

Australian Institute of Conveyancers Incorporated
Michelle Kent – AIC National President

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24th March 2023

Ms Carmel Donnelly PSM, Chair
Interoperability pricing for Electronic Lodgment Network Operators
Independent Pricing and Regulatory Tribunal

Dear Ms Donnelly,

RE: Draft Report Interoperability pricing for Electronic Lodgment Network Operators

The Australian Institute of Conveyancers Incorporated (**AIC**) is the peak industry body representing specialist conveyancers in Australia.

AIC and its' members represent a significant service industry in Australia having rapidly expanded in the early 1990's because of an initiative of the National Competition Policy to increase competition for consumers in the Australian property market. Expanding to more than 3000 licensed businesses across the country with a workforce of approx. 10,000 people, the conveyancing industry is a vibrant, diverse, and highly respected part of the small business sector.

AIC has been an active participant in the electronic conveyancing reforms. These reforms have materially impacted how licensed conveyancers conduct their business. AIC has consistently advocated that the introduction of electronic conveyancing must deliver economic benefits to the end consumer.

In relation to the IPART Draft Report on Interoperability pricing for Electronic Lodgment Network Operators we would table the following observations:

- At point 1.2 we agree with IPART that subscribers should not pay more for an interoperable transaction than a transaction using a single ELNO. Interoperability is a function that all ELNOs will need to provide, therefore any additional costs of establishing and maintaining interoperability should be recovered through ELNO service fees, and not through a separate interoperable transaction fee.
- We are concerned by the intertwining of the costs of establishing and maintaining interoperability and the recovery of this cost from subscribers. Our view is that any potential ELNO that decides to establish an ELN should consider this as a capital cost to be recovered over the term of their investment or an agreed payback period. This capital cost should then be amortised over the

projected payback period. By that stage maintaining the system (with or without interoperability functionality) the cost would be lower allowing more robust profit margins.

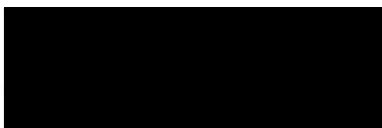
- We support IPART in recommending a pricing review mechanism to review subscriber pricing so that any future efficiencies that may be available to ELNO's could be shared with subscribers and ultimately the end consumer. The NSW Minister for Customer Service & Digital Government has maintained that interoperability and "competition" will have the impact of reducing conveyancing costs in the short term. However, given the significant establishment cost of Interoperability we support a price review mechanism to build industry confidence that future cost savings will be shared.
- Electronic conveyancing reforms have imposed on practitioners a significant degree of change to business processes, including new procedures such as Verification of Identity, State Government Revenue assessment and collection, Australian Taxation Office declarations and withholding obligations. The conveyancing practitioner must adopt these new procedures, train, and educate staff and assume additional operational risk. The practitioner generally does not recover the embedded cost of these "reforms". However, the organisations that have outsourced those processes to conveyancing practitioners through the reforms have captured the benefits in lowering operational cost and risk transference.

As a brief example, a new NSW Revenue measure introduced during the electronic conveyancing reforms has resulted in, over a 2-year period, a 50% increase in Professional Indemnity Insurance premiums for NSW licensed conveyancers.

The final comment we make is that throughout the IPART Report the connotation is that subscribers are the ELNO's customer/client. While this may be the case, the practitioner is really the system user, acting on behalf of their client and consequently any additional cost of Interoperability will be passed directly onto the client by way of disbursement.

Thank you for the opportunity to provide our observations. We remain available to participate in industry consultation into this important reform.

Yours sincerely,



Michelle Kent
AIC National President