

service was estimated at \$16,000 or \$17,000 per person.<sup>240</sup> At the other end of the spectrum a lower sum was available, even though people might require higher or lower amounts for a similar outcome.<sup>241</sup>

**6.209** More realistic organisations expressed considerable concern about the funding that would be available, and the basis on which such funding could be allocated.

There is an expectation made of service providers, most of which are fairly traditional providers, that they must really lift their game substantially with no real increase in funding. I think that is simply not possible.<sup>242</sup>

**6.210** However, it is clear that some organisations misunderstood the basis of funding, and a clear distinction needs to be made between *per client* and *per capita*, and between costs of service and notional costs of service.<sup>243</sup>

**6.211** Recurrent funding for sheltered workshops is indexed to retain real value, although organisations expressed a need for additional capital which was no longer available.<sup>244</sup> The funding of the new DSA services is placed on a *per capita* basis in respect of additional funding, with recurrent funding being maintained in real terms for ongoing services.<sup>245</sup> It is important to note that this *per capita* basis was a direct response to the inequitable service distribution that existed. Previously, there was considerable variation in funding between States which did not reflect a real difference within the population of people with disabilities, and was more likely to reflect different developments of services and the inequity of a submission-based model. Consequently, funding for new services was devised to overcome such inequity. In addition, the financing strategy also incorporates a 'per client' approach which:

provides a mechanism to meet these objectives by focussing on the needs of the individual client in a way which facilitates greater accountability and comparability across and within service types. This approach promotes increased access to services for all eligible persons

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240. *Transcript of Evidence*, p. 141 (Phoenix Society Inc.).

241. *Transcript of Evidence*, p. 142 (Phoenix Society Inc.).

242. *Transcript of Evidence*, p. 696 (Centacare).

243. See also above, Paragraphs 5.202-5.218.

244. *Transcript of Evidence*, p. 4264 (Endeavour Foundation), p. 4467 (Australian Red Cross Society, Queensland Division).

245. *Financing Strategy*, p. 1.

and enables the generation of data that will reflect the true costs of a service for the individual.<sup>246</sup>

The per client approach will enable the Department to ensure that people with severe or profound disabilities receive adequate priority in the funding process. While the legislation rightly places emphasis on positive client outcomes, there will be clients whose support needs are resource intensive, and where obvious lifestyle improvements will be more difficult to identify.<sup>247</sup>

**6.212** The emphasis by some organisations on *per capita* funding, therefore, is inaccurate insofar as it expects the same funding to be available per individual regardless of the level of disability. While each State is allocated funds for new services on a population basis, the funding appropriate for each type of service is based on a costing related to the type/level of disability of the client.

**6.213** Notional costs are also an integral part of the DSA financing strategy and relate to the total cost of providing a client with a service.

To achieve some consistency in funding while recognising these sources of cost variation, a notional cost of delivering services to individual clients has been set. The notional cost represents a reasonable cost structure to provide a particular type of eligible service to a particular category of client.

Notional costs form the bench mark against which proposals for funding for new services will be assessed. Higher cost structures based on specific client needs may be accepted by DCSH, but only if supported by adequate information.<sup>248</sup>

**6.214** The financing strategy also recognised that some organisations had substantial capital assets and other income, while other organisations could have very little.<sup>249</sup> Consequently, its funding of new services in the area of rent and salaries was intended to be flexible rather than the fixed and perhaps over generous contribution of the past.<sup>250</sup> As a part of the revised timetable for transition announced at the end of 1991, it is intended that the financing strategy will be reviewed.

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246. *ibid.* However, such data are not readily available to the Department although hopefully they have been collected by the service provider.

247. *ibid.*, p. 2.

248. *Financing Strategy*, pp. 2-3.

249. *ibid.*, p. 3.

250. See above, Paragraph 6.153.

6.215 To the extent that some organisations appear to have misunderstood the financing strategy, it is important for them to recognise the operation of the strategy as a means of redirecting resources. However, it is also likely that organisations and consumers are expressing realistic concerns both about their funding levels and what this funding will produce in terms of service for their clients. This is particularly likely where the current funding was higher than the notional cost level, requiring graduated reduction.<sup>251</sup>

6.216 Figures provided by the Association of Rehabilitation Facilities (ARF)<sup>252</sup> are based on a survey of a number of service providers (including sheltered workshops and Activity Therapy Centres), a coverage of some 61 per cent of those persons who had taken part in the Department of Community Services and Health's 1986 census of disability services. After taking a number of factors into account, and considering alternative scenarios, the ARF figures indicated that the least amount of money required on an annual basis for effective transition would be \$107 million; available annual funds for the whole program were stated to be \$56 million.

We are saying that there is very strong evidence that . . . there is a substantial shortfall of funding to meet the requirements of the DSA. We are left with two choices. Either we can convince or lobby the government to substantially increase the money to provide those services or, as is our major concern, and has been for the last four or five years – we have done the sums over that period – we could end up with three or four people out of 10 in an elitist service getting very good outcomes and the other six or seven people getting nothing. That includes even people coming into the system but more of our concern is the people that are already in the system, in sheltered workshops and ATCs and what have you. If we are forced to move into the new models and the money is not there to resource these costs, then we can only assume that six or seven of the people in the existing services must go home. They are the two alternatives as far as we are concerned.<sup>253</sup>

## Recommendation

The Committee RECOMMENDS:

12. That an appropriate level of funding be provided to allow enhanced services for people with disabilities in sheltered workshops, including those workshops in transition.

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251. *Financing Strategy*, p. 7.

252. Provided separately to the Committee, and available as: *A Survey of N.S.W. Vocational Facilities for People with Disabilities*, Executive Summary.

253. *Transcript of Evidence*, pp. 4975-6 (ACROD Limited).

**6.217** For both service providers and consumers, there has been a real fear that the rate of transition and the limited funding available for transition would inevitably result in lack or loss of services. One consumer representative stated that:

The concept of deinstitutionalisation will cost money, and it will cost a lot to set up. In the long run we believe that it is a most desirable outcome, but it cannot be done cheaply. To look to achieve that in a very short period of time is also a concern because the individuals who have been within a segregated facility, whether accommodation, training or education, are not necessarily going to be able to move easily into an integrated setting because they have been institutionalised on a social scale, not just physically. That is a real concern: that those people be given the opportunity to learn how to live in the community and to learn to function in an open setting.<sup>254</sup>

This argument was also one expressed by service provider representatives:

It is our concern that if we move so far down this road on transition that it will then become apparent that the funding is not there and, since there is not a provision for sheltered workshops, what then will we have? I suggest the potential is for some elitist exceptional services achieving excellent outcomes but for a substantially reduced number of people with disabilities. You will be able to look very proudly at what you are achieving, but if you look over your shoulder there will be an increasing number lost in the community on the general unemployment list earning the dole.<sup>255</sup>

### Acceptable models

The Department on occasions seems preoccupied with the view that smallness is a necessary and indeed the single criterion for integration.<sup>256</sup>

**6.218** An integral part of the controversy concerning transition is the limit of the types of services which are considered acceptable. While the reason for opposition to the size of some sheltered workshops has not always been clear, it is apparent that the so-called factory model is not seen as appropriate by the current Minister.

**6.219** 'Factory model' sheltered workshops are considered to be too big, too impersonal, and as not being able to provide sufficient and appropriate support. They are also thought to be segregated from the ordinary world. Yet these

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254. *Transcript of Evidence*, p. 1354 (Disabled Peoples' International).

255. *ibid.*

256. *Transcript of Evidence*, p. 345 (Phoenix Society Inc.).

arguments appear to be based on theories without sufficient support from research<sup>257</sup>, nor is there any indication that they have taken into account the expressed preferences of those people who are less concerned with size or segregation than with the benefits which they believe workshops to offer, including the benefit of employment.

6.220 It is essential that further work is done on the optimal size of a service relative to the needs of all those employed there, rather than close down organisations just on the grounds of size alone. Generally, sheltered workshops are gradually being reduced in size through the 'back-fill'<sup>258</sup> rule whereby a new person may come into a service if another person has left that service for a job in open employment, but not if the individual left a service in transition and moved to a new service utilising Departmental funding. The issue is one of the availability of specific funds and whether funding is 'attached' to an individual for employment services.<sup>259</sup> It also concerns the importance of creating change in the workshop and ensuring that funding is devoted to that.<sup>260</sup>

### Recommendation

The Committee RECOMMENDS:

13. That terms such as 'backfill' not be used by the Department of Health, Housing and Community Services. Such words reduce the dignity of individual people.

6.221 Service providers argue that the size of the factory model of supported employment should be irrelevant, or if relevant, should be compared with the size of other factories.

I think it might be of benefit if we related size to the industry concerned. Some businesses are small. You can find printers with perhaps five people up to 25 or 50. Electronics is another area where you might have 25 people or 200-plus. We are not in car manufacture but we would certainly be talking about hundreds there, and the same with BHP. So, while it is a concern of size, since we are talking about vocation and training and work, is there not some advantage in

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257. See Paragraphs 6.222-6.233.

258. See Glossary.

259. *Transcript of Evidence*, pp. 4757-8 (DHH&CS). See also *Transcript of Evidence*, p. 4761: 'It is not a blanket statement that if they [go to] open employment they can simply backfill, and if they are going anywhere else they cannot. That is an oversimplification' (DHH&CS); and also *Transcript of Evidence*, p. 4468 (Australian Red Cross Society, Queensland Division).

260. *Transcript of Evidence*, p. 4758 (DHH&CS).

looking at the industry in which the people with disabilities are engaged in work?<sup>261</sup>

**6.222** The Department's argument against a factory model is based on a belief that size limits effectiveness and does not enable required relationships to develop between disabled and non-disabled.

while it is not a perfect surrogate for ability to achieve outcomes, size is quite a good measure of the ability of the service to achieve individual outcomes.<sup>262</sup>

**6.223** This argument, in the absence of support based on theories about the depersonalising effects of large institutions, has tended to become one concerned with size *per se*. Much of the Department's argument comes across simply as a concern with the absence of sufficient support staff to produce desired outcomes. This would mean that an appropriate number of staff would make the workshop size irrelevant. 'The number is usually a pretty accurate guide as to the ability of the organisation to deliver individual outcomes'.<sup>263</sup> Successful outcomes, it was believed 'are achieved by smaller services where the outcomes for the individual can be focussed on'.<sup>264</sup>

**6.224** If this was the basis of the argument it would confuse the outcomes of a large workshop that had a poor staff-to-employee ratio with the size of the workshop *per se*. As is indicated elsewhere, workshops, while not always sufficiently precise about the point they were making, suggested that if they had the same resources as supported employment services, they could also provide the same desired outcomes. In such cases, they believed, size was irrelevant: the crucial factor was the funding available to provide the resources required and improve the staff-to-employee ratio.<sup>265</sup>

**6.225** In its evidence, the Department suggested that appropriate funding would be available to provide required staff ratios to an 'in transition' service

With transition each service at the moment will have a number of people in it of, say, 100. We would like to maintain that service providing support to 100 people. Those 100 people may be reallocated

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261. *Transcript of Evidence*, pp. 1449-50 (ACROD Limited). See *Transcript of Evidence*, p. 4474 'The Department has said that it would be quite happy if we had around 30 people there, and that is the sort of figure that it has given us that we could possibly have' (Australian Red Cross Society, Queensland Division).

262. *Transcript of Evidence*, p. 4757 (DHH&CS).

263. *ibid.*

264. *ibid.*

265. See above, Paragraphs 6.203-6.204.

into four, five or six separate groups, but up to the level of 100. If the organisation sought to increase the level of people in that service, it is stretching its existing resources too far and the quality of service would decline. If a service can keep within its current number of clients that are being funded by the Commonwealth, and they might move to several enclaves or to different locations, there is no issue with that.<sup>266</sup>

**6.226** In this statement, there is no *demonstration* that size is critical. What the Department has been doing is to attempt to demonstrate that size is important; workshops have suggested that it is the funding level which will, or will not, enable the required ratio to be provided. On the one hand the Department needs to continually relate its theory of size to underlying factors such as demonstrated benefits of smaller workplaces (irrespective of staffing ratios); on the other hand, workshops need to demonstrate more convincingly that their management skills and their treatment of workshop employees are not equally as important to good outcomes as a certain funding level in itself.

**6.227** A factor related to size, and the emphasis on moving services from large to smaller ones, is the stated loss or decrease of capacity to generate revenue. Sheltered workshop representatives suggested that there were certain economies of scale which would be lost if the workshop were obliged to move to a number of smaller sites.

There are general concerns in the voluntary sector that we are moving away, or there appears to be a move away, from the income generation capacity which the sheltered employment industry has been in for some years. Just to give an illustration, in our organisation we generate 80 per cent of the operating costs of the services and the Government contributes 20 per cent. If we move it to the new supported employment models and we are moving away from the income generation capacity, given that you are servicing the same numbers, then there is going to be a significant increase in the funding level to service the same number of people.<sup>267</sup>

**6.228** The increased number of services, it was suggested, could be in the range of two to three times as many.<sup>268</sup> Furthermore, moving services off site could be both disruptive and expensive<sup>269</sup>, even assuming that the costs would be met<sup>270</sup>, or that appropriate funding would be available for all dispersed services.

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266. *Transcript of Evidence*, p. 4760 (DHH&CS).

267. *Transcript of Evidence*, p. 1450 (ACROD Limited).

268. *Transcript of Evidence*, p. 1455 (ACROD Limited). See also p. 1459 (ACROD Limited).

269. *Transcript of Evidence*, pp. 1458-1459 (ACROD Limited).

270. *Transcript of Evidence*, p. 1567 (DHH&CS).

**6.229** The Departmental viewpoint was that substantial assets could easily be disposed of:

... organisations can actually borrow against a particular asset that they have, where there is a Commonwealth equity – often a very substantial Commonwealth equity – and we will service the debt associated with that, which is fairly significant at this time, with interest rates being as they are. At the end of the process the organisation is able to dispose of the asset; in many instances, we would waive the Commonwealth equity, and the organisation would be able to retain that. So there is a lot of creative thinking going on in terms of how we can assist organisations where they have substantial assets, of which the Commonwealth has a significant part in terms of its interest.<sup>271</sup>

**6.230** This viewpoint does not reflect the considerable difficulties faced by organisations attempting to dispose of large services. Nor was there much recognition of the fact that an increased number of services would place substantial demands, both on service providers and on Departmental officers, as ACROD representatives pointed out.

In New South Wales there are about 205-plus sheltered workshops and ATCs. If that number were to treble, and the sheltered workshops and ATCs all took on the new services, whether they be CETPs or supported employment models, enclaves and so on, you would then find 600 services ... If the project officers are now fully engaged looking after 200 services, which I understand they are, how in the end will they all handle 600; to review the outcomes, to discuss the various aspects that they are all trying to achieve? I would suggest to you that there is a potential for an enormous blowout.<sup>272</sup>

**6.231** However, many of the arguments of service providers are ineffective insofar as they do not challenge the basis of the Government's approach. If the latter's point is that large models are inherently detrimental to work skills and personal development, it becomes more important for this to be challenged by demonstrable evidence. Quite apart from the issue of funding (that is, whether there will be sufficient funds made available for effective transition) the benefits and disadvantages of a factory model should be made explicit, and demonstrated to be related to size rather than the staff-employee ratio.

**6.232** Some service providers have attempted to do this, indicating that it is possible to provide a quality service in a large operation.

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271. *Transcript of Evidence*, p. 1564 (DHH&CS).

272. *Transcript of Evidence*, pp. 1455-6 (ACROD Limited).



We say that in the range of options that are available, this particular one is a valid one. There has been an emphasis in debates on numbers. While the Department will say that a small business will cater for perhaps 20 to 30, without being terribly specific, we have given a particular model as an example of a very successful service . . . which caters for 120 people. We believe that that service provides excellent consumer outcomes in terms of work performed, wages, community integration, etcetera.<sup>273</sup>

**6.233** The option of operating several different (but often related) services on the one large site needs to be considered further. If substantial size can be demonstrated to limit the chances of people with disabilities developing social and work skills, moving off-site is not necessarily the only solution. At this point in time, it would appear precipitate to close large organisations without sufficient investigation being done of the alternative services that could be developed in the future.<sup>274</sup> This does not presuppose that any substantial operation would have the same people working in it, that is, that it would continue to employ only, or primarily, people with disabilities. Although reverse integration in itself is not a prescribed model, but rather a process, a mixture of people with disabilities and non-disabled people in the workforce may prove viable for many large organisations, depending on the type of work which they do.<sup>275</sup> A more considered look at the services which can be provided to people with disabilities, and the options which might be developed for people with severe disabilities and those with special needs may demonstrate alternative services which can be operative in a larger workplace. The nature of the workforce, and the quality of service provided to people with disabilities in large services may be considerably more important than the size of the workplace.<sup>276</sup>

**6.234** The process of reverse integration needs to be utilised further, especially given the other benefits which have been identified by service providers as emerging from the contact between disabled and non-disabled workers and this option was considered by one workshop.

. . . the reverse integration model . . . is an avenue that we certainly would be wanting to explore. We are devolving our operations as part of our plan, into a number of small business units . . . the size of which I really do not know at this point in time, and that is what worries me

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273. *Transcript of Evidence*, p. 1438 (ACROD Limited).

274. The Red Cross in Brisbane suggested that a need for training still existed and that sheltered workshops could play an essential role in providing this training ' . . . we feel there is still that need for that training and assessment to decide whether they are ready for open employment or ready for supported employment. At present there is nothing really being offered in that vein', *Transcript of Evidence*, p. 4469 (Australian Red Cross Society, Queensland Division).

275. See above Paragraphs 6.125-6.126, 6.137 and below, Paragraph 6.234. See also *Transcript of Evidence*, pp. 4752-3 (DHH&CS).

276. *Transcript of Evidence*, p. 4475 (Australian Red Cross Society, Queensland Division).

about some of the noises from the Department saying that we are a bit prescriptive about size.<sup>277</sup>

**6.235** In this respect an adequately funded NTAU may be of considerable assistance, and obviously the issue of the size of the workshops and the difficulty of restructuring substantial physical plant and other assets would be a major concern of this Unit.<sup>278</sup>

### Choice

**6.236** The problems of the rate of transition, what transition involves, and available approved models all relate to the issue of choice. That the *Disability Services Act* was set up to provide choice is true, up to a point, but such choice was intended to be available for access to limited service types; the 'traditional' sheltered workshop and the old activity therapy centres were not to be continued.<sup>279</sup>

**6.237** Many organisations and consumer groups have no difficulty in accepting that many people with disabilities may well be *able* to work in open and other forms of employment. Their argument is that we cannot equate those who are *able* to do so, with those who *want* to do so and with all people with disabilities being both able and willing to do so. Because people with disabilities are not a single group and each must be considered as an individual, there are a number of other objectives that must be considered in the context of employment options. People may choose to continue to work in sheltered workshops for a number of reasons which cannot be dismissed easily through saying that such people and/or their advocates or family do not have enough information to make an informed decision. Others may find that either for a period of time or possibly for their working life, the issue of 'choice' does not really exist<sup>280</sup>; their disability may be severe enough to make working in other than sheltered or heavily supported employment impossible.

**6.238** It is these issues of choice which also need to be addressed, and the benefits of such employment considered for current and future employees who are in these categories.

**6.239** This point has been made by a number of organisations, which, incidentally, claim that the rhetoric of open versus 'sheltered' employment can have detrimental effects on the development and maintenance of a rational debate.

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277. *Transcript of Evidence*, p. 362 (Phoenix Society Inc.).

278. Speech by the Hon. Brian Howe, Minister for Health, Housing and Community Services at the official launch of NTAU, 5 July 1991, p. 6.

279. *Transcript of Evidence*, p. 4765 (DHH&CS).

280. *Transcript of Evidence*, p. 446 – the Spastic Society of New South Wales stated 'at least half our people do not have a choice. They have only the choice to work in the businesses that we create . . . '.

We support the concept of open employment, enclaves, and other alternatives for those people able to cope with such situations. That there should be options available for disabled people is important, but we do not think the sheltered workshop format which caters well for the majority of intellectually disabled people should be discarded in the search for innovative alternatives.

When many of the existing sheltered workshops and former training centres were established, a condition of Commonwealth funding was a strong commitment to training, continuing education, social skills development and independence training. Many intellectually disabled people benefited markedly from these programmes.<sup>281</sup>

**6.240** A number of people with physical disabilities would support much of the above argument. In her submission, Ms Irene Kwong who described herself as 'a moderate to severely disabled cerebral palsy sufferer', and who at 46, had worked in sheltered employment for 23 years, made a number of important points. The first of these was that her work achievement would not have been possible without particular support services (transport, attendant care) and also the support of the workshop staff. Ms Kwong also made a telling point about intelligence/ability and making an informed decision not to be in other employment.

I am capable of many things and realistic enough to know that the employment option for me is and always will be in a sheltered work unit, it is not because aiming high isn't for me. But the physical and mental hurdles I have battled to get where I am today, have been huge.<sup>282</sup>

**6.241** There is an acceptance that workshops should not be a total life package for many people with disabilities<sup>283</sup> but this is quite different to their being seen as a marginally better alternative 'to doing nothing'.<sup>284</sup>

**6.242** The Spastic Centre of New South Wales, though pointing out that its sheltered workshop services ('employment services') had undergone a number of changes over the years especially in terms of size and profitability<sup>285</sup> believed that the needs of some of its employees might not be met in other types of employment.

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281. Submission No. 23, p. 2 (Ms M. Stern). See *Transcript of Evidence*, p. 5292 'The factory model, the sheltered employment model, certainly meets the needs of a number of people. I think that is part of the continuum, part of the range that needs to be available' (Mr B. Blakeman).

282. Submission No. 29, p. 2 (Ms I. Kwong).

283. Submission No. 23, p. 2 (Ms M. Stern). See *Transcript of Evidence*, p. 5614 (DEAC - Disability Employment Action Centre).

284. Submission No. 17, p. 1 (Koomarri Association A.C.T. Inc.).

285. *Transcript of Evidence*, pp. 368-9 (Spastic Centre of New South Wales).

Our Employment Services were founded on philosophies that were in line with the objectives of the Disability Services Act and therefore we have no difficulty as an organisation in supporting the principles and objectives of the Act. Our concern is that the employment choices put forward by DCS&H may be too limited in the way they cater for the majority of our clients, many of whom are severely physically disabled and more than half of whom require attendant care to enable them to engage in any employment. We believe a factory model would be needed to employ the more severely disabled.<sup>286</sup>

**6.243** Many persons cannot operate intellectually, physically or socially outside a heavily supported environment, or for a number of reasons chose not to do so. Sharpro Industries, operating two sheltered workshops for people with intellectual disabilities, note that they did encourage clients 'to enter open employment where possible'<sup>287</sup> but believed sheltered employment should remain an option, either for those who were unsuccessful in obtaining open employment or who chose not to work in that environment.<sup>288</sup> While the dichotomy of sheltered versus open does ignore the options in between, the organisation stated that their 'clients' needed two 'services', 'flexible human resources, trained personnel able to tailor appropriate interaction on an ongoing basis'<sup>289</sup>, and social activities. The first, they believed, was 'in danger of being stifled in the implementation of the DSA' although DHH&CS would believe that supported employment would also offer that option in general. The second, they considered, was also important:

Many of our clients rely on the workshop environment for peer support and use it as a springboard for social activities. If implementation forces people into the mainstream it will not mean automatic happy integration into the community. In fact non acceptance tends to be the norm and the disabled will be left without peers, without a social life and a quality of life which has been lowered.<sup>290</sup>

**6.244** In giving evidence to the Committee in 1989, officers from the then DCSH conceded that the DSA may not be able to support particular people in individual jobs, although an appropriate level of support might be available in another supported service such as a mobile work crew.<sup>291</sup> The economies of scale would

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286. *ibid.*, p. 368.

287. Submission No. 41, p. 1 (Sharpro Industries).

288. *ibid.*, pp. 1-2.

289. *ibid.*, p. 1.

290. *ibid.*, p. 1. This point is also made in *Transcript of Evidence*, pp. 4476-8 (Australian Red Cross Society, Queensland Division), p. 5277 (Developmental Disability Council of Western Australia (Inc.)). See also *Ronalds 2*, pp. 53-4.

291. *Transcript of Evidence*, pp. 1543-7 (DHH&CS).

account for the availability of support in some instances. However, there may well be other instances, especially for people with severe physical disabilities who are not mobile, where the required level of support cannot be provided at present and where a valid option must be to remain in a sheltered workshop.

**6.245** The choice not to move when the cost may be too great is considered important; whether that choice is based on personal/friendship needs, awareness of service needs, or on an informed self-assessment that it is an option that the individual does not want, it must be retained.

**6.246** The extent of real choice is also a factor which must be considered. The Spastic Centre of New South Wales, in its discussion of the reality of choice, noted that sometimes choice was something of an academic question.

There is the normal spread of temperament, drive, ability and intelligence amongst the majority of our disabled employees other than those with intellectual impairment . . . [but] many of our employees are simply unable to do work they would like to do because of their physical disabilities. This can be a great source of frustration to them and our staff in trying to match their abilities to the jobs available.<sup>292</sup>

**6.247** A number of service users would believe, therefore, that some of the more important of the objectives of the DSA are already in place in some sheltered workshops. They also state quite clearly that as long as there is no proof or evidence of sufficient funds for places in other employment, support services to make these feasible, or guarantee of acceptance by hypothetical new work colleagues, the idea of moving from secure employment is unacceptable.

**6.248** In many instances, the issue in the controversy about sheltered versus other forms of employment is not about the benefits of the latter as opposed to the disadvantages of the former. It is more about the need for a variety of choices or options to meet the needs of people with different types and levels of disability, and with other needs arising from their experience as people with disabilities.

**6.249** It could be argued that the advice and information which many people in a similar situation have about wages and other options is inaccurate and/or out of date. To some extent this is true, since the majority of submissions were received by the Committee prior to the development of the 1990 Budget initiatives which came into operation in November 1991. In other instances, it appears from evidence of witnesses that some workshops have not provided information to employees/clients about changes in policy or details about the basis of wages, about the transition

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292. *Transcript of Evidence*, p. 381 (The Spastic Centre of New South Wales).

process and the new employment options<sup>293</sup>, and it has been suggested that there have been some cases of deliberate misinformation.<sup>294</sup>

**6.250** It is essential that the choice which is made by workers is one that is informed by all available information. It is apparent in many cases that workers were not aware of options or of the planned changes to reassessment-free income levels that were mentioned in the 1990/91 Budget, and which could have a considerable effect on their workforce participation; in some cases this might have influenced them more towards open employment. In many instances, they are clearly under a misapprehension regarding taxable income and marginal tax rates. While reprehensible, especially in that such lack of information may have contributed to uncertainty about change and a belief that workshops were all to close by a specific date, this approach by management of workshops is one that is gradually giving way.

**6.251** However, it is apparent that people with disabilities are also realistic and are well aware of the limits to the opportunities which exist.<sup>295</sup> Their opinion therefore has to be respected. It may change over time, and again, this may be a major reason why some workshops should be allowed to take a number of years to work through the transition process if workers would prefer this.

**6.252** For example, it is possible that the preference for sheltered employment reflects the experiences of particular groups of people and may be less applicable to those in younger age groups, for instance, who have had greater experience of integration. Yet, many of the proponents of sheltered workshops or heavily supported employment would not argue against this *per se*; they would suggest, however, that it is *their* experience that has influenced and shaped them and to a considerable degree made them the person who does not want to, or cannot, work in more open environments. 'If acceptance doesn't come, how does one measure that disadvantage, and I speak from personal experience. The Government can't legislate on attitude.'<sup>296</sup>

## Sheltered workshops – continuation of employment options

### Flexibility of employment

**6.253** Sheltered workshops, for all the major and minor problems that have been deemed characteristic of them, nonetheless offer a variety of employment options to people with disabilities. Some former and current workshop employees would argue that these options are limiting and do not allow the development of individual social and employment skills. This is likely to be true for large numbers of sheltered employment workers, especially those with mild disabilities. The actual employment

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293. *Transcript of Evidence*, p. 4877-8 (DACA).

294. *Transcript of Evidence*, p. 5616 (DEAC – Disability Employment Action Centre).

295. See above, Paragraphs 6.237-6.243.

296. Submission No. 29, p. 2 (Ms I. Kwong).

benefits as opposed to training, social and other benefits of sheltered employment for people with other levels of disability may be quite different. While workshops in general may need to ensure more direct involvement by service users, and may need to improve both management skills and productivity and guarantee basic industrial and common law rights to workers, they may also be able to build on this capacity to provide employment for people who cannot fit easily into the normal workplace even with the assistance of specially targeted programs.

**6.254** However, if this is to be the role of sheltered workshops in transition, it will be important for proper consideration to be given to both 'transition' services and supported employment services in order to determine whether the objectives of meaningful employment for people with disabilities can be effectively combined with commercially viable levels of productivity and with a 'reverse integration' process.

**6.255** As was noted above, one of the major difficulties experienced by sheltered workshops has been the need to develop services which can be viable as well as to provide training which makes individuals capable of employment in the open market. Some workshops, quite apart from the question of poor management, have been caught in the difficult situation of having the better skilled workers with disabilities who are then retained, in order to carry people whose productivity is such that, by itself, it could seriously reduce the capacity of the workshop to have any economic viability at all. While cost is a problem, others have overcome this situation by means such as reverse integration.

**6.256** The transition process, enabling the movement of more skilled workers into the open workforce, must necessarily create a greater, not a reduced demand for a good support staff ratio<sup>297</sup>, a viable workforce and a production process which can accommodate an even wider range of needs and workers with a higher degree of disability. Some organisations conceded that workshops employees in the future would be more likely to be people with severe disabilities.

The people that are seeking service tend to be people who have a greater level of disability than that reflected in our work force at the moment . . . Those that we are admitting now tend to be people who have a [major] intellectual disability or a [major] physical disability.<sup>298</sup>

Another witness stated in 1989:

. . . as the pools of the more capable people in the sheltered workshops dries up, the cost to the Government of placing people with more severe levels of disabilities is going to escalate.<sup>299</sup>

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297. *Transcript of Evidence*, p. 355 'it would certainly require much higher ratio of supervisors to handicapped people than we currently really get away with' (Phoenix Society Inc.).

298. *Transcript of Evidence*, p. 355 (Phoenix Society Inc.).

299. *Transcript of Evidence*, p. 700 (Centacare).

**6.257** Some organisations have expressed a concern that the effect of transition – that is, of a workshop becoming more of a commercial concern – will have a detrimental effect on people with disabilities.<sup>300</sup>

**6.258** These are problems which sheltered workshops have been aware of for some time, and which have been the basis of their objection to the rate of transition and particularly the funding available to the transition process. It has to be assumed that these factors will be taken into account in the development of transition plans if the expectations of sheltered workshops – that they will be providing services more to people with severe disabilities – are maintained.

### **Benefits**

**6.259** One of the major benefits of both sheltered and supported employment options is the availability of part-time work. (This is to be distinguished from options such as so-called job-sharing which has often required full-time work for part-time or purely productivity-based pay.) While evidence on the variety of hours/days worked was minimal, some witnesses indicated that a 3-day work week was possible in workshops, and not uncommon. It is likely that one of the main reasons for flexibility in the past was the minimum effect of 5 days as opposed to 3 days work, on either the wage level or on the production process, given the apparently non-commercial nature of both.

**6.260** Some workshops appeared to believe that it was important to instil a particular work ethic into employees/clients, and hence did insist on fairly regular attendance, punctuality, etc.<sup>301</sup>, even within a system which did allow for a shorter working week. This attitude was seen as important to people with disabilities understanding that they had particular responsibilities, and was one maintained by an organisation providing a very flexible service for people with severe disabilities.

If a person got to the stage of saying, “I only want to come to work for one day a week”, we may well question that; we would be looking at three days a week as a minimum.<sup>302</sup>

**6.261** Within this, however, this and other organisations recognised the importance of both noting the considerable effort which people with severe disabilities put into work, and their need for other types of activities as part of an integrated lifestyle.

Heather is currently with us two days – it has been three days a week . . . she has clearly indicated to us that she wants some time to do some shopping and to participate in other leisure-type activities, and that is fine with us. We encourage that. In discussion with those

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300. See above, Paragraph 6.173.

301. See above, Paragraphs 6.99-6.100.

302. *Transcript of Evidence*, p. 107 (S.A. Group Enterprises Incorporated).



with physical disabilities earlier in the year, a number of them did indicate other interests that they wished to pursue, some of which were sporting; one or two wanted to engage in a swimming program to develop their abilities. We would encourage and support that. As their employer, we do not want to become involved as their total care giver; we wish them to maintain as much of their independence as possible. There are some who are attending TAFE courses in basic literacy and numeracy; we very much encourage and support that. In fact, currently we are providing transport for some of them to go on a Monday afternoon because it is nearby. So, within our limits we would encourage that. There are some sporting activities and we try to introduce them to those if they are interested, but that is basically their decision. It is not likely that we are going to say, "You cannot do that because employment is a priority".<sup>303</sup>

**6.262** This view was also supported by a consultant in education issues.

At the other end of the continuum I believe there is also a need to develop, perhaps in a better and a more defined way, recreation options and further education options. Also, within that, there needs to be the capacity or the facility to mix and match. We offer largely a five-day placement or a five-day job and it seems to be very hard to look at an individual and work out with that individual an array of activity that will best meet their needs. The mix could be some further education, some part time employment, some recreation and various combinations of that, and that would bring some flexibility into it.<sup>304</sup>

**6.263** Although this attitude may not have been characteristic of managers of sheltered workshops in the past, an appropriate funding level and a flexible production process may enable this type of 'work plus leisure' system to be operative in 'in transition' workshops as it is in some forms of supported employment. The difficulty will be to find a business which can accommodate this, and to determine if skills and effort-based wages are available to people in this type of employment.<sup>305</sup>

**6.264** From this point of view, there will need to be an effective plan incorporating people with disabilities and non-disabled people in transition workshops, if the objective of providing a viable business operation remains a priority.

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303. *Transcript of Evidence*, pp. 106-7 (S.A. Group Enterprises Incorporated).

304. *Transcript of Evidence*, p. 5292 (Mr B. Blakeman).

305. See the discussion on wages in Chapter 7.

## Job-sharing

**6.265** While job-sharing is an attractive idea, and may be one way of both in-transition and supported employment services being able to provide a flexible work option for employees, there are a number of difficulties involved for people with severe disabilities, including the payment of part-time wages for full-time work.

**6.266** Job-sharing was suggested as one way of ensuring that full or standard productivity was maintained through utilising the services of, for example, two people.

Supposing a small company was prepared to take on someone who was disabled enough to never be able to reach a full 40-hour equivalent of productivity. Would it not be better then for that person at least to be employed in open employment, say, for half that equivalent? Could one job not be shared between two for instance, with the remuneration being the same.<sup>306</sup>

**6.267** In terms of productivity, the appropriate wage would be the standard wage paid for a 40-hour week.<sup>307</sup> In cases of this nature, one organisation suggested a slow worker's permit might be the best answer.<sup>308</sup>

I feel that it would be better to have a person contributing on a level – if that person was happy doing that and it was what they wanted. I do not think we have the right to deny them that opportunity. If work and employment are what they want and they are agreeable to that, fine.<sup>309</sup>

**6.268** However, there was some uncertainty as to whether this type of arrangement was really fair to the person with a disability on the grounds that they worked as hard as they could, even though their productivity was less.<sup>310</sup> This is common enough in sheltered workshops, with people working up to a 35-hour week for pay based on productivity only rather than time spent working:

For the number of hours that a person would put into a job, I think that is exploitation.<sup>311</sup>

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306. *Transcript of Evidence*, p. 4202 (Epic Employment Service, M.O.R.E. Inc.). See also *Transcript of Evidence*, pp. 572-3 (Mental Health Co-ordinating Council).

307. *Transcript of Evidence*, p. 4203 (Epic Employment Service, M.O.R.E. Inc.).

308. *Transcript of Evidence*, pp. 4304-5 (The Queensland Spastic Welfare League).

309. *Transcript of Evidence*, p. 4205 (Epic Employment Service, M.O.R.E. Inc.).

310. *Transcript of Evidence*, p. 5234 (The Disabled Workers' Union of Western Australia).

311. *Transcript of Evidence*, p. 699 (Centacare).

6.269 It is this situation which is the basis of the argument that a top-up wage is essential either to recognise effort or to ensure access to a living wage, or possibly both.<sup>312</sup>

6.270 For a sheltered workshop in transition, with a need to demonstrate sound economic management, full-time job sharing of this type might be the only option. For supported employment where commercial viability appears to be less of a consideration, and the issue of 'real' wages not as much a point of contention yet, the more common form of job-sharing (that is, part-time work, with a job performed on a part-time basis) could be considered a means of reducing the amount of time at work to enable participation in other activities. However, for the sake of equity alone, this option should be available to all people in 'supported' employment. Where job-sharing means two or more people sharing one low wage, the issue of equity must be considered; otherwise, there is limited change from the situation found unacceptable in sheltered employment.

### Support

6.271 A number of witnesses indicated that they found sheltered workshops to be beneficial in that some measure of support was available whether in terms of advice, emotional support, or support required to maintain employment.<sup>313</sup> It has also been clear from other evidence that the amount of support of this type, which includes support and encouragement in the development of job skills, depends not only on attitude, but more importantly on *resources*. If there are not sufficient funds available for staff, then any service 'in transition', or otherwise, is at a severe disadvantage because it has a limited chance of meeting the individual's needs.

6.272 The need for support is not easy to determine through making a simple correlation with level of disability. It is apparent, as witnesses have stated, that institutionalisation has meant a loss of confidence and this can often take a long time to overcome; working in open employment in itself is not a simple solution to this problem since the support need may continue well beyond the development of required work skills.<sup>314</sup> It is also obvious that a great deal of support is often required by people with more complex disabilities and that this level of support might be required during the individual's 'working' life.

Heather, for instance, will always want assistance with eating, with toileting and with training, and that needs to be available. The Department of Community Services and Health certainly can make that available through us. I would hope that in fact that assistance can be given to the employee, to Heather, rather than to us – not through the employer but as basic assistance and rights to the employee so she

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312. See Chapter 7, Paragraphs 7.105-7.127.

313. See above, Paragraphs 6.237-6.247, 6.251-6.252.

314. *Transcript of Evidence*, p. 5273 (Developmental Disability Council of Western Australia (Inc.)). See also *Transcript of Evidence*, pp. 4176-7 (Dr M. Steinberg).

can dictate how she wants it. It may be that we need to say to the employer: "One of your staff is going to spend the equivalent of five hours or ten hours a week assisting Heather. That means that you need to be subsidised at this particular rate. We recognise that – that is fine. If you are prepared to take on Heather you will receive that assistance . . ." <sup>315</sup>

**6.273** As the above quotation indicates, the support could theoretically be provided in any form of employment. The main issue, again, is the availability of funding and whether an in-transition workshop would be funded to meet the higher support needs of people with different types of disabilities.

### Support and viable work options

**6.274** While services were not detailed in their statements as to the correlation of needs and suitable work options, it is likely that the determining factor in the successful operation of work for people with severe disabilities or those requiring ongoing care is the availability of support and the recognition of variable productivity. As well as essential physical/technological support services, there would also need to be a productivity and wage structure which could maintain production.

**6.275** This need is not currently required of a number of supported employment options which are therefore able to develop individuals without having to worry about paying 'proper' wages or about their commercial viability. Hence, although SA Group Enterprises stated that it needed to consolidate its 'business viability without taking too many risks' and thus could not undertake developing its own product at that stage, it was not under pressure to be viable *and* to pay award wages. <sup>316</sup> While the managers of the project were theoretically in favour of productivity-based wages <sup>317</sup>, they were only too well aware that a number of individuals were able to survive financially because of the pension, not because of the wages they earned.

. . . we had initially to address the wage issue and our principle basically was that people would be paid a productivity wage. We have a minimum wage of \$1 a day at work just so there is some basic reward which, from an employer's point of view, we can carry if the productivity is minimal. Basically for each task that is undertaken we have a non-disabled production rate – the normal production rate you get on a factory floor. We may get that from the business for which we subcontract the work and/or we may have our own staff learn the task and we would do a time. So we would have a productivity of so many units per hour on any particular task.

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315. *Transcript of Evidence*, pp. 110-111 (S.A. Group Enterprises Incorporated). See also *Transcript of Evidence*, p. 104 (S.A. Group Enterprises Incorporated).

316. *Transcript of Evidence*, p. 103 (S.A. Group Enterprises Incorporated).

317. *Transcript of Evidence*, p. 109 (S.A. Group Enterprises Incorporated).

Each person's daily output is measured and then that is related over a period of a week so that we would come up with a person's productivity rate. That may vary usually from as low as 5 per cent; in one case we had it at 80 per cent, but usually it is not more than, say, 30 to 50 per cent. The average productivity rate is going to be about 20 per cent, I guess, but it will vary.<sup>318</sup>

**6.276** A similar situation operated at Vitec Assembly in Perth where wages were extremely low, because of the level of disability of people employed. The latter service was not operating in the marketplace in the ordinary sense, and was dependent on a substantial subsidy from the Department; employees, while clearly receiving a high level of support and attention, and progressing in skills development, received low wages because of very low productivity.<sup>319</sup>

**6.277** This mixture of low wages and pension is, of course, essentially the same as the sheltered workshop arrangement, with the determining factor being value of work and productivity rate. While indeed it is possible that the skills of some individuals will increase in this situation, it is essential to note that skills will not improve for a number of people, and may in fact decrease; and that where this is the case, no service (whether in transition or 'supported employment') will be able to carry substantial numbers of individuals with severe disabilities without external funding. If this subsidy is available to supported employment projects, it should also be available to workshops which demonstrate that limited viability is related to levels of disability, rather than poor management practices.

### Specific needs/work patterns

**6.278** The specific difficulties of people with different types of disabilities were set out in a number of submissions, and briefly outlined in Chapter 5. Although the problems experienced by people vary considerably – thus making their employment skills quite different – the common factor is the difficulty a number of people with disabilities could have in working in the standard workplace.

**6.279** A number of reports/comments etc. on the employment options of people with disabilities do not either consider the specific problems to be faced by people with different disabilities, or indicate that workers' skills, in fact, can decrease or vary noticeably. Hence, while there is an awareness that performance may vary from day to day, that workers may be less productive at the end of the week<sup>320</sup>, that productivity is not standard although wages may be<sup>321</sup>, there is an implicit

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318. *Transcript of Evidence*, p. 108 (S.A. Group Enterprises Incorporated).

319. See above, Paragraphs 6.53-6.60.

320. *Ronalds 2*, p. 21.

321. *ibid.*

assumption that skills will probably increase, or at the very least, stay the same. This is the basis of the skills-based wage system.<sup>322</sup>

**6.280** Consequently, there is limited discussion on the need to fit the work to the individual, the difficulty of running a viable concern while accommodating a range of differing needs, or on the types of problems which managers are likely to face in trying to combine these two conditions.

**6.281** That the most 'difficult' people were likely to be the people requiring services from sheltered workshops in the future was recognised by a number of organisations.<sup>323</sup>

Most of those that are in wheelchairs have multiple disabilities. We have had a significant increase in the number of intellectually disabled people that work for us now. We have traditionally had places for and provided places for people with epilepsy or schizophrenia and other physical and mental types of disorders. One of the challenges we have of course is to try to ensure that those people are able to be compatible with each other within the work force environment and that raises problems in itself.<sup>324</sup>

**6.282** To some degree, the problem was one of attitude of employers and others.

For people with intellectual disability and medically related disabilities it is a little more difficult, because community attitudes have not yet changed towards them in the same way as they have towards people in wheelchairs.<sup>325</sup>

**6.283** However, the real problem was the difficulty in identifying the type of work which people with the more 'difficult' disabilities could do, and presumably how this could be incorporated into a commercially sound business.

. . . it is not quite as easy to identify the kind of work that they can do in a normal work environment and that has a minimal impact on their productivity in the same way as . . . with physically disabled people.<sup>326</sup>

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322. See Chapter 7.

323. For example, *Transcript of Evidence*, p. 104 (S.A. Group Enterprises Incorporated), p. 354 (Phoenix Society Inc.). See also above, Paragraph 6.256.

324. *Transcript of Evidence*, p. 354 (Phoenix Society Inc.).

325. *ibid.*

326. *Transcript of Evidence*, p. 355 (Phoenix Society Inc.).