



**REIA SUBMISSION TO THE SENATE ECONOMICS
LEGISLATION COMMITTEE INQUIRY INTO *THE
TRADE SUPPORT LOANS BILL 2014 AND THE
TRADE SUPPORT LOANS (CONSEQUENTIAL
AMENDMENTS) BILL 2014 [PROVISIONS]***

JUNE 2014

PREPARED BY

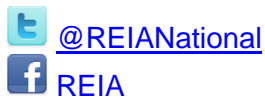
Real Estate Institute of Australia (REIA)

PO Box 234

Deakin West ACT 2600

Amanda Lynch

Chief Executive Officer



**REIA SUBMISSION TO THE SENATE ECONOMICS LEGISLATION COMMITTEE
INQUIRY INTO THE TRADE SUPPORT LOANS BILL 2014 AND THE TRADE
SUPPORT LOANS (CONSEQUENTIAL AMENDMENTS) BILL 2014
[PROVISIONS]**

The Real Estate Institute of Australia (REIA) is the peak national association for the real estate profession in Australia.

The REIA's members are the State and Territory Real Estate Institutes, through which around 75 per cent of real estate agencies are collectively represented. The 2011 Census records the Rental, Hiring and Real Estate Services Industry employment sitting at a total of 117,880. By occupation the key data recorded by ABS Census were 64,699 business brokers, property managers, principals, real estate agents and representatives.

The REIA represents an important element of the broader property and construction sector which together makes a significant contribution to Australia's social climate and economic development. Property contributes \$300 billion annually in economic activity.

Importantly, REIA represents an integral element of the small business sector. Some 99 per cent of real estate agencies are small businesses and 11 per cent of all small businesses in Australia are involved in real estate. Only 0.6 per cent of businesses employ 50 or more persons.

REIA is committed to providing and assisting research and well-informed advice to the Federal Government, Opposition, professional members of the real estate sector, media and the public on a range of issues affecting the property market.

The REIA welcomes the opportunity to make a submission to the Senate Economics Legislation Committee Inquiry into The Trade Support Loans Bill 2014 and The Trade Support Loans (Consequential Amendments) Bill 2014 [Provisions].

Introduction

REIA supports the objective of Trade Support Loans to assist apprentices in covering the personal costs of engaging in and completing their training.

The REIA notes that the eligible occupations and qualifications will be determined by the Minister for Industry.

REIA's submission seeks the inclusion of trainee positions in the real estate profession— in property management, sales and auctioneering – in the list of eligible occupations.

Discussion

The Construction and Property Services Skills Council's (CPSISC) 2014-15 Environmental Scan, amongst other things, provides a review of skills gaps and workforce development priorities for the construction and property services sectors. In it they identify auctioneers, property managers, real estate agent and real estate sales persons as being "Skills in Demand" and that increased funding should include these occupations.

Whilst CPSISC has identified auctioneers, property managers, real estate agent and real estate sales persons as being "Skills in Demand" these do not appear on the Department of Industry's National Skills Need List (NSNL). There are a number of reasons that go a long way to explaining this apparent paradox.

Real estate workforce recruitment practices generally tend to sit outside of the Federal Government's critical skill shortage frames of reference. Much like the construction industry, many real estate operatives work on a contractual basis rather than being employees and it is being 'employed' that is the criteria for determining skill shortages.

The real estate market activity fluctuates greatly and with it so does employment and once operatives leave the industry in a downturn the experience is that they seldom return. Hence whilst the total numbers employed in the profession may not increase as dramatically over time as those in mining related occupations for example the "churn" creates a need for new trainees. It is a feature of the sector that continuous recruitment and training is required to meet the "skill deficiency".

A further factor in skills shortages is whether the available skills match the required skills. Outside the occupations that require a licence there are positions within a real estate office that can be met by universal skills in human resources, para-legal and accounting. Whilst these generic practitioner roles can be recruited by engaging applicants with mainstream skills it still leaves a shortage. This situation does not exist in most of the occupations on the NSNL. This situation is akin to employment data not identifying the extent of underemployment in the economy.

The needs of trainees in the real estate profession and thus their need for assistance are the same as those under the traditional apprenticeship model. They have a low income during their training program yet need to meet considerable outgoings on top of tuition fees. These outgoings include the purchase of a motor vehicle just as apprentices do, electronic equipment and corporate clothing to meet industry required standards. The base trainee rate is barely sustainable for a learner to meet these.

Unlike traditional apprentices, trainees in real estate tend to be older which brings with it additional demands for the salaries making it difficult to meet training expenses from their income.

Another characteristic of real estate trainees is that a high proportion is female. According to ABS statistics 55% of all employees in the real estate profession are females. There is also evidence that women were spending more than their male counterparts on training. This is not surprising as it is typically women that are returning to the workforce after having children and are upgrading their skills and knowledge. Having access to the proposed loan scheme would be of great benefit in these situations.

Recommendations

REIA makes the following recommendation

- ***The Minister for Industry include trainee positions in property management, sales and auctioneering on the list of occupations and qualifications eligible for Trade Support Loans.***