, the coalition government largely eschewed job creation* and cut employment in the Federal Public Service by 65,000 between February 1996 and May 1997. In August 1997, the Reserve Bank noted that growth prospects may improve 'particularly once any dampening effects of fiscal consolidation begin to wane' (1997: 1). In the first three years after the coalition came into power in March 1996, employment increased by 500,000, compared with more than 700,000 over the last three years of the Labor government.

Before the implementation of the Community Wage scheme in New Zealand, there appeared to be resistance on the part of some community organisations, who did not want to be agents of the Crown, did not accept the compulsory program and argued that the resources for support and supervision were inadequate (see, for example, Hanley, quoted in *The Jobs Letter*, 1998). It was argued that community organisations were subject to significant costs under the scheme, including job placements, monitoring placements, matching and referring job-seekers to work and training opportunities, monitoring compliance, processing participants' cost claims, providing the work-related expenses, and health and safety compliance costs. The New Zealand Council of Christian Social Services would only support the scheme if it assisted people into meaningful jobs and met their minimum standards for employment programs (New Zealand Council of Christian Social Services, 1997). At the end of 1998, however, McCardle reported that 2100 sponsors were already taking part, including schools, marae, trusts, councils and a wide range of

* One minor exception was the provision of \$41.6 million over three years in the 1996/97 Budget to establish the Green Corps (Young Australians For The Environment), which gave Australians aged 17-20 the opportunity to work on environmental projects. It was anticipated that at the end of the three years 3500 young Australians would have participated. However, unemployed persons were not targeted under the scheme.

social organisations including the Wellington City Mission, the Salvation Army and many Maori groups.

Where voluntary organisations have assumed responsibility for functions normally performed by the public sector, the displacement of paid employment is a major problem. In New Zealand the State Services Commission has estimated a displacement rate of 26 per cent, which means that one real job will be lost for every four jobs created under the Community Wage scheme (Hutchinson, 1998). Tradespeople cite school maintenance as an example, and the Service Workers Federation has claimed that 5000 jobs will be at risk, particularly in social services such as rest homes (The Press Online, 1998).

The displacement of workers from real jobs, accompanied by the downgrading of conditions of work under these schemes, is likely to place downward pressure on the working conditions and job security of employees in the private sector. The growth of low-wage and involuntary employment also means that the level of unemployment is no longer an adequate measure of the extent of poverty.

In summary, it is unlikely that work undertaken under Work for the Dole will be the foundation for skill development and long-term career employment. These schemes appear to be predicated on the view that unemployment arises from individual deficiency rather than demand deficiency. Yet training undertaken in isolation from the realities of the job market is inefficient. At best it reorders the labour queue, but does not increase the number of jobs (Thurow, 1976). Youth requires more extensive and expensive labour-market services, not fewer and cheaper ones (Fay, 1996: 32; OECD, 1996: 8).

Full employment and the right to work

In both Australia and New Zealand, the Keynesian welfare state has been superseded by a policy regime that no longer proclaims the ideals of full employment and the universal safety net. Unemployment has become increasingly an individual problem, not a collective one. Notions of independence and autonomy have replaced interdependence, mutuality and community care (Pike, 1997). Generating jobs has become secondary to attitude modification (DEETYA 1998, McCardle 1998a). The unemployed tend to be socially isolated, but the electorate appears to expect them to make a *contribution* to the community in exchange for their welfare support. Goodman (1998) argues that social provision by the state has given way to social control by the state.

In response to the policy vacuum that has accompanied rising unemployment and inflation since the first oil price shock, governments around the

world opted to pursue monetarist anti-inflationist policies. The tool for controlling inflation became the induced slack in the labour market. So a high level of unemployment became the vehicle for reducing inflation and stabilising inflationary expectations. If there were a legislated right to work, then governments would have to contemplate how they could satisfy this right by developing a full-employment policy, as they did in the post-1945 period. One solution advocated by Mitchell (1998) is for the government to generate jobs for those who are made redundant by the private sector.

The implications of a full-employment policy are considerable. First, it would mean greater use of labour and capital resources, which is the single most significant reform to raise economic efficiency that could be implemented in Australia (Mitchell and Watts, 1997; Watts, 1999). Secondly, it would mean fewer fluctuations in aggregate economic activity, thereby offering greater certainty for investors in the private sector. Thirdly, the extent of social exclusion, poverty and costs associated with unemployment would be significantly reduced. Fourthly, employers would be forced to contemplate how to improve labour utilisation and raise labour productivity through investment in machinery, technology and training. There would no longer be the emphasis on cost cutting, lower wages and static efficiency gains associated with surplus labour conditions. The issue then is one of synthesising the right to work with a full-employment policy.

Obliging young unemployed to undertake compulsory work on the cheap should not be central to the strategy of the Australian and New Zealand governments. Instead, they must use their capacity to create jobs as the basis for achieving a high-employment economy in which employers have an economic incentive to address any skill deficiencies of their employees (see Mitchell and Watts, 1997; Mitchell, 1998; Solow, 1998).

Conclusion

Work for the Dole in Australia and the Community Wage in New Zealand have meant that the state now spends less on the unemployed, who have been singled out for reciprocal obligations that severely compromise their human rights. In the process, the role of the state in the two countries has been redefined.

Yet there are serious theoretical and empirical questions about the effectiveness of such programs in securing a transition from unemployment into permanent employment. The creation of a more compliant stock of unemployed workers with minimal skills gained from six months of part-time community work is unlikely to lead to full employment, even in the context of further labour-market reform and fiscal consolidation. Demand deficiency

is the key factor in the long-term deterioration of the labour market. In our view, the problem can only be solved if the lack of jobs is recognised and the government once again assumes responsibility for a full-employment economy.

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