

Independent Cost Benefit Analysis of Australia's Independent Disability Advocacy Agencies

*'Every dollar used by Australia's independent disability advocacy agencies delivers \$3.50 in benefits. This is an excellent result.'***

There are just over 24 600 000 people in Australia. Around 4 million Australians, or about one in six, have a disability. All Australians have the right to enjoy the same freedoms, rights, choices and quality of life. Yet people with a disability face numerous and significant barriers to achieving this.

What are some of the difficulties and disadvantages experienced by people with a disability?

- More than 70 per cent of women with disability have been the victim of violent sexual encounters
- 90 per cent of women with an intellectual disability have been subjected to sexual abuse.
- 53 per cent of people with disability of working age are in the labour force, compared with 83 per cent of people without disability.
- People with disability have nearly twice the unemployment rate of those without disability.
- 36 per cent of people with disability of working age have completed high school, compared with 60 per cent of people without disability.
- 35 per cent of people with disability report poor or fair health compared with 5 per cent of people without disability.
- People with disability in Australia are more likely to live in poverty. Their income is approximately 70 per cent of those without disability, the lowest of all 27 countries in the OECD.

What do independent advocates do for people with a disability?

Independent advocacy enables people with a disability to enjoy the same rights as other Australians, to make choices about the decisions that affect their lives, to pursue goals that are important to them and to live independent lives and participate fully in social and community life.

Who needs an independent advocate?

According to the most recent publically available National Disability Advocacy Program (NDAP) Annual Performance Analysis Report (2013–14), when primary, and other significant, disability totals are added together, people with intellectual disability were the most frequent consumers of advocacy support (47 per cent), followed by those with physical disability (38 per cent), and psychiatric disability (38 per cent). Disability discrimination matters account for the highest volume of complaints to the Australian Human Rights Commission.

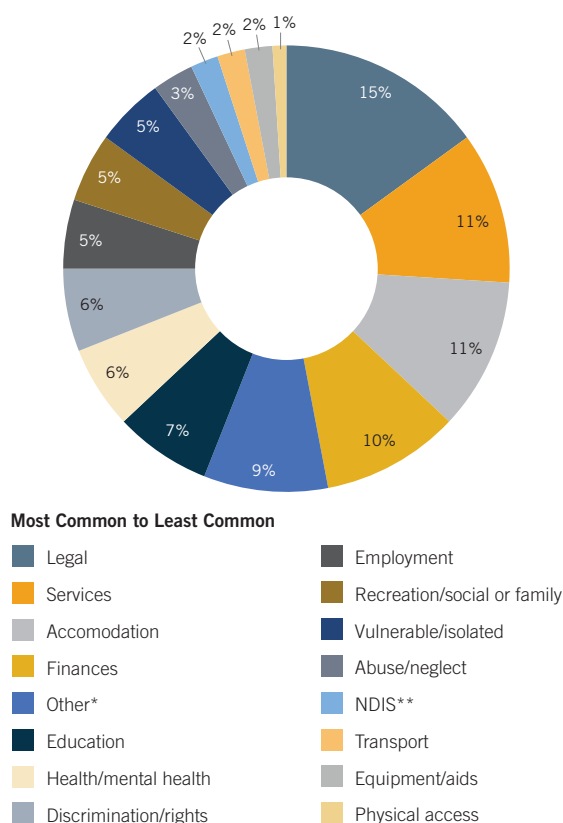
What sort of things do independent advocates deal with?

Independent advocates support people with a disability in a range of ways. They help people with a disability to negotiate appropriate and tailored service delivery in settings such as schools, hospitals,

accommodation services, shops, transport and in their dealings with government departments. They support people who might be caught up in the criminal justice system or in other legal processes such as care and protection, guardianship matters or who are trying to claim their human rights.

Independent advocates also write submissions and lobby government to make changes that promote and protect the rights of people with disability. They campaign for social change by speaking to the media to raise awareness and highlight situations where people with disability are treated unfairly.

The following figure shows the range of matters advocates dealt with in 2013–2014.



* Examples of 'Other' (9 per cent) issues included:

- independent living support;
- individualised funding;
- immigration; and
- family access and supports.

** At the time of the report there were only a few NDIS trial sites operating.

Source: National Disability Advocacy Program (NDAP) Annual Performance Analysis Report 2013–14.

Who funds Australia's independent advocacy services?

Nearly 60 advocacy services throughout Australia are funded through the Commonwealth Government's National Disability Advocacy Program (NDAP). Every state and territory government, except South Australia, also funds disability advocacy services.

But isn't the National Disability Insurance Scheme (NDIS) going to fix all these problems for people with a disability?

Of the 4 million Australians with some form of disability, only around 460 000 of them will be eligible for the NDIS. In other words, for every nine people with a disability, only one will be covered by the NDIS, eight will not.

Advocates provide support to people with a disability, wherever they might be experiencing a problem or a difficulty. The majority of matters that advocates deal with relate to matters outside the scope of the NDIS and while the NDIS is likely to become a greater focus as it is fully implemented, it is still likely to remain a small part of the total workload of advocates.

The Productivity Commission has also said that responsibility for advocacy should lie outside the NDIS. This is because of the potential conflict of interest that would arise were the NDIS to fund advocacy services whose role was to challenge the disability system overseen by the NDIS.

So, what is a Cost Benefit Analysis and why do one of independent advocacy?

Cost Benefit Analysis (CBA) works by placing monetary values on all the costs and benefits associated with a project, making it a useful tool to aid decisions about the allocation of resources. It does this by considering the impact of a project on the community as a whole, rather than just focusing on particular individuals or group. Where benefits are greater than costs then it makes good economic sense to invest in a project.

Government's resources are limited, so when it allocates them to a project those resources cannot be used for any other purpose. It is important to know if resources are being used on economically effective projects that benefit the whole community. Due to the uncertainty around funding for independent advocacy, Disability Advocacy Network Australia decided to commission an independent Cost Benefit Analysis to assess the range of economic costs and benefits associated with the work of independent advocates.

What did the CBA find?

Economists Professor Anne Daly and Greg Barrett took a rigorous approach to identifying and assigning values to the costs and benefits arising from the work of independent advocates. They found investing in independent advocacy leads to a range of benefits including improved educational and employment outcomes and that it frees up resources in the justice system, health and accommodation services and helps to relieve the load on carers and service providers.

How robust are the CBA results?

The CBA draws on a range of economic research and uses very conservative estimates of benefits. The economists also applied a sensitivity analysis to further address the risk that the benefits might have been overstated. This found that even assuming an unrealistically large 50% reduction in benefits there was still a significant positive return on investment and independent advocacy remains well worth supporting on economic grounds.

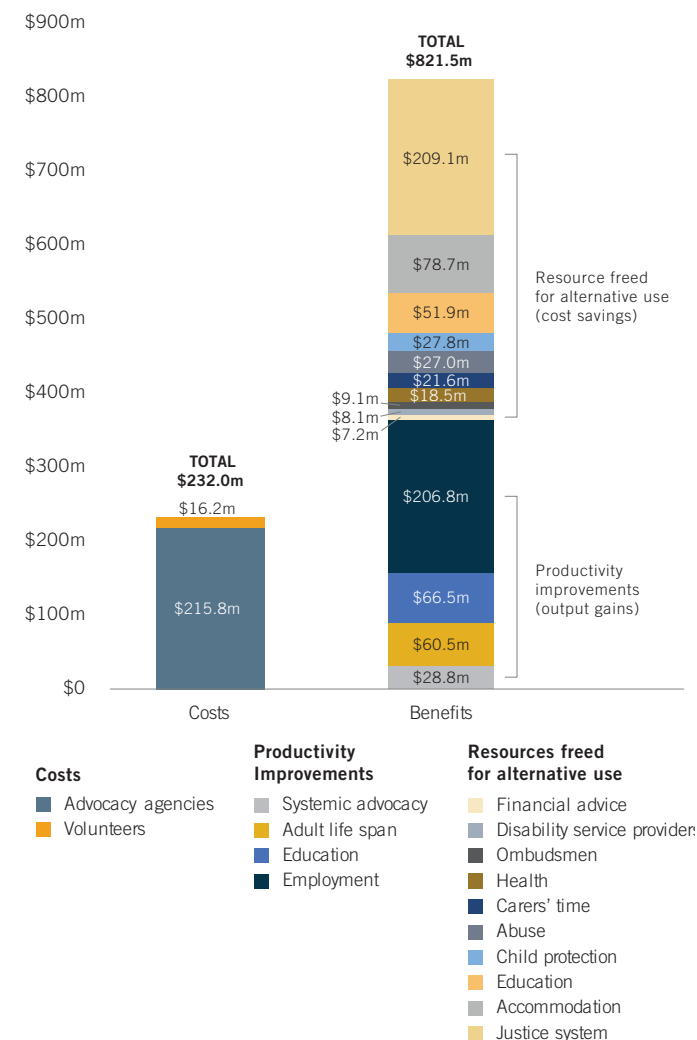
What does the graph show and why are the figures estimated 10 years into the future and discounted by 2%?

The following graph shows the costs and benefits associated with independent advocacy. They are shown as an estimate from 2017 to 2026, valued in 2017 dollars and discounted by 2%. Ten years is a good timeframe when considering costs and benefits because it gives sufficient time to analyse the future impacts of independent

advocacy. Because a dollar in the future usually buys less than a dollar today, the value of future costs and benefits are reduced by 2% per year.

Costs and Benefits

The following graph shows the economic costs and benefits of independent disability advocacy estimated from 2017 to 2026 and discounted by 2%. All individual cost and benefit totals have been rounded and this accounts for the \$0.1million difference between the individual benefit totals and the final total benefit.



Does independent disability advocacy represent good value for Australia?

The CBA found that independent advocacy delivers substantial economic benefits exceeding its costs. The Net Present Value of independent advocacy is \$589,498,000.00 in 2017 dollars.

This means that an estimated benefit of \$3.50 is returned for each dollar of cost.

Comparatively this is a very high ratio of benefits to costs and shows that independent advocacy represents a highly effective use of resources.¹

¹ *In a recent OECD publication "A ratio below 1 is considered poor, a ratio between 1 and 1½ low, a ratio between 1½ and 2 medium and a ratio above 2 high" (Persson & Song 2010:33). For comparison the World Bank (2011:4) estimates benefit cost ratios for Indonesian urban sanitation projects at 1.1 to 2.4, the Productivity Commission (2013:27) estimates the benefit cost ratio of smart electrical meters at 2.7 and the South Australian Centre for Economic Studies (2010:95) estimates a benefit cost ratio of Opal fuel at 3.7.