Draft Submission to the Productivity Commission

Expanding the Pacific Labour Mobility Scheme for Enhanced Australian Productivity

The Pacific Australia Labour Mobility (PALM) Scheme has proven highly successful in improving productivity and economic growth within the Australian agriculture sector by providing a reliable workforce from Pacific Island nations. While the scheme has delivered measurable productivity gains in agriculture, its current scope is limited.

There is a significant opportunity to expand the PALM Scheme to address pressing domestic challenges in Australia while deepening Australia's engagement with the Pacific.

This submission recommends expanding the PALM Scheme by an additional 30,000 places per annum to create a new stream of live-in care workers across three key sectors:

- Pacific Islander Live-In Childcare (nannies) – enabling parents, particularly women, to return to full-time work sooner.
- Pacific Islander Live-In Aged care (in-home support workers) – supporting older Australians to live independently at home longer, delaying entry into residential care.
- Pacific Islander Live-In Disability care (in-home support workers) – providing affordable, person-centred care and reducing the need for costly group home placements or high-frequency visiting care.

Australia is facing simultaneous pressures in workforce availability and care provision:

- Childcare accessibility and affordability are major barriers to workforce participation. Research shows that many women reduce or leave paid employment due to lack of affordable in-home care.
- Aged care demand is increasing rapidly with an ageing population, while workforce shortages threaten quality and accessibility.
- Disability support services face growing demand and high costs under the NDIS, with shortages of suitably trained carers.

These challenges directly affect productivity, as they constrain labour force participation (especially of women), increase government expenditure on institutional care, and reduce household efficiency.

Proposed Policy Solution

The Australian Government should expand the PALM Scheme to create a Live-in Care Stream, drawing 30,000 Pacific workers annually. Workers would be matched with Australian households who have care needs in one of the three areas above.

Key features:

1. **Live-in model** – Workers reside in the homes where they provide care, making use of spare bedrooms in existing housing stock. This approach minimises accommodation challenges that often constrain migration programs.
2. **Targeted productivity gains** –
    - Parents re-enter the workforce sooner and at higher rates.
    - Elderly Australians remain at home longer, delaying transition to higher-cost aged care facilities.
    - People with disabilities receive tailored care in a home setting, reducing the intensity and cost of formal service provision.
3. **Cultural exchange and relationship-building in a diplomatically strategic region** – Embedding Pacific workers within Australian families fosters stronger people-to-people ties between Australians and the Pacific, advancing the Government's Pacific Step-up strategy.
4. **Regulation and safeguarding** – Workers would be provided with clear workplace protections, rights, and pastoral care under an expanded PALM framework to ensure ethical recruitment and safe working conditions, as well as police checks and skills training in child, aged and disability care prior to entering a home setting.

Productivity Benefits

1. **Workforce Participation:**
    - Expanded childcare support allows tens of thousands of predominantly female caregivers to rejoin the workforce sooner, lifting participation rates and overall productivity.
2. **Reduced Government Expenditure:**
    - Home-based aged care and disability support defer costly institutional placements, significantly reducing budgetary pressures on aged care and the NDIS.
3. **Labour Market Flexibility:**
    - This stream complements, rather than competes with, local care workers by focusing on live-in models where there is acute undersupply.

4. **Regional Partnerships:**
    - The program creates sustainable employment opportunities for Pacific Islanders, strengthening regional stability and economic development.

Implementation Considerations

- **Training & Standards:** Workers would receive tailored training (e.g., childcare, elder care, disability care) prior to placement.
- **Safeguards:** Strong regulatory oversight, cultural orientation programs, and grievance mechanisms to protect both workers and host families.
- **Pathways:** Clear temporary migration terms, with opportunities for remittances to support Pacific economies.
- **Monitoring:** Regular evaluation to track impacts on productivity, care outcomes, and Pacific development.

Conclusion

Expanding the PALM Scheme into live-in care work offers a **triple dividend**:

1. Boosting Australian productivity by unlocking workforce participation and reducing institutional care costs.
2. Providing dignified, skilled employment opportunities for Pacific workers.
3. Deepening Australia-Pacific people-to-people connections in a sustainable and human-centred way.

This submission recommends that the Productivity Commission consider piloting and scaling a **Live-in Care Stream within the PALM Scheme**, targeting 30,000 placements annually. This expansion will not only address urgent care workforce shortages but also significantly enhance Australia's productivity and regional engagement.

Awesome — I've woven in fresh Australian data and citations so your case is evidence-driven. I kept the structure "submission-ready," and added a compact impact model you can point to.

Draft Submission (with data & references)

Expanding the PALM Scheme to a Live-in Care Stream to Lift Australian Productivity

Summary of recommendation

Create a new **Live-in Care Stream** within the Pacific Australia Labour Mobility (PALM) scheme—**30,000 additional workers per year** across three roles **inside existing homes**:

1. in-home nannies/childcare,
2. in-home aged care, and
3. in-home disability support.

This uses **spare bedrooms** (widely available across Australia) to solve binding care workforce shortages, unlocks women's labour force participation, and **defers much higher-cost institutional care**.

How will this drive productivity?

1) Childcare shortages constrain labour supply

- Jobs and Skills Australia (JSA) lists Child Care Worker among the large employing occupations that have been in national shortage since 2021—and forecast to persist. (Jobs and Skills Australia)
- The Productivity Commission's ECEC inquiry (final report released Sept 2024) highlights affordability/access gaps and the need for new workforce pathways to lift participation. (Department of Education, Productivity Commission, The Sector)
- Empirical work from the NSW Productivity Commission finds women's labour supply is responsive to out-of-pocket childcare costs, implying that lowering effective prices/raising availability measurably increases hours worked. (productivity.nsw.gov.au)

What this stream changes: live-in nannies expand capacity where demand exists (at home, including irregular hours), complementing centre-based care and enabling earlier, fuller return to work—particularly for mothers.

2) Aged care: demand rising, workforce tight, institutions expensive

- Government spending on aged care reached $36.4 billion in 2023–24, with 59% on residential care; home care/support was 32%. (Gen Aged Care Data)
- The 2024 Aged Care Worker Survey and GEN/AIHW reporting underline persistent workforce pressure across residential and home care. (Health, Disability and Ageing, Gen Aged Care Data)

- Residential care intensity has increased (e.g., ~202 care minutes per resident/day in 2023–24), reinforcing the cost differential versus supporting people to live at home longer. (Health, Disability and Ageing)

What this stream changes: live-in in-home carers delay or avoid admission to residential care, shifting care from the 59% cost share (residential) toward lower-cost home settings.

3) Disability support: high costs concentrated in specific settings; providers strained

- The NDIS cost envelope is ~$44.3 billion in 2024–25 (Commonwealth + states). (Parliament of Australia)
- Participants in Supported Independent Living (SIL) have ~9× higher average payments than non-SIL participants, showing large savings potential when high-intensity settings are safely deferred or reduced. (NDIS)
- The NDIA's 2024–25 pricing and quarterly updates show ongoing pressure on costs and provider viability—underscoring the need for more flexible, sustainable in-home models. (NDIS)

What this stream changes: live-in disability support can reduce the intensity/frequency of external visits and postpone transitions to SIL/group homes, easing NDIS outlays while maintaining person-centred care.

4) Housing capacity already exists: spare bedrooms

- Analyses of 2021 Census data show a large stock of under-used bedrooms (e.g., millions of spare rooms; "three or more spare bedrooms" in ~1.2 million households). Using in-home workers taps this capacity without building new accommodation. (ABC, AHURI)

5) PALM infrastructure is proven and scalable

- As at June 2025 there were 31,055 PALM workers in Australia (roughly half long-term, half short-term), and employer participation is expanding—demonstrating a platform that can safely add a care stream. (PALM Scheme)

Indicative fiscal/productivity impacts (order-of-magnitude)

- **Childcare → labour supply:** If even one-third of 30,000 live-in placements enable an average additional 0.5 FTE return to work, that's ~5,000 FTE added—primarily higher female participation—compounding productivity and income tax receipts (consistent with PC/NSW PC evidence linking childcare access/costs to mothers' work hours). (Department of Education, productivity.nsw.gov.au)

- **Aged care substitution:** Moving 10,000 older people from early residential admission to home-based support for an extra 12–24 months lowers expenditure exposure, given government spends far more on residential care than home care overall. (Residential accounts for ~59% of spend.) (Gen Aged Care Data)
- **NDIS intensity avoidance:** Each avoided/shortened SIL arrangement (average payments ~9× non-SIL) represents large per-participant savings; even modest deferral for a small share of high-cost participants is material. (NDIS)

Detailed budget scoring would depend on program design (hours, wage floors, supervision, training). However, the direction of savings is robust: shifting care to lower-cost home settings and lifting parental labour supply both improve measured productivity and fiscal sustainability.

Program design

1. **Live-in employment standard within PALM**
    - Roles: in-home nanny; in-home aged care worker; in-home disability support worker.
    - Accreditation: short, stackable micro-credentials aligned to Australian standards before placement; supervised recognition-of-prior-learning pathways onshore.
    - Safeguards: minimum wage floors, caps on unpaid "board," independent complaints channels, audit of host households, wellbeing checks.
2. **Placement logic that targets bottlenecks**
    - Prioritise regions with **documented shortages** (JSA Occupation Shortage List) and care waitlists. (Jobs and Skills Australia)
3. **Integration with existing systems**
    - Households using NDIS/Home Care Packages can elect the live-in option where clinically appropriate; pricing consistent with NDIA/DoH price caps and conditions. (NDIS, Health, Disability and Ageing)
4. **Evaluation**
    - PC-style evaluation framework tracking: (i) labour force participation of host parents; (ii) days at home pre-residential admission; (iii) NDIS plan expenditure mix; (iv) worker wellbeing; (v) complaints/resolution; (vi) fiscal effects relative to baseline.

References

- Aged care expenditure & structure:
  Australian Institute of Health and Welfare (GEN): governments spent $36.4b on aged care in 2023–24; 59% residential, 32% home care. (Gen Aged Care Data)
  DoH "Financial Report on the Australian Aged Care Sector 2023–24" – care minutes per resident/day (~202) indicate intensity/cost profile. (Health, Disability and Ageing)

- Home Care prices (for modelling home vs residential):
  DoH National Summary of Home Care Package Prices (latest updates, incl. 31 Dec 2024). (Health, Disability and Ageing)

- NDIS size and cost; high-intensity settings:
  Parliamentary Library Budget Review 2024–25 – NDIS total cost ~$44.3b (2024–25). (Parliament of Australia)
  NDIA Annual Pricing Review / Pricing Arrangements – SIL payments ~9× non-SIL average. (NDIS)
  NDIA Quarterly Report (Mar 2025) – trajectory of scheme expenses and reforms. (NDIS)

- Childcare & labour supply:
  Productivity Commission ECEC Inquiry (draft/final material; Dept of Education release 18 Sep 2024). (Department of Education, Productivity Commission)
  NSW Productivity Commission paper on childcare costs & labour force participation (elasticities). (productivity.nsw.gov.au)

- Workforce shortages (care occupations):
  Jobs and Skills Australia 2024 Occupation Shortage List – Aged or Disabled Carer and Child Care Worker in persistent national shortage. (Jobs and Skills Australia)
  DoH Aged Care Worker Survey 2024 summary (sector pressures). (Health, Disability and Ageing)

- PALM scheme capacity:
  Official PALM data (June 2025: 31,055 workers; expanding employer base). (PALM Scheme)

- Spare bedrooms / under-used housing stock:
  ABC report on 2021 Census findings (~1.2m households with 3+ spare bedrooms). (ABC)
  AHURI brief on 13 million unused bedrooms nationally (Census-based). (AHURI)