Realising the Potential of Work for the Dole

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Abstract

Work for the Dole has a unique importance as the default option in Australia’s mutual obligation system. The only substantial independent review of the Work for the Dole program covered a period ending in June 2003. Since then there have been substantial changes to the program and three relevant major studies have been completed. This paper makes a further overall evaluation of Work for the Dole. It confirms that employment outcomes are positive and surprisingly high by international standards. However, the changes in the program have not brought the increase in effectiveness in Work for the Dole that one would expect. To a large extent this is because Job Network members are slow to see Work for the Dole as a valuable option for particular clients, rather than routinely referring people to Work for the Dole when they reach the mutual obligation legal requirement.
1. Introduction

Work for the Dole is important because it is the default option in our system of mutual obligation. While some people volunteer for Work for the Dole, most participants have been compelled to take part because they have not satisfied mutual obligation requirements in some other way. This compulsory element makes it even more important to ensure that the program is working effectively. It also ensures that Work for the Dole is quantitatively significant. In 2002/03 there were 64,000 commencements in Work for the Dole (DEWR, 2003, p.1).

Work for the Dole has been strongly criticised, usually on one or both of two grounds. One is ethical in character, objecting to the compulsory aspect of the program. The other is more concerned with employment outcomes, arguing that, at best, the program does little to improve participants’ chances of finding a job and may even reduce the probability of participants finding employment. The second criticism is also relevant to the first. If participating in Work for the Dole actually reduces the probability of finding employment, this greatly strengthens the objections to the compulsory nature of the program.

The first substantial independent review of Work for the Dole (Nevile and Nevile, 2003) found that Work for the Dole was successful both in terms of
soft outcomes\textsuperscript{1} and in terms of the number who find jobs as a result of participating in the program. However, the program had weaknesses and the potential to be much more successful. That study covered a period ending in June 2003. Since then the introduction of the Federal Government’s Active Participation Model in July 2003 integrated Work for the Dole more closely with the Job Network, producing significant changes in the way both programs operated. Also since then there have been several relevant major research reports. The Department of Employment and Workplace Relations (DEWR) has published a quantitative study on the extent to which employment outcomes of Work for the Dole are sustained over time and two relevant studies commissioned by the Department of Family and Community Services have been completed. A further evaluation of Work for the Dole is called for and is contained in this paper. While this paper updates Nevile and Nevile (2003) in the light of changes to the program and additional studies, where appropriate summaries of material of Nevile and Nevile (2003) are included so that the paper can be read as a stand alone article.

The next two sections deal with measurable quantitative outcomes and soft outcomes, respectively in the light of recent studies. Section 4 considers the extent to which the Active Participation Model, introduced in July 2003, has

\textsuperscript{1} This term is defined in section 3 below.
allowed or induced changes that improve the Work for the Dole program. The conclusions of the paper are mixed. It is shown that the negative study by Borland and Yi-Ping Tseng is both flawed and out of date, that Work for the Dole clearly does increase participants’ chances of finding a job and that the valuable soft outcomes of the Work for the Dole program are becoming increasingly recognized. However, the full potential of Work for the Dole, as an active labour market program assisting participants to find paid employment, is still to be realised.

2. Employment Outcomes

The Department of Employment and Workplace Relations (henceforth DEWR) publishes estimates of the proportion of Work for the Dole participants who are employed three months after leaving the program. These are obtained from a quarterly survey and are generally taken more or less at face value. The problem arises in estimating how many of those in employment would have found jobs even if they had not participated in the program, i.e., the net impact of the program. Ideally, this should be done by taking a group of people with the same relevant characteristics and randomly assigning some to participate in the program while preventing others from doing so. In Australia it is completely impossible to do this. The large majority of Work for the Dole participants are required to take part in the program (or lose their unemployment benefits) and those with
similar relevant characteristics who do not take part must have satisfied the mutual obligation requirement in some other way. Moreover, in general in Australia it is not possible to prevent someone from attending a program for which they are eligible, in order to carry out a net impact study. Net impact studies compare outcomes of Work for the Dole participants with those of a comparison group that have not participated in the program. The comparison group is chosen so that as far as possible the characteristics thought to be relevant to a successful outcome are matched to those in the group participating in the program. However, there must be significant differences between the two groups, since otherwise those in the comparison group would also have been required to satisfy mutual obligation requirements by participating in Work for the Dole.

This problem pales into insignificance compared with what happens to members of the comparison group after they are selected. All of them will have recently undertaken some activity to satisfy the mutual obligation requirements or will do so while members of the comparison group. Many will participate in intensive assistance (now called intensive support through customised assistance) which is designed to be more effective than Work for the Dole in helping people find employment. Unless account is taken of this, the result of any net impact study is meaningless as a measure of the
extent to which Work for the Dole helps participants find employment. It is possible to correct for the biases caused by these problems. However, any corrections involve judgements, some of which cannot be precise. Hence, any net impact figure should be regarded only as a broad indicator.

In November 2003 The Australian obtained under Freedom of Information procedures a copy of a study done under contract to the Department of Family and Community Services by Professor Jeff Borland and Yi-Ping Tseng. This study concluded that the net impact of Work for the Dole on leaving benefits was negative, that is people were less likely to cease receiving benefits if they participated in Work for the Dole. While leaving benefits is not the same as finding employment, there is a high correlation between the two so that this result also casts doubt on the value of Work for the Dole in helping people find jobs. However, the choice of the data to be used resulted in an estimate of net impact which has a substantial negative bias.

In order to overcome the problem of mutual obligation requirements making it difficult to select a comparison group, Borland and Yi-Ping Tseng used data on participants in the pilot Work for the Dole program which ran from November 1997 to June 1998. Mutual obligation was introduced in July 2

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2 For example, in a Departmental net impact study of intensive assistance, 39 per cent of
1998. The data used was Centrelink data. It covered those who participated in the pilot program and a comparison group, who were also receiving benefits at times matching those when participants commenced Work for the Dole. There are at least three deficiencies with this data which impact on the composition of the comparison group. First, most of the Centrelink data used did not contain any referral information. Those who participated in Work for the Dole obviously were referred to the program, but so too were many who did not participate in the program. When referral information was systematically collected after July 2000, it became clear that a large majority of people referred to Work for the Dole did not start and a significant reason for this was that they ceased receiving benefits after referral, but before commencement. The comparison group selected by Borland and Yi-Ping Tseng would have included such people but those in the group of participants could not have done so. This led them to underestimate the impact of Work for the Dole.

Secondly, while the pilot program concluded in June 1998, the period, in which outcomes for participants and the comparison group were examined by Borland and Yi-Ping Tseng, continued for another 12 months. The Job Network was introduced in May 1998. After this date, many in the

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those in the comparison group participated in intensive assistance itself after being selected for the comparison group (DEWR 2002, p. 78).
comparison group could have participated in employment assistance programs, especially since mutual obligation was introduced in July 1998.

Thirdly, the participants in the pilot program were volunteers. Except perhaps for a few who volunteered for Work for the Dole but did not start, those in the control group were not. Presumably people volunteer for a program because they expect to enjoy it or expect it to be of some value. Hence, they may slacken in their efforts to find a job while they are participating. Volunteers may also have other different characteristics to non-volunteers. The appropriate comparison group in the case of a volunteer program is a group of people who volunteered for the program but were not referred to it.

Changes to the Work for the Dole program since the pilot program are probably even more important than data problems in reducing the usefulness of Borland and Yi-Ping Tseng’s study. There have been a number of significant changes that have improved the effectiveness of Work for the Dole in helping participants find jobs. Perhaps the most important of these was a major change at the beginning of 2000 in the way the program was administered. The projects on which Work for the Dole participants work are provided by sponsors, which must be not-for-profit organisations. Since
2000, the relevant department has contracted out to organisations known as Community Work Coordinators, or CWCs, the role of finding appropriate sponsors and supervising the carrying out of projects. These organisations can be for-profit or not-for-profit organisations but the overwhelming majority have always been not-for-profit organisations. Not-for-profit CWCs can sponsor projects themselves, but about half the projects are organised through subcontracts to independent sponsors.

An important reason for the success of Work for the Dole is the commitment of the majority of CWCs and independent sponsors and their staff. While helping participants find employment is not a formal objective of Work for the Dole most CWCs and sponsors do have this as an implicit aim, and the encouragement, support and assistance they give participants is aimed at increasing their chance of getting a job. Some go to extraordinary lengths to help participants get a job. An extreme example is that of a participant who was missing a fair number of front teeth.

To quote the CWC involved

We decided he wouldn’t get employed with all his front teeth missing so we wrote to the government dental service asking if we could get him fast-tracked because it was holding him back from employment. We finished up subsidizing his false teeth
and he is now a very well presented young man [who is now employed]. (quoted in Nevile and Nevile, 2000, p.53)

This is only an example but many, many other examples could be given of CWCs and sponsors providing participants with more help in finding jobs than the program demands, though a number have reported that with increasing financial stringency it is becoming increasingly difficult to do as much as they used to. Nevertheless, the general level of commitment is impressive. One simple indication of this is the response to the postal survey sent out by Nevile and Nevile to all CWCs and a sample of independent sponsors. For budgetary reasons it was sent out only once, with a one-page covering letter and no follow up. The response rate was between 60 and 70 percent. This shows a very high level of commitment to making Work for the Dole work. Normally, one would expect a response rate of about 20 percent for a postal survey with no follow up. Since the period studied by Borland and Yi-Ping Tseng the net impact of the Work for the Dole program has increased because of the commitment of most CWCs and Sponsors to helping participants find jobs. This is expressed in many ways including spending more on Work for the Dole projects than the funds provided by the Department, the imaginative nature of many projects and the ‘pastoral care’ provided by many supervisors.
A second important change is the introduction in July 2002 of training credits. These pay the costs of courses up to a maximum of $800 with the amount depending on the number of hours a participant has worked. Eligible courses include such things as accredited short courses provided by registered training organizations, employer-provided training (including on the job training), accredited TAFE and higher education courses, secondary school qualifications both at TAFE and at schools, English as a second language courses and driving lessons from an accredited driving instructor. Training credits can also be used to purchase books and equipment essential for a course and for the cost of licences, for example driving or security licences.

Training credits are a useful addition to the Work for the Dole program, strengthening the training component of the program in a way that offers individual flexibility. Although by no means all participants are interested in formal training, training credits can only have had a positive effect in improving the net impact on employment of the program.

As noted earlier, significant changes were introduced in July 2003. In particular, under the Government’s Active Participation Model referrals to work for the Dole were no longer made by a computer program in Centrelink. Instead, Centrelink refers potential participants to a Job
Network Member. Each case will then be considered individually before the person is sent to a CWC. The person concerned can choose a CWC themselves if they wish, but the Job Network Member will give advice on the type of project activities available through different CWCs and the different locations in the local area where each is available. The Job Network Member can make enquiries about whether places are available in projects which would suit an individual’s skills and career aspirations.

It was argued in Nevile and Nevile (2003 pp.21-22) that the consequences of this change were likely to be beneficial and substantial. The reality is not proving the same as this optimistic forecast and this will be taken up in section 4 below. Nevertheless, the Active Participation Model changes are far reaching in their potential effects on the Work for the Dole program and increase the extent to which the Borland and Yi-Ping Tseng study is out of date.

Further evidence suggesting that the conclusions of the Borland and Yi-Ping paper are incorrect is contained in a study commissioned by the Department of Family and Community Services and undertaken by the Social Policy Research Centre at the University of New South Wales (Saunders, 2005). Among other things this study undertook telephone interviews with 661 people on benefits who made a sustained exit (i.e., for at least 13 weeks)
from benefits into paid employment. In the interviews with those who were participating in Work for the Dole in the final two weeks before they left benefits, just over 25 per cent said that they thought Work for the Dole helped them obtain paid work. This figure measures a different thing to net impact studies. It only includes those who obtained a job immediately on leaving benefits and does not include those who ceased participating in Work for the Dole but continued receiving benefits for two weeks before entering paid employment. It is based on what people think and not on comparisons of different groups. Also the sample was very small; there were only 26 who left Work for the Dole and immediately took up paid employment which lasted 13 weeks or more. Moreover, it provides no information at all about those who did not leave benefits for sustained employment. Many will have remained on benefits and others left benefits for other reasons including short-lasting employment. Nevertheless, if this figure of 25 percent is taken as indicative for all those who completed Work for the Dole and were employed soon after (themselves about 25 per cent of all participants), it implies a positive net impact of around 6 per cent.

Work for the Dole has been criticised for the quality of the jobs obtained by participants who do find employment. For example, Cowling and Mitchell (2003) pointed out that in 2000-01 ‘65 per cent of employment exits from Work for the Dole were to temporary, casual or seasonal positions’ (p.221)
and that only 11.6 percent of all participants were in full time jobs 3 months after exiting the program. Cowling and Mitchell only had access to data which gave a snapshot picture. A recent study (DEWR, 2004a) used new longitudinal data to suggest that this snapshot picture is overly gloomy. Three months after leaving the program in May 2001, 22.7 percent of participants were employed and 45.2 percent of these had full time jobs. Nine months later, or twelve months after leaving the program, the percentage of participants who were employed had risen to 34.6 percent. Of those employed at the three months point, very close to 60 percent were employed 12 months after leaving the program and half of them were employed full time. More of those employed at both the 3 months and 12 months marks had permanent jobs (49.8 percent) than had temporary jobs (46.9 per cent). The remainder were self-employed (DEWR, 2004a, Tables 2.2.1 and 2.2.2 and Figures 2.2.2 and 3.1.1.). While one may suspect that in Departmental studies the interpretation of the data paints the best possible picture, there is no reason not to take the data itself at face value.

Nevile and Nevile (2003 pp.42-51) estimated 10 per cent as a broad indicator figure of the net impact of Work for the Dole on employment outcomes, with the proviso that this might be at the top of the range. By international standards this is very high given that a high proportion of Work for the Dole participants are disadvantaged young people. The studies
reviewed in this section give no reason to change the earlier estimate. Also longitudinal studies suggest that the situation may be better if the measurement point is 12 months after leaving the program rather than three months.

3. Soft outcomes

To pick just one commentator, albeit a Noble Laureate in Economics, Amartya Sen has pointed out that in addition to the loss of income by the unemployed and their families, unemployment ‘leads to losses of self-reliance, self-confidence and psychological and physical health’ (1999, p. 21). Successes in reversing these effects of unemployment are known as soft outcomes. Soft outcomes also include giving people self-confidence or other desirable characteristics that they had not previously possessed. The longer a person is unemployed the greater the losses listed by Sen become. More than 70 per cent of Work for the Dole participants have been on unemployment benefits for more than a year and almost half of them for more than two years. For many of these participants soft outcomes are important, both for their own sake and as a prerequisite to obtaining and holding a job. One of the objectives of the pilot program was ‘to develop work habits in young people’ (DEWRSB 1999, p.1). Over the years a broader view of what the program can do to has developed, with work habits being interpreted as any personal skills that increase ‘employability’.
Work for the Dole does well with respect to the soft outcomes. This success is in marked contrast to similar programs in England and Sweden, where, to quote one authority, ‘requirements to participate in poorly rewarded pseudo-employment in order to qualify for public income support breeds cynicism, perversely encouraging young people to reject the entire benefit-to-work package’ (Ryan, 2001, p.82). Given that most participants in Work for the Dole enter the program unwillingly in order to avoid losing unemployment benefits, the success of the program is all the more remarkable. However, attitudes change during the course of the program. Many of those ‘dragged in kicking and screaming’ come to find participation valuable. After completing their 26 weeks, 77% per cent of participants rate the experience as very satisfactory or satisfactory (DEWRSB, 2000). This figure is consistent with the responses obtained in interviews undertaken by Nevile and Nevile. More importantly the interviews reveal reasons why participants value their experience of the program.

For all the participants interviewed, the major purpose of Work for the Dole was to improve their chances of getting a job. But what made Work for the Dole worthwhile was not getting a job at the end – that was the jackpot – but the experience was worthwhile if one learnt something.
Obviously, if what participants learnt was relevant to their career aspirations that was best, but some participants simply enjoyed learning even though they did not have a clear idea of the sort of work they wanted to do or whether what they were learning was or was not related to their career goals.

Participants who were unhappy were those who felt they were not learning anything and could see no prospect of future employment. For example, a participant who said that he ‘hated coming here’, wasn’t learning anything because as he said ‘he knew how to do all this sort of work already’. 4

Both work relevance and learning are important in terms of providing participants with the type of work experience they value. However, relevant work experience needs to be linked to learning, whereas learning on its own is sufficient. A participant in a landscape gardening project in Adelaide is a good example. He wants an outdoor labouring job with similar work to that done on the project but was not enjoying the experience: ‘[t]here is nothing I like about the project…I have done all this sort of work before.’

Because most participants are looking for work experience that will help them get a job, those working in group projects appreciate work sites and

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3 As part of their research there were interviews with over 100 participants in Work for the Dole and a similar number of formal interviews or informal discussions with the staff of organisations involved with Work for the Dole.

4 This and the following quotations in this section are drawn from Nevile and Nevile (2000) pp. 52-59.
projects that resemble real work environments. An example of such a project is Workskil’s ComNet Project which gives participants (all of whom have experience, qualifications or a keen interest in IT) practical experience and the opportunity to apply their IT skills in a business environment by providing software and hardware support to a range of community organisations. ComNet participants enjoy the opportunity to test theory and skills acquired in the classroom in a real work situation. To quote one:

This project gives you the opportunity to get out there and deal with real clients, just like you would have to if you were running your own business. You have to learn how to deal with clients…to liaise with them, to find out what they want and this gives you better interpersonal skills…Being able to apply your skills in real work situations gives you confidence in your own ability.

Many participants identified improvements in more fundamental communication and interpersonal skills and even organisational skills as important positive aspects of Work for the Dole. Following are several quotes, since many of us do not realise the extent of the barriers to employment, and even social participation, caused by the lack of personal skills among long term unemployed people.

The project has given me confidence that I can go out and get a job.
I’ve become more confident in this placement. Before I didn’t feel comfortable using the telephone - I would get embarrassed if someone walked into the room while I was on the phone. I was given help with that and now I am fine.

I have learnt patience and how to deal with other people. I have learnt to deal with conflicts and disagreements.

I think this project will help me get a job because of the experience of working in a team, working with different people.

I didn’t initially want to do Work for the Dole, but it does get you out of bed in the morning and keeps you on a level - less depressed. At least I am learning something.

Recent research has given quantitative evidence of how widespread are improvements in participants’ self confidence and motivation. Over 80 per cent of participants believe that their self confidence has increased as a result of participation. The desire to find a job has increased in slightly more participants and just under 80 per cent think that participation has increased their chances of getting a job (DEWR, 2004b).^5

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^5A major reason for these good results is the supervision provided. Both CWCs and Sponsors acknowledge that the value to participants of Work for the Dole depends critically on the quality of the supervision and the personal characteristics of the supervisors (Nevile and Nevile, 2003, p.74). Work for the Dole is funded on the basis of a maximum of 15 participants per supervisor. Hence, there is scope for supervisors to have an effective mentoring role.
4. Recent Changes

As noted above the Active Participation Model changes introduced in July 2003 integrated Work for the Dole more with the Job Network, with participants being referred to CWCs by Job Network Members. Job Network Members are paid an ‘outcome fee’ for each person they place in employment. One would expect that they would seek to place their clients with a CWC and in a project which will maximise the chances of the person concerned getting a job. CWCs will be dependent on Job Network Members for a flow of suitable participants. This should put pressure on CWCs, which do not already put a strong emphasis on employment outcomes, to do so in order to ensure a consistent flow of good quality participants. One would hope that in the longer run Job Network Members would come to see Work for the Dole as a valuable option for some clients rather than routinely referring people to Work for the Dole when they reach the mutual obligation legal requirement. To some extent this may be happening, but typically referral to Work for the Dole does still seem to be regarded as a routine requirement which people must go through in the 12 months that elapse before they are eligible for intensive support through customised assistance. Too many of those involved in the referral process still think of Work for the Dole largely in terms of mutual obligation and a way whereby the
unemployed engage in projects of value to the community. All those concerned for the welfare of the unemployed, including DEWR, need to work harder at selling the strengths of Work for the Dole as a labour market program which complements the Job Network and is a valuable method of helping unemployed find jobs.

One further change has started: the referral of people with disabilities to Work for the Dole. The increase in the numbers referred to Work for the Dole that DEWR expected under the Active Participation Model did not materialize and consequently some CWCs faced cuts in the number of participants they were funded to manage. DWER suggested that they take some people with disabilities. These people would be volunteers. However, it is widely expected that the Government will shift people with less severe disabilities from Disability Pensions to New Start (unemployment) benefits and make them subject to mutual obligation requirements, Numbers of people with disabilities may be compelled to undertake Work for the Dole. Irrespective of whether this is in principle a desirable development, it is clear that if Work for the Dole is to help people with disabilities this will cost significantly more per participant than does the present program in terms of administration and even more in terms of providing appropriate

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6 This fee is separate to the ‘job placement fee’ they, or the CWC, may earn by matching a participant with a vacancy.
work experience. At the very least, it will be necessary to increase substantially the work experience fee.

5. Conclusion

Both participants, and Work for the Dole projects, vary greatly. This wide variety in Work for the Dole projects is one of its strengths, enabling it to meet the different needs of different participants. But some participants are easier to help than others, some projects are more effective in doing this than others, and some supervisors are better than others. Any estimate of how helpful Work for the Dole is, can only be an overall judgement. There will always be individual cases that are exceptions. Nevertheless, the material discussed in this article confirms the favourable evaluation of Work for the Dole as an active labour market program reached in Nevile and Nevile (2003). Unfortunately, the improvements that it was hoped would flow from the introduction of the Active Participation Model have still to be fully realised. Work for the Dole is still too widely regarded as a means of fulfilling mutual obligation requirements and not as a complement to the Job Network which can be helpful to many Job Network clients.
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