Economic benefits of the NDIS in South Australia

# Introduction

National Disability Services (NDS) and Every Australian Counts commissioned modelling to forecast the economic impact of the National Disability Insurance Scheme (NDIS) in South Australia. This report details the findings of labour force participation of people with disability who will be NDIS participants and their carers[[1]](#footnote-1). The modelling forecasts the impact this will have on South Australian Gross State Product (GSP) when the scheme is fully implemented.

The key findings are:

1. Direct employment growth for between 2,200-3,400 people with disability on a full-time equivalent (FTE) basis is expected;
2. Employment growth of approximately 2,270 FTE carers returning to the workforce as a result of NDIS supports for their care recipient is forecast;
3. Total direct employment growth of approximately 4,400-5,700 FTE is expected;
4. With flow-on effects from this employment growth, the creation of 8,500-11,000 new FTE jobs in South Australia is predicted;
5. A GSP impact for South Australia of $1.1-1.4B per annum in 2015 dollars when the NDIS is fully implemented is expected; and
6. These gains are in addition to any employment gains created by increased disability service funding in South Australia as a result of the NDIS funding agreement.

## The model

NDS and Every Australian Counts commissioned an economic model of the impact of the NDIS. The national results of this modelling are included in a detailed research paper of NDS[[2]](#footnote-2).

The model focuses on the potential increase to labour force participation of people with disability and their carers as a result of the NDIS. The work intentions of future NDIS participants have been measured using the ABS Survey of Disability Ageing and Carers (SDAC), most recently in 2012. SDAC also highlights the work restrictions that people with disability face.

The model measures the impact of people with disability achieving their work intentions through NDIS support. The base case assumes that the NDIS will allow eligible people with disability who want to work that opportunity with appropriate support. Both on a full or part-time basis. The more conservative module of the analysis focuses on a narrower range of people with disability whose labour force participation restrictions align most directly with NDIS funded supports. The two cases then present the lower to upper range of expected employment effects.

SDAC also reveals the work intentions of carers. Some carers indicate that they have left the labour market as a result of care obligations. Some carers say they would work more hours if they were relieved of caring duties. The model estimates the increase in employment from enhanced labour force participation of carers. The labour force effects of both people with disability and carers are then applied to the REMPLAN modelling tool, an input/output model, to produce GSP impacts.

# Direct employment growth in South Australia from the NDIS

The table and chart below show the expected increase in labour force participation at industry level in South Australia. These results relate to the year 2018[[3]](#footnote-3), the assumed full NDIS implementation period, but are presented in 2015 dollar terms. The figures represent new full-time job equivalents (FTE).

The employment of people with disability will grow by 2,200-3,500 FTE. This is distributed according to the employment profile of people with disability in South Australia revealed in SDAC. The employment of carers will grow by approximately 2,270 FTE. This is distributed according to the mainstream employment distribution in South Australia.

## Direct employment gains (FTE) from the NDIS in South Australia

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sector | Disability employment base case | Disability employment conservative case | Disability employment base case with impact of new carers | Disability employment conservative case with impact of new carers |
| Agriculture, Forestry and Fishing | 100 | 63 | 221 | 184 |
| Mining | 23 | 15 | 73 | 65 |
| Manufacturing | 336 | 210 | 603 | 477 |
| Electricity, Gas, Water and Waste Services | 46 | 29 | 85 | 68 |
| Construction | 239 | 150 | 473 | 384 |
| Wholesale Trade | 69 | 44 | 158 | 132 |
| Retail Trade | 351 | 220 | 532 | 401 |
| Accommodation and Food Services | 112 | 70 | 196 | 154 |
| Transport, Postal and Warehousing | 139 | 87 | 261 | 209 |
| Information Media and Telecommunications | 58 | 36 | 96 | 74 |
| Financial and Insurance Services | 97 | 60 | 170 | 134 |
| Rental, Hiring and Real Estate Services | 35 | 22 | 70 | 57 |
| Professional, Scientific and Technical Services | 181 | 114 | 339 | 271 |
| Administrative and Support Services | 220 | 138 | 280 | 198 |
| Public Administration and Safety | 274 | 172 | 458 | 355 |
| Education and Training | 282 | 177 | 456 | 351 |
| Health Care and Social Assistance | 649 | 406 | 891 | 649 |
| Arts and Recreation Services | 62 | 39 | 92 | 69 |
| Other Services | 174 | 109 | 266 | 201 |
| Total FTE | 3,447 | 2,161 | 5,720 | 4,433 |

## GSP impact for South Australia

The REMPLAN model predicts GSP for the base and conservative cases of increased employment of people with disability and each of these cases is augmented by the flow of more carers into the workforce. The table at the end of this paper shows the detailed results by sector for all of the four simulations modelled. Total GSP gains from increased employment of people with disability amounts to between $500M and $800M per annum. When the GSP gains from increased labour force participation of carers is included, the GSP gains are predicted to range from $1.1B to $1.4B per annum. These results are presented in the graph below.

# Findings

The NDIS will lead to an increase in labour supply in South Australia. While an increase in labour supply does not automatically lead to increased employment, especially in the case of employment for people with disability, the modelling indicates the potential gains to South Australia that may flow from increased labour force participation of people with disability and carers. These are significant with potentially 5,700 extra FTE jobs created directly with over $1.4B of GSP gains each year.

Full implementation of the NDIS will also lead to a large increase in employment in the South Australian disability service sector. This will also enhance GSP. Such benefits will be able to be modelled when the NDIS funding parameters for South Australia are ultimately settled. The gains to GSP modelled here are in addition to economic benefits that will flow to South Australia from increased employment disability service sector under the NDIS. National economic benefits from the implementation of the NDIS will also have flow on benefits for South Australia as the multiplier effects of increased employment will flow across the nation.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Breakdown of employment and GSP gains for SA by sectors when NDIS fully is implemented, GSP gains in $2015** | | | | | | | | | | | | |
|  | Disability employment base case | | | Disability employment conservative case | | | | Disability employment base case with impact of new carers | | Disability employment conservative case with impact of new carers | | |
|  | Direct jobs growth | Full jobs growth | GSP gain $M: total across sectors | Direct jobs growth | Full jobs growth | GSP gain $M: total across sectors | Direct jobs growth | Full jobs growth | GSP gain $M: total across sectors | Direct jobs growth | Full jobs growth | GSP gain $M: total across sector |
| Agriculture, Forestry and Fishing | 100 | 228 | 25 | 63 | 144 | 16 | 221 | 455 | 50 | 184 | 370 | 40 |
| Mining | 23 | 52 | 20 | 15 | 33 | 13 | 73 | 128 | 52 | 65 | 109 | 44 |
| Manufacturing | 336 | 610 | 73 | 210 | 383 | 46 | 603 | 1,099 | 132 | 477 | 870 | 104 |
| Electricity, Gas, Water and Waste Services | 46 | 109 | 36 | 29 | 69 | 22 | 85 | 197 | 65 | 68 | 157 | 51 |
| Construction | 239 | 435 | 47 | 150 | 273 | 29 | 473 | 847 | 92 | 384 | 686 | 74 |
| Wholesale Trade | 69 | 197 | 31 | 44 | 125 | 19 | 158 | 387 | 60 | 132 | 313 | 49 |
| Retail Trade | 351 | 701 | 43 | 220 | 439 | 27 | 532 | 1,141 | 69 | 401 | 879 | 53 |
| Accommodation and Food Services | 112 | 316 | 16 | 70 | 198 | 10 | 196 | 551 | 29 | 154 | 432 | 22 |
| Transport, Postal and Warehousing | 139 | 309 | 37 | 87 | 194 | 23 | 261 | 567 | 69 | 209 | 451 | 55 |
| Information Media and Tele-communications | 58 | 132 | 28 | 36 | 82 | 18 | 96 | 222 | 47 | 74 | 173 | 37 |
| Financial and Insurance Services | 97 | 253 | 85 | 60 | 158 | 53 | 170 | 450 | 151 | 134 | 356 | 119 |
| Rental, Hiring and Real Estate Services | 35 | 111 | 97 | 22 | 70 | 61 | 70 | 204 | 181 | 57 | 163 | 145 |
| Professional, Scientific and Technical Services | 181 | 504 | 59 | 114 | 317 | 37 | 339 | 914 | 108 | 271 | 726 | 86 |
| Administrative and Support Services | 220 | 422 | 48 | 138 | 264 | 30 | 280 | 630 | 71 | 198 | 474 | 54 |
| Public Administration and Safety | 274 | 339 | 38 | 172 | 212 | 24 | 458 | 572 | 64 | 355 | 445 | 50 |
| Education and Training | 282 | 391 | 33 | 177 | 245 | 21 | 456 | 643 | 54 | 351 | 498 | 42 |
| Health Care and Social Assistance | 649 | 803 | 60 | 406 | 503 | 38 | 891 | 1,155 | 86 | 649 | 856 | 64 |
| Arts and Recreation Services | 62 | 103 | 6 | 39 | 64 | 4 | 92 | 160 | 10 | 69 | 122 | 8 |
| Other Services | 174 | 335 | 22 | 109 | 210 | 14 | 266 | 551 | 36 | 201 | 426 | 27 |
| Total | 3,447 | 6,344 | 804 | 2,161 | 3,978 | 504 | 5,720 | 10,868 | 1,424 | 4,433 | 8,501 | 1,125 |

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1. The modelling was undertaken by Dr Brendan Long, a Senior Research Fellow at Charles Sturt University and Director of Agape Economics, a consultancy. This modelling updates previous analysis by NDS using the ABS Survey of Disability and Carers. The work builds on previous work see a) NDS (2015), ‘Economic Benefits of the NDIS’; b) NDS Policy Paper (2011), The Economic Benefits of Disability Employment, Estimates of the labour supply impacts of the OECD integration scenario and the National Disability Insurance Scheme using SDAC; and c) Long, B (2012), 'Applying SDAC 2009 to the OECD Integration Scenario for Disability Employment', Economic Papers: A journal of applied economics and policy, 31: 274–285). [↑](#footnote-ref-1)
2. See ‘Economic Benefits of the NDIS’, NDS (2015) [↑](#footnote-ref-2)
3. 3 The modelling is a long term analysis indicating annual GDP gains when the scheme is fully implemented. The rate at which the scheme is being implemented varies within jurisdictions. The results should be interpreted as applying when the relevant jurisdiction fully rolls out the scheme. 2018 dollar estimates have been adopted to take a uniform approach based in the original timetable for NDIS rollout. [↑](#footnote-ref-3)