

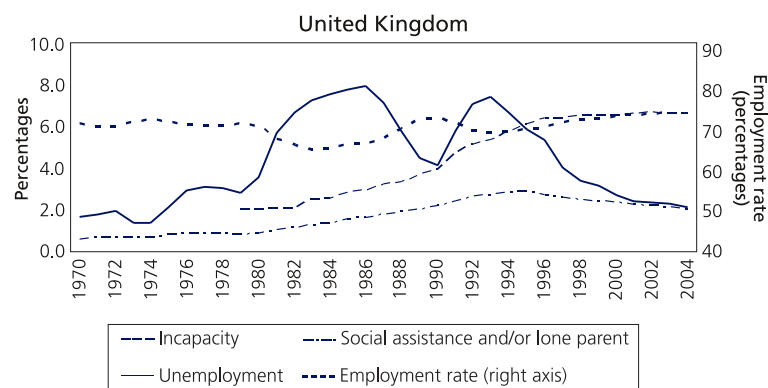
# Appendix 2

## Overview of selected countries' welfare systems

This appendix sets out high-level information on international welfare reform. The UK spends comparatively little on labour market programmes but has achieved impressive results, as the OECD has recognised in its Employment Outlooks.

The graph below illustrates this success, particularly in increasing employment and reducing claimant unemployment.<sup>67</sup>

**Figure 30 Employment compared to unemployment, United Kingdom**



However, there is clearly much that the UK can learn from international experience. This appendix explores international approaches in six leading countries – Denmark, New Zealand, Australia, the United States, Germany and the Netherlands – and goes on to set out key indicators for a wider range of OECD countries.

<sup>67</sup> *From inactivity to work: the role of active labour market policies*, Stéphane Carcillo and David Grubb; OECD Social, Employment and Migration Working Paper No 36.

## Denmark

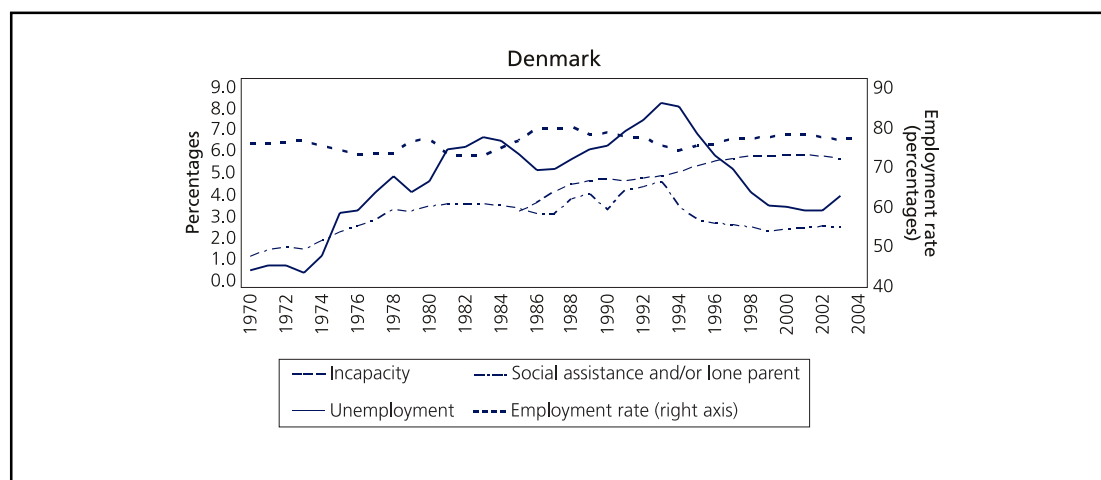
### Labour market context

Historically, Denmark has enjoyed relatively high employment rates since the 1970s. In 2004, Denmark had the second highest employment rate among the OECD countries at 76.0%.

Unemployment in Denmark has been declining since 1994 and this is reflected in the proportion of the working age population on unemployment benefits, which has fallen considerably over the same period. The unemployment benefit reciprocity rate now stands at 3.9% compared to 7.8% in 1994.

Similarly, the proportion of those receiving social assistance has been declining although it has remained stable over the last few years. The recipient rates for incapacity benefit have been increasing steadily. It has doubled from 3% of the working age population in 1986 to almost 6% in 2004.<sup>68</sup>

**Figure 31 Employment compared to unemployment, Denmark**



### The welfare system

Danish (contributory) unemployment benefit may be payable for up to four years. This is a relatively long period compared to other Scandinavian countries. In Norway unemployment benefit has a maximum duration of 2 years; in Finland, it is 500 days, while in Sweden it is 300 days.

Unemployment benefits recipients are required to seek a job. Adults unemployed for more than 12 months have to participate in "activation programmes". Under-25s have only six months to find work before activation becomes mandatory.

<sup>68</sup> *From inactivity to work: the role of active labour market policies*, Stéphane Carcillo and David Grubb; OECD Social, Employment and Migration Working Paper No 36.

An activation period lasts for up to three years and may include private or public job training, job search courses or targeted education. If after this period (and at the end of contributory unemployment benefit) the unemployed person still fails to find a job, they will be eligible for means-tested social assistance.

There is no separate benefit for lone parents (therefore lone parents out of work and on benefit would claim unemployment or incapacity benefit). All lone parents are entitled to child care, usually at one third of the cost (free for those with low incomes). The lone parent employment rate is relatively high at 74%.

A reform of the anticipatory pension system (incapacity benefit equivalent) in 1998 and 2003 has reduced entry from around 25,000 in 1996 to 15,000 a year, and more people now undergo work capacity testing as a result of the reform in 2003 (although the 2003 reforms have not yet led to a reduction in in-flows).

The employment rate for ethnic minority groups is very low in Denmark – on average around 50%. However alongside this, young immigrants have among the highest employment rates in the OECD.

### **Recent reforms**

The Danish government recently agreed new welfare reform proposals, which include the following initiatives:

- a strengthened role for the unemployment insurance agencies in job matching procedures;
- the activation period for adults will begin after 9 months instead of 12;
- benefit recipients will be obliged to search for jobs through the jobnet.dk website, and there will be increased follow-up on vacancies that remain unfilled;
- systematic available-for-work assessments will take place every three months and new sanction rules will be applied with a gradually toughened regime for those repeatedly failing to appear for interviews;
- new measures for those aged between 55-59, including harmonisation of entitlement and activation rules with other age groups and a special wage subsidy payable for six months.

The Government has in recent years also taken steps to address the low employment rate for ethnic minorities. This has been both through old style apprenticeships to prevent high drop-out rates of ethnic minority students and more on the job training (including language training).

The Government has also reduced cash benefits in recent years in order to improve financial incentives to work. A further reduction in benefits will take place from 1 April 2007, when benefits to spouses in families receiving the highest benefits will be cut completely if the spouse has not had ordinary paid work for 300 hours in the preceding two-year period.

## New Zealand

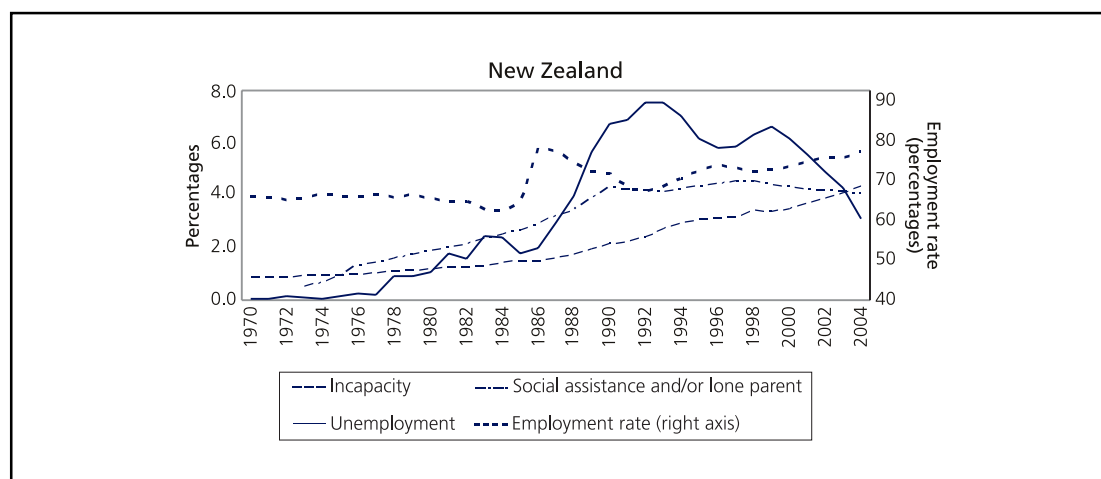
### Labour market context

New Zealand has one of the highest employment rates in the world at 75.3%. Unemployment rate has reduced substantially from 8.2% in 1994 to 3.8% in 2005.

The proportion of the working age population on unemployment benefit increased sharply from the mid 1980s to early 1990s, but since then has made significant improvements. There are now only 3.1% of the working age population on unemployment benefit.

Nonetheless, dependency on non-employment benefits has been increasing steadily. This is reflected in the rise in incapacity benefit recipients, where the percentage of working age population on has continued to increase over the last twenty years.<sup>69</sup>

**Figure 32 Employment compared to unemployment, New Zealand**



### The welfare system

New Zealand's tax-financed welfare system is residence-based, offering flat-rate benefits which are mostly means tested. Unemployment Benefit can be paid for an indefinite period.

"Mutual obligations" begin at the point a person makes an application for unemployment benefit. This includes mandatory attendance at a seminar that sets out their responsibilities (the "Work4U" seminar, which initial evaluations suggest has resulted in a reduction in benefits applications by 10-20%), the drawing up of a Job Seeker Agreement, and introducing the applicant to a work capability and search tool that aims to match people to a national database of vacancies.

<sup>69</sup> *From inactivity to work: the role of active labour market policies*, Stéphane Carcillo and David Grubb; OECD Social, Employment and Migration Working Paper No 36.

The type of support clients receive depends on their level of need:

- Contact Centre Support: for clients who have a job lined up or are confident they can find work quickly. This is self-directed job search.
- 'Search4WRK': for clients with a solid work history and good skills who need help with their job search. Clients attend twice a week to discuss (and show evidence of) their recent job search activity and plan their next activities.
- 'In2WRK': For more disadvantaged clients. An intensive one week module covering goal setting, job search skills, confidence building, CV writing, interviewing skills and employment relations.

Clients are reassessed after 6 weeks and allocated to a new stream if necessary. If employment is not found after the 12 week programme then individuals can be placed into a brokered job (which may not match the job seekers plan), or be entitled to a wage subsidy or training scheme.

### Recent reforms

Through Pathways to Opportunity, New Zealand has reformed its employment service and benefits to enable those with weak links to the labour market to enter work. Reforms have focused on tailoring services to individual need and bringing a more active work focus to the system – particularly for lone parents and people with health and disability issues. The main initiatives have been:

- *"Working For Families"* between 2004 and 2007 has substantially improved work incentives for low- and middle-income earners with children – making work pay for as many people as possible.
- The *Sickness and Invalids Benefit Strategy* and *PATHS (Providing Access To Health Solutions)* has looked at ways of activating those with health and disability issues, including personal development planning, specialist case management and targeted health interventions.
- The *New Service Approach* provides a work-focus for all claimants by focusing on finding work before looking at benefit entitlements. Benefits are not even discussed at first contact. This is being introduced alongside expanded employment and training programmes.
- *Working New Zealand: Work-Focused Support (WNZ)* focuses on active case management, extended employment and training options, and making work pay for disabled people.

New Zealand proposes to introduce a Single Core Benefit in 2010. This aims to move away from a benefit structure that focuses on barriers to employment and replace it with a unitary ("core") benefit that streams people in terms of what is expected of them. There will be three work streams: work ready, work development (for whom a gradual transition to work or intermittent work is more appropriate) and work exempt (e.g. the terminally ill). There will therefore be work expectations on most

people, to varying degrees, and benefit recipients will move between the streams depending on their work-readiness.

Lone parents will be in the “work development” category. They will not be expected to move immediately into work, but will be required to actively plan for their eventual entry into the workforce. The emphasis will be on engagement and support through case managers rather than on sanctions.

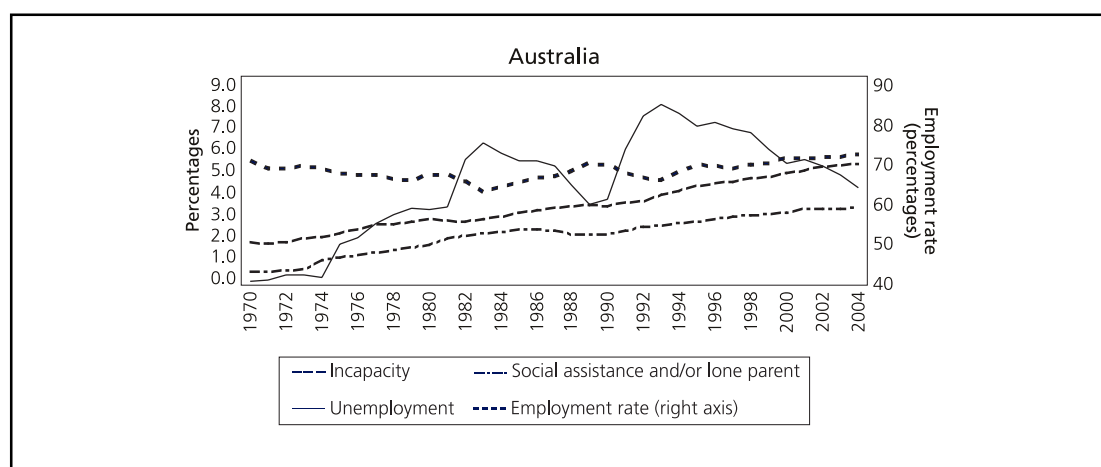
## Australia

### Labour market context

In 2004, Australia reached its highest employment rate in over thirty years at 71.2%. Alongside this, there have been significant falls in the unemployment rate in the last ten years – with the unemployment rate now down to 4.2%.

Australia faces a challenge of those on incapacity and lone parent benefits. The proportion of the working age population receiving incapacity benefit now exceeds the percentage receiving unemployment benefit. The proportion of people on social assistance has also been growing<sup>70</sup>.

**Figure 33 Employment compared to unemployment, Australia**



### The welfare system

Unemployment benefits (Newstart Allowance for people aged 21 and over) are funded by the Government and are means-tested. To qualify a person must be unemployed and satisfy the activity test. Sanctions are imposed if a person fails to meet the activity test. This can be waived for older job seekers. Youth allowance is paid to young people aged 16-20 who undertake approved education, training or job search.

<sup>70</sup> From *inactivity to work: the role of active labour market policies*, Stéphane Carcillo and David Grubb; OECD Social, Employment and Migration Working Paper No 36.

At the start of their claim, jobseekers are referred to a single job Network member in the private or voluntary sector who provides services. If a job seeker has not found work within the first 3 months of job search, they are given Intensive Support services commencing with job search training.

After 12 months (and again after 24) jobseekers are required to engage in Customised Assistance, an intensive 6 month period of sustained assistance (tightly targeted intervention, fortnightly meetings, work preparation activities such as vocational training, counselling, paid work experience, complementary programmes). Eligible job seekers can have two spells of customised assistance.

### Recent reforms

In July 2006, the Australian Government introduced significant Welfare to Work reforms. They are designed to encourage participation, reduce reliance on benefit and better target labour market strategies. In particular the reforms have been aimed at disabled people, parents (particularly lone parents), older people and the very long-term unemployed. Many of these have traditionally been outside the labour market.

The Australian Government's objective has been to increase workforce participation rates, and therefore employment rates, and, in doing so, reduce welfare dependency. The key features of the reforms included:

- 1) **A greater linking of payments to work incentives.** Around 700,000 people were on Disability Support Pension (DSP), approximately 5% of the working population. Of these only 9% had earnings. To qualify for DSP a person had to be unable to work 30 hours per week. The reforms have made it more difficult for new claimants to receive DSP. Persons capable of working 15 hours per week are required to look for work and in return receive higher benefits whilst seeking work. A one-off employment entry payment is also available.
- 2) **Work obligations – a compliance regime.** The changes introduce a clear link between receiving income support and actively participating in an employment related service. For recipients with continued non-compliance future payments are contingent on re-engagement. Penalties are not imposed without the recipient being given warning; if they re-engage quickly they avoid them. Persons on unemployment benefit with a partial work capacity are required to seek part-time work.
- 3) **Services.** To aid reintroduction into the workforce for the hardest to help, a suite of new services are available: disability open employment services, vocational rehabilitation, job network, personal support programme.
- 4) **Employer demand.** The reforms have been combined with a workplace modification scheme and a wage subsidy scheme. They focus on encouraging flexible working and try to link priority groups with job growth.

- 5) **New Assessment process.** 2006 saw the introduction of comprehensive work capacity assessments through face-to-face assessing by a range of medical and health professionals. Each applicant was evaluated against the degree of difficulty in finding employment, the employment service receiving greater reward for placing a difficult candidate.

*Jobs, Education and Training (JET)* Child Care assistance provides extra help with the cost of approved child care for eligible parents on income support who are undertaking activities such as job search, work, study or rehabilitation.

In October 2006, the Australian Government also announced the *Skills for the Future* initiative. This has a primary focus on raising the skills of Australia's adult workforce. The main initiative is the provision of 30,000 Work Skills vouchers each year, valued at up to \$3,000, for people aged 25 years and over who do not have a Year 12 or equivalent qualification (ie have not successfully completed secondary education) to improve their skills.

## USA

### Labour market context

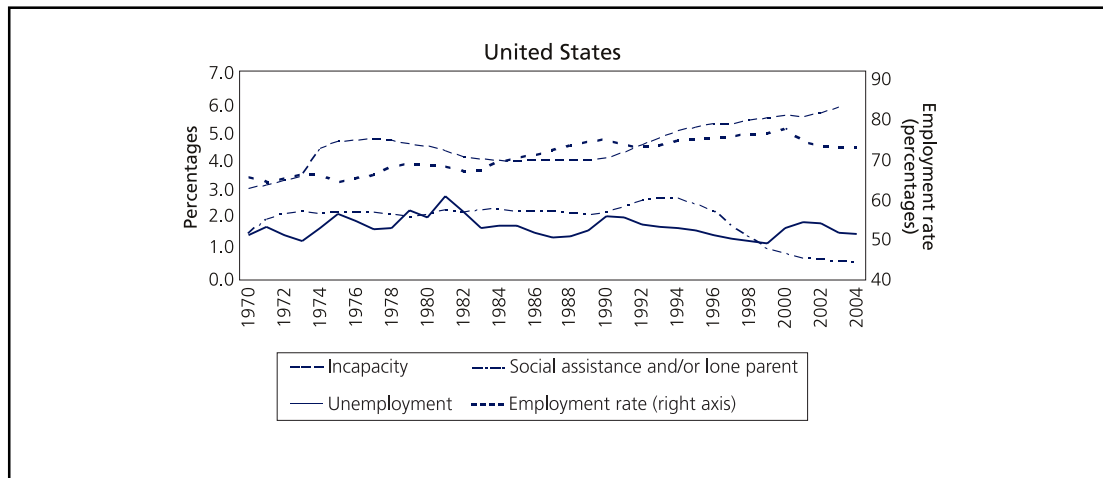
The employment rate in the United States has fallen significantly in the last five years, from 75.0% in 1999 to 71.5% in 2004. Unemployment has increased over a similar period, up from 4.8% in 2001 to 5.1% in 2005.

The USA has had a mixed past when it comes to recipiency rates for incapacity benefit. The proportion of people receiving incapacity benefit has remained higher than both the unemployment benefit and social assistance for over thirty years.

The share of the working age population receiving lone parent benefit has fallen significantly, from 2.7% in 1994 to 0.2%.<sup>71</sup>

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<sup>71</sup> *From inactivity to work: the role of active labour market policies*, Stéphane Carcillo and David Grubb; OECD Social, Employment and Migration Working Paper No 36.

**Figure 34 Employment compared to unemployment, United States**

### The welfare system

The Federal-State Unemployment Insurance Program provides unemployment benefits to eligible workers who are unemployed through no fault of their own and meet other eligibility requirements of State law. Each State also administers separate unemployment insurance within guidelines established by Federal law. Eligibility, benefit amounts and duration of benefits are determined by the State. In most cases, benefits can be paid for a maximum of 26 weeks.

In 1996 there was a dramatic overhaul of welfare available for lone parents. Temporary Assistance for Needy Families (TANF) was introduced, to replace the previous entitlement system with one that required work (or work related activity) in exchange for time limited assistance. TANF is funded by a block grant to states, giving them considerable freedom in how to provide employment support, subject to states meeting work participation targets (50% for lone parents).

Less action has been taken on disability benefits, where the story is similar to most industrialised countries' recent past with increasing caseloads. Only once you have proved you can't work (which can take up to three years), are you eligible for 'Ticket to Work' a programme to move people closer to the labour market.

Welfare supports also include Food Stamps and Medicaid (federal and state funded health insurance for the poor). Losing access to the health coverage provided by Medicaid may be a barrier for some groups returning to work (in particular those with health conditions).

### Recent reforms

The TANF reforms of 1996 have led to sharp declines in welfare caseloads (4.6 million families in 1996 to 2.1 million families in 2002), increases in participation in work and work related activities (lone parent labour force participation rose from 44% to 66% between 1994 and 2001, before tapering off to 61% in 2004), and reductions in poverty. However strong US economic performance, increases in the

minimum wage and the Earned Income Tax also played a part – indeed some research has suggested that work requirements accounted for around three fifths of the fall in welfare but only around one fifth of the increase in labour market participation.<sup>72</sup>

More recently, poverty has been on an upward trend and participation in work related activity has been falling. The federal government has attributed work participation declines to a lack of state activity, but economic problems in the early 2000s undoubtedly played a part.

Last year the 1996 legislation was 'reauthorised'. The federal government tightened the criteria on states, to restore the requirement that 50% of lone parents participate in work related activity.

States have wide discretion in implementing TANF (and other support with moving from welfare to work). Wisconsin has led the way over the last decade, although with more limited success recently. States that have been performing well recently include some counties in California (where policy is delivered at the county level), Oregon, Vermont and Washington State.

## Germany

### Labour market context

At 65.9%, Germany's employment rate was just above the average for OECD countries in 2004 and has appeared to have stabilised in the last decade. However, Germany has experienced a sharp increase in its unemployment rate, which climbed to 11.3% in 2004 from 8.5% in 1994.

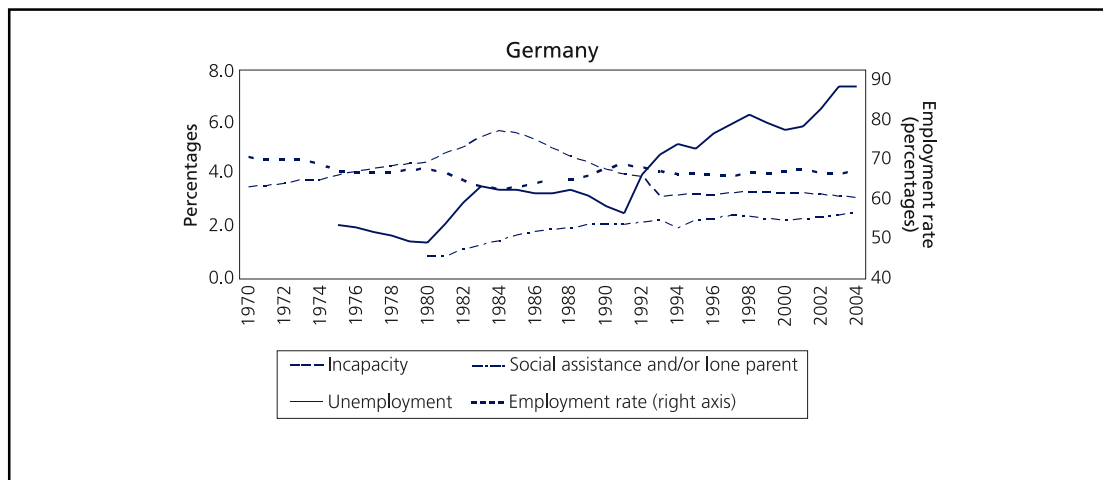
The trends in the selected benefit recipient rates in Germany are relatively different to those observed among other OECD countries. Germany is one of the few countries in the OECD that has experienced a significant increase in the reciprocity rates for unemployment benefit. Long-term unemployment and early retirement, in particular, remain key challenges.

Another striking feature is that while many other OECD countries observed sharp increases in the number of people receiving incapacity benefit, the proportion in Germany declined over the same period and has stabilised since the early 1990s. In contrast, the proportion of people on social assistance has been increasing continuously since the 1980s.<sup>73</sup>

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<sup>72</sup> "Assessing the Impact of Welfare Reform on Single Mothers", Hanming Fang and Michael P. Keane; Brookings Papers on Economic Activity 1:2004.

<sup>73</sup> *From inactivity to work: the role of active labour market policies*, Stéphane Carcillo and David Grubb; OECD Social, Employment and Migration Working Paper No 36.

**Figure 35 Employment compared to unemployment, Germany**

### The welfare system

The German Federal Employment agency (BA) combines benefit payment, referral to labour market programmes and job placement. BA deal mainly with the short-term unemployed whilst the long-term unemployed are the responsibility of ARGE, which is a joint association of the employment office and the local authorities.

The obligations associated with receipt of benefits include independent job search, availability for job placement, take-up of any job that is acceptable, as well as willingness to participate activation measures.

Contributory unemployment benefit is equal to up to 67% of net earnings and is payable for up to 12 months depending on the length of the employment period and the claimant's age. After this, and for people without an adequate contribution record, a subsistence allowance known as Unemployment Benefit II (ALG II) can be paid. ALG II, introduced in January 2005, replaced the former unemployment assistance (UA) and social assistance (SA). ALG II is less generous than the benefits it replaced, although eligibility requirements are also lower. This has meant that more claimants than expected have registered for the new benefit.

Germany also requires lone parents to be available for work once their youngest child reaches 3 years of age, as long as their child care needs can be met. Local authorities must give priority to this group when allocating child care places.

### Recent reforms

The Federal Government has taken major steps to strengthen employment performance in the last three years, focusing on reducing work disincentives associated with unemployment-related benefits and better activation strategies for the unemployed. These have been based on the findings of the Peter Hartz Commission. The main welfare reform focus of the first three reforms (Hartz I-III) was on re-organisation of placement activities and implementing contractual arrangements with private providers. These changes broke down into four main elements:

- Employment agencies can contact private providers for client placement or for placement-related tasks. After the client has been unemployed for 6 months they have the right to be referred to private providers if they so wish.
- Employment agencies can create contracts with 'personal service agencies', which place the client in temporary work as a step towards moving them on to permanent work.
- Clients can request 'placement vouchers' to purchase services from private placement agencies who will receive a fee if the client is placed in a job; and
- Clients receive 'training vouchers' that they can use a authorised training providers.

The final reform (Hartz IV) brought together services for unemployment assistance recipients and employable social assistance recipients (the creation of ALG II, described above).

Recent reforms have also included some in unemployment insurance contributions. However total labour costs remains high and, coupled with relatively high benefit levels, this continues to act as a disincentive to take up work.

Interim evaluation of the Hartz I-III reforms has been disappointing, particularly around the performance of 'personal service agencies' and the effectiveness of the 'training voucher' scheme. So far there has not been an official evaluation of the Hartz IV reforms.

## Netherlands

### Labour market context

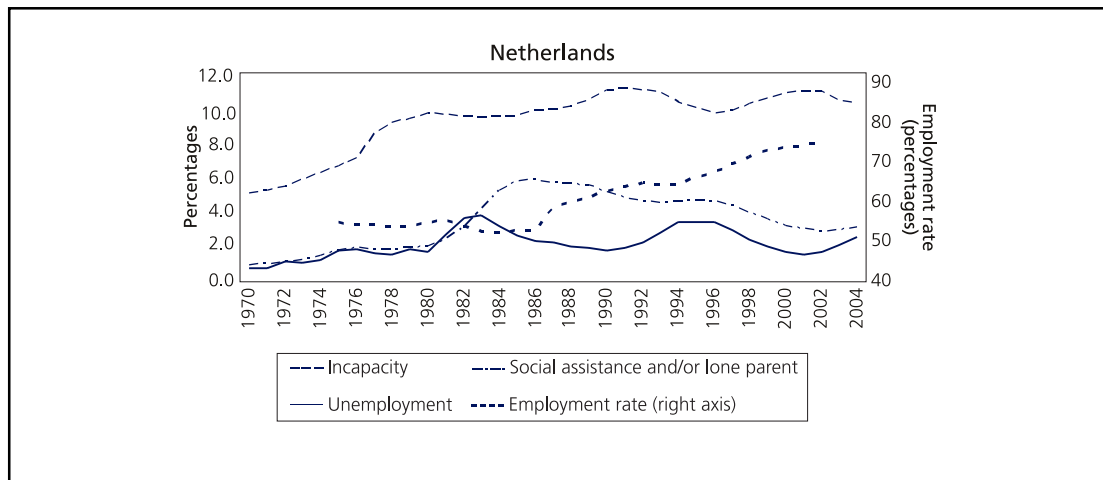
The Netherlands has substantially improved its employment rate over the past twenty years, from 52.1% in 1983 to 73.4% in 2003. Unemployment has declined in the last ten years but there are now signs of a slight rise. The proportion of the working age population receiving unemployment benefit has been broadly stable.

A striking feature of the Netherlands is that it saw strong growth in reciprocity rates of incapacity benefit far earlier than most other countries, with strong growth from the mid 1970s. The incapacity benefit caseload remains far larger than those for unemployment benefit and social assistance.

The reciprocity rate for those on social assistance has been declining since the mid 1980s, unlike other industrialised countries where reciprocity rates for both incapacity benefit and social assistance have tended to move in the same direction<sup>74</sup>.

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<sup>74</sup> *From inactivity to work: the role of active labour market policies*, Stéphane Carcillo and David Grubb; OECD Social, Employment and Migration Working Paper No 36.

**Figure 36 Employment compared to unemployment, Netherlands**

### The welfare system

Dutch (contributory) unemployment benefits consist of an earnings-related benefit equivalent to 75% of the last salary (up to a daily maximum amount) payable for the first two months. After this the benefit is lowered to 70% of the last salary and paid out for a maximum of a further 36 months (i.e. 38 months in total) depending on the employment history.

The government has launched several programmes to combat youth and long-term unemployment and to reintegrate people who have lost their eligibility for social assistance or disability payments as a result of social reforms (see below for changes to the disability scheme). Measures to get people into work include job-creation programmes, lump-sum subsidies for the unemployed who are re-integrated into the workforce and income support of up to 24 months for the unemployed who set up a business.

### Recent reforms

Dutch reforms have tended to be aimed at improving the labour participation of particular groups, for example ethnic minorities, women and older workers, as well as to contribute to a more even division of paid and unpaid work between men and women.

Most importantly, a new law on work and social assistance was introduced in January 2004 to bring together more effectively the payment of social assistance with instruments to get people back into work. It introduced tighter obligations to accept 'generally suitable employment'. Financial responsibility for both social assistance and reintegration was also devolved completely to municipalities. They now have the freedom to develop reintegration schemes to fit local circumstances and have financial incentives to try and move people off social assistance and back into the labour market.

In addition, the disability benefit system has been recently reformed so that is now only available to those deemed as being completely incapable of working. Those assessed as being partly disabled are required to look for suitable part-time work to make up the difference in income lost due to their disability.

To encourage people to work longer, tax incentives which previously rewarded early retirement have been removed and an alternative "career savings scheme" has been introduced. This allows employees to bank around two years' annual salary tax free. These funds can be accessed when taking extended periods of leave for the purposes of caring (including childcare), education and training, etc.

Childcare will also be made more affordable with an additional investment of €125 million and the introduction of compulsory employers' contribution towards childcare costs.

Table of welfare system characteristics by country

Country	ALMPs Spending (% of GDP) <sup>†‡</sup>	Registered Unemployed per agent <sup>2</sup>	Intensity <sup>3</sup>			Sanctions <sup>4</sup>			Programme Compulsion <sup>3</sup>
			Work/Skill <sup>1</sup>	Interviews† and Action Plans	Job search	Length	Incidence		
Australia	0.39	-	√√√	√√√	√√√	√	√√√	√√√	
Canada	0.36	-	Work	-	√	-	-	0	
Denmark	1.83	-	Skill	√√	√	√√	√	√√√	
France	0.97	-	Skill	-	-	√√√	-	-	
Germany	1.14	41	Skill	√√√	√	√√√	√	√	
Ireland	0.62	649	Work	-	-	-	-	-	
Italy	0.59	397	Skill	√√√	0	-	-	√	
Japan	0.28	137	Work	-	√√	-	-	√	
Korea	0.13	-	Work	√√√	√√√	-	-	0	
Netherlands	1.44	109	Skill	√√√	√√	-	-	√√√	
New Zealand	0.42	-	Skill	√√	√	-	-	√	
Norway	0.79	26	Skill	√√	√	√	√√	√	
Spain	0.72	176	Skill	√√	0	√√√	-	-	
Sweden	1.24	42	Work	√√√	√	-	-	√√√	
United Kingdom	0.52	43	Work	√√√	√√√	√	√√	√√√	
United States	0.16	-	Work	-	√√√	*	√√√	*	

\* The United States provides unemployment benefit for a set period of 26 weeks. This acts as both a sanction and a method of compulsion.

† Interviews include the initial interview and/or setting up of action plans as well as the frequency of subsequent interviews.

‡ Data shown is for 2004 except Australia, Canada, Japan, and New Zealand (2004/5) and the United Kingdom and the United States (2003/4).

Sources:

1. Employment Outlook, OECD 2006.
2. "Labour Market Policies and the Public Employment Service", Prague Conference, OECD 2000.
3. "From Unemployment to Work: Interventions in the Unemployment Spell", OECD 2006, Peter Tergeist.
4. "Eligibility Criteria for Unemployment Benefits", OECD 2000, David Grubb.

Table of labour force activity rates and proportion of working age population in receipt of benefits by country

Country	ILO employment rate <sup>‡</sup>	ILO unemployment rate <sup>‡</sup>	ILO inactivity rate <sup>‡</sup>	ILO unemployment (2002)*	Inactive benefit recipients	Unemployment benefit recipients	Social assistance benefit recipients	Difference between ILO and CC unemployment	ALMP/ILO unemployment**
Australia	69.5	5.5	26.4	6.1	5.1	5.1	3.2	0.4	0.08
Canada	72.6	7.2	21.8	7.7	4.8	5.2	1.5	2.5	0.06
Denmark	76.0	5.3	19.8	5.5	5.6	3.3	2.6	1.2	0.29
France	62.8	9.6	30.5	8.7	5.2	5.2	3.1	2.5	0.14
Germany	65.5	9.9	27.3	8.7	3.2	6.5	2.3	2.2	0.13
Ireland	65.5	4.4	31.4	4.3	6.2	5.7	3.4	-1.4	0.25
Italy	57.4	8.1	37.5	9.1	-	-	-	-	0.08
Japan	68.7	4.9	27.8	5.6	2.1	1.0	0.4	4.6	0.06
Korea	63.6	3.6	34.0	3.2	-	-	-	-	0.07
Netherlands	73.1	4.7	23.4	2.6	10.9	1.7	2.9	0.9	0.41
New Zealand	73.5	4.0	23.4	5.2	3.9	4.9	4.2	0.3	0.14
Norway	75.6	4.5	20.9	4.0	9.9	1.9	2.2	2.1	0.20
Spain	62.0	11.0	30.3	11.4	4.0	4.2	0.3	7.2	0.08
Sweden	73.5	6.6	21.3	5.3	12.9	3.1	1.6	2.2	0.22
United Kingdom	72.7	4.7	23.8	5.1	6.6	2.3	2.2	2.8	0.08
United States	71.2	5.6	24.6	5.9	5.6	1.9	0.7	4.0	0.03

\* 2002 data is used to allow comparison with benefit reciprocity data.

\*\* This is the ratio of the share of GDP spent on ALMP over the ILO unemployment rate for 2004.

‡ Data is for 2004, this allows direct comparison with data on the proportion of GDP spent on ALMPs in the previous table.

Sources:

1. ILO activity rates are taken from the OECD Employment Outlook 2005.

2. Benefit reciprocity data is taken from the OECD 2002.

## Glossary for benefit system characteristics

Term	Rating	Criteria
<b>Programme compulsion</b>	√√√	Indicates that the country has compulsory participation after some set unemployment duration, compulsory participation when referred by PES and some job search requirement and/or verification during participation in ALMPs.
	√	Indicates compulsory participation when referred by PES/ some job search requirement and/or verification during participation in ALMPs.
	0	No compulsion.
	-	No response.
<b>Work/Skill</b>	Work	The country spends a higher proportion of GDP on work focused policies than skill focused policies.
	Skill	The country spends a higher proportion of GDP on skills focused policies than work focused policies.
<b>Registered Unemployed per agent</b>		The average number of registered unemployed to Public Employment Service staff.
	-	No data available.
<b>Sanctions - Length</b>	√√√	First quit or refusal greater than 6 months/first quit or refusal greater than 3 months and subsequent refusals exclusion.
	√√	First quit or refusal greater than 3 months and less than 6 months.
	√	First quit or refusal less than 3 months.
	-	No data available.
<b>Sanctions - Incidence</b>	√√√	Where annual rate of labour market behavioural condition sanctions as a percentage of the average stock of benefit claims is greater than 10.
	√√	Where annual rate of labour market behavioural condition sanctions as a percentage of the average stock of benefit claims is between 5 and 10.
	√	Where annual rate of labour market behavioural condition sanctions as a percentage of the average stock of benefit claims is less than 5.
	-	No data available.
<b>Intensity - Job Search</b>	√√√	Report on job search more frequently than once a month and at least one action to be reported a week
	√√	Report on job search between once and twice a month and some action to be taken during the period.
	√	Report on job search less regularly than twice a month and/or some action to be taken periodically.
	0	No requirements.
	-	No data available.

Continued

Term	Rating	Criteria
<b>Intensity</b> - Interviews and Action Plans	√√√	Interviews more frequent than quarterly and/or action plan set up sooner than first 3 months.
	√√	Interviews quarterly and/or action plan set up within 3 months.
	√	Interviews less frequent than quarterly and/or action plan set up after 3 months.
	0	No requirements.
	-	No data available.

## One Stop Shop

Benefit Type	Country	Time Period	Provision
Unemployment	United Kingdom	1948 - 1974	Active
		1974 - 1982	Active Labour Market Policies
		1982 - late 1980's	Passive
		Late 1980's - present	Rights & Responsibilities
	United States	Now	Active Labour Market Policies
	Australia	Now	Active Labour Market Policies
Lone Parent and Disability	United Kingdom	Pre-mid 1990s	Passive
		Mid 1990s - 2001/2	Active Labour Market Policies
		2001/2 - present	Rights & Responsibilities
	Australia	Present	Active Labour Market Policies
	United States	Present	Active Labour Market Policies
Lone Parent	United States	Present	Active Labour Market Policies

† Provision for long term unemployed provided by local authorities whereas for short term unemployed provision is by central government, the break in service provision has caused problems for the long term unemployed.

## Glossary for One Stop Shop

Rating	Criteria
Passive	Benefit is provided by a single organisation, there is no job search or employment programmes.
Active	Benefit and job search is provided by a single organisation, there are no Active Labour market policies.
Rights and Responsibilities	Benefit and Job search is provided by one organisation, all Active Labour Market Policies are provided by a linked second organisation.
Active Labour Market Policies	Benefit is provided by one organisation, job search and all Active Labour Market Policies are provided by a second organisation.



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