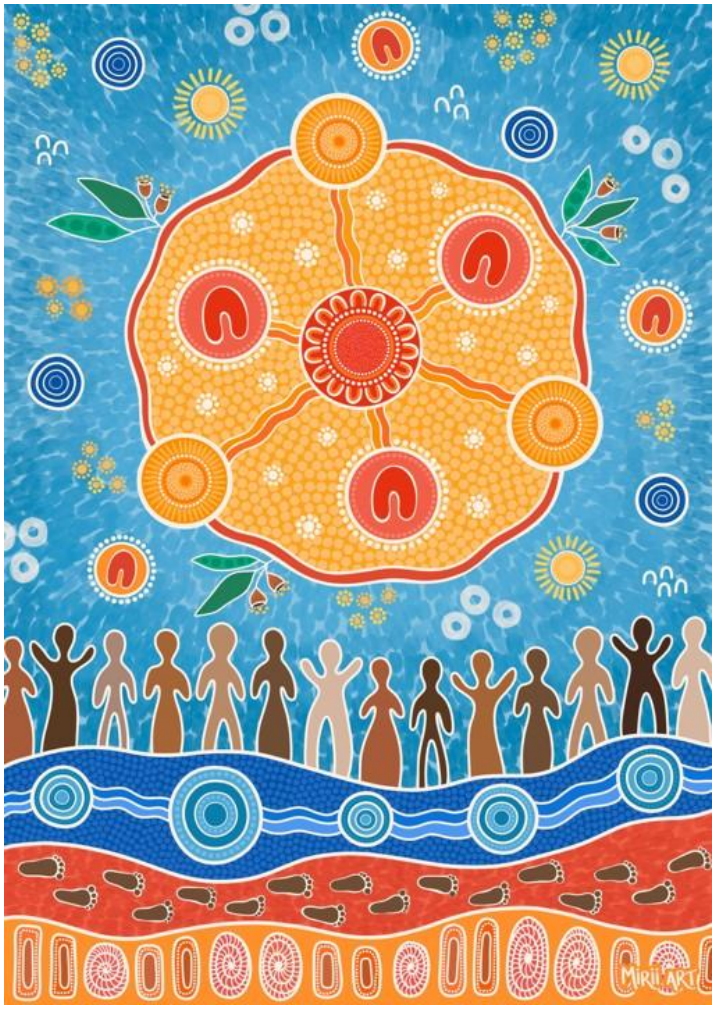

IPART
Independent Pricing and Regulatory Tribunal | NSW

# Electronic Lodgment Network Operator service fees

# Draft Report

July 2026



**Empowered Communities**
**By proud Gomeroi woman, Caitlin Trindall**

This specially commissioned artwork tells the story of IPART's responsibility in working with Aboriginal peoples to support and strengthen outcomes across NSW.

## Acknowledgment of Country

IPART acknowledges the Traditional Owners of the lands where we live and work. Our office is located on Gadigal land and our work touches on Aboriginal lands and waterways across NSW.

We pay respect to their Elders both past and present, and recognise Aboriginal people's unique and continuing cultural connections, rights and relationships to land, water and Country.

## The Independent Pricing and Regulatory Tribunal

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## Tribunal Members

The Tribunal members in the course of this review were:

Carmel Donnelly PSM, Chair
Dr Darryl Biggar
Jonathan Coppel
Sharon Henrick

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## Invitation for submissions

IPART invites comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

## Submissions are due by Friday, 14 August 2026

We prefer to receive them electronically via our online submission form.

You can also send comments by mail to:

Review of Electronic Lodgment Network Operator Service Fees
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

If you require assistance to make a submission (for example, if you would like to make a verbal submission) please contact one of the staff members listed above.

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Chapter 1

# Executive summary

An overview of the Draft Report and full list of draft recommendations, decisions and questions for comment

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Electronic conveyancing (eConveyancing) is the digital completion of a conveyancing transaction. Across the country, around 90% of conveyancing transactions are now completed electronically. In NSW and Victoria, the proportion of conveyancing transactions completed electronically is close to 100%. eConveyancing transactions take place on Electronic Lodgment Networks (ELNs). There are currently 2 operators of these networks that provide eConveyancing services: Property Exchange Australia (PEXA), which undertakes around 99% of eConveyancing transactions across Australia, and Sympli.

The NSW Government, on behalf of other Australian jurisdictions that are represented by the Australian Registrars' National Electronic Conveyancing Council (ARNECC), has commissioned IPART to investigate and make recommendations on the regulation of fees that Electronic Lodgment Network Operators (ELNOs) may charge subscribers for eConveyancing services, that is, ELNO service fees.

## 1.1 Overview of our draft recommendations

This review is the second task in our terms of reference, which request IPART to investigate and make recommendations on whether ELNO service fees should continue to be regulated and if so, what regulation should apply and to which services. They also require us to recommend future adjustment and review processes. The factors we have been asked to consider are summarised in Figure 1.1 on the following page.

The regulation of ELNO service fees was last considered by IPART in 2019. Since that time there have been a range of developments in the market including substantial growth in the number of transactions, reduced competition from paper conveyancing, an announcement that planned interoperability reforms that would have removed some of the structural barriers to competition will not proceed, and the ASX's announcement that is has sold its 49% share in Sympli to ATI for a nominal amount.[1]

Given the current and likely future state of competition in the market over the next 4 years and the likelihood that PEXA will continue to operate as an effective monopoly, we propose:

- ELNO service fees for transactions and closely related services should continue to be subject to price regulation.
- This price regulation should apply only to PEXA, as the ELNO with substantial market power.
- To use a building block approach to regulation that would apply for a 4-year period, based on projected capital and operating costs for PEXA. We recognise that as a first mover in the eConveyancing market, PEXA's costs are higher than that of an efficient ELNO constructed using today's technology. However, we consider that it would not be appropriate to base cost estimates on a differently structured system. Consequently, we have relied on PEXA's own costs in our calculations. The notional revenue requirement that we have estimated means that significant price reductions are needed. The reduction in the revenue proposed is around 20%.

- That ELNO service fees continue to be set on a transaction basis from 2027-28, rather than under a weighted average price cap. These prices should apply nationally, as we consider that the benefits of increased cost reflectivity from allocating external fees on a jurisdictional basis would be outweighed by the increased cost and administrative complexity of maintaining 8 different pricing schedules.
- For 2027-28 the fees for the 4 highest priced services (all variations of transfer transactions) be reduced as there is no evidence that PEXA's current transaction fees reflect the cost of providing different types of transactions. All other fees would be allowed to increase in line with the change in the Consumer Price Index (CPI). The most common transactions are property transfers (usually when a property is sold) and refinances (when a property owner changes mortgage provider).[2] As a result, we note that a substantial number of end-customers would see price reductions under our proposed approach.
- From 2028-29 to 2023-31, all regulated ELNO service fees should be permitted to increase annually by the change in the CPI.

We are seeking feedback from ELNOs and other stakeholders, which we will consider before making final recommendations to ARNECC. Throughout this report, we have identified specific areas on which we are particularly interested in hearing stakeholders' views. However, we welcome feedback on all aspects of the draft report.

## Figure 1.1 What we were asked to consider in this review


The following sections outline our draft recommendations and decisions, and the costs and context that underlie them, in more detail.

## 1.2 Overview of this Draft Report

PEXA is currently operating, and is most likely to continue to operate, as an effective monopoly provider of a service that is vital for the transfer of properties and related conveyancing transactions across Australia. As a result, our draft recommendations are intended to protect subscribers and end-customers from the effects of monopoly power, support reasonable prices and equitable access for eConveyancing services across Australian jurisdictions, and promote greater efficiency in the delivery of eConveyancing services. They are also designed to avoid unnecessary regulatory and administrative burden on ELNOs, and to promote ongoing investment by ELNOs.

### 1.2.1 We propose to recommend that price regulation of PEXA remains necessary

The first task in our review is to investigate and recommend whether continued regulation of ELNO service fees remains necessary. Our draft recommendation is that it does. The eConveyancing market is highly concentrated, with one dominant ELNO. In 2024-25, PEXA had 99% of the eConveyancing market and 90% of the broader conveyancing market, including both paper and electronic transactions. In several jurisdictions, eConveyancing is mandatory for many transactions, meaning subscribers and end-customers often have little practical alternative.

In these circumstances, and in the absence of effective competitive pressure, we consider that regulation of ELNO service fees is necessary to ensure they remain reasonable. While we are recommending fee regulation should continue, we do not consider it should apply to all ELNOs. Rather, we are recommending it should only apply to PEXA as the near monopoly ELNO in the market.

Removing regulation from Sympli is consistent with the objective of avoiding unnecessary regulatory burden. In our view, regulating smaller or newer entrants would be unlikely to deliver material consumer benefits, while potentially constraining their ability to compete, innovate and grow. We therefore recommend that ELNO service fees continue to be regulated, but that this regulation apply only to PEXA. We also propose that regulation is extended to additional services offered by PEXA that are closely linked to ELNO transactions and that are not subject to effective competition from other providers.

While we have engaged with Sympli throughout our review, we have focussed our draft recommendations on PEXA as the dominant ELNO and have assessed PEXA's costs in establishing recommended ELNO service fees.

### 1.2.2 Our analysis suggests that current ELNO service fees are higher than necessary

In a competitive market, the significant increase in transaction volumes that PEXA has seen might have been expected to have led to lower prices, especially as the cost of providing ELNO services are largely fixed and not primarily driven by transaction volumes or the complexity of the transaction. Since 2019, ELNO service fees have increased in line with inflation. While this has meant there has not been real growth in PEXA's fees, our analysis indicates that, at current fee levels and transaction volumes, PEXA is earning revenue above the level required to recover its costs and achieve a reasonable return on its capital investment.

We have used a building block methodology to set draft recommended prices for PEXA's Australian eConveyancing business, PEXA Exchange[a]'s regulated ELNO services. Under this methodology, we estimated the revenue PEXA Exchange requires to provide the regulated services over the regulatory period. We then set prices to recover that revenue, based on forecast transaction volumes. Draft decisions that impact the calculation of the building block model that underpin our draft recommendations include:

- A draft forecast that sees total billable volumes remain broadly steady over the regulatory period, at around 4.2 million transactions each year. This reflects a mature eConveyancing market, where electronic penetration is already high and future volumes are expected to be driven mainly by property market conditions rather than further migration from paper conveyancing.
- Projected capital and operating costs based on changes in PEXA's actual operating and capital expenditure since 2021-22. We have also applied a productivity factor of 1.7% per year to controllable costs to recognise the potential for PEXA to achieve productivity gains over the regulatory period. This factor is based on estimates of multi-factor productivity in relevant sectors released by the Australian Bureau of Statistics.
- An initial asset base (IAB) of $367.6 million comprising of $231.2 million of rolled forward historical capital expenditure and $136.3 million of non-capitalised operating expenditure. The inclusion of non-capitalised operating expenditure recognises historical expenditure that contributed to developing and maintaining PEXA Exchange before it became an established business able to recover its operating expenditure through ongoing revenue.
- A return on capital using a post-tax real WACC of 6.5%.

Based on these draft decisions, PEXA's ELNO service fees are currently higher than needed to recover building block revenue. We are proposing targeted reductions for the highest transaction fees only, those involving transfers. We have focussed on these transactions as we do not consider that the much higher fees for these transactions compared to other transaction types can be justified based on cost. The current price structure was established in reference to paper conveyancing prices, however most eConveyancing costs are fixed and are not driven by the complexity of the transaction. Therefore, maintaining this fee differential undermines equity between different subscriber types.

[a] Property Exchange Australia Limited (PEAL) is an approved Electronic Lodgment Network Operator (ELNO) across several jurisdictions in Australia and operates the PEXA Exchange. PEAL is a subsidiary of PEXA Group Limited (PEXA Group). Source: PEXA Separation Plan, April 2026, p 6.

Under our draft recommendation, these transfer fees would fall by between 14.6% and 36.6% in the first year of the regulatory period. All other ELNO service fees would remain unchanged in real terms, increasing by the change in CPI over the regulatory period.

We consider this is the option that best improves equity between subscriber groups, passes savings through more quickly, and allows PEXA to recover its costs over the period. However, we are interested to hear from stakeholders whether a more gradual reduction in transfer fees, for example a decrease of between 11.2% and 18.3% each year, would be preferable. We have a specific consultation question on this aspect of our proposed approach (see seek comment question 5).

### 1.2.3 Our analysis suggests that the benefits of nationally consistent fees outweigh the costs

Until May this year, there was consistency in the prices subscribers paid for eConveyancing services. However, PEXA has now introduced jurisdictional based pricing involving 8 different fee schedules to pass through to customers fees charged by NECDS Ltd to support the National Electronic Conveyancing Data Standards (NECDS).[3]

We are recommending a return to nationally consistent ELNO service fees because they best support equitable access to eConveyancing services and reasonable prices across Australia, and avoid unnecessary complexity and administrative burden, which are all considerations in our terms of reference. In a national market, where many subscribers operate across jurisdictions, a single pricing approach is simpler, fairer and better aligned with how these services are used. We have heard that nationally consistent prices are preferred by banks and other organisations operating across jurisdictions.

We also note that it is likely that ELNO service fees are already not cost reflective on a state or territory basis as there are large differences in transaction volumes, and potentially ELNO costs, by jurisdiction. Further, different regulatory requirements in each jurisdiction are also likely to contribute to cost variations between jurisdictions.

We consider, the costs and complexity of maintaining 8 separate fee schedules with additional jurisdiction-specific charges outweigh the benefits of more jurisdiction-specific pricing. Consistent with this approach, we have included externally imposed fees such as the NECDS fees, and revenue and registry office fees, in the cost base used to set ELNO service fees, rather than treating them as separate charges passed through to customers.

## 1.3 Our review process

We released a Call for Submissions Paper in August 2025 seeking input on key issues and information we should consider. We received 8 non-confidential submissions including from each ELNO (PEXA and Sympli), the Law Society of NSW; the Australian Banking Association (ABA); the Australian Institute of Conveyancers NSW; NSW Land Registry Services, the Law Council of Australia and InfoTrack.

In March 2026, we held a targeted stakeholder workshop to discuss issues put forward by stakeholders in response to our Call for Submissions paper and other issues we had identified during our preliminary work on the review (see Workshop Discussion Paper, presentation, and summary). These issues included:

- whether fees should continue to be regulated for all ELNOs
- how fees should be set
- what the regulated fee should include and how different costs should be recovered
- should pricing be nationally consistent or vary by jurisdiction.

The workshop was attended by around 35 stakeholders including the ELNOs, PEXA and Sympli; ELNO subscriber representatives, including the ABA and the Law Council of Australia; ARNECC members; representatives from state and territory Treasuries and economic regulators; IPART Tribunal members and Secretariat staff.

Later in March, we also published a Methodology Paper. This paper set out our proposed approach to establishing an initial asset base for an efficient ELNO to use in the building block model for recommending ELNO service fees (Chapter 7). We received 10 non-confidential submissions on the Methodology Paper.

As part of this review, we have sought independent advice from digital platform experts, TBH (Tracey Brunstrom & Hammond Pty Ltd) on the efficient costs of an ELNO. This included the efficient operating and capital expenditure that an ELNO would incur in providing eConveyancing services in Australia for an indicative period from 2025-26 to 2028-29, for a range of market shares.

TBH developed and estimated the costs of a hypothetical ELNO based on information provided by the ELNOs through information requests and workshops, and its expertise.[b] TBH compared its hypothetical efficient ELNO's costs to those of the incumbent ELNOs, PEXA and Sympli (see Chapter 3). TBH's findings suggest that PEXA's current costs are higher than a hypothetical efficient ELNO. However, as TBH's hypothetical efficient ELNO differs structurally from PEXA, we did not consider it appropriate to use TBH's hypothetical efficient ELNO costs as direct inputs to the building block model. The Tribunal has not relied on TBH's report in recommending draft prices.

Throughout the review we have met regularly with ARNECC, PEXA and Sympli, who have also responded to information requests. The Tribunal has considered all feedback, independent advice and the Secretariat's analysis in making its draft recommendations in this report.

## 1.4 Structure of report

The rest of this Draft Report is structured in several parts:

- **Chapters 2-3** set out the context for the review and describe our approach.
- **Chapter 4** sets out our draft recommendations for ELNO service fees.

[b] This process involved a fact check which allowed ELNOs to correct any factual inaccuracies in TBH's work and ARNECC to clarify regulatory requirements.

- **Chapter 5** sets out our draft forecasts of the demand for ELNO services to 2030-31.
- **Chapters 6-8** discuss the inputs to the building block model, including operating and capital expenditure, the initial asset base and how we have estimated the return on and of capital.

There are also appendices with further details on:

A. PEXA's 2026-27 pricing table

B. Draft recommended prices for PEXA 2027-28 to 2030-31

C. Forecast methodology elements we will review after the Draft Report

D. Glossary and acronyms used in the report.

## 1.5 We welcome your feedback on this report

We are seeking feedback on the questions and draft recommendations in the report listed below.

To have your say, you may:

- provide a submission or feedback to this Draft Report by 14 August 2026
- participate in our public hearing on 21 July 2026.

The Tribunal will consider all feedback in preparing its final recommendations and Final Report to be submitted to the NSW Government, on behalf of ARNECC, by 30 September 2026.

**Have your say**

Your input is critical to our review process.

You can get involved by making a submission, submitting feedback or attending a public hearing.

Submit feedback »

Attend the public hearing »

Figure 1.2 Review timetable

## 1.6 Draft recommendations, draft decisions and questions for consultation

We welcome feedback on our draft recommendations and decisions, and questions listed below, or any other matter relevant to our review of ELNO service fees.

Our draft recommendations reflect the recommendations we propose making to ARNECC under our terms of reference for this review. Our draft decisions reflect the decisions we have made on the inputs we have used to set draft recommended prices.

### Draft recommendations

1. ELNO service fees for transactions should continue to be regulated. This regulation should only apply to PEXA as the ELNO with substantial market power and not to Sympli or any new entrant ELNO. 30

2. Price regulation should also apply to additional services offered by PEXA that are closely related to ELNO transactions and that are not subject to effective competition. 30

3. ELNO service fees should be nationally consistent. 31

4. Regulated prices should be determined using a building block methodology and should be set with regard to the costs faced by PEXA, not by a hypothetical ELNO due to significant differences in platform technology. 38

5. Regulated prices should be established for a 4-year regulatory period, with further review undertaken in time for new prices to commence from 1 July 2031. Prices should remain fixed in nominal terms until replaced. 38

6. Price regulation for ELNO services should continue to set individual fees rather than a pricing method, such as a weighted average price cap. 41

7. For 2027-28, ELNO service fees should be set at the 2026-27 level plus an increase to reflect the change in the CPI, except for prices for the following transactions, which should be set at: 45
   a. Transfer of interest, single title: $81.71
   b. All other transfer transactions including those with financial settlement, single title: $92.71
   c. Transfer of interest, multiple titles: $100.96
   d. All other transfer transactions including those with financial settlement, multiple titles: $111.96.

8. All regulated ELNO service fees should be permitted to increase annually by the change in the CPI from 2028-29 to 2030-31. 45

9. At the next review of ELNO service fees, a 2-way demand volatility adjustment mechanism (DVAM) could be applied to manage differences between PEXA's forecast and actual transaction revenue. The DVAM could: 56
   a. operate as an ex-post adjustment for revenue in the next regulatory period
   b. apply to transaction revenue that is 5% higher or lower than forecast transaction revenue in present value terms
   c. exclude any revenue loss caused by changes in PEXA's market share relative to competitors.

## Draft decisions

1. Forecast billable eConveyancing transaction volumes for inclusion in the building block calculation should be: 54

| Number, in millions | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Number of annual billable transactions | 4.24 | 4.21 | 4.16 | 4.15 |

2. Forecast operating and capital costs for inclusion in the building block calculation should be: 65

| $m ($26-27) | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Operating expenditure | 164.2 | 165.3 | 165.4 | 166.1 |
| Capital expenditure | 35.9 | 36.9 | 38.0 | 39.1 |

3. PEXA's initial asset base for inclusion in the building block calculation should be $367.6m at 1 July 2027 ($2026-27). 77

4. The building block calculation should use straight line depreciation and asset lives proposed by PEXA. 80

5. A post-tax real WACC of 6.5% should be used in the building block calculation. 84

6. The return on working capital included in the building block calculation should be: 85

| ($m, $2026-27) | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Return on working capital to be recovered from revenue | -0.16 | -0.16 | -0.17 | -0.19 |

## Seek Comment

1. To what extent are there alternative products available to PEXA's additional services, such as Tracker, Planner, Allocations and Projects? 29

2. Are there barriers for third parties offering substitutable services to PEXA's services such as Tracker, Planner, Allocation and Projects, including self-providing the services? 29

3. To what extent is it uneconomic or inconvenient to unbundle these services from PEXA's transaction services? 29

4. Should external fees be included in the cost base for setting ELNO service fees or should they be treated as separate charges passed through to customers? What are the advantages and disadvantages of nationally consistent pricing? 33

5. Would you prefer that only PEXA's 4 highest prices are reduced as proposed; or that instead, the price reduction is spread across all transactions (so prices for all transaction types would fall, but by a smaller amount)? 46

6. Should ELNO service fees be reduced more gradually over the 4-year regulatory period, rather than reducing the fees for transfers by a larger amount in the first year only? 48

Chapter 2

# Introduction and context for our review

This chapter outlines developments in the eConveyancing market since we last undertook a review of eConveyancing prices.

02

Most conveyancing transactions in Australia are now settled electronically.[a] Electronic conveyancing (eConveyancing) was initially introduced in NSW in 2013.[4] It is now available across Australia and has been mandated (that is, it must be used) for at least some types of transactions in all Australian jurisdictions except for Tasmania, the ACT and the Northern Territory. Across the country, around 90% of conveyancing transactions are now completed electronically. In NSW and Victoria, the proportion of conveyancing transactions completed electronically is close to 100%.

IPART last looked at the pricing of eConveyancing services in 2019 and there have been many changes in the market since that time. This chapter outlines these developments as they provide the context in which we undertake the current review.

## 2.1 The eConveyancing market

PEXA was the first eConveyancing business or Electronic Network Lodgment Operator (ELNO) to operate in Australia. When IPART first considered pricing for eConveyancing in 2019, PEXA had effectively 100% market share of the eConveyancing market but initially the size of that market was relatively small (approximately 800,000 transactions in 2017-18).[5] Only one competitor offering eConveyancing services, Sympli, had entered the market, completing its first transaction in 2019.[6]

Prices for eConveyancing transactions have been regulated under ARNECC's Model Operating Requirements (MORs) since 2019 with annual price increases capped at the increase in the CPI.[7b] In our 2019 price review, we found that the appropriate form of price regulation was maximum prices for all ELNOs, set at PEXA's then-current prices and indexed by CPI, for a 2-year regulatory period starting from 1 July 2020. We considered this approach was appropriate while competition in the eConveyancing market developed.[8] As in other competitive markets, new entrant ELNOs would likely need to offer lower prices or better quality service to gain market share, and so the pricing framework that we recommended was designed to allow new entrant ELNOs to compete with the incumbent ELNO.[9] We noted that competition from paper transactions was present and that the industry was working towards reforms that would facilitate competition in the eConveyancing market.

eConveyancing provides for the lodgment of electronic registry instruments with land registries using an Electronic Lodgment Network (ELN). It may also involve the settlement of financial transactions, that is, the electronic processes to initiate and complete the payment of funds that are part of a conveyancing transaction.

[a] Conveyancing is the process through which title to real property is transferred from one person to another (e.g. when it is sold or inherited), and through which other interests in the property are dealt with (e.g. a lease or mortgage).

[b] In NSW, the Conditions of Approval cap the annual price increase for ELNOs at CPI minus 'Factor', with the Factor set each year by the Registrar General. The Registrar General has set the Factor to zero since 2018-19.

The following changes have taken place since our last review:

- Electronic conveyancing is now mandatory for most transactions in most Australian jurisdictions.[c] As a result, the size of the market has grown considerably. For most transactions, there is now no effective constraint imposed by competition from paper transactions.
- As a digital service provider, the costs faced by ELNOs should be predominantly fixed and largely independent of the number of transactions processed. Despite not increasing prices in real terms, PEXA has been able to substantially increase its revenue and profit through high and sustained growth in the number of transactions it undertakes.[10]
- ARNECC has decided not to proceed with mandated interoperability and as a result, structural barriers to competition in the market persist. PEXA is unlikely to face any credible prospect of competition from Sympli or other ELNOs in the absence of interoperability reforms.
- The ASX made a decision to sell its 49% share in Sympli to ATI for a nominal amount.[11]

## 2.2 The number of eConveyancing transactions undertaken by PEXA has increased significantly

As the number of transactions lodged and settled electronically has risen, competition from paper conveyancing has continued to decline. In jurisdictions where eConveyancing is mandated, paper conveyancing comprises a small percentage of transactions and no longer provides a competitive constraint on the price of electronic transactions.

PEXA and Sympli continue to be the only ELNOs approved to operate in Australia. After expanding into the ACT in 2021, Tasmania in 2024 and more recently Northern Territory in 2025, PEXA now operates in all Australian jurisdictions.[12] Sympli currently operates in NSW, Victoria, Queensland, South Australia and Western Australia. A third potential player, Lextech sought approval in 2018 to be an ELNO but withdrew its application in 2025.[13]

PEXA began as a government-owned company, established in 2010 by the NSW, Victorian and Queensland governments. It was converted to a company limited by shares in 2011, with subsequent investments by the WA government, financial institutions and other private investors. PEXA was privatised in January 2019, as part of an acquisition by Link Group, Morgan Stanley Infrastructure Inc and the Commonwealth Bank of Australia. PEXA Group is currently a listed company on the Australian stock exchange.[14] In 2024-25, PEXA's 2 largest shareholders were HSBC Custody Nominees (Australia) Limited and the Commonwealth Bank of Australia.[15]

[c] eConveyancing is mandatory for most transactions in all jurisdictions except ACT, Tasmania and NT.

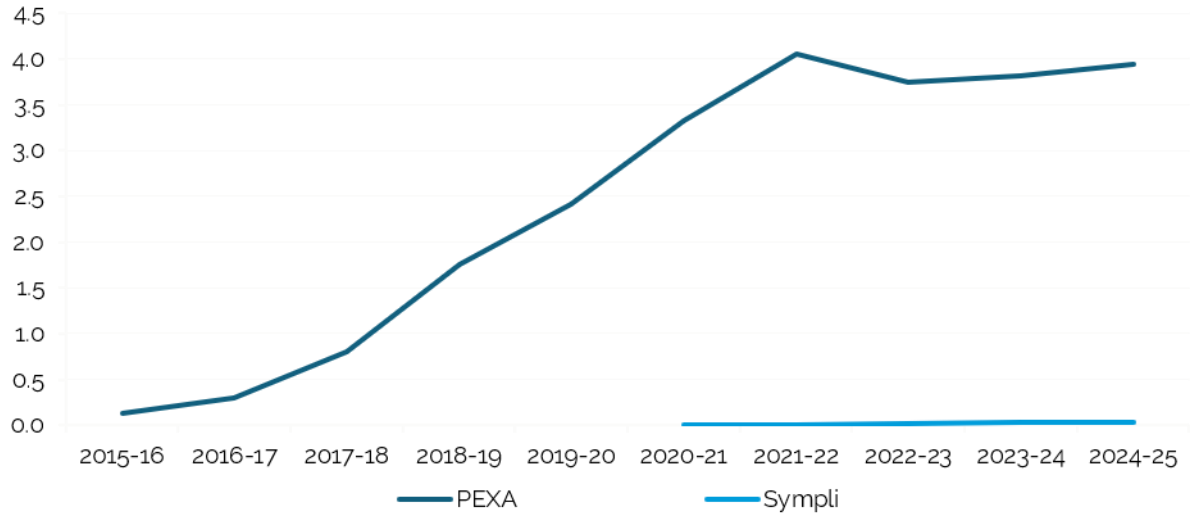
PEXA's eConveyancing platform, PEXA Exchange,[d] is part of a broader group of companies forming PEXA Group. PEXA Group is a digital property technology and insights business which in addition to the PEXA Exchange, includes a digital solution business and international business. In 2024-25, PEXA established an eConveyancing platform in the UK[16] and in 2026, PEXA launched PEXA Clear, a product for Anti-Money Laundering and Counter-Terrorism Funding checks for property professionals.[17]

Sympli Australia Pty Ltd was approved by ARNECC in November 2018 to become an ELNO and to operate in NSW, Queensland, South Australia and Western Australia.[18] Sympli is currently owned by InfoTrack, a legal software provider owned by Australian Technology Innovators (ATI). The ASX Ltd previously owned 49% of Sympli but has recently sold its stake to ATI in June 2026.[19]

While PEXA's share of the eConveyancing market has remained steady and its prices have not risen in real terms since 2019, PEXA's transactions and revenues have grown significantly over time. By 2022, PEXA still had around a 99% share of the eConveyancing market but was undertaking around 5 times as many transactions each year than 4 years earlier.[20] The number of transactions undertaken by PEXA has risen by around 26% per year, or a total of 393% over the period between 2017-18 and 2024-25.

In 2024-25, PEXA completed 3.95 million eConveyancing transactions in Australia. Since entering the market, Sympli has also increased the number of transactions it undertakes but has remained small with around 33,900 transactions in 2024-25 (see Figure 2.1).

## Figure 2.1 PEXA's and Sympli's transactions since 2015-16 (million)

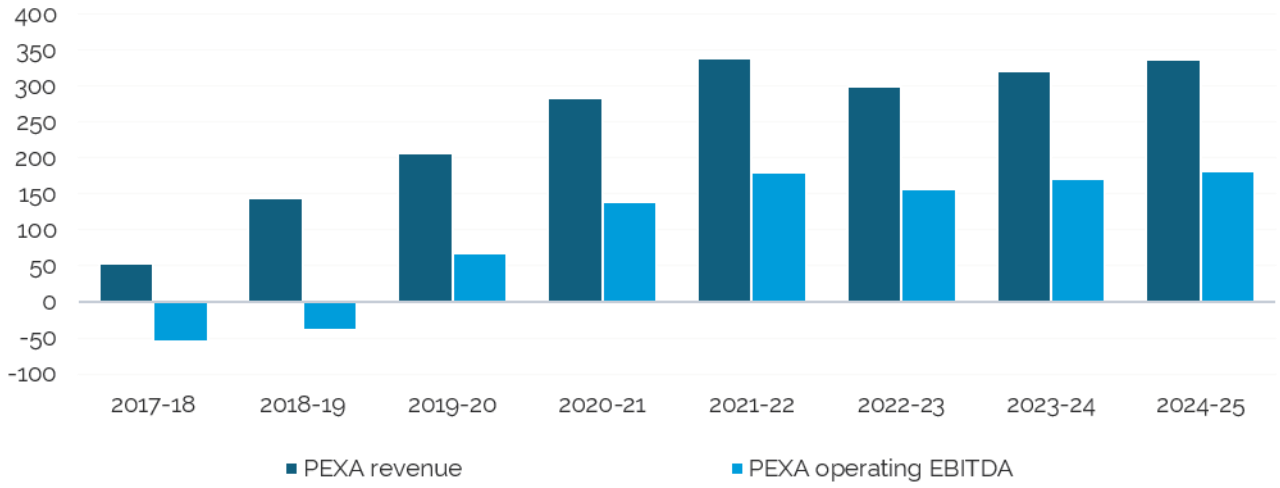



Source: Information provided to IPART by PEXA and Sympli.

[d] Property Exchange Australia Ltd (PEAL) is the entity within the PEXA Group that operates the PEXA Exchange (see PEXA Separation Plan, April 2026, p 6).

Although PEXA's prices have not increased in real terms, PEXA's revenues and EBITDA have grown in line with transactions volumes (see Figure 2.2).

Figure 2.2 PEXA's revenue and EBITDA since 2017-18 ($m, $2026-27)




Source: PEXA Annual Reports and Prospectus.

## 2.3 PEXA is likely to retain its very high market share for the foreseeable future

The eConveyancing market is characterised by 'network effects' that provide the established ELNO a competitive advantage over new entrants, since their subscribers can connect with a larger number of other subscribers to complete transactions. This is because currently, all parties to an eConveyancing transaction must subscribe to the same ELN to complete a transaction. This barrier has led to a highly concentrated eConveyancing market and allowed PEXA to maintain its very high market share.

ELNO businesses are digital platforms, unlike traditional natural monopolies, like energy networks, and water. However, like these more traditional businesses, the costs faced by digital platforms providing eConveyancing are predominantly fixed and largely independent of the number of transactions processed. This means that as the number of transactions undertaken by an ELNO rises, the cost per transaction would be expected to reduce. In other words, there are significant economies of scale involved in the ELNO business.

Economies of scale give established ELNOs with large market shares a structural cost advantage over new entrants. This is a further barrier to competitors entering the market. However, as ELNOs are digital platforms, rapid changes in technology provide considerable potential to lower costs over time, increase service quality and deliver innovation. As new technology comes online, the development of new, lower cost platforms becomes feasible and may even offset the economies of scale that benefit incumbents using older, more costly platforms. This rapid change in technology is unlikely to slow down, and may even accelerate, in the coming years.

Other barriers to entry include complying with regulatory requirements (as ELNOs must be approved to operate) and start-up costs as ELNOs require initial investment to establish their ELN

before they can provide services and earn revenue. These include the costs of developing the network's software platform and establishing network connections (with land registries, revenue offices and the payments infrastructure). ELNOs are regulated businesses that must meet requirements under the MORs for which they may incur additional costs including investments in cyber security and reliability.

IPART has previously reviewed both prices for ELNO services (in 2019) and appropriate prices for interoperability (in 2023), which involves systems that are set up to 'talk' to each other so that different ELNOs can be used for the same transaction. Across these reviews, we observed the importance of lowering barriers to entry, particularly addressing network effects, to enable competition. Competition in ELNO services can deliver continuous improvement by driving innovation and the uptake of new technology. It allows new, more efficient ELNOs to compete and puts pressure on existing ELNOs to improve their own efficiency, to ensure that service offerings are responsive to the changing needs of participants and that prices are reasonable.

However, after a number of investigations into the feasibility and cost of interoperability (see Box 2.1), ARNECC announced in March 2026 that it would not proceed with mandated interoperability at this time. It stated:

> "As endorsed by Ministers, ARNECC will not be proceeding with the interoperability reform program at this time.... Rather, ARNECC will strengthen the existing eConveyancing national regulatory framework to protect consumers, improve resilience and provide greater certainty for industry participants, building on work that is already underway."[21]

Without interoperability, PEXA's position as an effective monopoly is unlikely to change as competitors will remain locked out. This announcement has already led to some changes in the market. The ASX recently sold its 49% interest in Sympli to its joint venture partner, InfoTrack (owned by ATI group).

### Box 2.1 The interoperability reform process

In IPART's 2019 report into ELNO pricing we found that interoperability would improve competition in the eConveyancing market and would reduce barriers to entry. IPART recommended that regulators should implement a direct connection model of interoperability between the two current ELNOs as soon as possible to promote competition.

Both ARNECC and the industry commenced work into interoperability. In 2020, ARNECC undertook the first cost benefit analysis and in 2021 Ministers supported a timeline for the first interoperable transaction to take place at the end of 2021, with broader implementation to take place in 2022. In 2022, to support implementation of interoperability, with the approval of all states and territories, the NSW Parliament enacted changes to the national law (to be applied by all states and territories as a law of their respective jurisdictions). This included mandating interoperability.

### Box 2.1 The interoperability reform process

In 2024, ARNECC however, paused interoperability reforms given the significant issues that had been raised by the banking industry. ARNECC found that:

- stakeholders would support competition and interoperability if it does not result in significant changes to their existing processes, increase risks or costs
- further work was required to finalise a functional scope for any interoperability program which would maintain an equivalent subscriber experience for interoperable and non-interoperable transactions
- it was appropriate to refresh the cost benefit analysis to confirm that the current interoperable model remains the best and most cost-effective model.

ARNECC then commissioned 3 reviews in 2025:

- an in-depth review of the functional requirements for interoperability
- an updated cost benefit analysis to test whether the direct connect interoperability model continues to be the most appropriate model
- a review of the current eConveyancing regulatory framework to identify improvements that can be made to enhance ARNECC's regulatory oversight.

At the same time, parliamentary inquiries into eConveyancing were also being conducted, including:

- Parliament of Australia, Economics References Committee, Senate Inquiry into Micro-competition opportunities in the Australian economy relating to eConveyancing
- NSW Select Committee on Competition Reforms in Electronic Conveyancing.

Following the release of 2 of ARNECC's reports[a] State and Territory Ministers held a Ministerial Forum to review the future of competition reforms in eConveyancing. At that forum, they noted the following conclusions:

- Regardless of the model,
  - implementing interoperability is complex, costly and would take time
  - there is a high level of uncertainty that interoperability can deliver significant long-term benefits (including competition outcome benefits).
- There is an absence of an incentive for participation, active leadership and full support for interoperability from the banks.
- There is a need for leadership, participation, full support and co-operation from the Commonwealth Government and its regulatory authorities to implement interoperability.

### Box 2.1 The interoperability reform process

After considering the reports, State and Territory Ministers endorsed 2 actions recommended by ARNECC:

- "Without Commonwealth Government support, ARNECC will not proceed with the Interoperability Program at this time, including not proceeding with implementing direct connect interoperability, the practitioner choice interoperability model or the other models for competition considered in the CBA [cost benefit analysis] report.
- ARNECC will continue to strengthen the eConveyancing regulatory regime to deliver better outcomes for industry, and work with other regulatory authorities and market participants to close any gaps in the regime."

a. Functional Requirements review of the direct connect model of interoperability and the Cost Benefit Analysis of different competition models including interoperability.
Source: IPART, Review of the Pricing Framework for electronic conveyancing services in NSW – Final Report, November 2019, pp 24-25, NSW Productivity and Equality Commission, eConveyancing Market Study, June 2024, pp 22-23, NSW Government, Terms of reference – Interoperability pricing for Electronic Lodgment Network Operators and ELNO Service Fees for Electronic Lodgment Network Operators, January 2023, ARNECC, Next Steps on Interoperability, 19 February 2025, ARNECC, 2025 Reviews Project – October Update, 20 October 2025, ARNECC, Ministers' Statement – Ministerial Forum: The Future of Competition Reforms in eConveyancing, 26 March 2026 and ARNECC, Media Release, ARNECC Statement on the recent Ministerial forum: The Future of Competition Reforms in eConveyancing, 26 March 2026.

## 2.4 The current approach to price regulation for ELNO service fees requires revision

State and territory registrars are responsible for the regulation of ELNOs, including their service fees. Regulation is coordinated across the country by ARNECC through MORs (see Box 2.2). The MORs currently regulate ELNO service fees through the following provisions:

- charge services fees in accordance with its pricing policy. The ELNO must publish its prices and not charge greater than the amounts published
- from 1 July 2019 to 30 June 2027, increase its service fees as published once per year by no more than the annual change in the CPI
- request approval from the Registrar for other proposed changes to its prices.[22]

### Box 2.2 Regulation of eConveyancing

The Electronic Conveyancing National Law (ECNL) governs how eConveyancing is provided and operated across all the states and territories. It is implemented by separate legislation in each jurisdiction.

Under the ECNL, Registrars determine rules that apply to eConveyancing participants. These include Operating Requirements which apply to ELNOs and Participation Rules which apply to subscribers. The Operating Requirements and Participation Rules are based on Model Operating Requirements (MORs) and Model Participation Rules (MPR).

ARNECC is comprised, and acts on behalf, of Registrars from each jurisdiction. It facilitates the implementation and management of the regulatory framework. It is also responsible for advising on the ECNL and developing and maintaining the MORs and MPRs, which are then determined by the Registrar in each jurisdiction.

Each Registrar is responsible for approving ELNOs to operate in their jurisdiction and monitoring and enforcing compliance with the regulatory framework. Each jurisdiction may attach conditions to an ELNO's approval to operate. In many jurisdictions this is done through an Operating Agreement between the Registrar and an ELNO.

### 2.4.1 Individual transaction service fees are based on paper transaction prices and not on differences in the costs of electronic transactions

PEXA developed its initial pricing schedule at a time when paper conveyancing was still the dominant conveyancing mode, and therefore set its prices by comparison to the paper market at that time. Sympli set its prices when it entered the market at a discount to PEXA's prices.[23]

Both PEXA and Sympli currently charge prices that differ by transaction type (see PEXA's current prices in Appendix A). The prices for different transactions vary widely. Some of the variation is a result of the number of titles involved, whether the transaction involves financial settlement and the type of transaction.

PEXA currently provides over 40 types of transactions, some of which are state based. Current transaction fees range from just under $6 to just under $170. In a typical 4-party transaction, involving a vendor, purchaser, and financial institutions for both parties and including financial settlement, under PEXA's 2026-27 pricing schedule in NSW:

- subscribers for the vendor and purchaser would each pay $146.30 to lodge a Transfer
- the incoming mortgagee would pay $73.04 to lodge a Mortgage
- the outgoing mortgagee would pay $54.01 to lodge a Discharge of Mortgage.

Most transaction service fees have 2 variants, one for that transaction type with a single title and one for that transaction type with multiple titles; most transaction types also have 2 variants: one where the transaction does not include financial settlement and a higher fee when it does include financial settlement.

For example, Table 2.1 presents prices for the 2 most common transactions (and those with the current highest fees), comprising 28% and 38% of all transactions in FY 2025, mortgages and transfers.

### Table 2.1 PEXA's 2027 service fees for transfers and mortgages ($2026-27), including GST

| Transaction type | Single | Single with settlement | Multiple | Multiple with settlement |
|---|---|---|---|---|
| Mortgage | 54.89 | 73.04 | 75.90 | 94.38 |
| Transfer | 97.24 | 146.30 | 118.25 | 167.42 |

Note: This table shows mortgage fees for NSW, which exclude the $1.10 NECDS fee (incl GST).

Since February 2019, the MORs have allowed PEXA and Sympli to raise their individual transaction prices once a year by up to the change in the CPI. Because these annual price increases apply to each ELNO's published pricing table, they have effectively 'locked in' the structure of prices they entered the market with.

The wide variation between the prices for different transactions is unlikely to reflect the structure of costs faced by PEXA and Sympli. As digital platforms, ELNOs face costs that are predominantly fixed and unlikely to vary directly with the number or nature of digital transactions. PEXA has advised us that it is not possible for them to identify the costs associated with specific types of transactions, which would tend to support the view that the individual characteristics of transactions are not strong cost drivers.

At our stakeholder workshop, it was noted that most ELNO costs were shared infrastructure costs and that greater cost attribution at a transaction level was illusory. Costs that are split across all transaction types include those associated with the workspace, settlement, digital signing and cyber security.[24] While there may be some variation associated with the complexity of transactions; we would expect this variation to be very small. TBH recognised transaction complexity and the existence of a wide range of document combinations and workflow variations. However, it also noted that such complexity is not uniformly distributed across the types of transactions and could be managed through system design.[25]

### 2.4.2 Pass-throughs of NECDS fees have added to costs without improving cost reflectivity

Until this year, PEXA's prices were consistent across Australia. PEXA has argued that it is not possible to separately identify its costs associated with different jurisdictions due to the nature of its business as a digital platform, where costs are largely fixed and not incurred on a jurisdictional or any other sort of disaggregated basis (such as by type of transaction).

In May 2025, PEXA sought approval under section 5.4.4 of the MORs to pass through a $1 per transaction National Electronic Conveyancing Data Standards (NECDS) fee which was due to commence on 1 July 2025. This was approved in all jurisdictions except NSW. The NSW Registrar General considered that the request should remain under review until IPART's review of ELNO service fees was completed.

Unable to pass on the NECDS fee in NSW, PEXA initially sought to maintain nationally consistent fees and instead recover the historical cost of the NECDS, and revenue office fees for Victoria, Western Australia and Tasmania incurred in 2025-26, in this current pricing review. However, earlier this year PEXA announced it would pass the NECDS fee through in increased service fees in all jurisdictions except NSW, as well as revenue office fees in the applicable states. Jurisdictional pricing commenced on 18 May 2026 and marked the end of nationally consistent ELNO service fees.

PEXA's jurisdictional prices added $1 (plus GST) to each of the most common transaction fees in all states and territories except for NSW. This relatively simple change involved PEXA establishing 8 different pricing schedules, each with dozens of transaction fees. PEXA has estimated that jurisdictional pricing has required billing capabilities to be enhanced and has submitted the associated costs for inclusion in the cost base to be recovered through ELNO service fees.

Chapter 3

# What price regulation should apply

This chapter sets out our draft recommendations on which ELNO service fees should be regulated and how regulated prices should be calculated.

03

Our terms of reference for the review require us to make recommendations on whether continued regulation of ELNO service fees is required and if so, what the method or level or price should be. To do this, we have considered the need for regulation in the current operating context, as well as which ELNO fees should be regulated (both in terms of the ELNO providing the service and the nature of the service). We have also considered the most appropriate form of regulation for determining ELNO prices, the length of the regulatory period and the efficient costs of providing eConveyancing services as required under our terms of reference.

This chapter explains our analysis and consideration of these matters.

## 3.1 Overview of draft recommendations

We propose that ELNO service fees continue to be regulated given the market for eConveyancing is highly concentrated, with one dominant ELNO, PEXA. The recent decision by ARNECC and the relevant state and territory ministers to not proceed with interoperability reforms at this time means this is likely to remain the case for the foreseeable future. As a result of PEXA's very high market share, our draft recommendation is that fee regulation only apply to PEXA. In addition to ELNO service fees for transactions, our preliminary view is that price regulation is also necessary for other services that PEXA offers that are closely linked with ELNO transactions and that are not subject to effective competition.

Our preliminary view is that the simplicity and equity benefits of nationally consistent pricing outweigh any loss of cost reflectivity that may arise from passing through state-based fees. As a result, we propose prices that should apply across Australia. In coming to this preliminary view, we note that PEXA has advised that it is not possible to separately identify its costs associated with different jurisdictions due to the nature of its business and that PEXA's own costs comprise the majority of costs included in prices. We have also heard from stakeholders such as ELNOs and banks that jurisdictional pricing involves substantially greater administrative costs.

We consider that ELNO service fees should be established using a building block approach (identifying the regulatory asset base, capital and operating expenditure, and the return of and on capital) and propose a regulatory period of 4 years. We consider that the building block approach can be constructed to adequately compensate PEXA for changes that occur during the regulatory period that are outside of its control. We consider that this approach is preferable to considering pass throughs for individual cost changes during the regulatory period, and would remove the need for consideration of these applications.

We engaged an external expert, TBH, to provide advice on the costs that a hypothetical ELNO that was efficiently structured and operated would incur in providing services. However, we propose that regulated prices be established using PEXA's costs and not based on the costs of a hypothetical efficient ELNO. TBH's hypothetical efficient ELNO differs structurally from PEXA and for PEXA to achieve costs in line with TBH's cost estimates, this would likely require significant changes that may not be feasible at this time.

## 3.2 We propose PEXA's ELNO service fees continue to be regulated

Our terms of reference require us to recommend whether the service fees ELNOs charge should continue to be regulated. Our draft recommendation is that service fees should continue to be regulated as:

- the eConveyancing market is highly concentrated with one dominant ELNO
- the mandatory use of eConveyancing in several jurisdictions means that without price regulation, there are risks of monopoly power and unreasonably high prices
- interoperability reforms are not proceeding[26] and there is currently no prospect of effective competition emerging.

However, our draft recommendation is that fee regulation should only apply to the ELNO with substantial market power, namely PEXA.

The following sections discuss these positions.

### 3.2.1 We propose ELNO service fees for transactions continue to be regulated

PEXA is the dominant ELNO in all jurisdictions and is the only ELNO operating in the ACT, Tasmania and the Northern Territory. As discussed in Chapter 2, in 2024-25, PEXA had 99% of the eConveyancing market, and 90% of the conveyancing market including both paper and electronic transactions. Without interoperability, Sympli has not been able to increase its market share. A third potential ELNO, Lextech, withdrew its application to become an ELNO in May 2025, 7 years after gaining stage 1 approval, citing a lack of economic viability for multiple ELNOs.[27]

In response to our Call for Submissions paper published in August 2025, we heard that stakeholders generally support continued regulation. The highly concentrated market, dominated by PEXA, and the current absence and (at the time) future uncertainty about interoperability were cited as the key reasons for ongoing regulation of ELNO service fees. Stakeholders considered regulation would protect subscribers and end-customers by ensuring prices remain reasonable, and that it would be needed until there is sufficient competition in the market.[28]

As discussed in Chapter 2, earlier this year the relevant state and territory Ministers endorsed ARNECC's recommendations to not proceed with the Interoperability Program at this time, without Commonwealth Government support.[29] As a result, the market is likely to remain highly concentrated for some time, and competition will not act to protect customers from monopoly power. With PEXA effectively operating as the monopoly provider of a service mandated for property transactions across multiple Australian jurisdictions, it is appropriate that the fees for these services remain regulated.

### 3.2.2 We propose fee regulation only apply to PEXA

ELNO service fee regulation currently applies to the 2 ELNOs; PEXA and Sympli. Both ELNOs are subject to the Model Operating Requirements (MORs), which limit annual price increases to changes in the Consumer Price Index (CPI).[a]

We held a workshop in March 2026 and sought feedback from stakeholders on whether price regulation should only apply to ELNOs with substantial market power. This followed a recommendation of the NSW Productivity and Equality Commission's (NSW PEC's) 2024 eConveyancing market study (Box 3.1).[30]

#### Box 3.1 NSW PEC recommended price regulation only apply to ELNOs with substantial market power

The NSW PEC considered that current price regulation constrains market entry and that price regulation of all ELNOs is unjustified and operates as a barrier to entry. It argued that:

- While price regulation is justified for ELNOs with substantial market power because they can raise market prices to the detriment of consumers, it was unclear why regulation also applies to new entrant ELNOs. New entrant ELNOs would likely price below or equal to the incumbent to gain market share.
- Applying regulation to the new entrant ELNO or ELNOs without market power would unnecessarily increase the burden of regulation for the overall eConveyancing market. For example, Registrars are required to review and approve any subsequent changes to an ELNO's price schedules, as well as monitor and enforce compliance with the regulated annual price cap.
- Price control regulation on new entrant ELNOs may act as a barrier to entry given they impose compliance costs and risks on new entrant firms. Price regulation may also limit their flexibility to differentiate their product and prices to effectively compete with incumbent firms and maximise consumer choice.

Source: NSW Productivity and Equality Commission, eConveyancing Market Study, June 2024, pp 36-37.

Stakeholders generally supported ELNO fee regulation only applying to the ELNO with substantial market power, namely PEXA. Some stakeholders considered that it would provide flexibility for new entrants and incentives for a new ELNO to invest, and a reduction in regulatory burden.[31]

[a] Under section 5.4 of the Model Operating Requirement version 7.2, an ELNO may charge services fees in accordance with its pricing policy. If an ELNO charges service fees, it must publish its prices on its website and not charge fees greater than the amounts published. From 1 July 2019 to 30 June 2027, an ELNO may increase its service fees once each financial year on 1 July, by no more than the annual change in the CPI. ELNOs can request approval from the Registrar for other changes to its prices.

The subsequent state and territory ministerial announcement regarding interoperability means that it is now less likely there will be new entrants to the market. Nevertheless, we are making a draft recommendation that Sympli should no longer be subject to fee regulation for ELNO services. While this may make minimal difference to the prices offered by Sympli (or any potential new entrant ELNO) it could allow Sympli greater flexibility to rebalance prices, in response to changes in their costs or service offerings. It also reduces the regulatory burden on Sympli or a potential new entrant, as noted by the NSW PEC and stakeholders.

### 3.2.3 We propose that price regulation also apply to some of PEXA's non-transaction-based services

PEXA offers a range of services in addition to transaction services for lodgment and financial settlement. These services include mobile signing and digital certificates, which a subscriber must have to allow its customers to securely apply their signatures to electronic instruments as part of the conveyancing process.[b] In addition, PEXA offers a number of extra services that support subscribers of the platform, but that are not needed to complete a conveyancing transaction. They include:

- optional subscriber products, such as Tracker, Planner, Allocations, Projects and bespoke reports[32]
- subscriber Application Programming Interfaces (APIs) and PEXA Clear[33]
- end-customer optional products, such as PEXA Key, which is an app that allows property settlers and buyers to securely share and receive bank details with their property conveyancer.[34]

Aside from mobile signing and digital certificates, these services are optional in the sense that they are not necessary to enable a conveyancing transaction to take place. For most of these services, PEXA charges a fee. Some are charged on a subscription or subscriber basis. PEXA Key is available at no charge to end-customers.

There is no generally accepted definition of what constitutes a regulated service. Stakeholders have expressed concern about excluding any of the related services offered by PEXA from regulation:

- Sympli has expressed concerns about PEXA's concentration of market power which allows it to bundle pricing with ancillary services to cross-subsidise its products.[35]
- InfoTrack (owner of Sympli) also raised concerns about the growth in PEXA's non-regulated revenues in adjacent markets, and the risks of cross-subsidisation and bundling, and the impact on competition.[36]
- NSW Land Registry Services also proposed that new or additional services, such as advanced data reporting or priority processing, should be scrutinised to determine whether they are core or non-core services, and whether market pricing is appropriate.[37]

[b] Under MPR 7.5.1, documents lodged through an ELN must be digitally signed. Where the electronic Registry Instrument or other electronic Document requires a Digital Signature, using a Private Key to create the Subscriber's Digital Signature.

- Feedback at our stakeholder workshop indicated support for ancillary services being regulated, especially in the current highly concentrated market. Stakeholders considered that unregulated ancillary services would allow the dominant ELNO to use its existing subscriber relationships and integration to extract commercial value.[38]

PEXA submitted that many of its optional products should be included in the cost base used to set ELNO fees, but with separate charges. However, it proposed that system-to-system integrations (Exchange APIs) and PEXA Clear remain outside the regulatory framework.[39]

In considering whether prices for these services should be regulated, we considered the following:

- Is it possible for all types of subscribers to use the ELN effectively without these optional products?
- Are similar products available from competitors? Or can they be developed in-house?
- To what extent is the service closely connected to the ELN transaction process, and as a result, are there barriers to using a competitor's product?
- For services that are provided below cost or free of charge, is it appropriate that the costs are recovered through transaction prices?
- Can PEXA separately identify the costs of the service so a cost reflective price can be established?

We consider the appropriate regulatory treatment for each category of services below. We are interested in feedback from stakeholders regarding our preliminary views.

### We propose mobile signing and digital certificate services be regulated

Our preliminary view is that mobile signing and digital certificates should be regulated, on the basis that they are required for subscribers to complete eConveyancing transactions, are highly integrated into PEXA's systems and unlikely to be sought out from competing providers.

We note that the price charged by PEXA for a 1-year mobile signing certificate from 1 July 2026 is $119.68.[40] We consider that it is appropriate to continue to regulate the price of digital certificates as a separate charge rather than recover the costs associated with these from transaction prices.

### We proposed optional subscriber products and subscriber API integrations not be regulated

PEXA's optional subscriber products include:

- PEXA Projects – multi-lot settlement software for conveyancers, lawyers and property developers to manage large-scale projects.[41]
- PEXA Planner – a digital workspace for high-volume transactors such as financial institutions to provide an overview of all interactions with multiple customers and lawyers. This also includes an additional module 'Allocations' for automated assigning of workspaces.[42]
- PEXA Tracker – reporting tool for digital settlements that provides high level, read only property settlement status information. Used by banks and frontline staff or lending specialists who do not have access to PEXA Exchange.[43]

- Subscriber API integration – a solution that integrates PEXA's workspace with a subscriber's existing systems to streamline the process for these customers, including notifications and data entry.[44]

PEXA also provides bespoke reports to subscribers.

These services are available to subscribers on an opt-in basis. PEXA sets these prices commercially. Historically there has been no cap on the prices that PEXA charges for these services and prices have been only available on application to PEXA.

PEXA submitted that PEXA's Projects, Planner and Tracker products are intrinsically linked to the ELN and as a result should be considered ELNO services with regulated fees. PEXA included the costs associated with providing these services in its cost base.[45]

It is clear that these products are closely linked to ELNO transaction services. Each service is aimed at a subset of subscribers with particular needs. The solutions offered through these products help make PEXA's system more efficient and streamlined for these subscribers.

Based on the information available to us to date, we consider that these services may not require regulation as they are optional and may be subject to competition from other software or in-house solutions. We note that PEXA has not separately identified the costs of providing these services and has raised the charges associated with some of these products significantly in recent years.

We seek views on whether there are realistic alternatives to these products and whether there are barriers to using them.

We understand that subscriber API integrations are different to PEXA's other optional products as subscriber API integrations allow subscribers to access the services provided on PEXA's user platform through a subscriber's own platform. While also optional, it is unlikely that there is competition for these services. We are seeking stakeholder views on whether subscriber API integrations should be subject to regulation.

## Seek Comment

1. To what extent are there alternative products available to PEXA's additional services, such as Tracker, Planner, Allocations and Projects?
2. Are there barriers for third parties offering substitutable services to PEXA's services such as Tracker, Planner, Allocation and Projects, including self-providing the services?
3. To what extent is it uneconomic or inconvenient to unbundle these services from PEXA's transaction services?

While our preliminary view is that these prices may not require regulation, we would support PEXA being required to publish its prices for these services so that they can be monitored over time. PEXA will need to separately identify the costs associated with providing these services at the next price review.

### We propose PEXA Key be regulated

We consider that it is reasonable for PEXA Key costs to be recovered from transaction fees and for the price of PEXA Key to be regulated at zero in the proposed pricing schedule. While PEXA Key is optional, it is directly associated with completing a transaction and is offered for free to all end-customers who pay transaction fees. In our view, it is unlikely that there is any real prospect of competition for this service, which is very closely linked with transactions and currently offered free of charge. Given that the costs associated with PEXA Key are included in the cost base, and already recovered through the proposed regulated transaction fees, we consider that PEXA should be constrained from introducing a charge for this service, as that would allow them to over-recover the costs associated with providing PEXA Key.

### We propose upstream and downstream services subject to formal separation from regulated services are not regulated

The MORs require ELNOs to separate any Downstream or Upstream Services (DUS) from the services delivered through operation of the ELN.[46] PEXA has had a formal Separation Plan since April 2026. PEXA's new anti-money laundering (AML) product PEXA Clear is an example of a DUS. Under its Separation Plan, PEXA sets out how PEXA Clear will be separated from PEXA Exchange and how PEXA will allow other AML service providers to integrate with PEXA Exchange on the same terms as PEXA Clear.

Based on the information available to us we consider that other services offered by PEXA such as Value Australia (provided in collaboration with UNSW and FrontierSI) would also fall into this category.

### Draft recommendations

1. ELNO service fees for transactions should continue to be regulated. This regulation should only apply to PEXA as the ELNO with substantial market power and not to Sympli or any new entrant ELNO.

2. Price regulation should also apply to additional services offered by PEXA that are closely related to ELNO transactions and that are not subject to effective competition.

## 3.3 We propose nationally consistent pricing

Our terms of reference require us to consider equitable access and reasonable prices for eConveyancing services across Australian jurisdictions. Nationally consistent prices meet these objectives. National prices are also preferred by banks and organisations operating across jurisdictions, and until recently, PEXA had advocated for nationally consistent prices as well.

Prior to May 2026, Lodgment Support Services (LSS) fees and any applicable revenue office fees incurred by PEXA have been part of the cost base for ELNO service fees that applied nationally. The introduction of National Electronic Conveyancing Data Standard (NECDS) fees nationally,

changes to revenue office fees in 3 jurisdictions, and potential changes in LSS fees in some jurisdictions, have increased pressure from PEXA for these fees to be passed through to subscribers as a separate jurisdiction- specific fee.

Avoiding unnecessary regulatory and administrative burden on ELNOs is also a consideration under our terms of reference. We consider that the complexity and cost associated with 8 different fee schedules, each with various additional fees, outweighs the benefits of cost reflective jurisdictional fees. As discussed further in Chapter 6, we have included externally imposed fees, namely the NECDS fee, revenue and registry office fees, in the cost base for setting ELNO service fees.

### Draft recommendation

3. ELNO service fees should be nationally consistent.

### 3.3.1 We propose all externally imposed fees be included in the cost base

PEXA incurs external fees for transactions associated with LSS fees charged by land registry services, NECDS fees and revenue office fees. These fees differ across different Australian jurisdictions. Together, these external fees are forecast to cost PEXA around $50 million per year, which is around 29% of PEXA's total annual operating costs.

In its submission to the March Workshop paper, PEXA argued that all 3 of these external fees are consistent with cost pass-through principles.[47] A key concern PEXA raised was the significant uncertainty about the forecast cost because the charges can be changed by NECDS Ltd, or the relevant registry or revenue office during the regulatory period.[48] PEXA has proposed that these charges should be treated as a direct pass-through into prices. This would require the continuation of jurisdictional pricing.

There are arguments both for and against allowing external fees to be a pass-through instead of part of the cost base, and which we discussed with stakeholders at the workshop in March 2026. Table 3.1 sets these out.

## Table 3.1 Benefits and disadvantages of including external costs in the regulated fee

| Scenario | Benefits | Disadvantages |
|---|---|---|
| **Pass through external costs separate to the regulated fee** | • Greater transparency for subscribers of these costs.<br>• Allows ELNOs to pass on costs outside their control including changes to these costs. | • Additional complexity, especially in cases of variations between jurisdictions (for example, revenue office (RO) and LSS fees).<br>• No incentive for ELNOs to pass on savings (e.g. from having national data standards) or make efficiencies to reduce impact of charges. |
| **Include external costs as part of the cost base** | • Simpler pricing structure at start of regulatory period.<br>• Supports nationally consistent prices.<br>• Could encourage ELNO efficiencies if the full cost is not passed on to subscribers. For example, improvements in data standards may reduce ELNO costs, therefore the full cost may not need to be recovered in the fee. | • Variations in RO and LSS or other fees likely to mean subscribers in jurisdictions where such fees are lower cross-subsidise subscribers in other jurisdictions. (This occurs now for LSS fees which vary by jurisdiction and the weighted average is included in the ELNO service fee).<br>• Cost pass-throughs could still occur in addition to ELNO service fees between pricing reviews. |

PEXA also submits that external fees should be passed through because ELNOs cannot control the cost which is set externally and is unavoidable as they must use the NECDS / land title information / lodge stamp duty.[49] This is not disputed, and inclusion of the fees in the cost base based on their estimated cost acknowledges they are an unavoidable cost, while also encouraging PEXA to look for operational efficiencies. While we propose to include the full forecast cost in the cost base, PEXA would need to manage changes in these costs during the regulatory period.

Similarly, PEXA considered that including external fees in the cost base exposes them to forecasting risk associated with estimating fees on transaction numbers.[50] We have noted this concern, and as discussed in Chapter 5, are recommending a demand volatility adjustment mechanism (DVAM) to address the forecasting risks associated with our draft recommended ELNO service fees. This would also be symmetrical and come into effect with a decrease in transactions and as well as an increase.

PEXA also considered there was value in separately identifying and transparently passing through these fees to hold NECDS Ltd, and the relevant registries and revenue offices to account for these costs.[51] We agree that there should be transparency regarding external fees. This could be achieved by requiring all state and territory revenue offices and land registries and NECDS Ltd to publish a schedule of fees that they charge to ELNOs. PEXA should also publish a complete list of these fees on its website to ensure subscribers can understand the regulatory fees applicable in their jurisdiction.

We heard that banks and organisations operating across jurisdictions prefer nationally consistent ELNO service fees, however, many stakeholders also agreed that it was appropriate for costs imposed by state-based agencies to only be passed on to the residents of those states, not other states or territories.[52] As noted in Table 3.1, as jurisdiction-based fees diverge there is increasing potential for costs imposed by state-based agencies to be borne by subscribers in other states and territories.

The argument for passing through costs on the basis that jurisdictions should not pay a share of fees imposed in other jurisdictions has merit. However, it is likely that ELNO service fees are already not cost reflective on a state or territory basis as there are large differences in transaction volumes, and potentially ELNO costs, by jurisdiction.

Another source of cost variation between jurisdictions is the different regulatory requirements imposed. In addition to the ARNECC's national MORs, each state and territory has a separate operating agreement between their Registrar General and the ELNO.

Together, differences in transaction volumes and regulatory requirements are likely to lead to greater cost differences between jurisdictions than variations in LSS and revenue office fees. However, as discussed, we are not recommending that ELNO service fees be set on a state and territory basis to reflect these other sources of cost differences. Our terms of reference require us to consider equitable access and reasonable prices for eConveyancing services across Australian jurisdictions. Nationally consistent prices are compatible with these considerations.

Avoiding unnecessary regulatory and administrative burden on ELNOs is a further consideration under our terms of reference. In addition, the complexity and cost associated with 8 different fee schedules, each with various additional fees, outweighs the benefits of cost reflective jurisdictional fees. We have included all externally imposed fees in the cost base for setting ELNO service fees.

### Seek Comment

4. Should external fees be included in the cost base for setting ELNO service fees or should they be treated as separate charges passed through to customers? What are the advantages and disadvantages of nationally consistent pricing?

As the first year for the new regulatory period will be 2027-28, the current jurisdictional pricing will continue in 2026-27.

## 3.4 We propose to use a building block methodology to set ELNO service fees

We propose to use a building block methodology to set draft recommended prices for PEXA Exchange's regulated ELNO services. Under this methodology, we estimate the revenue PEXA Exchange requires to provide the regulated services over the regulatory period. We set prices to recover that revenue, based on forecast transaction volumes.

We consider this is the most appropriate methodology for this review because competition is not currently placing sufficient constraint on PEXA Exchange's prices, and we do not consider market conditions are likely to constrain prices to costs over the regulatory period.

The building block methodology directly addresses this issue by linking prices to the cost of providing regulated transaction services. This protects subscribers from paying more than necessary, while giving PEXA Exchange a reasonable opportunity to recover its expenditure and earn a return on capital investment.

This methodology also establishes a durable basis for future reviews. Each building block input can be separately identified, tested against evidence, and rolled forward and adjusted in subsequent reviews. The following chapters explain the proposed inputs we have used to calculate the building blocks and the required revenue for PEXA to continue delivering eConveyancing services over the regulatory period.

### 3.4.1 We propose that within-period pass-throughs are not required

Regular building block reviews are a more appropriate and holistic way of dealing with cost changes that occur during a regulatory period. In addition, we consider that PEXA should no longer be able to seek to changes to its Pricing Table during the regulatory period; as currently provided for under section 5.4.4 of the MORs (reproduced in Box 3.2).

#### Box 3.2 Model Operating Requirements, section 5.4.4

Notwithstanding Operating Requirement 5.4.3[a], the ELNO may, at any time, request the Registrar's approval, which may not be unreasonably withheld, for proposed changes to its Pricing Table, including, but not limited to, in the event:

a. of any change to the amount of any insurance premium payable by the ELNO in respect of any insurance policy the ELNO is required to hold under Operating Requirement 4.7.2; or
b. that a change in any law gives rise to a change in the ELNO's operating Costs; or
c. that additional fees, charges or Costs are imposed on the ELNO by the Registrar, Land Registry or government agency; or
d. that additional fees, charges or Costs are imposed on the ELNO in order to operate an ELN.

a. Section 5.4.3 allows an ELNO to increase each individual ELNO service fee once each year, not exceeding the percentage increase in the CPI for the immediately prior March quarter when compared with the CPI for the March quarter of the previous year.

Source: ARNECC, Model Operating Requirements, Version 7.2, May 2026, p 38.

Not only has it resulted in the move away from national pricing, with the pass-through of revenue office fees in Victoria, Tasmania and Western Australia, and the NECDS fee in all jurisdictions except NSW, passing through costs in this way also bypasses the scrutiny of a pricing review. The current process, where approval is sought from Registrars, does not also consider costs that may have decreased, either directly related to the costs being passed through, (for example, improvements in registry or revenue office integration with the ELNO, or improved data standards), or as a result of other cost efficiencies.

It is more appropriate for changes in these costs to be considered at the next ELNO service fees review, at which point all costs are assessed, including whether a true-up is required for changes in costs during the prior period. We do not consider that removing the ability to seek changes to pricing for these costs during the regulatory period will impact PEXA's financial sustainability.

We consider that this could be addressed in the next regulatory period via a true-up. This should be symmetrical and apply for decreases as well as increases in external fees. This could be the case if forecast revenue office fees are not implemented in NSW, South Australia and Queensland.[c]

We propose new fees introduced within the regulatory period could also be considered for a true-up at the next ELNO service fee review. As an example, the current review of the eConveyancing regulatory framework may recommend an increased role for ARNECC. If the costs of an expanded regulatory function are passed through to ELNOs, this may be appropriate to be recouped as a true-up in the next regulatory period.

## 3.5 We propose fees be set for a 4-year period

IPART does not have a legislated role in setting ELNO service fees, and there is no set regulatory period. We last made recommendations to ARNECC on ELNO service fees in 2019. At the time we recommended that they be reviewed again in 2 years to assess the state of competition in the market and whether price regulation remained appropriate.[53]

Our terms of reference require the Tribunal to recommend future adjustment and review processes for ELNO service fees. This includes recommending the regulatory period and what should occur at the end of this period.

When we commenced the review in July 2025, ARNECC had commenced 2 reviews into interoperability,[d] with a decision on the future of interoperability shortly anticipated. In this context, we initially considered that a short regulatory period, for example, 2 years, might be appropriate to allow the form of regulation and the level of prices to be considered again once the costs of implementing interoperability were known, and effective competition for ELNO services begun to emerge.

However, the announcement on 31 March this year by the relevant State and Territory Ministers that interoperability will not proceed without Commonwealth Government involvement,[54] means that PEXA will remain an effective monopoly provider of eConveyancing for the foreseeable future.

Given this, we propose a 4-year regulatory period best meets the objectives of our review including protecting customers from abuses of monopoly power while also considering the financial sustainability of PEXA. It is also aimed at avoiding unnecessary regulatory and administrative burden on ELNOs, a consideration required under our terms of reference.

[c] Estimates for revenue office fees in these jurisdictions have been included in the cost base in future years.
[d] These reviews were an in-depth review of the technical functional requirements for direct-connect interoperability and an updated cost benefit analysis of the different models of interoperability.

A review of service fees places a regulatory burden in the form of time, resources and uncertainty on ARNECC, the ELNOs, and their subscribers. Our review, commencing on 1 July 2025, was initially 12 months. Due to the uncertainty about the future of interoperability reforms, it was extended by 3 months to 30 September 2026. Following our Final Report, if ARNECC were to implement our final recommendations it would need to adjust the MORs, and ELNOs and subscribers would need to implement any changes to billing systems for fees to apply from 1 July 2027. A short regulatory period would be disproportionate to the time and cost of undertaking the review.

The recently released MORs requires ELNOs to develop and implement continuous improvement plans.[55] In addition, ARNECC is currently undertaking a review of the eConveyancing regulatory framework to identify improvements that can be made to enhance ARNECC's regulatory oversight.[56] This review is expected to conclude in late 2026. These changes will take time to implement. A 4-year regulatory period provides greater certainty and stability than a shorter period for these changes to come into effect.

Finally, a 4-year regulatory period would allow for a smoother revenue and price path than a shorter regulatory period. We are recommending that the next review of ELNO service fees commence in 2029-30, with new prices to apply from 1 July 2031. If new prices are not decided by 1 July 2031, the prices from the final year of the regulatory period should continue to apply without further indexation.

## 3.6 We propose that regulated prices be established using PEXA's costs, not the costs of a hypothetical efficient ELNO

The terms of reference for this review require us to consider the efficient costs of providing eConveyancing services. To inform our view of efficient costs, we engaged an expert (TBH Consulting) to provide advice on the costs that an efficiently structured and operated ELNO would incur in providing services, including at the scale of PEXA. TBH developed a hypothetical ELNO based on modern design principles for a digital platform and current technology and estimated the costs that it would incur. TBH then compared both PEXA's and Sympli's platforms and associated costs with that of a hypothetical ELNO.

TBH's report indicates that an eConveyancing platform based on modern platform design could be built and operated at a substantially lower cost than PEXA's platform. Compared with the hypothetical ELNO, TBH found that PEXA's costs were significantly higher. Sympli's costs, architecture and operating model were more closely aligned with those of the hypothetical ELNO, demonstrating that a more cost-efficient platform is possible in practice. TBH found that structural factors, such as solution architecture, infrastructure provisioning, operating model complexity and scope of services delivered, appear to be the primary drivers of cost differences.[57] TBH's report is available on the IPART website (see TBH's report).

While TBH's findings suggest that PEXA's current costs are higher than a hypothetical efficient ELNO, we did not consider it appropriate to use TBH's hypothetical efficient ELNO costs as direct inputs to the building block model. While our terms of reference require us to consider the efficient costs of providing eConveyancing services, TBH's hypothetical efficient ELNO differs structurally from PEXA in architecture and operating model, in part reflecting the fact that PEXA's platform was developed many years ago and enhanced incrementally as its service delivery has changed. To achieve costs in line with TBH's cost estimates would likely require significant changes for PEXA that may not be feasible given its current state or that may require a lengthy, costly and/or disruptive transition.

In deciding not to use TBH's hypothetical efficient ELNO cost estimates to set PEXA's prices, we considered the following additional matters that we are required to consider under the terms of reference including promoting ongoing investment by ELNOs and the current and evolving structure of the eConveyancing market. We considered how applying TBH's estimated hypothetical ELNO costs could affect PEXA's ability to continue investing. We also acknowledge the evolution of PEXA's platform to date and how it may differ from a platform built today.

Nevertheless, we consider that TBH's insights provide useful information on how PEXA, and other ELNOs could become more efficient and what the scope for cost savings may be in the long run. TBH's cost estimates indicate what the industry could look like in the future if it is able to take advantage of changes in technology and the potential for significantly lower ELNO service fees. It also provides additional transparency around the potential benefits of competition that are forgone by not mandating interoperability. TBH's findings suggest that under a competitive market, for example, a new entrant could enter the market and deliver cheaper services without necessarily providing fewer features or a lower standard of services.

We note that ARNECC has a number of objectives associated with requirements in the MORs for continuous improvement in eConveyancing services. We consider that the TBH report provides a useful source for both PEXA and ARNECC in considering the feasibility and benefits of technological change. For example, TBH has made broader recommendations that PEXA could consider to align ELNO platforms 'more closely with efficient delivery principles, while maintaining required functionality and regulatory compliance'. These include to:

- review financial settlement models to simplify and reduce operational complexity and cost while maintaining required control and compliance
- rationalise the software landscape to reduce duplication, integration overhead and complexity
- prioritise modularity and decoupling in architectural design to manage platform complexity
- align infrastructure and operating models to demand with greater use of automation and dynamic scaling
- promote efficient system design and operating models.[58]

## Draft recommendations

4. Regulated prices should be determined using a building block methodology and should be set with regard to the costs faced by PEXA, not by a hypothetical ELNO due to significant differences in platform technology.

5. Regulated prices should be established for a 4-year regulatory period, with further review undertaken in time for new prices to commence from 1 July 2031. Prices should remain fixed in nominal terms until replaced.

Chapter 4

# ELNO service fees

The chapter sets out our draft recommendations for ELNO service fees from 2027-28 to 2030-31.

04

As discussed in Chapter 3, we are recommending that ELNO service fees continue to be regulated. Given this, our terms of reference require the Tribunal to recommend whether a regulated method or level of price should apply to ELNO service fees, and if so:

- what that method or level of price should be
- when that method or level of price should apply, following delivery of the Tribunal's final report on the second task.

Finally, the Tribunal is required to recommend future adjustment and review processes for ELNO service fees.

This chapter sets out our draft recommendations on these matters including the level of ELNO service fees to apply from 2027-28 to 2030-31.

## 4.1 Overview of draft recommendations

We are recommending that the prices for individual transaction types should continue to be regulated rather than introducing a weighted average price cap or revenue cap, as individual prices provide greater transparency and predictability for subscribers, regulators and PEXA. This approach was supported by stakeholders in our consultation to date.

We have used the building block model with the inputs discussed in the following chapters, to estimate the revenue PEXA requires to deliver eConveyancing services over the period 2027-28 to 2030-31. We found that at the current levels of ELNO service fees and transaction volumes, PEXA is achieving revenues in excess of the notional revenue requirement, indicating a need for prices to be reduced.

We have modelled many options for ELNO service fees that would recover the revenue required and have made a draft recommendation to reduce the prices of the most expensive transaction types, those involving transfers, by between 14.6% and 36.6% in the first year of the regulatory period (2027-28). This would increase equity among subscribers. Following this, we recommend they increase annually in line with the change in the CPI.

We have focussed on the highest priced transactions, as the difference in price compared to other transaction types is not justified on the basis of cost. The current price structure was established to reflect paper conveyancing prices. We consider that this option best meets the requirements of our review to consider equitable access and reasonable prices for eConveyancing services for customers across Australian jurisdictions, as it delivers the savings to subscribers more quickly than other options we modelled. However, we are interested to hear from stakeholders whether a more gradual reduction, for example a decrease of between 11.2% and 18.3% each year, in the ELNO service fee for transfers would be preferable.

## 4.2 Form of regulation for ELNO service fees

As required by our terms of reference, we have considered whether a method or level of price should apply to ELNO service fees, and what that method or level of price should be. We are recommending that prices should continue to be set for individual transaction types.

We considered and consulted on:

- Allowing PEXA to adjust its prices within the limits of a weighted average price cap (WAPC) throughout the regulatory period. A WAPC would limit the average change (%) in regulated prices (weighted by the relevant quantity), rather than the change in individual regulated prices.
- Setting the total revenue PEXA is allowed to earn from all the regulated services it provides in each year of the regulatory period and allowing PEXA to set its prices for individual services within the limits of this revenue cap each year.

The NSW Productivity and Equality Commission suggested a WAPC could achieve lower prices by imposing reductions and allowing ELNOs the flexibility to set prices within that.[59] We consider however, the risk is that this could undermine equity between subscribers and ease of administration if PEXA continues to maintain the structure of its pricing table and new proposed prices have to be assessed for compliance every year, which given the number of prices in the schedule would involve a significant annual administrative cost. Ensuring equitable access for customers and avoiding administrative burden are both considerations for our review.

At the workshop in March, stakeholders also raised concerns that a WAPC would increase the need for regulatory monitoring and that ARNECC was not currently equipped to undertake this role.[60]

A revenue cap could lead to less predictable price changes year on year, particularly given the number of different prices and transaction types, the demand for which moves differently from transaction type to transaction type.

Stakeholders at the workshop generally considered that a simple per transaction fee provides stability for subscribers and predictability for cost recovery for ELNOs, and there were concerns that revenue caps and WAPC models would introduce complexity and/or volatility in prices without a clear subscriber or public benefit.[61]

### Draft recommendation

6. Price regulation for ELNO services should continue to set individual fees rather than a pricing method, such as a weighted average price cap.

## 4.3 Required revenue using building block approach

We have calculated PEXA's notional revenue requirement (NRR) using a building block approach and our inputs for operating expenditure, capital expenditure, the initial asset base, asset lives, WACC, and tax settings. These inputs are discussed in detail in the following chapters (see Chapter 6, Chapter 7 and Chapter 8).

Based on these inputs, the NRR has a net present value (NPV) of $923 million over the 4-year regulatory period. Annual NRR is relatively stable over the period, ranging from $271.5 million to $274.4 million ($2026-27).

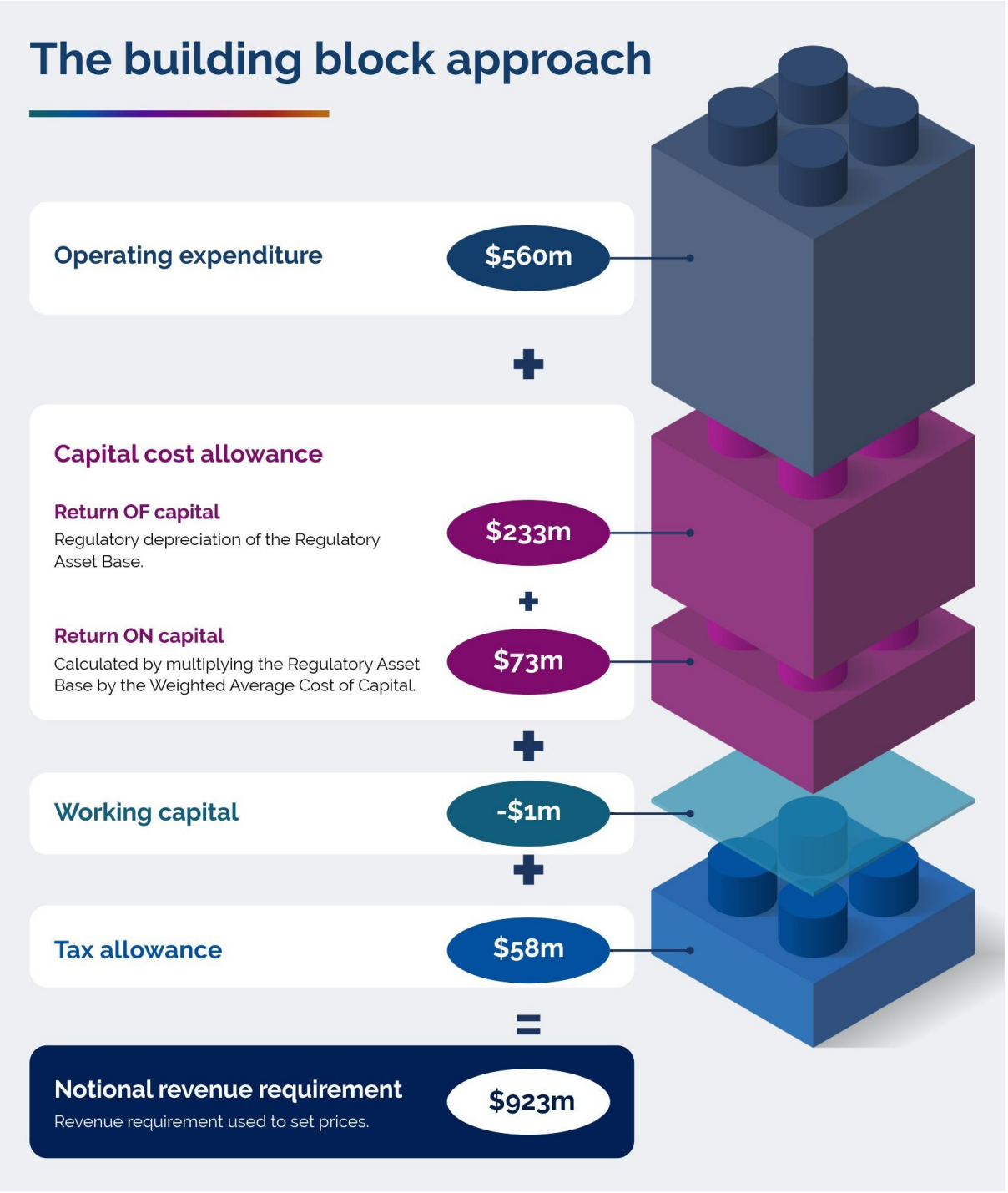
Table 4.1 sets out the annual building block components of the NRR and the target revenue to be recovered from prices. Using our forecasts of transaction volumes (see Chapter 5), the prices we are proposing recover the NRR over the regulatory period on a present value basis. Target revenue in each year will not necessarily match the annual NRR exactly in that year. This allows PEXA to recover projected costs over the regulatory period and keeps price changes smooth.

## Table 4.1 Notional revenue requirement (NRR) and target revenue ($m, $2026-27)

| | NPV | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|---|
| Operating expenditure | 560 | 164.2 | 165.3 | 165.4 | 166.1 |
| Return of capital (depreciation) (return of RAB) | 233 | 64.8 | 67.6 | 70.3 | 73.4 |
| Return on capital | 73 | 24.3 | 22.4 | 20.3 | 18.2 |
| Working capital | -1 | -0.2 | -0.2 | -0.2 | -0.2 |
| Tax allowance | 58 | 18.3 | 17.2 | 15.9 | 16.9 |
| **NRR to be recovered from prices** | 923 | 271.5 | 272.3 | 271.8 | 274.4 |
| **Target revenue from prices** | 923 | 275.5 | 273.3 | 269.9 | 270.0 |
| **Variance between NRR and target revenue** | 0 | 4.0 | 1.0 | -1.9 | -4.4 |

Figure 4.1 shows the building block components on a net present value basis.

Figure 4.1 Revenue required under the building block approach ($2026-27, NPV)



## 4.4 Draft recommendations for ELNO service fees

To meet the NRR, we estimate that PEXA's revenue from ELNO service fees needs to reduce by around 20%. We modelled many options for ELNO service fees that would recover the revenue required under the building block model for the estimated transaction volumes discussed in Chapter 5. These options included variations:

- in the timing of changes in ELNO service fees (and how required revenue is recovered over the regulatory period)
- of the fees to recommend changes for, for example whether to adjust all fees by the same percentage, target only a subset of fees, or to set all transaction fees at the same level.

The following sections describe our concerns with the structure of PEXA's current pricing table and set out our analysis of the issues with the current pricing table when assessed against the considerations in our terms of reference.

### 4.4.1 Current transaction prices do not reflect the underlying costs

PEXA developed its initial pricing table when paper conveyancing was still the dominant conveyancing mode, and therefore it set prices by comparison to the paper conveyancing market.[62] PEXA has explained that its prices were set to encourage uptake of eConveyancing. Sympli set its prices when it entered the market at a discount to PEXA's prices. Since 2019, the MORs have allowed PEXA and Sympli to raise their prices once a year by up to the change in CPI.[63] These annual price increases apply to each ELNO's published pricing table, effectively 'locking in' the structure of prices they entered the market with. Appendix A lists PEXA's 2026-27 prices and shows how jurisdictional pricing has increased complexity.

PEXA has advised us that it is not possible for them to identify the costs associated with specific types of transactions, which would tend to support the view that the individual characteristics of transactions are not strong cost drivers. At our stakeholder workshop, it was noted that most ELNO costs were shared infrastructure costs and that greater cost attribution at a transaction level was illusory. Costs that are split across all transaction types include those associated with the workspace, settlement, digital signing and cyber security.[64] While there may be some variation associated with the complexity of transactions; we would expect this variation to be very small.

Currently the fees for different transaction types vary widely, ranging from $5.72 (incl GST) for a priority notice extension to $167.42 (incl GST) for a transfer with multiple titles.[65] Transfers are more than double the price of almost all other transaction types. As most costs are fixed and are not driven by the complexity of the transaction, this suggests a lack of equity between different subscriber types.

We consider that the wide variation between the prices for different transactions is unlikely to reflect the structure of costs faced by PEXA. As digital platforms, ELNOs face costs that are predominantly fixed and unlikely to vary directly with the number or nature of digital transactions.

There is also a lack of equity between jurisdictions as the NECDS fee is not currently being passed through in NSW. As discussed in Chapter 3, we are recommending inclusion of this and other external fees in the cost base and a return to national pricing.

### 4.4.2 Our proposed price changes move towards a simpler, more equitable structure

We consider that the option that best meets the objectives of improving equity between subscriber types, while also providing stability and certainty for subscribers and PEXA, is to target the highest priced transaction fees (the 4 transfer transactions shown in Table 4.2), while freezing other prices in real terms.

When recommending changes to these prices, we propose to retain two forms of price differentiation: between single-title and multiple-title transactions, and between transactions with and without financial settlement, as our preliminary view is that transactions involving multiple titles or financial settlement incur additional costs. For transfer prices that we have recommended reducing, we have retained these differentials by applying a $19.25 (incl GST) loading to multiple-title transactions and an $11 (incl GST) loading to transactions that include financial settlement. We note that some transaction types currently have the same price with or without financial settlement (e.g. transfer title and change of ownership, transmission), and we have maintained this in our recommended pricing structure.

We also propose price changes that preserve the relative order of prices across transaction types, so that no transaction becomes more expensive than one it is currently priced below.

Under our draft recommendations, the prices for transfers fall between 14.6% and 36.6% in the first year of the regulatory period (2027-28). Following this, they increase annually in line with the change in the CPI. All other transaction fees increase by CPI each year. Table 4.2 sets out the prices for some common transaction types. A full list of proposed prices for all transaction types is at Appendix B.

We note that arguments could be made for even greater simplification of prices, to eliminate most of the variation between different transactions. Based on the notional revenue requirement, an across-the-board price of around $70 (including GST) per transaction would be possible. We do not propose to recommend this approach, as it would involve significant price changes for most types of transactions.

#### Draft recommendations

7. For 2027-28, ELNO service fees should be set at the 2026-27 level plus an increase to reflect the change in the CPI, except for prices for the following transactions, which should be set at:
   a. Transfer of interest, single title: $81.71
   b. All other transfer transactions including those with financial settlement, single title: $92.71
   c. Transfer of interest, multiple titles: $100.96
   d. All other transfer transactions including those with financial settlement, multiple titles: $111.96.

8. All regulated ELNO service fees should be permitted to increase annually by the change in the CPI from 2028-29 to 2030-31.

## Seek Comment

5. Would you prefer that only PEXA's 4 highest prices are reduced as proposed; or that instead, the price reduction is spread across all transactions (so prices for all transaction types would fall, but by a smaller amount)?

We propose that prices be updated in each year of the regulatory period by applying the change in the CPI to the new pricing table we are recommending from 1 July 2027. Consistent with the MORs version 7.2, this should be calculated as the percentage increase in the CPI for the immediately preceding March quarter when compared with the CPI for the March quarter of the previous year.[66]

Table 4.2 shows the ELNO services fees for the most common types of transactions under our draft recommendations, and the percentage change in them. The full set of prices that would apply under our draft recommendations are set out in Appendix B.

### Table 4.2 Draft recommended prices for subset of common PEXA transaction types, 2027-28 to 2030-31 ($2026-27, incl GST)

| Transaction type | 2026-27 (current year) | 2027-28 to 2030-31 | Percentage change on year 1 | Percentage change years 2-4 |
|---|---|---|---|---|
| Caveat – single title | 20.57 | 20.57 | 0.0% | 0.0% |
| Caveat with financial settlement – single title | 39.49 | 39.49 | 0.0% | 0.0% |
| Discharge – single title | 26.29 | 26.29 | 0.0% | 0.0% |
| Discharge with financial settlement – single title | 54.01 | 54.01 | 0.0% | 0.0% |
| Mortgage – single title | 54.89 | 54.89 | 0.0% | 0.0% |
| Mortgage with financial settlement – single title | 73.04 | 73.04 | 0.0% | 0.0% |
| Priority notice / withdrawal of priority notice – single title | 11.55 | 11.55 | 0.0% | 0.0% |
| **Transfer of interest – single title** | **97.24** | **81.71** | **-16.0%** | **0.0%** |
| **Transfer titles, OR transfer of interest with financial settlement – single title** | **146.30** | **92.71** | **-36.6%** | **0.0%** |
| Transmission with/out financial settlement- single title | 46.20 | 46.20 | 0.0% | 0.0% |
| Caveat – multiple titles | 35.64 | 35.64 | 0.0% | 0.0% |
| Caveat with financial settlement – multiple titles | 60.94 | 60.94 | 0.0% | 0.0% |
| Discharge – multiple titles | 41.91 | 41.91 | 0.0% | 0.0% |
| Discharge with financial settlement – multiple titles | 69.19 | 69.19 | 0.0% | 0.0% |
| Mortgage – multiple titles | 75.90 | 75.90 | 0.0% | 0.0% |
| Mortgage with financial settlement – multiple titles | 94.38 | 94.38 | 0.0% | 0.0% |
| Priority Notice / withdrawal – multiple titles | 11.55 | 11.55 | 0.0% | 0.0% |

| Transaction type | 2026-27 (current year) | 2027-28 to 2030-31 | Percentage change on year 1 | Percentage change years 2-4 |
|---|---|---|---|---|
| **Transfer of interest – multiple titles** | **118.25** | **100.96** | **-14.6%** | **0.0%** |
| **Transfer titles, OR transfer of interest with financial settlement – multiple titles** | **167.42** | **111.96** | **-33.1%** | **0.0%** |
| Transmission with/out financial settlement – multiple titles | 67.54 | 67.54 | 0.0% | 0.0% |

Note: This table presents prices for some common transaction types, sorted by title and whether the transaction is single or multiple.

Under our draft recommendation, the decrease in transfer fees, and consequently the impact on PEXA's revenue, occurs in the first year. While this results in a significant decrease in the first year, projected revenue is still high enough for PEXA to recover its projected costs in this year. Across the 4 years, the annual change in revenue is most closely aligned with the annual revenue required (NRR) under this option and ensures that the required revenue can be recovered on an NPV basis. We consider that this is the most suitable approach as it reduces monopoly rents and passes on lower fees to subscribers more quickly.

IPART's standard financeability test is not practical in this review, as it would require forecasts from PEXA such as dividend payments which are not available. However, we consider that as our estimated revenue requirement is based on PEXA's current organisational and technological structure, and an initial asset base that covers costs actually incurred, it represents an achievable and realistic revenue within which PEXA can operate. We also note that PEXA is in a very strong financial position able to absorb the reduction in revenue from transactions without compromising service delivery.

PEXA's half year report to the ASX for the period ended 31 December (the latest reported financial data) recorded a 10% increase in revenue from the prior comparative period (1H25) and an EBITDA margin of 58% or $99 million, for its Australian operations.[a] Across the whole PEXA Group (which includes its UK operations), gross gearing is 20.5% and net gearing is 15.5%,[b] indicating significant capacity to borrow if required.

As mentioned above, we have modelled multiple pricing options. One option we considered would be to have multiple smaller price changes by reducing the price for transfers by the same percentage each year over the regulatory period. This would involve annual reductions of between 11% to 18% for each of the 4 transfer fees.

While this option also recovers the notional revenue requirement over the 4 years in present value terms, revenue would be less stable than under our proposed option, as it would be higher than projected costs in early years but lower than projected costs in later years. It also delays the benefits for customers, meaning savings are not passed on in full until 2030-31. Nevertheless, we are interested to hear from stakeholders and are seeking feedback whether a more gradual reduction in transfer fees would be preferable.

[a] Australian operations comprise the Australian Electronic Lodgment Network (ELN) in Australia, across New South Wales, Victoria, Western Australia, South Australia, Queensland, the Australian Capital Territory, Tasmania and Northern Territory. The Australian business also supports customers and suppliers with a variety of workflow and transaction support tools and products, referred to as adjacency products. Source: PEXA Group Limited, 2026 Half Year Results – Appendix 4D and Financial Report, pp 21-23.

[b] For the whole PEXA Group as at 31 December 2025: debt is $291 million, cash is $79.3 million, other financial assets $4.4 million and equity is $1,125.1 million. Source: PEXA Group Limited, 2026 Half Year Results – Appendix 4D and Financial Report, p 14.

## Seek Comment

6. Should ELNO service fees be reduced more gradually over the 4-year regulatory period, rather than reducing the fees for transfers by a larger amount in the first year only?

Chapter 5

# Demand for ELNO services

This chapter discusses our forecasts of the demand for ELNO services to 2030-31

05

Demand for eConveyancing services influences the costs associated with providing them, which is a significant input to the notional revenue requirement. In addition, once we have established the notional revenue requirement, we use estimated transaction volumes (demand) to determine the change in prices for eConveyancing services. This chapter sets out our draft forecasts of the demand for ELNO services to 2030-31 and our draft recommendation to apply a 2-way demand volatility adjustment mechanism (DVAM) over the regulatory period.

## 5.1 Overview of draft recommendations

We have developed independent forecasts of eConveyancing transaction volumes using publicly available data and relevant market drivers. The transition from paper to eConveyancing drove strong growth in volumes in recent years. With that transition now largely complete, we expect future volumes to be driven mainly by property market conditions. As these forecasts are an important input for recommending prices, we invite stakeholders to provide feedback on our methodology and will use it to test and refine the model ahead of the Final Report.

We also recommend that demand risk should be addressed via a 2-way DVAM. A DVAM can help reduce the risk of over- or under-recovery if actual revenue from transaction volumes over the regulatory period deviates by more than 5% from forecast revenue.

## 5.2 Approach to forecasting eConveyancing demand

We forecast billable eConveyancing transaction volumes by jurisdiction, transaction category and quarter. While growth in demand has been strong in recent years, electronic penetration is already high and stable in most jurisdictions. Future volume changes are therefore more likely to reflect property market conditions.

PEXA provided historical transaction data, confidential demand forecasts for 2025-26 to 2028-29 and a methodology report explaining how it forecasts transaction volumes. We considered each of these matters in developing our draft models, which we consider reflect the relevant market drivers for transfers and refinances.

We have not used PEXA's confidential forecasts directly. Their confidential nature means they cannot be published or tested in the Draft Report. They are also based on market data to March 2025 and only extend to 2028-29, covering only the first 2 years of the proposed regulatory period. As they are confidential, we consider they are unsuitable as the direct basis for calculating prices.

Instead, we have developed IPART forecast models for each jurisdiction that take PEXA's approach into account. We have applied these forecast models using publicly available data updated to early 2026. This allows us to publish and explain our models and forecasts in the Draft Report, test them with stakeholders, and update them with the latest market data before the Final Report.

The approach has 3 steps:

1. forecast market transfer and refinance activity by jurisdiction, using economic and property market drivers
2. convert those market forecasts into electronic transaction volumes using land registry data on electronic penetration rates
3. convert electronic transaction volumes into billable eConveyancing transactions using the historical relationship between market activity and PEXA's billable volumes.

The sections below explain each step. We are examining the forecasting approach further. This is discussed in section 5.3

### 5.2.1 Forecasting market transfer activity

We forecast market transfer activity before converting it to electronic and billable eConveyancing transactions. This is because the underlying market driver of eConveyancing transfers is the number of property transfers occurring in each jurisdiction, not the number of ELNO workspaces or the number of billable events (a single market transaction can result in several billable 'events'; for example, for a house transfer, PEXA could charge 2 transfer fees, one discharge fee and one mortgage fee).

We have followed the structure of PEXA's transfer model, using updated data. PEXA used jurisdiction-specific time-series regressions to forecast the quarterly number of property transfers, using ABS data and economic drivers of housing market activity. We have adopted the same logic but updated the input data and assumptions where more recent public information is available.

The dependent variable is quarterly residential property transfers in each state and territory. The independent variables are:

- interest rates, including the lagged level of the standard variable mortgage rate and the quarterly change
- ASX-200 index, which PEXA describes as a proxy for broader market sentiment
- established house prices, including the growth rate and the change in growth rate
- dummy variables for each quarter, COVID periods, and the 2017-18 interest-only lending restriction
- adult population growth
- state final demand
- new dwelling approvals
- NSW unemployment rate (for the NSW regression model only).

We have sourced historical data for these independent variables from ABS releases, and sourced forecasts from Deloitte's Business Outlook Report and the major banks.

## Seek Comment

7. What changes, if any, are needed to the list of market drivers used in our models to ensure they explain transfer activity?

### 5.2.2 Forecasting refinances

We have forecast refinance activity using a separate set of jurisdiction-specific models, because refinances are driven by different property market conditions from transfers.

We have followed PEXA's refinance modelling approach where possible. PEXA uses internal monthly refinance transaction data as the dependent variable in its refinance model. We have not used that series because it does not cover the period required and is confidential. We instead use publicly available quarterly ABS refinance data.

The dependent variable in our refinance model is quarterly ABS external and internal refinancing commitments by jurisdiction. The independent variables are:

- historical new loan commitments, which are lagged to reflect the notion that many borrowers refinance after a period on their original loan. Consistent with PEXA's method, for each jurisdiction we test lags equivalent to one and 2 years and use the length that provides the best fit
- forecast new loan commitments, proxied by the transfer forecast from the transfer model. This follows PEXA's assumption that property transfers and new loan commitments are strongly correlated
- lagged variable mortgage interest rates
- dummy variables for each quarter.

We consider that although our approach uses quarterly rather than monthly periods, it preserves the logic of PEXA's refinance model. By using public data for the dependent variable, it also enables the refinance model to be clearly explained in the Draft Report, tested with stakeholders, and updated with new market data before the Final Report.

## Seek Comment

8. What changes, if any, are needed to the list of market drivers used in our models to ensure they explain refinance activity?

### 5.2.3 Converting market activity to billable eConveyancing transactions

The transfer and refinance forecasts represent market transaction activity, regardless of whether transactions are completed electronically or on paper.

To estimate electronic conveyancing transaction volumes, we apply electronic penetration rates derived from data published by state and territory land registry offices. These penetration rates are applied by jurisdiction and year. Where future penetration rates are uncertain, we have adopted conservative estimates based on recent trends or simple averages.

Electronic conveyancing transaction volumes do not map one-for-one to billable eConveyancing transactions. This is because:

- there are differences between ABS definitions of transfers and refinances and ELNO billing units
- some property transactions involve multiple billable events.

To account for these differences, we convert electronic market transaction volumes into billable eConveyancing transactions by multiplying them by jurisdiction-specific ratios. These ratios reflect the historical relationship between market transactions and billable eConveyancing volumes in each state and territory, derived using ABS data and historical information provided by PEXA.

This approach provides an internally consistent bridge between market activity and billable volumes and avoids assuming that each market transaction creates one billable ELNO event.

### 5.2.4 Forecast results and impact on prices

Our forecast of total billable eConveyancing transaction volumes is broadly steady over the regulatory period. Total volumes are around 4.2 million transactions each year, peaking at 4.24 million in 2027-28, then reducing to 4.15 million by 2030-31. This relative steadiness is consistent with a mature eConveyancing market.

We note that since March 2025:

- interest rate expectations have moved from easing to further tightening[67]
- major banks revised down their forecasts of house price growth by early 2026[68]
- housing loan commitments declined in early 2026.[69]

These changes are likely to mean fewer transfer-related billable events and more refinance-related billable events compared with the same calculation undertaken in early 2025.

Table 5.1 outlines our forecast of billable eConveyancing transaction volumes.

#### Table 5.1 IPART forecast of billable eConveyancing transactions (millions)

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Number of annual billable transactions | 4.24 | 4.21 | 4.16 | 4.15 |

Note: Billable transactions is the number of times an ELNO charges for its services. Typically, a single property transaction will incur multiple charges given the presence of several parties and multiple transaction components such as transfer, discharge, and mortgage.

Sources: ABS quarterly trend data, Deloitte Business Outlook Report, ANZ, CBA, and Westpac mortgage rate forecasts.

### Draft decision

1. Forecast billable eConveyancing transaction volumes for inclusion in the building block calculation should be:

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Number of annual billable transactions (millions) | 4.24 | 4.21 | 4.16 | 4.15 |

## 5.3 We will further review the forecasting methodology

Our regression models for transfer and refinance activity broadly follow the forecasting methodology used by PEXA, estimated using publicly available data. We consider that this methodology provides a reasonably sound conceptual basis for forecasting transaction volumes, as it covers the main drivers of market activity identified in housing economics literature.

However, we consider that the methodology would benefit from further testing and refining before finalisation. In particular, we will undertake a more thorough investigation of which drivers to include, including seeking views from stakeholders.

We note that several variables are statistically significant in only a small number of jurisdictions, and some exhibit opposite signs across states despite representing common economic drivers. Where a proxy variable represents a broad national driver (e.g. financing conditions or economic activity) we would expect a consistent direction of effect across jurisdictions, even where the magnitude differs.

These inconsistent signs and limited significance may arise if a variable is not a generalisable driver of transfer activity, if the model specification does not adequately capture differences in how state markets operate, or if the jurisdiction-level samples are too short to identify the effect precisely, so estimated coefficients are affected by noise.

Appendix C outlines areas we consider may benefit from further testing and stakeholder feedback before the Final Report.

### Seek Comment

9. What are your views on the overall modelling approach to forecasting eConveyancing transaction volumes?

10. What additional variables or data sources, if any, would improve the accuracy of transaction volume forecasts, or should they be removed or replaced?

11. What are your views on using jurisdiction-specific models to reflect differences in market activity across states and territories, and do you consider a national or pooled regressions would be more appropriate?

## 5.4 Demand volatility adjustment mechanism

A DVAM is used to manage large differences between forecast and actual demand, where prices are set in advance for a multi-year period. We typically use DVAMs in monopoly utility reviews, particularly water reviews where demand can vary for reasons largely outside the regulated business's control and where forecast error can lead to over- or under-recovery.

DVAMs are less appropriate in workably competitive markets, as they can shield a business from normal demand and market share risk. For this review, the case for a DVAM depends on PEXA remaining an effective monopoly over the regulatory period and the mechanism being limited to market-wide transaction volume risk.

We recommend a 2-way DVAM for PEXA's regulated ELNO service fees for the 2027-28 to 2030-31 regulatory period.

The DVAM would apply where actual regulated transaction revenue differs from the forecast transaction revenue used to set prices by more than 5%, assessed in present value terms over the 4-year period using the regulatory WACC.

The DVAM would operate as an ex-post true-up at the next ELNO service fees review. It would not reopen prices during the 2027-28 to 2030-31 regulatory period. Any adjustment would:

- apply only to revenue above or below the ±5% threshold
- be calculated in real dollars
- be applied to PEXA's revenue requirement and prices in the next regulatory period
- be confined to market-wide demand risk
- exclude revenue differences caused by changes in PEXA's market share relative to competing ELNOs.

We consider this approach appropriate because PEXA's revenue depends on transaction volumes and transaction mix, while most of its platform costs are fixed or semi-fixed.[70] As a result, demand shocks can cause PEXA to over- or under-recover its costs for reasons largely outside its control.

A 2-way DVAM would protect both customers and PEXA. If market-wide demand is materially higher than forecast, customers would receive the benefit through lower future revenue requirements or prices. If market-wide demand is materially lower than forecast, PEXA could recover part of the shortfall in a future period.

The DVAM would be based on regulated transaction revenue rather than transaction numbers alone because PEXA's prices differ by transaction type. This would account for changes in transaction mix, such as a shift between transfers, discharges and caveats. The calculation should use net regulated transaction revenue to avoid double-counting external per-transaction costs or costs addressed through separate pass-through arrangements.

We consider that the DVAM should not compensate PEXA for revenue losses caused by another ELNO gaining market share. This would reduce PEXA's exposure to normal competitive risk and transfer that risk to customers.

To support the DVAM, PEXA should report annual transaction volumes and regulated transaction revenue by transaction type and jurisdiction as part of its annual information return to ARNECC. This would provide the data needed to assess, at the next ELNO service fees review, whether actual market-wide transaction revenue differed from forecast revenue by more than the ±5% threshold and, if so, the size of any adjustment.

## Draft recommendation

9. At the next review of ELNO service fees, a 2-way demand volatility adjustment mechanism (DVAM) could be applied to manage differences between PEXA's forecast and actual transaction revenue. The DVAM could:
   a. operate as an ex-post adjustment for revenue in the next regulatory period
   b. apply to transaction revenue that is 5% higher or lower than forecast transaction revenue in present value terms
   c. exclude any revenue loss caused by changes in PEXA's market share relative to competitors.

# Chapter 6

## Costs

This chapter discusses the costs used in recommending ELNO service fees.

06

In Chapter 3, we explained our approach to use a building block methodology to recommend draft ELNO service fees. This chapter sets out the operating and capital costs we have used as inputs to determine PEXA's notional revenue requirement. This includes forecast operating expenditure (the first building block) and forecast capital expenditure, used to calculate the appropriate return on assets (second building block) and depreciation allowance (third building block).

This chapter outlines our draft decisions in relation to operating and capital costs over the regulatory period. The rest of this chapter discusses our draft approach for establishing the above costs and seeks stakeholder feedback. In particular, we are seeking feedback on how we have included external fees in the total cost base so that PEXA can recover these costs from ELNO service fees.

## 6.1 Overview of our draft approach

To establish the operating and capital costs for PEXA over the regulatory period we have:

- projected PEXA's controllable costs over regulatory period from 2027-28 to 2030-31, using PEXA's actual operating and capital expenditure since demand reached a more steady state in 2021-22
- applied a productivity factor of 1.7% per year to forecasts of PEXA's controllable operating and capital expenditure to recognise the potential for PEXA to achieve productivity gains over the regulatory period. This factor is based on estimates of multi-factor productivity in relevant sectors released by the Australian Bureau of Statistics.
- added an estimate of the external costs PEXA incurs as a result of fees levied on it by state land registrars, the NECDS Ltd and Revenue offices.
- removed an estimate of costs associated with products/services that we do not propose to include in the recommended price schedule for PEXA (as outlined in Chapter 3).

Table 6.1 below presents the costs we have used as a basis to recommend draft ELNO service fees.

### Table 6.1 Cost used to recommend draft ELNO service fees ($m, $2026-27)

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 | Average annual change (%) |
|---|---|---|---|---|---|
| Operating expenditure | 164.2 | 165.3 | 165.4 | 166.1 | 0.4% |
| Capital expenditure | 35.9 | 36.9 | 38.0 | 39.1 | 2.9% |

Note. Operating expenditure includes IPART's estimate of costs associated with external fees. Controllable expenditure is adjusted with a productivity factor of -1.7%.

## 6.2 We have projected PEXA's actual expenditure as the basis for operating and capital costs over the regulatory period

The terms of reference for this review require us to consider the efficient costs of providing eConveyancing services. As discussed in Chapter 3, we have decided that it would not be appropriate or reasonable to use the costs associated with an ELNO of a different structure/technological platform. As a result, we have decided to adopt PEXA's own costs as the starting point for analysis. We have considered the efficiency of these costs in a forward-looking sense by identifying an appropriate estimate of the productivity gains we would expect PEXA is able to make over the coming period (see section 6.3 below).

PEXA provided us with historical operating and capital expenditure to 2024-25 and confidential forecasts from 2025-26 to 2028-29. We considered this information in determining the appropriate operating and capital expenditure over the regulatory period. Our draft recommendations on PEXA's prices are based on continuation of the average change in PEXA's historical operating and capital expenditure over the 4-year regulatory period from 2027-28 to 2030-31.

PEXA proposed a 3-year regulatory period from 1 July 2026 in its pricing submission to our review and provided confidential forecast expenditure from 2025-26 to 2028-29.[a] To preserve confidentiality and to recommend draft prices transparently we have decided to use information that PEXA has consented can be made public.[b] This includes actual expenditure from 2010-2011 to 2024-25 which PEXA submits are reflected in its audited financial statements.

Table 6.2 shows PEXA's actual expenditure from 2021-22 to 2024-25 and shows that historical operating and capital expenditure have varied significantly from year to year. As shown below, overall historical expenditure does not appear to be closely related to transaction volumes. Nevertheless, we are aware that prior to the adoption of eConveyancing in all Australian jurisdictions, and its mandating in the larger Australian states, demand increased considerably over time. We have considered expenditure between 2021-22 onwards as we note that transaction volumes stabilised at this time. We note that costs over this time do fluctuate from year to year, in real terms:

- PEXA's actual operating expenditure (less costs associated with external fees) increased by an average of 0.7% between 2021-22 and 2024-25.
  - PEXA has said that it has needed to increase its operating expenditure over the last 5 years due to increased cyber security attacks, growing complexity of PEXA's platform to meet the needs of regulators and customers, the number of jurisdictions supported, software costs and supporting capital expenditure.[71]
- PEXA's actual capital costs increased by an average of 2.9% between 2021-22 and 2024-25.

[a] PEXA redacted forecast information in its submission to our Call for Submission paper. PEXA has claimed confidentiality over cost information and transaction volumes.
[b] This decision means we would not prejudice the future supply of confidential information to IPART in this and other reviews.

## Table 6.2 PEXA's actual expenditure between 2021-22 and 2024-25 ($m, $2026-27)

| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Average annual change% |
|---|---|---|---|---|---|
| **Transactions (mil)** | 4.05 | 3.75 | 3.81 | 3.95 | |
| Annual % change | | -7.5% | 1.7% | 3.5% | -0.9% |
| **Operating expenditure** | 119.1 | 107.8 | 115.7 | 121.5 | |
| Annual % change | | -9.5% | 7.3% | 5.0% | 0.7% |
| **Capital expenditure** | 30.7 | 42.0 | 41.6 | 33.5 | |
| Annual % change | | 36.8% | -1.0% | -19.6% | 2.9% |

Note: Operating expenditure in this table excludes IPART's estimate of costs associated with external fees such as Lodgment Support Services and National Electronic Data Standards. External fees are based on the number of transactions and as a result we have considered them separately.

To estimate PEXA's expenditure for the regulatory period, we have projected its costs from 2024-25 using the average annual historical percentage change in the costs reported by PEXA for both operating and capital expenditure in each year of the determination. As shown in Table 6.2 above, this is 0.7% for operating expenditure and 2.9% for capital expenditure.

Our projections are shown in Table 6.3.

## Table 6.3 IPART's projected expenditure between 2027-28 and 2030-31 before productivity adjustment ($m, $2026-27)

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 | Average annual change % |
|---|---|---|---|---|---|
| **Transactions (mil)** | 4.24 | 4.21 | 4.16 | 4.15 | |
| Annual % change | | -0.7% | -1.4% | -0.1% | -0.7% |
| **Operating expenditure** | 116.0 | 116.8 | 117.6 | 118.4 | |
| Annual % change | | 0.7% | 0.7% | 0.7% | 0.7% |
| **Capital expenditure** | 35.9 | 36.9 | 38.0 | 39.1 | |
| Annual % change | | 2.9% | 2.9% | 2.9% | 2.9% |

Note: Operating costs in this table excludes IPART's estimate of costs associated with external fees such as Lodgment Support Services and National Electronic Data Standards. External fees are based on the number of transactions and as a result we have considered them separately.

In real terms, over the regulatory period:

- operating expenditure is projected to increase from an annual value of $116.0m in 2027-28 to $118.4m in 2030-31
- capital expenditure is projected to increase from an annual value of $35.9m in 2027-28 to $39.1m in 2030-31.

### 6.2.1 PEXA proposed increased costs to deliver ELNO services

Our projections allow for modest growth in operating and capital expenditure over the period to cover the costs associated with facilitating ELNO transactions, the fixed costs associated with the infrastructure required and the costs of meeting regulatory requirements, including the necessary reliability and data privacy standards.

In its submission to our Call for Submissions Paper, PEXA proposed price increases (1.8% plus CPI per year over a 3-year period from 2026-27 to 2028-2029) to efficiently deliver ELNO services.[72] This included maintaining the current platform and service standards, and in addition, delivering key initiatives aimed at meeting the requirements of PEXA's customers and regulators. The key areas of these initiatives included:

- reliability and resilience
- cyber security
- customer product experience
- regulatory roadmap
- exchange modernisation
- interoperability.[73c]

PEXA has also estimated that jurisdictional pricing has required billing capabilities to be enhanced and has submitted that the associated costs should be included in the cost base to be recovered through ELNO service fees.

#### Factors PEXA submitted are putting upward pressure on expenditure

In its submission, PEXA described the following factors as increasing its expenditure since 2019:

- increased expectations for service level and service reliability, including enhancing certainty that settlement and lodgment will happen on the day and providing available and highly responsive customer support
- enhancements to the platform, to make it easier for customers to use and integrate with their business processes to continue to allow customers to make their operations more efficient
- expansion of coverage to include smaller volume transaction types and jurisdictions with smaller populations (ACT, Tasmania, Northern Territory), driven by expectations and requirements of the MORs and ARNECC and policy objectives of universal coverage and equitable access to ELNO services
- increased cloud and third-party software costs driven both by transaction volume and pricing increasing beyond CPI
- cyber security, where PEXA faced more than 6.5 million intrusion attempts in 2024-25

[c] Forecast expenditure for interoperability is no longer necessary as interoperability reforms are not proceeding.

- resilience and compliance requirements where the PEXA Exchange is now covered under the Security of Critical Infrastructure Act 2018 (SOCI). This has imposed additional obligations and costs on PEXA with the expectation for PEXA to also adopt the Enhanced Security Obligations under SOCI, the highest bar for cyber security and resilience
- increasing system reliability requirements with the advent of CPS230, an APRA Prudential Standard that requires banks to set and monitor standards for key supplier systems (including ELNOs)
- evolving requirements for data privacy, requiring increased investment in data governance, storage and management.[74]

### Enhanced functionality

In considering what costs to include in setting draft recommended prices, we also considered the costs of enhancements PEXA has made to its platform, to make it easier for customers to use and integrate with their business processes to continue to allow customers to make their operations more efficient. While PEXA's platform may provide additional functionality that may be considered beyond what is strictly necessary for eConveyancing transactions, such additional functionality at present provides benefits to subscribers in supporting the quality of eConveyancing. We consider these functions to be linked to the platform and the provision of transaction services. As a result, we consider ELNO service fees should recover the costs of these enhancements. We have not considered it necessary to strip these costs out and do not recommend PEXA charge separate prices (except for the products identified in Chapter 3.3). Stakeholders have not expressed concerns about such features nor the desire to be able to opt out of these features.

## 6.3 We have applied a productivity adjustment to controllable costs

We have applied a 1.7% annual productivity factor to PEXA's projected controllable operating and capital expenditure estimates set out in Table 6.3. We consider that this adjustment reflects achievable annual savings over the regulatory period.

This productivity factor is based on the 15-year average of the Australian Bureau of Statistics' (ABS) multifactor productivity (MFP) estimate for 3 industries that we consider are most relevant to PEXA's activities. These are:

- Information, media and telecommunications
- Financial and insurance services
- Professional, scientific and technical services.

To identify which industries are most relevant to PEXA, we reviewed PEXA's primary activities against the detailed ANZSIC classifications and descriptions.[75] We assessed each division and subdivision within each industry and assessed the similarity between the activities described in ANZSIC and PEXA's role as an eConveyancing platform and transaction facilitator.[76] We identified the most relevant comparators to PEXA's primary activities were data processing and hosting services, software publishing, auxiliary financial and depositary intermediation, conveyancing services, and digital system design.

We therefore consider this productivity factor reflects the productivity improvements PEXA could reasonably be expected to achieve, on average, over the regulatory period. It is:

- Sector-relevant. It draws on the industries whose activities are closest to PEXA's, rather than the all-industries average.
- Time-relevant. The 15-year window aligns with the period over which PEXA has operated and developed its digital platform, so it reflects the productivity environment most relevant to PEXA.
- Moderate. It recognises likely achievable productivity improvements without assuming a more aggressive catch-up.

PEXA's November 2025 submission proposed a lower 0.7% adjustment drawn from IPART's Sydney Water Final Report. In that review, the MFP-based factor was an ongoing productivity adjustment applied alongside other productivity measures, not on its own. For PEXA, we consider a sector-relevant MFP estimate a better proxy than an all-industries or utility-sector adjustment.

## 6.4 We have added an estimate of projected external fees based on our transaction projections

The external fees currently incurred in eConveyancing transactions, which are levied on PEXA, are:

- Lodgment Support Services (LSS) fees charged by land registry services to cover the provision of title data to ELNOs required for completion of eConveyancing transactions, Title Activity Checks and Lodgment Verification.
- National Electronic Conveyancing Data Standard (NECDS) fees – charged by NECDS Ltd to cover the cost of maintaining the technical and operational data standards that underpin Australia's eConveyancing system. The NECDS define how data is structured, exchanged, and validated between key participants in electronic property transactions.[d]
- Revenue office (RO) fees – are charged for dutiable electronic registry instruments (i.e. they are applicable to stamp duty transfers and not refinances) to cover the cost of ELNO integration maintenance.

Together, these external fees are forecast to cost PEXA around $50 million per year, around 29% of total annual operating costs. As noted in Chapter 3, we are of the view that the benefits of simplicity associated with national prices outweighs any benefits of increased cost reflectivity from jurisdiction-specific prices that vary only as a result of differences in these external fees.

As a result, we consider that an estimate of the external fees from all jurisdictions incurred in eConveyancing transactions should be included in the cost base and used to determine nationally consistent ELNO service fees for 2027-28 and over the regulatory period to 2030-31. We discuss the reasons for this, and the issues and options we have considered in Chapter 3.

[d] The NECDS was developed and managed by PEXA to facilitate the interface between PEXA and Land Registries. With the emergence of multiple ELNOs it was deemed appropriate to move the NECDS from PEXA into an independent body under ARNECC. As such, NECDS Ltd. was established in 2024 to own and oversee the NECDS, with the aim to manage and license the data standards to all ELNOs.

We have treated PEXA's costs associated with external fees as separate to the cost projections presented in the sections above as almost all external fees are currently incurred on a transaction basis, that is, they vary with transactions. In addition, these costs are outside of PEXA's control and as a result should not be subject to any efficiency or productivity factor.

We have used PEXA's forecasts for the total cost of each fee adjusted by our estimates for transaction volumes, to calculate an amount per billable event[e] (for which an ELNO transaction fee is incurred) and included this in the cost base.

Table 6.4 presents the costs of external fees on a per transaction basis and Table 6.5 presents the total estimated fees which we have included in the cost base.

### Table 6.4 External fees included in the cost base, per transaction fee ($2026-27)

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| LSS fees | 10.40 | 10.40 | 10.40 | 10.40 |
| NECDS fees | 0.85 | 0.85 | 0.85 | 0.85 |
| Revenue office fees | 0.37 | 0.50 | 0.50 | 0.50 |

### Table 6.5 External fees included in the cost base, annual totals ($m, $2026-27)

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Transactions (no., m) | 4.24 | 4.21 | 4.16 | 4.15 |
| Annual % change | 1.2% | -0.7% | -1.4% | -0.1% |
| LSS fees | 44.1 | 43.8 | 43.2 | 43.2 |
| Less LSS revenue | -1.1 | -1.1 | -1.1 | -1.1 |
| NECDS fees | 3.6 | 3.6 | 3.6 | 3.5 |
| Revenue office fees | 1.6 | 2.1 | 2.1 | 2.1 |
| **Total** | **48.3** | **48.5** | **47.8** | **47.7** |

We add these costs to the operating expenditure projections presented in the sections above to make up the total operating expenditure we use in the building block model.

### 6.4.1 We have not made any adjustment to allow PEXA to recover past increases in external fees

As mentioned, in their initial submission to our review PEXA initially sought to recover NECDS fees for all jurisdictions and revenue office fees for Victoria, Western Australia and Tasmania incurred in 2025-26, as a true-up in the first year of the new regulatory period (notionally 2026-27).[77] However, since 18 May 2026 these costs have been passed through in the ELNO service fees in all jurisdictions except NSW.[78]

As the first year for the new regulatory period will be 2027-28, PEXA has recently sought to recover NECDS fees expected to be incurred in NSW in 2026-27, through inclusion in the cost base for 2027-28.

[e] Each workspace can have several parties, each paying a transaction fee (billable event).

We have not included the unrecovered fees for 2025-26 or anticipated for 2026-27 as a true-up in the first year of the new regulatory period. As discussed in Chapter 4, PEXA's current revenue exceeds our view of the revenue required by PEXA to provide its current ELNO services and has been earning significant operating surpluses. It will continue to do so in 2026-27 with ELNO service fees increasing on average by 4.1% in line with the March CPI.[79] We consider that no adjustment is required to allow PEXA to recover past NECDS fees for NSW.

## 6.5 We have estimated costs associated with providing additional/ ancillary services and removed them from the cost base

We have adjusted operating and capital expenditure to exclude an estimate of the costs of providing PEXA's other products that are not transaction services and for which it earns revenue from other fees that are currently separate to ELNO service fees (see Chapter 3 for more information on these). We exclude these costs to ensure they are not recovered also from ELNO service fees. These costs include those associated with mobile signing and digital certificates and PEXA Planner, PEXA Projects and PEXA Tracker.

Some of the estimates were provided by PEXA (e.g. mobile signing and digital certificates). Where we did not have cost estimates from PEXA, we deducted the revenue received from these services, as an estimate of the cost of providing them. PEXA suggested this process would offset the minimum revenue required from regulated ELNO service fees.[80]

This approach of using PEXA's revenue from these additional services as a proxy for their costs is not best practice and should not become an ongoing process. There is an opportunity for PEXA to clarify what the costs of these services are, and we will revisit this approach again before making our final recommendations.

### Draft Decision

Forecast operating and capital costs for inclusion in the building block calculation should be:

| $m ($26-27) | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Operating expenditure | 164.2 | 165.3 | 165.4 | 166.1 |
| Capital expenditure | 35.9 | 36.9 | 38.0 | 39.1 |

Chapter 7

# The initial asset base

This chapter discusses the initial asset base used in recommending ELNO service fees

07

This chapter sets out our draft approach to establishing the initial asset base. We are seeking stakeholder feedback on our draft approach, inputs and assumptions.

The initial asset base is the opening capital value we include in the building block model to calculate PEXA Exchange's return on capital and depreciation allowances from 1 July 2027. It is a forward-looking input to setting ELNO service fees. It is not a valuation of PEXA Exchange or PEXA Group, and it is not a retrospective review of PEXA's past prices or profits.

## 7.1 Overview of our draft approach

Our draft approach is to include an initial asset base of $367.6 million as at 1 July 2027, in 2026-27 dollars. The draft initial asset base comprises:

- $231.2 million for PEXA Exchange's rolled-forward capital expenditure since FY 2011
- $136.3 million for an additional uplift for non-capitalised operating expenditure to FY 2019, amortised using a useful asset life of 15 years.

The inclusion of non-capitalised operating expenditure recognises historical expenditure that was recorded as operating expenditure but that nonetheless contributed to developing and maintaining PEXA Exchange before it became an established business able to recover its operating expenditure through ongoing revenue. We note that while some historical operating expenditure contributed to the development of the Exchange and may therefore have characteristics similar to PEXA's capital expenditure, there is no settled Australian regulatory precedent for establishing an initial asset base for a digital platform of this kind.

To help test our draft approach, we have applied a recovered-capital method as a cross check. This estimates the residual balance of PEXA Exchange's unrecovered historical expenditure as at 1 July 2027 under different assumptions about the rate of return investors may have required in early years. For most rates of return we tested, but not all, the cross-check produces a lower balance than our draft initial asset base (see section 7.5 for more information).

In our view, this cross-check supports the view that the draft asset base gives appropriate weight to recovery of historical expenditure and the risks PEXA faced in developing the Exchange. We are seeking stakeholder feedback on whether our draft approach is appropriate, including whether a higher or lower value should apply.

### Seek Comment

12. Do you consider our draft methodology for establishing the initial asset base to be appropriate? If not, what alternative methodology should be adopted, and why?

## 7.2 We have established an initial asset base

We are using a building block model to assess the revenue PEXA Exchange requires to provide regulated ELNO services. Under this model, allowed revenue includes an allowance for operating expenditure, a return on capital, depreciation, tax and adjustments. The initial asset base is needed to calculate the return on capital and depreciation (see Chapter 8).

The level of the initial asset base affects prices. A higher asset base increases the return on capital and depreciation allowances, and a lower asset base reduces them.

PEXA Exchange does not have an existing regulatory asset base. We have therefore established one for this review. The initial asset base is constructed from historical expenditure, but its purpose is forward-looking, as an input to recommending prices for the regulatory period commencing 1 July 2027.

The initial asset base is not a retrospective review of past prices or profits, and it is not a valuation of PEXA Exchange or PEXA Group.

We considered our terms of reference in establishing the initial asset base. These require us to consider the efficient costs of providing eConveyancing services, reasonable prices for customers, ongoing investment by ELNOs, competition, and the current and evolving structure of the eConveyancing market.

These considerations led us to a cost-based approach. Customers should not pay a return on assets that are not required to provide regulated ELNO services. However, PEXA should have a reasonable opportunity to recover expenditure prudently incurred to establish and maintain PEXA Exchange.

Consistent with this approach, the initial asset base reflects the costs of providing regulated ELNO services only. It does not include PEXA Group's enterprise value or values associated with its market position, such as goodwill, brand value or network effects. It does not include assets or expenditure of PEXA's UK segment, or of non-Exchange businesses such as PEXA Digital, .id and Value Australia.

The initial asset base also does not include operating or capital expenditure from 1 July 2027. Operating expenditure incurred during the determination period is recovered through the annual operating expenditure allowance in the building block model. Prudent capital expenditure incurred during the period will be added to the asset base and rolled forward in future reviews.

## 7.3 Our approach to establishing the initial asset base

Our draft decision is to use the methodology proposed in our Methodology Paper: a historical cost rolled-forward method, with an uplift for eligible non-capitalised operating expenditure.

For the purposes of recommending service fees, we consider PEXA Exchange's initial asset base should be $367.6 million as at 1 July 2027, in 2026-27 dollars.

Our method to establishing the initial asset base has 4 steps.

1. We identified historical expenditure attributable to PEXA Exchange. We excluded expenditure relating to non-Exchange assets and businesses, consistent with the scope set out above.
2. We rolled forward historical capital expenditure from 2010-11 to 1 July 2027.[a] We indexed the expenditure to 2026-27 dollars and depreciated it over the asset lives proposed by PEXA. This gives the depreciated, indexed value of the capital expenditure PEXA has incurred on PEXA Exchange since 2010-11.
3. We added a separate uplift for eligible non-capitalised operating expenditure incurred to 2018-19. This reflects that some costs of establishing a digital platform are expensed under accounting standards, even where they contribute to the ongoing provision of eConveyancing services. An asset base limited to capitalised expenditure would omit these costs. Section 7.4 sets out our reasoning for the 2018-19 cut-off.
4. We tested the resulting initial asset base using a recovered capital cross-check. This assesses whether historical expenditure has already been recovered through past revenues. Section 7.5 explains the cross-check and its results.

We consider this approach is appropriate because it is based on actual expenditure rather than market valuation, allows for the time value of money through indexation and the application of a rate of return, and produces an asset base that can be rolled forward in future regulatory periods without reopening historical valuation issues.

The uplift reflects the nature of PEXA Exchange as a digital platform with a high proportion of intangible assets. Building block models were developed for capital-intensive physical networks, where most establishment costs are capitalised and enter the asset base directly. For a digital platform, a larger share of establishment expenditure is expensed as incurred.

The uplift addresses the concern, raised in submissions and accepted by many stakeholders, that a conventional application of the building block model would understate the cost of establishing PEXA Exchange.[81]

### 7.3.1 We have not applied an ex-post efficiency adjustment to historical expenditure

In our Methodology Paper, we said historical costs should be assessed for prudency and efficiency. Some submissions argued that IPART should not accept PEXA's historical costs without testing efficiency, while others argued that an efficiency assessment should not be applied with hindsight. Cost efficiency remains a relevant consideration under the framework that IPART applies for water price regulation, but it is assessed in the context of delivering customer value and should not necessarily be applied as an overriding or retrospective standard.[82]

[a] This includes historical expenditure from 2010-11 to 2024-25 and projected expenditure from 2025-26 to 2026-27, in line with our cost projection methodology outlined in Chapter 6.

For historical expenditure, the relevant efficiency test is ex ante. That is, we consider whether the expenditure was prudent and reasonable when PEXA committed it, based on the information, technology, obligations and market conditions that existed at the time. It is not an ex-post test against what a present-day operator could spend with the benefit of hindsight. We would not expect an investor in 2010-11 to 2018-19 to meet the same efficiency standards as a new entrant today.

We have therefore decided not to apply a present-day efficiency adjustment to PEXA Exchange's historical costs.

## 7.4 We included an uplift for historical operating expenditure

We have included a $136.3 million uplift for historical operating expenditure incurred from 2010-11 to 2018-19 inclusive.

The uplift is in addition to rolled-forward capital expenditure. It recognises historical expenditure that was recorded as operating expenditure but that nonetheless contributed to developing and maintaining PEXA Exchange before it became an established business able to recover its operating expenditure through ongoing revenue. We assess that this transition occurred from 2019-20, for the reasons set out in section 7.4.3.

The uplift includes all operating expenditure attributable to PEXA Exchange that was incurred before 2019-20 and that would otherwise be omitted from a capitalised-cost-only asset base.

### 7.4.1 Stakeholders had different views on whether operating expenditure should be included

On 30 March 2026, we published a Methodology Paper outlining our preferred approach to establishing the initial asset base, and invited stakeholders to share feedback.

Stakeholders generally accepted that ELNOs are digital platforms with a high proportion of intangible assets, and that we should recognise some historical operating expenditure in the initial asset base. Their views differed on how much, and on what basis.[83]

PEXA submitted that capitalised expenditure alone would understate the investment required to establish eConveyancing services.[84] It argued that historical expenditure should be recognised under a historical-cost and unrecovered-cost approach, including expenditure on research and development, market development, and other intangible activities that were expensed rather than capitalised.[85] Another stakeholder similarly submitted that the initial asset base should recognise sunk or pioneer costs incurred in building the market, including industry education, registry integration and other activities needed to support adoption of electronic conveyancing.[86]

Other stakeholders recommended caution. Sympli noted that setting prices on capitalised expenditure alone can understate costs, but submitted that any non-capitalised expenditure should be included only where it is tightly defined, directly attributable to regulated services, prudently incurred and unrecovered.[87] InfoTrack cautioned against including costs that are not legitimate regulated investments. It submitted that the asset base should not embed incumbency advantages, network effects, monopoly rents or costs that were funded by government. It also submitted that the asset base should be no higher than the evidence supports.[88]

### Seek Comment

13. Our draft approach is to include all categories of operating expenditure in the uplift. If IPART includes an uplift in the initial asset base, are there categories of operating expenditure that should be excluded from the uplift?

### 7.4.2 We consider an uplift is appropriate

We agree with stakeholders that a capitalised-cost-only approach would understate the cost of establishing PEXA Exchange and result in under-recovery. We also agree that PEXA's circumstances justify including historical operating expenditure in the initial asset base.

PEXA Exchange is a digital platform, and some expenditure needed to establish, scale, and maintain it was recorded as operating expenditure rather than capital expenditure. This may have included expenditure on building relationships and coordinating with industry participants, subscriber onboarding, training, process development, and integrating systems with subscribers and revenue offices.

We consider this expenditure contributed to the ongoing capability of the eConveyancing market. If we relied only on capitalised expenditure, subscribers would pay prices based on an asset base that is less than the cost of establishing the platform.

At the same time, subscribers should not pay more than the cost of providing ELNO services. We consider PEXA Exchange should have a reasonable opportunity to recover its historical costs, and the initial asset base should be capable of being rolled forward in future reviews without reopening historical valuations.

PEXA Exchange earned some revenue before 2019-20, but in each year to 2018-19 its expenditure exceeded that revenue, so the business operated at a net shortfall over this period. We have not attempted to attribute that pre-2019-20 revenue to the recovery of particular categories of expenditure as part of determining the size of the uplift.

Instead, we account for pre-2019-20 revenue in aggregate, through the recovered-capital cross-check described in section 7.5. The cross-check compares total historical expenditure with total historical revenue, allowing for the time value of money without distinguishing between capital and operating expenditure.

### 7.4.3 We have used 2018-19 as the cut-off for the uplift

We have included PEXA Exchange's operating expenditure in the uplift up to and including 2018-19 (the year ended 30 June 2019).

This cut-off performs a classification function, allowing us to distinguish the years in which operating expenditure should reasonably be classed as establishment expenditure, and thus eligible to be recovered through the initial asset base, from the years in which it should be classed as ongoing expenditure of a mature platform, and thus recovered in the year it was incurred.

Our primary reason for using 2018-19 as the cut-off is that 2019-20 was the first financial year in which PEXA Exchange's revenue exceeded its operating expenditure and new capital expenditure. From that point, the platform met all its ongoing costs from its own revenue, rather than from shareholder funding of accumulated shortfalls.

PEXA Exchange's financial performance also improved consistently from 2019-20. Revenue was around $156 million in 2019-20 and $221 million in 2020-21, while its EBITDA grew from $51.6 million in 2019-20 to $110 million in 2020-21. These results support treating operating expenditure from 2019-20 onwards as the ongoing operating expenditure of an established business, not as unrecovered establishment expenditure.

Two further considerations support a 2018-19 cut-off.

First, it is consistent with the transition to the current price-setting framework. IPART's 2019 review recommended that maximum prices from 1 July 2020 continue to be based on PEXA's then-current (2019-20) prices and CPI indexation, having found PEXA's prices were appropriate and sufficient to recover the costs that an efficient ELNO would incur in providing eConveyancing services from 2020.[89] From that point, ongoing operating expenditure has been recovered through service fees, so it would not be appropriate to add it to the opening asset base for the next regulatory period.

Second, the privatisation of PEXA in January 2019 is consistent with the platform having matured into an established, self-sustained commercial business. The acquirers bought the business under the pricing arrangements then in place, which included no regulatory asset base and no expectation that operating expenditure incurred after the acquisition would later be capitalised into one. We consider the privatisation corroborates, but is not the basis for, our assessment that establishment was substantially complete by the end of 2018-19.

Given the information available to us, we do not consider the evidence supports including post-2018-19 operating expenditure in the initial asset base.

The next section sets out the recovered-capital cross-check, which tests the initial asset base against historical expenditure and revenues to 30 June 2025, together with projections to 1 July 2027.

## Seek Comment

14. Our draft approach is to set 2018-19 as the cut-off period for including operating expenditure in the uplift. If IPART includes an uplift in the initial asset base, is there evidence to support a different year as a more appropriate cut-off period?

## 7.5 Cross-check of the initial asset base

Stakeholders generally supported using cross-checks to test the plausibility of the initial asset base.[90]

We have applied the recovered-capital method as a cross-check on the draft initial asset base. It estimates the extent to which PEXA Exchange's historical expenditure has already been recovered from subscribers through revenue.

Consistent with our Methodology Paper, we use it as a diagnostic test of whether the draft initial asset base would imply material over- or under-recovery of that expenditure. It is a backward-looking measure of recovery, not a forward-looking valuation of PEXA Exchange or its assets.

Under a range of rates of return that we consider reasonable, the cross-check does not indicate that the draft initial asset base understates the unrecovered historical investment in PEXA Exchange.

Box 7.1 outlines how the recovered-capital method works, and the sections that follow explain the rates of return we have used and the results.

### Box 7.1 How the recovered capital method works

The recovered-capital method tracks, year by year, how much of the expenditure on PEXA Exchange remains unrecovered from subscribers. Each year it sets that expenditure against the revenue PEXA Exchange earned, and carries the running balance of unrecovered expenditure forward with a return that reflects the time value of money. The balance at any point shows how much of the historical investment in PEXA Exchange has not yet been recovered at that time.

The method builds up this balance one year at a time. In each year:

1. We start with the unrecovered balance carried over from the previous year (the opening capital base).
2. We apply a return to that opening balance at the current year's rate of return (WACC). This reflects that the opening balance is investment that has not yet been returned, and so has a time value.
3. We then add the year's expenditure (capital expenditure, operating expenditure, and net tax liabilities) and subtract the year's revenue and any proceeds from asset disposals.
4. The result is the closing capital base for that year, which becomes the opening balance for the next year.

In any year, where expenditure and the return on the opening balance together exceed revenue and disposal proceeds, the balance rises. Where revenue and disposals are greater, the balance falls.

### Box 7.1 How the recovered capital method works

The capital base cannot be negative. It is a measure of unrecovered expenditure, so once revenue has fully recovered the balance it is held at zero rather than carried forward as a negative amount.

The method can be written as the following annual calculation:

$$CapitalBase_t = max(0, X_t)$$

$$X_t = X_{t-1} \times (1 + Return_t) + (Capex_t + Opex_t + NetTax_t - Revenue_t - Disposals_t)$$

where, in each year $t$:

- **CapitalBase$_t$** is the unrecovered balance at the end of year $t$
- **CapitalBase$_{t-1}$** is the unrecovered balance at the end of year $t-1$
- **CapitalBase$_0$** is the initial construction cost (the opening balance in the first year)
- **Return$_t$** is the rate of return applied to the opening balance
- **Capex$_t$**, **Opex$_t$**, and **NetTax$_t$** are capital expenditure, operating expenditure and net tax liabilities for the year
- **Revenue$_t$** is revenue for the year
- **Disposals$_t$** is proceeds from asset disposals for the year
- **max(0, $X_t$)** applies a zero floor so the capital balance can't be negative in any year.

Source: This is an algebraically equivalent restatement of the recovered-capital formula set out in the AER's guidelines. See AER, *Pipeline information disclosure guidelines and Price reporting guidelines for Part 18A facilities*, 2023, p 14.

## 7.5.1 The rate of return is the main driver of the cross-check residual

The cross-check assesses whether, under a reasonable range of assumptions about historical returns, the draft initial asset base would imply over- or under-recovery of historical expenditure.

The rate of return is the most influential assumption in the recovered-capital method. Because early-year net shortfalls are carried forward through compounding, relatively small differences in the assumed early-year rate of return can have a large effect on the residual balance as at 1 July 2027.

In principle, a residual that is materially higher than the draft initial asset base of $367.6 million could arise from several sources:

1. the scale of early expenditure, since larger early outlays create larger unrecovered balances that compound over many years
2. the rate of return applied to those balances, since a higher assumed rate compounds the unrecovered balance more quickly

3. the extent of later revenue recovery, since if revenue recovers little of the early expenditure, more expenditure remains in the residual and continues to be compounded.

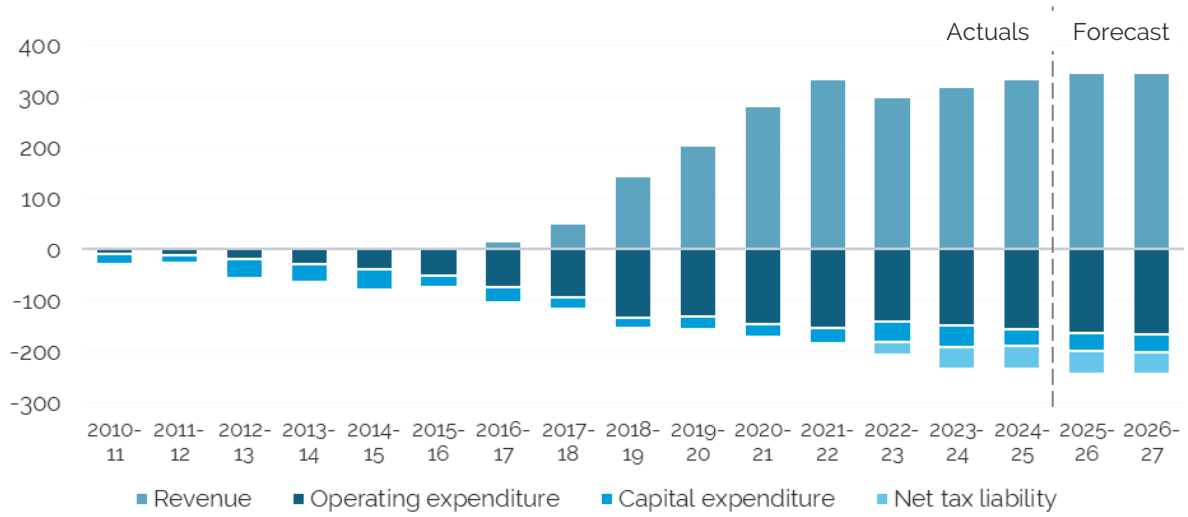
Figure 7.1 shows the annual flows underpinning the cross-check, including PEXA Exchange's revenue, operating expenditure, capital expenditure and our estimated net tax liability in each year from 2010-11, with our forecasts to 2026-27.

The figure helps to explain why we set aside the first and third of these sources as explanations for a large residual.

We can set aside the first source because early expenditure was low. Expenditure exceeded revenue in each year to 2018-19, so the cross-check carries a net shortfall forward from every early year, but those shortfalls are small in absolute terms. We can set aside the third source because from 2019-20 revenue recovery was significantly higher than expenditure, recovering a large share of PEXA Exchange's historical investment under any reasonable rate of return.

For PEXA Exchange, then, the size of the residual is driven primarily by the rate-of-return assumption, not by the scale of what the platform spent in its early years.

### Figure 7.1 PEXA Exchange's revenue, expenditure and net tax liability by year, historical and IPART projections ($m, $2026-27)




Notes: This figure shows PEXA Exchange's actual historical revenue, operating expenditure, and capital expenditure to 2024-25, with our projections for 2025-26 and 2026-27 prepared in line with our approach discussed in Chapter 6. All data is in $2026-27.
The net tax liability is our estimate, calculated on a standalone basis as if PEXA Exchange were a separate taxpayer, using its actual historical revenue and expenditure and excluding the tax effects of the rest of the PEXA Group. Consistent with Australian tax principles, we applied the company tax rate of 30% to estimated taxable income and carried tax losses forward from loss-making years, so no tax is payable until those losses are used up.

Source: PEXA information return and annual financial reports.

## 7.5.2 Selecting a realistic rate of return for the cross-check

Stakeholders expressed mixed views on how early-stage risk should be reflected in the cross-check. Several considered that the rate of return should be higher in the early years to reflect the greater uncertainty during the platform's formative period.[91] Another cautioned against placing weight on scenarios that apply very high early-year returns.[92]

We agree that PEXA Exchange faced greater risk in its formative years than it does today, and that its risk profile changed over time. The systematic risks during development differ from those during ongoing operation, so a single, constant rate of return across all years is not necessary, and the rate should reflect the type of project PEXA Exchange was in its early years.

We have not applied venture-capital benchmark returns across the development period, for 2 reasons.

First, venture-capital benchmark returns are portfolio returns. They reflect the performance of many investments, most of which return little or nothing, averaged with a small number of successes. The high average return compensates for the probability of failure across the portfolio, so applying it to a single investment that is known to have succeeded overstates the return that was required on that investment ex ante, because it applies the portfolio's failure probability, with hindsight, to the surviving investment alone.

Second, we consider that PEXA Exchange's establishment did not carry the risk profile of an arm's-length seed-stage venture. The platform was established with government sponsorship and funding from major banks that were expected to be subscribers, which would be expected to reduce the probability of total failure, and to reduce adoption and stranding risk, relative to a typical seed-stage venture.

Even so, we have tested the cross-check under multiple rate-of-return paths, including several that apply an elevated return in the early years, declining linearly to the regulatory WACC as the platform became established. This reflects the greater risk of the formative years without importing portfolio-level venture capital returns that are not appropriate to a single investment.

### 7.5.3 Results and sensitivity to alternative rate-of-return paths

Because the residual is highly sensitive to the early-year rate of return, we have tested a range of rate-of-return paths rather than relying on a single scenario. This also responds to stakeholders, who supported the cross-check as a diagnostic but noted data limitations in the early years and argued that this uncertainty should limit the weight placed on any single scenario.[93]

Table 7.1 sets out the residual unrecovered balance as at 1 July 2027 under alternative rate-of-return paths.

#### Table 7.1 Estimated value of remaining historical investment in PEXA Exchange as at 1 July 2027 under alternative rate-of-return paths ($m, $2026-27)

| Scenario and rate of return assumptions | Residual as at 1 July 2027 |
|---|---|
| Rate of return:<br>• 6.5% (current regulatory WACC) in all years, FY2011 to FY2027 | 44 |
| Rate of return:<br>• 10% in FY2011<br>• linearly decreased to regulatory 4.6% WACC by FY2020<br>• 4.6% in FY2021 to FY2022, 5.7% in FY2023 to FY2025, 6.5% in FY2026 onwards. | 0 |
| Rate of return:<br>• 15% in FY2011<br>• linearly decreased to regulatory 4.6% WACC by FY2020<br>• 4.6% in FY2021 to FY2022, 5.7% in FY2023 to FY2025, 6.5% in FY2026 onwards. | 51 |

| Scenario and rate of return assumptions | Residual as at 1 July 2027 |
|---|---|
| Rate of return:<br>• 20% in FY2011<br>• linearly decreased to regulatory 4.6% WACC by FY2020<br>• 4.6% in FY2021 to FY2022, 5.7% in FY2023 to FY2025, 6.5% in FY2026 onwards. | 123 |
| Rate of return:<br>• 25% in FY2011<br>• linearly decreased to regulatory 4.6% WACC by FY2020<br>• 4.6% in FY2021 to FY2022, 5.7% in FY2023 to FY2025, 6.5% in FY2026 onwards. | 202 |
| Rate of return:<br>• 30% in FY2011<br>• linearly decreased to regulatory 4.6% WACC by FY2020<br>• 4.6% in FY2021 to FY2022, 5.7% in FY2023 to FY2025, 6.5% in FY2026 onwards. | 289 |
| Rate of return:<br>• 35% in FY2011<br>• linearly decreased to regulatory 4.6% WACC by FY2020<br>• 4.6% in FY2021 to FY2022, 5.7% in FY2023 to FY2025, 6.5% in FY2026 onwards. | 384 |

Across the alternative paths in Table 7.1, the residual exceeds the draft initial asset base only under the most elevated early-year returns.

Under the range of paths we consider reasonable (a higher but not venture-capital-style early-year return that declines to a regulatory benchmark once the platform is established), the cross-check indicates that the draft initial asset base is sufficient to recover all unrecovered historical expenditure in PEXA Exchange.

## Seek Comment

15. What are your views on whether the recovered-capital cross-check and the range of return rates tested provide sufficient assurance that the initial asset base does not lead to material over- or under-recovery?

## Draft decision

2. PEXA's initial asset base for inclusion in the building block calculation should be $367.6m at 1 July 2027 ($2026-27).

Chapter 8

# Return on and of capital

This chapter discusses depreciation and the WACC

This chapter sets out the depreciation, asset life and Weighted Average Cost of Capital (WACC) assumptions we have used to estimate PEXA's return of and return on capital.

## 8.1 Overview of our draft approach

We apply depreciation, asset lives, and the WACC as inputs in the building block model to calculate the revenue PEXA would need to recover capital expenditure over time and earn an appropriate return on its regulatory asset base.

Our draft approach is to apply straight-line depreciation, calculate remaining asset lives using PEXA's useful asset life assumptions, and estimate the WACC using IPART's standard methodology.

We have estimated a post-tax real WACC of 6.5% for an efficient benchmark ELNO, reflecting updated market data to the end of March 2026, revised beta and gearing assumptions, and IPART's standard decision rule for selecting between current and long-term WACC estimates.

## 8.2 Depreciation and asset lives

We have used straight-line depreciation based on PEXA's average useful life assumptions, and calculate remaining asset lives using these assumptions and historical costs.

PEXA has proposed asset lives ranging from3 to 15 years. PEXA's past and future capital expenditure have largely similar characteristics, and so we have decided to use a single set of asset lives for both historical and projected costs.

This is consistent with other public analysis conducted in the past, including the NSW Productivity and Equality Commission's (PEC) 2024 eConveyancing market study, which have generally adopted PEXA's asset life assumptions rather than developing independent estimates.[94]

Table 8.1 summarises the resulting asset life assumptions and remaining lives.

### Table 8.1 Asset life assumptions and remaining lives

| Asset | Average useful asset life (including new assets) | IPART-calculated remaining asset lives on 1 July 2027 |
|---|---|---|
| Reliability & Resilience | 9.0 | 6.8 |
| Cyber Security | 9.0 | 6.7 |
| Enhancing the Exchange | 15.0 | 6.2 |
| Regulatory | 15.0 | 12.4 |
| Tech Modernisation | 9.0 | 6.1 |
| Interoperability | 15.0 | 10.7 |
| Computer Equipment | 3.0 | 1.7 |
| Furniture & Fittings | 5.0 | 1.7 |
| PEXA Key | 5.0 | 0.0 |
| Leasehold improvements at cost | 10.0 | 0.0 |

We calculate depreciation by applying PEXA's useful asset lives to original capital expenditure. We did not establish a regulatory asset base for PEXA in the 2019 service fees review, and there is therefore no residual 'allowed expenditure' from a prior review that would require continuation of previously set remaining asset lives.

### Draft decision

3. The building block calculation should use straight line depreciation and asset lives proposed by PEXA.

## 8.3 Weighted Average Cost of Capital

We estimated a WACC for an efficient benchmark ELNO. Table 8.2 sets out our WACC estimate.

We adopted IPART's standard WACC methodology to calculate market-based parameters, and our decisions on industry parameters are set out below:

- equity beta of 1.02
- gearing ratio of 12%.

IPART's measure of uncertainty (discussed below) is currently within 1 standard deviation of the long-term average of 0. As per IPART's decision rule, we recommend adopting the mid-point, **post-tax real WACC of 6.5%** for an efficient benchmark ELNO.

### Table 8.2 Draft decision WACC calculation for a benchmark ELNO

| | Step 1 – Market data | | Step 2 – Final WACC range | | |
|---|---|---|---|---|---|
| | **Current** | **Long term** | **Lower** | **Mid-point** | **Upper** |
| Nominal risk-free rate | 4.4% | 3.0% | | | |
| Inflation | 2.6% | 2.6% | | | |
| Implied Debt Margin | 1.7% | 2.0% | | | |
| Market Risk premium | 5.9% | 6.0% | | | |
| Debt funding | 12% | 12% | | | |
| Equity funding | 88% | 88% | | | |
| Gamma | 0.25 | 0.25 | | | |
| Corporate tax rate | 30% | 30% | | | |
| Effective tax rate for equity | 30% | 30% | | | |
| Effective tax rate for debt | 30% | 30% | | | |
| Equity beta | 1.02 | 1.02 | | | |
| Cost of equity (nominal post-tax) | 10.4% | 9.1% | | | |
| Cost of equity (real post-tax) | 7.6% | 6.4% | | | |
| Cost of debt (nominal pre-tax) | 6.1% | 5.0% | | | |
| Cost of debt (real pre-tax) | 3.4% | 2.3% | | | |
| Nominal vanilla (post-tax nominal) WACC | 9.9% | 8.6% | 8.6% | 9.3% | 9.9% |
| **Post-tax real WACC** | **7.1%** | **5.9%** | **5.9%** | **6.5%** | **7.1%** |

| | Step 1 – Market data | | Step 2 – Final WACC range | | |
|---|---|---|---|---|---|
| Pre-tax nominal WACC | 12.6% | 11.0% | 11.0% | 11.8% | 12.6% |
| **Pre-tax real WACC** | **9.7%** | **8.1%** | **8.1%** | **8.9%** | **9.7%** |

Source: Refinitiv, RBA and IPART calculations.

### 8.3.1 We updated beta and gearing

In the Methodology Paper, we proposed that we would use a building block methodology. Under IPART's standard building block approach, this requires us to estimate an appropriate rate of return for an efficient benchmark ELNO, using IPART's standard WACC methodology, including a proxy firm approach to estimating equity beta.[95]

PEXA submitted a WACC using IPART's methodology but proposed a different gearing assumption than those used in our 2019 and 2023 reviews of ELNO services.[96]

In response to submissions, we reviewed the set of proxy firms that we use to estimate benchmark values for equity beta and gearing. We continue to be of the view that an ELNO is in the business of exchanging data between buyers and sellers of real estate and entities providing financing services (e.g. banks, lawyers, and government entities). In addition, we consider an ELNO has aspects of a technology firm.

To estimate beta and gearing for a benchmark ELNO, we have used a sample of 97 firms that share 3 characteristics: technology, professional services, and real estate. Proxy firms are in the business of data exchange or processing, real estate services, financial data, financial processing, or financial exchange. While many of these firms share characteristics with technology, we have not included firms that are 'pure' technology companies and classed as technology across the board by Refinitiv, ICB, and GICS.

We have estimated beta and gearing by taking the mid-point of the medians for real estate and non-real estate firms. This reflects our view that a benchmark eConveyancing firm faces risk comprised equally from the:

- provision of real estate services
- processing of transactions or data outside of the real estate market.

Table 8.3 sets out the results of the proxy firm analysis.

#### Table 8.3 Summary of beta and gearing estimation results

| Cohort | Mean beta | Median beta | Mean leverage | Median leverage | Number of firms | Mean years |
|---|---|---|---|---|---|---|
| Real estate services | 1.12 | 1.10 | 21% | 14% | 39 | 13 |
| Non-real estate services: | 0.93 | 0.93 | 13% | 11% | 58 | 18 |
| Exchanges | 0.92 | 0.89 | 8% | 5% | 15 | 18 |
| Business support | 0.95 | 0.89 | 15% | 13% | 8 | 24 |
| Financial data | 0.95 | 0.97 | 6% | 3% | 7 | 22 |
| Other | 0.92 | 0.96 | 17% | 13% | 28 | 14 |
| **Avg. Real estate services & non-real estate services** | **1.02** | **1.02** | **17%** | **12%** | **97** | **15** |
| Pooled sample | 1.00 | 0.98 | 16% | 13% | 97 | 17 |

Source: Refinitiv, FTSE, S&P.

### 8.3.2 We used IPART's standard WACC method to calculate discount rates

IPART's measure of uncertainty (discussed below) is within one standard deviation of the long-term average of zero. As per IPART's decision rule, we recommend adopting the mid-point real WACC value.

### 8.3.3 We have sampled market observations to the end of March 2026

We sampled market observations to the end of March 2026, which is the last available whole month. For earlier years in the trailing average calculation of the cost of debt, we sampled to the end of July in each year. This minimises the change in WACC estimates from Draft Report to Final Report.

### 8.3.4 We have used a 4-year trailing average for the 'current' WACC parameters

We have adopted a 4-year geometric mean for our inflation estimate. This is consistent with IPART convention to average inflation forecasts over the same number of years as there are in the regulatory period.

### 8.3.5 Application of trailing average method

We calculated the cost of debt based on the assumption that a benchmark ELNO does not require a transition to the trailing average.

We introduced the concept of a transition to the trailing average for current debt, so that utilities that have previously been regulated by IPART under the pre-2018 WACC method would have the opportunity to restructure their debt portfolio to match the assumptions of the 2018 WACC method. The reason we offer a transition is to account for the possibility that an efficient firm might previously have adopted an inefficient debt structure because of our pre-2018 WACC method.

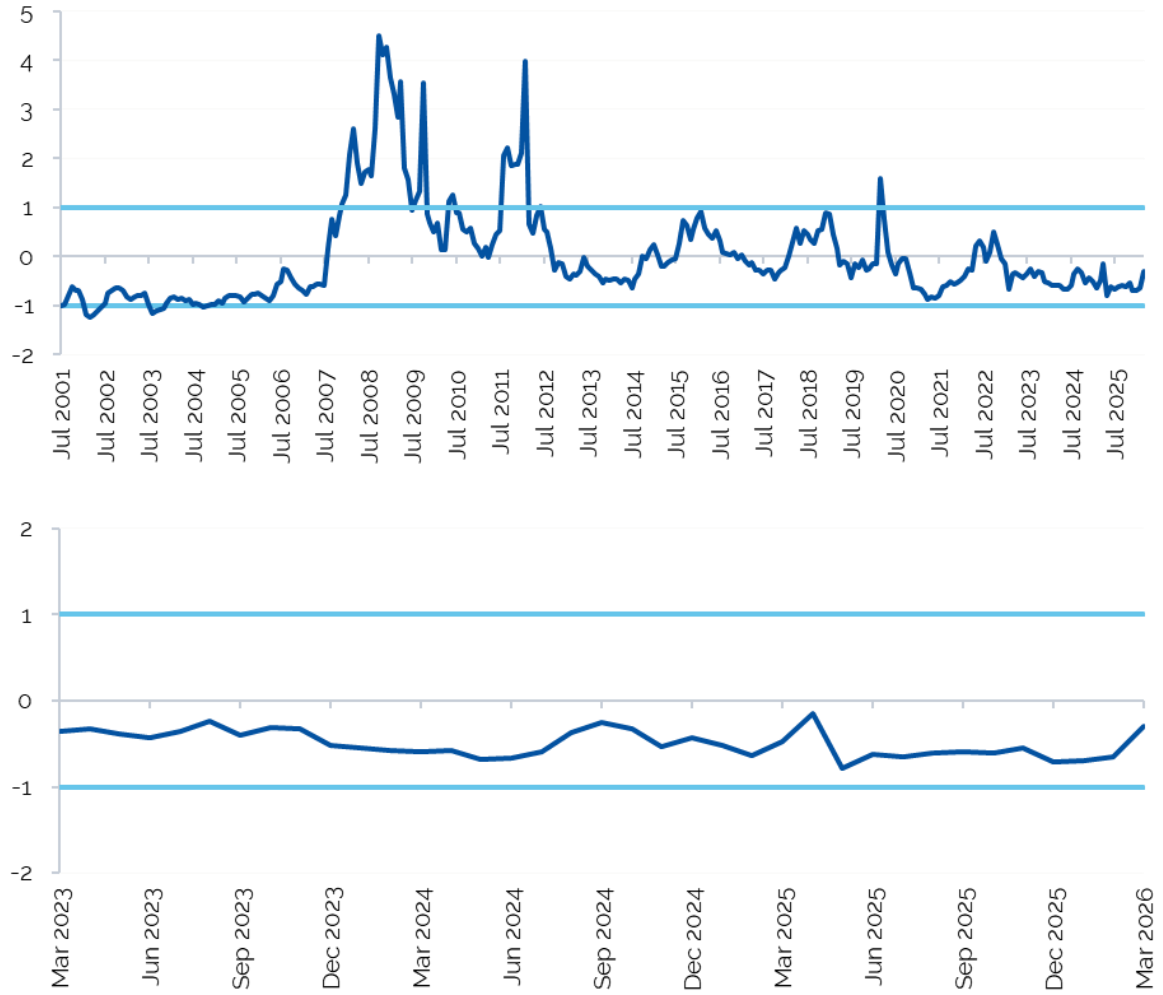
For firms that were never subject to IPART's pre-2018 WACC method, there should be no need to restructure their debt portfolio to match the 2018 WACC method assumptions. Instead, our WACC calculation assumes that the transition to trailing average is complete. This is the case for the 2 ELNOs: PEXA and Sympli.

### 8.3.6 The Uncertainty Index remains within the acceptable range

Under current IPART's WACC method, we estimate one WACC using current market data and one using long-term average data. When our uncertainty index – which indicates the level of volatility in capital markets – is within one standard deviation of its mean value, we select the mid-point of the current and long-term WACC values.

We tested the uncertainty index for market observations to the end of March 2026. As Figure 8.1 shows, the uncertainty index is within one standard deviation of the long-term mean value of zero. Therefore, we recommend maintaining the default approach of setting the WACC based on the mid-point of the current and long-term WACC values.

Figure 8.1 IPART's uncertainty index




Source: Refinitiv and IPART calculations.

## 8.3.7 Tax rate

We adopted our standard tax rate of 30% for a benchmark ELNO. We note that we apply a lower tax rate for smaller benchmark firms (e.g. private ferries) where businesses have annual turnover of less than $50 million.

### 8.3.8 We adopted a gearing ratio of 12%

As shown in Table 8.3, we found that the median and average gearing ratios for all firms in our sample are 13% and 16%. We have given real estate firms and non-real estate firms equal weight, resulting in a gearing ratio of 12%.

There is a wide spread of gearing ratios across the sample of 97 firms with the minimum and maximum gearing ratios being 0% and 65%, respectively. While there are some outliers, the distribution of gearing ratios seems to be symmetric as the mean and median gearing ratios are very close.

### 8.3.9 We adopted an equity beta of 1.02

Our comparable firms analysis suggests a benchmark equity beta of 1.02 is reasonable.

As shown in Table 8.3, we found that the median of the estimated betas is 0.98 and the average equity beta is 1.00. We have given real estate firms and non-real estate firms equal weight, resulting in an equity beta of 1.02. We note that this is broadly consistent with the equity beta used in our 2023 eConveyancing review's Final Report.

### Draft decision

4. A post-tax real WACC of 6.5% should be used in the building block calculation.

## 8.4 Allowance for working capital

We have calculated a return on working capital using our standard methodology.[97] The return on working capital reflects the financing cost, or benefit, from timing differences between when PEXA provides services, when subscribers pay PEXA, and when PEXA pays its suppliers.

For PEXA, the return on working capital is negative each year of the regulatory period. This reflects PEXA's cash cycle. PEXA is paid shortly after settlement or lodgment but pays some suppliers later. As forecast payables exceed forecast receivables and prepayments, PEXA receives a working capital financing benefit, which we have reflected as a deduction from the revenue requirement, as set out in Table 8.4.

### Table 8.4 Return on working capital, 2027-28 to 2030-31 ($m, $2026-27)

| | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Return on working capital to be recovered from revenue | -0.16 | -0.16 | -0.17 | -0.19 |

Note: This is the mid-year value.

## Draft decision

5. The return on working capital included in the building block calculation should be:

| ($m, $2026-27) | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---|---|---|---|
| Return on working capital to be recovered from revenue | -0.16 | -0.16 | -0.17 | -0.19 |

# Appendices

# Appendix A

## PEXA's 2026-27 pricing table

## Table A.1 PEXA's 2026-27 pricing table ($2026-27), including GST

| PEXA transactions service fees (including GST) | Single Title | Multiple Title | State/Territory |
|---|---|---|---|
| Application by Survivor | 46.20 | 67.54 | WA |
| Application by Survivor with Financial Settlement | 46.20 | 67.54 | WA |
| Application to Register Death by Survivor | 46.20 | 67.54 | SA |
| Application to Register Death by Survivor with Financial Settlement | 46.20 | 67.54 | SA |
| Caveat | 20.57 | 35.64 | NSW,NT,QLD,SA,VIC,WA |
| Caveat with Financial Settlement | 39.49 | 60.94 | NSW,NT,QLD,SA,VIC,WA |
| Change of Name (WA and TAS only) | 20.57 | 35.64 | TAS,WA |
| Change of Name with Financial Settlement (WA and TAS only) | 39.49 | 60.94 | TAS,WA |
| Discharge of Mortgage | 26.29 | 41.91 | NSW |
| Discharge of Mortgage | 27.39 | 43.01 | All but NSW |
| Discharge of Mortgage (Express Refinance) | 54.01 | 69.19 | NSW |
| Discharge of Mortgage (Express Refinance) | 55.11 | 70.29 | All but NSW |
| Discharge of Mortgage (Express Refinance) (with Financial Settlement) | 54.01 | 69.19 | NSW |
| Discharge of Mortgage (Express Refinance) (with Financial Settlement) | 55.11 | 70.29 | All but NSW |
| Discharge of Mortgage with Financial Settlement | 54.01 | 69.19 | NSW |
| Discharge of Mortgage with Financial Settlement | 55.11 | 70.29 | All but NSW |
| Encumbrance | 46.20 | 61.60 | SA |
| Encumbrance (with Financial Settlement) | 46.20 | 61.60 | SA |
| Give Control of Title to Registrar | 0.00 | 0.00 | VIC |
| Give Control of Title to Registrar (with Financial Settlement) | 0.00 | 0.00 | VIC |
| Lease | 54.89 | 75.90 | NSW,SA |
| Lease with Financial Settlement | 73.04 | 94.38 | NSW,SA |
| Mortgage | 54.89 | 75.90 | NSW |
| Mortgage | 55.99 | 77.00 | All but NSW |
| Mortgage (Express Refinance) | 73.04 | 94.38 | NSW |
| Mortgage (Express Refinance) | 74.14 | 95.48 | All but NSW |
| Mortgage (Express Refinance) (with Financial Settlement) | 73.04 | 94.38 | NSW |
| Mortgage (Express Refinance) (with Financial Settlement) | 74.14 | 95.48 | All but NSW |
| Mortgage with Financial Settlement | 73.04 | 94.38 | NSW |
| Mortgage with Financial Settlement | 74.14 | 95.48 | All but NSW |
| Nomination | 0.00 | 0.00 | VIC |
| Nomination (with Financial Settlement) | 0.00 | 0.00 | VIC |
| Nomination withdrawal | 0.00 | 0.00 | VIC |
| Notice of Change to Ownership (with Financial Settlement) | 0.00 | 0.00 | TAS |
| Notice of Death | 46.20 | 67.54 | NSW |
| Notice of Death with Financial Settlement | 46.20 | 67.54 | NSW |
| Obtain Control of Title from Registrar | 0.00 | 0.00 | VIC |

| PEXA transactions service fees (including GST) | Single Title | Multiple Title | State/Territory |
|---|---|---|---|
| Obtain Control of Title from Registrar (with Financial Settlement) | 0.00 | 0.00 | VIC |
| Priority Notice | 11.55 | 11.55 | NSW,QLD,VIC |
| Priority Notice (with Financial Settlement) | 11.55 | 11.55 | NSW,QLD,VIC |
| Priority Notice Extension | 5.72 | 5.72 | NSW,QLD,VIC |
| Priority Notice Extension (with Financial Settlement) | 5.72 | 5.72 | NSW,QLD,VIC |
| Priority Notice Withdrawal | 11.55 | 11.55 | NSW,QLD,VIC |
| Priority Notice Withdrawal (with Financial Settlement) | 11.55 | 11.55 | NSW,QLD,VIC |
| Record of Death | 46.20 | 67.54 | QLD |
| Record of Death with Financial Settlement | 46.20 | 67.54 | QLD |
| Surrender of Lease | 26.29 | 41.91 | SA |
| Surrender of Lease with Financial Settlement | 54.89 | 75.90 | SA |
| Survivorship | 46.20 | 67.54 | VIC |
| Survivorship with Financial Settlement | 46.20 | 67.54 | VIC |
| Title Information Re-Supply | 7.15 | N/A | All |
| Transfer by Third Party (with Financial Settlement) | 146.30 | 167.42 | VIC |
| Transfer of Interest | 97.24 | 118.25 | NSW,SA,VIC |
| Transfer of Interest with Financial Settlement | 146.30 | 167.42 | NSW,SA,VIC |
| Transfer Titles | 146.30 | 167.42 | ACT,NSW,QLD,SA,TAS,VIC,WA |
| Transfer Titles (with Financial Settlement) | 146.30 | 167.42 | ACT,NSW,QLD,SA,TAS,VIC,WA |
| Transmission | 46.20 | 67.54 | NSW,QLD,SA,VIC,WA |
| Transmission with Financial Settlement | 46.20 | 67.54 | NSW,QLD,SA,VIC,WA |
| Withdrawal of Caveat | 20.57 | 35.64 | NSW,NT,QLD,SA,VIC,WA |
| Withdrawal of Caveat with Financial Settlement | 39.49 | 60.94 | NSW,NT,QLD,SA,VIC,WA |
| Withdrawal of Encumbrance | 46.20 | 61.60 | SA |
| Withdrawal of Encumbrance (with Financial Settlement) | 46.20 | 61.60 | SA |
| **Other land registry documents (representing 740 documents)** | | | |
| Change Ownership | 146.30 | 167.42 | NSW,SA,VIC,WA |
| Change Ownership with Settlement | 146.30 | 167.42 | |
| Record an Interest | 54.89 | 75.90 | NSW,QLD,SA,VIC,WA |
| Record an Interest with Settlement | 73.04 | 94.38 | |
| Vary an Interest | 45.76 | 66.66 | NSW,SA,VIC,WA |
| Vary an Interest with Settlement | 64.35 | 85.25 | |
| Discharge an Interest | 26.29 | 41.91 | NSW,QLD,SA,VIC,WA |
| Discharge an Interest with Settlement | 54.01 | 69.19 | |
| Act on a Land Title | 20.57 | 35.64 | NSW,NT,SA,VIC,WA |
| Act on a Land Title with Settlement | 39.49 | 60.94 | |

# Appendix B

## Draft recommended prices for PEXA 2027-28 to 2030-31

## Table B.1 Draft recommended prices for PEXA 2027-28 to 2030-31 ($2026-27, including GST)

| PEXA transactions service fees (including GST) | 2027-28 to 2030-31 Single Title | 2027-28 to 2030-31 Multiple Title |
|---|---|---|
| Application by Survivor | 46.20 | 67.54 |
| Application by Survivor with Financial Settlement | 46.20 | 67.54 |
| Application to Register Death by Survivor | 46.20 | 67.54 |
| Application to Register Death by Survivor with Financial Settlement | 46.20 | 67.54 |
| Caveat | 20.57 | 35.64 |
| Caveat with Financial Settlement | 39.49 | 60.94 |
| Change of Name (WA and TAS only) | 20.57 | 35.64 |
| Change of Name with Financial Settlement (WA and TAS only) | 39.49 | 60.94 |
| Discharge of Mortgage | 26.29 | 41.91 |
| Discharge of Mortgage (Express Refinance) | 54.01 | 69.19 |
| Discharge of Mortgage (Express Refinance) (with Financial Settlement) | 54.01 | 69.19 |
| Discharge of Mortgage with Financial Settlement | 54.01 | 69.19 |
| Encumbrance | 46.20 | 61.60 |
| Encumbrance (with Financial Settlement) | 46.20 | 61.60 |
| Give Control of Title to Registrar | 0.00 | 0.00 |
| Give Control of Title to Registrar (with Financial Settlement) | 0.00 | 0.00 |
| Lease | 54.89 | 75.90 |
| Lease with Financial Settlement | 73.04 | 94.38 |
| Mortgage | 54.89 | 75.90 |
| Mortgage (Express Refinance) | 73.04 | 94.38 |
| Mortgage (Express Refinance) (with Financial Settlement) | 73.04 | 94.38 |
| Mortgage with Financial Settlement | 73.04 | 94.38 |
| Nomination | 0.00 | 0.00 |
| Nomination (with Financial Settlement) | 0.00 | 0.00 |
| Nomination withdrawal | 0.00 | 0.00 |
| Notice of Change to Ownership (with Financial Settlement) | 0.00 | 0.00 |
| Notice of Death | 46.20 | 67.54 |
| Notice of Death with Financial Settlement | 46.20 | 67.54 |
| Obtain Control of Title from Registrar | 0.00 | 0.00 |
| Obtain Control of Title from Registrar (with Financial Settlement) | 0.00 | 0.00 |
| Priority Notice | 11.55 | 11.55 |
| Priority Notice (with Financial Settlement) | 11.55 | 11.55 |
| Priority Notice Extension | 5.72 | 5.72 |
| Priority Notice Extension (with Financial Settlement) | 5.72 | 5.72 |
| Priority Notice Withdrawal | 11.55 | 11.55 |
| Priority Notice Withdrawal (with Financial Settlement) | 11.55 | 11.55 |
| Record of Death | 46.20 | 67.54 |
| Record of Death with Financial Settlement | 46.20 | 67.54 |

| PEXA transactions service fees (including GST) | 2027-28 to 2030-31 Single Title | 2027-28 to 2030-31 Multiple Title |
|---|---|---|
| Surrender of Lease | 26.29 | 41.91 |
| Surrender of Lease with Financial Settlement | 54.89 | 75.90 |
| Survivorship | 46.20 | 67.54 |
| Survivorship with Financial Settlement | 46.20 | 67.54 |
| Title Information Re-Supply | 7.15 | 0.00 |
| Transfer by Third Party (with Financial Settlement) | 92.71 | 111.96 |
| Transfer of Interest | 81.71 | 100.96 |
| Transfer of Interest with Financial Settlement | 92.71 | 111.96 |
| Transfer Titles | 92.71 | 111.96 |
| Transfer Titles (with Financial Settlement) | 92.71 | 111.96 |
| Transmission | 46.20 | 67.54 |
| Transmission with Financial Settlement | 46.20 | 67.54 |
| Withdrawal of Caveat | 20.57 | 35.64 |
| Withdrawal of Caveat with Financial Settlement | 39.49 | 60.94 |
| Withdrawal of Encumbrance | 46.20 | 61.60 |
| Withdrawal of Encumbrance (with Financial Settlement) | 46.20 | 61.60 |
| | | |
| **Other Land Registry documents (representing 740 individual documents)** | | |
| Change Ownership | 92.71 | 111.96 |
| Change Ownership with Settlement | 92.71 | 111.96 |
| Record an Interest | 54.89 | 75.90 |
| Record an Interest with Settlement | 73.04 | 94.38 |
| Vary an Interest | 45.76 | 66.66 |
| Vary an Interest with Settlement | 64.35 | 85.25 |
| Discharge an Interest | 26.29 | 41.91 |
| Discharge an Interest with Settlement | 54.01 | 69.19 |
| Act on a Land Title | 20.57 | 35.64 |
| Act on a Land Title with Settlement | 39.49 | 60.94 |

# Appendix C

## Forecast methodology elements we will review after the Draft Report

This appendix sets out elements of our forecasting methodology that we consider may benefit from further review and consultation with stakeholders before the Final Report.

## C.1 Dependent variable specification, trend and seasonality

The models currently estimate quarterly transaction volumes as the dependent variable, with a linear time trend and quarterly dummy variables to capture underlying trends and seasonal patterns not explained by the economic variables.

A linear trend carries some forecast risk over a multi-year horizon as it extrapolates indefinitely, and its error can compound mechanically with the length of the forecast.

We consider these design choices are linked, and that both would benefit from testing an alternative specification of the dependent variable.

### Possible limitations of the current dependent variable

Transaction volumes are the product of 2 different processes:

1. the size of the dwelling stock, which grows slowly and predictably with the housing supply pipeline
2. the propensity of property owners to transact, which is considered cyclical and behavioural.

Estimating transaction volumes requires a single equation to explain both processes at once. This places a burden on the linear time trend, which must absorb growth in the dwelling stock, the documented decline in how often households move,[98] and any other trending influence, without distinguishing between them.

It can also make estimates of the effects of cyclical drivers sensitive to how the long-run trend is specified. Where transaction volumes contain a long-run trend but the explanatory variables primarily capture cyclical movements, the model may not adequately distinguish long-run changes from short-run, cyclical variation. This can produce unstable or imprecise coefficient estimates.[99] This is consistent with the pattern we observe across state models, where the significance and magnitude of the trend and seasonal terms (and some economic drivers) differ across jurisdictions.

### We are considering the turnover rate as an alternative dependent variable

Housing economics literature typically models the turnover rate (transactions divided by the dwelling stock) rather than raw transaction volumes.[100]

Specifying the dependent variable this way would mean transactions are tied to the size of the housing stock in the long run, and because the turnover rate does not trend in the way transaction volumes do, it avoids the bias that arises from regressing a trending variable on non-trending drivers.[101]

We consider this specification may have advantages for our purpose:

- It removes the trending component of the dependent variable by construction. Growth in the dwelling stock no longer needs to be absorbed by a time trend, so the cyclical drivers are estimated against a stationary or near-stationary variable.
- Any residual trend becomes interpretable. With stock growth handled outside the regression, remaining drift in the turnover rate isolates the behavioural decline in transaction propensity that the RBA attributes to households moving less often, falling home ownership among younger age groups, and an ageing owner-occupier base.[102] We can then model this directly, for example through age structure or holding period variables.
- It is scale-free and comparable across jurisdictions. Turnover rates can be meaningfully compared and pooled across states in a way raw transaction volumes cannot, which we consider supports testing whether common drivers genuinely behave consistently across states.
- It concentrates forecast uncertainty to behavioural drivers. We recover forecast transaction volumes by multiplying the forecast turnover rate by the forecast dwelling stock. Over a 4-year horizon, the stock forecast is likely to carry less uncertainty than the turnover-rate forecast over a 4-year horizon, as it is a stock-flow roll-forward (completions less removals and demolitions),[103] and the completions pipeline is observable around 2 years ahead in ABS building activity data.[104] As a result, the uncertainty in the volume forecast reduces to the uncertainty in the turnover rate, in place of a specification where trend extrapolation error compounds as the forecast horizon grows.

## C.2 Independent variables to review

We have observed areas of the model where variables are not consistently significant, exhibit different signs across states, may be more accurate with a different lag applied, or provide minimal explanatory power.

This section discusses areas of the model that we expect to review, following stakeholder feedback.

### Financial market indicator (ASX index)

The ASX index is intended to proxy broader economic sentiment and wealth effects. However, its explanatory power appears weak:[105] it is statistically significant in only a small number of jurisdictions, and its contribution to explaining transfer activity is limited in most states.

This is not consistent with its intended role as a broad macroeconomic driver. We consider this weak performance could reflect:

- a single national series cannot explain variation in state-level transfer activity beyond what the other national variables (e.g. population, mortgage rates) already capture
- housing wealth effects are more directly captured by the house price variables already in the model[106]

- stock wealth is concentrated among a small share of households, which may limit its influence on aggregate transaction decisions.

We aim to test whether the ASX index can be removed without loss of forecast accuracy, and whether a housing-specific sentiment measure performs better as an indicator of transfer activity, such as the Westpac-Melbourne Institute 'time to buy a dwelling' index[107] or the NAB consumer sentiment survey.[108]

### Correlation of prices and transaction volumes

House prices enter the models as an explanatory variable and exhibit strong statistical association with transaction volumes.

Empirical literature indicates that prices and volumes are positively correlated, but that in countries such as the United States this co-movement is mainly caused by similar responses to exogenous shocks, including conditions in labour, mortgage and stock market, rather than a direct causal relationship.[109]

The literature finds that house prices Granger cause transaction volumes, but the effect is asymmetric and so decreases in prices reduce transaction volumes, while increases in prices have limited or no effect.[110]

As prices and volumes are jointly determined and respond to common shocks, treating contemporaneous prices as exogenous may introduce bias in estimated coefficients and contribute to instability across jurisdictions.

In a forecast, where price projections are typically derived from the same underlying drivers as transaction volumes (e.g. interest rates and macroeconomic conditions), including contemporaneous prices alongside these variables may also result in over-counting of the same information and overstate their explanatory power.

We seek to test whether price forecasts that we have sourced from major banks can be treated as a proxy index of market conditions. We also seek to test the performance of lagged prices (i.e. excluding contemporaneous prices).

### Interest rate effects

The model includes both the lagged level of interest rates and the quarterly change in rates, to separate long-run and short-run effects. The level of interest rates shows the expected negative relationship with transfer activity. However, the quarterly change in rates does not perform as a robust driver.

The short-run change appears to add little explanatory power beyond the level of rates and other included variables with which it is correlated. In a predominantly variable-rate market, rate changes pass through to borrowing capacity and cash flows quickly,[111] and so the level of rates may already embody most of the relevant effect.[112] In addition, it is possible that the fixed lag we apply to interest rates (12 months) does not align with how borrowers actually respond to rate changes in different states and territories.[113]

## Policy and event dummy variables

The model includes dummy variables for the COVID period and the 2017–2018 interest-only lending restriction.[114] These variables are exclusively historical, and so they do not enter the forecast period. Their purpose is to absorb period-specific variation in transaction volumes so that it is not wrongly attributed to other independent variables, such as house prices or mortgage rates.

The COVID dummy generally shows a positive relationship with transfer activity, but its magnitude and significant vary across jurisdictions, and in some cases the estimated effect is weak or negative. The COVID period combined offsetting forces, such as lockdowns that suppressed market activity, in contrast with policy stimulus (e.g. HomeBuilder, record-low interest rates, state government fiscal stimulus and land tax concessions).[115] The timing and severity of these forces differed by state. A single national dummy may not capture this, and some of the variation appears to be absorbed by other variables in the model.

The interest-only lending dummy shows mixed signs and limited statistical significance or effect in most states. This suggests it is capturing noise, or effects already explained by other variables, rather than a stable policy effect.

We aim to test whether the interest-only lending and COVID dummy variables should be retained as broad controls, replaced with state-specific dummies, or removed.

## Macroeconomic and demand-side variables

Population growth, state final demand and new dwelling approvals are included to capture underlying housing demand, broader economic conditions and new housing supply. Economic theory expects positive relationships between each variable and transaction volumes:[116]

- Population growth is expected to increase underlying housing demand, although the effect depends on household size and on whether demand transfers into purchases. The RBA identifies population and average household size as the drivers of underlying housing demand.[117]
- State final demand proxies broader economic conditions, including consumption and investment, that support incomes, confidence and borrowing capacity.[118] It is, however, an economy-wide measure rather than a housing-specific driver.
- New dwelling approvals indicate future housing supply, but with a lag because approvals precede construction, completion and settlement.[119]

In some cases, the estimated relationship is weak, not statistically significant, or carries the opposite sign to theory. We do not consider this is sufficient grounds on its own to remove these variables. We consider the more likely explanations are misspecification (where we could replace, remove, or change the lag on variables), or multicollinearity (where variables are highly correlated with prices and interest rates, making individual effects difficult to identify).

### Transaction costs and policy-driven re-timing

Currently, the models do not include transaction cost variables. Stamp duty is the largest transaction cost in Australian property markets, and the empirical literature indicates it has a negative effect on turnover[120] for 2 to 3 years after an increase in stamp duty.[121]

Stamp duty concessions and first home buyer schemes also generate re-timing effects, where transactions are brought forward rather than created.[122] This pattern was visible at the introduction of the First Home Owners Boost in 2009, while the RBA has recorded this relationship since 2001.[123]

The Australian Government's recently proposed tax changes may impact transaction volumes through variables not currently included in our models. We seek to test the inclusion of transaction cost changes, and historical dummy variables to reflect policy changes for major tax concessions.

# Appendix D

## Glossary and acronyms

## Table D.1 Glossary

| Term/acronym | Meaning |
|---|---|
| Ancillary services | Optional PEXA services, such as PEXA Planner, PEXA Projects, PEXA Allocations, PEXA Tracker and PEXA Key. |
| API | Application Programming Interface. A secure technical interface used for data exchange between systems. ELNOs interact with land registries, revenue offices, banks and the Reserve Bank of Australia through secure APIs. |
| ARNECC | Australian Registrars' National Electronic Conveyancing Council. ARNECC develops national rules and requirements for electronic conveyancing, including the Model Operating Requirements. |
| Billable event | A fee-charging event in an ELNO's system based on dealings (a legal instrument that records changes in the Torrens Title register) per workspace. For example, there can be between 2 to 4 dealings in a transfer (depending on whether the seller is discharging a mortgage and whether a mortgage is being registered for the buyer). Each dealing is charged a fee – referred to as a billable event. |
| Client/end-customer | A client of a Subscriber, such as a person represented by a lawyer, conveyancer or financial institution in a property transaction. |
| Continuous Improvement Plan | A MORs plan setting out detailed continuous improvement initiatives for the next 2 years. |
| Controllable costs | ELNO expenditure that excludes external fees (LSS, NECDS, and revenue office fees). Costs to which an efficiency adjustment may apply. |
| DUS | Downstream or Upstream Services |
| DVAM | Demand volatility adjustment mechanism. A mechanism that adjusts for material differences between forecast and actual transaction revenue or volumes. |
| DVAM/Deadband threshold | The range within which no DVAM adjustment applies. |
| EBITDA | Earnings before interest, tax, depreciation, amortisation. |
| ECNL | Electronic Conveyancing National Law. The national law framework for electronic conveyancing. It is implemented by separate legislation in each State and Territory. For example, Electronic Conveyancing (Adoption of National Law) Act 2012 is the relevant NSW Act. |
| eConveyancing | Electronic conveyancing. The process of preparing, lodging and settling property transactions electronically. |
| Electronic penetration rate | The proportion of property transactions that are lodged electronically rather than by paper. |
| ELN | Electronic Lodgment Network, a network established to create and electronically lodge registry instruments and other electronic documents with the jurisdiction's Land Registry. |
| ELNO | Electronic Lodgment Network Operator, the legal entity authorised in a jurisdiction to party approved to provide and operate an ELN. |
| ELNO service fees | Fees charged by an ELNO to a Subscriber for access to, and use of, the ELN. These fees are the subject of this review. |
| External fees | Fees imposed externally on ELNOs, such as LSS, NECDS and revenue office fees. |
| Hypothetical ELNO | A notional efficient ELNO developed by TBH which it used to assess incumbent ELNO costs and platform efficiency. |
| Interoperability Program | ARNECC's formal program for implementing interoperability. |
| IPART transaction forecast model | IPART's model for forecasting transaction volumes, based on PEXA's methodology. |
| Lodgment | The act of submitting a registry instrument or other property transaction document to a land registry for registration or recording. |
| LSS | Lodgment Support Services fees. Fees charged by land registry services to an ELNO for title data and lodgment support services used in eConveyancing transactions. |
| MFP | Multifactor productivity. A productivity measure that captures output growth not explained by measured labour and capital inputs. |

| Term/acronym | Meaning |
|---|---|
| MORs | Model Operating Requirements. The requirements relating to the operation of an ELNO and the provision and operation of an ELN. These are developed by ARNECC and are determined by the Registrars as Operating Requirements for ELNOs to comply with in their jurisdiction. |
| MPR | Model Participation Rules. The rules relating to the use of an ELN for subscribers. These are developed by ARNECC and are determined by the Registrars as Participation Rules for the subscribers to an ELN to comply with in their jurisdiction. |
| NECDS | National Electronic Conveyancing Data Standard. ELNOs are required to use the NECDS to send data to or receive data from land registries. |
| NECIDS | National Electronic Conveyancing Interoperability Data Standard. A set of purpose-built APIs, governed by a data standard which will determine how ELNOs exchange data to complete interoperable transactions. |
| NSW ORG | NSW Office of the Registrar General. |
| PEXA Exchange | PEXA's ELN platform. |
| Property market activity | The underlying property market activity that drives transfer and refinance volumes. |
| Property refinance | Activity in which a property is refinanced. One property refinance can incur multiple discharge and mortgage fees being charged by PEXA. |
| Property transfer | Activity in which full or partial ownership of a property is transferred. One property transfer can incur multiple transfer, discharge, and mortgage fees being charged by PEXA. |
| Registry office fees | Fees charged by registry offices or land registries for registry-related services. |
| Registry office/service | A land registry office or service that maintains land title information and receives electronic property instruments for lodgment. |
| Revenue office fees | Fees charged by state or territory revenue offices to ELNOs in relation to dutiable electronic transactions. Not stamp duty. |
| Pricing table | A published list of fees. For PEXA, this may refer to its table of individual ELNO service fees. |
| Subscriber | A person or entity authorised to use an ELN to conduct eConveyancing transactions, such as a lawyer, conveyancer, financial institution or government agency. |
| Subscriber API | API services that allow a subscriber's system to integrate with PEXA's platform. PEXA charges fees for these services that are separate from ELNO service fees. |
| Technology roadmap | A roadmap describing the ELNO's technology environment and planned technology uplift. |
| Terms of reference | The formal scope for IPART's review, including the matters IPART must consider in making recommendations. |
| Transaction mix | The composition of PEXA's transactions across different transaction categories or billable event types, such as transfer, mortgage and discharge. |
| Transaction volumes | Forecast or actual volumes of eConveyancing transactions. In the context of this review, this refers to the total number of billable events. |
| Workspace | The interface on the ELNO platform which facilities the interaction of the parties to a transaction. A workspace is a shared virtual area where subscribers prepare documents required to effect lodgment and/or settlement. |

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