

# An Estimate of the Economic Effects of the Implementation of the National Disability Insurance Scheme



# The results of the simulations

**Table 1: Results of simulations for 2018/19 in \$2015**

Simulation number	Simulation description	GDP effect \$Jan 2014	GDP effect \$2015/16
1	Disability employment growth module 1	\$10,515.9	\$10,726.71
2	Disability employment growth module 2	\$7,309.01	\$7,455.51
3	Carers entering the labour force	\$2,485.75	\$2,535.58
4	Simulation 3 including increased hours of work from carers currently employed	\$10,511.88	\$10,722.57
5	Simulations 1 and 4 combined	\$22,174.68	\$22,619.14
6	Simulations 2 and 4 combined	\$17,818.47	\$18,175.62
<b>Tax and benefit savings Module 1 with carer effect \$M</b>	<b>\$1,913</b>	<b>Tax and benefit savings Module 2 with carer effect \$M</b>	<b>\$1,544</b>

# Methodology for profiling the NDIS eligible population from SDAC12

- The NDIS has now been legislated in the '[National Disability Insurance Scheme Act 2013](#)' and a set of eligibility 'Rules' have been published by government – '[National Disability Insurance Scheme \(Becoming a Participant\) Rules 2013](#)'.
- This legislation and these Rules outline a number of key criteria for funded support of people with disability under the NDIS. The legislation requires Australian residence (s23). Age criteria are specified (s22 – with some variances in State/Territory jurisdictions), but generally restrict eligibility criteria to those under the age of 65. The legislation also requires that, in order to be eligible as a participant in the NDIS, the person with disability must have a permanent disability which is likely to continue over their lifetime (even if episodic in nature s24(1)(b) ) or to be in an 'early intervention' category. The legislation specifies a set of impairment tests which are to apply to assess eligibility for participation in the NDIS (s24(1)). These tests under the legislation require that:
  - a) the person has a disability that is attributable to one or more intellectual, cognitive, neurological, sensory or physical impairments or to one or more impairments attributable to a psychiatric condition;
  - b) the impairment or impairments are, or are likely to be, permanent;
  - c) and the impairment or impairments result in substantially reduced functional capacity to undertake, or psychosocial functioning in undertaking, one or more of the following activities:
    - communication;
    - social interaction;
    - learning;
    - mobility;
    - self-care;
    - self-management, and
  - d) the impairment or impairments affect the person's capacity for social and economic participation; and
  - e) the person is likely to require support under the NDIS for the person's lifetime.

# Key conditions for NDIS eligibility

- List A – Conditions which are likely to meet the disability requirements in s.24 of the NDIS Act
- List B – Conditions for which permanent impairment/functional capacity are variable and further assessment of functional capacity generally is required
- The modelling applies these PC 2011 tests in Appendix H to the data set in SDAC 2012 to determine the NDIS participation cohort under criteria (i), (iv) and (v).

# How SDAC12 is applied

'000 Persons aged 15-64	With a condition in List A, (see Appendix 3)	With an impairment in core activities requiring assistance on a daily basis (not otherwise included)	Early intervention group (not otherwise included)	With an impairment in learning requiring assistance on a daily basis (not otherwise included)	With an impairment in self-management requiring assistance on a daily basis (not otherwise included)	Total
As identified in SDAC 2012 CURF	97	124.7	87.9	21.5	12.7	343.8

# Estimated work intentions from SDAC12

2012 Estimates						2018 Estimates	
Form of labour market entry	New jobs work intention	Model 1 - exclusive of jobs created by explicit work intention	Model 2 - exclusive of jobs created by explicit work intention	Total module 1	Total module 2	Total module 1	Total module 2
Full-time	5609	20188	10101	25797	15710	28612	17424
Part-time	2205	19203	12114	21408	14319	23744	15881
Full-time Equivalents	6712	29790	16158	36501	22870	40484	25365
Previous Labour market status of new employees							
Unemployed seeking full-time work	1144	7102	2104	8246	3248	9146	3602
Unemployed seeking part-time work	450	6756	2523	7206	2973	7992	3297
Not in the labour force gaining full-time work	4466	13086	7997	17353	12456	19247	13815
Not in the labour force gaining part-time work	1755	12447	9591	14401	11353	15972	12592

# Work restrictions

Types of Employment restriction: All people aged 15-64 with disability living in households

1. Restricted in type of job
2. Restricted in number of hours
3. Difficulty changing jobs or getting a preferred job
4. Need for time off from work (at least one day per week)
5. Need for employer provided equipment and/or special arrangements
6. Need for support person at work or is receiving assistance from a disability job placement program or agency
7. Need for ongoing supervision or assistance
8. Permanently unable to work
9. No employment restrictions
10. Not applicable

What would enable your labour market participation:

1. Training
2. Equipment
3. Working at home
4. Time off
5. Assistance with work or personal care tasks
6. Other
7. Could not work at all
8. Not applicable

# Carers in the model

**Box 1: SDAC 2012 Disability status of main recipient of care living in households**

Has disability and profoundly restricted in core activities	355.4
Has disability and severely restricted in core activities	252.2
Has disability and moderately restricted in core activities	10.5
Has disability and mildly restricted in core activities	19.2
Has disability not restricted in core activities, restricted in schooling/ employment	*2.4
Has disability and not restricted in core activities, schooling or employment	**1.0
Total	640.6

**Table 7: Main reason had to leave work to care for main recipient of care , Disability status of main usually resident recipient of care and carers aged 15 to 64 years, in households**

Disability status of main usually resident recipient of care		Has disability and profoundly restricted in core activities		Has disability and severely restricted in core activities	
1	No alternative care arrangements available	24.6	5.6	6.8	3.1
2	Financial considerations / cost of alternative care arrangements	1.9	0	0	0
3	Unable to change working arrangements	1	0	0.9	0
4	Emotional obligations	6.3	2.1	5.2	1.9
5	Preferred to care full-time	13.1	4.4	5.6	0
6	Other	2.3	0	0.9	0
	Total	50.9	11.7	18.6	4



# New carer jobs

	2012	New carers with recipients under 65	Non-UR as a % of UR Recipients	New carers if non-UR recipients	Total carers 2012	Total Carers 2018
New carers working FT	2322	1741	15.03%	262	2003	2221
New carers working PT	12173	9130	15.03%	1372	10503	11649
Total new carers FTE	8408	6306	15.03%	948	7254	8046
Extra jobs for carers due to extra hours	27150	20363	15.03%	3061	23423	25979
Total new carers FTE and extra hours FTE	35558	26669	15.03%	4009	30678	34025

# Tax and spending effects

2015	Module 1			Module 2			Carers entering employment		Carers increasing hours
Forms of increased labour force participation	New jobs for PWD	New income tax from these jobs \$M	Benefit savings from these jobs \$M	New jobs for PWD	New income tax from these jobs \$M	Benefit savings from these jobs \$M	New income tax from these jobs \$M	Benefit savings from these jobs \$M	New taxation revenue \$M
Unemployed seeking full-time work	9146	102	123	3602	40	48	89	73	741
Unemployed seeking part-time work	7992	18	45	3297	7	18			
Not in the labour force gaining full-time work	19247	215	389	13815	154	279			
Not in the labour force gaining part-time work	15972	36	84	12592	28	67			
<b>Total</b>		370	640		230	412			
<b>Tax/benefit savings Module 1 with carer effect \$M</b>	1913			Tax/benefit savings Module 2 with carer effect \$M			1544		

# The econometric model

- REMPLAN™ has been designed to be a user friendly regional economic analysis package with training and support provided by Compelling Economics. REMPLAN clients have access to a dynamic economic modelling capability and detailed regional economic data for up to 111 different industry sectors.
- Regions are defined by one or more local government areas. For any actual or hypothetical economic change in a region, REMPLAN users can assess the direct and flow-on implications across industry sectors in terms of employment, wages and salaries, output and Gross Regional Product.
- Source: **Economic Modelling and Planning System**, Training Guide p.1.

# Limitations

- REMPLAN incorporates an input–output methodology and the underlying assumptions of this approach need to be kept clearly in mind. The assumptions are listed below:
- 1. **Fixed production coefficients.** That is to say that if we wanted to double output of a particular industry sector, we would have to double all of its inputs with no evidence of scale economies. This assumption implies constant returns to scale.
- 2. **Regional performance matches national and state average performance.** While this can vary between industries, these differences are usually apparent in other aspects of the economy.
- 3. **Input proportions will remain the same and there will be no change in technology.** As long as the model is kept up-to-date, this latter concern should not pose a threat to its effectiveness, except as a tool for long-term forecasting.
- 4. **Homogeneity among industries.** It is assumed that each industry sector produces a fixed set of products that are not produced by any other sector. It is, however, possible to have some overlap, e.g. liquor sold in bottle shops (the Retail sector) and in cafes (the Accommodation, Cafes and Restaurants sector).
- 5. **No supply constraints.** It is assumed that the intermediate and household sectors are able to service any increases in final demand. This assumption could weaken the predictive capacity of the model in those cases where increases in overall demand could bring about input shortages and raise their prices in the short term. However, in most day-to-day cases, increased input demand should not present a problem.
- Source: Economic Modelling and Planning System, Training Guide – REMPLAN, p.24.

Value-Added	Direct Change Jobs		Direct Effect (\$M)	Industrial Effect (\$M)	Consumption Effect (\$M)	Total (\$M)
<b>Agriculture, Forestry &amp; Fishing</b>	1,285		\$124.47	\$109.76	\$82.12	\$316.35
<b>Mining</b>	398		\$322.97	\$257.22	\$67.42	\$647.61
<b>Manufacturing</b>	2,988		\$452.04	\$406.60	\$308.17	\$1,166.81
<b>Electricity, Gas, Water &amp; Waste Services</b>	461		\$149.34	\$158.27	\$113.20	\$420.81
<b>Construction</b>	3,013		\$385.96	\$244.66	\$64.79	\$695.41
<b>Wholesale Trade</b>	1,253		\$210.34	\$193.90	\$210.52	\$614.76
<b>Retail Trade</b>	3,690		\$226.48	\$82.55	\$362.17	\$671.20
<b>Accommodation &amp; Food Services</b>	2,021		\$110.63	\$47.13	\$186.97	\$344.73
<b>Transport, Postal &amp; Warehousing</b>	1,875		\$256.76	\$226.82	\$171.69	\$655.28
<b>Information Media &amp; Telecommunications</b>	614		\$151.35	\$178.28	\$163.26	\$492.88
<b>Financial &amp; Insurance Services</b>	890		\$345.01	\$554.03	\$667.79	\$1,566.83
<b>Rental, Hiring &amp; Real Estate Services</b>	538		\$529.45	\$160.79	\$976.17	\$1,666.41
<b>Professional, Scientific &amp; Technical Services</b>	2,304		\$283.61	\$495.47	\$186.41	\$965.49
<b>Administrative &amp; Support Services</b>	1,679		\$181.94	\$204.18	\$91.94	\$478.07
<b>Public Administration &amp; Safety</b>	2,789		\$312.16	\$65.88	\$29.73	\$407.77
<b>Education &amp; Training</b>	2,639		\$228.50	\$22.51	\$184.66	\$435.67
<b>Health Care &amp; Social Assistance</b>	5,830		\$443.75	\$8.88	\$232.20	\$684.82
<b>Arts &amp; Recreation Services</b>	723		\$52.85	\$16.13	\$55.01	\$123.99
<b>Other Services</b>	1,512		\$102.43	\$71.07	\$129.31	\$302.81
<b>TOTAL</b>	36,502		\$4,870.05	\$3,504.13	\$4,283.52	\$12,657