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Alex Robson
Stephen King
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Chair and Commissioners,
Productivity Commission
www.pc.gov.au/inquiries/current/productivity

06 October 2022

Dear Chair and Commissioners,

Thank you for this opportunity to comment on the Productivity Commission's Interim Report for the five-year Productivity Inquiry, *Australia's data and digital dividend*, and to provide input into your final report.

PEXA is pleased to see a strong focus on digital technologies, access to information and data platforms as part of this latest five-year review of Australia's productivity potential.

The experience of PEXA and its partner organisations provide direct evidence of the productivity gains which digital technologies can provide for individuals, businesses and the broader economy.

PEXA strongly supports the development and implementation of Government measures that can:

1. reduce barriers to access for digital conveyancing technologies and property market data;
2. build Australia's digital services capabilities – and the benefits that can be extracted from digital services data collections - through improved infrastructure, skills, security, and regulation; and
3. establish and support balanced regulatory settings for digital services, data and application.

To this end, we recommend a review of various regulatory arrangements that are currently impeding access to digital property conveyancing and to digital property market data nationally.

Please find attached our submission.

Sincerely,

Julie Toth
Chief Economist

PEXA submission to the 5-Year Productivity Inquiry

PEXA Group Limited welcomes the opportunity to make a submission to this Review. PEXA has evidence and insights to contribute to *Australia's data and digital dividend* in three activity areas:

1. access to fully digitised, highly efficient electronic property conveyancing nationally;
2. access to national property data and extending the range of policy applications for these data;
3. improving the regulatory framework for digital services, data and activity.

PEXA is pleased to see a such strong focus in this Review on the potential for digital technologies, access to information and data platforms to boost Australia's future productivity potential. In Australia to date, much of our governments' collective investments in digital ID and digital services appear to have been focussed on enabling digital dealings with government. However, to realise economy wide productivity gains, governments also need to play a stronger role in enabling digital dealings between non-government organisations and consumers (e.g., to foster B2B, B2C and C2C interactions). PEXA is a good example of how a formal partnership between public and private was needed in order to kick-start sector-wide digital transformation (see Appendix A). Looking ahead for example, there may need to be new types of partnerships between public and private sector organisations to create a trusted framework for digital identities to operate across the economy.

1. Improving access to electronic property conveyancing

Economic gains from improving access to electronic property conveyancing

PEXA is an Electronic Lodgement Network Operator (ELNO) that was born out of the 2008 Council of Australian Governments' (COAG) meeting, which agreed that the paper-based property settlement process needed to be modernised. PEXA is an example of what can be achieved by Governments and private organisations alike when it is agreed that change is needed to update and streamline certain practices so that Australian consumers and businesses can benefit from new and emerging technologies. PEXA's objective is to bring efficiencies to property transactions through the adoption of technology and continuous innovation.

E-conveyancing has delivered significant advantages for the Australian property sector – saving consumers and small businesses money and time and boosting security and reliability. E-conveyancing kept the Australian property sector thriving during COVID.

At a practitioner level (lawyers and conveyancers), the current e-conveyancing system already delivers cost reductions of \$66 per transaction, compared with the traditional paper-based in-person methods. With PEXA facilitating more than 300,000 property transactions per month in

2022, this amounts to a net saving to property conveyancing businesses of around \$19.8 million per month, or \$237.6 million per year.

PEXA is now taking this world-first digital transactions technology to property markets globally, with the launch of services in the UK from September 2022. This will comprise an entirely new category of services activity that Australia will be able to export and grow globally.

Regulatory barriers to improving access to electronic property conveyancing

PEXA's experience shows that even though there are jurisdictions that facilitate property transactions nearly entirely digitally, consumers and businesses still have paper based regulatory requirements that are at odds with the rest of the process (being entirely electronic). In particular, the requirement for physical signatures on documents and the verification of identity (VOI) of clients at multiple points in the process of a property transaction results in an onerous duplication of processes and subsequent inefficiencies for all parties involved in each transaction.

Other regulations that impact property transactions (e.g., execution of deeds and mortgages) and require physically witnessed signatures continue to cause inefficiencies and delays for affected parties.

Verification of identity (VOI)

Electronic Conveyancing and ELNOs are regulated by the Australian Registrars' National Electronic Conveyancing Council (ARNECC). To ensure the security and integrity of electronic conveyancing platforms, there are, very appropriately, processes in place to ensure that only authorised persons can access the platform, and Subscribers have strict obligations to ensure that their users and clients are correctly identified to ensure the legitimacy of their actions on the platform.

As a part of the onboarding process to register Subscribers, PEXA must ensure the individual or business meets the required eligibility criteria and must take steps to verify the identity of Subscribers. Individual consumers are not able to register as Subscribers to the PEXA platform, and therefore must be represented by a law firm or, subject to the laws in a jurisdiction, a conveyancer.

Verifying the identity of the Subscriber and the end client is essential to the integrity of electronic conveyancing where digital signatures replace witnessed physical signatures. Although essential from a risk management perspective, the VOI requirement can be costly, onerous, and in some instances repetitive for the client.

ARNECC prescribes a VOI standard that is recommended (but not mandatory) to show that a Subscriber has taken reasonable steps to verify their client's identity. Identity Agents are

commonly used to complete VOIs at the required standard (face to face regime). The cost differs by service and provider, but a commonly used option is Australia Post, where clients can attend an Australia Post outlet to have their identity verified by an Australia Post employee at a cost of \$49. This cost is paid by consumers and is additional to conveyancing legal fees.

In addition to the cost of the VOI itself, the time needed to arrange a VOI as well as the preparation must be considered when assessing the cost of compliance. Arranging for a physical VOI to be undertaken can be disruptive and time-consuming for clients and can cause delays to the conveyancing process when a VOI is needed in order for a matter to progress.

Under current regulations, a VOI can be required of consumers more than once for electronic settlement purposes, because there are frequently additional VOI requirements to be met for financial institutions when borrowing funds. Under the current regulatory framework, a VOI cannot be reused by different organisations, which leads to a duplication of the consumer's requirement to demonstrate their identity for a property transaction.

Electronic signatures

Electronic signatures are already accepted in some (but not all) jurisdictions, with the *Electronic Transactions Act 1999* (ETA) existing at a Commonwealth level to facilitate electronic commerce and demonstrate a clear policy intention to enable electronic transactions. Distancing requirements during the COVID-19 pandemic saw an acceleration in acceptance of digital signatures across a broader range of government and business services.

In considering the growing acceptance of electronic signatures, we recommend that the provisions of section 10 of the ETA should be used as the basis for considering the future, broader acceptance of electronic signatures. The Proposed Principles provide for the following:

- ensuring that the electronic method of a signature provides, at least, an equally reliable indication of the person's identity and their intention in respect of the document; and
- where a signature is given to an individual or a business, that individual or business must consent to the use of that method to verify identity and receive agreement.

The first of these principles is important in being able to securely accept electronic signatures for more types of business and consumer transactions and being able to digitally verify the identity of a person at the time of signing is fundamental to their validity, safety, and security. The second principle is easily addressed by businesses confirming their agreement to accept electronic signatures as methods of signing agreements.

Provided that there can be a reliable way to verify identity, electronic signatures remove the real-world costs and risks that arise when needing to obtain physical signatures on documents. Since

the COVID-19 pandemic, more people have continued to work from home, less people are travelling, and postage delays have occurred more frequently. Without doubt, being able to settle property electronically did much to ensure that despite physical distances and limitations, settlements and refinances could still take place safely.

As mentioned above, the process of verifying a person's identity is usually an 'in person' practice, and, in electronic conveyancing, is achieved through the VOI process. As technology evolves and more efficient ways of conducting business are expected, a trusted digital identity solution would reduce compliance costs, increase efficiency, and enhance customer experience by providing a more seamless digital workflow, which may result in faster customer acquisition processes and consistent customer data.

Recommended measures to improve access to electronic property conveyancing

Certainty of a person's identity is a key enabler to securely transacting online with trusted parties. A Digital Identity is a direct electronic representation of identity that can be reusable and enables a person or other entity to prove who they say they are.

A Digital ID with sufficient assurances (e.g., checking existing government databases, or checking transactional history) has the potential to replace physical identification techniques and indeed the incentive to hold a Digital ID will increase with the rising volume of services accessed digitally. COVID-19 has proven that it is possible for businesses to effectively operate and communicate digitally. The short-term legislative changes that were put in place in response to the pandemic have been effective and should be considered as longer-term solutions.

A Commonwealth legislated and provided voluntary digital identity framework would provide far greater confidence for businesses to introduce a wider range of 100% digital services, and for citizens and other businesses to use them safely. States could then recognise this service in their own laws and systems. We see the development of a national Digital ID solution as the next step in the evolution of electronic conveyancing as Australia continues to embrace technology and consumers grow to expect seamless digital interactions with all services.

A move to accepting digital VOIs could not be made until there is certainty that they could be relied upon. In considering the change, we must all be mindful of the risk of fraud and take steps to ensure that digital identity verifications are as reliable, or more reliable, than the current in person process. When using technology solutions in any capacity, it is the responsibility of all parties to a digital transaction to ensure that their cyber security is sufficient, and they are alert to potential risks. In a future state of potentially entirely digital transactions, there must be high levels of assurance applied to Digital IDs (e.g., using document verification services) to ensure that the potential risk of fake identities being created is addressed. As a part of ongoing support of electronic conveyancing, ARNECC has stated that it is "closely monitoring what is happening in the

digital identity space and recognises that VOI standards need to evolve, especially in light of technological advances.”¹

With the right technology and policy and legal reform, an accessible, Commonwealth Government sponsored digital identity service would not only provide efficiencies, but also bolster confidence in digital transactions and enable greater certainty in the link from an electronic signature to a verifiable identity. Online banks are already trialling entirely digital home loan processes, from initial application and verifying identity, to the signing of mortgage documents. The innovation and move to provide consumers with digital solutions is well underway.

2. Improving access to property market data

Economic gains from improving access to property data

PEXA holds a uniquely comprehensive near real-time property data set which has significant potential to improve the productivity of Australia’s land use and land allocations across the community and to support delivery of Government policy priorities:

- More than 80% of all property transfer settlements in Australia are handled via the PEXA platform – and the figure continues to grow as more States and Territories transition to electronic conveyancing.
- With PEXA playing a role in more than 300,000 property transactions per month, a wealth of property and transaction data is captured through the PEXA Exchange, constituting a uniquely comprehensive near real-time data set.
- The \$7 trillion property market is the largest asset class within the Australia economy – double Australian Superannuation assets and more than three times the Australian stock exchange.
- PEXA holds both land information (which is managed by the state registrars, and in some cases the private registries who have obtained some rights over specific data) and other information provided by subscribers, banks and/or made public via websites.

PEXA can collate, analyse and interpret these data with speed to market, delivering published insights up to three months earlier than existing sources.

Timely and efficient use of data is critical for modern economies. For example:

- Consumers now expect ‘smart’ services from businesses and governments that are tailored to their needs. Governments are reforming laws ‘*to improve the flow of information in the economy, encouraging the development of new products and applications*’², such as through

¹ ARNECC, Position Statement Digital VOI

https://www.arnecc.gov.au/__data/assets/pdf_file/0008/1491497/position-statement-digital-voi.pdf

² *Consumer Data Right Overview*, Australian Treasury September 2019.

the Consumer Data Right first applied to Open Banking. Treasury recently highlighted ³ buying a home as an example where consumers currently experience considerable friction in engaging with a wide range of processes and businesses and where better use of data could assist

- Governments and businesses now rely on real time de-identified data for informed and timely policy making, investment decision-making and service provision. Leading governments and the most successful businesses have transformed how they use data-sourced insights to understand what's going on and to make changes to better meet needs. This ranges across consumer spending, supply chains, remote sensing, crime detection, public health, traffic and energy management etc. As the responsible NSW minister recently said, if data is not real time, it *'might as well be wallpaper'*⁴.

Research conducted globally by McKinsey & Co in 2022 indicate that data privacy and practice matter. Among consumers surveyed globally about factors that influence their buying decisions, 87% rated 'ethical and trusted reputation' as an important factor and 87% rated 'the amount of personal data collected' as a factor. This is about the same as the importance of 'speed of delivery' (87%) but lower than quality (92%), convenience (92%) and price (94%). For businesses, McKinsey's survey indicates that businesses that are actively fostering digital trust are less likely to suffer losses (e.g., due to adverse data-related events or cybersecurity breaches) and *"1.6 times more likely than the global average to see revenue and EBIT growth rates of at least 10 percent"*.

McKinsey concluded that *"establishing trust in products and experiences that leverage AI, digital technologies, and data not only meets consumer expectations but also could promote growth. The research indicates that organizations that are best positioned to build digital trust are also more likely than others to see annual growth rates of at least 10 percent on their top and bottom lines."*⁵

When trust, privacy, quality and probity are assured, national property data becomes a valuable resource that can generate economic activity in its own right. Based on PEXA's own experiences with developing and marketing property-related data applications and services over the past decade, our preliminary estimate is that open-access property data could generate around \$11 billion in value-added activity for Australia by 2027.

Regulatory barriers to accessing, adapting and sharing property data

The current regulatory framework for Australian property data is unwieldy and does not meet contemporary standards. The regulations (model operating requirements) are issued under authority of a committee of state & territory registrars, outside the normal rules that apply to prevent unwarranted red tape burdens.

³ *Implementation of an economy-wide Consumer Data Right – Strategic Assessment*, Australian Treasury 2021.

⁴ Minister Dominello, quoted in the Australian 28 October 2021.

⁵ McKinsey Digital, *Why digital trust truly matters*, Sep 2022, p. 2.

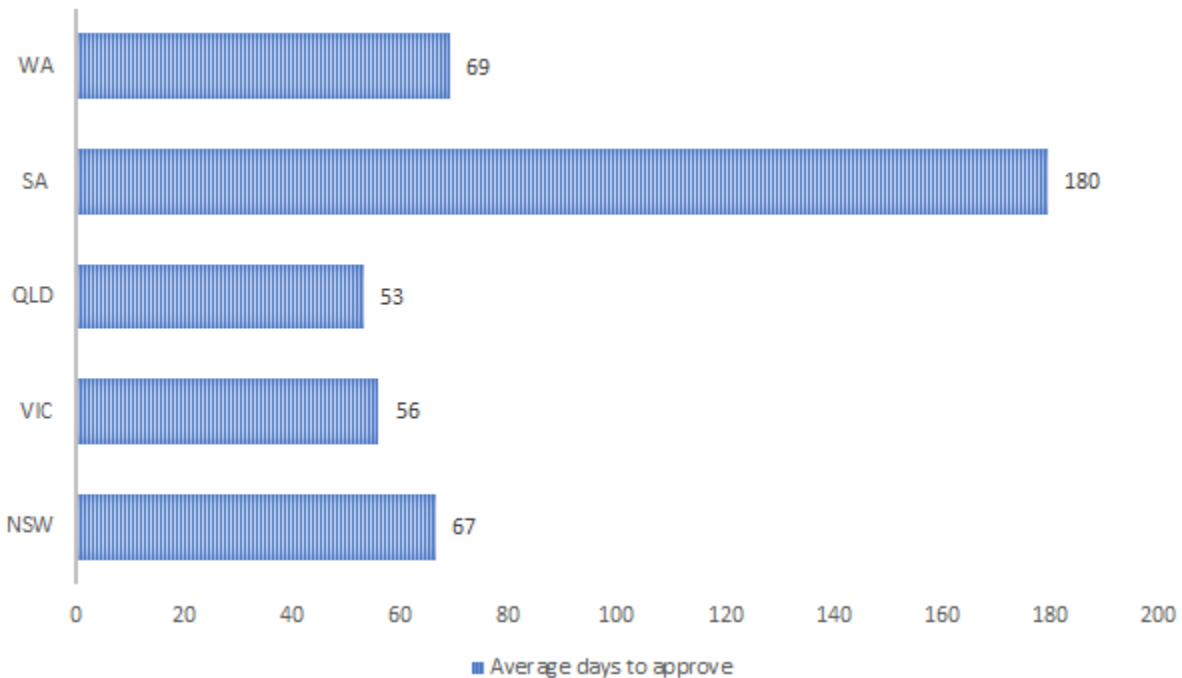
In theory, the framework seeks to deliver national consistency, but most jurisdictions add an extra layer of state-specific regulation or contractual restrictions. The resulting unwieldy package of regulation does not provide nationally consistent access to property data and does not meet contemporary regulatory standards.

For example:

- The NSW regulator requires that PEXA must follow the same privacy rules as apply to NSW government agencies. Recently PEXA sought approval from the NSW privacy commissioner to use personal information for research (a step required of public sector agencies). However, the State’s privacy regulator says that it does not have jurisdiction because PEXA is not a public sector agency.
- The Queensland regulator says that the valuer general’s approval must be obtained to use certain data. However, the Valuer-General says that there is no legislative provision or relevant power for the Valuer-General to provide the approval.

On average, it takes PEXA **more than 60 days** to obtain either an approval or rejection from the state-based land Registrars, with two instances of separate requests taking longer than **12 months**.

Chart 1: average number of days for approval of submissions to access property data, by state



The current regulatory framework for property data is preventing or impeding the following examples of valuable data reuse:

- An internal migration dashboard requested by Commonwealth Treasury to inform policy and service planning (see case study 1 below)
- National publication of mortgage and property insights to inform policy makers, industry, and consumers about a rapidly changing property market during COVID (case study 2)
- Real time data on property refinancing, to add transparency to the mortgage market to help borrowers and loan market regulators
- Revenue forecasts for state governments
- Fraud detection for lenders
- Seamless bundling of services that home buyers and sellers want
- Up to date information about housing affordability and home ownership for young people

Barriers created by the current regulatory framework for property data: case study 1

As part of a Commonwealth Government initiative to build an internal migration dashboard, PEXA requested approval in May 2021 to use Land Information, including Personal Information, to match the seller in a conveyancing transaction with the buyer in a conveyancing transaction, to provide evidence that the individual has moved from one location to another. PEXA proposed to internally create data sets of matched transactions for particular periods and then provide de-identified aggregated output summaries of those data sets to the Government.

In September, this request was rejected in three states on privacy grounds⁵, notwithstanding that PEXA committed to only providing de-identified and aggregated data to the Commonwealth government.

Additionally, there was a concern from some states that because PEXA does not contain 100% of all transactions nationally, PEXA's analysis would not provide an accurate depiction of national internal migration patterns. PEXA considers 80% of the Australian market far surpasses any minimum sampling benchmark for quality research (and there is no alternative national data set) and any gaps could have been readily interpolated or accommodated.

Barriers created by the current regulatory framework for property data: case study 2

In July 2020, PEXA submitted a request to all Registrars to use land information to publicly share national housing and mortgage insights via a Property and Mortgage Insights (PMI) report. Following three months of engagement, final approval was received across all mainland jurisdictions and the report was published.

In December 2020, PEXA was required to submit a further request to all Registrars as it wanted to publish more frequently and include additional data fields and postcode level trend information. In March 2021 (more than one month after the planned public release), PEXA was granted approval in three of the five jurisdictions.

A further delay in Western Australia and an initial rejection in South Australia, resulted in:

- A gap in critical national public property information during a period of economic instability
- A waste of internal and external resources (including those jurisdictions who were supportive of the release) to develop a public report that was unable to be made public.
- A need to focus purely on the east-coast for the end-of-financial-year PMI report, which did not provide the national picture during a period of strong growth for Western Australia.

As of September 2021 - more than 12 months after the initial data permission request – PEXA's PMI Report now includes information from all jurisdictions and is well regarded as an independent, trusted source for the latest property and mortgage trends, generating strong interest from media, industry and governments each quarter.

3. Improving the regulatory framework for digital activity

As the use of digital applications spreads across more industries and areas of economic activity in Australia and globally, the various industry, financial and competition regulators will need specialist support in order to deliver the best consumer outcomes in the digital world. They will also need to develop new regulatory frameworks that can appropriately translate their traditional business competition concepts to digital platform businesses.

Australian governments have an opportunity to provide coordinated, central leadership with regard to modernising regulatory frameworks and practise in the digital world. This could involve:

- a central direction for regulators to rely on (and avoid duplicating) specialist legislation and bodies for generic dimensions rather than reinventing the wheel – this would include for example, privacy protection, citizen data rights, protection of intellectual property, cyber security, consumer protections, limits of liability, optimised vertical integration; and

- development of principles, guidance and education for regulators and industry to help ensure that best practice is applied across the digital economy and in specialist domains.

This central role is needed because there are hundreds of specialist and small regulatory bodies across national and state jurisdictions that are all dealing with the challenges and opportunities that digital transformation offers. They require access to support and guidance. Given the pace of change, a network of experienced digital regulators could share their experience and knowledge to address emerging problems quickly – a kind of recognised ‘brains trust’ for the regulators and a ‘circuit breaker’ for industry if better approaches are needed.

Recommended measures to improve the regulation of digital transaction platforms

PEXA suggests that the key issue for maximising economy-wide benefits delivered by digital platforms is the ability of regulators to create frameworks that balance the theoretical benefits of structurally enforced competition with the realities of scale, innovation and cost recovery in the Australian market. Approaches that may be desirable for huge global businesses are not automatically appropriate at smaller local scales.

PEXA was created in a public/private partnership precisely because a single national platform and driving force was needed to bring e-conveyancing into existence (industry opposed the complexities and costs of building different systems across the States and to be useful the platform had to offer access to all potential users). A decade of significant and high-risk private investment was required to build an innovative platform and to establish a community of users across more than 10,000 law firms, conveyancers and lenders. Each of these businesses had to be convinced to make fundamental changes in their ways of working to enable the digital platform to work for all (because digital transactions only work if all parties participate).

There will be many other similarly valuable but small segments of the Australian economy that will require thoughtful and new types of regulation in order to maximise sector-wide benefits of digital transaction services. The ongoing productivity benefits that PEXA’s investment provides across the economy have been presented above.

PEXA’s is a good example of why template approaches to regulation may not always deliver the best outcome for customers or the economy. PEXA’s prices for customers have been independently reviewed and found to be reasonable and reported customer satisfaction is exceptionally positive. Australia’s E-conveyancing industry segment is small (estimated TAM c. \$300m) and fixed costs are high.

At present, regulators are focussing on enforcing interoperability with a potential new entrant competitor. In PEXA's view this will not deliver customer benefits, but instead will add cost and risk into the industry.

While follower businesses will naturally seek enforced access to platforms and ecosystems that firms like PEXA create, good regulators will recognise that there will be an optimal scale for infrastructure in each domain. For example, multiple railways or ports in a single route or location would normally be inefficient, or in the case of a digital platform business in a small market, multiple under resourced providers will not be able to maintain required quality and security standards. The good regulator will also be cognisant that continued investment in innovation and development of an asset depends on the ability of the operator to earn a fair return. Having multiple competing micro businesses offering e-conveyancing services will not lead to satisfactory consumer outcomes or continuing innovation. Hence the good regulator will utilise a mix of regulatory tools to ensure fair prices and quality outcomes for customers.

The challenges of balancing these complex issues were highlighted for PEXA when a specialised regulator proposed rules to require that access to the PEXA platform should be provided to competitors for free. Under the proposed model, this could lead to transactions where an incumbent would be required to take responsibility for delivering a service but receive less than 15% of the revenues it would normally receive for doing so. The regulator has since acknowledged that the complexities of regulating pricing between competing platforms is an area requiring specialised support.

This information about PEXA is not presented to this Review in order to plead a case, but rather as an example to support our recommendation for enhancing the roles of central regulatory agencies to provide the support that specialist or small-scale regulators will require.

Recommended measures to improve the regulation of access to property data

PEXA believes that regulators should approach regulation of the use of property data with a presumption in favour of open access and use to improve economic decision-making and customer experiences. In so doing, they should be focussing on

- fulfilling contractual obligations governments may have to private operators of land registries and or land title data resellers
- obtaining a fair commercial return for data rights that they have not privatised
- providing competition protections to private conveyancing or legal firms as they see fit
- maintaining the integrity of registry records

Privacy protection should be secured by the bodies and under the laws already established for that purpose (and not duplicated by land registrars). Provisions supporting other or unspecified objectives should be removed.

The current framework does not include any positive goals to enable data to be put to work. Instead, it comprises a suite of reasons to say 'no'. While some reasons are sound, others are questionable or unnecessary:

- protection of the reputation of state and territory governments and their policies
- protection of the commercial interests of privatised or government operated registries
- duplication of the regulation already in place to protect personal privacy
- preventing e-conveyancing providers leveraging the benefits of their platforms to provide services that customers want

Principles that should guide a revised regulatory framework for access to property data

PEXA does not advocate a 'no-regulation' outcome for Australia's property data. Critical protections must be in place and a range of government commercial commitments must be respected. Further, quality insights will not be generated unless a fair return for effort can be obtained. The following principles are therefore proposed to inform a review of data use regulation:

1. Positive Objective - E-conveyancing creates a pool of data with the potential to greatly benefit Australians. Subject always to appropriate protections, industry and governments should be positively directed to work together to grow these benefits. Regulation should explicitly establish a presumption in favour of transparency and data re-use
2. Customer Rights - Anyone who provides data for a property transaction should have the right to say what personally identifiable information about them can be used for and with whom it could be shared.
3. De-identified data should be generally available for analytical purposes, subject only to the protections below
4. Protections
 - a. The integrity and security of property records must be protected. ELNOs must have appropriate protective systems and processes in place for the data they receive, generate and provide to others.
 - b. Personal privacy must be protected, utilising the laws and frameworks that apply generally. It is noted, however, that the personal data currently held by land registries is already made public. This should be recognised.
 - c. Commercial rights already granted (or retained) by governments must be respected. ELNOs should be enabled to partner with rights holders to grow and then share the benefits of collaboration
 - d. ELNOs should not artificially withhold data. Subject to the other protections, ELNOs should negotiate to supply data on commercial terms with those who request it (and who will be able to meet equal protective requirements).

5. No double up – land information regulators should not duplicate or elaborate the work of specialist privacy or data related laws and regulators

Australian's deep interest in property also creates the opportunities for world leading innovations and prop-tech business growth and export opportunities. PEXA is a good example of this. Adopting the changes that we have proposed would certainly be an effective way to improve the practise of regulation to boost national productivity.

There are many examples of how regulators could have done a better job for consumers when an industry is faced with disruption by digital innovation. Often, regulations and regulators are deeply embedded in the evolved status quo. For example, transport regulators persisted in resisting ride sharing firms, causing the failure of some promising Australian start-up businesses. Later, large overseas firms with deep pockets simply ignored the regulations and (because consumers liked what they were offered) became dominant. Local regulators were then forced to retrospectively accommodate them, including compensation for incumbents who had relied on the static framework. More skilful regulators could perhaps have created a supportive environment where local innovation could be explored and, if successful, mainstreamed. Australia is a small market on a global scale, but sluggish or defensive regulatory practise should not be allowed to constrain potentially world leading innovation. Regulators should be positioned and equipped to support evolution and creative disruption.

PEXA recommends that the Australian Government and/or COAG should commission a review of the regulatory framework for property information and then implement appropriate recommendations. This should be led by an independent expert in the regulation of data use and privacy protection, referencing best practice in Australia and leading international jurisdictions in a range of analogous domains. The review should include consultation with representatives of consumers, potential producers and consumers of data services, and relevant Commonwealth and state data use regulators. Such a review is warranted because property is Australia's largest asset class and the efficient and informed operation of property markets to supply housing is in every Australian's interests.

Appendix A: about PEXA and the introduction of e-conveyancing in Australia

PEXA was formed in 2010 to fulfil the Council of Australian Governments' (COAG) initiative to deliver a single, national e-conveyancing solution to the Australian property industry. It assists members – such as lawyers, conveyancers and financial institutions – to lodge documents with Land Registries and complete financial settlements electronically.

PEXA's unique platform has enabled Australia's property sector to not just exist, but boom during the pandemic. While many countries stalled to a halt during restrictions, Australia's property transactions market hit record highs – with housing settlements rising to an aggregate value of \$688.7 billion in 2021 – equal to one-third of Australia's \$2 trillion gross domestic product.

More than 85% of all property transfers and 95% of all refinances nationally are handled on the PEXA Exchange platform, and 10,000 lawyers and conveyancers, together with ~150 financial institutions, now rely on PEXA as critical infrastructure for the safe, secure and efficient settlement of thousands of home loans and refinances every day.

As crucial infrastructure to Australia's largest asset class - the \$9 trillion residential property sector - PEXA takes its responsibilities seriously and has adopted a conservative and highly risk averse stance. Given that each transaction is life changing for its participants, there is zero tolerance for error.

The company is driven to deliver the best possible experience for all users, and that requires an unwavering focus on security, customer service and digital innovation. PEXA conducted independent brand research in December 2021, receiving the following feedback from its users:

- achieved an 8.9 out of 10 rating for brand trust from members (PEXA Brand Trust 2021)
- 92% of financial institutions and 84% of practitioners agree PEXA delivers a “high quality of service”
- 91% of financial institutions and 80% of practitioners agree PEXA is “constantly innovating”.

PEXA publicly supports competition within e-conveyancing. There have been two new candidate Electronic Lodgement Network Operators (ELNOs) since 2018. PEXA's current competitor, Sympli, is owned by two major organisations who are dominant in their respective fields – the Australian Securities Exchange (the sole Australian shares trading exchange that has publicly rejected interoperability in equities) and Infotrack, which provides title searches and associated software. The second candidate ELNO declined to enter the Australian market following assessment of the regulatory framework and the proposed requirement to interoperate with other ELNs.

The current legislation creates the framework for electronic lodgement across Australia. The National Law was initiated under the same Intergovernmental Agreement which led to the incorporation of PEXA by governments.



The New South Wales, Victoria, Queensland and Western Australian governments were shareholders in PEXA for many years, concluding with a profitable sale of their interests to the private sector in 2018. PEXA was successfully listed on the Australian Stock Exchange in 2021.

PEXA Insights is a division of the PEXA Group, established in 2020. It is well positioned to develop both an expert thought leadership position for property trends to objectively guide policy makers, industry and consumers; and deliver a set of unique, bespoke products to meet the changing needs of its stakeholders, including governments, financial institutions and practitioners.

Critically, the value PEXA Insights can provide comes from the ability to collate, analyse and interpret property data with speed to market, delivering published insights up to three months earlier than existing sources. PEXA Insights intends to share these trends within industry and more broadly. It aims to collaborate on a consistent basis with policy makers and Australian consumers.

From 2020, PEXA Insights has demonstrated its ability to provide near real-time insights, outlining the impacts of the property and refinance markets following COVID-19 lockdowns. Examples of PEXA Insights analysis can be found at www.pexa.com.au/insights.