

Migration Strategy and Action Plan
Group Manager
Department of Home Affairs

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A: PO Box 25, BELCONNEN, ACT, 2616

E: Submitted via consultation hub

AADA SUBMISSION: SUPPORTING STRONG AND SUSTAINABLE REGIONS – DISCUSSION PAPER

The Australian Automotive Dealer Association (AADA) appreciates this opportunity to comment and submit a response to the Supporting Strong and Sustainable Regions - Review of Regional Migration Settings Discussion Paper - issued June 2024.

Introduction

The AADA is the peak automotive industry body representing Australia's franchised car and truck Dealers. There are 3,179 new vehicle dealerships in Australia employing more than 61,000 people directly, including around 5,500 apprentices, and generating \$73.9 billion in turnover and sales with a total economic contribution of over \$18 billion. Franchise new car Dealers complete 48 million vehicle repair or service jobs every year.

New vehicle Dealers in cars and trucks provide vital transportation services to communities in regional Australia. The continuing task of maintaining all types of vehicles requires a significant investment in the automotive workforce. Currently, there are over 100,000 motor mechanics working across Australia, and yet the demand for more people with automotive skills continues to grow. For some time, skilled migration has been filling some of the otherwise unfilled automotive vacancies, however recent changes to migration schemes utilised by the automotive sector have seen these shortages exacerbated.

AADA submission and recommendations

The AADA supports the continuance and growth of immigration opportunities in regional Australia. In relation to the *Stronger and Sustainable Discussion paper* the AADA makes the following recommendations:

- Migration to regional Australia should be encouraged and expanded to support communities and employers in industries with high levels of skills shortages.
- The complexity of migration arrangements should be simplified to encourage employers to participate.
- Migration arrangements should be made more accessible and easily understood by employers who otherwise may be reticent and conservative in their employment practices.
- The number of skilled immigrants should not be restrained or capped.



- Automotive industry work and employment classifications should be retained in the Core Skills Occupation List (CSOL) and recognised as skills in acute shortage in regional Australia.
- The Pacific Australia Labour Mobility (PALM) scheme should be retained, expanded, and encouraged to be readily accessible to automotive industry employers in regional Australia.

Skills shortages in the Automotive industry

There is no doubt that the automotive industry is currently experiencing an unprecedented and acute skills and labour shortage and is looking to incorporate strategies to address this. In 2023, 98 per cent of Dealers surveyed by AADA reported a shortage of available automotive technicians and 78 per cent of Dealers surveyed across over 200 dealer locations had sponsored skilled migrants to work in their businesses in the previous 12 months. ⁱ

A 2024 Motor Trades Association of Australia members survey undertaken by Deloitte Access Economics confirms that automotive mechanical skills are in demand in regional Australia and only one in three vacancies advertised are filled. ⁱⁱ

In times of unprecedented shortages, migration should play a critical part in alleviating skills shortages in regional Australia. For example, the PALM scheme makes an important contribution to filling employment and skills gaps in rural and regional Australia. Shortages of semi-skilled automotive employees is an ongoing issue for Dealers and as a result, there are a number of Dealer businesses in regional areas that rely on the availability of PALM participants to supply vital labour.

Vehicle servicing and repair is undergoing immense change with the introduction of new Hybrid, Battery Electric, and Plug in Hybrid Electric Vehicle technologies. The skills needed to work in the automotive industry are changing and not all incumbent automotive technicians will want to train in new electric vehicle skills. There are claims that electrification of our vehicle fleet will reduce the need for maintenance and repair work. While this reduced frequency of servicing required is a factor with EVs, these vehicles are very advanced and require sophisticated tools and equipment to identify faults or conduct repairs. This range of new powertrain types has limited the ability for vehicles to be serviced or repaired by a DIY owner or keen amateur mechanic. Most electric vehicles will be serviced and repaired at franchised dealerships and as these vehicles increase in number, demand for auto technicians will naturally increase.

Without a talent pool of available automotive trade workers to fill positions now, consumers will find that servicing and repairs of their vehicles are delayed. Where Dealers are understaffed, and suitably skilled people cannot be hired, productivity in Dealer workshops will be diminished.

ⁱ AADA Survey included in *AADA submission to JSA Core Skills Occupation List (CSOL) submission, May 2024*

ⁱⁱ *MTAA & Deloitte Access Economics: Skills shortages in the Australian automotive industry MTAA member survey findings 2024*



Skill shortages in the automotive industry also has wider implications for the community and threatens to undermine the safety of Australia's vehicle fleet as service, repair and maintenance procedures are delayed. Migration of auto workers to regional locations can assist Dealers in avoiding longer wait times for repair and the associated losses of opportunity caused by unfilled job vacancies.

The AADA agrees that employment of migrating workers in the regions is a positive and beneficial policy which should be expanded. This is often a mutually beneficial arrangement where auto technicians who migrate to Australia and settle in a regional location provide a stability for businesses because they fill unfilled vacancies, but they also remain in the region and enjoy the Australian country lifestyle such as less competition for employment and lower costs of living.

Regional towns and centres are also attractive, as locations with a lower cost of living than Melbourne, Sydney, and Brisbane, and businesses located in regional Australia should not miss opportunities to hire migrating workers.

The AADA is encouraged that the Department of Home Affairs Discussion Paper addresses these issues and appears positively inclined to further promote regional migration.

The AADA supports in principle these proposals raised in the discussion paper:

- Tripling the number of permanent places available for regional migration.
- Extending Designated Area Migration Agreements (DAMAs) to help meet regional workforce needs.
- Designating regional visa processing as the highest priority so that businesses are able to quickly meet their skills needs.
- Working with states and territories to plan migration over the longer term.
- Expanding and improving the Pacific Australia Labour Mobility (PALM) scheme.
- Facilitating Working Holiday Makers to support local economies and regional Australia's workforce needs.

Conclusion

The proposals in the Discussion Paper would support the investments made in regional locations by new car and new truck Dealers and the ongoing availability of skilled automotive workers is a necessity for regional Dealers to continue to provide critical services to their communities.

The AADA is encouraged that immigration to regional Australia will be a priority supported by change and adjustments to migration structures that would simplify the system for all concerned and further encourage migration to regional locations.

I would be pleased to discuss our submission or any related issues with you, please contact me should you require further information.

Yours Sincerely,



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