PEXA
ABN 92 140 677 792
Property Exchange Australia Ltd

Ms Jennifer Vincent / Ms Julia Williams
Independent Pricing and Regulatory Tribunal
Level 15, 2-24 Rawson Place
Sydney NSW 2000

By email

3 June 2022

Dear Jennifer, Julia and team

PEXA – Response to IPART draft terms of reference – Interoperability Pricing for ELNOs

We are pleased that the Independent Pricing and Regulatory Tribunal (IPART) has been asked to investigate and report on an appropriate pricing and regulatory framework for interoperable transactions between ELNOs. There are significant and novel regulatory and economic issues, which deserve the attention of an experienced economic regulator.

Born out of a 2008 Council of Australian Governments' initiative to transition property lodgement and settlement away from an outdated paper-based process to a more efficient digital settlement process, today more than 80% of all property transactions in Australia are completed via PEXA. Over the past decade, PEXA has made substantial investments in circumstances where it had no certainty of success.

In its role as an industry innovator and network enabler, PEXA developed the PEXA Exchange, which is a purpose-built digital platform that delivers e-conveyancing services by connecting thousands of property market participants. The result of PEXA's sustained investment is a world-first e-conveyancing market and network of infrastructure that has significantly increased efficiency, reduced errors and risk of fraud, and saved time and costs for lawyers, conveyancers, and banks, thereby supporting and providing significant value to the Australian property industry and the broader Australian economy.

Every day, around 10,000 lawyers and conveyancers and around 150 financial institutions, together with their customers, rely on PEXA's platform and the infrastructure it has created for the safe, secure and efficient settlement of thousands of property transactions. Indeed, the e-conveyancing ecosystem that exists today in Australia proved invaluable during COVID-19 – a time when the property sector in many other countries around the word was crippled.

The e conveyancing market and the network of infrastructure created would not have eventuated without the dedicated focus and large-scale investment of PEXA. However, while the e-conveyancing system that

exists today delivers significant benefits to practitioners, banks, governments, and home buyers and sellers, PEXA itself is yet to pay a dividend to shareholders.

Since its inception, the concept of an inter-ELNO fee has been a core component of the proposed model of interoperability. However, in November 2021, ARNECC released a second consultation version of the Model Operating Requirements (consultation draft Version 7.1), which sought to prohibit inter-ELNO fees. An inter-ELNO fee, generally refers to a fee that a participating ELNO would pay to the ELNO that actually lodges and settles an e-conveyancing transaction (i.e. the Responsible ELNO).

In our respectful view, the proposal to prohibit inter-ELNO fees is economically unsustainable, and has led to IPART being asked to consider the novel issues pertaining to pricing between ELNOs in an interoperable multi-ELNO market structure. We believe it is a basic economic principle that participants in a market should be able to earn a reasonable return for the services they perform, the commercial risks they assume, and the investments they have made. The effect of the proposal to prohibit inter-ELNO fees would mean that the ELNO that provides the highest value and highest risk service (the Responsible ELNO) would be required to do so without payment for the work that it performs.

This proposal also ignores the value PEXA has created in establishing a functional and efficient e-conveyancing system, which is essential to interoperability between ELNOs. No mechanism has yet been proposed that would provide a reasonable return to PEXA – as the Founding ELNO - for its substantial efficient investments that benefit all of those involved in the conveyancing system, and all ELNO(s) seeking to participate in the network. The value of this historic investment is demonstrated by the fact that the proprietary systems, commercially sensitive information, and know-how that PEXA developed to create the current e-conveyancing system are now essential to creating an interoperable system. To date there has been no consideration of an appropriate means to calculate the cost of this investment, nor what would be a reasonable return on it.

Enclosed with this letter are our proposed amendments to the draft Terms of Reference issued to IPART under section 12A of the Independent Pricing and Regulatory Tribunal Act 1992, alongside an explanation as to why these amendments should be adopted. These edits are aimed at ensuring IPART is able to consider the most critical regulatory and economic issues.

We are looking forward to engaging constructively with IPART as you make your inquiries.

If you have any questions in relation to the above, or require further information, please do not hesitate to contact me.

Yours sincerely,

Simon Smith
Chief Operations Officer

T +61 3 7002 4500 W pexa.com.au A Tower 4, Level 16, 727 Collins Street, Docklands VIC 3008

Interoperability Pricing for Electronic Lodgment Network Operators

PEXA's Feedback on the IPART's draft Terms of Reference

Purpose of Document

The purpose of this document is to provide PEXA's feedback on the draft Terms of Reference (**ToR** or **Terms of Reference**) issued by the Minister for Customer Service and Digital Government under section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992*, requesting that the Independent Pricing and Regulatory Tribunal (**Tribunal** or **IPART**) investigate and report on a pricing regulatory framework for interoperable transactions between Electronic Lodgment Network Operators (**ELNOs**) in accordance with the ToR.

PEXA provides its feedback in two parts:

- Part A: Proposed amendments to IPART's draft Terms of Reference
- Part B: Rationale for proposed amendments

A. Proposed amendments to IPART's draft Terms of Reference (ToR)

1. What principles should be applied in setting up a fee regime between ELNOs, and whether these should include:

    a) Promoting ongoing investment, development and innovation in conveyancing and e-conveyancing systems;

    b) Providing an adequate risk-related return on productive investments and costs incurred;

    c) Allocating value proportionate to the costs and risks incurred; and

    d) Ensuring a robust, secure, and resilient e-conveyancing system.

2. What overall fee regime between ELNOs would best serve the principles articulated in (1)

3. Whether fees should be charged by the Responsible ELNO~~s~~ or the Founding ELNO (whether or not it participates in the transaction) ~~to Participating ELNOs for participation~~ to ELNOs participating in an interoperable transaction.

4. ~~Whether the Tribunal should identify appropriate pricing principles to apply to setting any such ELNO fees, and if so, such pricing principles; or~~Whether the Tribunal recommends a method or level of price for 2023-24 and a method for reviewing and adjusting the price in the future.

5. Any amendments to the MORs required to support the most appropriate way to apply the principles or formula, as applicable.

6. In investigating and making recommendations regarding the fees, the Tribunal should consider:

    a) Commercial flexibility requirements for ELNOs

    b) Costs and risks incurred by different participants in an interoperable transaction and who should bear these costs

    c) Costs incurred in making the e-conveyancing system interoperable, and how these should be incorporated into inter-ELNO pricing

    d) Costs incurred in bringing the e-conveyancing system into existence, how these should be incorporated into pricing between participating ELNOs and the Founding ELNO (including where it is not a participant to a transaction), and how they should be valued

    e) Costs of maintaining a robust, secure and resilient interoperable e-conveyancing system

    f) Mechanisms that enforce requirements for all ELNOs to develop comprehensive capabilities

    g) Financial settlement and lodgement responsibilities and risks (including exception processing), and how these should be incorporated into inter-ELNO pricing

    h) Other responsibilities and risks borne by participants in the e-conveyancing system, including the reserve capacity to deal with exceptions, and how these should be incorporated into inter-ELNO pricing

    i) Any other matters that may significantly and differentially affect the costs of Responsible and Participating ELNOs

    ~~j) The symmetry of the interoperable transaction market~~

    k) Avoiding unnecessary regulatory or administrative burdens on ELNOs or other participants in an interoperable transaction

l) Promoting ongoing investment, development and innovation in conveyancing and e-conveyancing systems

m) Providing an adequate risk-related return on productive investments and costs incurred

n) Allocating value proportionate to the costs and risks incurred

o) Additional ELNOs potentially entering the market over the next 1-5 years

p) Any other matter the Tribunal considers relevant.

7. How the fees and pricing recommended by the Tribunal best serve the principles for the regime articulated in (1)

B. Rationale for proposed amendments

Proposed Amendment	Rationale
1. What principles should be applied in setting up a fee regime between ELNOs, and whether these should include: a) Promoting ongoing investment, development and innovation in conveyancing and e-conveyancing systems b) Providing an adequate risk-related return on productive investments and costs incurred; c) Allocating value proportionate to the costs and risks incurred; and d) Ensuring a robust, secure, and resilient e-conveyancing system.	Before trying to define appropriate pricing for inter-ELNO fees, the relevant principles for determining the most suitable overall fee regime between ELNOs should be articulated. While ARNECC has previously articulated principles for ELNO pricing to Subscribers in the Model Operating Requirements (**MOR**)[1], principles have not been articulated for pricing in an interoperable system with multiple ELNOs, which includes the Founding ELNO - PEXA. The introduction of multiple interoperable ELNOs therefore introduces new issues that require updates to the MOR to include principles applicable to pricing between ELNOs. The proposed amendment to the ToR would direct IPART to consider a number of principles that are not obviously included in the MOR, but which must be applied to pricing between ELNOs to ensure there is an economically sound and sustainable commercial model to support an interoperable multi-ELNO ecosystem, including the desirability of: • promoting ongoing investment by ELNOs; • providing a return on historic productive investments by ELNOs; • allocating rewards between ELNOs proportionate to costs and risks incurred; and • ensuring there is a robust, secure and resilient e-conveyancing system.
2. What overall fee regime between ELNOs would best serve the principles articulated in (1)	There is an arguable case that: • Interoperability is only possible because the Founding ELNO incurred costs and risks over more than 10 years to design, build, operationalise and maintain the e-conveyancing system. • Standard principles of competition policy imply that the Founding ELNO should earn a reasonable return on productive investments and costs incurred. • The most efficient way to provide this return to the Founding ELNO is through a common user charge paid by the

[1] MOR 5.3(e), MOR Guidance Notes, Version 6, p 65, available at https://www.arnecc.gov.au/wp-content/uploads/2021/08/mor-guidance-notes-version-6-clean.pdf

Proposed Amendment	Rationale
	Responsible and Participating ELNOs to the Founding ELNO, rather than a fee between Responsible and Participating ELNOs. If there is a fee such as a common user charge, then this would have to be taken into account in setting fees between Responsible and Participating ELNOs. Consequently, IPART cannot effectively design fees between Responsible and Participating ELNOs without first deciding whether there should be a common user charge, and if so, how it should be calculated. The argument that the Founding ELNO should earn a return on its historic investments deserves consideration by IPART: the Founding ELNO incurred substantial costs to design, build and operationalise the architecture for the e-conveyancing system. The value of this historic investment is demonstrated by the fact that the proprietary systems, commercially sensitive information, and know-how that it developed to create the current e-conveyancing system are now essential to creating an interoperable system. More broadly, without PEXA's investment in a productive asset – the existence of an e-conveyancing market – it is likely that many transactions would still be paper-based, which is a much more costly and inefficient system. Following initial unsuccessful attempts by the NSW and Victorian governments to establish a national electronic conveyancing scheme, PEXA (formerly National E-conveyancing Development Limited) was formed in 2010, and in collaboration with Government and private stakeholders, pioneered the development of e-conveyancing in Australia. Over more than 10 years, PEXA's various shareholders have taken on significant financial risk to transform the inefficient paper-based conveyancing system and deliver the fully integrated digital experience for conveyancing that users experience today. PEXA made these investments in circumstances where it had no certainty as to its success and, at least initially, was not supported by any government mandate. In its role as industry innovator and network enabler, PEXA developed the PEXA Exchange, which is a purpose-built digital platform that delivers e-conveyancing services by connecting thousands of property market participants onto one platform. The result is a world-first e-conveyancing ecosystem that has significantly increased efficiency, reduced errors and risk of fraud, and saved time and costs for lawyers, conveyancers, banks, and the Australian property industry. Indeed, industry participants have benefited greatly via the investments PEXA has made. For instance:

Proposed Amendment	Rationale
	• At a practitioner[2] level, the current e-conveyancing system delivers around $66 in savings per transaction compared to paper conveyancing (IPART).[3] • At an industry level, PEXA estimates the annual benefit of the e-conveyancing system is around $285 million. • Beyond the extensive benefits to participants, e-conveyancing is an exemplary example of a successful private-public partnership and is a national achievement that services the $9 trillion Australian property market. • The e-conveyancing ecosystem that exists today facilitates an essential, safe and reliable service, in circumstances where other countries still have manual paper conveyancing systems, which have proved vulnerable during COVID-19, impacting property markets and the wider economy. Having regard to these benefits, and consistent with the approach taken by economic regulators in providing market participant access in other network based industries (such as gas pipelines and railways), IPART should consider whether the Founding ELNO has effectively created common infrastructure that will be used by other parties, on which it should earn a return through a common user charge. To date, regulatory discourse on the e-conveyancing market has never considered whether a common user charge is appropriate. For instance, the IPART review in 2019 considered what would be an appropriate price for PEXA to charge as a benchmark efficient ELNO with close to 100% market share in circumstances where it had no obligation to interoperate. In that same review, IPART also considered that if a direct connections model of interoperability was introduced (such as ARNECC's proposed Responsible ELNO Model), then a cost-reflective transfer price should be implemented to ensure costs are shared between ELNOs.[4] However, now that a legislative requirement for ELNOs to interoperate will compel the Founding ELNO to give up much of the commercial benefit of the network it is has created, no independent economic regulator has considered what fees should be paid to the Founding ELNO in return for providing access to this network, which required significant resources and investment to create. To use an analogy with common access to a rail network, attention has been focused on how much should be paid if one operator's engine pulls another operator's carriages. However, no attention has been paid to whether it is appropriate for an access seeker to pay a fee for its access

[2] Practitioners are lawyers and conveyancers that utilise e-conveyancing services.
[3] IPART, Final Report: Review of the Pricing Framework for electronic conveyancing services in NSW, November 2019', p 66.
[4] IPART, Final Report: Review of the Pricing Framework for electronic conveyancing services in NSW, November 2019', Executive Summary, p 6.

Proposed Amendment	Rationale
	to common infrastructure such as the provision of access to the railway tracks, as is standard practice with other network industries. In the e-conveyancing context, this common infrastructure includes the proprietary IT systems, know-how, commercially sensitive information, processes, and interfaces that the Founding ELNO has invested in to create, and which are essential to interoperability. It also includes the effort required to shift all of the Subscribers from paper-based to electronic systems. Without this investment in effort and infrastructure, there would be no e-conveyancing market for other ELNOs to enter into and interoperability itself would not be possible. To take the railway analogy further, the developer of the railway tracks has invested significant resources to persuade all of the farmers to move their silos next to the railway tracks, to abandon their previous technology for loading grain onto road-trucks, and to instead install a specific common design to transfer grain from the silos to railway carriages. This creates substantial value for everyone running carriages on the network. In the same vein, the e-conveyancing ecosystem that exists today delivers significant benefits and value to practitioners, banks, and governments. State governments that sold their interest in PEXA in 2018 made substantial returns >$480m in aggregate on exit and have realised substantial extra profits through cost savings and by selling digitally enabled land registry concessions. However, PEXA itself is yet to pay a dividend to shareholders. To date, no mechanism has been proposed that would provide any return to the Founding ELNO for its historic investments that benefit all of those involved in the conveyancing system, and all other ELNO(s) seeking to participate in the network. There has also been no consideration of an appropriate means to calculate the cost of this investment, nor what would be a reasonable return on it. The shape of any mechanism to provide a return to the Founding ELNO for its investments in creating the e-conveyancing network should be taken into account in designing inter-ELNO fees, and their basis and level given that the Founding ELNO is likely to also be a Participating ELNO in many transactions. Consequently, whether there should be a fee payable by the Participating ELNO to the Responsible ELNO, and how it should be calculated can only be resolved if the Tribunal first resolves whether there should be a common user charge paid by ELNOs to the Founding ELNO to reflect PEXA's substantial investments in creating the e-conveyancing network. We note that the amended ToR we suggest would *not* involve a review of the existing pricing framework for fees payable by Subscribers to ELNOs for e-conveyancing services, which was the subject of a previous IPART inquiry in 2019. It would also not involve a review of fees payable to others that contribute to the e-conveyancing system such as titles offices, State Revenue Offices, and NECDS Ltd (for data standard stewardship).

Proposed Amendment	Rationale
3. Whether fees should be charged by the Responsible ELNOs or the Founding ELNO (whether or not it participates in the transaction) to Participating ELNOs for participation to ELNOs participating in an interoperable transaction	For the reasons outlined above in relation to ToR 2, IPART should consider whether it is appropriate for a differential fee to be paid to the Founding ELNO, given its greater contribution to creating the system on which interoperability depends. As part of this investigation, IPART should consider whether this fee should be paid to the Founding ELNO even if it is not a Participating ELNO in a transaction, because all parties to a transaction benefit from the network of users that the Founding ELNO has created, even if the Founding ELNO does not participate in that transaction.
4 Whether the Tribunal should identify appropriate pricing principles to apply to setting any such ELNO fees, and if so, such pricing principles; or Whether the Tribunal recommends a method or level of price for 2023-24 and a method for reviewing and adjusting the price in the future.	Deletion of redundant text given suggested new ToR 1.
6(b) Costs and risks incurred by different participants in an interoperable transaction, and who should bear these costs	In allocating value between Responsible and Participating ELNOs, it is appropriate to consider risks as well as costs. Even if a risk is not crystallised in a particular transaction, the party that bears that risk must provide for the potential consequence of that risk each time it arises.
6(c) Costs incurred in making the e-conveyancing system interoperable, and how these should be incorporated into inter-ELNO pricing	The costs of creating interoperable systems are material, and vary between the participants. Interoperability is being introduced on the basis that it will increase the productivity of the system. By definition, therefore, the costs to enable interoperability are productive investments. As a matter of basic principle, the system should be designed so that participants earn a reasonable return on these investments. As determined in IPART's 2019 inquiry, PEXA's current pricing is reasonable and set at or below that of a benchmark efficient ELNO in the existing system that is not interoperable.[5] However, PEXA is being compelled to incur additional costs (as well as to provide access to its proprietary know how and systems) to make the system interoperable, which provides no material benefit to PEXA. Consequently there should

[5] IPART, Final Report: Review of the Pricing Framework for electronic conveyancing services in NSW, November 2019', pp 45-46.

Proposed Amendment	Rationale
	be a mechanism incorporated into pricing between ELNOs that enables PEXA to recover these costs.
6(d) Costs incurred in bringing the e-conveyancing system into existence, how these should be incorporated into pricing between participating ELNOs and the Founding ELNO (including where it is not a participant to a transaction), and how they should be valued	The rationale for taking into account the costs incurred in bringing the e-conveyancing system into existence is outlined above in relation to ToR 2. If such costs are to be incorporated into pricing, then an appropriate methodology for assessing those costs is required. The costs incurred in creating the e-conveyancing system are much broader than IT costs, and an appropriate means to evaluate them is required. While it would be appropriate for IPART to have regard to its previous valuation in 2019 of PEXA's substantial investment, IPART would need to consider whether this valuation methodology, developed for setting fees between PEXA and Subscribers, is appropriate to setting either a common user charge to be paid by participating ELNOs to the Founding ELNO, or to setting fees to be paid by Participating ELNO(s) where the Founding ELNO is the Responsible ELNO.
6(e) Costs of maintaining a robust, secure and resilient interoperable e-conveyancing system	Given the extremely high value of a secure conveyancing system, it is vital to protect the integrity of the e-conveyancing system. Investments to do so will not necessarily provide incremental benefits to individual transactions. These costs may also vary between ELNOs, depending on the breadth of their coverage. Consequently a mechanism to recover these costs needs to be incorporated into inter-ELNO fees.
6(f) Mechanisms that enforce requirements for all ELNOs to develop comprehensive capabilities	The system of fees for e-conveyancing should incentivise all ELNOs to develop comprehensive capabilities for all transaction types and jurisdictions, including those that are relatively low volume. PEXA has developed a comprehensive e-conveyancing system that covers an extremely wide range of conveyancing transaction types in all jurisdictions that have e-conveyancing. Many of these are low-volume transactions. PEXA developed an e-conveyancing solution for these transaction types because there is a substantial benefit for many participants in the conveyancing system if there are *no* physical transactions. However, because relatively standard fees have been set for transactions, irrespective of their volume, PEXA is unlikely to recover its costs in developing an e-conveyancing solution for low volume transactions purely through charges for those low volume transactions. This creates a significant risk that new ELNOs may cherry-pick the high volume transactions in high volume jurisdictions. The consequence would be that no ELNO would have an incentive to build or maintain capability for low-volume transactions, which would impose very

Proposed Amendment	Rationale
	substantial costs on many of the entities that are part of the conveyancing system. It would also dampen innovation by Titles Offices. The regulatory response has been to try to prevent cherry-picking by imposing a requirement that all ELNOs must ultimately develop comprehensive capabilities. However, there is no time-frame for new ELNOs to develop comprehensive capabilities. The requirement to do so may well turn out to be unenforceable. Consequently, to maintain incentives to develop comprehensive e-conveyancing capabilities, IPART should consider whether inter-ELNO pricing should take into account an ELNO utilising the infrastructure developed by another ELNO.
6(g) Financial settlement and lodgment responsibilities and risks (including exception processing), and how these should be incorporated into inter-ELNO pricing	Fees must take into account the significant differential between responsibilities and risks undertaken by the Responsible ELNO vis-à-vis the Participating ELNO(s). The Responsible ELNO and the Participating ELNO bear different costs for settlement and lodgment responsibilities in an interoperable transaction, and also have different risks associated with failed settlement and lodgment. The respective roles and responsibilities of the Responsible ELNO vis-a-vis the Participating ELNO(s) (and therefore associated costs and risks) have not yet been comprehensively defined. Accordingly, IPART will need to have the respective roles and responsibilities of the Responsible ELNO vis-à-vis the Participating ELNO defined before it can quantify fees between Responsible and Participating ELNOs.
6(h) Other responsibilities and risks borne by participating ELNOs, including the reserve capacity to deal with exceptions, and how these should be incorporated into inter-ELNO pricing	For the reasons outlined in relation to ToR 6(g), inter-ELNO fees should take into account all responsibilities and risks borne by participating ELNOs. The allocations of responsibilities and risks between participants have not yet been fully defined, so IPART will need to have them defined before it can quantify fees between Responsible and Participating ELNOs. As part of this process, IPART should consider mechanisms to pay for the reserve capacity to deal with exceptions. Subscribers have more confidence using the e-conveyancing system if they know that exceptions can and will be dealt with. Reserve capacity to deal with exceptions benefits all ELNOs, and all the Subscribers of the e-conveyancing system, because it provides mutual assurance to have confidence in using the e-conveyancing system. It is possible that not all ELNOs will develop such a reserve capacity, even though its existence benefits all ELNOs. To prevent free-riding,

Proposed Amendment	Rationale
	inter-ELNO fees should provide an appropriate return on investments to build and maintain reserve capacity to deal with exceptions.
6(i) Any other matters that may significantly and differentially affect the costs of Responsible and Participating ELNOs	By definition, any matter that differentially affects the costs of a Responsible ELNO rather than a Participating ELNO would be relevant to fee setting.
~~6(j) The symmetry of the interoperable transaction market~~ Alternatively, if this ToR is retained, then it should be amended to read: 6(j) The symmetry or asymmetry of the interoperable transaction market	The purpose of this ToR is unclear and it should be deleted. The interoperable transaction market is manifestly asymmetric because the Responsible and Participating ELNOs bear different costs and risks, which should be taken into account, for the reasons outlined in ToRs 6(f) to 6(i). Market share of the e-conveyancing market is also manifestly unequal (at least today – and future market shares are inherently speculative). Even with interoperability, the Founding ELNO is likely to be the Responsible ELNO more often, as IPART has previously acknowledged.[6] Alternatively, this ToR should be amended to read "The symmetry *or asymmetry* of the interoperable transaction market". We note that if redrafted as suggested, this ToR is little more than a truism – which reinforces our primary argument that this ToR should simply be deleted.
6(l) Promoting ongoing investment, development and innovation in conveyancing and e-conveyancing systems; 6(m) Providing an adequate risk-related return on productive investments and costs incurred; and 6(n) Allocating value proportionate to the costs and risks incurred.	We note draft ToR 6(k)[7] calls out the principle of avoiding unnecessary regulatory or administrative burdens. However, calling out this specific principle in the absence of Terms of Reference to consider other equally important principles creates the risk that IPART will place undue weight on it relative to other competing principles such as promoting ongoing investment, providing an adequate risk-related return, and allocating value proportion to costs and risk. Consequently, if ToR 6(k) is retained, then other principles that are at least as important, such as those spelt out as ToR 6(l) to 6(n), should be included in IPART's Terms of Reference.

[6] *"Even under direct connections, the Australian eConveyancing market is unlikely to be completely symmetric (particularly in the short term), since the initial ELNO PEXA will be integrated with a larger number of financial institutions than the recent entrant ELNO Sympli or future new entrants. Indeed, discussions in the Interoperability Working Groups suggested that regardless of the decision mechanism chosen to determine the lodging ELNO [since relabelled as the "Responsible ELNO], PEXA may need to perform the role of 'lodging ELNO of last resort' in cases where a financial institution involved in a transaction is not connected to the ELNO that should be performing lodgment and financial settlement. For these reasons, PEXA is likely to perform the role of lodging ELNO more often than its competitors."* IPART, Final Report: Review of the Pricing Framework for electronic conveyancing services in NSW, November 2019', p 41.

[7] Under the Draft Terms of Reference issued to IPART this ToR was originally ToR 3(d).

Proposed Amendment	Rationale
7. How the fees and pricing recommended by the Tribunal best serve the principles for the regime articulated in (1)	Having recommended a fee regime for part or all of the e-conveyancing system, IPART should demonstrate how it is consistent with the principles that it articulates as underlying the regime.