ECONOMIC BENEFITS OF THE NDIS IN SOUTH AUSTRALIA

National Disability Services

Every Australian Counts

NDIS | Revolutionising disability services

Centre for Applied Disability Research

An Initiative of National Disability Services

THE STORY: JOB GROWTH FOR SOUTH AUSTRALIA AS THE NDIS RAMPS UP

National Disability Services and Every Australian Counts have released a paper showing the potential scale of the economic benefits the NDIS will bring to South Australia. New economic modelling forecasts the impact the NDIS will have on SA Gross State Product when fully implemented and details the potential for increased labour force participation of people with disability and their carers.

In South Australia the NDIS will:

- **Support between 2,200 and 3,400 people with disability to find work**
- **Support approximately 2,270 carers to return to the workforce**
- **Create an employment boom in SA with 4,400-5,700 jobs created as a consequence**
- **Create jobs in the South Australian disability service sector**
- **Add up to $1.4B annually to SA's Gross State Product**

Every Australian Counts Campaign Director, John Della Bosca, said of the report: "The NDIS is socially right and economically smart. As the scheme ramps up from July this year we look forward to seeing employment goals for people with disability realised."

The report uses ABS data on numbers of people with disability who would like to work but because of various restrictions have been unable to. With the NDIS, this is changed as more support becomes available to more people with disability. The report also uses data of carers who desire to return to the workforce but cannot now because of their caring responsibility. The modelling is based on an ABS survey of over 75,000 people with disability and their carers. At about one 300th of the Australian population, this makes it the largest sample survey conducted by the ABS.

State Manager for NDS in South Australia, Peter Hoppo, welcomed the report: "This is great news for South Australians with disability who are eager to work. The data presented confirms modelling previously stated by the South Australian Government and follows Premier Weatherill's announcement of a new Disability Employment Hub to encourage people into a career in the disability sector."

Mr Hoppo concluded: "We look forward to continuing our work with government to ensure these economic benefits and life opportunities for people with disability and their carers are realised."

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]. 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.

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).

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].

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], 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.

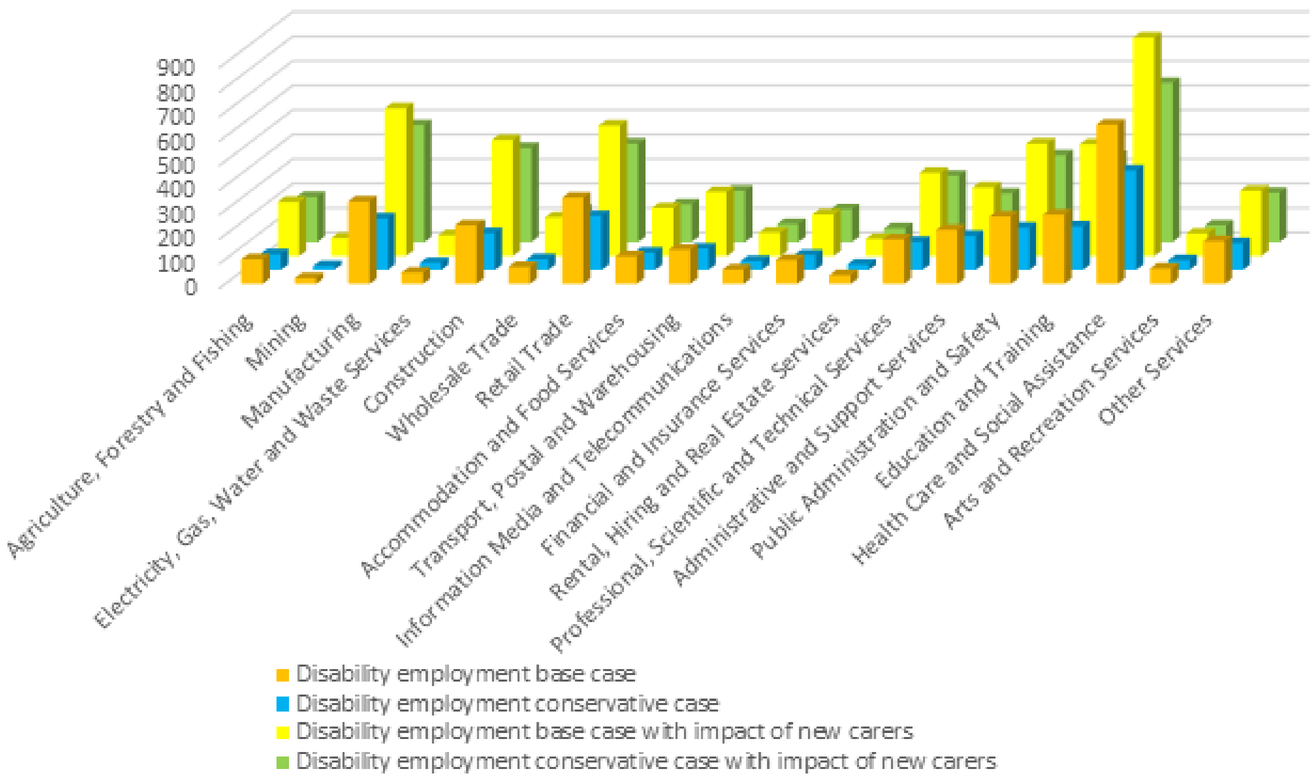
2 See 'Economic Benefits of the NDIS', NDS (2015)

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.

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

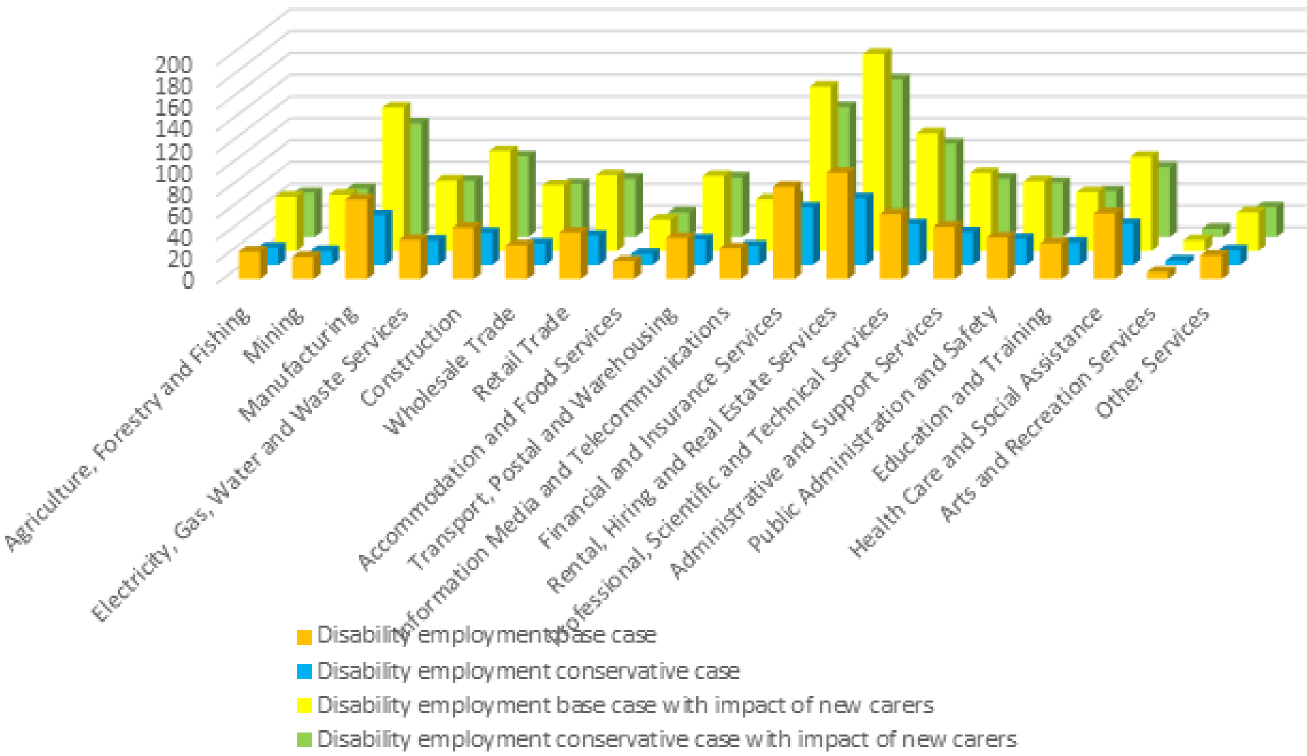
NEW EMPLOYMENT GROWTH FROM THE NDIS IN SOUTH AUSTRALIA



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.

GSP GAINS FROM THE NDIS IN SOUTH AUSTRALIA



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 SOUTH AUSTRALIA 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 CARERS			DISABILITY EMPLOYMENT CONSERVATIVE CASE WITH IMPACT OF 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 sectors
Agriculture, Forestry & Fishing	100	228	25	63	144	16	221	455	50	184	370	40
Mining	23	52	20	12	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 & 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 & Food Services	112	316	16	70	198	10	196	551	29	154	432	22
Transport, Postal & Warehousing	139	309	37	87	194	23	261	567	69	209	451	55
Information Media & Telecommunications	58	132	28	36	82	18	96	222	47	74	173	37
Financial & Insurance Services	97	253	85	60	158	53	170	450	151	134	356	119
Rental, Hiring & Real Estate Services	35	111	97	22	70	61	70	204	181	57	163	145
Professional, Scientific & Technical Services	181	504	59	114	317	37	339	914	108	271	726	86
Administrative & Support Services	220	422	48	138	264	30	280	630	71	198	474	54
Public Administration & Safety	274	339	38	172	212	24	458	572	64	355	445	50
Education & Training	282	391	33	177	245	21	456	643	54	351	498	42
Health Care & Social Assistance	649	803	60	406	503	38	891	1,155	86	649	856	64
Arts & 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

CONTACT

GORDON DUFF, NDS
General Manager
Sector Development and Research
gordon.duff@nds.org.au
0428 694 374

PETER HOPPO, NDS
State Manager
South Australia
peter.hoppo@nds.org.au
0439 824 765