

WORK, WELFARE, AND WELLBEING AROUND ENTRY INTO THE NDIS

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The National Disability Insurance Scheme (NDIS) is one of Australia's largest social programs, yet questions remain about how it affects participants' employment, reliance on other welfare payments, and overall wellbeing. Understanding these relationships is essential for assessing the scheme's long-term sustainability and its role in supporting participation and independence.

Using longitudinal data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, we outline the life pathways of participants – describing health, employment, and social support trends for individuals prior to and following their initial entry into the NDIS. These pathways show when these supports become available to people, how their circumstances evolve in subsequent years, and whether the supports are going to those facing hardship.

We find that:

- Entry into the NDIS typically follows a period of decline in health and wellbeing. Although health measures (physical and mental) remain low after entry, subjective reporting on vitality gradually improves.
- Before entry into the NDIS, employment rates remained largely unchanged despite deteriorating health, though some individuals tended to leave the labour force altogether. In the years following entry, some individuals transition back into work. Furthermore, average hours worked also increase over time after entry.
- These health and employment trends also play out in the receipt of other income-based supports. For those on NDIS, receipt of the JobSeeker payment becomes less common while use of the disability support payment rises.

The National Disability Insurance Scheme (NDIS) is Australia's primary system for funding supports for people with significant and permanent disability. Rather than providing income replacement, the NDIS funds disability-related supports and services, including therapies, assistive equipment, personal care, and supports for social and economic participation.

A central feature of the scheme is its individualised design. Funding is determined through an assessment of each participant's functional needs, goals, and circumstances, and provided as a budget for purchasing reasonable and necessary supports. This distinguishes the NDIS from traditional welfare programs, which provide cash payments conditional on income or employment status.

By focusing on supports rather than income replacement, the NDIS aims to reduce barriers to participation and enable more independent lives. At the same time, the scheme is one of Australia's largest and fastest-growing social programs, making its long-term sustainability a key policy concern. A central question is how NDIS participation affects labour market outcomes, reliance on other welfare programs like JobSeeker Payment and the Disability Support Pension, and participants' health and wellbeing.

In this note, we frame these outcomes by showing the experience of recipients – tracking what happens before and after they enter the NDIS for the first time. Using longitudinal data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, we track changes in labour market outcomes, welfare receipt, and health outcomes around the year of NDIS entry. Our approach follows the same individuals in the years before and after they first report being an NDIS participant. We compare each person to their own pre-entry level, while also accounting for economy-wide changes that affect everyone in a given year. We also adjust for basic changes in circumstances over time, such as ageing, marital status, and region of residence.¹

The entry into the NDIS is not random. It likely reflects the deterioration of health, administrative processes, and the capacity of households to navigate the system. This means that the characteristics of individuals entering the NDIS – and the timing of their entry – are shaped by what was already happening in their lives. A simple comparison of outcomes before and after

¹ This mirrors our earlier analysis of the Disability Support Pension in (Akyol & Nolan, 2023).

entry can therefore be misleading as it may reflect changes in who is entering the scheme at different points in time, rather than what is happening to each individual. By following the same people over time, we can make this selection process visible and place post-entry outcomes in the context of what was already underway.

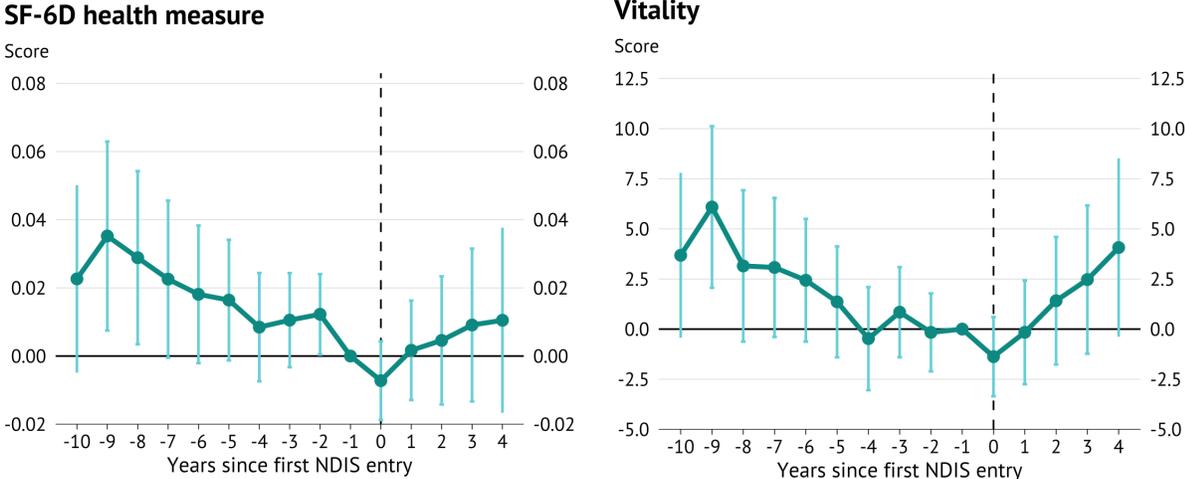
Tracking individuals over time also allows us to distinguish between changes that occur immediately at the point of entry and those that emerge more gradual adjustment over time, which is important for interpreting the results that follow.

Health and wellbeing outcomes around NDIS entry

Entry into NDIS typically follows a period in which most measures of self-reported health decline – with vitality, health, and mental health scores declining especially sharply several years beforehand (Figures 1 and A.6). After entry, most health outcomes improve marginally – indicating that the permanent health conditions driving entry to the NDIS continue to affect individuals. However, measures of vitality climb sharply, rising well above their pre-NDIS level in the four years after entry to the scheme.

This does not tell us that NDIS leads to an increase in vitality – as this may reflect individuals and families reorganising after experiencing permanent impairment to adapt to new constraints and support needs. However, the NDIS as a scheme is part of how this process takes place.

Figure 1: Health-Related Quality of Life (SF-6D) and Vitality around NDIS entry



Sources: e61 Institute; HILDA Survey Release 2023

Sources: e61 Institute; HILDA Survey Release 2023

Labour market outcomes around NDIS entry

Both deteriorating health and the structure of the NDIS have unclear consequences for labour market outcomes. Health difficulties make working more difficult, but increase the need to work and earn income to purchase services to treat some conditions. Similarly, the provision of services through the NDIS removes the need to work to earn income for those services, but it also provides supports that make it easier to enter and remain attached to the labour market.

The weight of these different incentives will vary based on the circumstances in which people find themselves. For this reason, there is no clear single labour market story associated with NDIS.

The raw patterns show that NDIS entry follows a clear deterioration in labour market outcomes, consistent with entry following a period of worsening health and disruption (Figures A.2 and A.3).

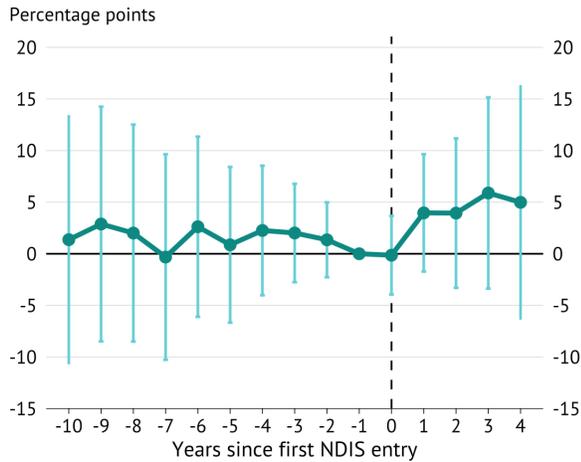
However, these raw patterns may be driven by a changing composition of the sample or the characteristics of individuals who end up on NDIS. After accounting for persistent individual factors and basic time-varying factors such as age, residential area, and marital status, NDIS entry occurs when labour market outcomes have changed very little. After entry, there is a gradual

increase in labour market indicators for individuals who remain attached to the labour market. The employment rate, hours worked, and earned income all marginally increase over time after individuals first receive NDIS supports. (Figures 2 and 3).

The one labour market measure that presents a change is the proportion of individuals not in the labour force (NILF). Entry into NDIS follows a five-year period in which a growing proportion of individuals leave the labour force. This increase reverses after entry to the NDIS. As with the improvement in vitality scores, this may not be due to NDIS but instead due to individuals and families learning how to manage their permanent impairment – however, it is a positive outcome for recipients.²

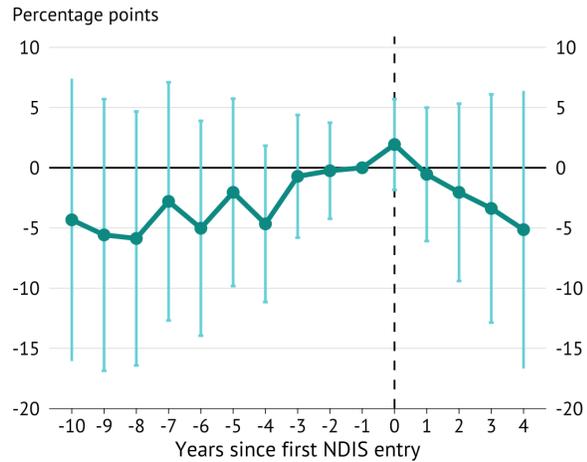
Figure 2: Employment and labour force status around NDIS entry

Employment



Sources: e61 Institute; HILDA Survey Release 2023

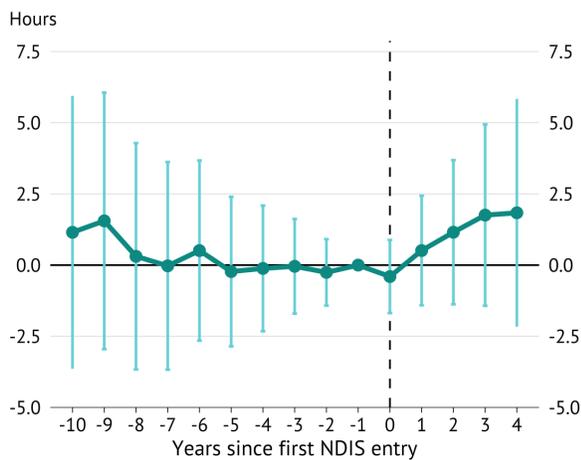
NILF



Sources: e61 Institute; HILDA Survey Release 2023

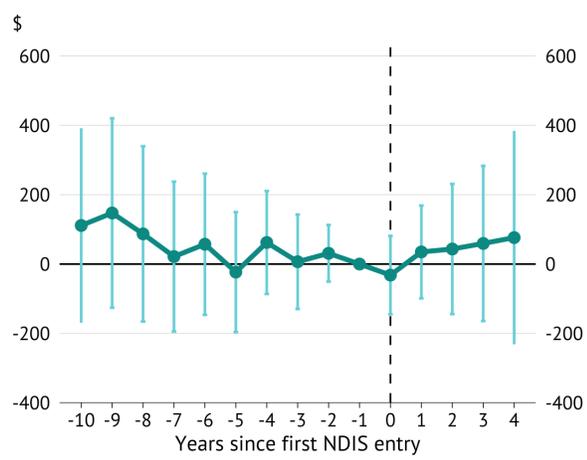
Figure 3: Hours worked and real wage income around NDIS entry

Hours worked



Sources: e61 Institute; HILDA Survey Release 2023

Real income



Sources: e61 Institute; HILDA Survey Release 2023

² Consistent with these findings, measures of financial satisfaction show a gradual improvement following NDIS entry, with no clear trend in the period prior to entry (see Appendix Figure A.5).

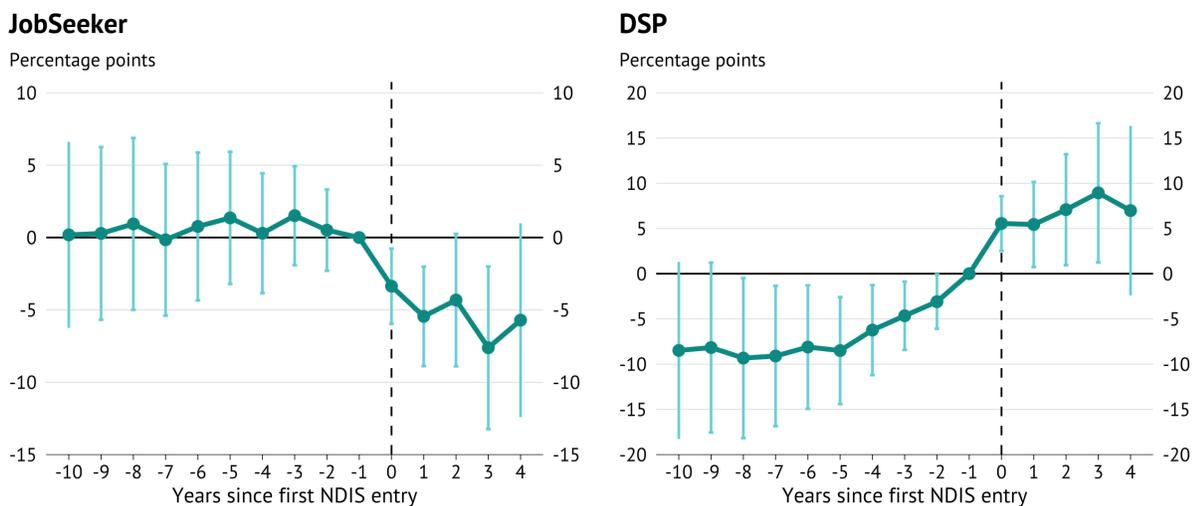
NDIS entry and changes in receipt of other welfare payments

The receipt of other welfare payments evolves gradually following entry into the NDIS. The likelihood of receiving JobSeeker Payment (JSP) declines over time after people first receive NDIS supports. In contrast, the receipt of the Disability Support Pension increases around the time of the NDIS entry and remains high in subsequent years (Figure 4).

NDIS entry occurs when receipt of JobSeeker Payment has been relatively stable, with no evidence of sharp changes, while it follows a gradual increase in receipt of the Disability Support Pension. Following NDIS entry, changes in welfare receipt occur progressively rather than discretely at the point of entry. If participation in the NDIS mechanically restricted access to other welfare programs, we would expect abrupt changes at entry, which are not observed.

The DSP is an income support payment for those who are deemed to have an impairment that would make the individual unable to work for at least two years. For shorter periods of work incapacity, the JSP is made available. The lift in DSP receipt that precedes NDIS entry illustrates that there is a group of individuals who have permanent impairments who also use the NDIS to fund support services. The relative reduction in the JSP may then reflect individuals transitioning to the DSP, or moving back into the workforce as they learn to manage their health condition.³

Figure 4: JobSeeker Payment and DSP receipt around NDIS entry



Sources: e61 Institute; HILDA Survey Release 2023

Sources: e61 Institute; HILDA Survey Release 2023

Conclusion and Implications for policy

Our findings document the pathway into and through NDIS support for the average participant, and do not provide causal estimates of the effects of the NDIS on health, labour market participation, or reliance on income support.

We find that NDIS participants experience a deterioration in health measures in the lead-up to accessing the scheme. There is also evidence that some individuals become detached from the labour market and show increased reliance on the DSP during this period. Following NDIS entry, there is some evidence that the average participant is more likely to rejoin the labour force and that labour market and health outcomes improve modestly over time. The use of the DSP stabilises while reliance on the JSP for income support declines. The most consistent post-entry improvement is in vitality, which rises noticeably in the years following entry.

These trends suggest that NDIS participants and their families adapt and reorganise their life affairs following entry into the scheme – experiencing a better quality of life several years after entering the scheme than at entry. Given the services provided by the NDIS, the scheme is likely to support this transition. However, this work cannot prove this conclusively. Future e61 work using detailed administrative data will attempt to identify and better understand these dynamic effects.

³ Entry into the NDIS does not affect eligibility for other Commonwealth income support programs such as JobSeeker Payment or the Disability Support Pension; these are separate systems and NDIS funding is generally not counted as income for Centrelink purposes.

The gradual nature of the observed changes suggests that evaluations of NDIS outcomes should allow sufficient time for supports to have their full effect as individuals and families learn how to organise their lives around permanent impairment. The ability of the NDIS to facilitate this adjustment is central to assessing whether the scheme is working as intended. Understanding the mechanisms behind these improvements could inform efforts to enhance the scheme's effectiveness while managing costs, and evaluations focused narrowly on short-term changes in wellbeing may understate the benefits of NDIS support.

References

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- Ware, J. E., Snow, K. K., Kosinski, M., & Gandek, B. (1993). *Sf-36 health survey. Manual and interpretation guide*, 2.

A. Appendix

A.1 Regression specification

We use the following specification:

$$(1) \quad y_{it} = \alpha_i + \gamma_t + \sum_{j=0}^M \gamma_j \text{leads}_j + \sum_{k=1}^N \eta_k \text{lags}_k + \beta X_{it} + \epsilon_{it}$$

where y_{it} represents the health, labor market, or welfare receipt outcome for person i during year t . α_i is the person-specific fixed effects. γ_t denotes the year fixed effects. X_{it} includes time-varying characteristics specific to people, such as age, age squared, marital status, region of residence, and university degree status. leads_j are binary variables representing the years leading up to a person's participation in NDIS. lags_k are binary variables representing the years following a person's participation in NDIS. We've chosen the period preceding a person's participation in NDIS as the reference period for our analysis.

A.2 Data and Descriptive Statistics

We use longitudinal data from the HILDA Survey and restrict the sample to people aged 15 to 65 who ever report receiving NDIS supports during the sample period. For each person, we define the first year in which they report receiving NDIS supports as the entry year and construct event time relative to this year. Individuals who are observed only once, and only in the entry year, are excluded.

List of Variables and Definitions

- **Employment:** Dummy variable; takes the value of 1 if the person is currently employed, 0 otherwise.
- **Not in the Labour Force (NILF):** Dummy variable; takes the value of 1 if the person is currently not in the labour force, 0 otherwise.
- **Hours of Work:** Hours per week usually worked in all jobs, set to 0 for those not working.
- **Real Wage Income:** Current fortnightly income from all jobs, set to 0 for non-working people.
- **DSP receipt:** Dummy variable equal to 1 if the person reports receiving the Disability Support Pension in a given survey year, and 0 otherwise.
- **JobSeeker receipt:** Dummy variable equal to 1 if the person reports currently receiving (Newstart/JobSeeker) allowance in a given survey year, and 0 otherwise.
- **Life Satisfaction:** Ordinal variable indicating how satisfied the respondent is with their life, ranging from 1 to 10, where 1 indicates total dissatisfaction and 10 indicates total satisfaction.
- **Health Satisfaction:** Ordinal variable indicating how satisfied the respondent is with their health, ranging from 1 to 10, where 1 indicates total dissatisfaction and 10 indicates total satisfaction.
- **Self-reported Health:** Ordinal variable ranging from 1 to 5, where 1 indicates excellent health and 5 indicates poor health (higher values correspond to worse health).
- **Self-reported Poor Health:** Dummy variable equal to 1 if the person reports fair (4) or poor health (5), and 0 otherwise.
- **Mental Health Index:** Scale ranging from 0 to 100, where higher values indicate better mental health.
- **SF-6D:** SF-6D Health state classification derived from the SF-36 (Brazier et al., 2002).
- **Vitality:** A continuous measure of energy and fatigue levels, scaled from 0–100 (Ware et al., 1993).
- **University Degree or Higher:** Dummy variable; takes the value of 1 if the person has a Bachelor's degree or higher, 0 otherwise.
- **Major Statistical Region Fixed Effects (2001):** Regional controls based on major statistical regions in Australia.
- **Married:** Dummy variable equal to 1 if the person is legally married, and 0 otherwise.

Table A.1: Descriptive statistics around NDIS entry

	$t = -2$	$t = -1$	$t = 0$	$t = +1$	$t = +2$
Age	41.899 (15.113) [445]	41.898 (15.728) [471]	41.633 (16.125) [529]	41.325 (15.898) [417]	41.664 (15.626) [307]
Female	0.530 (0.500) [445]	0.524 (0.500) [471]	0.520 (0.500) [529]	0.540 (0.499) [417]	0.524 (0.500) [307]
University degree	0.119 (0.324) [445]	0.110 (0.314) [471]	0.110 (0.313) [529]	0.110 (0.314) [417]	0.094 (0.293) [307]
Married	0.267 (0.443) [445]	0.253 (0.435) [471]	0.231 (0.422) [529]	0.189 (0.392) [417]	0.192 (0.395) [307]
Employed	37.079 (48.356) [445]	33.546 (47.265) [471]	31.947 (46.671) [529]	33.813 (47.364) [417]	30.945 (46.302) [307]
Not in labour force	57.079 (49.552) [445]	58.599 (49.307) [471]	61.437 (48.721) [529]	60.671 (48.907) [417]	62.541 (48.481) [307]
Hours worked	11.633 (17.609) [444]	10.800 (17.290) [471]	9.655 (16.607) [529]	9.278 (15.646) [417]	9.183 (16.060) [307]
Real income	688.965 (1634.682) [445]	598.192 (1386.627) [471]	517.694 (1105.248) [529]	494.627 (1085.307) [417]	468.516 (1040.442) [307]
Financial stress	13.483 (34.193) [445]	15.499 (36.228) [471]	17.013 (37.610) [529]	16.307 (36.987) [417]	16.938 (37.570) [307]
DSP receipt	38.876 (48.802) [445]	40.764 (49.192) [471]	45.747 (49.866) [529]	48.921 (50.048) [417]	54.072 (49.915) [307]
JobSeeker receipt	10.337 (30.479) [445]	11.040 (31.373) [471]	8.507 (27.924) [529]	7.194 (25.870) [417]	8.469 (27.888) [307]
Financial satisfaction	5.619 (2.459) [443]	5.746 (2.596) [469]	5.873 (2.485) [518]	5.906 (2.606) [415]	6.000 (2.616) [305]
Poor health	14.831 (35.581) [445]	17.410 (37.960) [471]	15.312 (36.044) [529]	15.348 (36.088) [417]	13.681 (34.421) [307]
Mental health	59.485 (22.349) [390]	58.501 (22.699) [417]	57.096 (23.168) [469]	57.774 (22.085) [369]	58.669 (23.125) [274]
SF-6D	0.647 (0.144) [368]	0.631 (0.144) [404]	0.625 (0.140) [447]	0.631 (0.143) [351]	0.631 (0.141) [263]
Vitality	43.256 (23.209) [390]	43.405 (23.962) [417]	42.637 (23.444) [469]	43.550 (23.168) [369]	44.562 (23.172) [274]
Health satisfaction	5.425 (2.582) [445]	5.397 (2.716) [471]	5.463 (2.698) [525]	5.580 (2.539) [417]	5.707 (2.584) [307]
Life satisfaction	7.067 (2.063) [445]	7.127 (2.011) [471]	7.161 (2.014) [527]	7.204 (2.033) [416]	7.104 (2.220) [307]

Notes: Table reports means, with standard deviations in parentheses and number of observations in brackets. Statistics are shown for two years before NDIS entry ($t = -2$), one year before ($t = -1$), the year of entry ($t = 0$), and one and two years after entry ($t = +1$, $t = +2$).

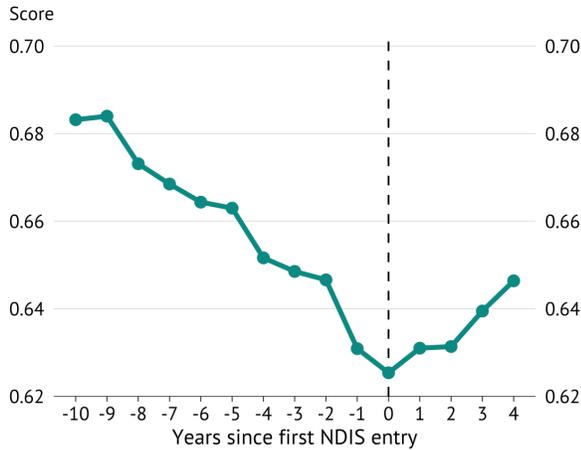
A.3 Raw Data Patterns

The event study framework used in this note is designed to trace the average transition path of individuals in the years leading up to, and following, their first receipt of NDIS supports. By following the same individuals over time, this approach helps characterise how outcomes evolve around NDIS entry while reducing the influence of compositional changes that can confound comparisons based on raw cross-sectional averages.

For comparison, we also present the average outcomes by event time using raw data without additional controls. The resulting patterns are similar to the main results, suggesting that our findings are not driven by the inclusion of covariates or functional form assumptions.

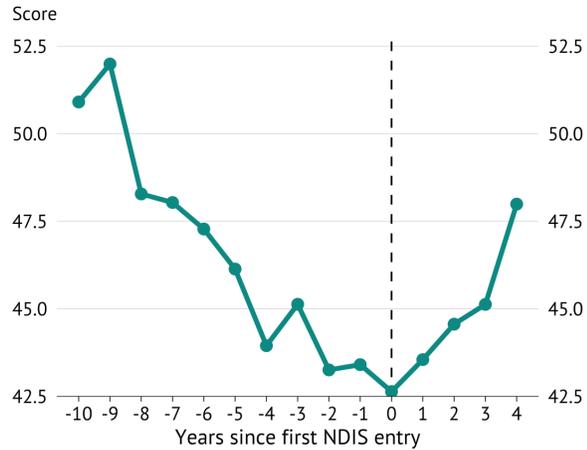
Figure A.1: Health-Related Quality of Life (SF-6D) and Vitality before and after NDIS

SF-6D health measure



Sources: e61 Institute; HILDA Survey Release 2023

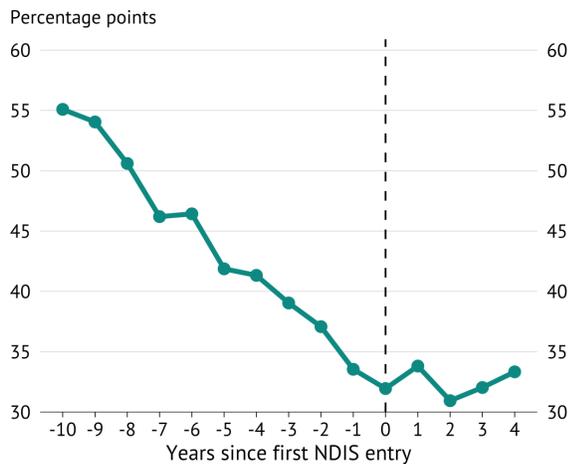
Vitality



Sources: e61 Institute; HILDA Survey Release 2023

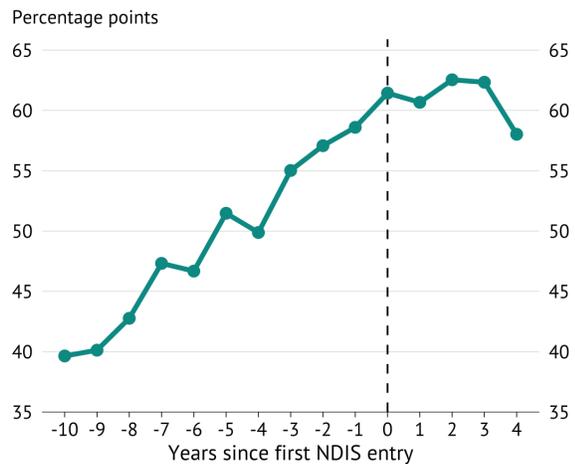
Figure A.2: Raw averages around NDIS entry: Employment and labour force status

Employment



Sources: e61 Institute; HILDA Survey Release 2023

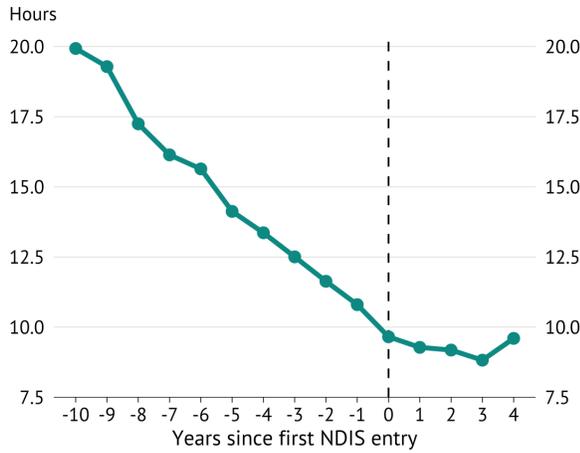
NILF



Sources: e61 Institute; HILDA Survey Release 2023

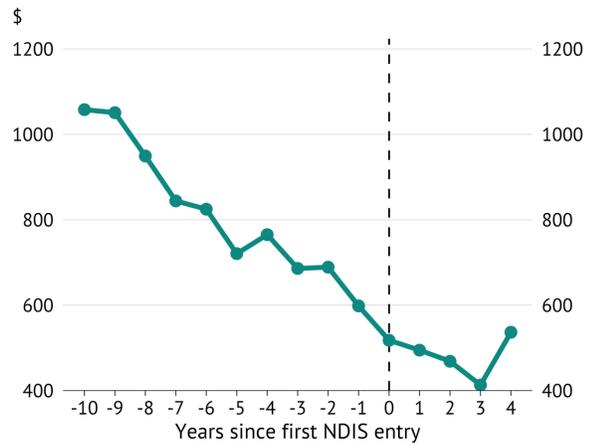
Figure A.3: Raw averages around NDIS entry: Hours worked and real wage income

Hours worked



* Sources: e61 Institute; HILDA Survey Release 2023

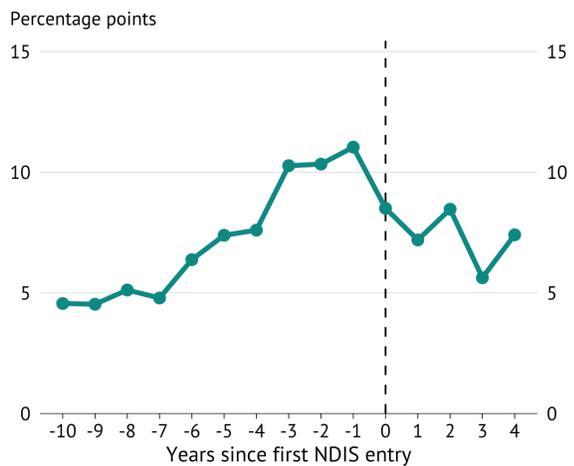
Real income



* Sources: e61 Institute; HILDA Survey Release 2023

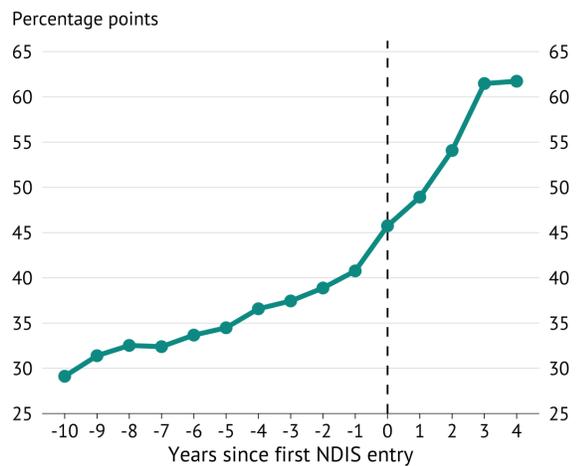
Figure A.4: JobSeeker and DSP before and after NDIS

JobSeeker



* Sources: e61 Institute; HILDA Survey Release 2023

DSP

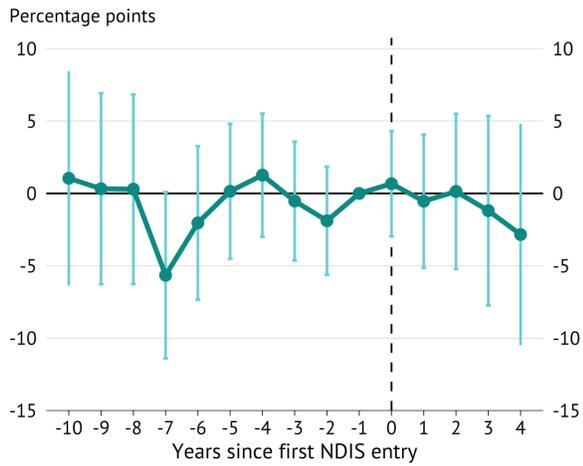


* Sources: e61 Institute; HILDA Survey Release 2023

A.4 Additional Figures

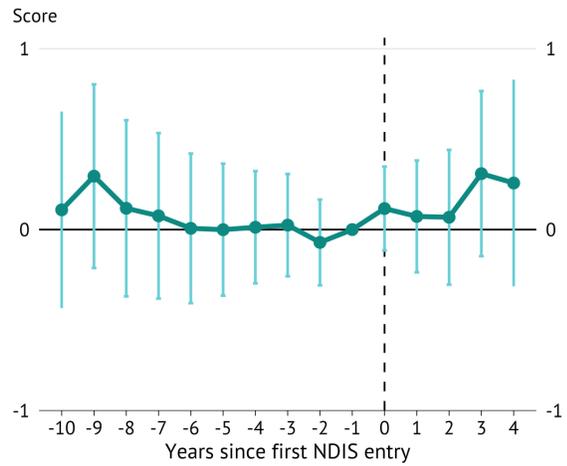
Figure A.5: Financial Stress and Financial Satisfaction before and after NDIS

Financial stress



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Sources: e61 Institute; HILDA Survey Release 2023

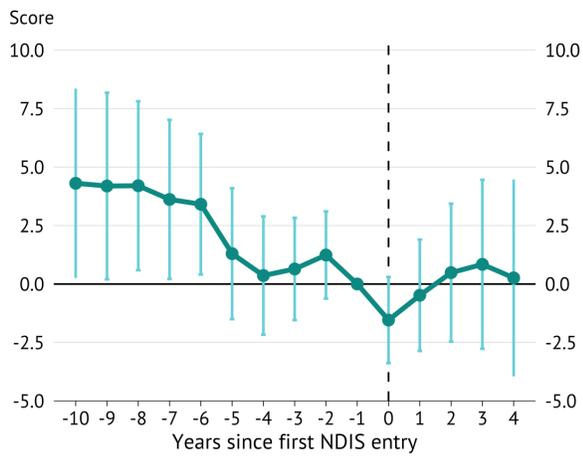
Financial satisfaction



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Sources: e61 Institute; HILDA Survey Release 2023

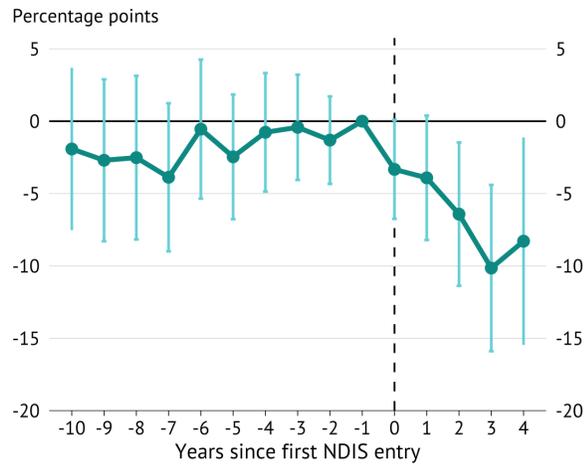
Figure A.6: Mental Health and Reporting Poor Health before and after NDIS

Mental health



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Sources: e61 Institute; HILDA Survey Release 2023

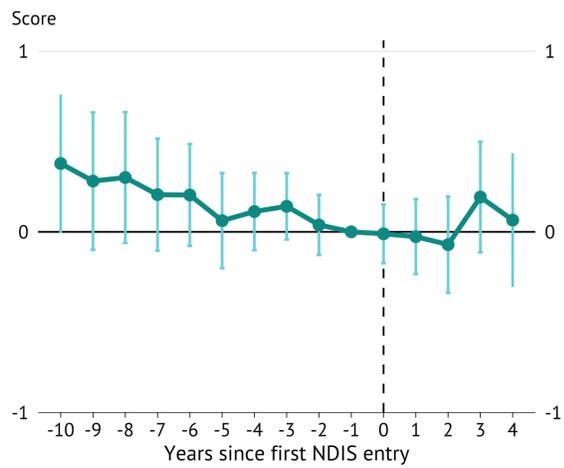
Reporting poor health



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Sources: e61 Institute; HILDA Survey Release 2023

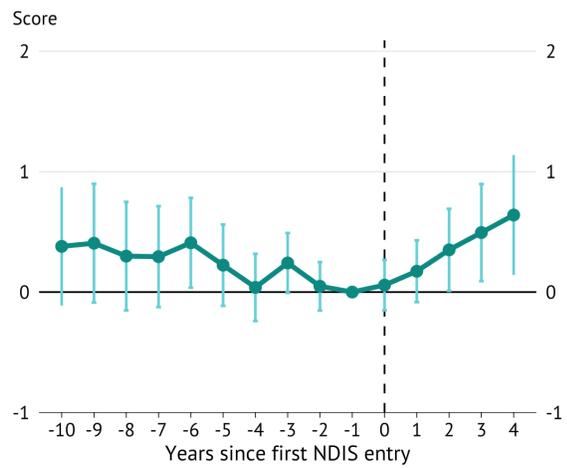
Figure A.7: Life Satisfaction and Health Satisfaction before and after NDIS

Life satisfaction



* Sources: e61 Institute; HILDA Survey Release 2023

Health satisfaction



* Sources: e61 Institute; HILDA Survey Release 2023

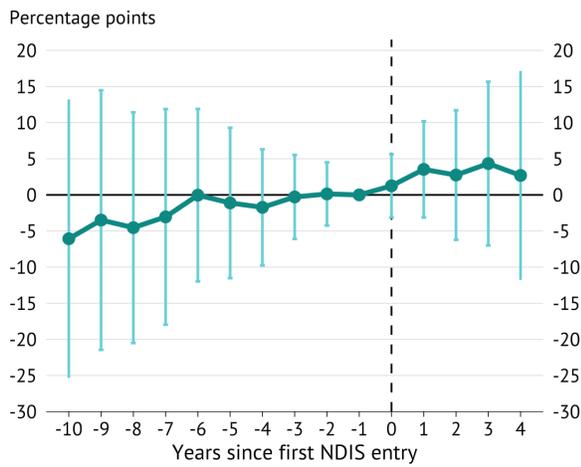
A.5 Results for participants receiving income support prior to NDIS entry

Recent work, Tan (2025), studies the effects of NDIS access on labour market outcomes and welfare receipt using administrative data and exploits variation in the timing of the NDIS rollout among people who transitioned from an existing Commonwealth or State disability scheme. In this population, DSP receipt constitutes 80 per cent of the sample prior to NDIS exposure, and the paper finds that NDIS access reduces DSP receipt, driven by income-testing effects as employment and earnings rise.

Our results do not contradict this finding. Using HILDA data, we show that aggregate DSP trends around NDIS entry reflect two offsetting forces: reduced reliance on DSP among existing recipients, and new DSP entry among some participants around the time they first receive NDIS supports. When we restrict the sample to individuals who were receiving income support prior to NDIS entry,⁴ we observe a decline in DSP receipt that is consistent with the findings of Tan (2025) (see Figures A.8 and A.9).

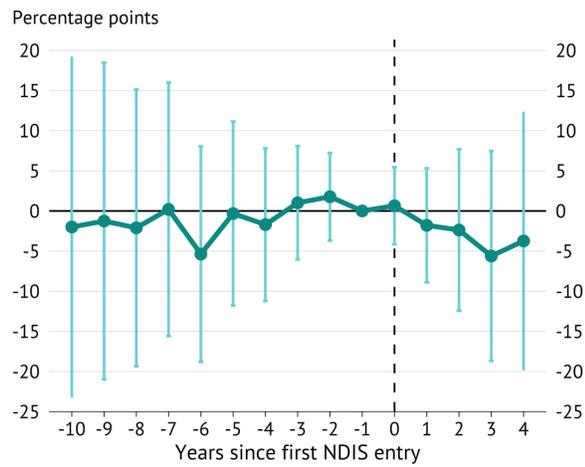
Figure A.8: Labour Market Outcomes before and after NDIS for those who were on a benefit before NDIS

Employment



Sources: e61 Institute; HILDA Survey Release 2023

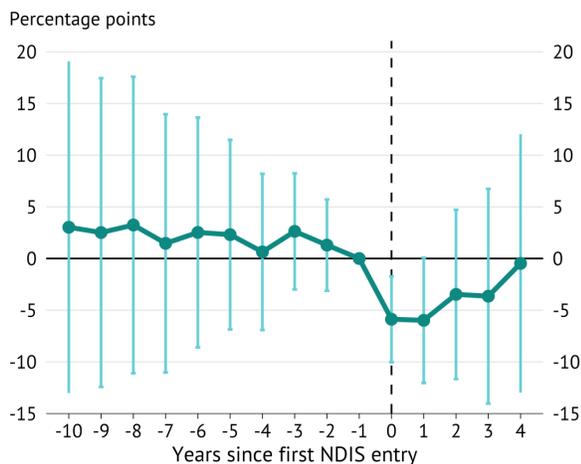
NILF



Sources: e61 Institute; HILDA Survey Release 2023

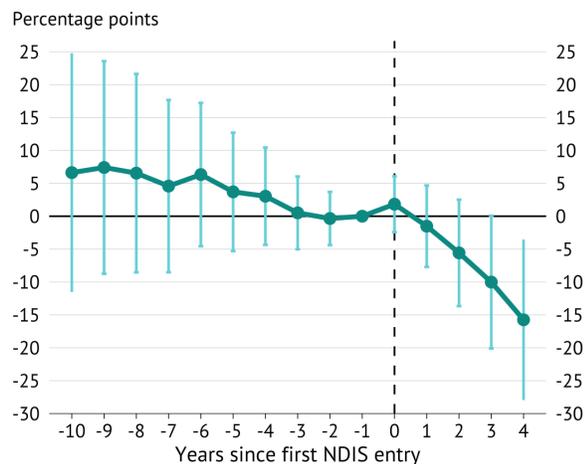
Figure A.9: Benefit Receipt before and after NDIS for those who were on a benefit before NDIS

JobSeeker



Sources: e61 Institute; HILDA Survey Release 2023

DSP



Sources: e61 Institute; HILDA Survey Release 2023

⁴ In our sample, 80 per cent of individuals were receiving DSP in the period immediately prior to NDIS entry.

HILDA Disclaimer

This paper uses unit record data from Household, Income and Labour Dynamics in Australia Survey [HILDA] conducted by the Australian Government Department of Social Services (DSS). The findings and views reported in this paper, however, are those of the authors and should not be attributed to the Australian Government, DSS, or any of DSS' contractors or partners.
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