Benchmarking carrots and sticks: developing a model for the evaluation of work-based employment programs

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6. **Input Benchmark**

As explained in chapter 2 and then also in chapter 4, the input are the first element within the policy chain. They represent the foundation upon which the policy-makers will build the processes within the programs. Therefore, these input indicators can also be seen as the national framework given by the social security scheme in the country within which the program will be operating. This social benchmark of work-based employment policies will measure the input using 7 benchmarks. These are:

1. Objectives
2. Target group
3. Financial resources and incentives
4. Governance model
5. Benefit level
6. Activation conditions
7. Sanction legislation

The first section of this chapter will discuss each of these 7 benchmarks separately, analysing the situation in each country and in each program and presenting the ranking which is given in light of this analysis. As can be remembered from chapter 4, the indicators will be ranked based on the expected effect the indicator will have on the rates of return to work of the participants in the programs. Hence, a rank of 5 will be the best rank and will be attributed to the program which shows the value of the indicator which is most likely to lead to good results. Then, the second section of this chapter will first present the radar charts for each programs made up of those 7 benchmarks. After that, the surface measure of performance (SMOP) will be calculated based on the radar charts, which will allow to measure the overall ranking of the inputs for each program. Conclusions will then be made on which country presents the best chances to see its programs being successful, based on the assumptions made in chapter 4 concerning the links between inputs and impacts.

6.1. **Objectives**

The first and foremost input to be measured is the objectives of the policies. As shown in chapter 3, the main objectives which work-based employment programs try to achieve is that their participants find a job on the labour market. However, work-based employment programs can also have other objectives. These intermediate objectives are related to the output of the program rather than the impact, and are based on the three-dimensional intervention strategy as discussed in chapter 3. These
intermediate objectives are, to increase ability to work, to increase the willingness to work, and to increase access to work. The extent to which the program is directly and explicitly aiming at fostering the return to work of its participant will be measured here for each program. A high score will show a high degree of focus on return to the labour market, and a low score will indicate that the central objective of the policy is mostly formulated in terms of intermediate objective. The further the link with return to work, the lower the score. This is for the reason that, as explained in chapter 4, it is expected that not focusing on return to work will lead to less effective choices regarding the links between the intervention strategy and the actual return to work of the participants. Nevertheless, in order to fully understand these intermediate objectives for the programs, scores will also be given for the extent to which each intermediate objective is central to each program. These will be used for gaining a better understanding of the program in general, as well as for the analysis of the effectiveness and efficiency of the programs.

Furthermore, objectives can divided into two different categories. Firstly, they can represent the objective of the program regarding the individual participating in it. These are called here micro-level objectives. An example of a micro-level objective is aiming to increase the level of skills of the participants in the program. Secondly, objectives can have to do with the impact the program will have on the social security system as a whole, or even on the economy as a whole. An example of such a macro-objective could be to cut down government spending on social assistance benefit. At both levels, these objectives are nevertheless related to the return to work of the participants, but this distinction is useful for the sake of understanding how objectives are formulated and made operational.

The objectives of each programs will thus now be discussed in order to measure to what extent these are focused on return to work or on any of the three intermediary objectives. On a micro-level, the objectives of the New Deal programs in the United Kingdom are: “to increase long-term employability and help young and long-term unemployed people, lone parents and disabled people into jobs; and improve their prospects of staying and progressing in employment” (Finn, 2000, p. 389). In the Netherlands, the most common objective for the projects which took part in the Work First Benchmark 2006 was that the participants should “return to work as soon as possible” (Work First Benchmark 2006 Database). The micro-level objective of the Work for the Dole program in Australia comprises four aspects: “1) Gain work experience, 2) Build Networks, 3) Improve self-esteem, and 4) Contribute to the community” (Guide to Social Security Law, 2008, section 3.2.10.80). On the Canadian
side, the Ontario Works program has for objective to “Help people in financial need become employed and achieve self-reliance, through mutual responsibilities of the participant and the delivery agent” (Ontario Works Directive #1.0, p. 2). The micro-level objectives of the Temporary Job and RMCAS program in the Canton of Geneva are as well to encourage and assist the unemployed to return to work (CEPP, 2002, p.5, quoting the Conseil d’Etat (1996); and, RMCAS Law, art. 27, 28). However, both programs have also some very distinct objectives from the other programs in the benchmark. The Temporary Job program’s foremost aim is “allowing the unemployed whose rights to unemployment insurance has ended to become eligible for a second period of claim” (Cantonal Law on Unemployment, art. 39; and CEPP, 2002, quoting the Conseil d’Etat (1996)). The RMCAS benefit has for primary objective “to give the right to a minimum revenue for the unemployed whose rights to unemployment benefits (both federal and canton measures) have ended, in order to avoid having to claim Social Assistance” (RMCAS Law, art.1). Since these objectives are particular to the Swiss case, they will be discussed in more details towards the end of this section.

The strongest emphasis on return to work is in the Netherlands, where it also should be achieved in the shortest possible delay. This is also the case for the Ontario Works program, in which policy directives clearly assert the “work first” approach of the program, where the shortest route to employment is the one to be taken by participants (Ontario Works Directive #2.0, p.2; #6.0, p.6; and #37.0, p.6. See also Lightman et. al. (2005)). The New Deal for Young People and the New Deal 25 plus in the UK both also have a strong emphasis on return to work. Moreover, the New Deal programs also give much importance to raising the employability level of the participants. The objective of increasing employability is also present in a number of Work First projects in the Netherlands, since 38% of the projects in the Work First Benchmark 2006 considered increasing work-ethics and work-skills to be the first or second most important objective of the project (Work First Benchmark Database 2006).

On the other side, the Australian program does not focus on the return to work, but rather on intermediary objectives related to each of the three dimensions of the intervention strategy. Indeed, the objectives emphasize raising the self-esteem of the participants, providing a valuable work experience and helping in the building of a network which can assist in finding a job. Obviously, these objectives indirectly aims towards return to the labour market, since they all increase ability to work and access to work, but this has not explicitly been made an objective of the program.
Most important for the Australian Work for the Dole program is the objective of mutual obligation, which is formulated in term of “contributing to the community”. Mutual obligation in the Australian context can be interpreted in two ways, as it is also the name of a group of employment programs for the unemployed (which encompasses Work for the Dole). However here, the term refers to the principle that the unemployed “should give something back to the community that supports them” (Yeend, 2004; Martyn, 2006 quoting Prime Minister Howard in 1999; Moss, 2006, quoting the Department of Employment Workplace Relation and Small Business’ information web page on mutual obligations in 2000). In fact, the Work for the Dole Act of 1997 states as its object, amongst other, “recognising that it is fair and reasonable that persons in receipt of such payments participate in approved programs of work in return for such payments” (Social Security Legislation Amendment (Work for the Dole) Act 1997, article 4).

However, this “mutual” obligation is putting heavier demands on the unemployed than on the government itself. This has been noted by a number of academics, such as Moss (2006 and 2001), Finn (2000), Harris (2001), Burgess et. al. (2000), as well as politicians from the Labour Party and social advocacy groups such as the Australian Council on Social Services (2001) (see also accounts of criticisms in Parliamentary Library E-brief on Mutual Obligation from Yeend (2004)). In fact, from the official texts such as the Social Security Guide, one can see that the obligation from the government relates mostly to the paying out of benefits, and not to the provision of services to assist the unemployed in finding work. The mutual obligation from the part of the government (or better in this context: the community, consisting of taxpayers) is thus an obligation to pay of unemployment benefits. While the mutual obligation from the part of the claimant is to give some of their time to the benefit of the community in exchange for these benefits payments, by for example providing services or working on improving infrastructures. Statements about the level, quantity or quality of services to be provided to the unemployed are not explicitly part of the definition of the mutual obligation. This was nevertheless the case before the Work for the Dole program was implemented, in what was known as the Job Compact, where the idea of reciprocal obligation was introduced. This program was put in place by the Labour government at the end of the 1980’s and guaranteed every long-term unemployed the right to a subsidized job (Carson et. al., 2003). This thus meant that the state had a job creation obligation, which was later removed from the concept of mutual obligation by the Coalition government in the mid-1990’s (Carson et. al., 2003; Harris, 2001).
Finn (2001) and Curtain (2000) have looked at the differences between the objectives of the Australian Work for the Dole and the British New Deal programs. They found that while in both countries claimants were required to “do something” in return for their benefit, the government in the United Kingdom also committed itself to a certain level of duty in the services it provides to its claimants. From the macro-objectives of the Ontario Works program in Canada, it is evident that the establishment of a system of mutual obligations is also an important part of the objectives of the program. Similar to the UK and unlike in Australia, the Ontarian government does commit itself to its side of the reciprocity equation. It does so by mentioning in both its micro-objectives and macro-objectives how the government is also responsible for effective service delivery and for the return to work of individuals. The macro-level objectives are framed in the Ontario Works Act, where it is mentioned that the purpose of the Act is: “1) recognize individual responsibility and promote self-reliance through employment; 2) provide temporary financial assistance to those most in need while they meet obligations to become and stay employed; 3) effectively serve people needing assistance; and 4) be accountable to the taxpayers of Ontario”. Furthermore, the Ontario Works Directives #49.0 on Delivery Standards states, amongst others, that a full range of employment assistance activities are to be made available by Delivery Agents of the program. Directive #2.0 also determines five principles which should guide the delivery of the program, in which the importance of the quality of the assistance, the timeliness of response as well as the achieving of outcomes aimed by the programs are central.

Understanding the significance of the concept of mutual obligation in Australia requires looking deeper at the social security system found in the country, since it differs greatly in design from the system in the four other countries in the benchmark. The design of the social security system will be discussed in detail later on in the benchmark, so this discussion will concentrate on aspects which are of influence when discussing this objective of creating mutual obligations. The fact which is relevant here is that all Australian social security benefits are financed out of general tax revenue. In other words, social insurances do not exists such as in most industrialized country, so no social contributions are paid by either the employee or the employer. If a person becomes unemployed (or disabled), it must claim a means-tested benefit for which he has not made direct contribution. What is important to know is that the benefit level is maybe lower than that found in some welfare states of Europe, such as the Netherlands and Switzerland, but higher than that of countries with similar social security systems, such as the United
Kingdom and Canada (OECD, 2001, p.151). This high level of benefits as well as the generous means-test – in which people with relatively high levels of income and asset are eligible for the benefit – is meant to compensate somewhat for the lack of social insurance. But this also means that a person who has never worked, never paid much income tax, also benefits from these high replacement rates. Following the ideas of the concept of welfare dependency, influential to the Coalition Government, it would mean that those persons with little (recent) work-experience tend to also stay longest on benefits. This reasoning would also mean that those long-term unemployed benefit disproportionately from these relatively high benefits. The Work for the Dole scheme was thus meant to restore this balance by being part of a Mutual Obligation framework.

Indeed, as has just been shown, looking beyond official policy statements allows a better comprehension of why each program has chosen those particular objectives. Clearly, the context in which programs emerge will dictate what will be the focus of the program. Programs are in fact designed in order to solve a problematic situation. While the benchmark will take into account the so-called "external factors" which are outside the policy chain of the program, these are only relating to the years in which the impact of the program are measured. This discussion here relates to external factors which were of influence when the programs were designed, that is to say in the mid-nineties for most country. In all five countries in this benchmark, a rising caseload as well as high unemployment levels – especially high long-term unemployment rates and youth unemployment rates – painted the background in which the programs were designed. However, what was thought to be the cause of this problem and its possible solution diverged between countries.

When the 1990's saw unemployment rates reach towering values in the United Kingdom and the rest of Europe, the British Labour Party readjusted its labour market strategy quite considerably. This readjustment of its views on how best to combat these high unemployment levels were most influenced by the economists such as Layard, who was an adviser to the government when the Labour party came to power (Finn, 2003). The idea brought forward by Layard, Nickel and Jackman referred to the fact that the high level of unemployment was not due to increase in the number of people who entered unemployment

6 See Benchmark 5 for a comparison of benefit levels.

but in a decrease in those who left unemployment (Sunley et. al., 2001). In other words, the continuous “natural” inflow into unemployment stemming from cyclical or frictional unemployment adds to an ever increasing stock of unemployed persons because the rate of outflow out of unemployment is lower than this inflow. By raising outflow from unemployment to the labour market, the so-called NAIRU (Non-accelerating Inflation Rate of Unemployment) would therefore be lowered.

The focus was thus shifted from a demand-side Keynesian approach (to which the party traditionally adhered) to a supply-side strategy which focused on raising the employability of the unemployed in order to increase the rate of outflow (Finn, 2003). This fitted well the New Labour’s “Third Way” ideology, where a best-of-two-world was being advocated by combining liberal and social-democratic traditions of dealing with welfare. Indeed, it was argued that an important change in the labour demand had occurred in the last decades, with an important shift towards a post-industrial economy where the service industry took a central place, entailing that new types of skills were needed in a new flexible labour market which better suited the modern economy (Finn, 2000). In fact, for many low-skilled jobs in the post-industrial labour market the level of skill needed to perform the job does not require a high level of education but does require the acquisition of some specific skills which are often non-transferable between sectors. Hence, this combination of low-skilled/specific-skills creates an increased need for interventions on the supply-side of the labour market.

While important steps towards the activation of labour market policies were taken with the significant increase in the conditionality of benefits by the creation of the Jobseekers’ Allowance by the Conservative Major government, little emphasis was given to the services provided to the unemployed (Walter and Wiseman, 2003). This drastically changed after the General Election in 1997, when Tony Blair and the New Labour Party came into power. Having won the election, the government committed itself to significantly decrease unemployment amongst the young and the long-term unemployed and launched a series of active labour market policy programmes for benefit claimants, which promised “work for those who can, security for those who cannot” (Department of Social Services, 1998, Green Paper: New ambitions for our country: A new contract for welfare). The welfare reform itself was also portraying a range of broader objectives such as to reduce child poverty, increase employment and “make work pay” (Walter and Wiseman, 2003). The New Deal programs were thus part of this reform, and as already mentioned, aimed at reducing the number of young unemployed and long-term unemployed.
by raising their employability. As already mentioned, the ultimate, 
macro-objective, is that this increase in outflow out of the benefit system 
will lower the NAIRU, the “natural” rate of unemployment which is 
bound to exist in every economy.

In fact, all five countries in the benchmark turned to supply-side solutions 
for the problem of high levels of unemployment. While Nixon admitted 
in the beginning of the 1970’s that “we are all Keynesians now”, Palier 
(2006) and other academics studying labour market policies have recently 
twisted the phrase around and noted how “we are all supply-siders now”. 
This also is valid for the Ontario Works program in Canada. This 
program was created in 1997 by the recently elected Progressive 
Conservative Party, a neo-liberal party active in at the provincial level in 
Ontario. The Ontario Works program came as part of a package of 
reform named “The Common Sense Revolution”. This reform, amongst 
other, aimed at reducing welfare dependency through mandatory work or 
(re)training (Lightman et. al., 2005). Nonetheless, such a reform was 
made possible by a change in federal legislation, even though social 
assistance is legislated at the provincial level. In Canada, the federal 
government funds a great part of the provincial Social Assistance schemes 
in Canada, and the funding arrangement can put some restrictions in how 
the province could deliver social assistance. The Canada Assistance Plan 
legislation which was present up to 1995 prohibited provinces to put any 
restriction on eligibility other than being in need (Canada Assistance Plan 
Act, art. 6(2)). However, the new federal legislation of 1995 did allow 
provinces to experiment with workfare by allowing “provincial 
flexibility” (Federal-Provincial Fiscal Arrangement Act, art. 24.3). This 
meant that the newly elected Ontarian government could increase the 
level of conditionality of its social assistance benefit in which training and 
work could be made mandatory (Herd et. al., forthcoming JPHS). Such a 
focus on the incentives and motives of the benefit claimants meant that by 
alleviating their barrier to work, they could then move on to find a job, 
unemployment would decrease and employment would rise. This 
reasoning is similar to the one in the United Kingdom, however, the focus 
here is more on the need to eliminate the incentives which allows 
beneficent to become dependent on welfare. Following the framework 
presented in chapter 3, the focus in Canada seem to be to move the 
unemployed from a position in which they are unwilling to work to one 
in which they are willing to work, whereas the British objectives are more 
pointed towards increasing the ability to work of the claimants.

Decreasing the caseload using supply-side policies was also the strategy 
chosen in the Netherlands. While the New Deal programs in the UK and 
Ontario Works in Canada were one of the first Active Labour Market
policies to be implemented, the Dutch programs are part of a long history of attempts in lowering unemployment levels. This means that while its objective also focus on assisting the unemployed to return to work, its legacy means that some differences arise when looking at why this objective is central to most programs. As already discussed in the introduction, the various Work First programs exists at the municipal level with little connection to each other. As a result, we cannot speak of one single objective of the Work First projects in the Netherlands.

Table 6.1: Main and secondary objectives of the projects

<table>
<thead>
<tr>
<th>Objective</th>
<th>Frequency in the 49 projects*</th>
</tr>
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<tbody>
<tr>
<td>Finding work as soon as possible</td>
<td>69 %</td>
</tr>
<tr>
<td>Decreasing passive attitudes</td>
<td>33 %</td>
</tr>
<tr>
<td>Increasing motivation to work</td>
<td>2 %</td>
</tr>
<tr>
<td>Threat effect to potential claimants</td>
<td>10 %</td>
</tr>
<tr>
<td>Training of work-ethics and skills</td>
<td>39 %</td>
</tr>
<tr>
<td>Mentality change towards reciprocity</td>
<td>6 %</td>
</tr>
</tbody>
</table>

Note: *Numbers do not add up to 100% because the calculations are based on a ranking. Objectives were ranked according to importance, and the two first ranks were taken to make-up the main and secondary objectives of the project.


Table 6.1 shows the frequency of various objectives in the 49 projects who took part in the Work First Benchmark 2006, based on the ranking of the two most important objectives they pursued. The emphasis on a quick return to the labour market – as soon as possible – can be understood in the light of the failures of previous active labour market policies to efficiently reduce social security caseloads.

Active labour market policies were already being implemented in the Netherlands in the late 1980s, which is fairly early compared to many other European countries (Van Berkel, 2006). The Public Employment Service, Regional Social Insurance boards as well as the municipalities provided various kinds of training and job search assistance to those who where unemployed, targeting groups such as the unemployed youth or the long-term unemployed (Van Berkel, 2006). However, these active labour market policies were thought to be rather inefficient. Indeed, throughout the 1990’s the amount spend on ALMP kept on increasing while caseload were not being reduced up until the economic boom which started around 1995 (Martin, 2000 and SCP, 2000, p. 331-332). The reason for this was thought to be due to not only providing the wrong incentives to the claimants to return to work, but also due to a failure of social policies to provide the best help to the right claimants (Van de Veen and Moulijn, 2004). Most of these failures were thought to be stemming from lack of incentives to perform efficiently, a typical criticism of
bureaucratic governance models. Indeed, various Commissions evaluating the implementation of social insurances, social assistance and public employment services found that the implementing agencies did not focus on the return to work of the claimants (Social Cultural Planning Office, 2000, p.336). In this way, the Public Employment Service and municipalities were following a typical Human Capital approach to active labour market policies, in which the increasing of skills and education levels of the claimant is central to achieve a long-term goal of a durable transition to work (Bruttel and Sol, 2006). A reform of the structure of the social security system was therefore deemed to be necessary in order to change this focus towards one in which return-to-work was central (PricewaterhouseCoopers, 2006). This reform was enacted by the Structure for Implementation of Work and Income Act of 2001. The motto of the reformed program was “Work above Benefit”, in the sense that it is better to be in work than to receive a benefit from the government.

The details of the SUWI reform will be discussed later on in more depth, but it is relevant for understanding the objective of the Work First programs to understand the consequences it had on the financial incentives of the municipality. In short, the Work and Social Assistance Act of 2003 arranges that the amount of benefits which will be transferred by the municipalities is being predicted every year, using historical municipal caseload information as well as local socio-economic indicators. This is the amount of block-grant the municipality will receive from the central government. As a result, the municipality needs to supplement this amount out of own revenues if this amounts falls short of the transferred funds, meaning, if there are more beneficiaries than what was predicted by the central government. However, if the municipality requires fewer resources than has been transferred because it has fewer claimants than predicted, it may keep the unused funds and spend it as it wishes. Many Work First programs were designed by municipalities since the implementation of the new act in 2004, most projects designed with the micro-objectives to assist their claimants to find the shortest route to the labour market. Nonetheless, these projects were also implemented to achieve the macro-level objective of decreasing caseloads more than what could be expected from socio-economic forecasts (see RWI, 2008, p.27 and p.56).

The case of the programs found in the Canton of Geneva has not yet been discussed because of the little commonalities they bare with most of the issues discussed above. While both programs contain all the elements which define mandatory work-based employment programs, their objective differ largely from the objective of the other programs in the benchmark, besides for the fact that they both aim to promote the return
to work of their participants. This objective is however not the primary objective of these programs. In Switzerland, the responsibilities for social security have been divided between the federal government and the canton government. Unemployment insurance is the responsibility of the federal level while Social Assistance is under the competence of the cantons (the Swiss Conference of Social Action Institution (CSIAS) makes recommendations to help maintain a certain level of harmonisation (MISSOC, 2006)). Accordingly, unemployment insurance funds (public and private) pay out the benefit and active labour market policies for unemployment insurance claimants are arranged by the Regional Placement Offices, which fall under the responsibility of the Canton government but which are funded from federal general taxation (the federal grants are based on outcomes in terms of return to work\(^8\)). On the other side, Social Assistance is implemented and funded by the Cantons themselves, out of their general tax revenues. When a worker becomes unemployed, he or she is thus eligible to the federal Unemployment Insurance. When these rights are exhausted, he or she must then claim Social Assistance from the Canton government, a benefit which is means-tested and by definition much lower than contribution-based Unemployment Insurance.

The two Geneva work-based employment programs in this international benchmark, the Temporary Job program and the RMCAS (Cantonal Minimum Revenue of Social Assistance), have thus for objective to minimize the impact of the transition from Unemployment Insurance to Social Assistance. From the beginning of the 1980’s, about half of the Cantons passed legislations which provided assistance to the unemployed whose rights to insurance had expired, which consisted mostly of temporary jobs which lead to a new eligibility period (Flückiger, 2002). Since only those who were receiving Unemployment Insurance benefits are eligible to this benefit, thus indirectly contribution-based, this type of benefit is considered to be Unemployment Assistance. In the mid-nineties, in order to tackle an increasing unemployment level, the Federal Government revised the 1984 Unemployment Insurance Law (Bieri, 2004). The changes took effect in 1997 and introduced a range of active labour

\(^8\) The Swiss welfare state has undergone many reforms in the line of New Public Managements theories. These included privatization, contractualism and performance-based financial incentives (Bonvin and Moachon, 2006). Some of these will be discussed in further details later on. However, these changes have little influence on the programs in the benchmark since they are designed at the Canton level. As will be discussed later on, the national reforms had little impact on the provision of Unemployment Assistance and Social Assistance in the Canton of Geneva. A plan to do so was rejected by referendum in June 2002.
market policies in order to increase the employability of the unemployed (Bieri, 2004). The duration of the benefit was also increased from 18 months to 24 months, and the minimum qualifying contribution time was increased from 6 months to 12 months (CEPP, 2002). This had the consequence that most cantons had to revise their Unemployment Assistance legislation in order to increase the length of the temporary jobs in order to keep them in line with the new eligibility criteria of the federal Unemployment Insurance legislation.

The canton of Geneva thus took this opportunity to bring some changes to its 1984 Unemployment Assistance laws. Besides Temporary Jobs, it also created two other programs of Active Labour Market Policy, which aim at assisting the unemployed in returning to the labour market. Both new measures also last for 12 months, pay a regular salary and consequently lead to a new eligibility period for unemployment insurance if no job is found at the end. One measure the Return to Work Allocation (ARE) is aimed at persons aged 25 and above and consists of a 20%-40% wage-subsidy paid out to employers (CEPP, 2002). The other new measure is the Return to Work Internship (STARE) and is meant for young persons under 25, where they are taken up by private sector employers, contribute to only 20% of the cost of the program, the rest being financed by the Canton. However, these two measures have been extremely slow of implementation since the enactment of the new legislation in 1997. As a result, 90% of those in the Unemployment Assistance scheme were part of the Temporary Job program in 2004 and 2005 (92% in 2003 and 93% in 2002) (OCSTAT, 2008).

Thus besides aiming at assisting those whose unemployment insurance has come to an end to find a job, the first objective mentioned by the Geneva Conseil D’Etat when presenting the new bill was “to maintain a tradition of social openness, notably by implementing measures allowing the unemployed to obtain a new right to federal unemployment insurance” (in CEPP, 2002, p.5). Clearly, this measure is thus aiming to alleviate some of the financial and psychological impact for those unemployed persons, who in the absence of this benefit would have had to rely on Social Assistance. The importance of the “social aim” in the Canton of Geneva has also been contrasted to the more “economic” treatment of unemployment in by the Federal Swiss government (ALMP, Performance measures and payments, etc.) by the External Commission on Evaluation of Public Politics in Geneva (CEPP, 2002, p.47).

Nevertheless, the implementation of this measure does also mean that the unemployed person is “given back” to the federal government to take care of for another two year. This surely creates savings for the Canton
government, who otherwise would have to give out benefits to these persons for that two year period. This objective, while never made explicit, can also be attributed to such a scheme. Only in the Netherlands and Canada does such an interaction between social assistance and social insurance exits, since in the UK unemployment insurance is much less comprehensive and in Australia it is inexistent. Hence, in Canada and the Netherlands there is an incentive to design programs in a way that creates eligibility rights for UI. These effects will be discussed further when benchmarking the design of the programs, in particular the combination of type of rewards (wages as opposed to benefits) and length of programs (enough for having enough contributions to UI). See Benchmark 10 and 13.

The Geneva legislation only limits the participation in a Temporary Job program to once in five year. After the second eligibility period to federal unemployment insurance, the unemployed who still have not been able to find a job must then claim the RMCAS, a means-tested flat-rate Unemployment Assistance benefit (only available to those whose rights to UI have expired, thus indirectly contribution-based, so defined as UA). The explicit objective of this benefit, as mentioned in article 1 of the RMCAS law, is “in order to avoid having to claim Social Assistance, to give the right to a minimum revenue for the unemployed whose rights to unemployment benefits (both federal and canton measures) have ended”. Similar to the Temporary Job program, the RMCAS benefit is clearly aimed at alleviating the personal consequences of the expiration of the unemployment insurance benefit. Also, through the work-activities the program requires (art. 27 of the law) and the allowances for activation projects it provides (art. 28 of the law), it also implicitly aims at assisting the participants in returning to the labour market.

Contrary to the Temporary job program, the assumption that a macro-level objective of reducing costs for the Canton government is not appropriate, since the claimants would have otherwise claimed a lower benefit from the Canton then they do with the RMCAS. However, since this benefit is quite generous, the work-activities are actually first aimed at creating a mutual obligation for the participants. In fact, these are called “contre-prestations” which translation in English comes closer to “doing something in return”, or, “mutual obligation”. It is thus clear that the RMCAS, similar to the Work for the Dole and the Ontario Works programs, requires the claimants to give something back to the government in return for the benefit they receive. Similar to the Australian case, this mutual obligation is strongly oriented towards the duty of the claimants, the government’s duty being implied to be to pay out the benefit.
This sub-section has discussed the various objectives of the programs in the five countries in the benchmark, and the reason behind their selection by the policy-makers in each country. Summarizing what has been said, the main objective of each program varied greatly. Work First in the Netherlands and Ontario Works in Canada both had the strongest emphasis that the program is meant to foster return to work as soon as possible, which also indicates that intermediary objectives related to the output are much less important than achieving high impacts. They thus both receive a score of 5 in this benchmark. The second most emphasis on return to work is found in the New Deal programs in the UK, where it is expected to be achieved mainly through increases in the skills and general employability of the unemployed. Ability to work is therefore central to this intervention strategy. The UK programs therefore receive a score of 4. The main objective of the Work for the Dole program in Australia was clearly the creation of a mutual obligation for the unemployed, even though official statements mentioned increasing skills and access to work as part of the aim of the program. The fact that these intermediate objectives should foster return to work was not explicitly stated, even thought it surely can be assumed that return to work is an implicit objective of the program, as part of the general ALMP strategy of the country. Because of this, the score of this program in the benchmark will be 2. The two Swiss programs had a very different main objective than the other program since both primarily intend to alleviate the consequences of the end of the eligibility period to unemployment insurance for claimants. They will thus both receive a score of 1. The Temporary Job has for main objective to allow creating a second eligibility period, and the RMCAS’ objective is to provide a much more generous benefit than the social assistance benefit which would otherwise be claimed. In terms of intervention-strategy, the RMCAS clearly requires the participation in work-activities as a mean to create a mutual obligation for the claimants. On the other side, the Temporary Job program does not explicitly mention any of the intermediate objectives, but at the same time it can be expected that the work-activities are expected to increase the willingness to work as well as the access to the labour market through signalling effects. This benchmark will respect to the main objective of return to work is presented under here.

As explained at the beginning of this subsection, a score will also be given for each of the intermediate objectives which were related to the three-dimensional. Since the programs in the United Kingdom clearly aimed at increasing skills, it will receive a score of 5 for this aim. On the other side, the program in Australia, Canada and the RMCAS in Switzerland aimed at increasing willingness to work through mutual obligations and will
thus receive a 5 for this indicator. Nevertheless, skills, self esteem and social networks were also mentioned, although they received much less attention when looking at further discussions on the aims of the program. Hence, the Work for the Dole program will receive a score of 2 for the other two dimensions. The aims of the Work First programs were more mixed as they meant to increase willingness to work (decrease passive attitudes, increase work-ethics) and ability to work (increase skills). It will receive a score of 4 for both of these aims. The Swiss Temporary Job program did not make any specific claims with respect to these objectives, but can be assumed to have low-powered aims with respect to the ability to work of the participants, since these are being kept active in a public sector job while waiting for a new eligibility to the insurance scheme. These conclusions on the intermediary objectives will be reflected in the rankings in this first benchmark under the heading of sub-indicators.

Benchmark 1: Input – Objectives of the programs

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
<th>Ability to work</th>
<th>Willingness to work</th>
<th>Access to work</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NDYP and ND25+</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Work First</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Geneva) Temporary</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Job RMCAS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

One reminder needs to be given before proceeding to the rest of the benchmark. Chapter two illustrated how one of the most important lessons of evaluation is that effectiveness and efficiency are both relative to the objective of the program. That is to say effectiveness is evaluating by asking “to what extent is the objective of the program attained” and efficiency by asking “at what costs are the objective attained”. How then, should one be able to benchmark programs whose objectives differ? The first step is to acknowledge the similarities and differences in the objectives of the program, and has been presented in this sub-section. The second step is to take these differences in the importance of each objective into account when looking at the process, the output and the impact of the
program. Then, it is possible to conclude whether the explicit objectives of each program have been met or not.

Nevertheless, even those programs who do not explicitly claim to aim to increase the return to work of their participants have acknowledged this aim in an implicit way. As mentioned above, the Work for the Dole program aims to increase the ability and willingness to work of its participants, which should ultimately lead to increase in rates of exits of the program. Moreover, the Department of Employment and Workplace Relations itself has officially evaluated the Work for the Dole program on the basis of the number of participants who left the benefit for employment (see the Labour Market Assistance Outcome reports published quarterly, as well as DEWRSB, 2000; DEWR, 2004; DEWR, 2006). In addition, many other independent evaluations of the Work for the Dole program have also evaluated the program against the extent to which it increased the rates of return to the labour market of its participants (see amongst others Borland and Tseng (2004), Nevile and Nevile (2003) and (2005), Richardson (2002), Martyn (2006), ACOSS (2000) and Burgess et. al. (2000)). The same is true for the two Swiss programs, for which the effectiveness in terms of return to the labour market of their participants has been included in previous evaluations (see Flückiger, 2002; CEPP, 2002; Bieri, 2004). It should thus be fair to consider the increase in the rate of return-to-work to be an objective of the Work for the Dole and the Swiss programs in this benchmark, even though their score is low with respect to the objective of return to work. Needless to say, the other objectives of the programs in the benchmark will also be considered in measuring effectiveness and efficiency.

At last, it should be noted that the main research question of this benchmark is to identify the best-practices of work-based employment around the world. As a researcher, it is therefore possible to abstract from the either implicit or explicit objectives which the programs give themselves. The question here is whether programs which fit the definition of work-based employment programs do achieve a high rate of return to work, regardless of whether this was clearly the aim of the policy-makers. Surely, differences in aims will result in differences in process, which on their turn will result in different impacts being achieved. Hence the need to measure to what extent this aim of return to work is important to the program. That way, processes will be better understood, which will lead to a better understanding of the results. These differences in objectives are thus at the hearth of the benchmark, and surely do not imply the impossibility to compare programs. By measuring the importance of this objective, better understanding of best or worse practices can be attained.
6.2. Target groups

Chapter 4 showed how 2 target groups are most relevant for work-based employment programs around the world. These are young unemployed and the long-term unemployed. The presence of each of these target groups will be discussed for each of the programs in the benchmark. Several New Deal programs have been created since 1997, each with a different target group in mind. Table 6.2 shows their date of creation as well as their main characteristics. Clearly, two New Deal program will be of interest in this research since the benchmark only takes into consideration programs which are mandatory for those who are eligible for it. Those two programs are the New Deal for Young People and the New Deal for 25 plus. Table 6.3 compares their relative size in terms of number of total number of participants in October 2006 and in costs for the 2005-2006 fiscal year. From this table it is also obvious that these programs are the largest in terms of budget, and also have a considerable number of participants seeing the much more intensive nature of their services than other large program such as the NDDP. The New Deal for Young People is thus clearly meant for a clear target group being the unemployed youth. It also does not target the new entrants to the benefit, but those who have already been claiming a benefit for already six months.

Nevertheless, the standard definition of long-term unemployment being to be unemployed for 12 months or more, the NDYP cannot be said to specifically target the long-term unemployed. In fact, it is targeted at preventing long-term unemployment of young people by fostering their return to work before they reach 12 months of unemployment. In addition, when the NDYP was implemented in 1998 it also had to tackle the group of young long-term unemployed who was already in the system for more than 6 months. Two years after its start, the program had managed to reach all of its young claimants in the stock and thus long-term unemployment has disappeared since then (White and Riley, 2002).

9 This is the standard definition adopted by Eurostat as well as by the ILO (see Eurostat Key indicators on EU policy – Structural indicators – Social Cohesion: Long term unemployment rate; Methodological Summary; and, KLIM 5th Edition Ch. 10: Long-term unemployment, p.1). The OECD gives two separate values for Long-Term unemployment, that is to say, unemployment at 6 months and more as well as unemployment at 12 months and more (see Employment Outlook 2007, p.267).
<table>
<thead>
<tr>
<th>Name</th>
<th>Start Date</th>
<th>Target Group**</th>
<th>Mandatory*</th>
<th>Main activities**</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Deal for Young People (NDYP)</td>
<td>April 1998</td>
<td>JSA claimants aged 18-24, claiming for &gt; 6 months</td>
<td>Yes</td>
<td>Job search assistance, work experience, training or general education</td>
</tr>
<tr>
<td>New Deal for Lone Parents (NDLP)</td>
<td>Oct. 1998</td>
<td>JSA of Is claimants who are lone parent, whose youngest child is &lt; 16, and who are working less than 16h/w</td>
<td>No</td>
<td>Job search assistance</td>
</tr>
<tr>
<td>New Deal for Disabled People (NDDP)</td>
<td>Oct. 1998</td>
<td>IB claimants or claimants of other health related benefits</td>
<td>No</td>
<td>Job search assistance, most particularly job brokerage</td>
</tr>
<tr>
<td>New Deal 25 Plus (ND25plus)</td>
<td>Nov. 1998</td>
<td>JSA, claimants aged 25 and over, claiming for &gt; 18 months</td>
<td>Yes1</td>
<td>Job search assistance and work experience, training program or basic education program</td>
</tr>
<tr>
<td>New Deal for Partners</td>
<td>Apr. 1999</td>
<td>Partners of those claiming JSA, IB, Carer’s Allowance, Severe Disablement Benefit or Pension Credit</td>
<td>No</td>
<td>Job search assistance</td>
</tr>
<tr>
<td>New Deal for Musicians (NDM)</td>
<td>Oct. 1999</td>
<td>Available to those on the NDYP and ND25+ as well as to all unemployed aspiring musicians</td>
<td>No</td>
<td>Advice and Guidance</td>
</tr>
<tr>
<td>New Deal for people aged 50 and over (ND50+)</td>
<td>Apr. 2000</td>
<td>JSA, IB, IB, Severe Dis. Benefit or Pension Credit claimants aged 50 and over, claiming for &gt; 6 months</td>
<td>No</td>
<td>Job search assistance, in some cases training or voluntary work programs</td>
</tr>
</tbody>
</table>

Sources: * Hasluck, 2000, p.72  **www.jobcentreplus.uk. Note: JSA= Jobseeker’s Allowance, IS = Income Support, IB = Incapacity Benefit. Notes: 1) The Intense Activity Period is not mandatory for those aged 50 and over, they can voluntarily participate in the ND50+.

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Table 6.3: The relative size of the New Deal programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Participants in Oct. 2006 (in ‘000) *</th>
<th>Costs in 05-06 (in £’000) **</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Deal for Young People (NDYP)</td>
<td>90.83 With ND25+ : 322,623</td>
<td></td>
</tr>
<tr>
<td>New Deal for Lone Parents (NDLP)</td>
<td>53.13</td>
<td>26,023</td>
</tr>
<tr>
<td>New Deal for Disabled People (NDDP)</td>
<td>160.95</td>
<td>68,397</td>
</tr>
<tr>
<td>New Deal 25 Plus (ND25plus)</td>
<td>53.08 With NDYP : 322,623</td>
<td></td>
</tr>
<tr>
<td>New Deal for Partners (NDfM)</td>
<td>3.29</td>
<td>690</td>
</tr>
<tr>
<td>New Deal for Musicians (NDM)</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>New Deal for people aged 50 and over (ND50+)</td>
<td>57.06</td>
<td>983</td>
</tr>
</tbody>
</table>


Nonetheless due to the particular design of the New Deal program, participants in the New Deal are officially ending their claim for unemployment benefits and as a result they must file a new claim if not still unemployed at the end of the program (White and Riley, 2002; Riley and Young, 2000; Bodganor, 2004). With this new claim starts a new count-down towards long-term unemployment, and also a new edibility to the program. This means that some of the participants of the program are participating for a second or third time and thus are in fact long-term unemployed. This issue will be discussed in more details later on when benchmarking the process of the program. However, as has been stated by the Select Committee on Work and Pension in 2002, one third of the participants who joined the NDYP at that time was not doing so for the first time (SCWP, 2002, paragraph 55). Obviously, even though the program is not explicitly targeted at long-term unemployed youth with its eligibility date placed at a 6 months threshold, its design does create a situation in which a share of its participant is in reality long-term unemployed although this is not made visible.

On the other side, the long-term unemployed are explicitly the target group aimed for by the New Deal 25 Plus, which was actually initially called the New Deal for Long-Term Unemployed. Indeed, as can be seen in table 2, the New Deal 25 Plus is meant for those who have been
claiming the benefit for more than a year and a half, and aged between 25 and 49. Those aged 50 and above are exempted from the mandatory work-based activities and can therefore be excluded from the target group. Furthermore, lone parents are also excluded for both programs as a separate benefit, en hence a separate New Deal program, is available to them (see table 2). The same applies to disabled persons.

Next, in the Netherlands, the target groups of the Work First projects vary from one municipality to the other. Table 3 shows the target groups of the project regarding first status and second aged groups. When Work First project were first introduced, the municipalities were much more focused on either preventing entry or increasing exit after entry into the benefit, this as a result of new financial incentives introduced by new national legislation. Their target group was thus not the long-term unemployed, but more those which presented a new claim. The objective was to in some case, preventing the entry into the system in the first place, or in other case, to make sure that exit would follow entry in the shortest period possible. The Work First Benchmark 2006 thus made a distinction between projects which were targeted only a new entrants, projects targeted only at those who already have been claiming the benefit for some time (thus part of the stock of unemployed in the scheme), and projects which included both new claimants and stock claimants). The project database does not allow determining for how long the stock claimants have been inside the benefit scheme, making it more difficult to classify this group as long-term unemployed with certainty. Nevertheless, evidence from Bunt et. al. (2007) indicates that in most cases, those stock claimants had been receiving a benefit for more than a year, in many cases for already many years. The second type of target group is based on age, notably whether the young are targeted or whether the program applies to all ages (no program was at that point targeting only older claimants).

<table>
<thead>
<tr>
<th>Table 6.4 : Target groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status Target Group</td>
</tr>
<tr>
<td>- Only new claimants (inflow)</td>
</tr>
<tr>
<td>- Only stock claimants</td>
</tr>
<tr>
<td>- Both groups</td>
</tr>
<tr>
<td>Age Target Group</td>
</tr>
<tr>
<td>- Only young claimants (&lt;27)</td>
</tr>
<tr>
<td>- No age specification</td>
</tr>
</tbody>
</table>

From table 6.4 it is clear that while only a small proportion of the project are only meant for young claimants, the spread over the type of claimants according to status is bigger, with half of the project which are only meant for new claimants, 10% only for stock claimants and the remaining which are not targeting a group in specific. Other target groups, such as migrants / ethnic minorities or lone parents were not specifically targeted by the programs (Work First Benchmark Database 2006). Disabled persons claim another type of benefit and are therefore not part of the target group of the projects.

In Australia, the target group of the Working for the Dole program has changed over the years (see Yeend (2004) for an extensive coverage of the chronology of events around Work for the Dole up to 2004). When it was first implemented as a pilot in September 1997, the program was meant for the young unemployed aged 18 to 24, and the program was made mandatory for all jobseekers of that age group about a year later. In December 2000 the mandatory participation was expanded to include all jobseekers aged up to 39 years old, and was made voluntary of participation for those aged 40 to 49. With the introduction of the Active Participation Model in 2003, those aged 40 to 49 were obliged to participate in a Mutual Obligation activity for a reduced number of hours. However, the Work for the Dole was not the default activity of this program, which was the Community Work Program (Welfare to Work Budget Measures 2005-2006)\(^\text{10}\). Furthermore, even though separate benefits exits for young jobseekers aged 18 to 24 and those aged 25 and above, the Work for the Dole program only makes minor differences between these two groups, only concerning the number of hours of participation\(^\text{11}\) (FACS, 2008). The program can thus be said not to target any group in particular, except perhaps that it does not target those aged 39 and above.

Concerning the status of participants in terms of new claimants or long-term unemployed, the program is mandatory for participants who have been claiming the unemployment benefit for already 6 months, and claim the full benefit (do not have income form working part-time at a salary under the means-test) (FACS, 2008). This is similar to the status of the claimants of the New Deal for Young People in the UK, and thus cannot

\(^{10}\) The Welfare to Work reform which was in force from July 2006 onwards falls outside the scope of the benchmark since the data collected refers to the Australian fiscal year of 2005-2006, nevertheless, it is interesting to know that Work for the Dole has become also mandatory for those aged 40 to 49 since then (DEWR (2005) Welfare to Work Budget Measures 2005-2006).

\(^{11}\) See Benchmark 11 for number of hours of work required by the program.
be said to specifically target the long-term unemployed. However, as will be discussed later on in more details, this does not mean that the program is not also mandatory for long-term unemployed persons. Since the start of the program and its expansion to older age categories, many claimants who had been claiming the benefit for already more than 6 months were required to take part in the program. In fact, at the year ending June 2006, 67.3% of the actual participants in the program were unemployed for 12 months or more, out of which 39.4% were even unemployed for more than 3 years (DEWR, Labour market Assistance Outcome, Issue 22, p.21). Clearly, while the program does not target the long-term unemployed from the point of view of eligibility criteria, it surely does so when looking at the actual composition of the participants.

Also similar to the situation in the United Kingdom is that a separate benefit is available for lone parents with young children (Parenting Payment) as well as persons with disabilities (Disability Support Pension)\(^2\). At last, one target group which could be relevant in the case of Australia are the indigenous. This group is however not particularly targeted by the program, as other employment programs which are complementary to the Work for the Dole are more specifically targeted at this group (see DEWR, 2000, Indigenous Employment Policy Evaluation, Stage One: Progress Report). In fact, only 7.4% of the participants in the year ending June 2006 were Indigenous (DEWR, Labour Market Assistance Outcomes, Issue 22, p.21).

The Ontario Works program in Canada is simply targeted at all social assistance claimants. This thus means that it does not specifically target any particular group of claimant with regard to age. Naturally, those aged 65 and over are not required to participate in Employment Assistance measures (OW Act art. 27). Concerning the target group of the long-term unemployed, while this group is also not particularly targeted by the program, 42% of the caseload as of March 2005 was unemployed for more than 12 months, out of which 23.8% was unemployed for 25 months or more (FTP Directors of Income Support, 2006, p.81). Furthermore, similar to the situation in the other countries of the benchmark, those with a disability are part of a separate benefit, in this case the Ontario Disability Support Program (MCSS, 2008).

\(^2\) The Welfare to Work Reform which took effect in July 2006 has made considerable changes to the participation requirements of both Parenting Payment claimants and Disability Support Pension claimants. This reform however falls outside of the scope of the benchmark since the data collection refers to the year 2006 (ending in July 2006 for Australia). See DEWR, 2005, Welfare to work budget measures 2005-2006 for an overview of the reform.
while lone parents with child under school age are legally exempted from mandatory work (OW Act art. 27), lone mother with children attending school make up an important part of the caseload (Evans, 2007). However, the precise effect lone-motherhood will have on the results cannot be clearly predicted, since this could be seen as both a barrier to work as well as an extra need to provide for financial resources for the family.

At last, the Temporary Job program in Switzerland is clearly targeted at long-term unemployed since these have already been claiming unemployment insurance for 2 years (Cantonal Law on Unemployment, art. 42). This program is available for those aged 25 and above because the young unemployed are targeted by another employment program, namely the Return to Work Internship (STARE). The legislation had intended the Temporary Job program to be mainly targeted at older workers close to pension age, and only available as a second choice to those aged 25 to 60 (Cantonal Law on Unemployment, art. 42). However, as discussed earlier, the slow implementation of the Return to Work Allocation (ARE), the subsidiary function of the Temporary Job for the younger unemployed has not been achieved (CEPP, 2002). This thus means that all age categories are making up the target group of the Temporary Job program.

Concerning the RMCAS benefit, it is unambiguous that this program targets the very long-term unemployed, as those eligible for the benefit have already been claiming a combination of unemployment insurance and unemployment assistance for already five years. A study by Flückiger and Vassiliev (2005, p.33) shows that the characteristics of the caseload of the RMCAS does not differ significantly from the caseload of the federal unemployment insurance. They also show that the age groups participating in the program are evenly spread, such that about 15% of the caseload is found in each one of the 5 year age-group between 25 and 55 years old. Furthermore, 33% of the caseload is of foreign nationality while 54% is classified as being “qualified”.

As explained in chapter 4, both of the target groups will receive a separate score from 5 to 1. Concerning the target group of young unemployed, it is clear that the New Deal for Young People had the strongest share of this group, and will therefore score a 5. Young unemployed were also an important share of the Work for the dole program in Australia, so both these programs will score a 4, and a score of 3 will be given to the Dutch Work First program target groups since young people also made up a decent share of the participants. Similarly, the programs in Ontario and the RMCAS in Geneva did have a share of their participants which were
young, so they will score a 3. Both the ND25+ and the Temporary Job programs were only made-up of older benefit claimants, so they will score a 1 for this sub-indicator.

Benchmark 2: Input – Target Groups

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target group</td>
<td>Youth</td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
</tr>
<tr>
<td>NDYP</td>
<td>4</td>
</tr>
<tr>
<td>ND25+</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>4.5</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>3</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>1</td>
</tr>
<tr>
<td>Temporary Job</td>
<td>2</td>
</tr>
<tr>
<td>RMCAS</td>
<td></td>
</tr>
</tbody>
</table>

With respect to the long-term unemployed, these clearly made-up the target group of three programs, the ND25+ and the two Geneva programs. Nevertheless, from the discussion in this sub-section, it is clear that while some groups are not explicitly targeted by a program, they can nevertheless make up an important part of the caseload. This is for example the case of the long-term unemployed as part of the New Deal for Young People. Surely, this benchmark strives not only to take into account what is being claimed by the policy-makers but also bring into light implicit, unintentional, or hidden effects. Consequently, the NDYP it will be considered to have a share of its participants being long-term unemployed. In Australia and Canada, a rather important part of the participants is actually claiming the benefit for quite a while such that a considerable part of the target group is in fact made-up of long-term unemployed. Because the long-term unemployed are not targeted by the Work First programs in the Netherlands, this group make-up only a small part of the target group, the smallest proportion of with respect to the other programs. As discussed in chapter 4, having a large part of the target group being long-term unemployed is expected to lead to lower rates of return to work, such that the ranks need to decrease as the number of long-term unemployed increase. Hence, the Work First
programs, with the smallest part of the target group being long-term claimant of the benefit, will receive a 5, and the ND 25+ and the two Geneva programs, being solely targeted at long-term unemployed, will receive a 1.

In order to obtain a composite indicator of the target group with respect to its barriers to join the labour market, the two indicators are averaged. This number will give the total benchmark with regard to the target group, in relation to expectations of high rates of return to the labour market. Benchmark 2 shows the rankings as discussed for each programs.

6.3. Financial resources and incentives

The next input to be discussed concerns the financial resources of the programs. As explained in chapter 4, the budget values in this benchmark refers only to the spending on the services as part of the work-based employment program, and thus does not include the benefits which are given out to the participants. This is because the level of the benefit will be the subject of a benchmark later on (see Benchmark 5 in this chapter). By calculating the budget of the services of the program per participant, comparisons will be made more easily. In addition, besides only relating to the size of the budget, this input indicator also touches on the subject of financial incentives. In all country, the central government allocates the budget to the program in a way that can create financial incentives. Indeed, in some of the countries to be benchmarked, important incentives are related to the financing coming from the government to the program. Because this indicator relates only to the relationship between the government level that allocates the budget and the government level or agency receiving the budget for the program, only this higher level of incentives will be discussed. Other financial incentives, between the governmental level responsible for the program and the agency/contractor delivering the program will be discussed as part of the process indicators later on (see benchmark 8 in the next chapter). These two indicators of representing service budget per participants and financial incentive structure in government budget allocations will thus make up this financial benchmark.

In the United Kingdom in 1997, Gordon Brown presented its first budget as the new United Kingdom Chancellor of the Exchequer. In this budget, a £5 billion one-off windfall tax was raised on the excess profit of the privatisation of some 30 British utilities companies (Chennels, 1997). This tax revenue was then used to finance the new Welfare-to-Work reform and mostly went to directly finance the New Deal programs from 1998 to
2004 (Finn, 2000). Since the 2003-2004 budget, the New Deal programs have been financed through the general resources allocated to the Department of Work and Pensions (HM Treasury Budget 2007). Table 6.5 shows how the windfall tax was allocated between the different New Deal programs throughout the years.

Table 6.5: United Kingdom – Allocation of the Windfall Tax between programs and years, in million £.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NDYP</td>
<td>50</td>
<td>200</td>
<td>310</td>
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<td>10</td>
<td>30</td>
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</tbody>
</table>

Notes: * In the 2003-2004 budget the windfall tax was depleted and further costs of the programs were financed through general government revenue going to the Department of Work and Pensions.


For the year 2005-2006, the budget for the New Deal for Young People and the New Deal 25 plus was £ 322,623,000 (Jobcentre Plus annual report 2005-06 (fiscal year starts in April)). Between May 2005 and May 2006, 111,100 persons started on the NDYP and 51,200 persons started on the ND25plus (DWP Quarterly Statistical Summary, Oct. 2006 and Aug. 2005). This would mean an estimated budget of £ 1,988 per person who started the program, which converts13 to €2,911 per participant per year. This figure is however not directly comparable to the budget indicators of the other programs since this includes much more services and provisions than only the mandatory work-based activities of the program. As will be explained later on in more detail, the New Deal programs encompass many different provisions and not only work-based employment activities. In fact, the first four months of the program consist of only job search assistance, which is called the Gateway. These types of provisions are not part of the programs in the other countries, as they are part of other provisions in the active labour market policies. What is also very unclear from this figure is whether this includes the costs of wage subsidies and allowances in for the work-activities (see benchmark 13 in the next chapter). All in all, this implies that the financial resource of €2911 is overestimating the costs of the employment program compared

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13 The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 1.46 £/ €. Source for exchange rate: OECD (2007). Main Economic Indicators.
to the other programs in the benchmark. Nevertheless, it should be mentioned that more than half of the participants leave the program within the Gateway phase in the first 4 months of the program, a phase in which the program offers much less extensive/expansive services than in the subsequent phases (Hasluck and Green, 2007, p.22). The overestimation of the costs might thus be less than proportional to the number of months spent in the whole of the program. Nevertheless, this figure – which is the best data available from reports and budgets – remains a rather unsatisfactory estimation of the costs of employment services per participant. This will be taken into account when ranking the New Deal programs later on.

The resources allocated to the Department of Work and Pensions from the general tax revenue are disbursed through two separate grants. The first one is the Departmental Expenditure Limit (DEL) and is planned and controlled on a 3-year basis. This budget includes spending on employment programs, including the New Deal since the depletion of the Windfall tax revenues in 2004. These DEL plans are strictly enforced and the department is expected to fund its activities within those limits, giving a strong incentive to control cost and maximize value for money (House of Commons Work and Pensions Committee, 2007, p.22). The other budget is the Annually Managed Expenditure (AME) and is used for paying out social benefits, as well as other types of expenditures where strict multi-year limits are not appropriate (House of Commons Work and Pensions Committee, 2007, p.22). However, savings in the AME budget coming from less benefits being disbursed cannot be then put to use in the DEL budget in order to fund employment programs. This funding arrangement results in strong incentives to minimize the costs of employment programs, but does not give direct incentives to minimize spending on benefits, since benefits fall outside the DEL grant. In financial terms, there is no link between the effectiveness of the employment programs and actual savings on benefits, since these budgets are disconnected from each other. Spending more on employment programs in order to save on benefits is therefore not a financial incentives given to the Department of Work and Pension, and considering the incentive to cut costs, a disincentive to innovate and invest in better, but more expensive provisions in the short run, program is even created.

This situation is quite the opposite in the Netherlands, as has already been discussed when benchmarking the objectives of the program. In fact, financial incentives make up an important part of the Work and Social Assistance Act of 2003 (WWB act). In this act, it is said that the municipal council will receive two separate grants from the general tax revenue of the central government for the implementation of the social assistance act.
One grant is assigned for the disbursement of the benefits to the claimants; it is called the income-grant. The other grant is meant for the employment services to be provided to the claimants, and is called the work-grant. The strength of the financial incentive resides in the fact that while unspent work-grants must be returned to the central government, income-grants which are unspent are not required to be given back and can be spent freely by the municipalities. This means that the municipality has an incentive to spend as much as possible of the work-grant as well as spend as little as possible of the income-grant. The calculation formula for the amount of the income-grants to be received by each municipality is then crucial for the appropriate working of the financial incentives. The work-grant is calculated using traditional practices of using historical budgets. On the other side, the income-grant is calculated based on the expected number of social assistance claimant in each municipalities separately, a calculation which is based on official socio-economic data. Hence, by decreasing of the inflow into social assistance and/or the increasing of the outflow out of social assistance, fewer resources will be needed than expected and a surplus on the income-grant will be created. This however requires an efficient spending of the work-grant in order to get the largest decrease in net benefit claimant using the amount of work-grant which is being allocated. It is thus clear that there is a strong efficiency incentive build in the budget allocation mechanism.

Since the financial reports of the municipalities to the central government only require showing aggregate levels of budgeting and spending for the total amounts of the grants, few municipalities keep track of the total costs of individual projects in such a way that it is possible to compare costs from one project to the other. This also means that the Work First Benchmark 2006 Database, which is the only database containing comparable information on a number of Work First projects, does not contain information on the total budget spend by all projects on work-based employment program on a national basis. One reason for this is that while most projects did not calculate the costs of disbursing the benefit to the Work First participants as part of the costs of the project, the projects that chose for giving a wage subsidy to the service provider did include these costs in their financial overview of the project in the Benchmark. This meant that the costs of the projects which worked with wage subsidies were incorrectly much higher than the projects that rewarded the participants with only their benefit. Furthermore, some projects in the Benchmark did not calculate the costs of training activities, while others did. In addition, some of the contacted-out costs included Value-Added Tax while others did not. Also important was the fact that many municipalities did not take into account the costs of some services
they provided themselves, for examples counselling, while in cases where this service was contracted-out, it was then counted as a cost in the project. In the Work First Benchmark Rapport, Sol et. al. (2007) made recommendations for clear monitoring of the costs of individual provisions made by the municipalities in order to be able in the future to compare these internationally. A recent case study of 6 Work First projects by the Council for Work and Income (RWI) was also not able to gather information on the precise costs of the projects (see RWI, 2008, p.70 and 102), and confirms the difficulties faced by the Work First Benchmark 2006 to gather cost indicators.

Nevertheless, some information on costs is available from a study which focused on gathering in depth information on a small number of cases. This study by SEOR in 2006 looked at the use of incentives in Social Assistance programs. The six Work First projects they looked at had costs for the program (excluding benefits) of between €1,100 and €1,800 (SEOR, 2006, p.33). Since this is based on a very small sample of projects, totalling about 2400 participants, this indicator of the financial resources invested in the activities of the Work First projects will be used with great caution in this benchmark. Clearly, these costs find themselves much lower than the costs of the New Deal programs, but the figure from this UK program were also of poor quality in terms of estimating true costs and were most likely overestimated. As will be shown next, the figures from the Dutch Work First projects are much closer than the costs of the Work for the Dole program, and actually slightly higher.

The Work for the Dole program is financed out of Australian general tax revenue. The Department for Employment and Workplace Relation (DEWR) receives funding from the central government for both the paying out of benefits work working age persons, as well as for implementing employment programs. However, both these tasks are not directly accomplished by the department itself, but as will be discussed in benchmark 4 and 8, these tasks are delegated to Centrelink, a governmental agency. The accounting procedures of the Australian government makes a difference between expenses which the Department for Employment and Workplace Relations can control (departmental transactions) and expenses which are managed by an agency on behalf of the government (administered transactions) (Portfolio budget statements, 2005-2006, p. xii). Following this distinction, the department is only held accountable for the expenses it can control, which in this case thus does not include both the benefit payments and the Work for the Dole

14 Rotterdam, Amsterdam, Groningen, Veldhoven, Veenendaal, and RSD AOV (Alblasserwaard-Oost/ Vijfheerenlanden).
program, since these are delivered by Centrelink. The financial incentives within social security in Australia is thus very important, but it is arranged at a level lower than the level discussed here, through Business partnerships agreements between Centrelink and the department (see benchmark 8 in the next chapter). Hence, the extent to which the budget allocation between the central government and the DEWR contains financial incentives towards high efficiency and effectiveness can be said to be very low, since the department is not made accountable for tasks it delegates to Centrelink.

The Work for the Dole program is funded under the heading of Output Group 1.2 – Labour market program management and delivery. The total budget for the Work for the Dole program for the year 2005-2006 amounts to A$ 155,458,000, an equivalent per participant of A$ 1,784, or € 1,082 per participant per year (DEWR Annual Report 05-06 p.70-71). It is sure that this figure does not include the payments of benefit, since this is calculated under the heading of Output Group 1.1 – Working age payments (DEWR Annual report 05-06). The Work for the dole actually represents 0.8% of all expenses on working age benefits and labour market program which have been undertaken by Centerlink for the Department (ANAO, 2007, p. 30). Since it is clear that the figure for the spending on employment services per participants does not include benefits or any other services which would not count as being part of the work-based employment program, this is the most reliable estimate in the benchmark so far. As can be seen, it is also the lowest figure, which would be consistent with the expectation that the figures for the UK and the Netherlands are overestimating true costs of services per participant.

The incentive structure of the Ontario Works program is split between the 3 levels of governments which are involved in the finances of the program. Prior to 1996, the Canada Assistance Plan arranged for a 50-50 cost-share for social assistance with the provinces (Federal–Territorial–Provincial Directors of Income Support, 2006, p.6). Since this funding was based on costs, only modest incentives were given to the provinces to minimize expenditure. In 1996, a new financial structure was implemented that consisted of a block grant for health services, post-secondary education and social assistance (F-T-D DIS, 2006, p.7). In April 2004, this grant was further split up in two separate grants, one for health (the Canada Health Transfer) and the other one for post-secondary education, social assistance and social services (the Canada Social

15 The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 0.61 A$/ €. Source for exchange rate: OECD (2007), Main Economic Indicators.
Transfer) (F-T-D DIS, 2006, p.7). The financial incentives coming from this new block-grant are much stronger, since the provinces have to supplement the funds to cover all expenses. Hence, the strength of this incentive is measured as being high in this benchmark, but not as high as what was found in the Netherlands with regards to calculating the level of the block grant.

At last, the costs of the employment assistance in the Ontario Works program for the year 2005-2006 was C$ 166,160,900 (Ministry of Community and Social Services Expenditure Estimates 2005-2006, p.7). Similar to the situation in Australia, this is excluding expenses for the benefits. This means an estimate of C$834 per claimant per year, or € 568 per claimant per year16. However, in a situation similar to the one found in the United Kingdom, where not only the work-based employment program was included in the budget, but also other provisions which are available to the unemployed. This means that this figure most likely overestimates the true expenditure on employment services as part of the work-based employment program.

The costs of the Swiss program are much less available in detail, mostly since the program does not consist of much more than a benefit and a job placement. Since as mentioned earlier, the cost of paying out the benefits is not included in this benchmark, it is not possible to gather a cost figure for both the Temporary Job program and the RMCAS. In 2000, the Commission Externe d’Evaluation des Politique Publiques (2002, p.29) had calculated that the annual cost of the Temporary Job measure had cost CHF 50,000,000 (~ € 32,065,653)17 for the 1 210 participants in that year. This is however for the largest part to be attributed to salary costs, which are completely financed by the Canton government. The same is valid for the costs of the RMCAS, which are reported to be totalling CHF 25,904,000 (~ € 16,613,150) in 2005 for the 920 claimants (OCSTAT, T-13-3-03, 2008). Needless to remark that the Temporary Job program disburses almost twice as much as the RMCAS program, which already gives a good indication of the generosity of the benefits given out to participants (see Benchmark 4 on benefit level). These figures however, do not give an indication of the cost of the employment program itself, so these cannot be included in the benchmark.

16 The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 0.68 C$/€. Source for exchange rate: OECD (2007), Main Economic Indicators.

17 The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 0.64 CHF/€. Source for exchange rate: OECD (2007), Main Economic Indicators.
Regarding the incentives, it has already been discussed in Benchmark 1 how social insurance is being financed from the federal government and insurance funds, while the programs to be benchmarked are entirely financed out of the general revenue of the Canton. This gives a strong incentive to the Canton to focus on returning as many claimants as possible to the social insurance benefit. This can however be done only once, since the legislation does not allow a second period of Temporary Job (Canton Unemployment Law, art. 42). Of course a proper return to the labour market would be more efficient for the Canton since this person would then less likely come back after the second unemployment insurance period to claim RMCAS. Further financial incentives to achieve a high rate of return to the labour market are not present in the Canton, except for the savings on benefit expenditure similar to what every country experiences. Similarly to the other countries, other financial incentives are present but these are between the government and the body delivering the program, and will therefore be discussed in benchmark 8 in the next chapter.

The following benchmark shows these two sub-indicators with respect to the financing of the programs. The first one is the size of the budget for the employment services, converted per participant, per year, in Euro; and the second one is the strength of the financial incentives which comes with the handing out of the budget from the general government revenue to the government level responsible for the design of the program. Clearly, with respect to costs, the mentioned problems concerning the data on budgets for social security in general and work-based employment programs in particular means that comparisons based on the data collected must be made very carefully. The costs of the New Deal programs, the Work First programs as well as the Ontario Works programs should all be interpreted with caution. In the case of the New Deal and the Ontario Works, the estimations might include other types of provisions not part of the programs, and in the case of the Netherlands, the figure is based on a small sample of projects for which the representative nature is unknown. In addition, no data is available for the costs of the programs separate from the costs of the benefits. As a result, the benchmark will not be able to take this sub-indicator into account when comparing the input of the programs. This is very unfortunate since this type of information is crucial to measuring the efficiency of the programs. It is also a crucial part of what can be considered the input of a program, since financial resources are surely one of the major building blocks on which policy-makers will be able to base their choices when it comes to deciding the design and implementation of the programs. The lack of appropriate data for the comparison of financial resources...
allocated to work-based employment program participants in the
countries taking part in the benchmark will therefore surely be a topic
discussed in the conclusion of this benchmark.

Hence, the sub-indicator of the financial incentives within budget
allocations will be making up this benchmark on the financial input of the
programs. This however, cannot be seen as a proxy for measuring the
financial resources of the programs, since high incentives for caseload
reduction can easily go with small budgets, as is the case for Canada. This
benchmark is thus now measuring the extent to which one can expect the
department which is responsible for the program to have a strong focus
on the return to work of employment program participants, in order to
diminish caseloads and benefit financially from this. The rankings are
shown in the benchmark on the next page.

As discussed in this sub-section, regarding the financial incentives which
come along with the handing down of the budget to the relevant
government level, the New Deal programs can be said to even have a
negative incentives to invest in instruments to increase outflow, and will
thus receive a score of 1. This is the opposite when looking at the
incentive structure in the Netherlands, were municipalities can benefit
largely from savings on benefits, so a score of 5 is appropriate. Since the
Ontario Works is financed by a block grant from the federal government,
which does not cover all costs, the province has the incentive to
complement this grant as little as possible with its own recourse, meaning
a score of 4. The Australia funding arrangements do not give any
particular incentives to the Department of Employment and Workplace
Relations with regards to diminishing caseload, since it is said to have no
direct control on the program which is delivered by Centrelink and hence
receives a score of 2.

The case of the Swiss programs in the Canton of Geneva is interesting
because the Temporary Job program actually gives an incentive for the
Canton to retain the participants in the project for the whole duration of
the project, since they will then be “given back” to the federal
unemployment insurance. The score will thus also be 1, similar to the
situation in the UK where negative incentives were also present. The
RMCAS is a rather expensive program but its financial arrangements do
not give any other particular incentives to diminish caseload, other than
achieving general savings, and will thus also receive a 2.
Benchmark 3: Input – Financing

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
<th>Strength of financial incentive to diminish caseload within budget allocation</th>
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<td></td>
<td>Budget for employment services; per participant; in Euro</td>
<td></td>
</tr>
<tr>
<td>Financial incentives</td>
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<td>United Kingdom</td>
<td>1,2911 *</td>
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</tr>
<tr>
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<tr>
<td>Australia</td>
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<td>2</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>568 *</td>
<td>4</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
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</tr>
</tbody>
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Notes: * Includes more than only work-based activities (Gateway period and Follow-up included in the UK, other employment assistance included in Canada);
** Based on a small sample of 6 projects (total participants ~ 2400)

6.4. Division of responsibilities

The previous benchmark discussed how proper financial incentives at the macro-level can lead to an increased focus by the government on efficiency and effectiveness. In addition, the design of the social security system can also have an impact on the extent to which efficiency and effectiveness is being achieved by the work-based employment programs. First, the concentration of all tasks with regard to eligibility to benefits, benefit payments, and employment services within one organisation will have a positive effect on the efficiency of the programs. Second, the decentralisation of the delivery of the program will mean a better adaptation of the programs to the realities of the local labour market, which will also improve efficiency. These two sub-indicators will thus be measured in this section and will be averaged out to form this single indicator which represents an efficient division of responsibility within
the social security system and the delivery of the work-based employment program.

The design of the social security system in Great Brittan is centralised and rather simple compared to that of many other countries. The Department for Work and Pension is responsible for the designing and monitoring of social security policies for the whole of Great Britain. The benefits and services are on their turn delivered by Jobcentre Plus, an agency of the department. Some level of local variation is allowed in the sense that the Jobcentre Plus are allowed to create partnerships private service providers in order to offer employment services which suit local needs, albeit within the national framework laid out by the Department of Work and Pensions.

This high level of centralization was partially fashioned by the Welfare Reform and Pensions Act of 1999. Prior to this act, the unemployed claimed their benefit at the Benefit Agency and were referred to the Employment Service for help in finding a job. The Benefit Agency was an agency of the Department of Social Security and the Employment Service as an agency of the Department of Education and Employment. However, the Welfare Reform and Pensions Act of 1999 incorporated the Employment Service and the Benefit Agency and other welfare benefits providers (such as Local Authorities) into one single point of contact. This meant that employers of either of the Benefit Agency or the Employment Service could take care of both the processing of a benefit claim and the initial intake for active labour market programs (work-focused interviews). Only later did these agencies truly merge to form one single agency, the Jobcentre Plus. In 2005-2006, there were 775 Jobcentre Plus integrated offices (Jobcentre Plus Annual Report 2005-2006, p. 13). The centralisation of social security and labour market policies was completed in 2002, when the Department of Work and Pensions was created. It took over all of the tasks of the Department of Social Security and the labour market tasks of the Department of Education and Employment.

The delivery of the New Deal for Young people is then done by 144 Unit of Delivery, a public-private partnership which is supervised by its own manager and falls under the supervision of the Jobcentre Plus of the region it is related to (Sunley, Martin, Nativel, 2001, p. 485 and Hasluck and Green, 2007, p.32). The New Deal 25 plus, as well as all the other New Deal programs, are delivered directly by the 775 Jobcentre Plus offices where the jobseeker claims its benefit (Hasluck and Green, 2007, p.50).
In the Netherlands, the Ministry of Social Affairs and Employment is responsible for the administration of social security in the country. Similarly to the Department of Work and Pensions in Great-Britain, it does not however directly deliver the social security provisions to the population. The task of monitoring, designing and delivering the social policies has been divided between several actors. The implementation structure of the social security system was radically altered in 2001 by the coming into effect of the Structure for the Implementation of Work and Income Act (the SUWI Act).

The act first created the Central Organisation for Work and Income which became the one-stop-shop for all social security benefits claims (the one-stop-shops themselves are named “Centre for Work and Income” or CWI). The Central Organisation for Work and Income has for task to offer appropriate vacancies to benefit claimants (social assistance or unemployment insurance claimants) and but also propose unemployed candidates for available vacancies. This is the job-broker task of the CWI. The Central Organisation for Work and Income also gathers and analyses information promoting the proper functioning of the labour market. Furthermore, it must advice the municipalities (responsible for the social assistance benefit) and the Social Security Agency (in Dutch: UWV, responsible for the unemployment insurance benefits) in how their “hard-to-place” beneficiaries can best be assisted in returning to the labour market. Moreover, the CWI evaluates the chances to return to the labour market of the job-seekers and researches the best way to increase this chance. It does so by initial intake interviews with the benefit claimants and also knowledge and competencies test can be used. This thus means that an important part of the profiling of the benefit claimant is done by the CWI before it is forwarded to the appropriate benefit deliverer.

The Social Security Agency, the UWV, is responsible for the implementation of the unemployment insurance benefit scheme, as set in the Unemployment Insurance Act of YEAR. Amongst other, the Structure for the Implementation of Work and Income Act of 2001 arranges that the UWV is responsible to promote the labour participation of the unemployment benefit claimants. Nevertheless, the act mentions that the delivery of provisions which promote the labour participation of the claimants should be done by private service providers.

The third implementing organisation of for social security in the Netherlands is the 443 municipalities. They are responsible for delivering the social assistance benefit to their residents as well as providing them with assistance in returning to the labour market policy. This also means
that the municipalities are the institutions which are responsible for the implementation of the Work First programs in this benchmark.

In Australia, the Department for Employment and Workplace Relations is responsible for benefits for the unemployed, including the Youth Allowance and the Newstart Allowance. Just as in the case of Great Britain and the Netherlands, this department however does not actually deliver benefits or services. Centrelink was created in 1999 and has the duty of determining eligibility, disbursing benefits to claimants and monitoring their progress towards returning to the labour market. The actual Active Labour Market provisions are all delivered by private providers commonly named the Job Network. The Work for the Dole is however delivered by “special” types of Job Network members, the Community Work Coordinators. In the whole of Australia, there are 115 Community Work Coordinators who are operating through 321 sites (ANOA, 2007, p.14).

The Canadian federal government is only involved in the partial financing of Social Assistance in Ontario, as discussed in Benchmark 3 earlier. The Provincial Ministry of Community and Social Services is responsible for the benefits and activation of Social Assistance claimants in the province. This Ministry has designed the Ontario Works program for all benefit claimants but has relegated the delivery of both benefits and services to 47 Delivery Agents (Ontario Works Regulations 135/98 and 136/98). These are either municipalities (the larger ones) or District Social Service Administration Boards (regrouping some smaller municipalities. Additionally, 110 First Nation bands are acting as Delivery Agents for their community (OW Reg. 135/98).

In Switzerland, the federal Unemployment Insurance Act (LACI) from 1982 created the Unemployment Insurance for the whole of the country. Article 85 and article 113 of this act however delegates the tasks of implementing active labour market policies to the Canton government, which on their turn delegate these tasks to a Regional Placement Offices. In the Canton of Geneva, the Regulation of Implementation of the Cantonal unemployment Law of 1984 therefore creates the “Cantonal Employment Office” as its Regional Placement Office. Within the Cantonal Employment Office, a special section, the Cantonal Measures Services, is responsible of those unemployed who have exhausted their right to unemployment insurance without having been able to find a job (OCE, 2008, website). As explained earlier, the most important of these services is the Temporary Job program. The benefits for these programs are being also paid out by this Cantonal Measures Services, who actually
All Swiss Cantons are each responsible for their own Social Assistance schemes, and any other benefits for the unemployed falling outside of the federal Unemployment Insurance, such as the RMCAS. In the Canton of Geneva, the Hospice Général is responsible for the implementation of Social Assistance as well as the RMCAS (Law on Individual Social Assistance and Law RMCAS). It both will disburse the benefits as well as coordinate placements of claimants in their “mutual obligation” activity (Law RMCAS, article 32). In the years 1999-2000, the department of the Hospice Général responsible for the RMCAS counted 23.7 FTE, among which 16.8 FTE where dedicated for case-managers (Cunha, 2002, p.61).

In terms of concentration, it is thus clear that most countries actually combine the two main functions present within social security, that is to say, benefit payments (and eligibility determination) as well as employment services. Both these responsibilities fall under the tasks of the Jobcentre Plus in the United Kingdom, under the social affairs department of the municipalities in the Netherlands, under the Delivery Agents of the Ontario Works program in Canada, and under the Hospice General for the Swiss RMCAS and under the Cantonal Measure Service for the Swiss Temporary Jobs program. Only in Australia is there a split between the benefit disbursement functions and the employment services functions, where Centrelink is responsible for the former, and the Community Work Coordinator is responsible for the latter in the case of the Work for the Dole program. As a result, all programs will score a 5, except for Australia who will score a 1 for this sub-indicator.

The degree of decentralisation has to take into account the size of the country/province/canton in which the program is to take place, since smaller administrative units will require a smaller number of delivery agencies all other things being equal. Hence in order to say whether the 47 delivery agencies in Ontario are less or more decentralised than the 115 community work coordinators in Australia, one has to relate these numbers to the number of participants in the programs. Taking into account the number of participants in each program as a proxy for the total size of the target group to be reached, the following conclusions can be made (the number of participants in the programs will be discussed in more details in Benchmark 18). The New Deal for 25 Plus is the program which is the most decentralised since it is delivered by the 775 Jobcentre Plus which means that on average each Jobcentre Plus responsible for 25 participants in the work-based activities of this program. The NDYP and the Work First programs in the Netherlands then receive a 4 since both
average at 200 participants for each delivering agency, the Unit of Delivery of the ND25+ and the municipality for the Work First programs. The 115 Community Work Coordinators of the Work for the Dole take care on average of 750 participants, which then means that this programs scores a 3. Similarly, the RMCAS has only one delivery agency, the Hospice Général, but its target group is rather small and concentrated in a small area, so that its decentralisation level is comparable to what is found in Australia. At last, both the Canadian program of Ontario Works and the Temporary Job program in Geneva are the less decentralised. In Ontario, 47 delivery agencies share a large participant groups such that each agency is on average responsible for 2000 participants. The Temporary Job program is delivered by a single agency, and with its 1980 participants is very close to the Ontarian case with respect to decentralisation. Both Ontario Works and Temporary Job will thus score a 1.

Benchmark 4: Input – Division of responsibilities

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Division of responsibilities</th>
<th>Concentration</th>
<th>Decentralisation</th>
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<td>The Netherlands</td>
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<tr>
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<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>RMCAS</td>
<td>4</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

6.5. Benefit level

The logical next step after discussing the institutional-level inputs in the programs is to look at the inputs of the program from the perspective of the claimant. That is to say, while the first four input-indicators will help to explain why the government or the delivering agency will reach certain result with its program, the next 3 benchmarks will show the carrots-and-
sticks of the inputs on an individual basis. In other words, this next benchmark will thus only discuss the type of benefits which are associated with the work-based employment program. Benchmark 13 in the process chapter will discuss in detail the specific rewards which are given to participants of the program. As discussed in chapter 4, the link between the incentives to find work and the level of the benefit is not easy to make. This is because a U-shaped relationship with benefit levels and exit to work can be expected, where a too low benefit will actually act as a deterrent to look for work. This fact should be kept in mind when measuring the benefit level in each country, and will come back when specific rankings will be made at the end of this subsection.

In the United Kingdom, unemployed persons of working age who are able to work (not disabled, not lone parent with youngest child under 16 years old) claim the Jobseekers’ Allowance (JSA). This benefit is composed of two parts, the first one which is based on contributions to the National Insurance scheme and the second one, which is income-tested. The contribution-based JSA is only available for a maximum of the first 6 months of unemployment, and is thus defined as unemployment insurance. This insurance benefit is not available for those with not enough contributions, who then must from the start claim the income-tested benefit, defined here as social assistance. This split between the two types of eligibility criteria also means that one might not be eligible for the JSA after a 6 month period if their income level is higher than the minimum threshold, while this income-test is not part of the contribution-based benefit. Since participation in the NDYP is only mandatory after 6 months, and ND25plus after 18 months, all New Deal participants receive the income-based part of the JSA.

The income-test entails that income is less than the maximum benefit level. The actual amount payable is the difference between the income of the person and the maximum benefit. Both the contribution-based JSA and the income-based JSA are a flat-rate benefit of the same amount, of £46.85 per week for single persons aged between 18-24 and £59.15 per week for those 25 and above (Jobcentre plus, 2008 (webpage)). The equivalent per year, in Euro is € 3,567 and € 4,503 respectively. The income-based Jobseeker Allowance has an unlimited duration, as long as claimants keep on matching the eligibility criteria.

In the Netherlands, the Social Assistance benefit is a means-tested benefit. It is thus available for those with an income under the benefit threshold. In addition, assets also have to be under € 5,180 for single persons and

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18 See footnote 8 on exchange rate used.
€10,360 for a family, while home-owners can have as much as €43,700 in assets (amounts valid for the year 2006, Ministry of Social Affairs and Employment (MinSZW), 2005, persbericht 05/214). The level of the social assistance benefit is set in relation to the net minimum wage, that is to say, 50% of the full-time net minimum wage for a single childless person, 70% for a lone parent, and 100% for a couple (MinSZW, 2005). In the year 2006, the maximum benefit thus amounts to € 7,207 per year for a single childless person, € 10,090 per year for a lone parent and € 14,414 for a couple (MinSZW, 2005). Since the minimum wage is lower for those aged 18-20, so it their benefit level, which then amounts to € 2,490 per year (MinSZW, 2008). The actual benefit payable is the difference between income and the maximum benefit level. This benefit is payable unlimitedly, so long eligibility criteria are satisfied.

As already explained in benchmark 1, all unemployed persons in Australia must claim a means-tested Social Assistance benefit. Similar to the other countries, this benefit has no time-limits. Two separate benefits exists for those able to work, the Youth Allowance20 for those aged 16-20 and the Newstart Allowance for those aged 21 and above. The amount of benefit to be received is the difference between the income-test and the maximum benefit level. For Youth Allowance recipients, this level maximum level was for 2005-2006, all per fortnight: single A$ 355; with children A$ 465; couple no child A$710 (benefits are lower if still living with parents) (Social Security Guide 5.1.1.10/20). For Newstart Allowance, the maximum benefit level is: single A$ 429, single with child A$ 464; couple A$775. For a single person, this translates21 to € 5,597 per year for a YA claimant and € 6,763 per year for a NSA claimant.

The income-test used to determine eligibility and the amount payable is rather complex since it involves a taper on earned income. Calculated per fortnight, the taper includes a A$ 62 free area, then a 50 cent in the dollar taper on income between A$ 62 to A$ 142, a 70 cent in the dollar for income above A$ 142, and, a 70 cent in the dollar taper for the partner income free area if the benefit is claimed jointly. This thus means that

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19 Including holiday-pay of 4.9%.
20 Actually referred to as Youth Allowance (other), since this benefit is also available for other groups such as students. The proportion of Youth Allowance (other) as part of the total Youth Allowance claimants was 21.5% in 2005-2006 (DEWR, Annual report 2005-2006, p.33). For the sake of legibility, this text with use Youth Allowance to refer to Youth Allowance (other), unless otherwise mentioned.
21 For exchange rate see footnote 10.
claimants can have a total income which is quite above the maximum benefit level if they have income of their own. Box 1 shows how this taper influences total income for a single person claiming Newstart Allowance. It should however be noted that claimants who have some earnings from a part-time job are actually exempted from participating in the Work for the Dole programs. The benefit levels mentioned in the previous paragraph will thus be the benefit which Work for the Dole participants will be receiving.

**BOX 1 Taper and Income Test in Australia**

| Income Test Free area: A$ 62 a fortnight, |
| 50 cent in the dollar taper for income over A$ 62 a fortnight, and up to A$142, |
| 70 cent in the dollar taper for income above A$ 142, |
| 70 cent in the dollar taper for partner’s income over partner income free area* |

For a single person:

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Income Test</th>
<th>Benefit</th>
<th>Earnings + benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>429</td>
<td>429</td>
</tr>
<tr>
<td>62</td>
<td>0</td>
<td>429</td>
<td>491</td>
</tr>
<tr>
<td>65</td>
<td>1.50</td>
<td>427.50</td>
<td>492.50</td>
</tr>
<tr>
<td>142</td>
<td>40</td>
<td>389</td>
<td>531</td>
</tr>
<tr>
<td>145</td>
<td>42.10</td>
<td>386.90</td>
<td>531.90</td>
</tr>
<tr>
<td>200</td>
<td>80.60</td>
<td>348.40</td>
<td>548.40</td>
</tr>
<tr>
<td>697.71</td>
<td>429</td>
<td>0</td>
<td>697.71</td>
</tr>
</tbody>
</table>

The earning Threshold for single persons is thus A$ 697.71 (~ € 423.06), while the maximum benefit is A$ 429.

* Amount of the partner income free area depends on whether he/she is in receipt of Income Support or not and the type or income support.

The Ontarian Social Assistance benefit also has a taper system in having which some earnings does not proportionally diminish the level of the benefit. For a single person\(^2\), C$ 143 can be deducted from earnings from employment as well as 25% of earnings above C$ 143 in the first 12 months in which earnings from employment are being made while claiming SA, and 15% in the 13th to 24th months in which earnings are made (corresponds to situation in 2005-2006) (Ontario Works Regulation

\(^2\) Income free area for couple = C$ 249, for single parent = C$ 275. Taper is the same.
134/98, art. 49(1)). However, these deductions cannot be used to lower the eligibility threshold at the moment of the initial claim, nor for the first 3 months of claim (see art 49(3) of the Ontario Works Regulation 134/98). This means that a person who has income from work cannot use the deductions in order to become eligible, and has to have total income under the eligibility threshold. This was not the case in Australia. Moreover, deductions for the costs of child care are allowed, for up to C$390 per month for a child under six and C$346 for a child aged six to 12 (OW Reg. 134/98 art. 49(2)). This deduction is also allowed at the point of making a claim and in the first 3 months of the claim.

Similar to all other programs so far, the amount payable is equal to the difference between the (net) income of the person and the budgetary requirement of the person. The budgetary requirements consist of two parts: basic needs and shelter costs. Basic needs cover the costs of food, clothing and personal needs, and are based on the size of the benefit unit and the age of children (F-T-P DSL, 2005, p. 76). Shelter costs are based on the number of persons in the benefit unit, and are the lowest of either the actual costs for shelter or the maximum amount set by regulation (F-T-P DSL, 2005, p. 76). Basic needs are set at C$ 195 a month for a single person, C$ 390 for a couple, and C$ 446 for a single parent with a child aged 0-12 years old (OW Reg. 134/98 art. 41(1). The regulation also specifies that if a health professional certifies that a person in the benefit unit requires a special diet, a supplement of up to C$ 250 can be allocated. The shelter costs are maximum C$ 325 for a single claimant, C$ 511 for a benefit-unit of two people, and C$ 554 for a household of three (OW Reg. 134/98 art. 42(2). The precise amount of benefit will thus vary greatly according to the needs of the claimants, the age and number of person he/she claims for, and other special circumstances such as child care expenses, income from work or special dietary needs. In general, a single person with no income from work will receive the equivalent of C$ 6,240 per year, converting to € 4,247 (Audit report, p.23). A single parent will on the other side receive C$ 11,484, equivalent to € 7,815 (Audit report, p.23). Nevertheless, yearly total income can be higher by € 1.168 and 25% or 15% of earnings from work for a single person, which also can be supplemented by € 2,042 if a special diet is required for health reason. On the other side, if shelter costs are lower than the maximum amount allowed by the regulation, benefits will be lower.

The case of the benefits in Geneva is much more straightforward. For the Temporary Job, no benefit is disbursed but rather a salary which is fully paid from the Canton general revenue. Eligibility is based on past contributions since one must have been claiming Unemployment Insurance in order to take part in the program. This means that this
benefit is contribution-based, and it is as well not means-tested. This makes this benefit more like an Unemployment Insurance, although the benefits are not paid from the fund to which one contributed. Since it is not means-tested, it cannot be defined as Unemployment Assistance. The benefits (in fact, salary) are also limited to 12 months, as this is the necessary time for having enough contributions to be able to claim federal unemployment insurance. The level of the benefit is actually varying case per case, and equal to the benefit which was received while claiming federal insurance, but should be between CHF 3,300 and CHF 4,500 per month (Canton Unemployment Law art. 40 and 43). This is equivalent to €25,392 to €34,630 per year. The benefit for the RMCAS is on the other hand income-tested, and income should be less than the benefit level (Law RMCAS, art. 4). The level of the payment is the difference between the income of the claimant and the maximum benefit level (Law RMCAS art. 14). This maximum benefit level is for single persons, CHF 14,143 per year, for two persons CHF 20,648 per year which respectively amounts to €9,070 and €13,238 (Law RMCAS art. 3 and FAO vol. 250 no. 148, 20/12/2002). The duration of the benefit is unlimited, however, it is allocated for a period of 12 months and should be renewed yearly (Law RMCAS art. 12).

Summing up this benchmark, it is clear the Temporary Job program is an outlier in the benchmark. By offering a salary which is equal to previous unemployment insurance benefits, it clearly is the most generous program in the benchmark. What is maybe less expected is the relatively generous benefit in Australia, which is close to the benefit level in the Netherlands. As mentioned in Benchmark 1, this can be explained by the absence of a social insurance scheme, for which this relatively high level of benefit can partially compensate. The two other Anglo-Saxon welfare regimes in the benchmark clearly have the lowest benefit levels, although as mentioned earlier the Ontarian benefit can be supplemented by income deductions, which is not the case in the British benefit scheme. Taking into account these deduction would bring the Ontarian benefit more than 1,000 Euro per year above the British benefit, and thus closer to the Australia benefit level. Nevertheless, earnings deductions will not be taken into account in this benchmark since being involved in part-time work means that the individual will be exempted from mandatory participation in work-based activities. Hence, participants in work-based employment programs will only receive the standard benefit level. Also it should be noted that in order to simplify this ranking, the benefit level for single person will be used, even though different benefit levels exist in most country for single parents or for couples with or without children.
Not taking into account the discussion in chapter 4 on the adequacy of the benefit level with respect to poverty and financial insecurity, the highest rank would be given to the Canadian and the United Kingdom benefits, since these benefit are very close to each other at around 4,500 Euro per year for a single adult. The Australia and the Dutch benefits would then receive a score of 4 since these are found at around 7,000 Euro per year for a single adult. A rank of 3 would then be given to the RMCAS program which gives around 9,000 Euro per year to its claimants. The lowest rank would go to the Temporary job program, where salaries represent almost three to five times what is given out in the other countries. However, taking into account the definition of extreme poverty which is set at 40% of median disposable income in each country, a different picture emerges. According to calculations by Nelson (2008) on the adequacy of social benefit using data from the Luxembourg Income Study, the Ontario Works benefit only provides about 30% of median disposable income. This is far under the threshold defined earlier, and thus can be implied to lead to barriers in finding a job. The rank of the Canadian program will thus be changed from a 5 to a 4. All other benefits were shown by Nelson to provide at least 40% of median disposable income, so the other ranks in the benchmark will not be altered.

Benchmark 5: Input – Benefit level

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Benefit Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom NDYP and ND25+</td>
<td>5</td>
</tr>
<tr>
<td>The Netherlands Work First</td>
<td>4</td>
</tr>
<tr>
<td>Australia Work for the Dole</td>
<td>4</td>
</tr>
<tr>
<td>Canada (Ontario) Ontario Works</td>
<td>4</td>
</tr>
<tr>
<td>Switzerland (Geneva) Temporary Job RMCAS</td>
<td>1 3</td>
</tr>
</tbody>
</table>

23 Nelson (2008) calculated the adequacy rate for the Income Support benefit in the UK instead of the Jobseekers Allowance, but both these benefits have the same level, so calculations based on the Income Support benefit can also be valid for the JSA benefit level. He also looked as Social Assistance in Switzerland, which is much lower than the benefits in this benchmark.
6.6. Activation Conditions

Eligibility criteria for social security benefits are nowadays not only based on income levels, assets, or contributions. This has been discussed in chapter 3, which demonstrated that all countries require some form of active participation from the part of the claimants in order to be eligible to a benefit. These activation conditions as defined in the legislation are benchmarked as an input, since they are put in place in order to facilitate the implementation of the mandatory work-based programs.

Activation conditions can be divided amongst four types of requirements: 1) job availability and acceptance requirements, 2) job search requirements, 3) participation requirements, and 4) requirements to sign an “activation” contract. These conditions can be laid-out directly on the claimants, in articles stating that these conditions are a basis for eligibility for the benefit. However, these conditions can also be laid-out in an indirect manner, through the sanctioning mechanisms which are found in the social security legislation. This would be an indirect condition since it is not stated in the law that one must act in a certain way, while on the other hand it is sanctioned not to do so. For example, a direct condition would be that an article would state that claimants must look for work, while an indirect condition would be that sanctions are applicable if a claimant does not look for work. While in some country the sanctions are always directly based on the direct conditions found in the law, other countries base some conditions only on the fact that a sanction applies for a certain requirement.

The legislation for most the programs require claimants to be available to take-up work (or similarly, accept a job offer), except for the programs in Geneva where these is no mention of this condition. In the UK, claimants must be “available immediately any employment, and for at least 40h/week”, making some exceptions for carers and those who can demonstrate that restricting their availability does no impair their chance to find work (Jobseekers’ Allowance Regulations 1996, art. 7).

In the Netherlands, claimants are also obliged to accept work, which is defined as “generally accepted work”. This definition was made broader in the Work and Social Assistance Act of 2003 than the previous definition which only required claimants to look for “suitable work”, and thus making the condition much more strong towards activation (Bruttel and Sol, 2006, p.81). The only group exempted from this requirement are lone parents of children younger than 12 years old for whom no guarantee can be made on day-care facilities or appropriate schooling for the children (WWB Act, art. 9(4)). Furthermore, the WWB Act also mentions that
individuals, on the ground of urgent reasons, can nevertheless be exempted by the municipality from the duty to accept (and look for) employment. Additionally, the municipal by-laws which are drawn by each municipality can make other exceptions to the rule and also excluded some other categories of claimants from the obligation to look for work (as well as to accept work and to participate in employment services on a mandatory basis). These groups will vary from municipality to municipality, and can include for example the homeless, those with severe addition problems, or those aged above a certain age.

The Australian definition of the type of work to be accepted is initially also very broad. The Social Security Act states that there is an obligation to be willing to undertake paid work. However, this definition is later on restricted to mean “other than paid work which is unsuitable for the person” (Social Security Act art. 601(1)). The type of work which can be unsuitable is later on listed, and there it can be seen that this list is quite limited, containing work for which the person lacks skills and no training is available, cases where the person is the principal carer of a young child and no childcare is available, work which present health risks, work which may lead to the worsening of a medical condition, as well as work for which commuting would be difficult or would require a person to move (see in context of Australia as a large country with isolated areas) (Social Security Act art. 601(2A)).

The Ontarian government also requires claimants to accept work, stating that claimants must make reasonable efforts to accept and maintain full-time, part-time or casual employment for which he or she is physically capable. This is the only country that explicitly mentions that part-time and casual employment is part of the definition of work to be accepted. Only physical barriers can mean that a certain job could be refused. Moreover, it is made explicit that those already in part-time work must make reasonable efforts to seek, accept and maintain employment (for which he/she is physically capable) and that would increase income from employment (OW Reg. 138-98 art. 28 (2) and (3)).

Regarding the requirement to be looking for a job, all five legislations contain requirements for the participants. In the UK, the conditions regarding the requirement to be actively seeking employment are defined as taking such steps as can be expected to have to take in order to have the best prospects of securing employment. The Jobseeker’s Allowance Regulations 1996 specifies that at least 3 steps per week must be undertaken, such steps being further listed in the regulation and including for example making a curriculum vitae, making a list of potential employers and replying to a job advertisement. Only one or two
steps may also be undertaken providing this is all that is reasonable to
expect considering certain conditions. In the Netherlands, the obligation
to look for generally accepted work is supplemented by the obligation to
register as a jobseeker at the Public Employment Service (the Centre for
Work and Income, CWI) (WWB Act, art.9).

The CWI will then proceed to job brokerage, and thus look whether the
claimant could perform a job which is found in its database. Together
with the job availability condition, this thus means that the jobs offered by
the Centre for Work and Income must be accepted by the unemployed
who is claiming social assistance. Here again, the definition was
broadened when the act took effect in 2004, from "suitable work" to
"generally accepted work".

The Australian claimants are also required to be actively seeking work.
The definition of work is the same as the one regarding the type of work
to be accepted, with the same exceptions regarding unsuitable work as
mentioned above. The Ontarian legislation is the only one not having a
direct requirement on job search, except for those who are already in
employment. While "every participants who is employed shall make
reasonable efforts to seek, accept and maintain employment […] that
would increase his or her income from employment", the requirement on
"every participant" is that they "shall make reasonable efforts to accept
and maintain […] employment". Nevertheless, most claimants are still
indirectly required to look for work through their required participation
in Employment Assistance, which includes job search and job support
services and other type of job search assistance (Ontario Works
Regulation 134/98 art. 26-29). In the Canton of Geneva, the Regulation on
the implementation of the law on Unemployment requires participants in
the Temporary Job program to continue job search conform to directives
of their case-manager (Regulation J 2 20 01 art. 45). Those claiming
RMCAS are required by the law to actively take steps towards finding
work (Art. 12).

The third activation condition regards participation in employment
activities. Only in the Netherlands, Ontario and Geneva is there a direct
obligation laid-out on the claimants to participate in employment
activities, which is thus stated in the Act as a criteria for eligibility. In the
Netherlands, the WWB Act states that there is an obligation to make use
of the services offered by the municipal council (WWB Act, art. 9). These
"services" obviously can also include work-based employment programs
or other type of activities which would increase the chance of a person to
return to the labour market. The Ontario Works legislation also makes
eligibility to the benefit conditional on participation in one or more

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Employment Assistance activity, which includes Community Participation as well as other employment measures such as job search assistance and training activities (OW Act art. 7(3) and OW Reg. 134/98 art. 27). Exemptions from participation is given to sole support parents with at least one dependent child under school age, caring for a disabled, ill or old age family member, is 65 years or older, or is in exceptional circumstances (art. 27(2)). The programs in the Canton of Geneva also have direct participation requirements. For the Temporary Work program, this is inherent to its design since the whole program is meant to give a job to a person which will allow him/her to claim unemployment insurance upon completion. Article 49 of the Regulation on the implementation of the Unemployment Law states that the claimant must be immediately available for the job and cannot refuse the job which is being offered by the program. Lastly, the RMCAS also directly obliges the claimants of the benefits to participate in activation activities, by making the taking part in a “mutual obligation” (contre-prestation) activity mandatory for all claimants (Law RMCAS, art. 27). However, this obligation is only “in principle”, which leaves the way open for interpretation on how this obligation should be implemented. This will be discussed later on in the benchmark of the process of the program. Here is it is enough to conclude that such an obligation “in principle” leaves more room for interpretation than what is found in other countries. These countries clearly state the conditions for which exemptions may be considered, or at least mention that exceptional or special circumstances will be necessary for an exemption.

In the UK and Australia, no direct requirements in the eligibility criteria can be found regarding the participation in employment measures. This however does not mean that these requirements do not exists, as they are indirectly placed upon participants through other requirements. In the UK, claimants of the Jobseeker’s Allowance are facing a sanction if failing to be available or participating in an employment scheme. Since this sanction is possibly temporary, this means that not complying with this condition has less severe impact than when it is part of the eligibility criteria of the program. More will be said on sanction in the next benchmark. Finally, the Australian legislation also does not base eligibility on participation criteria, but it does require the participant to sign a contract in which activities to be undertaken by the participants are agreed upon (Social Security Act art. 606(1) and 544B(1) and 541A(e)). These activities include job search requirements, but also participation in employment programs, and can thus also require participation in Work for the Dole. A more direct requirement is made upon those claiming Youth Allowance (thus aged under 21 years old), as it is directly mentioned that for these claimants, the Activity Test cannot be taken to be
satisfied if failing to participating in Work for the Dole. The Activity Test is part of the direct eligibility criteria of the Youth Allowance. Such a specification is however not present in the NSA legislation.

The last basic requirement to be looked at is the requirement that the claimants enter in a contract with the government on its rights and duties. In the UK, this requirement is laid by the Jobseekers Act of 1995 by the obligation to enter a Jobseeker’s Agreement as one of the main eligibility criteria. The Jobseeker’s Agreement contains the agreements on the availability to work and the steps to be taken towards finding work. This agreement is drawn during a mandatory “Work-focused interview” in which all claimants must take part in order to claim a benefit. This Jobseekers’ Agreement thus does not only apply to New Deal participants but to all JSA claimants, including those who are outside of the NDYP and ND25plus target groups.

This situation is similar in Australia, where both Youth Allowance recipients and Newstart Allowance recipients are required to sing a participation agreement order to be eligible to make a claim (Social Security Act 605(4) and 544A(5)). This Activity Agreement is signed between the claimant and the Secretary of the Department of Employment and Workplace Relation, and “is to require the person to undertake one or more activity that the Secretary regards as suitable for the person” (Art. 606(1) and 544B(1)).

Also similar to the case of the United Kingdom and Australia, the Ontario Works legislation requires all claimants to take part in a Participation Agreement in order to be eligible for social assistance benefits (OW Reg. Art. 18). Furthermore, the article states that not only the claimant of the benefit but also its dependant spouse must be included in the Participation Agreement. Similarly in the UK, couples with no children are required to make a joint-claim for Jobseeker’s Allowance, in which both are required to satisfy all activation conditions. In the Netherlands, no requirements to sign a contract are laid in the Dutch national legislation on Social Assistance. However, municipal councils can issue by-law in which such a requirement could be made. This will mean that while on the basis of national law a claimants would not be required to sign a contract in order to claim social assistance, this might still be the case based on municipal by-laws, which complement the national WWB Act. These is however at this point no data available on the Work First projects regarding whether municipal by-laws would oblige participants to sign a contract (neither in the Work First Benchmark Database not in more detailed case-studies by SEOR, 2006, or the RWI, 2008).
Nevertheless, what is important to know concerning the Dutch projects is that about a quarter of them actually provide a regular job to the participants, which then will be hired by a private employment service provider and thus receive a salary. So indirectly, these participants are required to take part in a contract, in the form of an employment-contract. This situation is similar for participants in the Temporary Job program in the Canton of Geneva. They are officially hired by the government and thus must sign an employment contract with the Canton in order to be eligible for the program (Regulations on the implementation of the Cantonal Law on Unemployment, art. 47). However, unlike it is the case in the Netherlands, participants are not to be considered employees in the sense of the Employment Protection Laws (art.47(2)). Participants in the RMCAS also must sign a private law contract between them and the Hospice Général, the public institution delivering the benefit in the Canton (Loi RMCAS). This contract is however not an employment contract since no salary is being paid out. This contract is therefore similar to the one found in the UK, Australia and Canada.

One important note needs to be made at this point concerning the case of the New Deal programs of the United Kingdom and about a quarter of the Work First the projects in the Netherlands which are included in this benchmark. As mentioned in Benchmark 1, in the New Deal programs those participating in the work-based phase of the program (called the Options or Intense Activity Period) do not officially receive the Jobseeker’s Allowance anymore, but receive a training allowance equal to their benefit, or a wage. Because they are officially not claiming the JSA benefit anymore, the requirements in terms of rights and obligations found in these laws does not apply to them. The same applies for projects in the Netherlands where Work First participants are actually employed by private service providers and thus receive a regular salary. These participants are then not claiming Social Assistance anymore, and the rules of that scheme therefore do not apply to them anymore.

Nevertheless, in the UK, the NDYP Options participants and the ND25+ IAP participants are not completely removed from any legal obligations. Several Statutory Instruments have linked the sanctioning regime of the Jobseekers’ Allowance to the New Deal options and IAP, most

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24 See Benchmark 13 for type of rewards and Benchmark 12 for type of work environment.

25 The different phases of the program will be presented later on. At this point, it is necessary to know that the New Deal programs first consist of a Gateway stage, lasting 4 months, which is only then followed by work-based activities (called The Options or the Intense Activity Period).
particularly the Social Security Amendment (New Deal) Regulations of 1997 concerning the NDYP and the Social Security (New Deal Pilot) Regulations of 1998 concerning the ND25plus. The sanctioning mechanisms for the Jobseeker’s Allowance claimants are arranged by Section 19 of the Jobseekers Act of 1999. This Section states that even though the basic eligibility conditions are met, certain circumstances make that the allowance is not payable. The relevant circumstances for the New Deal participants relate to the participation in employment programmes or training schemes. In situations where the claimant has refused or failed to carry out any jobseekers’ direction which was reasonable, has refused or failed to participate in a training scheme or employment programme which was offered by an employment officer, or has lost a place on such schemes or programmes through misconduct, a sanction will thus apply. The above mentioned Regulations included the NDYP Options (all four) as well as the IAP stage of the ND25plus in the definition of employment program. Sanctions are part of a separate input indicator and will be discussed next. In the Netherlands, such as link between the participants who receive a salary and the benefit scheme also exit through sanctioning mechanisms. If one refuses to participate in one of these projects, one is also not eligible to claim social assistance.

Thus in both case of the New Deal programs and the “regular employment” Work First programs in the Netherlands, no other activation conditions can be laid on the participants, besides participation requirements. In the case of the programs where the New Deal participants are hired by private employers and in the Dutch cases, employment protection legislation further regulates the relationship between the rights and duties of participants and employers. This will most likely not include similar activation requirements as in the other types of agreements. This might also mean that slightly more protection is offered to participants, such as for example longer period in which one cannot be fired. See benchmark 20 on the labour law context as part of the external factors benchmark for more on the level of employment protection legislation in those two countries. See also box 2 on the next page for an example of the differences between sanction legislations within the social security scheme and the employment protection legislation within labour law for the Netherlands.
Box 2: The Netherlands – Employment Protection Legislation versus Sanctions

Employment Protection legislation is considered an external factor in this benchmark since it plays a role outside the direct realm of work-based employment programs in most countries. However, in the Netherlands, 24% of the projects which took part in the Work First Benchmark 2006 actually provided a regular job to participants. This meant that these participants were receiving a regular salary under a regular employment contract between them and a private service provider. This has important influence on the type of “sanctions” and conditions which can be laid upon participants, since these will not be controlled anymore by the Social Assistance legislation (the WWB and the municipal by-laws on reintegration), but will be controlled by Employment Protection Legislation.

In the Netherlands, all contracts lasting shorter than one year have an initial trial-period of one month (Dutch Civil Code, Book 7, art. 652). In this period, a person can be fired at any moment and for any reason. This would be a similar situation as in many other employment programs for which immediate and complete (full level of benefit) sanction would apply. However, after this initial trial-period of one month, a participant cannot be fired at any moment for any reason, and thus has already build up rights which are similar to any other worker in the country (Dutch Civil Code, Book 7, art. 672). The employer who would wish to fire a person before the end of its contract would need to follow the rather strict rules laid down in the employment protection legislation. For this reason, most contracts offered in the context of Work First projects were very short term. For example, the city of Alkmaar arranged that the participants would first receive a 3 months contract which would then be renewed for another 3 months (RWI, 2008, p. 66). This allowed the private provider to let go of those who did not comply with the requirements of the project at that 3 months threshold instead of having to start a formal firing procedure. In any case, a person who would be fired for not fulfilling the requirements of the projects after the initial one-month trial period would then still receive its salary for the next month as there is a one-months minimum notice for firing employees with a contract for a fixed term of less than five years.

These four activation criteria are averaged to create one single indicator of the level of the severity in activation conditions in each benefit. In Australia, all four conditions are directly laid out as being strict conditions to which Work for the Dole participants must adhere, so this program will receive an overall score of 5. Canada will closely follow three of the four
criteria being directly required in the legislation. Job search is indirectly required through sanctions which are applied when a claimant does not adequately search for jobs, but this is not directly mentioned as a criterion for eligibility in the program. Hence, this sub-indicator will receive a 4. The country with the lowest score will evidently be the UK, since most of the activation conditions are not part of the New Deal program. Actually, one can say that only a participation condition is a direct part of the program, so this sub-indicator will receive a 5. The other countries will receive score in between, depending on the mix of activation condition which are direct, indirect, or not present at all. All instances where the condition is present, but only indirectly required through the sanctioning mechanisms, the score will be 4. No requirement will score a 1.

6.7. Sanction legislation

The next input indicator concerns the legislation on sanction. With regards to sanctions, two aspects can be distinguished, that is to say, 1) the duration of the sanction, and 2) the level of the sanction (how much of the benefit is being taken away). The actual number of sanction used will

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Activation Conditions</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>NDYP Option and ND25+ IAP</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>-Benefits*</td>
</tr>
<tr>
<td></td>
<td>-Salary **</td>
</tr>
<tr>
<td>Australia</td>
<td>Work for the Dole</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>Ontario Works</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>Temporary Job</td>
</tr>
<tr>
<td></td>
<td>RMCAS</td>
</tr>
</tbody>
</table>

Note: * Refers to project for which the participants conserve their claimant status ** Refers to project for which participants leave the benefit scheme to become regular employees
be discussed in the Output Benchmark, and the implementation of the sanction legislation and its effect on participants will be discussed in the Process Benchmark.

In the UK, the sanctioning mechanisms for the Jobseeker’s Allowance claimants are arranged by Section 19 of the Jobseekers Act of 1999. Furthermore, the level and duration of the sanction are set by the Jobseeker’s Allowance Regulations 1999. Two different types of sanctions are put in place in different parts of the legislation. The first one relates to not fulfilling the obligations laid within the Jobseekers Allowance, the New Deal requirements or the Work-focused interview (Peters and Joyce, 2007, p.62). This first type of sanctions will here be called “Employability sanction”. The second type of sanctions regards the circumstances in which a person becomes unemployed, such as voluntarily leaving a job or losing a job due to misconduct (Peters and Joyce, 2007, p.62). This second type of sanction will here be called “Employment sanction”.

The type of sanctions which relates most to this benchmark are the sanctions relating to the ‘employability’ of the claimant, that is to say, the fulfilment of its activation conditions as a claimant. The sanctions are arranged such that the first time a participant refuses to participate in an employment program or quits a program without valid reasons, they will not receive a JSA benefit for the next two weeks. The second time, this period in which no benefit is paid-out will be extended to four weeks. A third refusal or quit will result in a loss of benefit for up to 26 weeks, but not more. The less straightforward aspect of this sanction regime is that if a person takes part in the New Deal Option or Intense Activity Period, it will not receive the JSA benefit anymore. Since the participants are not claiming the benefit anymore, they are not subject to the legislation of the JSA, and thus also not its sanctioning mechanisms. As Bivand (2002, p.16) also noted, sanctions for Options of IAP participants only come into play if they refuse to start their work-based activity, or they leave it before the end of the program.

As a matter of fact, the NDYP Options participants and the ND25+ IAP participants are not completely removed from any legal obligations even though they are not claiming the JSA benefit anymore. Several Statutory Instruments have linked the sanctioning regime of the Jobseekers’ Allowance to the New Deal options and IAP, most particularly the Social Security Amendment (New Deal) Regulations of 1997 concerning the NDYP and the Social Security (New Deal Pilot) Regulations of 1998 concerning the ND25plus. The sanctioning mechanisms for the Jobseeker’s Allowance claimants are arranged by Section 19 of the Jobseekers Act of 1999. This Section states that even though the basic...
eligibility conditions are met (see box 2), certain circumstances make that
the allowance is not payable. The relevant circumstances for the New
Deal participants relate to the participation in employment programmes
or training schemes. In situations where the claimant has refused or
failed to carry out any jobseekers' direction which was reasonable, has
refused or failed to participate in a training scheme or employment
programme which was offered by an employment officer, or has lost a
place on such schemes or programmes through misconduct, a sanction
will thus apply. The above mentioned Regulations included the NDYP
Options (all four) as well as the IAP stage of the ND2plus in the
definition of employment program.

As a result, in the event of a refusal to participate in the program before
the program starts, the jobseeker is at that point still claiming the JSA
benefit, so the sanction will apply and no other income will be available
for the duration of the sanction. On the other hand, in the event that a
person is already in the option and therefore not claiming the benefit but
receiving a wage or an allowance, a quit of the program will thus mean
that the sanction will be applied at the start of their new claim for JSA.
This means that the participants who leave the program will not be
receiving a new JSA benefit payment for the duration of the sanction.
Clearly, a sanction can either be imposed at the start of a claim, or during
one (Peters and Joyce, 2006, p. 11). Furthermore, it is interesting to note
that the laws arranges for the New Deal participants in the Options and in
the IAP to still be able to have the status of JSA claimants for the purpose
of claiming other social security benefits, such as Housing Benefits and
Child allowances.

As mentioned above, the second type of sanctions relate directly to
employment, such as leaving a job voluntarily or loosing a job because of
misconduct (Peters and Joyce, 2006, p.62). In these cases, the sanction will
be variable in length, but between 1 and 26 weeks, but will always imply
the complete withdrawal of the benefit (Peters and Joyce, 2006, p.62).
These sanctions are relevant for the New Deal program in cases where the
jobseeker is taking part in the Employment Option of the NDYP. This is
because these participants are actually hired by employers as part of their
program, and thus have the status of employees (albeit, subsidised).
Leaving one of these programs voluntarily or loosing a place through
misconduct will therefore lead to sanctions of this second type,
employment-related sanctions (see Peters and Joyce, 2007, p. 63).

As mentioned earlier in the benchmark, in the Netherlands the Work and
Social Assistance Act clearly set out strong conditions on the claimant
which they must fulfil in order to receive a benefit. However, in the event
that the claimant does not comply with these conditions, a sanctioning mechanism must be set in place by the Act in order to enforce these requirements. This sanctioning mechanism is introduced in article 18 which states that if the claimant does not satisfactorily meet its obligations, a reduction of the benefit can occur. The Act also arranges that for all municipalities, the sanctioning mechanisms must be so that for each individual who was sanctioned, the sanction must be revised within a maximum term of 3 months. Further sanctioning rules are set up in article 54 of the same act. This article states that the benefit can be suspended for a maximum of 8 weeks if the individual does not provide necessary information (on time) or does not cooperate properly with the municipality. If the situation is not corrected within the chosen timeframe, the municipality can take away the benefit indefinitely. Finally, article 54 arranges that the municipality can lay obligations regarding activation and the level of the benefit besides those already mentioned in the general conditions and sanctions of the Work and Social Assistance Act. This thus means that all details concerning the level of the sanctions and the situations in which a sanction can be applied are to be set by the municipality in its Reintegration By-law. Since each municipality will have their own by-law, the rules will thus vary to a great extent for the claimants in the country, depending on the municipality in which they reside. While some municipalities chose to completely take away the benefit from the participants who did not meet the conditions of the program, other only reduced the amount of the benefit by a percentage of the total amount. The duration of the sanction could also vary. The sanction could be valid for the entire period for which the conditions laid on the claimant were not met, that is to say, the sanction would be lifted only when the claimant agreed to take part in the program and function in the program at a sufficient level. Also, the sanction could be laid for a fixed amount of time after which the benefit would then be fully paid.

The various type of sanction and their frequencies within the projects in the database are depicted in table 6.6.

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26 It is also important to mention here that the Netherlands has a mandatory civil registration system in which each resident of the country must be registered at one of the municipality. It is therefore not an issue that some people could claim a benefit in the municipality in which the sanction level would be the lowest, since one can only be registered at the municipality in which he resides, and this municipality will be the one delivering the benefit.
Table 6.6: Type of sanction regime and frequency of projects

<table>
<thead>
<tr>
<th>Level of sanction</th>
<th>Partial Reduction</th>
<th>Full withdrawal</th>
<th>No sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration of sanction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As long as conditions</td>
<td>12 projects</td>
<td>10 projects</td>
<td>1 project</td>
</tr>
<tr>
<td>are unmet</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed number of months</td>
<td>11 projects</td>
<td>5 projects</td>
<td></td>
</tr>
<tr>
<td>Unknown/variable</td>
<td>6 projects</td>
<td>3 projects</td>
<td></td>
</tr>
</tbody>
</table>


In terms of the number of months for which the sanction was applied, this varied between one month (the minimum since the benefit is a monthly payment) and six months, with the majority found around one to two months. The amount of the reduction of the payment with regard to a partial reduction varied between 10% and 100% which was most often decided on a case-by-case basis.

In Australia, sanctions have been reformed in a significant way in the Welfare-to-Work Act of 2005, which took in effect on the 1st of July 2006. This period however falls outside of this benchmark, since the data collected refers to the fiscal year 2005-2006 for Australia. Prior to the reform, two types of sanctions were present: Administrative Breach and Activity Test Breach. The Administrative Breach was applicable to situations where a claimant failed (without good reason) to respond to requests from the delivering agency or a contracted third-party (Centrelink, 2006). For example, such a sanction would be applicable when a claimant would refuse to provide information or to attend an intake interview. These sanctions would last for 13 weeks and imply a 16% reduction of the benefit payment (Centrelink, 2006). The claimant can also opt for a 100% cut of the benefit payment for a period of two weeks, which is financially almost equivalent. The second type of sanction are Activity Test Breach, for situations where the claimant does not satisfy the Activation Conditions as mentioned in the previous benchmark (obligation to look for work, accept job offers, participate in employment programs, etc.). Unlike the administrative breach which remained the same level and length each time a sanction was laid upon a claimant, these sanctions were set to increase in impact after each time a person would not comply with these activation conditions. The first Activity Test Breach is set at 18% of the benefit a person claims, and last for 26 weeks (Centrelink, 2006). The second breach within a two-year period of the first breach also last for 26 weeks and is then set at 24% (of the maximum benefit claimed, not of the sanctioned benefit if this second
breach is added up to the first one) (Centrelink, 2006). The third and subsequent activity test breaches in this two-year period then result in a complete withdrawal of the benefit for a period of 8 weeks (Centrelink, 2006).

Similarly to the British and Australian sanctioning regime, the Ontario Works legislation has a system in which the severity of the sanction increase after repeated offences. The level and duration of the sanction is however much higher in the Ontarian Case. Similar to the Australian case, different rules apply to different types of failure (however, these do not have explicit different names). First, if a claimant fails to comply with the requirements to be looking for work and participating in employment activities, the first occurrence will result in a 3-months cancellation of the benefit, and each subsequent offence will result in a 6-month cancellation of the benefit (Ontario Works Regulation 134/98 art.33-34). If the benefit-unit includes a dependant, the benefit will however only be reduced by the proportion of the benefit which is allocated to the claimant and the dependant’s portion of the benefit will still be paid-out (OW Reg. 134/98 art. 33(1.2)). Nevertheless, the 3-months or the 6-months sanction duration can be considerably shortened in cases where the sanction refers to a failure to participate in an employment program (and not to failure to accept and maintain work). The benefit payment can be reinstated upon the signature of a participation agreement in which the person agrees to participate in the employment activity (OW Reg. 134/98 art. 33(4.1(b)). Concerning all other types of failure to comply with other conditions of eligibility, such as failing to provide information or attending a meeting with a case-worker, the sanction will be valid for the period up until compliance with the conditions is fulfilled (OW Reg. 134-98 art. 35(1)). Similarly to the other sanction, the amount to be reduced will be the complete benefit in the case of a single-claimant. In the case where the claimant has a dependant, only the amount which regards the person sanctioned will be withdrawn.

At last, the sanctioning mechanisms found in the project in the Canton of Geneva are laid-out in much less details in the laws. The legislation concerning the Temporary Job program mentions that if a participant refuses a Temporary Job which is proposed to him/her, he/she cannot receive another proposition or claim any other benefit under the Cantonal Law on Unemployment (art.45). This thus means that refusing to participate in the program equals to a full sanction which is never to be reversed (no rights to a second proposition, thus no rights to the benefit anymore). However, no mention of possible sanctions is made concerning the other conditions laid in the law, such as to look for a job. The sanction mechanism of the RMCA5 is also similarly lacking detailed
instruction. Article 11(3) mentions that benefits can be sanctioned or withdrawn if the claimant refuses or delays to avail the delivering instance of any information. In addition, article 15 mentions that the payment of the benefit begins when eligibility criteria are met and ends when these eligibility criteria are not fulfilled anymore by the claimant. These criteria include an obligation to, in principle, perform a “mutual obligation” activity as well as pursue job search (art. 27 and 12).

As mentioned in chapter 4, the indicator on sanctions is mostly concerned with comparing their financial impact on the annual income of claimants. The lengths of the sanctions and their levels will thus be combined and related to the amount of benefit a person would receive in one year. Table 6.7 on the next page will show the various combinations of length and level found in each country. The ranking of this indicator is not straightforward since the financial impact of the first sanction on total yearly benefit income takes the form of a range in some countries. Furthermore, both the UK and Australia have different sanction mechanisms for different types of breaches.

<table>
<thead>
<tr>
<th>Country</th>
<th>Length of first sanction (weeks)</th>
<th>Level of first sanction (% cut)</th>
<th>Financial Effect of first sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK “Employability”</td>
<td>2</td>
<td>100 %</td>
<td>3.85 %</td>
</tr>
<tr>
<td>UK “Employment”</td>
<td>1 to 26</td>
<td>100 %</td>
<td>1.92 % to 50 %</td>
</tr>
<tr>
<td>NL</td>
<td>4 to “until compliance”</td>
<td>10 % to 100 %</td>
<td>0.77 % (10% cut for 4 weeks) to 100%</td>
</tr>
<tr>
<td>AUS : Activity Test Breach</td>
<td>26</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td>AUS: Admin. Breach</td>
<td>13</td>
<td>16%</td>
<td>4%</td>
</tr>
<tr>
<td>Canada</td>
<td>4 to 13</td>
<td>100%</td>
<td>7.7% to 25%</td>
</tr>
<tr>
<td>CH Temporary Jobs</td>
<td>permanent</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>CH RMCAS</td>
<td>4 to “until compliance”</td>
<td>100%</td>
<td>7.7% to 100%</td>
</tr>
</tbody>
</table>

When looking at the values in table 6.7, the temporary job program in Geneva is having the harshest sanction. This comes from the fact that refusing to participate in the program means that this type of benefit will not be available again for the claimant. This program therefore receives the highest score in the benchmark. Since both the RMCAS and the Ontario works program give a minimum of one month of full benefit
withdrawal as a sanction, which amounts to almost 8% financial effect, these two programs score a 4. Refusing to participate in the Work for the Dole will result in a 9% cut in yearly benefit income, which give this program a score of 3. On the other side, refusing to participate in the New Deal program will result in a loss of just under 4% of total benefit income, which is the lowest in this benchmark, meaning a score of 1. The programs in the Netherlands are the hardest to benchmark, since the variation is the greatest, from 1% to 100%. As shown in table 6.6, one fifth of the projects gave a sanction similar to the situation in the RMCAS, where benefits were fully withdrawn until compliance with the activation requirements. On the other side, one fifth actually partially reduced the benefit for a set amount of months, resulting in a less harsh sanction for its participants. Because of this great variation, the Dutch Work First projects will score a 3 in this benchmark.

Table 6.6: Sanctions

<table>
<thead>
<tr>
<th>Country</th>
<th>Program</th>
<th>Financial impact of sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>NDYP and ND25+</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Work First</td>
<td>3</td>
</tr>
<tr>
<td>Australia</td>
<td>Work for the Dole</td>
<td>3</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>Ontario Works</td>
<td>4</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>Temporary Job RMCAS</td>
<td>5</td>
</tr>
</tbody>
</table>

Chapter four had brought up the point that it might be possible that sanctions are not linearly related to results. Indeed, there could be a point where harsher sanctions would not lead to better results, because of many factors such as the diversion of the attention of the participants away from the ultimate goal to find a job, towards avoiding receiving a sanction in itself. As can be seen for this benchmark, harsh sanctions can be found in the Swiss and the Canadian programs. When proceeding to the aggregation of the results of the benchmark results, special attention should be given to looking at whether the harsh sanctions in these
programs could actually not be related to better results, but to worse results. For the moment, the assumption that harsher sanctions result in better results will be kept, in the line of the evidence provided by amongst others Boon, Frederiksson, et. al (2007); Van den Berg, Van der Klaauw and Van Ours (2004) as well as Boone, Sadrieh and Van Ours (2004).

6.8. Radar charts and overall performance levels

The radar charts for the input benchmark are presented in figure 6.1 to 6.7 for each of the seven programs in this evaluation. The radar chart clearly indicates that each country and each program have their unique approach to putting in place what is necessary for the program. Two programs stand out for having relatively high scores on all indicators, being the Dutch Work First projects and Ontario Works. The Work for the Dole also has a high score on some indicators – target groups, benefit levels and activation conditions - but this is found to be in combination with some lower scores on the objectives, financial incentives, governance, and sanctions indicators. Similarly, the two New Deal programs and the two Geneva programs present a combination of high and low scores, resulting in a more “flat” shape on the radar charts. However, the direction of this shape is much different due to different accents in the inputs. The UK programs score very high on four indicators, objectives, target groups (but not for the ND25+), governance, and benefit levels but these are all low scores in the Geneva programs (except for governance, which is not as low). On the other side, high scores are found for the Temporary Jobs programs and the RMCAS on the indicators for sanctions and activation conditions, while these are much lower in the UK.

Figure 6.1 Input UK – NDYP *

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*Figure 6.1 Input UK – NDYP *
Figure 6.2 Input UK – ND25plus

Figure 6.3 Input Netherlands – Work First

Figure 6.4 Input Australia – Work for the Dole
The total area of the shape formed in the radar chart will give an aggregation of the size of the input all together for each program. This measure of SMOP is relative to the total surface of the chart, which will allow the comparison of the SMOP values between the different sections of the benchmark. This value should thus be interpreted as “the proportion of the total chart area which is covered by the shape of the scores on each axis” (see section 2.3 for more information on methodology). The size of this Surface Measure of Performance (SMOP) can be seen in figure 6.8.

The general estimations one can derive from the radar charts are confirmed by the calculation of the surface measure of performance. From the total of the input, it can thus be expected that the best results will be found in the Netherlands and in the Ontario Works program. The other programs have SMOP values much lower, with next the Australian Work for the Dole. This is closely followed by the two British programs and the RMCAS. The difference in the overall performance level between the two New Deal programs is due to a different target group, which is much more distant from the labour market in the New Deal 25+. At last, the Temporary Job program has the lowest SMOP value of this benchmark, and is found to be 3 times smaller than that of the highest input level which is found in the Netherlands. Chapter 11 will verify
whether the ranking according to the input can explain the impact of the program, and will also link the differences in levels of input with differences in the rest of the policy-chain.

Figure 6.8 Surface Measure of Performance – Inputs