

Submission to IPART

Draft Report: Electronic Lodgment Network Operator service fees

Submitted on behalf of First Class Legal — 20 July 2026

About Deep Blue Company

Part of the Deep Blue Company (DBC) group, First Class Legal is Australia's premier partner for Real Estate Agent and Mortgage Brokers, guiding current and future homeowners through the conveyancing journey. Powered by lawyer and conveyancer backed support, we act for buyers and sellers in property transactions across Australia every day.

Almost every one of those transactions must be lodged through an Electronic Lodgment Network Operator (ELNO), which in practice means PEXA. ELNO fees are therefore a direct, unavoidable cost on our clients — ordinary homebuyers and sellers — and we have a strong interest in ensuring they are set at efficient levels.

We support the direction of IPART's Draft Report and make this submission on two points: the timing of the proposed transfer fee reduction, and the treatment of PEXA's ancillary products.

1. Lack of competition: the full discount should apply from 1 July 2027

Practitioners in Australia only really have one choice when they lodge a transaction: PEXA. It handles around 99% of eConveyancing transactions in Australia, and for most property dealings there is no opting out of using an ELNO at all. With interoperability reforms shelved, there is no real prospect of a second platform putting price pressure on PEXA any time soon.

IPART's own cost expert built a modern, efficient platform at PEXA's own scale and still found PEXA's actual costs were significantly higher. Without competition keeping it honest, PEXA has been able to charge more than it needs to. That is why we support IPART's recommendation to cut transfer fees, which carry abnormally high margins that continue to hurt industry and homebuyers. We also ask IPART to consider applying this discount across all document fees.

This is not abstract for us — we see it on every settlement statement we prepare for our clients. On a standard transfer with financial settlement, the fee most home sellers pay, the price drops from \$146.30 to \$92.71. That is \$53.59 back to homebuyers and sellers on settlement day. And because transfers make up 38% of everything PEXA processes, this cut reaches most ordinary buyers and sellers, not just a niche group.

We do not want to see this cut phased in over four years. IPART has already tested a slower, evenly spread version of this cut and found it worse on its own numbers: homebuyers would not see the full saving until 2030–31, and PEXA would actually be over-earning in the early years and under-earning later — which only smooths PEXA's cash flow, not anyone else's outcome.

Nor is there any case that PEXA cannot absorb the cut immediately. Its Australian business reported a 58% EBITDA margin and \$99 million in profit in a single half-year, with gearing of just 20.5% (gross) and 15.5% (net). A business that healthy does not need four years' grace to absorb a price correction that only exists because it has never had to compete. We want the full cut applied from 1 July 2027, not staged.

2. Don't let PEXA's side products slip through the regulatory net

IPART is asking how to treat PEXA's ancillary products, and Draft Recommendation 2 says regulation should cover services "closely related to ELNO transactions and that are not subject to effective competition." At present, however, the preliminary view carves out products such as PEXA Clear (AML/CTF), PEXA Planner, Tracker, Allocations, Projects and subscriber API integrations.

If PEXA cannot raise its regulated transaction fees, it has every reason to push functionality into these unregulated side products and charge more there instead.

PEXA built the ELN in a way that locks subscribers into its workflows and its data. As a group operating multiple conveyancing practices, we experience that lock-in directly. Any money PEXA makes from these add-on products comes off the back of that lock-in, not from genuinely competing for our business. We ask IPART to take a wide view here — anything built on top of ELN data, including reporting and workflow tools, should be captured, so PEXA cannot simply shift the value it is extracting somewhere regulation does not reach.

Our key asks

Deep Blue Company asks that IPART:

- A. cut the transfer fee in full from 1 July 2027 — not staged over four years; and
- B. regulate PEXA's ancillary and integration products broadly, not just its core transactions.

We would welcome the opportunity to discuss this submission or provide further detail on the impact of ELNO fees across our group.

Yours faithfully,

Olivia Davies
General Manager
First Class Legal