



AUSTRALIAN AUTOMOTIVE
AFTERMARKET ASSOCIATION

Australian Automotive Aftermarket Association (AAAA)

AAAA RESPONSE TO THE INQUIRY INTO **AUSTRALIA'S SKILLED MIGRATION PROGRAM**

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AAAA RESPONSE TO THE INQUIRY INTO AUSTRALIA'S SKILLED MIGRATION PROGRAM

On behalf of our members, the Australian Automotive Aftermarket Association (AAAA) welcomes the opportunity to make a submission to the Joint Standing Committee on Migration's inquiry into Australia's skilled migration program.

The automotive aftermarket plays a central role in maintaining and repairing the vehicles Australians rely on each day, helping to ensure those vehicles remain safe, roadworthy and fit for Australia's conditions. Our industry includes more than 27,000 workshops and employs over 90,000 people who service and repair the 19 million vehicles on Australian roads.

In that context, access to skilled migration pathways has been an important part of the workforce solution—particularly during a sustained and well-documented skills shortage, acknowledged over several years by Jobs and Skills Australia. For many workshops, skilled migration can provide a practical means of securing critical technical capability when local recruitment efforts have been exhausted.

However, while access to skilled migration matters, the current system is often too expensive, time-consuming and administratively complex—especially for small and medium-sized businesses. The process can involve significant delays, high upfront costs, and uncertainty that smaller employers can find difficult to absorb.

The skills shortage is already placing significant pressure on workshops and, in turn, on consumers who depend on timely and affordable vehicle service and repair. AAAA has long maintained that there is no single solution to this challenge. But there is a clear and achievable policy outcome within the scope of this inquiry: skilled migration pathways should be simpler, faster and more affordable, so that businesses can access them when genuinely needed.

AAAA appreciates the Committee's work in examining how Australia's skilled migration settings can better respond to genuine workforce needs, including the practical realities faced by small and medium-sized employers. We welcome the opportunity to provide further information or appear before the Committee to support the inquiry's consideration of improvements to the skilled migration system.



1 Fifth Quadrant 'AAAA Core Skills Data' 2024
2 Fifth Quadrant 'AAAA Core Skills Data' 2024

SKILLED MIGRATION AS PART OF THE WORKFORCE SOLUTION FOR THE AUTOMOTIVE AFTERMARKET

The automotive aftermarket is already experiencing a severe technician skills shortage. With more than 27,000 vacancies for qualified technicians across approximately **27,000 workshops**, for many workshops, that shortage translates to **being a mechanic down—every day**. On current settings, meeting market demand would require the qualified technician workforce to increase by 41%.¹

The challenge deepens when apprenticeship vacancies are included. Current vacancies for qualified technicians and apprentices total around 41,600 positions, which equates to an average shortfall of 1.5 workers per workshop. Looking ahead, forecasts of a shortfall of more than 47,000 qualified technicians by 2030 point to a growing workforce gap at the same time as the sector faces the dual pressures of an ageing workforce and rapidly increasing vehicle complexity. These trends will intensify skills demands across both established and emerging technologies.

AAAA recognises that skills shortages do not arise from a single cause, and that industry has a responsibility to build the domestic workforce. AAAA acknowledges that, as an industry, we must do more—including sustained investment to promote automotive trades as a credible, rewarding and technology-enabled career for Australians, and to improve training pathways so more apprentices commence, complete and remain in the sector.

However, given the scale and immediacy of the current shortfall, domestic training measures alone cannot address it in the near term. Even with improved attraction and completion rates, it takes years for apprentices to progress to fully qualified technicians. In this context, skilled migration is a necessary complement to domestic workforce development, providing an additional pathway for businesses—particularly small and medium-sized workshops—to access job-ready capability when local recruitment has been exhausted.

Skilled migrants have helped fill roles that cannot readily be filled locally and have supported workshops to maintain service capacity while the domestic pipeline is strengthened. In 2023–24, more than 4,500 visas² were granted for occupations across the automotive sector, with a majority granted for motor mechanics. Without access to skilled migration as part of the overall workforce mix, many workshops will continue to face significant constraints as demand for service and repair outstrips the supply of qualified workers.



A SYSTEM THAT FALLS SHORT OF WHAT IS REQUIRED

Despite the clear benefits that skilled migration can bring to our industry, current skilled migration settings are not meeting the present or future needs of sectors experiencing persistent and well-recognised skills shortages. The automotive industry illustrates this clearly. Even with acute and widely reported shortages of motor mechanics across Australia, the employer-sponsored program has, in recent years, delivered relatively low numbers of sponsored visas for these roles each year. This is out of step with the scale of demand across the country and the workforce growth required to meet future servicing and repair needs.

AAAA members consistently report that the system's complexity, cost, slow pace and risk profile act as major disincentives for employers who might otherwise sponsor overseas talent. Many members tell us that a single poor experience—particularly one involving significant expense without a successful outcome—makes them extremely reluctant to attempt sponsorship again.

The end result for many workshops is that they simply stop considering skilled migration as an option, despite continuing workforce shortages. In AAAA's view, this is a clear sign that current settings are not operating effectively for the businesses and occupations they are intended to support.

HIGH UPFRONT COST

One of the most significant barriers is the high upfront cost and financial risk borne by employers. A small automotive workshop looking to sponsor a mechanic faces a range of expenses, including migration agent fees, government visa charges, skills assessment fees and the Skilling Australians Fund levy. In combination, these costs can total \$13,000 to \$20,000 (or more) per applicant.

Critically, much of this expenditure is non-refundable, even if the visa application is ultimately refused. AAAA has heard from members who have invested more than \$15,000 in an unsuccessful sponsorship attempt, leaving them out of pocket with no workforce outcome—an experience that deters future participation in the program.

AAAA recommends removing the Skilling Australians Fund levy for small and medium-sized businesses. This would reduce the upfront cost barrier for SMEs and help limit the financial risk borne by employers, particularly where a sponsored worker leaves after a short period.



THE TEMPORARY SKILLED MIGRATION INCOME THRESHOLD (TSMIT)

AAAA acknowledges the policy rationale for lifting the Temporary Skilled Migration Income Threshold (TSMIT)—to prevent undercutting of local wages and to ensure sponsored workers are properly remunerated.

However, recent increases to the TSMIT risk operating as a blunt barrier for SMEs in persistently shortage-listed trades such as motor mechanics. Because the threshold applies as a hard floor, it can deter legitimate businesses seeking to pay fair and competitive wages, particularly where workshops have established wage structures and internal relativities that are difficult to adjust for one role without flow-on impacts across the business. These pressures are compounded by the already high upfront costs of sponsorship and the additional risk borne by employers if the worker leaves soon after arrival.

Given these changes have only applied for a relatively short period, AAAA urges the Government to closely monitor impacts on nomination and visa application rates in key trade occupations—particularly in regional and remote areas—and, if necessary, consider targeted adjustments or concessions to ensure the program remains workable for genuine shortage roles.

A COMPLEX AND TIME-CONSUMING SYSTEM

AAAA members also report that the process is lengthy and administratively demanding. Many employers feel compelled to engage migration agents simply to navigate the paperwork and compliance requirements, because the system is complex and the consequences of errors can be costly. Even after applications are lodged, processing timeframes can be extended—during which businesses continue operating short-staffed.

In practice, current processing settings are often out of step with the immediacy of workforce needs in essential trade occupations. AAAA supports measures that better align processing with genuine shortage demand, including faster processing, clearer service standards, and consideration of priority pathways or dedicated allocations for critical shortage trades.



SKILLS ASSESSMENTS CREATE ADDITIONAL HURDLES, WITHOUT CONSISTENTLY IMPROVING OUTCOMES

Current settings also include skills assessment and licensing requirements for trades. While these measures are intended to protect quality and safety, in practice they can create additional cost and delay—and do not always deliver consistent outcomes.

AAAA members have observed inconsistency in how competence is assessed. In some cases, overseas workers have been able to obtain an Australian Certificate III through assessment pathways that members believe involve limited practical verification. This can result in applicants arriving with qualifications on paper but lacking the hands-on capability expected by employers. Businesses can then find themselves having paid significant sponsorship costs for a “skilled” worker who requires extensive on-the-job development before they can perform to the level required.

Conversely, genuinely experienced mechanics may be required to undertake repetitive or duplicative testing to demonstrate skills, even where their qualifications and work history are strong and employers can attest to their competence. This adds cost and delay for applicants and employers alike, without a clear quality benefit.

AAAA strongly supports a review of these settings with a view to improving both efficiency and integrity. The goal should be a more risk-based approach: streamlined pathways for trusted sources of skills and qualifications, while maintaining rigorous practical testing where genuine skill gaps present a safety or quality risk. Recent Government steps to streamline certain assessment requirements are welcome, but they should be implemented alongside appropriate safeguards to maintain standards and employer confidence.

ADDITIONAL COSTS DRIVEN BY HOUSING AFFORDABILITY AND REGIONAL ATTRACTION PRESSURES

AAAA also wishes to highlight an emerging pressure, particularly in regional and remote areas. As shortages persist, some employers—especially those outside metropolitan centres—are increasingly taking on additional financial burdens to attract and retain skilled migrants, including assistance with housing, relocation and transport.

While this is not universal across the industry, it is becoming more common and can create risks for both employers and workers. AAAA recommends that Government continue to treat housing affordability and enabling infrastructure as priorities in regional workforce planning. We also encourage the Committee to examine options for targeted relief or support mechanisms where employers can demonstrate they have incurred additional relocation or housing costs to fill genuine critical-shortage roles.

ENSURING SKILLS GAPS ARE PRIORITISED

Australia's skilled migration program should place greater emphasis on directing places and processing capacity to areas of demonstrable skills need. The automotive aftermarket is one example of a sector experiencing persistent skill gaps, including for motor mechanics and technicians across jurisdictions over recent years. These gaps have practical consequences for Australians: when workshops cannot recruit enough qualified technicians, routine servicing and repairs are delayed—affecting consumer mobility and convenience, fleet uptime and, in some circumstances, road safety outcomes and supply chains that rely on reliable, well-maintained vehicles.

AAAA supports the work of Jobs and Skills Australia (JSA) in maintaining evidence-based assessments of occupational shortages. We welcome the continued recognition of key automotive trades on shortage lists, which helps ensure migration pathways remain available for genuine shortage roles and provides an important signal for domestic skills planning. However, recognition alone does not address the immediate workforce gap. Where shortages are persistent, the skilled migration system must be more effectively leveraged to help relieve pressure in the near term while domestic training and attraction efforts build capacity.

In considering how targeted skilled migration can best benefit Australian communities, a practical approach is to prioritise critical service roles and sectors that underpin everyday mobility. In the automotive aftermarket, qualified technicians support the maintenance and repair of personal vehicles as well as fleets that communities depend upon, including buses and service vehicles. Migration settings that are fit for purpose for persistent-shortage trades—supported by clearer prioritisation and more responsive processing—would better align program outcomes with community need.

Regional targeting also remains important. Many regional and remote communities experience acute shortages of motor mechanics and technicians, with flow-on impacts for local services and business operations. The skilled migration program should continue to support regional pathways and incentives that attract skilled workers to underserved areas, and ensure these pathways are accessible and workable for small and medium-sized employers.

Crucially, prioritising skills gaps must occur alongside domestic workforce development. Skilled migration is a complement—not a substitute—for local training. AAAA supports a balanced approach: address urgent vacancies in the short term through skilled migration where local recruitment has been exhausted; strengthen apprenticeship commencements and completions in the medium term; and, over the longer term, improve the attractiveness and status of automotive careers so Australia grows more of its own skilled technicians.

HOW CAN WE BETTER SUPPORT THE AUTOMOTIVE AFTERMARKET THROUGH SKILLED MIGRATION?

Australia's skilled migration settings could support businesses of all sizes to address genuine skills gaps, lift productivity, and respond to changing technology and service demands. In practice, however, many small and medium enterprises—including automotive workshops—report that the current system is difficult to use and disproportionate in its cost and administrative burden. Members frequently describe the sponsorship process as complex and high-risk, requiring significant time, specialist assistance, and ongoing compliance obligations. If skilled migration is to contribute effectively to productivity across the economy, it needs to be workable for everyday employers, not only for larger organisations with dedicated HR and legal resources.

A practical step to improve accessibility is to reduce the fees, delays and administrative friction associated with sponsoring workers in well-established shortage occupations. AAAA has publicly called for the reduction of excessive costs and unnecessary delay in employer-sponsored skilled migration where shortages are persistent and clearly evidenced, and we reiterate that position in this submission. High upfront costs can divert resources that small businesses would otherwise invest in equipment, staff development, and improved remuneration.

Another important issue is improving certainty for employers who make significant upfront investments in sponsorship. A recurring concern for SMEs is that, after absorbing the cost and effort required to sponsor a worker, they may lose that employee to a higher-paying competitor soon after arrival. AAAA recognises the importance of worker mobility and does not support arrangements that unfairly bind workers to an employer. However, there is a legitimate equity issue where small businesses carry substantial non-refundable costs and then lose the benefit of that investment within a short period.

To address this, AAAA encourages the Government to consider measures that better balance mobility with fairness for sponsoring employers. Options could include mechanisms such as partial rebates of certain government charges where a sponsored worker changes employers within a short period, or other settings that help reduce the financial risk borne by SMEs—while preserving appropriate safeguards and ensuring workers retain meaningful freedom of employment.



CONCLUDING REMARKS

AAAA's research indicates that difficulties in sourcing skilled labour are not short-term, and are expected to remain a significant challenge for at least the next five years.

While industry and government continue to invest in apprenticeships and initiatives to attract new entrants, material gaps persist and are already affecting workshop capacity and efficiency. In this context, workshops need access to practical, additional pathways to secure skilled labour, alongside ongoing domestic workforce development.

Skilled migration can form part of that workforce response. However, while the system works for some employers, many—particularly small and medium-sized businesses—continue to face barriers that translate into high upfront costs, delay and uncertainty. Addressing these settings would better enable industries experiencing sustained shortages to access skilled labour when it is genuinely needed.

AAAA welcomes further engagement with the inquiry and would be pleased to discuss the issues raised in this submission. For any questions relating to this submission, please contact the AAAA Director of Government Relations and Advocacy, Ms Lesley Yates (lyates@aaaa.com.au).



WHO WE ARE

The Australian Automotive Aftermarket Association (AAAA) is the peak national industry body representing the Australian supply chain for automotive products, vehicle maintenance, repair, and modification.

Our industry supports car owners after the purchase of the car, keeping vehicles safe and providing products for modification to make vehicles fit for purpose, including trade and emergency vehicles – in essence, everything that happens to the car after the initial purchase is part of the Australian automotive aftermarket sector.

Our members design and manufacture automotive components; distribute replacement and service parts in real-time; wholesale, import and export automotive parts and accessories, retail tools and equipment; and provide vehicle service, repair, and modification services in every community in Australia.

We support our members with industry and business improvement benefits while also undertaking important advocacy campaigns, providing events and training, and commissioning in-depth and industry-first research to help members make informed decisions.

AAAA and our member companies are proud to passionately defend the reputation and integrity of the independent aftermarket and stand by our products and professionalism.

AAAA is also a nominating organisation on numerous Standards Australia committees covering a wide range of parts and accessories, tools, and equipment; and our member representatives are actively involved in the development of product quality standards.





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