

Response to the Inquiry into the Value of Skilled Migration to Australia

for the Joint Standing Committee on Migration

If Australia's skilled migration is not fixed now, thousands of small workshops risk closing, especially in regional Australia, taking local jobs, safety, and essential mobility with them.

About Capricorn

Capricorn is Australia and New Zealand's largest automotive member-based organisation, representing more than 32,000 Members, including approximately 27,000 small and micro-Australian businesses across the mechanical, electrical, and collision repair sectors. Collectively, Capricorn's Members employ over 140,000 Australians, including more than 15,000 apprentices and over 30,000 women. In the past financial year, Capricorn facilitated nearly \$4 billion in trade for the sector.

On 28 November 2025, Capricorn acquired Australian Skilled Migration (ASM) to strengthen Members' access to qualified automotive technicians. ASM brings over two decades of employer-sponsored migration expertise, capability that is increasingly critical given the limited domestic supply of experienced automotive professionals and the growing severity of the national skills shortage.

Capricorn contributes robust industry insights through its annual State of the Nation Research Report, which commenced in 2019 capturing trends and operational realities across workshops and communities nationwide. Capricorn's Area Managers also engage daily with thousands of businesses in metropolitan, regional, and remote areas, providing an ongoing, ground-level understanding of industry pressures.

In 2025, survey responses for the State of the Nation research report from 989 businesses reaffirmed the same findings observed for six consecutive years: the skills shortage is the single greatest threat to the viability of small automotive businesses. The 2025 research found approximately 25,000 vacancies across Capricorn's Member base remain unfilled, directly contributing to longer repair wait times, reduced productivity, and declining revenue. Workshops report that apprenticeships, while vital, cannot meet the immediate or large-scale demands of the skills shortage.

The Problem, Solution and Results Needed

Employer-sponsored migration has proven to be a highly effective solution. It places appropriately skilled technicians into roles that match their qualifications, in the communities where they are needed most, enabling workshops to remain open and ensuring essential mobility for households and businesses. In contrast, points-based migration often results in skilled migrants settling in metropolitan centres rather than regional areas and doing alternate roles to those with a shortage, leaving critical vacancies unfilled and disadvantaging local economies.

Capricorn believes the current migration system is not keeping pace with demand. It remains overly complex, slow, and cost-prohibitive for small businesses. Wage thresholds and volatility in occupation lists create unnecessary barriers, while extensive processing delays leave workshop owners exhausted, vehicles off the road, and communities underserved. These delays also result in significant lost economic activity across regional and metropolitan Australia.

Without urgent reform to streamline employer-sponsored pathways, more workshops, particularly in regional communities, will be forced to close. This will result in job losses,

reduced road safety, and diminished access to essential transport services for local residents and industries.

Responses to the Terms of Reference

(a) Ongoing economic, social and cultural value of skilled migration

Skilled migration provides the greatest benefit when workers are placed directly into verified shortage roles and regions. Australia currently relies on two pathways:

- Points-based skilled migration, which is untargeted and does not reliably direct workers into shortage occupations or regional areas.
- Employer-sponsored migration, which is targeted, demand-driven, and consistently delivers better workforce outcomes.

Points-based skilled migration

The points-based system frequently places arrivals in metropolitan areas while critical vacancies, particularly in automotive trades, remain unfilled in regional communities. According to the 2025 State of the Nation report, this misalignment leads to:

- Ongoing shortages in essential trades
- Longer repairer wait times for families and fleets
- Higher operating costs for small and micro businesses
- Increased pressure on community mobility

It also weighs down metropolitan housing demand and cost-of-living pressures without addressing regional labour requirements.

Employer-sponsored migration

Employer-sponsored visas match a qualified worker to a specific shortage role and location. Sponsored workers contribute immediately by:

- Supporting productivity and business continuity
- Generating tax revenue and local spending
- Keeping workshops open and essential vehicles operational
- Supporting the work life balance and mental health challenges of owner operated businesses.

The accountability built into this pathway ensures outcomes are targeted, measurable, and aligned with industry need.

Why regional Australia depends on this

Ninety-seven per cent of Capricorn Members are micro or small businesses. In regional towns, a single mechanic or auto electrician can determine whether essential services

remain functional, including emergency vehicles, school transport, agricultural machinery and private vehicles.

The 2024 State of the Nation report shows 25% of workshop owners plan to retire within five years, with 22% intending to close rather than sell, many citing the skills shortage. Without targeted migration, closures will rise, reducing mobility and increasing community pressure.

A persistent, documented shortage

The 2025 State of the Nation report found:

- 48% of automotive businesses affected by skills shortages
- 38% struggling to recruit
- 10% with unfilled vacancies

These shortages reduce revenue, increase wait times and leave essential vehicles off the road. This pattern has been consistent since 2019.

Effects of Being Understaffed



Q. What effect has being understaffed had on your business?

Capricorn’s recommendations

To strengthen economic and social outcomes:

- Prioritise employer-sponsored migration for verified shortage trades
- Fast-track visa decisions for critical roles
- Stabilise occupation lists
- Adjust wage thresholds to reflect small business capacity
- Lift skill standards to ensure workers arrive workshop-ready

Targeted employer-sponsored migration supports regional resilience, sustains local industry and strengthens Australia’s economy by keeping the workshops and essential services that communities rely on operating.

(b) Effectiveness of current skilled migration settings

Skilled migration delivers value only when workers can be placed efficiently into genuine shortage roles and regions. However, since the replacement of the 457 visa with the

Temporary Skill Shortage (Subclass 482) visa in 2019, the system has become slower, more complex, and less accessible for small businesses that rely on it most.

Despite ongoing adjustments, processing delays and skills-assessment bottlenecks continue to impede workforce planning. Key issues include:

- Extended processing times, with vacancies remaining unfilled for months
- Higher wage thresholds, which disproportionately disadvantage small and micro workshops
- Frequent occupation-list changes, reducing certainty and limiting the ability of employers to plan
- Increased compliance requirements, raising administrative burden and cost

These constraints have been consistently highlighted across six years of Capricorn's State of the Nation reports. Workshop owners continue to turn away work, resulting in lost revenue, weakened cashflow, and reduced service availability in local communities.

Skills and training concerns

Current migration rules allow overseas candidates to qualify with significantly less practical experience than the four-year Australian automotive apprenticeship. This gap results in:

- Candidates who are not workshop-ready
- Higher rates of unsuccessful placements
- Increased downtime and financial loss for employers

ASM mitigates this by conducting practical testing in real workshops and selecting candidates from the top 20% of their cohort. However, policy settings must lift baseline standards to ensure consistently job-ready entrants across the system.

(c) Targeting skills gaps and shortages in critical sectors

Automotive trades are essential to Australia's economy and public safety, particularly as the national car parc continues to age and demand for repair and maintenance services increases. Skilled migration delivers value only when workers are placed directly into shortage roles and in the communities that rely on them. Current visa allocations for automotive trades remain insufficient to meet industry needs.

This can be addressed by:

- Prioritising employer-sponsored migration pathways for critical trades to ensure skilled workers are directed into verified shortage roles and regions.
- Using market-led, stable occupation lists, including retaining automotive occupations on the Core Skills Occupation List and ending list volatility that disrupts workforce planning.

These measures will ensure skilled migration supports industry continuity, strengthens community safety, and meets the growing national demand for essential automotive services.

(d) Supporting businesses, productivity and innovation

According to the 2025 Capricorn State of the Nation research, skills shortages forced 27% of automotive businesses to turn away work and 28% to extend turnaround times, directly reducing service availability in communities. Skilled migration only delivers value when workers are placed into the businesses and regions experiencing genuine shortages. Employer-sponsored migration is central to restoring workshop capacity, stabilising service levels, and enabling owners to invest in essential innovations, including new equipment, electric vehicle (EV) capability, Advanced Driver Assistance Systems (ADAS) training, and digital workflows.

Quality is critical. ASM recruits from the top 20% of candidates, ensuring sponsored workers can contribute immediately. This is achieved through in-country skills validation before sponsorship and employment are offered. To support consistent national outcomes, the Government should either:

- Lift national skills assessment standards so all sponsored workers arrive workshop-ready on day one; or
- Provide additional funding to help small businesses upskill workers on arrival.

When high-quality overseas technicians are placed directly into the towns and businesses that need them, skilled migration strengthens productivity, supports innovation, and keeps essential transport services operating in communities across Australia.

(e) Public awareness and understanding

Skilled migration delivers value when workers are placed directly into the businesses and communities that need them. Employer-sponsored migration plays a critical role in keeping small workshops open and maintaining essential community services. ASM case studies demonstrate that sponsored technicians prevent business closures, reduce owner stress, and significantly cut customer wait times.

A national, industry-led awareness campaign, supported by government, could strengthen public understanding of the benefits of employer-sponsored migration. Most Australians experience the symptoms of the skills shortage, long delays and rising costs, but not the underlying cause. A coordinated campaign would highlight how skilled migration keeps regional towns functioning.

What a national campaign could include:

- Regional success stories: Short videos and social media content profiling workshops that remained open because they sponsored a technician, showing impacts on families, farms, and emergency services.
- Clear, simple messaging: Plain-language explanations of the employer-sponsored visa process, costs, timelines, and benefits.
- Community impact visuals: Infographics illustrating how a single mechanic keeps ambulances, school buses, and agricultural vehicles on the road.

- National and local media: Sharing real examples of how skilled migration prevented business closures and supported essential services.
- Digital toolkit for small businesses: Templates, FAQs, and step-by-step guidance to help owners understand and navigate the process.

What Capricorn and ASM can contribute:

- Industry data: Insights from Capricorn’s State of the Nation report to demonstrate the scale and impact of the skills shortage.
- Authentic case studies: Hundreds of real-world examples from ASM that can be translated into credible, compelling stories.
- Established industry networks: The reach and trust of Capricorn’s 32,000 Members, 27,000 of which are small businesses.
- Practical resources: Step-by-step guides, cost calculators, and compliance materials to demystify employer-sponsored migration.
- Regional engagement: Local information sessions and webinars delivered through Capricorn’s Member network.

Why this matters?

Greater public understanding builds broader support for skilled migration reforms and helps small businesses take practical steps to address workforce shortages. When communities see firsthand that skilled migration keeps workshops open and vehicles safe, it becomes a shared solution, grounded in local benefit rather than abstract policy discussion. It means everyone in the community can understand the benefits of targeted migration programs.

Capricorn’s Recommendations:

Capricorn believes employer-sponsored migration is the most effective and accountable way to address Australia’s urgent skills shortages, particularly in essential trades that underpin regional mobility and small-business viability. To strengthen outcomes, Australia should streamline employer-sponsored pathways, provide greater certainty in occupation settings, ensure migration rules reflect regional labour market realities, lift practical skill standards, and build broader public understanding of the value skilled migrants bring to local communities.

These improvements, faster processing for employer-sponsored visas, stable and market-led occupation lists, right-sized wage thresholds, stronger skills assessment standards, and a national industry-led communications effort, will ensure skilled migration delivers timely, targeted and measurable benefits for the communities and industries that rely on it most.

1. Fast-track employer-sponsored visas for small business

Set 30–45-day service-level targets for Subclass 482 nominations and approvals in shortage occupations, especially in regional areas. Streamline paperwork, including across DAMAs, and remove duplicated steps.

2. Lock automotive trades onto the Core Skills Occupation List

Reduce list volatility by aligning decisions to real-time labour market evidence, including Capricorn's annual automotive research. Publish transparent annual minimum visa allocations to support forward planning and investment.

3. Right-size wage thresholds for small and regional employers

Align wage settings to regional labour market conditions and allow moderated thresholds where essential mobility and safety depend on workshop continuity.

4. Restore and raise practical skill standards

Make workshop-validated skills the baseline for employer-sponsored applicants, including apprenticeship-equivalent and task-based testing. Recognise proven assessment models such as ASM's.

5. National industry-led campaign

Partner with industry to highlight regional success stories, simplify messaging on costs and steps, and demonstrate the tangible community benefits of employer-sponsored migration.

What success looks like in 12 to 18 months

- Reduced automotive business closures, measured against the 2024 State of the Nation baseline.
- Shorter customer wait times, with workshops no longer turning away work due to unfilled vacancies.
- Stronger regional resilience, demonstrated by increased placement of sponsored automotive technicians in the areas experiencing the most acute shortages and their progression to permanent residency.
- Improved owner wellbeing and confidence, as reflected in Capricorn's annual State of the Nation research.

Capricorn's data provides a reliable national indicator of conditions within the automotive aftermarket. With one of the largest Member networks in the sector, this submission represents a strong and accurate reflection of industry needs and emerging pressures.

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