



MTAA SUBMISSION

Joint Standing Committee on Migration Inquiry into Australia's Skilled Migration Settings

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1. Introduction

The Motor Trades Association of Australia (MTAA) welcomes the opportunity to provide this submission to the Joint Standing Committee on Migration's Inquiry into the value of skilled migration to Australia.

MTAA represents the automotive retail sector through its state and territory associations, whose members include automotive dealers, repair and service businesses, recyclers and dismantlers, towing operators, service stations, and the broader automotive supply chain. Together, these members comprise tens of thousands of predominantly family-owned small businesses forming part of a sector that employs more than 320,000 Australians. They deliver the essential mechanical, repair, collision, tyre, servicing, recycling and specialist functions that keep Australia's transport system safe, reliable and economically productive.

The automotive sector is a foundational component of Australia's economic and social infrastructure. Yet the industry continues to face critical and persistent skills shortages across almost every skilled occupation – from mechanics, diesel technicians, body repairers and refinishing technicians to dismantlers, automotive electricians, tyre fitters, service specialists and parts interpreters.

These shortages have deepened over the last decade. The pandemic did not create these shortages but accelerated them. MTAA's evidence demonstrates a sector no longer dealing with cyclical workforce pressures, but a structural labour market deficit threatening economic performance and community safety.

This inquiry provides an important opportunity to modernise Australia's skilled migration system so it can meet current and future workforce needs. The automotive sector is evolving rapidly, driven by electrification, advanced diagnostics, telematics, automation, and new materials. Meeting this transformation requires a workforce with both traditional mechanical skills and emerging high-technology capability. Skilled migration is therefore not an optional component but a critical pillar of the workforce ecosystem.

MTAA submits that Australia needs a migration system that is clear, responsive, contemporary, and grounded in real labour market evidence.

2. The ongoing value of skilled migration

Skilled migration continues to generate significant economic, social, and cultural value for Australia. In the automotive sector, this value is particularly visible. Technical tradespeople maintain the safety and operability of the national vehicle fleet, including private vehicles, freight and logistics, agriculture machinery, construction equipment, mining vehicles, public transport, emergency services, and defence-support systems. Skilled migrants provide essential labour that keeps these systems functioning efficiently.

Economically, skilled migration supports business continuity and productivity. [MTAA's Occupational Shortage List submission](#) demonstrates that many automotive businesses are now operating below capacity because they cannot recruit sufficient skilled workers. Workshops frequently turn away customers or extend booking

times by months. Some regional businesses have closed service bays altogether. Skilled migrants allow these businesses to stay open, serve their communities, and maintain employment for Australian apprentices.

Socially, skilled migrants contribute to community cohesion, especially in regional areas where automotive services are vital to mobility. The automotive workforce is historically diverse; migrant technicians bring global training, new perspectives, and cultural understanding that strengthen workplaces.

Culturally, skilled migration reinforces Australia's longstanding tradition of multicultural participation in the trades. Workshops across Australia already operate with staff from a range of backgrounds, and the sector has benefited significantly from this diversity over decades.

3. Skilled migration and apprenticeships

A modern skilled migration system cannot be effective unless it is aligned with the realities of Australia's apprenticeship pipeline. For the automotive sector, apprenticeships and skilled migration are parallel workforce systems that must operate in tandem. Neither system alone can meet the industry's needs. This inquiry therefore presents a critical opportunity to recognise that employer ability to train apprentices is directly constrained by the financial and administrative pressures they face – pressures that skilled migration settings must take into account.

The cost of employing and supervising apprentices has risen sharply, while the support available to small and medium automotive businesses has declined.

The current Australian Apprenticeships Incentive System (AAIS) does not offset the real cost burden on employers. Employers consistently report that these costs are materially higher and rising, and this is causing many to reduce or halt their intake of new apprentices.

This is supported by [MTAA's Apprenticeship Priority List submission](#), which confirms that employers are resisting taking on more apprentices because the upfront costs remain too high. Under the previous Boosting/Completing Apprenticeships Commencements (BAC/CAC) scheme, employers could access up to \$37,000 in support over the term of the apprenticeship. Today, the same employer receives only \$5,000 without any wage subsidy which will halve to \$2,500 from 1 January 2026, despite higher costs of labour, training, insurance, equipment and compliance.

Administrative burden is another major deterrent. The AAIS claims process is excessively bureaucratic and confusing, and delays in payment are common, causing many small businesses to abandon claims entirely. The system is also overly complex and does not adequately support progression and completion, especially for small employers who lack back-office capability to manage red tape.

Further, low completion rates impose a longer-term cost to the economy by reducing the availability of qualified technicians, weakening the skills pipeline, and diminishing long-term earning capacity.

For the skilled migration system, this has two consequences:

- First, migration must be recognised as essential because the apprenticeship pipeline alone cannot meet demand. MTAA's workforce modelling confirmed that in 2022-23 the industry already faced a

shortage of more than 38,000 skilled workers, with EV uptake expected to increase this deficit over the next decade.¹

- Second, migration settings must not assume that local apprenticeship supply will improve without significant reform. Data from the National Centre for Vocational Education Research (NCVER) shows that as of the September-quarter 2024, automotive and engineering trade commencements fell by 18.0%.² Unless apprenticeship incentives are modernised, skill shortages could intensify even further.

MTAA therefore urges the Committee to recognise that skilled migration is not competing with apprenticeships. Rather, migration fills the immediate and medium-term gaps that domestic training cannot meet, while also allowing businesses to maintain the staffing levels required to employ, train, and supervise apprentices. If labour shortages worsen, the first casualty will be apprentice supervision — and completions will fall even further.

The sector also notes that the Skilling Australians Fund (SAF) levy exacerbates this pressure. MTAA argues that the levy places significant additional cost on employers who are already investing heavily in training, and recommends reducing it, particularly for employers who take on apprentices or sponsor skilled migrants.

Further, there are structural issues the migration system must account for: declining completion rates, the need for workplace-based training delivery, first-year drop-out risks, and the necessity of mentoring, case management and employer engagement strategies to support apprentices to completion

These issues underscore why domestic training cannot meet labour demand alone.

Taken collectively, the evidence shows that Australia's apprenticeship system is not currently generating sufficient trade-qualified automotive technicians. Migration settings must therefore operate as a parallel and complementary mechanism, not as an alternative. To successfully deliver on national transport safety, EV transition goals, advanced diagnostics capability, and supply chain resilience, Australia requires an integrated approach where migration settings and apprenticeship settings reinforce each other.

A skilled migration system designed in harmony with apprenticeship reform will support the long-term workforce pipeline Australia needs.

4. Effectiveness of current skilled migration settings

Despite the recognised value of migration, current skilled migration settings are not effectively meeting the needs of the automotive sector. Intelligence gathered from our workforce and migration consultations shows that employer-sponsored pathways are slow, overly complex, and misaligned with the skill profiles required by industry.

¹ Motor Trades Association of Australia (MTAA), *Directions in Australia's Automotive Industry: An Industry Report 2021 (Summary)*, 2021. Available at:

https://www.mtansw.com.au/site/DefaultSite/filesystem/documents/2021%20Directions%20in%20Australia%20Automotive%20Industry_Summary_pp.pdf

² National Centre for Vocational Education Research. New apprentices and trainees data. Media release, 25 March 2025. Available at: <https://www.ncver.edu.au/news-and-events/media-releases/new-apprentices-and-trainees-data-out-now>

The migration system is currently not responding quickly enough to real-time labour market pressures. It relies heavily on occupation lists that are outdated or incomplete and often fail to capture contemporary skills required in automotive, especially those relating to EV systems and high-voltage safety.

Nearly all jurisdictions report acute shortages in automotive trades, with regional and remote areas particularly affected. Businesses report extended vacancy periods, high recruitment costs, and an inability to maintain service continuity.

The existing system also creates structural inequities. Small businesses often cannot navigate the complexity or cost of sponsorship, while larger businesses with internal support functions can. This undermines the competitiveness of small Australian enterprises, many of which provide essential automotive services in regional towns.

MTAA submits that the migration system must be redesigned to ensure that pathways are faster, more affordable, easier to navigate, and directly aligned with the workforce needs of all states and territories.

5. Temporary Skilled Migration Income Threshold constraints

The current Temporary Skilled Migration Income Threshold (TSMIT) is acting as a significant constraint on skilled migration outcomes. While the \$76,000 threshold may be manageable in higher-wage metropolitan labour markets such as Sydney and Melbourne, it has a disproportionate and adverse impact on regional and lower-wage economies.

The threshold can place employers in an untenable position: sponsoring a skilled migrant often requires paying substantially above prevailing local wages, irrespective of the migrant's assessed skill level or experience. This creates a structural disincentive for employers to utilise skilled migration pathways, despite acute workforce shortages.

Programs such as Designated Area Migration Agreements (DAMAs) offer some relief through occasional TSMIT concessions; however, the DAMA framework remains too narrow in geographic reach and too administratively complex to deliver meaningful system-wide impact. For these reasons, MTAA strongly opposes the current TSMIT settings and recommends a more regionally responsive threshold.

For example, the Motor Trades Association (MTA) of South Australia and Northern Territory is working with the South Australian Skills Commission on a skilled migration pilot utilising the subclass 407 Training Visa. Under this model, skilled migrants would be employed by MTA members and receive structured training through MTA Training and Employment in Adelaide.

Migrants are typically assessed at the equivalent of a second-year apprentice and can commence training and employment without being subject to the TSMIT requirement. This provides a practical and viable pathway for automotive employers seeking to address workforce shortages.

6. Quality and integrity of VET training for migrants

A further challenge undermining the integrity of skilled migration pathways is the proliferation of low-quality training providers, including some international VET colleges delivering automotive qualifications with

minimal or no practical training. Graduates often arrive with qualifications that do not reflect their actual competencies, which disadvantages both the migrant and the employer.

When recruited by an MTA member, these workers are frequently unable to perform the tasks their certification implies, placing additional burden on employers and damaging confidence in the migration and training systems. Strengthening oversight of VET providers and ensuring the quality and practical relevance of training is critical to maintaining the credibility of skilled migration pathways.

7. Targeting skills gaps and shortages in critical sectors

The automotive sector should be recognised as a critical national industry. Its workforce shortages threaten not only business operations, but public safety, freight reliability, supply chain performance, and the broader economy.

MTAA's Occupational Shortage List submission identified severe and persistent shortages across most automotive occupations, with no realistic prospect that domestic training alone will meet future demand. To effectively target shortages, Australia needs a migration system that recognises not only high-tech and emerging occupations but also the core roles that enable the broader ecosystem to function.

CSOL occupations requiring reclassification

MTAA emphasises that several occupations remain misclassified on the Commonwealth Skilled Occupation List (CSOL). Despite clear national shortages as evidenced in the Deloitte Automotive Skills Shortages 2024 report linked [here](#), these roles are currently labelled as experiencing "No Shortage," conflicting with industry evidence. Employers report recruitment challenges, long vacancy periods, and disruption to essential services.

MTAA therefore requests that the following occupations be reclassified from "No Shortage" to "Shortage":

- Tow Truck Driver (ANZSCO 733115)
- Tyre Fitter (ANZSCO 899415)
- Motor Vehicle Parts Interpreter / Automotive Parts Salesperson (ANZSCO 621312)

Tow truck drivers play a central role in road safety, insurance recovery, collision response, and the removal of dangerous vehicles from the network. Tyre fitters support every transport, mining, agricultural, fleet, and consumer mobility system in the country, and shortages in this occupation have become one of the most frequently cited operational barriers for businesses nationwide. Parts interpreters ensure accurate parts sourcing, reducing repair delays, preventing mechanical errors, and supporting modern diagnostics.

8. Enhancing public awareness of the role of skilled migration

Public awareness of skilled migration's benefits does not always reflect its necessity. Many Australians do not realise that skilled migrants keep workshops open, keep trucks and buses on the road, support emergency services, maintain agricultural machinery, and ensure family cars remain safe.

MTAA submits that government should undertake clearer communication about the essential nature of skilled migration in supporting key sectors. Messaging should highlight that:

- Skilled migration complements, rather than replaces, local apprenticeships
- Shortages in automotive roles have broad consequences for consumers and businesses

9. Recommendations

To strengthen Australia's skilled migration system and support essential industries, MTAA recommends that the Australian Government:

➤ **Modernise the Commonwealth Skilled Occupation List (CSOL) to reflect actual labour shortages**

Reclassify the following occupations from "No Shortage" to "Shortage" to align with national evidence of workforce demand as outlined in the Deloitte report:

- Tow Truck Driver (ANZSCO 733115)
- Tyre Fitter (ANZSCO 899415)
- Motor Vehicle Parts Interpreter / Automotive Parts Salesperson (ANZSCO 621312)

These occupations are essential to road safety, repair-sector efficiency, insurance timeliness, parts supply chains, and the operation of transport, freight, mining, and agricultural systems.

➤ **Create migration pathways that are faster, more affordable, and easier to navigate for small and regional automotive businesses**

Current sponsorship processes are slow, costly, and overly complex. MTAA recommends reforms to:

- Reduce processing times for automotive trades
- Lower the administrative burden for small and regional employers
- Streamline sponsorship obligations;
- Simplify visa conditions to improve employer confidence and usability

A better-functioning migration system directly supports workshops to stay open, maintain service bays, and employ apprentices.

➤ **Align migration settings with emerging automotive technologies**

Ensure skilled migration settings recognise the rapid technological transformation of the automotive sector by incorporating occupations and skills relating to electric vehicles and high-voltage systems;

hydrogen and fuel-cell systems; battery diagnostics and energy storage; advanced electronics and telematics; and digital and automated vehicle technologies.

Australia's transition to zero and low-emissions vehicles will not succeed without migration pathways that can supply these capabilities.

> **Strengthen qualification recognition and reduce barriers to skilled migrants entering the workforce**

The qualification recognition process remains slow, inconsistent, and misaligned with modern automotive practice. MTA recommends:

- Updating qualification assessment criteria to reflect EV and advanced diagnostic competencies
- Introducing provisional licensing arrangements so migrants can work while final recognition is processed
- Reducing duplication between state regulators
- Establishing clearer national standards for trade equivalence

This reform is essential to ensure skilled migrants can contribute immediately upon arrival.

> **Integrate skilled migration with apprenticeship reform to create a genuinely dual-track workforce pipeline**

Australia cannot meet automotive workforce demand through domestic training alone. Migration and apprenticeships must be designed to complement, not substitute, one another. MTA recommends:

- Restoring meaningful financial support for employers taking on apprentices, reflecting the true cost of supervision, lost productivity, and equipment;
- Ensuring employer incentives under the Australian Apprenticeships Incentive System are simple, predictable, and delivered without administrative burden;
- Ensuring skilled migration pathways help stabilise workshop staffing levels so businesses have the workforce capacity required to train and supervise apprentices; and
- Ensuring migration policy explicitly recognises that apprentices alone cannot fill current or future labour shortages.

A workforce strategy that treats migration and apprenticeships as competing solutions will fail; a dual-track approach will succeed.

> **Reduce the Skilling Australians Fund (SAF) levy, particularly for employers who invest in apprentices or sponsor skilled migrants**

The SAF levy places a disproportionate burden on small and medium automotive employers. MTAAs recommends:

- Halving the levy for employers who sponsor skilled migrants or employ apprentices;
- Providing exemptions or reductions for regional employers; and
- Ensuring levy revenue is transparently reinvested in trades training.

Lowering this levy would simultaneously support migration uptake and stimulate domestic apprenticeship commencements.

➤ **Prioritise regional workforce resilience**

Because many regional and remote workshops cannot recruit locally, MTAAs recommends:

- Prioritising regional sponsorship applications; and
- Ensuring pathways remain accessible for small, low-margin regional employers.

Regional communities depend on automotive services for mobility, safety, freight, and agricultural productivity.

➤ **Introduce a regionally responsive Temporary Skilled Migration Income Threshold (TSMIT)**

The current \$76,000 TSMIT disproportionately disadvantages regional areas. MTAAs recommends that the Australian Government:

- Introduce a regionally adjusted or sector-specific TSMIT reflecting genuine labour market conditions
- Expand the availability of TSMIT concessions beyond DAMAs to reduce inequity across regions; and
- Ensure TSMIT settings do not require employers to pay sponsored workers significantly more than qualified local technicians performing equivalent work.

A regionally responsive TSMIT would restore migration viability for small and regional automotive employers experiencing severe workforce shortages.

➤ ► **Strengthen the quality and integrity of VET training for skilled migrants**

Low-quality VET delivery undermines workforce readiness and damages trust in skilled migration pathways. MTAAs recommends the Government:

- Tighten regulatory oversight of RTOs delivering automotive qualifications to overseas students;
- Require minimum practical training standards aligned to Australian workplace requirements;
- Improve auditing and enforcement to identify and sanction non-compliant training providers; and

- Ensure that qualifications issued overseas or by offshore RTOs accurately reflect competency and job readiness.

These measures are essential to protect migrants, safeguard employers, and maintain the integrity of skilled migration and VET systems.

10. Conclusion

Australia's skilled migration system is central to maintaining national productivity, road safety, supply chain continuity, and the transition to a low-emissions transport future. The automotive sector depends on skilled migrants to maintain essential services, support apprenticeships, foster innovation, and meet emerging technological demands.

However, the current system must be modernised to reflect real labour market conditions, especially the severe shortages across traditional and emerging automotive occupations. MTAA's evidence demonstrates that these shortages cannot be addressed through domestic training alone. Migration is a critical lever and one that must be made more responsive, accessible, and future-focused.

MTAA stands ready to work with government to ensure the skilled migration system meets Australia's needs now and into the future.

Should you wish to discuss this submission further, please contact Peter Jones, Interim Executive Director, MTAA at info@mtaa.com.au.

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