

IPART Independent Pricing and Regulatory Tribunal | NSW

Electronic Lodgment Network Operator service fees

Final Report

October 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

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's website.

Tribunal Members

The Tribunal members for this review are:

Anthony Wing, Chair
Jonathan Coppel
Sharon Henrick

Enquiries regarding this document should be directed to a staff member:

Ineke Ogilvy	(02) 9290 8473
Heather Dear	(02) 9019 1927

© Independent Pricing and Regulatory Tribunal (2026).

With the exception of any:
a. coat of arms, logo, trade mark or other branding;
b. photographs, icons or other images;
c. third party intellectual property; and
d. personal information such as photos of people,

this publication is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia Licence.

The licence terms are available at the Creative Commons website

IPART requires that it be attributed as creator of the licensed material in the following manner: © Independent Pricing and Regulatory Tribunal (2026).

The use of any material from this publication in a way not permitted by the above licence or otherwise allowed under the Copyright Act 1968 (Cth) may be an infringement of copyright. Where you wish to use the material in a way that is not permitted, you must lodge a request for further authorisation with IPART.

Disclaimer

Nothing in this document should be taken to indicate IPART's or the NSW Government's commitment to a particular course of action.

This document is published for the purpose of IPART fulfilling its statutory or delegated functions as set out in this document. Use of the information in this document for any other purpose is at the user's own risk, and is not endorsed by IPART.

ISBN 978-1-76049-935-8

Chapter 1

Executive summary **1**

1.1 Overview of our review 3
1.2 PEXA's ELNO service fees should continue to be regulated 3
1.3 The regulatory framework should extend to some of PEXA's other services 4
1.4 Current ELNO service fees are higher than necessary 4
1.5 A building block methodology provides a transparent basis for setting fees 6
1.6 The governance of eConveyancing should be strengthened 8
1.7 We have made changes since the Draft Report 8
1.8 We undertook extensive consultation and analysis 9
1.9 Structure of report 9
1.10 Recommendations and decisions 10

Chapter 2

Introduction and context for our review **14**

2.1 The eConveyancing market 15
2.2 The number of eConveyancing transactions undertaken by PEXA has increased significantly 16
2.3 PEXA is likely to retain its very high market share for the foreseeable future 19
2.4 The current approach to price regulation for ELNO service fees does not reflect the changes that have occurred 20

Chapter 3

What price regulation should apply **23**

3.1 Overview of recommendations 24
3.2 PEXA's ELNO service fees should continue to be regulated 24
3.3 Form of regulation for setting PEXA's ELNO service fees 27
3.4 Form of regulation for ELNO service fees 32
3.5 Fees should be set for a 4-year period 33
3.6 Nationally consistent pricing 35

Chapter 4

Regulation of PEXA's other services **40**

4.1 Overview of recommendations 41
4.2 The regulatory framework should apply to PEXA's other services 42
4.3 Some of PEXA's other services meet the case for regulation 47
4.4 Cost-allocation arrangements are required to support effective regulation 59
4.5 New services should be assessed using the same regulatory principles 61

Chapter 5

ELNO service fees **65**

5.1 Overview of recommendations 66
5.2 Required revenue using a building block model 66
5.3 Recommendations for ELNO service fees 69
5.4 PEXA Exchange remains financially viable under our recommended fees 72

Chapter 6

Demand for ELNO services **78**

6.1 Overview of recommendations and decision on demand 79
6.2 How we forecast billable transactions 79

6.3 Final transaction forecasts 84
6.4 We recommend a demand volatility adjustment mechanism 85

Chapter 7

Costs 87

7.1 Overview of our decisions on projected expenditure 88
7.2 We projected PEXA's operating and capital costs over the regulatory period 89
7.3 We estimated costs associated with providing PEXA's additional services and removed them from the cost base 95
7.4 We applied a productivity adjustment to controllable costs 96
7.5 We have capitalised 40% of controllable operating expenditure 98
7.6 We have estimated external fees based on our transaction projections 102
7.7 Final expenditure forecasts 104

Chapter 8

The initial asset base 106

8.1 Overview of our decisions 107
8.2 We used historical expenditure to establish the initial asset base 107
8.3 Our method for calculating historical expenditure 112
8.4 Cross-check of the initial asset base using the recovered capital method 119
8.5 Final decision on the initial asset base 123

Chapter 9

Return on and of capital 125

9.1 Overview of our approach 126
9.2 We have made changes that impact the value of the return on and of capital 126
9.3 We have largely retained the asset lives from the Draft Report 128
9.4 Weighted average cost of capital 130
9.5 Allowance for working capital 135

Chapter 10

Governance of eConveyancing 137

10.1 Responsibilities and accountability should be clearer 138

Appendix A

PEXA's 2026-27 pricing table 142

Appendix B

Recommended prices for PEXA 2027-28 to 2030-31 145

Appendix C

Alternative treatment of external fees in ELNO service fees 148

Appendix D

Initial asset base methods and historical rates of return 156

D.1 Alternative methods for establishing the initial asset base 157
D.2 Factors influencing the appropriate rate of return on PEXA's early investments 163
D.3 Estimation of exit risk for PEXA's early investments 170

Appendix E
Glossary and acronyms 174

Chapter 1

Executive summary

An overview of the Final Report and full list of recommendations and decisions.

01

Electronic conveyancing (eConveyancing) is the digital completion of a conveyancing transaction. Around 90% of conveyancing transactions across Australia are now completed electronically, with the proportion close to 100% in NSW and Victoria. PEXA undertakes around 99% of these transactions and is the only provider in some parts of Australia.

The eConveyancing market has changed substantially since IPART last reviewed fees in 2019. eConveyancing is now mandatory in many jurisdictions, transaction volumes have increased significantly, and paper conveyancing no longer provides a material competitive constraint for most transactions. In addition, proposed interoperability reforms that were expected to reduce structural barriers to competition are not proceeding at this time. As a result, PEXA is likely to remain the near-monopoly provider of eConveyancing services for the foreseeable future.

Since 2017-18, the number of transactions undertaken by PEXA has increased by more than 400%, equivalent to average annual growth of around 23%. PEXA's revenue has also grown substantially over this period. Because PEXA operates a digital platform with largely fixed costs, the efficient cost per transaction has fallen as volumes have grown. Yet PEXA's prices have not come down.

The NSW Government, on behalf of the other Australian jurisdictions represented by the Australian Registrars' National Electronic Conveyancing Council (ARNECC), commissioned IPART to investigate and make recommendations on the regulation of fees for eConveyancing services. Our review found that effective competition cannot be relied on to constrain PEXA's fees and continued price regulation is required to protect subscribers and end-customers.

We have made 17 recommendations. If implemented, we estimate they will save subscribers and end-customers, including Australians buying or selling a home, around $50 million a year in conveyancing fees, without compromising the security, reliability or financial strength of PEXA.

Our recommendations would reduce PEXA's transaction fee revenue by around 16% on average compared with retaining current fees in real terms over the regulatory period. Despite this, our modelling shows that PEXA would continue to generate strong earnings and positive cash flow and continue to be able to fund efficient operations and investment, at current service levels.

Our approach recognises the costs and risks of operating critical digital infrastructure. Our expenditure projections draw on PEXA's own confidential forecasts and provide for future investment in cyber security, resilience and platform development. We have also adapted the building block methodology to better reflect the characteristics of a digital platform, by capitalising 40% of controllable operating expenditure, recognising the enduring capability delivered by this investment.

Following consultation, we increased the initial asset base from $367.6 million in the Draft Report to $805.6 million in the Final Report. This is not an arbitrary revaluation. We retained the Draft Report's expenditure-based approach and revised specific assumptions where supported by evidence, including the treatment of depreciation, development holding costs, an increase in early-stage returns to reflect establishment risk, and capitalised operating expenditure.

The larger asset base does not lead to an equivalent increase in prices. While the return on capital and depreciation have increased since the Draft Report, the operating expenditure component has reduced, as the capitalised portion is now recovered more gradually rather than in the year in which it is incurred. Capitalising a proportion of operating expenditure, therefore, mostly changes the timing and composition of cost recovery, rather than the total amount of costs that prices need to recover. The changes we made recognise PEXA's digital platform has enduring value similar to physical capital assets and will preserve the ongoing stability of the platform and ensure that services can continue to be delivered into the future.

1.1 Overview of our review

eConveyancing transactions take place through Electronic Lodgment Networks (ELNs) operated by Electronic Lodgment Network Operators (ELNOs). Our terms of reference require us 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.

Figure 1.1 What we were asked to consider in this review



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

1.2 PEXA's ELNO service fees should continue to be regulated

Continued regulation is necessary because PEXA has substantial market power in the provision of infrastructure essential to completing property transactions. Effective competition is unlikely to emerge during the regulatory period, and subscribers and end-customers generally cannot avoid the service or readily switch to another ELNO.

The consequences of this market power have increased as the eConveyancing market has matured. PEXA completed 4.19 million eConveyancing transactions in 2025-26, compared with approximately 800,000 transactions in 2017-18. As most ELNO costs are fixed, this growth has increased PEXA Exchange's revenue and profitability without a corresponding increase in the cost of providing each transaction. Although PEXA's ELNO service fees have not increased in real terms, at current fees and forecast transaction volumes PEXA Exchange[a] would recover materially more revenue than it requires to meet its costs and earn a reasonable return on capital.

[a] In the remainder of this report, PEXA Exchange refers to PEXA's Australian eConveyancing platform and the associated activities included in our building block model. References to PEXA are used where the discussion concerns PEXA more broadly.

Price regulation should apply only to PEXA, as the ELNO with substantial market power. Applying the same regulation to Sympli or a future entrant would be unlikely to provide material consumer benefits and could limit their ability to compete, innovate or develop alternative service offerings.

1.3 The regulatory framework should extend to some of PEXA's other services

PEXA provides other services that may be practically necessary for effective participation in eConveyancing and for which customers have limited alternatives. We recommend that price regulation apply to the services that customers cannot reasonably avoid using to participate effectively in eConveyancing and PEXA faces no effective competitive constraint. The form of regulation should reflect the extent of PEXA's market power and the risks it poses to customers. It must also be practical to administer and enforce, and capable of being adjusted or withdrawn in the future as circumstances change.

Applying these principles, we recommend regulating PEXA's Exchange APIs, ancillary products (PEXA Planner, PEXA Allocations, PEXA Tracker and PEXA Projects), mobile signing and digital certificate services, and requiring PEXA Key to remain free. These services represent those that customers cannot reasonably avoid and/or are those where PEXA faces no effective competitive constraint.

We recommend that PEXA's Exchange API prices should be monitored while a broader review determines the appropriate form of regulation and any supporting access or service obligations.

At this stage, we consider that downstream and upstream services do not warrant price regulation. However, we consider ARNECC should monitor whether separation and equivalent-access arrangements would support effective competition for those services.

We recommend that PEXA put in place transparent cost-allocation arrangements to reduce the risks of cost shifting, cross-subsidisation and double recovery.

We also recommend that PEXA should be required to notify ARNECC of any new or materially changed service, feature or functionality that PEXA proposes to introduce and these should be assessed using the same regulatory principles before PEXA can recover the associated costs from customers. That is, where PEXA proposes a service, feature or functionality that cannot reasonably be avoided by customers or is likely to become a practical necessity to participate effectively in eConveyancing, the associated prices should be subject to regulation.

1.4 Current ELNO service fees are higher than necessary

Our analysis indicates PEXA Exchange requires regulated revenue with a net present value of $957 million over the 4-year regulatory period from 2027-28 to 2030-31. At current fees and forecast transaction volumes, it would recover more than this amount. Our recommended fees would reduce PEXA's regulated revenue by around 16% on average compared with retaining current fees in real terms over the regulatory period, saving subscribers and end-customers around $50 million a year.

1.4.1 We recommend reducing the 4 highest-priced transfer fees

The large differences between current transaction fees are unlikely to reflect differences in the costs of providing those transactions. ELNO costs are predominantly fixed and shared across transaction types, and PEXA has not been able to allocate costs to individual transactions. The existing fee relativities instead largely reflect the paper-conveyancing charges, time savings and perceived customer value used to establish the original pricing structure. Annual CPI adjustments have preserved that structure, leaving transfer fees more than twice the price of almost all other transaction types without evidence that they cost twice as much to provide.

We recommend reducing the 4 highest-priced transfer fees while holding all other regulated fees constant in real terms. This would improve equity between transaction types while avoiding widespread changes to the fee schedule.

For 2027-28 we are recommending that the fees for transfer transactions be reduced by between 5.0% and 29.3% from the corresponding 2026-27 fees adjusted for the annual change in the CPI. Other regulated fees would increase from the 2026-27 NSW level by the annual change in the CPI. From 2028-29 to 2030-31, all regulated fees would be permitted to increase annually by the change in the CPI.

1.4.2 The fee reductions should apply in full from 1 July 2027

We recommend implementing the fee reductions in full from 1 July 2027. This would provide benefits to subscribers and end-customers sooner and avoid prolonging fees above the level required to recover PEXA Exchange's notional revenue requirement.

We have also presented an alternative 2-year glide path that ARNECC could consider if it places greater weight on allowing PEXA additional time to adjust. This is not our preferred approach. It would delay customer benefits and allow PEXA to recover an additional $26 million in net present value terms above the notional revenue requirement.

1.4.3 PEXA remains financially viable under our recommended fees

During the regulatory period, modelled earnings before interest, tax, depreciation, and amortisation (EBITDA) is approximately $125 million to $128 million a year, with EBITDA margins between 41% and 43%. Net cash flow remains positive after forecast expenditure, financing costs and dividends equivalent to 70% of profits, increasing from $33.2 million in 2027-28 to $42.5 million in 2030-31.

Financeability headroom is lowest in 2027-28, when the fee reductions take effect. In that year, interest coverage is 6.2 times against PEXA's covenant requirement of more than 3 times, and net debt to EBITDA is 1.5 times against its covenant requirement of less than 3.5 times.

These results show that the recommended reductions in ELNO service fees can take effect in full without weakening PEXA Exchange's capacity to fund operations, investment or service reliability.

1.4.4 The benefits of nationally consistent fees outweigh the costs

We recommend nationally consistent regulated ELNO service fees. A single national fee schedule supports equitable access and reasonable prices across Australia and reduces complexity and administrative burden for subscribers operating in more than one jurisdiction.

We recognise that separate jurisdictional charges would more directly allocate some registry and revenue-office costs. However, most of PEXA's costs cannot be reliably attributed by jurisdiction, so jurisdiction-specific charges would add complexity without producing fully cost-reflective prices. We therefore consider the benefits of simpler, more transparent and nationally consistent fees outweigh the limited improvement in cost reflectivity.

We have included forecast external fees in the notional revenue requirement so that PEXA has a reasonable opportunity to recover them through national prices. External-fee changes should generally be managed within the overall revenue allowance, although ARNECC should consider an earlier review if significant increases cannot reasonably be accommodated.

1.4.5 Fees should be set for a 4-year period

We recommend a 4-year regulatory period from 1 July 2027 to 30 June 2031. This would provide stability, support a smoother revenue and investment path and avoid unnecessarily frequent reviews.

A further review should be completed in time for new fees to commence from 1 July 2031. If that review is delayed, regulated fees should continue to increase annually by CPI until they are replaced.

ARNECC should consider commencing the next review earlier than 2029-30 if interoperability is introduced and effective competition emerges before the end of the regulatory period.

1.5 A building block methodology provides a transparent basis for setting fees

A building block methodology directly addresses the issue that current fees have not been tested against the reasonable cost of providing regulated services. It separately identifies forecast operating expenditure, depreciation, a return on the regulatory asset base, tax and a working-capital adjustment. Fees are then set to recover the resulting revenue requirement over the regulatory period, having regard to forecast transaction volumes.

Retaining the existing CPI-linked cap would constrain future increases but would not test whether current fees are already higher than necessary. Monitoring and excessive-pricing tests could identify concerns but would not establish a transparent, forward-looking revenue requirement. By contrast, the building block methodology allows each component of required revenue to be tested against evidence and updated in future reviews.

A building block methodology can accommodate a software-intensive business with substantial operating expenditure. Expenditure supporting current services is recovered when incurred, while expenditure that creates enduring capability may be capitalised and recovered over time through depreciation and a return on the unrecovered balance. We have therefore capitalised 40% of controllable operating expenditure from 1 July 2019, reflecting investment in software development, platform enhancement, cyber security, resilience and other longer-lived capabilities.

This treatment changes the timing rather than the present value of cost recovery. The capitalised expenditure enters the regulatory asset base and is recovered over time, providing a more stable asset base and recovery path across successive regulatory periods.

1.5.1 We have based projected expenditure on the costs faced by PEXA

Our terms of reference require us to consider the efficient costs of providing eConveyancing services. While our expenditure consultant, TBH, found that a modern hypothetical ELNO could operate at substantially lower cost, its structure differs from PEXA Exchange, so we did not use its estimates directly to set fees.

Instead, we considered forecast costs provided to us in confidence by PEXA. We projected expenditure from PEXA's historical costs and applied an annual productivity adjustment of 1.7% to controllable expenditure, reflecting the ongoing improvements that businesses undertaking comparable activities could reasonably be expected to achieve over the regulatory period. If PEXA remains the near-monopoly provider, a future review should undertake a detailed assessment of its efficient costs and investment needs.

1.5.2 We have revised the initial asset base since the Draft Report

The initial asset base is the opening capital value used to calculate depreciation and the return on capital from 1 July 2027. We have established an initial asset base of $805.6 million at 1 July 2027, in $2026-27.

We based the initial asset base on historical expenditure attributable to PEXA Exchange. This provides direct evidence of the resources committed to establishing and developing the regulated service and in our view is more appropriate than alternative methods, including values based on expected future earnings or the price investors paid to acquire PEXA.

Compared with the Draft Report, we revised the treatment of the platform's depreciation relative to its commissioning date and asset life, development holding costs, establishment risk, expenditure that provides enduring benefits, and external fees previously included in capitalised establishment expenditure. These changes increased the initial asset base from $367.6 million in the Draft Report to $805.6 million in the Final Report.

1.5.3 Demand is forecast to remain broadly steady over the regulatory period

We forecast billable transactions to decline slightly over the regulatory period, from 4.14 million in 2027-28 to 4.05 million in 2030-31. With the transition from paper conveyancing largely complete, volumes are expected to be driven mainly by property-market conditions.

At the next review, a 2-way demand volatility adjustment mechanism could address material differences between forecast and actual regulated transaction revenue. It would apply only where the present-value difference exceeds 2% and would exclude revenue changes caused by movements in PEXA's market share.

1.6 The governance of eConveyancing should be strengthened

The current governance framework does not provide clear national responsibility for economic regulation of eConveyancing. ARNECC develops national model requirements and promotes consistency, but binding regulation and enforcement remain the responsibility of individual jurisdictional Registrars. Responsibility also overlaps with competition, payment-system, cyber-security and critical-infrastructure regulators.

We have identified opportunities to clarify institutional responsibilities, strengthen national coordination, improve obligations to supply, information sharing and accountability. ARNECC's regulatory uplift review provides an opportunity to reconsider the respective roles of ARNECC, jurisdictional Registrars and specialist regulators, and to establish more effective arrangements for matters that cross institutional boundaries. Priority should be given to establishing a framework for ongoing price regulation, preferably by a national regulator.

1.7 We have made changes since the Draft Report

We revised several aspects of our approach after considering submissions, updated information and further analysis. The changes respond directly to evidence received on our Draft Report and provide greater recognition of PEXA Exchange's historical and continuing investment. These include:

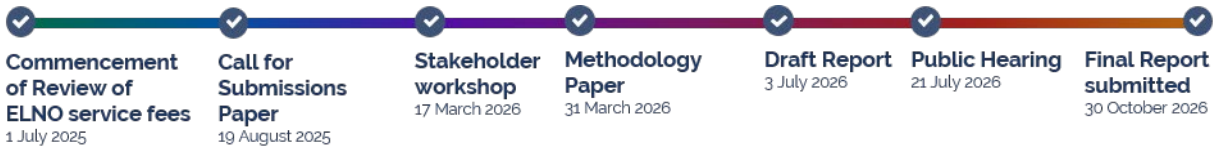
- revising our approach to the regulation of PEXA's other services, including recommending that prices for PEXA's Exchange APIs be regulated and that prices for ancillary products, mobile signing and digital certificate services increase by no more than CPI during the regulatory period
- increasing the initial asset base from $367.6 million to $805.6 million after revising the treatment of commissioning, asset life, development holding costs, establishment risk and expenditure that provides enduring benefits
- capitalising 40% of eligible controllable operating expenditure incurred from 1 July 2019 and applying the same treatment to forecast expenditure during the regulatory period
- updating the expenditure and demand forecasts and reducing the demand-volatility threshold from 5% to 2%
- updating the market observations used to calculate the weighted average cost of capital, while retaining a post-tax real rate of 6.5%
- recommending fees to continue increasing by CPI if the next review is delayed
- recommending an earlier-review trigger if interoperability is introduced and effective competition emerges ahead of the next review, or if there are significant external-fee increases that cannot reasonably be managed within the overall revenue allowance.

Together, these changes increased the regulatory asset base and altered the timing of cost recovery. They reduced the recommended real decreases in the 4 highest-priced transfer fees to between 5.0% and 29.3%. Even after these changes, the recommended fees would reduce regulated revenue by around 16% on average over the regulatory period and deliver $50 million per year in savings to customers and Australians buying or selling a home, without compromising the security, reliability or financial strength of PEXA.

1.8 We undertook extensive consultation and analysis

We consulted extensively throughout the review. We published a Call for Submissions Paper, Discussion Paper, Methodology Paper and Draft Report; held a stakeholder workshop and public hearing; and received submissions from the ELNOs, industry and professional bodies, investors and other market participants.

Throughout the review, we also engaged regularly with ARNECC, PEXA and Sympli and obtained information from the ELNOs to support our analysis. In reaching the recommendations and decisions in this Final Report, the Tribunal considered stakeholder feedback, information provided through the review, independent expert advice and the Secretariat's analysis.



1.9 Structure of report

The rest of this Final Report is structured as follows:

- **Chapter 2** provides background on eConveyancing and the market context for this review.
- **Chapter 3** discusses our recommendations for the regulation of ELNO service fees.
- **Chapter 4** sets out our recommendations for the regulation of PEXA's other services, including Exchange APIs and ancillary products, and the treatment of new services.
- **Chapter 5** sets out our recommendations for ELNO service fees.
- **Chapter 6** presents our forecasts of the demand for ELNO services to 2030-31.
- **Chapters 7-9** 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.
- **Chapter 10** discusses opportunities to strengthen the governance of eConveyancing.

There are also appendices with further details on:

A. PEXA's 2026-27 pricing table

B. Recommended prices for PEXA 2027-28 to 2030-31

C. Impact on ELNO service fees for alternative treatments of external fees

D. Alternative methods and supporting analysis for establishing the initial asset base

E. Glossary and acronyms used in the report.

1.10 Recommendations and decisions

The tables below set out our recommendations, and the decisions we have made on the inputs used to make these recommendations.

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. 26

2. Price regulation for ELNO services should continue to set individual fees rather than a pricing method, such as a weighted average price cap. 33

3. 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 increase annually by the change in the CPI until replaced following a new review. 35

4. ARNECC should consider initiating the next review of ELNO service fees earlier than 2029-30 if interoperability is introduced and effective competition in the provision of eConveyancing emerges prior to the next review. 35

5. ELNO service fees should be nationally consistent. 39

6. ARNECC should consider initiating the next review of ELNO service fees earlier than 2029-30 if there are significant increases in external fees, including Lodgment Support Services, National Electronic Conveyancing Data Standard and revenue office fees, that cannot reasonably be managed within the overall revenue allowance prior to the next review. 39

7. Price regulation should apply to PEXA's services where customers must use, or cannot reasonably avoid using, the service to participate effectively in eConveyancing because: 47
   a. effective substitutes are unavailable or unlikely to be available
   b. supplying an alternative requires access to PEXA's ELN, transaction data, APIs or other inputs, and PEXA's terms of access could make it harder for other providers to compete with PEXA
   c. customers face substantial switching costs, or it is uneconomic to source products from other suppliers or opt out of the services
   d. barriers to entry or expansion are likely to preserve PEXA's market power.

   The form of regulation should be proportionate to the extent of PEXA's market power and the material risks to customers. Price regulation must be practical to administer and enforce, and capable of being adjusted or withdrawn in the future as circumstances change. 47

8. PEXA's Exchange APIs should be subject to price regulation. 53
   a. ARNECC's regulatory uplift review should establish the appropriate form of regulation for these services and/or refer the review to an appropriate economic regulator. The review should consider:
      – the broader issues associated with API provision and integration into PEXA's ELN, including whether non-price regulation is also required
      – how responsibilities for establishing, implementing and administering the regulatory framework should be allocated between ARNECC and an economic regulator.

b. In the interim, ARNECC should monitor Exchange API prices. During the price monitoring period, ARNECC should require PEXA to notify it of proposed changes to Exchange API prices and to publish current and proposed prices, including information on which customers those prices apply to, on PEXA's website. PEXA should provide a minimum of 4 weeks' notice of any proposed price changes.

9. PEXA's ancillary products (PEXA Planner, PEXA Allocations, PEXA Tracker and PEXA Projects) should be subject to price regulation. 56
   a. ARNECC should approve PEXA's proposed prices for these services and require PEXA to publish its proposed prices a minimum of 4 weeks before they come into effect.
   b. Prices for these services should be permitted to increase annually in line with the change in the CPI over the regulatory period.
   c. The need for price regulation should be reconsidered at the next review.

10. Prices for PEXA's mobile signing and digital certificate services should be subject to price regulation. PEXA's prices for these services should be permitted to increase annually from their 2026-27 levels by the change in the CPI over the regulatory period. 57

11. PEXA should put in place transparent cost-allocation arrangements to reduce the risks of cost shifting, cross-subsidisation and double recovery. 61

12. Before introducing a new or materially changed eConveyancing service, feature or functionality, PEXA should give ARNECC at least 3 months' notice in writing. The notification should provide information on: 64
   a. the nature and purpose of the service, its intended users and expected benefits
   b. how it proposes to recover the costs of the materially changed or new service, feature or functionality, having regard to who benefits and whether use of the service, feature or functionality is genuinely optional
   c. whether prices for the service, feature or functionality should be subject to regulation, applying the principles set out in this report
   d. if the service should be regulated, the proposed price or cost-recovery methodology (such as a building block approach), including evidence that the relevant costs are prudent and efficient and are not recovered through another charge
   e. the outcomes of customer consultation, including customers' preferences and willingness to pay.

   If ARNECC approves a price for a materially changed or new service, feature or functionality, PEXA should provide reasonable advance notice before implementing the price. The notice should be published on PEXA's website and specify the materially changed or new service, feature or functionality and the approved price. ARNECC should consult on the length of the reasonable advance notice period. 64

13. For 2027-28, PEXA's fees for the following ELNO transactions should be set at the values below (which are expressed in $2026-27 and include GST). Their nominal 2027-28 prices should be calculated by adjusting these amounts for the annual change in the CPI: 71
   a. Transfer of interest, single title: $92.37
   b. All other transfer transactions including those with financial settlement, single title: $103.37
   c. Transfer of interest, multiple titles: $111.62
   d. All other transfer transactions including those with financial settlement, multiple titles: $122.62.

14. For 2027-28, PEXA's remaining transaction fees should be set at the 2026-27 NSW level, adjusted for the annual change in the CPI. 71

15. For 2028-29 to 2030-31, all regulated ELNO service fees should be adjusted annually by the change in the CPI. 71

16. 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: 86
    a. operate as an ex-post adjustment for revenue in the next regulatory period
    b. apply to transaction revenue that is more than 2% 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.

17. The state and territory governments should engage with the Commonwealth Government to implement appropriate regulatory and governance arrangements for eConveyancing, including the appointment of a national economic regulator on an ongoing basis. 140

Decisions

1. ELNO service fees should be determined using a building block methodology. 32

2. Forecast external fees, including Lodgment Support Services fees, National Electronic Conveyancing Data Standard fees and revenue office fees, should be included in the notional revenue requirement rather than recovered through separate jurisdiction-specific charges. 39

3. Forecast billable eConveyancing transaction volumes for inclusion in the building block calculation should be: 84

Number, in millions	2027-28	2028-29	2029-30	2030-31
Number of annual billable transactions	4.14	4.17	4.10	4.05

4. Regulated prices should be set with regard to the costs faced by PEXA, not by a hypothetical ELNO due to significant differences in platform technology. 91

5. Forecast operating and capital costs for inclusion in the building block calculation should be: 105

$m, $2026-27	2027-28	2028-29	2029-30	2030-31
Operating expenditure	116.4	117.7	117.4	117.3
Capital expenditure	81.8	83.1	84.5	85.9

6. PEXA Exchange's initial asset base for inclusion in the building block calculation should be $805.6 million at 1 July 2027 ($2026-27). 123

7. The building block calculation should use straight-line depreciation with the asset lives in Table 9.1. 129

8. A post-tax real WACC of 6.5% should be used in the building block calculation. 135

9. The return on working capital included in the building block calculation should be: 136

$m, $2026-27	2027-28	2028-29	2029-30	2030-31
Return on working capital to be recovered from revenue	-0.54	-0.55	-0.55	-0.56

Chapter 2

Introduction and context for our review

This chapter outlines developments in the eConveyancing market since we last undertook a review of ELNO service fees

02

Most conveyancing transactions in Australia are now settled electronically.[a] Electronic conveyancing (eConveyancing) was initially introduced in NSW in 2013.[1] 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 Lodgment Network 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).[2] Only one competitor offering eConveyancing services, Sympli, had entered the market, completing its first transaction in 2019.[3]

Prices for eConveyancing transactions have been regulated under each jurisdiction's operating requirements based on the Australian Registrars' National Electronic Conveyancing Council's (ARNECC's) Model Operating Requirements (MORs). Since 2019, annual price increases have been capped at the increase in the CPI.[4b] 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.[5] 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.[6] 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 of ELNO service fees:

- 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.[7]
- ARNECC has decided not to proceed with mandated interoperability at this time 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 a new entrant ELNO in the absence of interoperability reforms.
- In July 2026, ASX sold its 49.4% shareholding in Sympli to its joint venture partner, Australian Technology Innovators (ATI) Group.[8]

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.

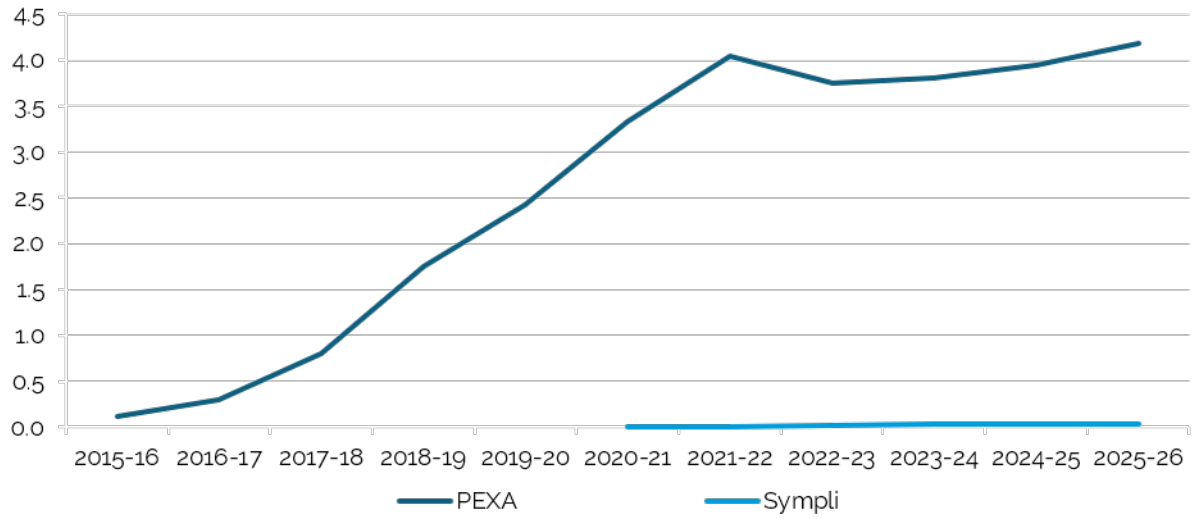
PEXA and Sympli continue to be the only ELNOs approved to operate in Australia. After expanding into the ACT in 2021, Tasmania in 2024 and the Northern Territory in 2025, PEXA now operates in all Australian jurisdictions.[9] Sympli currently operates in NSW, Victoria, Queensland, South Australia and Western Australia. A third potential player, Lextech, sought approval in 2018 to be an ELNO but withdrew its application in 2025.[10] More information about the structure and ownership of the current ELNOs operating in Australia is included in Box 2.1.

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 as 4 years earlier.[11] The number of transactions undertaken by PEXA has risen by around 23% per year, or a total of 424% over the period between 2017-18 and 2025-26.

In 2025-26, PEXA completed 4.19 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 35,480 transactions in 2025-26 (see Figure 2.1).

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

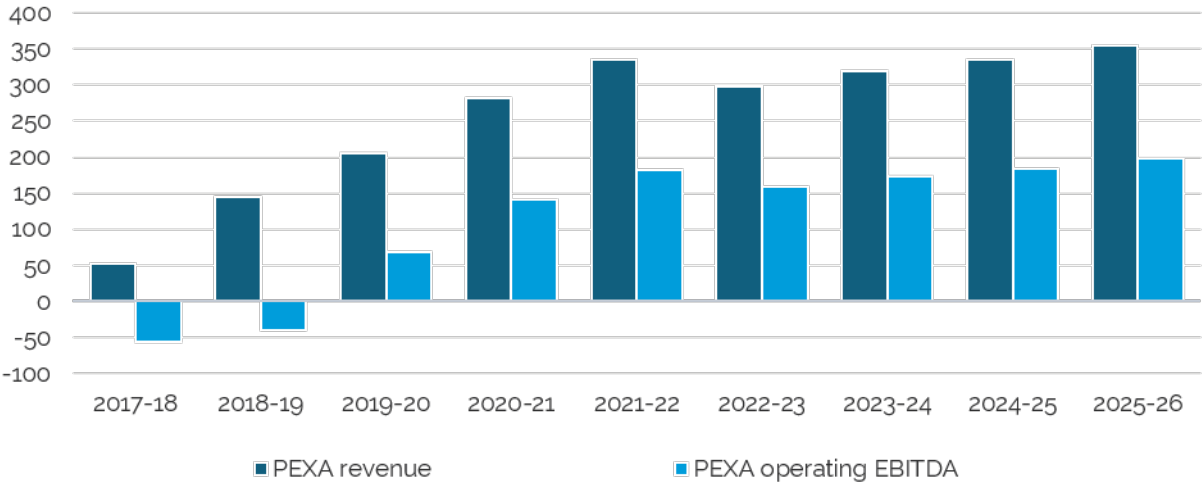
Figure 2.1 PEXA's and Sympli's transactions since 2015-16 (million)



Source: Information provided to IPART by PEXA and Sympli.

Although PEXA's prices have not increased in real terms, PEXA's revenues and earnings before interest, tax, depreciation, and amortisation (EBITDA) have grown in line with transaction volumes (see Figure 2.2).

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



Note: PEXA financial information for 2025-26 includes PEXA Clear, a newly launched business unit within PEXA's Australian business. Information prior to 2025-26 reflects previously reported information on PEXA Exchange. In its 2025-26 Annual Report, PEXA reported on PEXA Australia and PEXA International.

Source: PEXA Annual Reports and Prospectus.

Box 2.1 ELNOs operating in Australia

PEXA

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 Western Australia 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 Limited is currently a listed company on the Australian Securities Exchange. In 2025-26, PEXA's 2 largest shareholders were the Commonwealth Bank of Australia and HSBC Custody Nominees (Australia) Limited.

PEXA Group is a digital property exchange business comprising an Australian business and international business.[a] PEXA's Australian business includes:

- Property Exchange Australia Ltd (PEAL), a wholly owned subsidiary of the PEXA Group and the approved ELNO that operates PEXA's eConveyancing platform, PEXA Exchange[b]
- a separate business unit that provides PEXA Clear, an anti-money laundering and counter-terrorism financing (AML/CTF) compliance platform launched in 2026 to support property professionals in meeting their AML/CTF obligations.

PEXA's international business includes its UK business, since it entered the market in 2020. PEXA launched its UK digital remortgage platform in 2022 and has since expanded its UK operations through Optima Legal, a remortgage processing firm acquired in 2022, and Smoove, a conveyancing technology provider acquired in 2023. PEXA has also announced plans to explore expansion into New Zealand, including a pilot program commencing from October 2026.

Sympli

In November 2018, ARNECC assessed Sympli Australia Pty Ltd as meeting the national Model Operating Requirements and was approved by State Registrars in 2019 to become an ELNO and to operate in NSW, Queensland, South Australia and Western Australia. Sympli is currently owned by InfoTrack, a legal software provider owned by ATI Group. ASX Limited previously owned 49.4% of Sympli but recently sold its stake to ATI Group in July 2026.

a. As reported in PEXA's Annual Report 2026.

b. PEAL operates under a separation framework governing its relationship with PEXA Group businesses that develop and supply downstream or upstream services.

c. In 2024-25, PEXA Group included a digital solutions business but has since exited this business.

Sources: IPART, Review of the pricing framework for electronic conveyancing services in NSW – Issues Paper, March 2019, pp 12-33; NSW Productivity and Equality Commission, eConveyancing market study, June 2024, p 16; PEXA, Annual Report 2026, August 2026, p 210; PEXA, PEXA Group introduces AML/CTF compliance solution: PEXA Clear, 19 January 2026; PEXA, Annual Report 2026, August 2026, p 5; PEXA, Annual Report 2024, August 2024, p 29; PEXA, Annual Report 2025, August 2025, p 11; PEXA, Annual Report 2026, August 2026, p 26; PEXA, FY 26 Results, August 2026, p 11; IPART, Review of the pricing framework for electronic conveyancing services in NSW – Issues Paper, March 2019, p 23; NSW Office of the Registrar General, Sympli passes 'Category 2' to operate in Australia as an Electronic Lodgment Network Operator (ELNO), November 2018, accessed 8 October 2026; NSW Office of the Registrar General, Approval to operate an Electronic Lodgment Network in New South Wales, July 2019, p 1; and IPART, Review of the pricing framework for electronic conveyancing services in NSW – Issues Paper, March 2019, p 23.

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

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 2 current ELNOs as soon as possible to promote competition.[12]

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.[13] In 2022, to support implementation of interoperability, with the approval of all states and territories, the NSW Parliament enacted changes to the national law, the Electronic Conveyancing National Law (to be applied by all states and territories as a law of their respective jurisdictions). This included mandating interoperability.[14]

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.[15]

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.[16]

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[17]
- NSW Select Committee on Competition Reforms in Electronic Conveyancing.[18]

Following the release of 2 of ARNECC's reports,[d] 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:

[d] Functional Requirements review of the direct connect model of interoperability and the Cost Benefit Analysis of different competition models including interoperability.

- 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.[19]

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."[20]

In September 2026, the NSW Legislative Council Select Committee on Competition Reforms in Electronic Conveyancing published its inquiry report. The Committee expressed its support for interoperability, finding it would better facilitate competition and improve resilience of the eConveyancing system. It found that although implementation of interoperability has proven more complex and time consuming than originally anticipated, the challenges do not outweigh the long-term benefits of a more competitive eConveyancing market. It found that PEXA and the major banks had deliberately delayed and hindered its implementation.[21]

The Committee's recommendations included that the NSW Registrar General:

- advocate for ARNECC to reaffirm its commitment to interoperability as the preferred mechanism for promoting competition in the eConveyancing market
- continue to progress interoperability for NSW transactions and subscribers, including by exercising the powers available under the Electronic Conveyancing National Law and the NSW Operating Requirements and Participation Rules, regardless of any decision by ARNECC to delay, narrow or discontinue the national interoperability program.[22]

2.4 The current approach to price regulation for ELNO service fees does not reflect the changes that have occurred

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 service 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.[23]

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. Currently, the Operating Requirements and Participation Rules for each jurisdiction are based on Model Operating Requirements (MORs) and Model Participation Rules (MPRs) developed by ARNECC. Under the ECNL, Registrars must have regard to the desirability of maintaining consistency with any model provisions.

ARNECC is composed of Registrars from each jurisdiction and acts on their behalf. 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.

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 were set by comparison to paper transaction prices rather than 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.[24]

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, including GST. 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 (including GST) 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.

Since 1 July 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.[25] 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 it 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.[26] 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.[27]

Throughout our review, PEXA has advised that it is not possible to identify costs associated with specific types of transactions. In response to the Draft Report, Sympli acknowledged that current transaction prices do not reflect PEXA's cost structure, which for a digital platform is predominantly fixed and does not vary materially with the nature of a transaction. Sympli submitted that the current structure is a legacy of paper conveyancing pricing rather than a reflection of cost.[28]

Chapter 3

What price regulation should apply

This chapter sets out our recommendations for how ELNO service fees should be regulated.

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 of 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).

This chapter explains our analysis and consideration of these matters. It also discusses the most appropriate form of regulation for determining ELNO service fees, and the length of the regulatory period as required under our terms of reference.

3.1 Overview of recommendations

We recommend that ELNO service fees continue to be regulated while effective competition is absent. Regulation should apply only to PEXA, as the ELNO with substantial market power, and not to Sympli or any new entrant ELNO.

We recommend using a building block methodology (BBM) to determine PEXA Exchange's notional revenue requirement and setting maximum fees for individual transaction types to recover that requirement. This approach provides a transparent basis for aligning regulated revenue with the costs of providing regulated services, including an appropriate return on investment.

Regulated prices should be established for a 4-year period from 1 July 2027 to 30 June 2031 and adjusted annually for changes in the CPI. A further review should be undertaken in time for new prices to apply from 1 July 2031. ARNECC should consider commencing the review earlier if interoperability is introduced and effective competition emerges during the regulatory period.

We also recommend that ELNO service fees be nationally consistent. Forecast external fees, including Lodgment Support Services, National Electronic Conveyancing Data Standard and revenue office fees, should be included in the cost base used to determine regulated fees rather than recovered through separate jurisdiction-specific charges.

3.2 PEXA's ELNO service fees should continue to be regulated

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

- the eConveyancing market is highly concentrated with one dominant ELNO
- the mandatory use of eConveyancing in most jurisdictions[a] means that, without price regulation, there are risks of monopoly power and unreasonably high prices
- interoperability reforms are not proceeding[29] and there is currently no prospect of effective competition emerging.

We recommend that fee regulation should only apply to the ELNO with substantial market power, namely PEXA.

[a] eConveyancing is mandatory for certain property transactions in Victoria, Western Australia, New South Wales, South Australia and Queensland. Source: PEXA, *Mandate Timeline*, Industry Transformation - Mandate Dates | PEXA Help Centre (accessed 29 September 2026).

The following sections discuss these positions.

3.2.1 ELNO service fees for transactions should 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. 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.[30]

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.[31]

As discussed in Chapter 2, on 31 March 2026 the relevant state and territory ministers endorsed ARNECC's recommendations to not proceed with the Interoperability Program at this time, without Commonwealth Government support.[32] 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.

In response to our Draft Report stakeholders reiterated their support for continued price regulation while effective competition is absent, citing mandatory electronic conveyancing, PEXA's market dominance and the suspension of interoperability.[33]

3.2.2 Fee regulation should 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).[b]

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).[34]

Stakeholders at the workshop 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.[35] Submissions to our Draft Report again showed broad support for regulating only PEXA's prices.[36]

[b] Under section 5.4 of the Model Operating Requirements, Version 7.2, an ELNO may charge service 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 their prices.

Box 3.1 NSW Productivity and Equality Commission 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.

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 recommend 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 its 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.

In response to the Draft Report's proposed fee reductions for PEXA, both PEXA and the Australian Institute of Conveyancers SA raised concerns that regulating only the incumbent at prices below the competitor's current prices would operate effectively as a cap on Sympli's prices, could weaken entrant viability and reduce incentives to switch, potentially reinforcing PEXA's position.[37] However, Sympli has stated it is not concerned about PEXA's regulated prices being set below Sympli's current prices, and it will continue to consider its own pricing model.[38]

Recommendation

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.

3.3 Form of regulation for setting PEXA's ELNO service fees

We recommend using a BBM to calculate PEXA Exchange's notional revenue requirement and setting individual maximum transaction fees to recover that requirement.

This approach directly addresses the risk that, in the absence of effective competition, PEXA's revenue may exceed the efficient cost of providing regulated services. It also provides PEXA with a reasonable opportunity to recover its expenditure and earn an appropriate return on its investment.

PEXA and RBB Economics, in a report commissioned by PEXA, opposed the use of a BBM and proposed retaining a lighter-handed approach.[39] This section explains the alternatives we have considered, why they would not adequately address the risks arising from PEXA's market position, and how we have adapted the BBM to reflect the characteristics of PEXA Exchange.

3.3.1 Options for the form of regulation

A range of stakeholders, including the Property Council of Australia, NSW, Deep Blue Company, InfoTrack and Sympli supported using a BBM to set PEXA's prices. They considered that using PEXA's actual costs was practical and conservative, while Deep Blue Company and Sympli submitted that the methodology should reward efficient investment rather than monopoly or acquisition value.[40]

However, PEXA submitted that the Draft Report did not adequately explain why prescriptive cost-based regulation was preferable to lighter-handed alternatives. It proposed retaining the CPI-linked cap with monitoring or using an excessive-pricing test based on economic value, margins and comparators. It also argued that applying a conventional BBM to a software-intensive platform would make IPART a regulatory outlier.[41]

PEXA submitted that prices should remain at current levels unless there is evidence that it is earning excessive profits. It argued that this had not been established, having regard to claimed economy-wide productivity gains, unchanged real prices, customer satisfaction and margins earned by other digital platforms. PEXA also noted that ELNO service fees represent a small proportion of the total cost of a property transaction.[42]

Stakeholders expressed mixed views on PEXA's prices. Some practitioners considered that ELNO fees are unavoidable in a market with limited competition, are not sufficiently cost-reflective, and should be reduced, with some raising concerns about both parties being charged for a transaction and costs shifting to ancillary products. Others consider PEXA's fees reasonable relative to the value, reliability and security of the service, and caution that significant reductions could affect investment and service quality.[43]

RBB Economics, in a report commissioned by PEXA, similarly recommended retaining a monitoring oversight regime. It considered that we did not establish a sufficiently reliable basis for departing from the existing regulatory framework and to support direct price setting. Instead, the report proposed monitoring prices, profitability, service quality and investment, with stronger intervention reserved for clear evidence of exploitation. RBB Economics accepted for the purposes of its analysis, that PEXA has substantial market power and that continued regulatory oversight is appropriate, given its market position, network effects and the absence of a realistic prospect of effective competition in the immediate future, but did not consider this sufficient to justify setting prices using a BBM.[44]

Renaissance Smaller Companies questioned whether the BBM and associated cross-checks were appropriate for a digital platform and called for greater scrutiny and benchmarking against observable market evidence.[45]

3.3.2 Lighter-handed approaches are not appropriate in the current market

Retaining the current CPI-linked cap would constrain future price increases but would not test whether existing prices reflect the costs of providing regulated services. Those prices were established when transaction volumes were substantially lower, paper conveyancing provided a degree of competitive constraint and interoperability was expected to support future competition. These conditions no longer apply.

Monitoring service quality, price changes or profit margins would also not address the principal concern identified in this review: that existing prices may allow PEXA to recover revenue materially above the cost of providing regulated ELNO services. Under a monitoring approach, intervention would occur only after adverse outcomes became evident, while subscribers would continue to pay prices that had not been tested against costs.

Adjusting prices by applying a discount to CPI (CPI-X) would be relatively simple to administer but would retain the existing fee level and structure without establishing whether either is cost-reflective. In addition, such an approach does not avoid making judgments about benchmarks, which can also present challenges in the BBM. For example, establishing the X factor would also require judgment about an appropriate industry benchmark. Similarly, a cost-plus margin approach would not directly test current prices and would require a separate assessment of an appropriate margin.

These limitations are particularly important because PEXA is the near-monopoly provider of infrastructure used to deliver a mandated, essential service. Although each ELNO fee may be small relative to other transaction costs, the fees apply across millions of transactions. Subscribers generally cannot avoid the service or readily switch to another ELNO. In these circumstances, the relatively small size of an individual fee does not remove the need to ensure that aggregate regulated revenue is reasonably aligned with costs.

Why an excessive-pricing test is not preferred

An excessive-pricing test could provide contextual evidence about whether prices are clearly excessive or unfair, including evidence about economic value, customer outcomes and margins. However, it would not establish a forward-looking revenue requirement or a transparent path for regulated fees.

Comparisons with online property portals or other digital businesses may help assess whether PEXA's margins are unusual, but they do not identify the efficient cost of providing registry connections, settlement integration, cyber security, resilience and service continuity. PEXA Exchange is transaction infrastructure integrated with land registries, revenue offices, financial institutions and settlement systems. It is therefore not directly comparable with advertising, search or matching platforms (see further analysis in Box 3.2).

Box 3.2 Digital platform comparisons

PEXA has cited other digital platforms with network effects that are not subject to price regulation. However, digital delivery and network effects alone do not make these businesses suitable pricing comparators for PEXA Exchange.

Property and employment portals such as Domain, realestate.com.au and SEEK help users find properties, jobs or customers. They principally earn revenue from advertising or access to an audience, and the resulting property sale or employment contract can be completed independently of the portal.

PEXA Exchange instead provides infrastructure used to complete conveyancing transactions. Its shared workspace enables practitioners and financial institutions to prepare and lodge instruments and coordinate settlement funds through connections with land registries, revenue offices, financial institutions and settlement systems. PEXA charges for lodgment and, where applicable, associated settlement services. It must also meet regulatory requirements relating to security, availability and business continuity.

Users of property and employment portals may advertise or search through several online portals, and parties do not need to use the same portal to complete a property sale or employment contract. By contrast, in the absence of interoperability, the parties participating in an electronic conveyancing workspace must use the same ELN. A competing ELNO therefore cannot gain a transaction simply by attracting one participant. The other practitioners and financial institutions involved must also use its network. This coordination requirement reinforces PEXA's network advantage and limits practical alternatives where eConveyancing is mandatory.

The consequences of service failure also differ. An outage affecting an online portal may interrupt advertising, searches or applications. An ELN outage may delay settlement, payment and lodgment, disrupt linked transactions and expose participants to funding and default risks.

These differences in function, obligations and competitive conditions mean that the margins and market valuations of online advertising and matching platforms are not direct benchmarks for the efficient costs or appropriate return of regulated ELNO services.

Source: PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 19–20; IPART analysis.

3.3.3 Arguments about regulatory certainty do not reflect the current market

Several PEXA investors submitted that the Draft Report represented a substantial departure from the established pricing framework and created uncertainty for existing shareholders and future private investment in regulated digital infrastructure. They emphasised IPART's 2019 finding that PEXA's prices were reasonable and argued that continuity and predictability are important regulatory outcomes.[46]

We recognise the importance of predictable regulatory principles. However, our current recommendation is not inconsistent with the conclusions of the 2019 review. In that review, IPART used a building block model to estimate the costs of a hypothetical ELNO with different market shares and compared the results with PEXA's prices. IPART found those prices reasonable in the short term given the market conditions prevailing at that time.[47] In the Final Report for that review, IPART noted that the industry was undergoing considerable change and recommended that prices be reviewed again in 2021, but this did not occur.

Conditions have since changed substantially. Paper conveyancing no longer provides a material competitive constraint in the jurisdictions where eConveyancing is mandatory, transaction volumes are materially higher, and interoperability is not proceeding at this time. PEXA has retained approximately 99% of the eConveyancing market. The stronger form of regulation now recommended reflects these changed circumstances rather than a departure from the underlying principle that regulated prices should be reasonable having regard to the cost of providing the service.

3.3.4 The building block methodology is appropriate to set ELNO service fees

We consider a BBM is proportionate to PEXA's market position and the nature of the regulated service. PEXA is the near-monopoly provider of infrastructure used to complete transactions for which electronic conveyancing is mandatory, and subscribers have little practical ability to avoid the service or switch providers. Competition cannot be relied on to constrain prices or align revenue with efficient costs.

A BBM directly addresses this problem by setting a forward-looking revenue requirement based on efficient expenditure and a reasonable return, while allowing sufficient funding for the security, reliability and ongoing investment required of critical eConveyancing infrastructure, and protecting subscribers from paying more than necessary.

Under a BBM, regulated revenue comprises efficient operating expenditure, depreciation, a return on the regulatory asset base, tax and relevant adjustments. Prices are then set to recover that revenue over the regulatory period, having regard to forecast demand. Each input can be separately identified, tested against evidence and updated in later reviews. This provides a transparent and durable basis for setting and reviewing ELNO service fees. Chapters 6 to 9 explain the inputs used to calculate PEXA Exchange's notional revenue requirement.

A BBM can apply to operating expenditure-heavy services

PEXA and RBB Economics, in a report commissioned by PEXA, argued that conventional BBMs are best suited to capital-intensive utilities with observable, long-lived physical assets, such as electricity networks, pipelines and water infrastructure. They submitted that PEXA is different because it is a software-intensive platform whose value is largely associated with software, network development, licences, operational capability, customer relationships and other intangible assets that are more difficult to value.[48]

PEXA and several investors also argued that a BBM does not provide a return on operating expenditure, even though operating expenditure represents most of the continuing cost of a digital platform. In their view, this could produce an insufficient return where only a relatively small proportion of expenditure is capitalised.[49]

A high proportion of operating expenditure does not, by itself, make a BBM unsuitable. Operating expenditure is generally recovered in the year it is incurred. Where expenditure creates benefits over several years, it may instead be capitalised and recovered through depreciation and a return on capital. The classification and treatment of expenditure can therefore be adapted to reflect the economic characteristics of a digital platform.

There is no exact regulatory comparator for PEXA Exchange. However, cost-based frameworks are used for other digital or operating expenditure-heavy services. These examples demonstrate that a BBM can accommodate businesses whose costs are not dominated by conventional physical assets. Box 3.3 describes some examples.

Box 3.3 Examples of the use of a BBM in operating expenditure-heavy services

ASX clearing and settlement services. The ASIC CS Services Rules require ASX to take reasonable steps to ensure that pricing for covered clearing and settlement services is transparent, fair and reasonable. ASX's pricing policy applies a building block methodology to demonstrate that expected revenue reflects efficient costs, including a return commensurate with the commercial risks involved.

Data Communications Company (DCC). Smart DCC operates the centralised secure communications network supporting smart metering in Great Britain. DCC is a monopoly and its costs are regulated by Ofgem. From November 2026, Ofgem's first ex ante price control establishes DCC's required revenue in advance, based on an assessment of proposed costs, forecasts, deliverables and relevant revenue adjustments. The framework demonstrates that forward-looking cost-based regulation can be applied to a technology and communications business with substantial externally contracted and operating expenditure.

Australia Post letter services. The ACCC uses a building block framework to assess proposed prices for Australia Post's reserved letter services. Its assessment includes operating expenditure, depreciation, a return on the asset base and tax. In its 2026 decision operating expenditure comprised most of the proposed revenue requirement. The framework also allocates costs shared between regulated letter services and competitive services.

Airservices Australia. The ACCC has assessed prices for Airservices Australia's monopoly aviation services using a building block methodology. These services rely on physical infrastructure together with air-traffic-management software, databases, communications and cyber systems. Operating expenditure accounted for 86% of its proposed maximum allowable revenue in the ACCC's 2024 assessment.

Source: ASX, Cash Equities Clearing, Settlement and Issuer Services Pricing Policy, 2025, p 3; Ofgem, Determination of DCC's Required Revenue: November 2026 to March 2028, September 2026, Executive Summary and sections 2–4; ACCC, ACCC decision on Australia Post's price notification, July 2026, pp 56–57 and 60–61; ACCC, ACCC decision on Airservices Australia's 2024 price notification, October 2024, pp 32–33.

We have adapted the BBM to PEXA's circumstances

To address concerns raised by PEXA following release of the Draft Report, we have adapted the BBM to recognise the characteristics of PEXA Exchange. The approach recognises historical expenditure that contributed to establishing the platform and capitalises a proportion of operating expenditure that is expected to provide benefits beyond the year in which it is incurred. It also applies regulatory asset lives and a depreciation commencement date that reflect when the initial platform became available for use, and recognises the higher risk borne during its establishment. Chapters 7 to 9 explain these adjustments in more detail.

The BBM therefore provides for:

- recovery of operating expenditure that supports current service delivery in the year it is incurred
- capitalisation, depreciation and a return on expenditure expected to provide enduring benefits
- recognition of eligible historical expenditure incurred in establishing PEXA Exchange
- a historical return that recognises establishment risk
- a reasonable forward-looking return for an efficient benchmark ELNO
- transparent testing and updating of each building block in future reviews.

Decision

1. ELNO service fees should be determined using a building block methodology.

3.4 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.

Stakeholders generally considered that a simple per-transaction fee provides stability for subscribers and predictability for cost recovery for ELNOs. At our March workshop stakeholders raised concerns that revenue caps and weighted average price cap models would introduce complexity and/or volatility in prices without a clear subscriber or public benefit.[50]

We recommend 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 transaction 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.[51] We consider however, there is a risk 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. Given the number of prices in the schedule, this would involve a significant annual administrative cost. Ensuring equitable access for customers and avoiding administrative burden are both considerations listed in the terms of reference for our review.

A revenue cap gives greater certainty for PEXA but could lead to less predictable price changes year on year, particularly given the number of different prices and transaction types, with the demand for different transaction types moving independently of each other.

At the workshop in March, stakeholders raised concerns that a WAPC would increase the need for regulatory monitoring and that ARNECC was not currently equipped to undertake this role.[52] Stakeholders 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.[53]

In response to our Draft Report, stakeholders again supported setting prices for individual fees. For example, the Property Council supported the proposed continuation of fee regulation rather than introducing a price cap or revenue cap, and the Law Society of New South Wales supported continuation of simple per-transaction fees as they provide subscriber stability and assist practitioners to disclose fees accurately to clients.[54] While PEXA opposed ELNO service fees being set below current fees, it agreed that regulation should continue to set individual fees rather than use a weighted average price cap.[55]

Recommendation

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

3.5 Fees should 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.[56]

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 commissioned 2 reviews into interoperability,[c] 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 2026 by the relevant state and territory ministers that interoperability will not proceed without Commonwealth Government,[57] means that PEXA will remain an effective monopoly provider of eConveyancing for the foreseeable future.

Given this, we consider a 4-year regulatory period balances the matters we are asked to consider in our terms of reference, including ensuring reasonable prices for eConveyancing services for customers across Australia, and promoting ongoing investment by ELNOs. It is also aimed at avoiding unnecessary regulatory and administrative burden on ELNOs, another matter we are required to consider under our terms of reference.

Stakeholders including the Australian Institute of Conveyancers WA and the Law Society of New South Wales supported a 4-year regulatory period to provide stability and avoid unnecessarily frequent reviews.[58] Australian Institute of Conveyancers WA proposed a limited, evidence-based reopening mechanism for material changes affecting market structure or regulatory obligations, competitive access, displacement of costs into adjacent services, or a decline in service quality, security or resilience. It further suggested that the threshold for reopening should be evidence of material impact and not be triggered by an isolated commercial pricing decision or ordinary market movement.[59]

Sympli proposed inclusion of an express mechanism to review or remove price regulation early if interoperability or effective competition emerges during the regulatory period. Noting that price regulation was currently necessary due to the lack of competitive pressure on fees, Sympli considered that a pathway for unwinding regulation could play a role in incentivising competition.[60]

PEXA accepted a 4-year regulatory period as reasonable and supported an earlier review if industry dynamics change materially. PEXA also argued that if a further review has not been undertaken for prices to commence on 1 July 2031, then its prices should continue to increase in real terms until the next review is completed. It noted that IPART's 2019 review had recommended the next review occur for prices to apply from July 2022, however new prices were not expected to come into effect until July 2027.[61]

We made a draft recommendation for prices to remain fixed in nominal terms after 1 July 2031 until replaced following a new review. This was to provide the impetus for the next review. However, we acknowledge that the timing of the next review of ELNO service fees is outside of PEXA's control. We also note that the current review is occurring several years later than recommended in our 2019 review. Therefore, we have amended our recommendation to allow prices to increase annually by the change in the CPI, if the next review is not completed in time to be implemented by 1 July 2031.

[c] 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.

We have maintained our recommendation for a 4-year regulatory period as it would allow for a smoother revenue and price path than a shorter regulatory period. It also recognises the regulatory burden that a review of ELNO service fees imposes on ARNECC, the ELNOs, and their subscribers. We are recommending that the next review of ELNO service fees commence in 2029-30, with new prices to apply from 1 July 2031.

However, ARNECC would be able to initiate an earlier review if the market changed significantly within this period, as suggested by Sympli, PEXA and the Australian Institute of Conveyancers WA.[62] The circumstances which could justify an earlier review or reopening could include the implementation of interoperability and emergence of meaningful competition, or a significant and unforeseen increase in the costs of cyber security and system resilience. However, the benefits of an earlier review, or reopening, would have to be considered against the associated costs and regulatory burden.

Recommendations

3. 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 increase annually by the change in the CPI until replaced following a new review.

4. ARNECC should consider initiating the next review of ELNO service fees earlier than 2029-30 if interoperability is introduced and effective competition in the provision of eConveyancing emerges prior to the next review.

3.6 Nationally consistent pricing

Our terms of reference require us to consider equitable access to, and reasonable prices for, eConveyancing services across Australian jurisdictions. To meet these objectives, we recommend that regulated ELNO service fees be nationally consistent.

To support nationally consistent prices, we have included forecast external fees imposed on PEXA in the cost base used to set ELNO service fees.

We recognise that jurisdiction-specific fees would more directly allocate external fees to the jurisdictions in which they arise. However, we consider that this improvement in cost reflectivity is outweighed by the benefits of simpler, more transparent and nationally consistent pricing. This approach also recognises that most of PEXA's costs of delivering eConveyancing cannot be attributed to individual jurisdictions so that even a highly complex pricing schedule that reflects individual external fees would not actually be fully cost-reflective.

The sections below discuss stakeholder feedback and the issues we have considered in reaching this position.

3.6.1 Nationally consistent pricing is preferred by most stakeholders

Most stakeholders supported nationally consistent ELNO service fees. They considered that a single national pricing structure would simplify administration and reduce duplication and reconciliation costs, particularly for financial institutions, law firms and other subscribers operating across jurisdictions.

The Australian Institute of Conveyancers Victoria and the Property Council of Australia, NSW supported nationally consistent prices citing simpler administration, greater transparency and reduced complexity for participants operating across jurisdictions.[63] Similarly, the Australian Banking Association (ABA) and the Australian Institute of Conveyancers SA and a submitter whose name was suppressed also supported a single national structure, noting that separate jurisdictional schedules create duplication, reconciliation costs and confusion.[64] The ABA also noted that greater consistency in the fees and requirements imposed by government bodies would address jurisdictional differences at their source.[65]

The Law Society of New South Wales supported national consistency, particularly for national law firms and financial institutions, but noted that differences in registry and revenue office charges may make national consistency more difficult to achieve.[66] The Australian Institute of Conveyancers SA also noted that national pricing may result in subscribers in lower-cost jurisdictions contributing to external costs arising in higher-cost jurisdictions.[67]

Revenue NSW submitted that revenue-office charging models arise from jurisdiction-specific legislation, policy and cost-recovery arrangements. It considered pass-through charging unsuitable for NSW because its recoverable costs relate to broader eConveyancing support activities rather than a standard fee attributable to each transaction. On this basis, Revenue NSW considered that incorporating approved costs within the regulated cost base would provide a more appropriate mechanism for reflecting these costs than a separate pass-through charging approach.[68]

PEXA opposed nationally consistent fees while government-imposed charges differ materially between jurisdictions. Its concerns are discussed below.

3.6.2 Arguments for jurisdiction-specific ELNO service fees

A principal argument for jurisdiction-specific charging is that external fees imposed by a state or territory should be recovered from subscribers in that jurisdiction. This would avoid subscribers in one jurisdiction contributing to costs imposed by government bodies in another jurisdiction. A number of stakeholders raised this concern at our March 2026 workshop.[69]

PEXA also submitted that national consistency and administrative simplicity should not take priority over the recovery of external fees. It argued that:

- externally imposed government fees are unavoidable and cannot be managed through operating efficiencies
- maintaining jurisdiction-specific schedules is not materially burdensome now that the required systems have been developed, whereas reverting to national prices would create additional regulatory and administrative costs

- PEXA should not be required to fund new or increased government charges until the next review, particularly because the timing and conduct of future reviews, and any subsequent true-up, are uncertain
- applications to pass through external fees are already subject to scrutiny by ARNECC and individual Registrars
- changes to registry integration and data standards are more likely to increase PEXA's costs than create offsetting savings.[70]

We recognise that unexpected increases in external fees may create cost-recovery risk where prices are fixed in advance for a multi-year regulatory period. However, this risk must be considered alongside the benefits of national consistency and the extent to which the regulated cost base already provides for forecast external fees.

3.6.3 External fees are currently treated differently

PEXA incurs 3 main categories of external fees in providing eConveyancing services:

- 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 National Electronic Conveyancing Data Standard that underpins Australia's eConveyancing system. The NECDS defines how data is structured, exchanged and validated between key participants in electronic property transactions.[d]
- Revenue office (RO) fees – which are currently charged by the Victorian, Western Australian and Tasmanian Revenue Offices 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.

These fees are not insignificant. Together, these external fees are forecast to cost PEXA approximately $47 million to $48 million a year over the regulatory period, representing a large proportion of their total annual operating costs. LSS fees account for most of this amount.

To date, LSS fees have been included in the cost base and recovered through nationally consistent ELNO service fees. More recently PEXA has introduced jurisdiction-specific charges. In May 2026, it passed through the NECDS fee of $1.10 (including GST) per transaction for 'Mortgage' and 'Discharge of Mortgage' transactions, in all jurisdictions except NSW.[e] From 1 October 2026 PEXA has passed the NECDS fee through on all other transaction types except in NSW, as well as revenue office fees in Victoria, Western Australia and Tasmania for transfer titles.[71]

[d] The NECDS was initially managed by PEXA in conjunction with Land Registrars (or their nominees) and Land Registries 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.

[e] The NSW Registrar General did not approve the pass through of the NECDS in NSW, deferring the decision until the completion of IPART's review.

3.6.4 We recommend including external fees in the revenue requirement for ELNO service fees

We recognise that separately passing through external fees would provide a closer connection between some costs and the jurisdictions in which they arise. However, jurisdiction-specific treatment would provide only a limited improvement in overall cost reflectivity.

External fees represent only one part of the cost of providing ELNO services. Much of PEXA's wider cost base relates to shared platform infrastructure and operations and cannot be attributed reliably to individual jurisdictions. There are also differences in transaction volumes, regulatory requirements and potentially other costs across jurisdictions that are not reflected through separate jurisdictional prices.

Maintaining separate pricing schedules also reduces transparency and increases complexity for subscribers operating nationally. External fees may differ by jurisdiction and transaction type and may change as external charging arrangements evolve. A national approach provides greater stability and makes it easier for subscribers to understand and administer ELNO service fees.

On balance, we consider that the benefits of nationally consistent fees outweigh the benefits of separately passing through jurisdiction-specific external charges. National pricing better supports equitable access and reasonable prices across Australia and avoids unnecessary regulatory and administrative burden.

We have therefore included forecast LSS, NECDS and revenue office fees in the cost base used to calculate PEXA Exchange's notional revenue requirement. This provides PEXA with an allowance for forecast external fees while supporting a single national schedule of regulated ELNO service fees. Chapter 7 explains how we have included external fees in the revenue requirement in greater detail.

3.6.5 Treatment of external-fee changes during the regulatory period

The inclusion of forecast external fees in the regulated cost base should ensure that the majority of fees PEXA incurs during the regulatory period can be recovered. As a result, new or increased jurisdiction-specific charges may not be material for PEXA overall and would not justify separate pass-through applications during the 2027-28 to 2030-31 regulatory period. In addition, passing through new or increased jurisdiction-specific charges during that period in individual states would progressively undermine national consistency, even if prices were aligned at its commencement.

We therefore consider that external-fee changes should generally be managed within the overall revenue allowance rather than through adjustments to individual jurisdictional pricing schedules. This is consistent with establishing prices in advance for a 4-year period and provides stronger incentives to manage variations across the cost base.

This approach does not require each cost category to match its forecast in every year. Some costs may be higher than forecast and others lower. The relevant question is whether the overall revenue allowance provides PEXA with a reasonable opportunity to recover the costs of providing regulated services over the regulatory period.

A mechanism for reopening prices should only be considered where an external fee change is unforeseen, material and cannot reasonably be managed within the overall revenue allowance. Any such mechanism should be narrowly defined so that ordinary cost variations do not result in repeated price adjustments or undermine nationally consistent pricing.

3.6.6 Implementation options

We note that PEXA has already implemented some of the systems and pricing changes required for jurisdiction-specific charging. Returning to national prices will therefore require changes to its current pricing arrangements. However, retaining those arrangements would not avoid future complexity and would allow jurisdictional differences to become embedded in the regulated pricing framework. This is an outcome that most stakeholders did not support.

In recognition that differential jurisdictional charges have already been introduced, Appendix C provides indicative prices under alternative treatments of external fees to assist ARNECC in considering implementation. These scenarios do not alter our preferred approach that forecast external fees be included in the regulated cost base and recovered through nationally consistent ELNO service fees.

As the new regulatory period commences on 1 July 2027, the jurisdiction-specific arrangements applying during 2026-27 do not affect our recommendation for nationally consistent prices from 2027-28.

Recommendations

5. ELNO service fees should be nationally consistent.

6. ARNECC should consider initiating the next review of ELNO service fees earlier than 2029-30 if there are significant increases in external fees, including Lodgment Support Services, National Electronic Conveyancing Data Standard and revenue office fees, that cannot reasonably be managed within the overall revenue allowance prior to the next review.

Decision

2. Forecast external fees, including Lodgment Support Services fees, National Electronic Conveyancing Data Standard fees and revenue office fees, should be included in the notional revenue requirement rather than recovered through separate jurisdiction-specific charges.

Chapter 4

Regulation of PEXA's other services

This chapter sets out our recommendations on the regulatory treatment of PEXA's other services.

04

PEXA provides a range of services in addition to transaction services, some of which cannot be avoided by customers participating in eConveyancing. These services include PEXA's Exchange Application Programming Interfaces (Exchange APIs), PEXA's ancillary products (PEXA Planner, PEXA Allocations, PEXA Tracker and PEXA Projects), mobile signing and digital certificate services, PEXA Key, and downstream and upstream services.

This chapter sets out our recommendations for the regulatory treatment of these other services. It establishes principles for determining whether a service should be subject to price regulation and considerations for the form of regulation that should apply. We then apply these principles to PEXA's existing services.

We also discuss whether the costs of a service should be recovered through regulated transaction fees or a separate fee. We also recommend cost-allocation arrangements to support transparent and consistent cost recovery and a process for assessing new or materially changed services.

4.1 Overview of recommendations

PEXA's other services differ in their importance to users, the availability of effective alternatives and the extent of PEXA's market power. Some services are required for the completion of an eConveyancing transaction or are practically unavoidable for particular users. Others are optional but currently face limited effective competition.

We recommend a principles-based framework for determining whether these services should be regulated. The assessment should consider whether the service is required or practically unavoidable, whether customers have effective alternatives, the extent of PEXA's market power and the resulting risks to customers. The form of regulation should be proportionate to those risks.

Applying this framework, we recommend that:

- Exchange APIs be subject to price regulation. ARNECC's regulatory uplift review should establish the appropriate form of regulation for these services and/or refer the review to an appropriate economic regulator. The review should consider:
  - the broader issues associated with API provision and integration into PEXA's ELN, including whether non-price regulation is also required
  - how responsibilities for establishing, implementing and administering the regulatory framework should be allocated between ARNECC and an economic regulator.
- ARNECC should monitor Exchange API prices until this review has concluded, and any new regulatory arrangements have come into force. During the price monitoring period, ARNECC should require PEXA to notify it of proposed changes to Exchange API prices and to publish current and proposed prices on PEXA's website. PEXA should provide a minimum of 4 weeks' notice of any price change.
- Prices for PEXA's ancillary products (including PEXA Planner, PEXA Tracker, PEXA Allocations and PEXA Projects), PEXA Key and mobile signing and digital certificate service be regulated as ELNO service fees. The need for regulation should be reconsidered at the next price review.

- PEXA's proposed 2027 prices for ancillary products (notified to ARNECC in June 2026) should be accepted and then permitted to increase by no more than CPI annually during the regulatory period.
- Prices for PEXA's mobile signing and digital certificate service should be permitted to increase in line with the annual change in CPI.
- PEXA Key should continue to be provided without a separate charge during the regulatory period.
- PEXA's downstream and upstream services do not meet the criteria for price regulation at this stage. However, ARNECC should monitor whether separation and equivalent-access arrangements support effective competition in practice.
- A well-accepted cost-allocation method should be applied between transactions and other regulated services, and between regulated and non-regulated services. These arrangements should provide transparency, support consistent allocation of shared costs and prevent cost shifting, cross-subsidisation and double recovery.
- New or materially changed services, features or functionalities should be assessed using the same regulatory principles. Before introducing a new or materially changed service, feature or functionality, PEXA should notify ARNECC and explain the proposed service, its costs and benefits, the proposed method of cost recovery, the availability of alternatives and the outcomes of customer consultation.

In developing our final recommendations, we considered stakeholder feedback on the Draft Report, in particular around the nature and use of PEXA's additional services. As a result of this feedback, we have revised our proposed approach to determining when price regulation should apply.

4.2 The regulatory framework should apply to PEXA's other services

PEXA provides a range of services in addition to transaction services for lodgment and financial settlement. These services include a digital signing certificate service, which a subscriber must have to allow its customers to securely apply their signatures to electronic instruments as part of the conveyancing process.[a] Others include services that support subscribers and other users that access the ELN, and/or are used by third parties. These services include:

- system-to-system Application Programming Interfaces (APIs) which allow users to integrate their systems with PEXA's system[72]
- ancillary products, such as Planner, Allocations, Tracker and Projects, which support workflow management and operational efficiency, as well as bespoke reports[73]
- 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[74]

[a] Under Model Participation Rule 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.

- PEXA Clear, a compliance platform that assists property professionals to undertake anti-money laundering and counter-terrorist financing checks.[75]

Aside from digital signing certificates, these services are generally optional in the sense that they are not required for an electronic conveyancing transaction to take place, and subscribers and other users are not obliged to use these services. However, where a user chooses or needs to use a particular service, whether they must obtain that service from PEXA depends on the availability of actual or potential alternatives. For example, while users may require a digital signing certificate service, they may be able to obtain those services from providers other than PEXA. Similarly, although users are not required to integrate their systems with PEXA, those who choose to do so would need to use PEXA's Exchange APIs to enable that integration.

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.

Unlike transaction fees that are charged to the subscriber for the lodgment and/or financial settlement of a transaction type, PEXA's other services are currently not subject to price regulation.

Throughout this review, stakeholders raised concerns about regulation limited to transaction fees and excluding PEXA's other services from regulation. In response to our Call for Submissions Paper, stakeholders including Sympli and InfoTrack (owner of Sympli) were concerned about PEXA's concentration of market power, noting the growth in PEXA's non-regulated revenues, the risks of cross-subsidisation and bundling, and the impact on competition.[76] The NSW Land Registry Services also considered that new and emerging services should be assessed to determine whether they warrant regulatory oversight.[77]

Feedback at our stakeholder workshop indicated support for regulating ancillary services particularly in the current highly concentrated market. Participants considered that unregulated services may allow the dominant ELNO to leverage its existing subscriber relationships, platform integration and access to the ELN to extract additional commercial value.[78]

Feedback on our Draft Report reinforced these concerns. Some stakeholders, including subscriber representatives and other platform users, supported regulating PEXA's other services where it has substantial market power and customers lack effective substitutes.[79] Several stakeholders were particularly concerned that PEXA could undermine ELNO service fee regulation. They submitted that PEXA would be incentivised to move functionality associated with regulated services into separately priced products and increase its unregulated charges to offset any recommended price reduction.[80] Stakeholders considered PEXA could recover lost revenue from unregulated Exchange API prices and/or PEXA's other ancillary products.[81]

Stakeholder feedback raises a broader question of extending regulatory oversight beyond transaction services. In this review, we considered whether regulation should also apply to any of PEXA's other services and how those services should be treated within the regulatory framework. A key challenge in undertaking this assessment is that there is no generally accepted definition of what constitutes a regulated service. While the Model Operating Requirements provide some guidance by defining 'ELNO Service Fees' as the 'fees charged by the ELNO to a Subscriber for access to, and use of, the ELN'[82], they do not establish a broader framework for determining which services should be subject to price regulation or how future services should be treated.

These issues highlight the need for a framework to determine which services should be subject to regulatory oversight and the principles that should be applied in making that assessment.

4.2.1 A principles-based framework should determine which services are regulated

In the Draft Report, we made a draft recommendation that 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. 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?

In the Draft Report, we provided an initial view of which of PEXA's additional services would meet the criteria of being closely related to ELNO transactions and not subject to effective competition and considered the extent to which they were optional to use. We sought feedback on available alternatives, barriers to using these alternatives and the extent of competition for the provision of these services.

Stakeholders broadly agreed with our draft recommendation on when price regulation should apply to PEXA's other services and supported extending regulation beyond transaction service fees. Stakeholders supported a principles-based approach to determining which services should be regulated. However, they highlighted limitations of relying on whether a service was optional as this did not reflect that some services have become practically necessary.[83]

Stakeholders generally considered market power and function as important factors in determining whether price regulation should apply. The Australian Institute of Conveyancers WA supported applying regulation based on demonstrated market power rather than corporate ownership or proximity to PEXA Exchange. It proposed considering whether realistic alternatives exist, whether PEXA controls an essential input, whether services can be practically separated from the Exchange and whether subscribers have meaningful provider choice when determining whether a service should be regulated.[84] A legal practice, lawlab, supported a broader regulated perimeter based on a service's practical relationship to completing an eConveyancing transaction, rather than whether PEXA labels it optional.[85] Other conveyancing stakeholders submitted that the regulatory perimeter should be defined by 'function, anything built on ELN transaction data or embedded in the settlement workflow, not by product name'. They submitted that 'carve-outs by product name just invite renaming.'[86]

Stakeholder feedback suggested that many of PEXA's services cannot be efficiently provided by a third party. In particular, stakeholders considered that PEXA's Exchange APIs are not optional for subscribers or third parties, who have invested money into connecting their systems with PEXA's. Some of these stakeholders submitted that the commercial viability of their entire business model depends on having continued access to these APIs on reasonable commercial terms.

Having considered stakeholder feedback, we consider that a principles-based framework would provide an appropriate basis for determining which services should be regulated. In response to feedback, we have refined our recommendation and approach on the regulation of PEXA's other services to focus on the function of the service, the nature and availability of customer choice and market power.

4.2.2 Practical necessity and market power are key considerations

Whether a service should be subject to price regulation should be assessed having regard to the following factors:

- **Practical necessity** - whether customers must use, or cannot reasonably avoid using, the service to participate effectively in eConveyancing. This may be because the service:
  - is required under legislation, the jurisdictional operating requirements or rules, or another regulatory instrument
  - is necessary to complete an eConveyancing transaction
  - is embedded in customers' transaction processes or systems to such an extent that ceasing to use it would involve material cost, disruption or loss of functionality.
- **Availability of effective alternatives** - whether customers have access to substitutes that provide comparable functionality, service quality and efficiency at a reasonable cost. An alternative is unlikely to be effective where switching would require customers to materially redesign their systems or processes, incur substantial costs or accept significantly reduced functionality.
- **Market power and barriers to alternative supply** - whether PEXA can set prices or terms without an effective competitive constraint. Relevant considerations include whether:
  - supplying the service requires access to the ELN, transaction data or another input controlled by PEXA and the terms on which they are offered could hinder their ability to compete with PEXA in any market
  - a third party could obtain access to those inputs on reasonable and equivalent terms
  - customers have meaningful provider choice
  - barriers to entry, expansion or switching are likely to preserve PEXA's market position.
- **Risks to customers** - whether the absence of regulation creates a material risk of excessive prices, inefficient expenditure, declining service quality, reduced innovation, discriminatory access or the transfer of functionality and costs from regulated transaction services to separately charged services.

The key questions are:

- Is the service required or practically unavoidable for effective participation in eConveyancing?
- Does supplying the service depend on access to the ELN or another input controlled by the ELNO?
- Do customers have effective alternatives, or could effective alternatives become available? If not, does the ELNO possess substantial market power?
- Would that market power create material risks for customers?

These factors should be considered together. No single factor will necessarily determine whether price regulation is warranted. For example, PEXA being a dominant player may not establish a case for regulation if customers have effective alternatives or competing suppliers can readily enter. For transaction services, we note this is not the case. Conversely, regulation may be warranted where a service is not formally mandatory (under legislation, or jurisdictional operating requirements or rules), but customers cannot reasonably avoid it and PEXA faces no effective competitive constraint.

The case for regulation will generally be strongest where:

- customers must use, or cannot practically avoid using, the service
- effective substitutes are unavailable or switching costs are high
- PEXA controls an input required to supply the service or customers face substantial switching costs
- these conditions give rise to material risks for customers.

This is consistent with our reasoning for why transaction service fees should be subject to regulation.

4.2.3 The form of regulation should reflect the risks to customers

Determining that a service warrants price regulation does not necessarily determine the form that regulation should take. Different services may require different forms of regulation depending on the extent of market power, the availability of alternatives and the risks faced by customers. For example, where the service depends on access to the ELN and can only be provided by an ELNO, PEXA is likely to have a monopoly position and customers are unlikely to have choice. Heavier-handed approaches to price regulation, such as price-setting, could be justified due to the potential risks to customers over time if there is no competitive pressure to constrain prices, improve efficiency and encourage innovation.

For services where customer choice is limited but it may be possible for others to provide these services, regulation may not be necessary. However, if barriers to entry exist and PEXA is likely to maintain a monopoly market, then lighter-handed approaches to price regulation could be justified. The costs of more intrusive regulation could outweigh the benefits of regulation and be disproportionate to the level of risk to customers. This could include requirements to publish prices and price monitoring.

In all cases, price regulation must be able to be practically administered and enforced and adjusted or withdrawn in the future as circumstances change.

Based on the considerations described above, we have refined our recommendation on when price regulation should apply as follows.

Recommendation

7. Price regulation should apply to PEXA's services where customers must use, or cannot reasonably avoid using, the service to participate effectively in eConveyancing because:
   a. effective substitutes are unavailable or unlikely to be available
   b. supplying an alternative requires access to PEXA's ELN, transaction data, APIs or other inputs, and PEXA's terms of access could make it harder for other providers to compete with PEXA
   c. customers face substantial switching costs, or it is uneconomic to source products from other suppliers or opt out of the services
   d. barriers to entry or expansion are likely to preserve PEXA's market power.

   The form of regulation should be proportionate to the extent of PEXA's market power and the material risks to customers. Price regulation must be practical to administer and enforce, and capable of being adjusted or withdrawn in the future as circumstances change.

Applying these principles indicates that some of PEXA's other services warrant regulatory oversight. In particular, services that users cannot practically avoid using, or that depend on access to the ELN and are not subject to effective competition, may require regulation even where they are separately priced or described as optional products.

The sections below discuss the appropriate regulatory treatment based on these principles.

4.3 Some of PEXA's other services meet the case for regulation

We applied the test set out in Recommendation 7 to assess whether price regulation should apply to the following.

- PEXA's Exchange APIs
- PEXA's ancillary products (including PEXA Planner, Tracker, Allocations and Projects)
- mobile signing and digital certificate services
- PEXA Key
- PEXA's downstream and upstream services.

Our view is that PEXA's Exchange APIs, PEXA's ancillary products, mobile signing and digital certificate services and PEXA Key should be subject to price regulation.

We acknowledge that the issues associated with PEXA's Exchange APIs are complex. While competition in the provision of ancillary products may be possible, it may also rely on efficient and equitable access to PEXA's ELN through APIs. We consider that the regulatory arrangements for these services should be examined as part of ARNECC's regulatory uplift review. This should include both pricing and any additional oversight arrangements that may be required to strengthen the existing framework. While we recommend that prices for PEXA's Exchange APIs are regulated, the form of regulation and level of prices should be considered as part of the broader review into these services. We recommend that these prices be subject to price monitoring until that review has concluded and any changes have come into force. During the price monitoring period, PEXA should be required to provide a minimum of 4 weeks' notice of any proposed changes to the prices for Exchange APIs and to publish current and proposed API prices on PEXA's website.

We also recommend that ARNECC approve PEXA's request to treat its ancillary products as ELNO services. We recommend that PEXA be allowed to implement its proposed prices for these services and then be permitted to increase them in line with the change in CPI over the regulatory period. We recommend that prices for PEXA's mobile signing and digital certificate services be held constant in real terms at their current levels, that is, consistent with most other ELNO service fees, they be permitted to increase in line with the change in the CPI over the regulatory period. We have deducted forecast revenue from PEXA's ancillary products and mobile signing and digital certificates as a proxy for costs that could not be reliably separated from the cost base used to set ELNO service fees for transactions for the coming regulatory period (section 7.3 discusses this in more detail).

We recommend that PEXA Key be regulated over the regulatory period and that PEXA be required to continue to offer this service at no charge. PEXA has not been able to provide us with separate costs for the provision of PEXA Key. The costs of this service are fully recovered through recommended transaction prices.

We discuss our considerations for each of these categories in the sections below.

4.3.1 Exchange APIs are functionally essential for many users

In the Draft Report, we proposed that PEXA's Exchange APIs should not be regulated on the basis that they are optional products aimed at a subset of customers who may choose to use them but are not required to do so. However, we also noted that competition in this market is unlikely. We describe PEXA's Exchange APIs in Box 4.1.

Stakeholder feedback indicates that, although Exchange APIs are not formally required to complete an eConveyancing transaction, they are practically unavoidable for many users that have integrated them into high-volume transaction systems and workflows. Those users would incur significantly higher costs if their access to these APIs was withdrawn. Having considered this feedback, we have changed our position from the Draft Report. We now consider that Exchange API prices should be subject to price regulation, although further analysis is required to determine the appropriate prices and supporting obligations.

Box 4.1 What are PEXA's Exchange APIs?

PEXA's Exchange Application Programming Interfaces (Exchange APIs) allow users to interact with the PEXA Exchange directly from their own systems rather than through PEXA's user interface. These system-to-system integrations support the completion of eConveyancing transactions by enabling information to be exchanged between systems, reducing the need for duplicative manual data entry across separate systems. They allow customers to use their own workflow and case management processes, helping them to streamline the transaction process and improve operational efficiency.

PEXA's Exchange APIs are distinct from the back-end infrastructure APIs that connect ELNOs with land registries and revenue offices and which are necessary for ELNO functionality to facilitate conveyancing transactions. They are also separate from the infrastructure that would support interoperability between ELNOs.

PEXA's Exchange APIs are an optional standalone integration technology for platform users provided to customers who may choose to integrate their systems with PEXA Exchange. Users typically include subscribers such as financial institutions, practitioners, law firms, as well as practice management software providers, settlement agents, mortgage processing providers, property developers and software integrators.

PEXA provides around 50 Exchange APIs, which give system-to-system access to the same underlying Exchange functionality available through the PEXA Exchange user interface for the purposes of completing an eConveyancing transaction. These APIs can be used to create lodgment documents and workspaces, and enable tasks such as subscriber search, invitations, creating financial line-items and retrieving settlement date and time.

PEXA introduced its Exchange APIs in 2015. PEXA's first APIs, now known as Heritage APIs, were provided at no charge. PEXA has advised that historically it did not recover the full costs of developing, operating and maintaining them. Over time, PEXA has continued to develop new and enhanced APIs, introducing fees for some APIs in 2024. PEXA advised that the costs of developing and maintaining its API capabilities have increased as the suite has expanded and the requirements for security, infrastructure and customer support have grown. PEXA's API fees were updated in 2026 to gradually better reflect the underlying costs. PEXA plans to retire its free Heritage APIs.

PEXA's Exchange API prices are based on customer type, level and class of integrations and include annual subscription fees based on transaction volumes and per workspace usage fees. PEXA has advised that these charges are intended to recover the costs of maintaining secure, supported and continuously available, and an expanding set of integration capabilities, including the associated infrastructure and customer support.

Box 4.1 What are PEXA's Exchange APIs?

PEXA provides its Exchange APIs through integration service agreements and contractual arrangements. The prices for these APIs are not currently subject to price regulation. However, clause 5.5 of the operating requirements in force in each state and territory imposes broader obligations on ELNOs in relation to integration. These obligations, introduced in 2018, require an ELNO to treat those wishing to integrate on an equivalent basis and keep a set of integration terms and conditions (see MORs, Version 7.2 and the operating requirements in force in each state and territory).

Source: PEXA provided information; PEXA, PEXA APIs, accessed 25 September 2026 and ARNECC, Operating Requirements by Jurisdiction, accessed 9 October 2026.

Stakeholder feedback supported regulating PEXA's Exchange APIs

In response to the Draft Report, several stakeholders including the Australian Banking Association, the Law Society of New South Wales, conveyancer and law firm representatives and other users raised concerns that PEXA's Exchange APIs should instead be subject to price regulation.[87]

They told us that:

- **Exchange APIs are not avoidable** – High-volume transaction processors including financial institutions, settlement agents and other users rely on API integrations to manage their transaction volumes efficiently.[88] The Australian Banking Association submitted that for many subscribers, these APIs have become the backbone of how settlements are processed safely and reliably at scale. It submitted that major banks collectively process approximately 600,000 settlement and refinance transactions through APIs annually (excluding other transactions such as discharge of mortgages that may use APIs).[89] One stakeholder described API access as the only practically viable way for high-volume users to participate in the eConveyancing market.[90]
- **There are no effective alternatives** – PEXA submitted that its Exchange APIs are available on an opt-in basis and advised that subscribers could use its user interface instead of its Exchange APIs.[91] However, as discussed above, API users did not consider the user interface a feasible substitute, particularly where integrations are embedded in high-volume organisational processes. Reverting to the user interface would increase costs and reduce efficiency, for example, Convey Property Settlements submitted that 'unwinding integration' would not be a like-for-like substitute and that it would represent a genuine loss of functionality and efficiency across the chain. It submitted that integration is now a 'de-facto condition of participation in the market, not an optional convenience...'[92]

- **Users face substantial switching costs** – Financial institutions and other users have invested in API integration over a number of years. The Australian Banking Association submitted that many financial institutions that use PEXA's Exchange APIs have invested in them heavily and subscribers have aligned their operations, teams and workflows around alerts and triggers these APIs provide. It submitted that returning to manual processes would require reconfiguring entire internal processes, slowing settlement and worsening customer outcomes.[93] One stakeholder described how PEXA's Exchange API program has entrenched its market position.[94]
- **Only PEXA can provide API access to the PEXA Exchange** – The market for PEXA's APIs is not effectively competitive. The Law Society of New South Wales described that PEXA is uniquely placed to facilitate API integrations with its own user platform and enable access to its ELN.[95] One stakeholder described that eConveyancing providers only have one network to connect to and that users pay for this access. It submitted that without interoperability, there are no alternative suppliers and no capacity to self-supply.[96] Another stakeholder described these APIs as the 'sanctioned channel' through which subscribers connect their own systems to PEXA.[97]
- **Customers face potentially substantial price increases, limited transparency and uncertainty over prices and service levels** – PEXA has recently introduced significant price increases under new commercial agreements. Some customers will be charged for API access for the first time, while others will incur substantial annual subscription fees.[98] The Australian Banking Association was concerned that, in the absence of regulation, PEXA faces limited constraints on its pricing and customers have little certainty about future price increases.[99] At our public hearing, InfoTrack indicated it had been told that some fees had increased by 400%.[100] We note that PEXA has historically provided these APIs without charge, even providing subsidies and assistance to businesses to develop their own APIs, which encouraged take-up. Users subsequently invested in integrating their systems which has increased their dependence on PEXA's Exchange APIs.[101]

PEXA argued that its Exchange APIs should not be regulated because they are optional products and that subscribers can instead use the PEXA Exchange user interface. It argued that these APIs should be kept outside the regulatory framework and supported retaining commercial pricing arrangements.[102] It submitted that price regulation could reduce its incentive to continue investing in and developing its APIs.[103]

We recommend Exchange API prices be regulated

Applying the principles in section 4.2, we recommend that PEXA's Exchange API prices should be subject to price regulation. Although users are not obliged to use PEXA's Exchange APIs or integrate with PEXA, many existing users cannot reasonably avoid them without incurring substantial costs, operational disruption and reduced functionality. We heard from stakeholders that PEXA's user interface is not an effective substitute for these users, and only PEXA can provide API access to PEXA Exchange. PEXA therefore faces no effective competitive constraint in supplying this service, creating material risks for customers if prices remain unregulated.

Recent pricing changes impact Exchange API users

PEXA's new pricing schedule introduces new customer tier groups based on workspace volumes, annual subscription fees and changes to per settled workspace fees. Although PEXA submits that these new prices will be capped at CPI over the next few years,[104] the impacts vary across customer groups which PEXA advises better reflects underlying cost drivers.

As discussed in Box 4.1, PEXA has explained that since offering Exchange APIs in 2015, it had provided them for free with prices introduced for some of these APIs from 2024. Information provided by PEXA outlines that it does not currently fully recover the costs of providing its Exchange API services. The apparent current under-recovery does not, however, remove the case for regulation. Regulation would allow PEXA to recover efficient costs while protecting customers from prices that reflect its substantial market power.

Although continuing to provide API access without a charge was unlikely to be sustainable, PEXA's initial approach supported customer take-up and investment in system integration. Those investments have subsequently increased customers' switching costs and reduced their ability to respond to price increases, because reverting to manual processes would involve material cost, disruption and loss of functionality.

Further analysis is required to determine API prices and supporting obligations

Given the lack of effective alternatives, the potential for the pricing and access to APIs to impact the level of competition in ancillary services and PEXA's substantial market power, we consider that there is a strong case for direct price-setting. However, we consider that the issues associated with API access are broader than can be addressed in the current review. In our view, ARNECC or an appropriate economic regulator should undertake a broader review that considers the regulatory framework and appropriate form of regulation for these services.

In the interim, we recommend that ARNECC monitors prices for PEXA's Exchange APIs. To enable this to occur, PEXA should be required to notify ARNECC of proposed prices for APIs and be required to publish both current and proposed prices on its website. This should include the APIs available to users and information on the category of customers to which each price applies. PEXA should also be required to provide a minimum of 4 weeks' notice of any proposed changes to price or availability of APIs.

Stakeholder feedback indicated support for greater transparency and oversight of PEXA's API services, including publication of prices.[105] One stakeholder noted that service levels, availability commitment, support obligations, delivery timeframes or remedies for non-delivery are also important, and that recent proposed price increases have not been accompanied by such service level commitments. The stakeholder therefore suggested that additional mechanisms may be needed to hold PEXA accountable for delivering the proposed program. This included requiring that an ELNO:

- report annually to the Registrar on revenue from integration and API services, by class and tier, and to report integration revenue per settled workspace together with the average number of chargeable connections per settled workspace,
- publish and commit to minimum service levels for integration and API services, including availability, support response, notice of material change, and notice of withdrawal of interfaces on which customers depend.[106]

These issues are broader than price regulation. In our view, these issues are best considered together with proposed pricing arrangements. We consider that a broader regulatory framework for PEXA's Exchange APIs may be needed to address these concerns. ARNECC's regulatory uplift review, or if preferred by ARNECC, a similar review undertaken by an appropriate economic regulator, should consider cost and revenue reporting, and whether there is a case for minimum service standards, notice of material API changes, and measures to address failure to meet service commitments (such as compensation for users and/or enforcement action by the Registrars). These issues are particularly relevant for APIs, as access to them has implications for the ongoing viability of some types of subscribers and for the level of competition in the provision of ancillary services. Third parties may require access to PEXA's Exchange APIs to develop products that compete with PEXA's ancillary products. ARNECC's regulatory uplift review should therefore consider not only Exchange API prices and service standards, but also whether third parties receive transparent and equivalent access on terms that support effective competition.

Recommendation

8. PEXA's Exchange APIs should be subject to price regulation.
   a. ARNECC's regulatory uplift review should establish the appropriate form of regulation for these services and/or refer the review to an appropriate economic regulator. The review should consider:
      - the broader issues associated with API provision and integration into PEXA's ELN, including whether non-price regulation is also required
      - how responsibilities for establishing, implementing and administering the regulatory framework should be allocated between ARNECC and an economic regulator.
   b. In the interim, ARNECC should monitor Exchange API prices. During the price monitoring period, ARNECC should require PEXA to notify it of proposed changes to Exchange API prices and to publish current and proposed prices, including information on which customers those prices apply to, on PEXA's website. PEXA should provide a minimum of 4 weeks' notice of any proposed price changes.

4.3.2 PEXA's ancillary products face limited effective competition

In the Draft Report, we proposed that PEXA's ancillary products should not be price regulated based on our understanding of the nature and use of those services. However, we sought specific feedback from stakeholders to inform our assessment of them for the Final Report. Stakeholder feedback indicated that effective alternatives are not currently available and that competition may continue to be constrained unless potential competitors for ancillary services have cost-effective access to PEXA's Exchange APIs. We therefore consider that these products warrant regulation, for at least the coming regulatory period.

PEXA's ancillary products are optional for subscribers and include:

- 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.[107]

- PEXA Allocations – allows automated assigning of workspaces to a particular user.[108]
- 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.[109]
- PEXA Projects – multi-lot settlement software for conveyancers, lawyers and property developers to manage large-scale projects.[110]

PEXA also provides bespoke reports to subscribers.[111]

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 only been available on application to PEXA. PEXA Planner and PEXA Projects have historically been provided for free.[112]

Stakeholder feedback suggested PEXA's ancillary products Planner, Allocations, Tracker and Projects are not subject to effective competition

Few stakeholder submissions commented on these products. Those that did generally supported extending regulation to services closely connected to ELNO transactions where effective competition is absent. The Australian Institute of Conveyancers Victoria submitted that PEXA's ancillary products derive significant value from the ELNO platform and subscriber network and where these services become essential to conducting electronic conveyancing, they should remain subject to appropriate regulatory oversight.[113] The Law Society of New South Wales submitted that these products are well established and embedded in subscriber workflows and it was not aware of any alternatives that would provide competition.[114] lawlab also submitted that PEXA's ancillary products should fall within the regulatory framework 'where they are sufficiently connected with the effective use of PEXA's core transaction platform and are not themselves subject to genuine competitive constraint'.[115]

PEXA submitted that no alternative products were currently available, although a third party could potentially develop competing services using PEXA's APIs.[116] However, because PEXA is not required to publish its API prices, it is not clear whether potential providers could assess whether they could offer a viable alternative. This lack of transparency creates a barrier to offering substitute products.

PEXA proposed treating these products as ELNO services and including these costs in the ELNO service fee cost base

In response to our Call for Submissions Paper and stakeholder workshop, PEXA submitted that PEXA's Planner, Tracker and Projects products are intrinsically linked to the ELN and as a result should be considered ELNO services with regulated fees.[117]

As indicated in its response to our Workshop Discussion Paper,[118] PEXA has sought ARNECC's approval to treat these products as ELNO services and publish separate prices for them. PEXA considers they are neither downstream nor upstream services nor value-added services requiring Registrar approval. On that basis, PEXA included the costs associated with providing these services in its cost base.[119] However, it has also argued that as optional products, they should not be subject to price regulation. [120] PEXA submitted that these services have historically been priced at or below cost to encourage on-day settlement rates.[121]

The proposed treatment raises a cost-recovery issue. Because these products are separately charged, their costs should not also be recovered through regulated transaction fees. Conversely, including their costs in the transaction-fee cost base would require corresponding revenue from separate charges to be taken into account to prevent double recovery.

We recommend prices for PEXA's ancillary products be regulated subject to CPI-capped increases

Applying the principles in section 4.2, PEXA's ancillary products present a less clear-cut case for direct price regulation than its Exchange APIs. While they are arguably more 'optional' and may be less practically necessary than APIs, we have heard from stakeholders that they are nevertheless important to the efficient operation of many subscribers, particularly those undertaking large numbers of transactions. They do not appear to be subject to effective competition. Stakeholders were not aware of effective alternatives, and barriers to entry (including lack of transparency/commercially viable access to PEXA's Exchange APIs) may limit the development of alternatives. The prospect that alternatives could be developed in future does not currently provide an effective constraint on PEXA's prices.

We note that PEXA has asked ARNECC for approval to define these products as ELNO service fees and to subject them to price regulation. We note also that PEXA proposes above-CPI increases compared with its current prices. We recommend that prices for PEXA's ancillary products should be regulated and consider that ARNECC should approve PEXA's request to treat these products as ELNO services. This would subject prices for these products to regulatory oversight. We note that PEXA's proposed prices have not been made public. Consistent with our approach to APIs, we consider that PEXA should provide customers with at least 4 weeks' notice of these proposed price changes.

PEXA has not been able to separately identify the costs associated with providing these services. In establishing recommended transaction prices, we deducted forecast revenue from these services as a proxy for costs that could not be reliably separated from the cost base used to set ELNO service fees for transactions. This adjustment is intended to avoid forecast double recovery where customers pay both these transaction fees and separate ancillary-product prices. PEXA should separately identify the costs, revenues and cost allocations associated with each product. This would allow any risks of cross-subsidisation or over-recovery, and any impacts on competition, to be assessed directly. The costs and prices for these services, including the need for continued regulation, should be reconsidered at the next review.

We recommend that PEXA's proposed prices for these products be held constant in real terms over the regulatory period and permitted to increase by no more than the change in CPI annually.

At this stage, we do not consider that prices for bespoke reporting should be subject to price regulation. However, PEXA should charge prices that reflect the direct costs of providing these bespoke services.

Recommendation

9. PEXA's ancillary products (PEXA Planner, PEXA Allocations, PEXA Tracker and PEXA Projects) should be subject to price regulation.
   a. ARNECC should approve PEXA's proposed prices for these services and require PEXA to publish its proposed prices a minimum of 4 weeks before they come into effect.
   b. Prices for these services should be permitted to increase annually in line with the change in the CPI over the regulatory period.
   c. The need for price regulation should be reconsidered at the next review.

4.3.3 Digital signing certificate services are necessary to complete eConveyancing transactions

PEXA is not itself a provider of mobile signing and digital certificates. Instead, it partners with an accredited certificate provider to make these services available to subscribers. Subscribers may also obtain digital certificates from Gatekeeper-accredited third-party providers, although PEXA recommends mobile signing.[122]

PEXA advised that its digital certificate prices largely reflect costs passed through from its certificate providers, together with a margin, but do not recover all associated operating and capital costs.

From 1 July 2026, PEXA charges $119.68 (including GST) for a one-year mobile signing certificate.[123b] It previously provided USB hard tokens and CD-based soft tokens at a higher price, but these have now been phased out.

In response to our Draft Report, PEXA agreed that pricing for mobile signing and digital certificates should be regulated and there should be no change to their current pricing in real terms.[124] The Australian Institute of Conveyancers WA submitted that services such as mobile signing and digital certificates may warrant regulation where equivalent alternatives are not practically available.[125]

Because PEXA charges separately for these services (like PEXA's ancillary products), we have deducted forecast revenues to ensure that PEXA does not over-recover from both transaction and mobile signing and digital certificate prices. PEXA has submitted that the costs of providing mobile signing and digital certificate services exceed its revenues.[126] As a result, some of these costs may continue to be recovered through transaction fees.

Subscribers require an eligible digital certificate to complete eConveyancing transactions. Although digital certificates may be available from third-party providers, it is not clear whether these represent effective alternatives to PEXA's mobile signing, which is closely integrated with PEXA Exchange. Customers may therefore have limited practical alternatives. Consistent with the principles in section 4.2, this supports bringing these services within the regulatory framework.

[b] PEXA previously offered USB hard tokens and CD-based soft certificates at a price of $186.56. As of 31 August 2026, these no longer work for signing in PEXA Exchange.

We recommend that prices for mobile signing and digital certificate services be held constant in real terms over the regulatory period and increased by no more than CPI annually. This approach limits the risk of over-recovery while allowing PEXA to maintain the real value of its revenues until a future review can separately identify the costs and revenues associated with each product.

At the next review, PEXA should separately identify the costs, revenues and cost allocations associated with mobile signing and digital certificate services. Like PEXA's ancillary products, this would allow any risks of cross-subsidisation or over-recovery to be assessed directly. We note that cross-subsidisation could affect competition in digital certificate markets if it enables PEXA to price below cost and disadvantage competing providers. We consider this is an issue that should be addressed at the next review.

Recommendation

10. Prices for PEXA's mobile signing and digital certificate services should be subject to price regulation. PEXA's prices for these services should be permitted to increase annually from their 2026-27 levels by the change in the CPI over the regulatory period.

4.3.4 PEXA Key costs should continue to be recovered through transaction fees

PEXA Key allows the safe and accurate transfer of bank account details to minimise the risk of fraud and delays to settlements. It is optional for end-customers but is directly associated with completing an eConveyancing transaction. PEXA currently provides PEXA Key free of charge to all end-customers, with the costs of providing the service recovered through transaction fees. We consider this remains the appropriate approach.

In our view, PEXA Key is unlikely to face effective competition as a standalone product. Although PEXA Key APIs allow integrators to offer similar functionality, any alternative would likely need to form part of a broader product or service offering to be commercially viable. A separately charged standalone product would be unlikely to compete effectively with PEXA Key while PEXA continues to provide the service free of charge.

The costs associated with PEXA Key are included in the cost base used to determine regulated transaction fees and are therefore already recovered from customers through those charges. Allowing PEXA to introduce a separate charge during the regulatory period would allow it to over-recover the associated costs. We therefore consider that PEXA should be constrained from introducing a separate non-zero charge for PEXA Key.

In response to our Draft Report, PEXA agreed the historical costs of PEXA Key should remain in its cost base, and that PEXA Key should remain a free service. However, PEXA submitted that it should be allowed to charge for additional functionality developed to improve transaction security. It argued that PEXA would otherwise have no incentive to develop this additional functionality. It submitted that, consequently, IPART should amend its Draft recommendation 2 to confine its operation to services currently offered by PEXA, and exclude services that have not yet been developed.[127]

We have not adopted PEXA's suggestion that our recommendation be limited to services currently offered by PEXA. Excluding future services could leave services that meet the criteria for price regulation outside the regulatory framework. Whether a service should be regulated should therefore be determined by applying the principles set out above, regardless of when it is developed or introduced.

4.3.5 Downstream and upstream services do not currently warrant price regulation

The operating requirements for each state and territory require ELNOs to separate any downstream or upstream services (DUS) from the services delivered through operation of the ELN.[128] PEXA has had a formal Separation Plan since April 2026 with full separation implemented on 1 July 2026.[129] PEXA's new anti-money laundering and counter-terrorism financing (AML/CTF) product PEXA Clear is an example of a DUS. Under its Separation Plan, PEXA sets out how PEXA Clear is separated from PEXA Exchange and how competing AML providers will be able to integrate with PEXA Exchange on equivalent terms.[130]

In our Draft Report, we took the preliminary view that downstream and upstream services subject to formal separation would not generally require price regulation. This reflected the expectation that separation and equivalent-access obligations would support competition in those markets.

In response to our Draft Report, the Australian Institute of Conveyancers WA did not support extending regulation indiscriminately into potentially competitive markets. However, it argued those markets cannot be regarded as genuinely competitive if related PEXA businesses receive preferential access to monopoly-controlled information, functionality, data, APIs, support or commercial terms. It submitted that formal separation alone would not establish effective competition and that equivalent-access obligations should be effectively enforced.[131] More broadly, stakeholders submitted that PEXA's position as a monopoly provider of ELNO services may give it a competitive advantage in other activities (including downstream and upstream markets, and overseas operations).[132]

Applying the principles in section 4.2, the case for regulating downstream and upstream services appears weaker than for PEXA's other services. Unlike those services, the MORs require formal separation and equivalent access arrangements that are intended to support competition and limit the ability of an ELNO to favour its own related businesses. These arrangements reduce, but do not necessarily eliminate, the risk of market power being exercised in related markets.

We do not have sufficient information to determine whether PEXA's downstream service business, PEXA Clear, should be subject to price regulation. While AML/CTF services may be capable of being supplied competitively, competing providers are likely to require access to PEXA Exchange APIs and related functionality to offer services comparable to PEXA Clear. At this stage, however, the available evidence does not establish a sufficient basis for price regulation.

We consider it appropriate for ARNECC to monitor the effectiveness of separation and equivalent-access obligations and assess whether these arrangements are supporting effective competition in practice.

4.4 Cost-allocation arrangements are required to support effective regulation

As discussed above, stakeholders raised concerns that PEXA could undermine transaction-fee regulation by increasing prices for services that remain outside the regulatory framework or by allocating costs between regulated and non-regulated services in a manner that increases revenues recovered from customers.

These concerns would be less significant if PEXA's currently unregulated services were subject to effective competition that constrained prices. However, as discussed throughout this chapter, stakeholder feedback suggests that several of PEXA's other services may face limited competition and limited customer choice.

PEXA should be able to recover the efficient costs of services that provide value to customers and where customers have indicated a willingness to pay for the products and associated service levels and quality. This includes services that were previously provided below cost or without charge.

Nonetheless, stakeholder concerns highlight the importance of transparent cost-allocation arrangements. At present, it is not clear how costs shared across PEXA and other business activities are allocated. While PEXA's Separation Plan requires downstream and upstream services such as PEXA Clear to be treated on an arm's-length basis, it does not establish a broader framework for allocating shared costs between regulated transaction services and other services. PEXA identifies 'shared services' (including product engineering and delivery, technology, marketing and head office) but the basis on which these costs are allocated has not been disclosed.

It is important that PEXA is able to identify the costs attributable to those services and distinguish them from the costs recovered through regulated transaction fees. We therefore consider that cost-allocation arrangements are required to support effective regulation. Cost-allocation requirements are commonly used in other regulated industries where firms provide both regulated and non-regulated services. Box 4.2 summarises examples from Australia Post and NBN Co.

Box 4.2 Cost-allocation frameworks in other regulated industries

Australia Post and NBN Co both provide regulated and non-regulated services. In each case, cost-allocation requirements are used to prevent costs from being recovered more than once, support transparent pricing and reduce the risk of cross-subsidisation between monopoly and competitive services.

Australia Post

Australia Post provides:

- reserved services: monopoly services reserved to Australia Post under legislation, including letter delivery and stamps.
- non-reserved services: services supplied in competition with other providers, including parcel delivery and retail products.

Australia Post is subject to a price-notification process for certain reserved letter services. As part of this process, the ACCC assesses whether revenues from monopoly services are being used to subsidise competitive activities.

Australia Post uses an Enterprise Profit Model to allocate costs and revenues between reserved and non-reserved services. The ACCC reviews this framework as part of the price-notification process to assess whether costs have been allocated appropriately and whether monopoly services are subsidising competitive activities.

Until 2016, the ACCC published an annual report assessing Australia Post's cross-subsidy. It discontinued the report when it found that Australia Post did not use profits from its monopoly reserved letter services to unfairly compete in other markets. It continues to track potential cross-subsidy through the price notification process.

NBN Co

NBN Co provides both regulated and competitive services. These include:

- core regulated services: wholesale services supplied to residential and small business markets and subject to price regulation.
- competitive services: wholesale services for users that typically require different levels of network availability, reliability and speed and where NBN Co faces competition.

Its Special Access Undertaking (SAU) requires costs to be allocated between these categories in accordance with ACCC-approved cost-allocation principles and a cost-allocation manual. Under the current SAU replacement module, NBN Co notes that any new products or services are considered core regulated services as a default.

Box 4.2 Cost-allocation frameworks in other regulated industries

NBN Co's cost-allocation framework is based on the following principles:

- directly attributable costs allocated directly to the service
- shared costs allocated to reflect causal relationships
- all costs will be allocated
- no cost should be allocated more than once to any service.

These requirements provide transparency regarding how costs are allocated between regulated and competitive services and help ensure customers do not pay more than once for the same costs.

Both frameworks recognise that businesses providing regulated and non-regulated services require transparent cost-allocation arrangements. Common features include separating regulated and competitive activities, allocating shared costs using objective principles, preventing costs from being recovered more than once and providing regulatory oversight of cost-allocation methodologies.

Source: ACCC, ACCC decision on Australia Post's price notification – Attachment A: ACCC preliminary view on Australia Post December 2025 draft price notification, July 2026, pp 31-32; NBN Co, Chapter 4 – Length of Regulatory Cycle, Categorisation of services, July 2025, pp 6-9, ACCC, Proposed variation to the NBN Co Special Access Undertaking – Final Decision, October 2023, pp 60-62, ACCC, NBN Co Special Access Undertaking Replacement Module Determination Reasons, August 2026, p 207; and NBN Co, nbn Cost Allocation Manual, September 2026.

These examples demonstrate that cost-allocation requirements are commonly used where regulated businesses provide both regulated and non-regulated services.

Similar arrangements could assist the next price review, to ensure that costs are allocated consistently between regulated services and non-regulated services, prevent the same costs from being recovered more than once, reduce the risk of cost shifting and cross-subsidisation, and provide transparency regarding the treatment of shared costs.

Recommendation

11. PEXA should put in place transparent cost-allocation arrangements to reduce the risks of cost shifting, cross-subsidisation and double recovery.

4.5 New services should be assessed using the same regulatory principles

As PEXA introduces new services and functionality, ARNECC will need to determine how they should be treated within the regulatory framework. This involves 2 related but distinct questions: whether the associated costs should be recovered through regulated transaction fees or a separate charge, and whether any separate charge should itself be subject to price regulation.

The principles in section 4.2 provide a framework for assessing future services. The remaining questions are how costs should be recovered and how regulators should assess expenditure and prices associated with those services.

How costs of new services should be recovered

PEXA submitted that our recommendation should apply only to services it currently offers. It argued that it should be permitted to charge separately for future functionality, including functionality intended to improve transaction security, because otherwise it may have insufficient incentive to invest in its development.[133]

We do not agree that future services should be excluded from the regulatory framework without consideration. Excluding future services could allow services that satisfy the principles for regulation to remain unregulated. Whether a new service should be regulated should therefore be determined by applying those principles rather than by reference to when it is introduced.

To support this approach, PEXA should notify ARNECC before introducing a new or materially changed service or functionality where it proposes to introduce a separate charge. The notification should explain the service, its expected users and benefits, its costs and proposed method of cost recovery, and whether effective alternatives are available.

We agree that it is reasonable for PEXA to charge for additional functionality developed in the future to cover its costs and earn a reasonable return so that it can continue to offer additional functionality or services that deliver value to customers. The appropriate method of cost recovery should depend on who benefits from the service and whether access to those benefits can practicably be limited to a subset of customers.

Costs should generally be recovered through transaction fees where the service or functionality:

- forms part of the efficient operation, security or resilience of the ELN
- provides material benefits across the broader customer base
- generates network-wide benefits that depend on widespread adoption or use
- cannot practicably be limited only to customers who pay a separate fee.

Costs should generally be recovered through a separate charge where the service or functionality:

- is used by an identifiable subset of customers
- provides benefits principally to those customers
- is genuinely optional and offered on an opt-in basis
- can practicably be supplied and charged for separately without reducing the functionality included in regulated transaction services.

The decision to recover costs through a separate charge is distinct from the decision to regulate that charge. A separately priced service may still require regulation where customers cannot practically avoid using it, effective substitutes are unavailable, or PEXA controls an essential input required to supply the service.

Applying these principles means that the costs associated with, for example, improvements to the security, resilience or efficient operation of the ELN that benefit the broader customer base should generally be recovered through transaction fees. Conversely, products used by a subset of customers, such as PEXA's Exchange APIs or ancillary products, may be more appropriately recovered through separate charges.

Price regulation need not prevent efficient investment or innovation. An appropriate regulatory framework should allow PEXA to recover prudent and efficient costs, including an appropriate return on efficient investment, where new functionality delivers value to customers.

How customer engagement should inform expenditure decisions and pricing

In the absence of effective competition, PEXA may have incentives to introduce functionality or service enhancements whose costs exceed the value customers place on them, particularly where those costs can be recovered through regulated prices. Regulatory assessment should therefore consider whether proposed expenditure is prudent and efficient and whether it reflects customers' preferences and willingness to pay.

We acknowledge that PEXA undertakes extensive customer engagement through advisory forums, relationship management processes and customer surveys. We also acknowledge that it reports high levels of customer satisfaction.[134] PEXA has also advised that customers place a high priority on security and functionality. However, evidence of customer satisfaction or general support for functionality does not necessarily demonstrate support for a particular investment, its cost or the resulting impact on prices.

Future pricing reviews should consider the quality and representativeness of PEXA's customer engagement, the options presented to customers, the associated costs and price impacts, and the extent to which customers support and are willing to pay for the proposed expenditure.

To deal with future services, we recommend the following.

Recommendation

12. Before introducing a new or materially changed eConveyancing service, feature or functionality, PEXA should give ARNECC at least 3 months' notice in writing. The notification should provide information on:
    a. the nature and purpose of the service, its intended users and expected benefits
    b. how it proposes to recover the costs of the materially changed or new service, feature or functionality, having regard to who benefits and whether use of the service, feature or functionality is genuinely optional
    c. whether prices for the service, feature or functionality should be subject to regulation, applying the principles set out in this report
    d. if the service should be regulated, the proposed price or cost-recovery methodology (such as a building block approach), including evidence that the relevant costs are prudent and efficient and are not recovered through another charge
    e. the outcomes of customer consultation, including customers' preferences and willingness to pay.

    If ARNECC approves a price for a materially changed or new service, feature or functionality, PEXA should provide reasonable advance notice before implementing the price. The notice should be published on PEXA's website and specify the materially changed or new service, feature or functionality and the approved price. ARNECC should consult on the length of the reasonable advance notice period.

Chapter 5

ELNO service fees

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

05

Chapter 3 set out our recommendations on the scope and form of regulation for ELNO service fees, including the use of a building block methodology to set individual transaction fees.

This chapter sets out our recommended ELNO service fees for 2027-28 to 2030-31, including how we have translated PEXA Exchange's notional revenue requirement into prices. It also explains the timing and adjustment of fees and assesses PEXA Exchange's financial viability under the recommended prices.

5.1 Overview of recommendations

We have used a building block model to estimate the revenue PEXA Exchange requires to provide regulated eConveyancing services from 2027-28 to 2030-31. The notional revenue requirement over the 4-year regulatory period is $957 million in net present value (NPV) terms. At current fees and forecast transaction volumes, PEXA would recover more than this amount. We estimate that its regulated revenue would need to be around 16% lower on average over the regulatory period.

We recommend achieving this reduction by lowering PEXA's 4 highest-priced transaction fees, which relate to transfers, while holding all other regulated fees constant in real terms. As most ELNO costs are fixed and shared across transaction types, the substantial differences between current fees are unlikely to reflect differences in cost. Targeting the highest fees would improve equity between subscribers while limiting disruptive changes to the broader pricing schedule. In $2026-27 terms, the 4 transfer fees would decrease by between 5.0% and 29.3%.

We recommend implementing the reductions in full from 1 July 2027. This would deliver savings sooner and, based on our financeability analysis, would not compromise PEXA Exchange's capacity to meet its costs, maintain service standards or invest in its platform. PEXA Exchange would continue to generate positive earnings and cash flow and retain substantial headroom against the financeability benchmarks we tested.

The recommended fees would apply nationally and increase annually with CPI. We considered phasing the transfer fee reductions over 2 years but do not recommend this approach because it would delay customer benefits and allow PEXA to recover an additional $26 million in NPV terms above the notional revenue requirement. It is however presented as an alternative to ARNECC if it considers PEXA should have more time to adjust.

5.2 Required revenue using a building block model

We have calculated PEXA Exchange's notional revenue requirement (NRR) using a building block model and our inputs for operating expenditure, capital expenditure, including capitalised operating expenditure, the initial asset base, asset lives, Weighted Average Cost of Capital (WACC), and tax settings. These inputs, and changes to them since our Draft Report, are discussed in detail in the following chapters (see Chapter 7, Chapter 8 and Chapter 9).

The annual NRR ranges from $274.6 million to $291.0 million in $2026-27. The NPV of those annual requirements over the 4-year regulatory period is $957 million.

Table 5.1 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 6), the prices we recommend recover the NRR over the regulatory period on a present value basis. Target revenue is the forecast revenue generated by the recommended prices and transaction volumes. It differs from the annual NRR because we smooth the recovery of the 4-year NRR across the regulatory period. Target revenue exceeds the NRR in the first 2 years and is below the NRR in the final 2 years, while the 2 series have the same present value over the regulatory period.

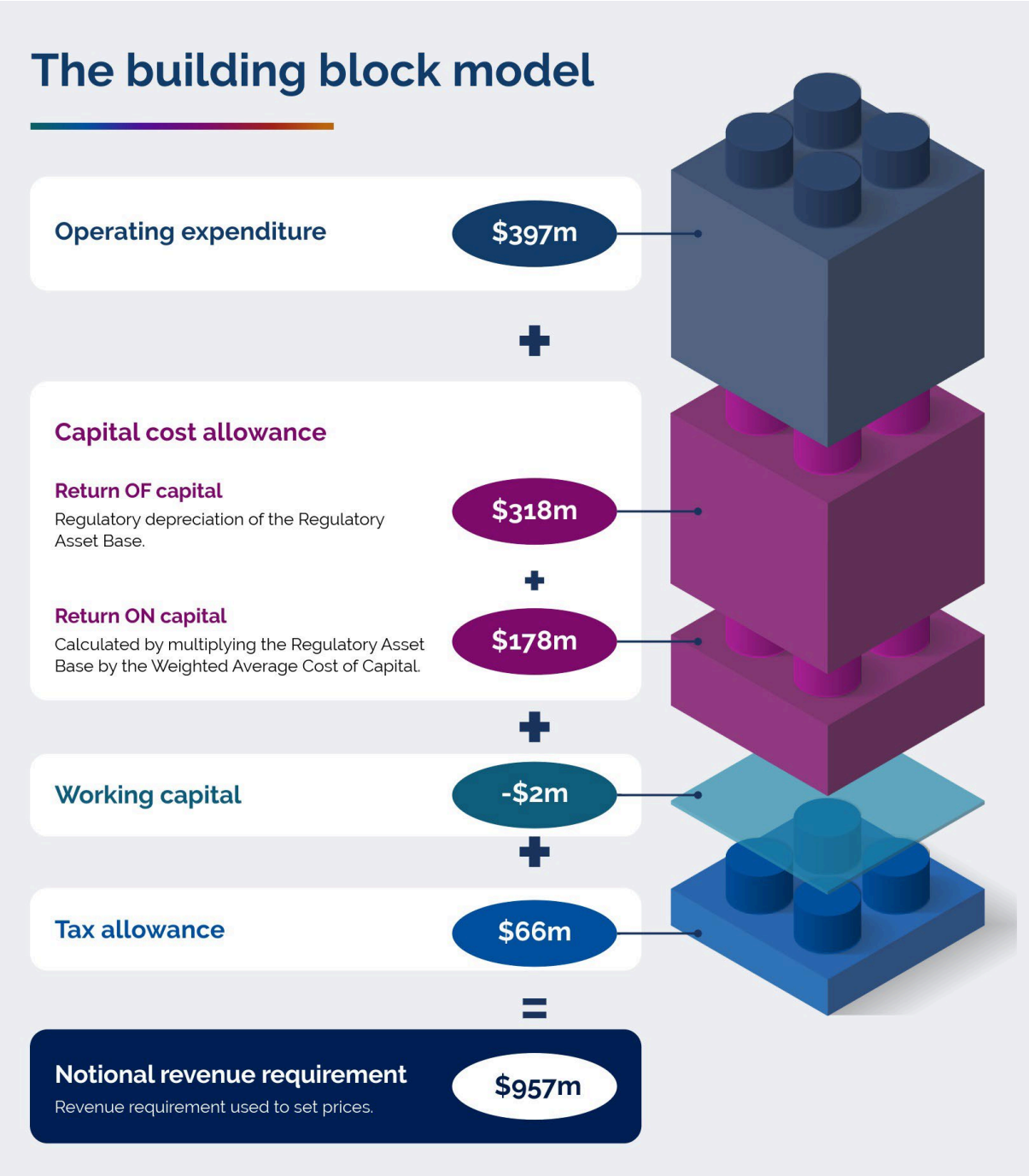
Table 5.1 Notional revenue requirement (NRR) and target revenue ($m, $2026-27)

	NPV	2027-28	2028-29	2029-30	2030-31
Operating expenditure	397	116.4	117.7	117.4	117.3
Return of capital (depreciation)	318	85.8	91.6	97.3	103.4
Return on capital	178	53.3	52.9	52.3	51.3
Working capital	-2	-0.5	-0.5	-0.6	-0.6
Tax allowance	66	19.7	19.5	19.2	19.5
NRR to be recovered from prices	957	274.6	281.2	285.6	291.0
Target revenue from prices	957	284.0	285.5	281.4	278.4
Target revenue less NRR	0	9.4	4.3	-4.2	-12.6

Note: Figures may not sum due to rounding. Annual and NPV totals are calculated using unrounded model values. Target revenue less NRR NPV value of 0 is calculated using unrounded values in the model. NPV is calculated using pre-tax real WACC of 8.9% (see Table 9.2) and amounts occur in the middle of the financial year. Operating expenditure includes external fees, and excludes 40% of controllable operating expenditure which is transferred to capital expenditure.

Figure 5.1 shows the building block components on an NPV basis.

Figure 5.1 Revenue required under the building block model ($2026-27, NPV)



5.3 Recommendations for ELNO service fees

To meet the NRR, we estimate that PEXA's revenue from ELNO service fees needs to reduce on average by 15.9% over the regulatory period. 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 6. In the Draft Report we sought feedback on options for:

- the timing of changes in ELNO service fees (and how required revenue is recovered over the regulatory period)
- 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 discuss our recommended ELNO service fees, in the context of PEXA's current pricing table, the considerations in our terms of reference and feedback from stakeholders.

5.3.1 The wide variation in current transaction prices is not cost-reflective

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.[135] 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.[136] These annual price increases have applied 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.

As noted by PEXA in its submission, the original pricing rationale for eConveyancing was not only a reflection of the prices charged by titles offices for lodgment but also reflected the underlying time saving delivered by each instrument [compared to paper conveyancing] as well as the value to the end-customer of the transaction (for example, the value of getting on title through a transfer is higher than listing an interest on a title through a caveat).[137]

Throughout our review, PEXA has advised us that it is not possible 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. PEXA has also noted that while costs cannot be allocated to specific documents [transactions], some cost categories are driven by particular transaction categories. For example, around 80% of calls to customer service are attributable to transfers, while other documents drive costs related to implementation of the Australian Registrars' Working Group roadmap.[138]

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.[139] 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. Under PEXA's 2026-27 pricing schedule, GST-inclusive transaction fees range from $5.72 for a priority notice extension to $167.42 for a transfer with multiple titles.[140] 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.

5.3.2 Our recommended price changes move towards a more equitable structure

We consider that the approach that best balances improving equity between subscriber types with providing stability and certainty for subscribers and PEXA is to target price reductions to the highest-priced transaction fees, being the 4 transfer transactions shown in Table 5.2, while holding other prices constant in real terms.

In our Draft Report, we sought stakeholder feedback on whether the proposed price reductions should be targeted to these 4 transfer transactions or spread across all transaction types. Under the latter approach, prices for all transactions would fall in real terms, but by a smaller amount.

Submitters that addressed this issue supported targeting reductions to the highest-priced transactions. The Property Council considered this would better align fees with ELNO costs and improve equity.[141] Sympli similarly considered that reducing the 4 highest fees would improve equity between subscriber types and deliver savings on transactions commonly faced by end-customers. It also argued that the existing differences in transaction prices are difficult to reconcile with the predominantly fixed costs of operating a digital platform, and that transfer transactions are particularly affected by network effects.[142] The Australian Institute of Conveyancers SA considered that this should be positive for clients and practitioners, with lower transfer fees potentially reducing overall settlement costs for many consumers; however noted that the benefit was targeted and did not cover other transaction types.[143]

PEXA maintained its view that no prices should decrease in real terms. However, if price reductions were to occur, it did not object to concentrating them on transfer transactions while holding other transaction prices constant in real terms.[144]

Prices could be simplified further by applying a common price across most transaction types. Based on the notional revenue requirement, this would result in a price of around $75 (including GST) per transaction. However, we do not recommend this approach because it would require substantial price changes across the schedule, including large increases for many transaction types.

Instead, our recommended prices retain differentiation where transactions involve additional complexity. For transfer transactions, we retain the existing distinctions between single and multiple titles and transactions with and without financial settlement. We apply a $19.25 (including GST) loading for multiple-title transactions and an $11 (including GST) loading for financial settlement. Where transaction types are currently priced the same with and without financial settlement, we retain that pricing structure. We also preserve the existing ordering of prices, so that no transaction becomes more expensive than a transaction it is currently priced below.

Under our recommendations, the 4 transfer transaction prices decrease by between 5.0% and 29.3% in real terms in 2027-28 and then increase annually with CPI. All other transaction fees increase with CPI throughout the regulatory period, from the 2026-27 NSW prices. Table 5.2 sets out the recommended transfer prices, with the full schedule of prices in Appendix B.

Table 5.2 Recommended real prices for PEXA transaction types that change in real terms ($2026-27, including GST)

Transaction type	2026-27 (current prices)	2027-28 to 2030-31	Annual real % change in year 1	Annual real % change in years 2-4	Real change in regulatory period $
Transfer of interest – single title	97.24	92.37	-5.0%	0.0%	-4.87
Transfer titles, OR transfer of interest with financial settlement – single title	146.30	103.37	-29.3%	0.0%	-42.93
Transfer of interest – multiple titles	118.25	111.62	-5.6%	0.0%	-6.63
Transfer titles, OR transfer of interest with financial settlement – multiple titles	167.42	122.62	-26.8%	0.0%	-44.80

Note: Prices rounded to the nearest cent.

To convert the $2026-27 prices in Table 5.2 and Appendix B to nominal prices, the annual CPI adjustment should be applied from 1 July 2027, based on the change in the CPI between the 2 preceding March quarters, consistent with MORs, Version 7.2. For this purpose, CPI means the all groups consumer price index for all capital cities in original terms published by the Australian Bureau of Statistics or its successor.[145]

Recommendations

13. For 2027-28, PEXA's fees for the following ELNO transactions should be set at the values below (which are expressed in $2026-27 and include GST). Their nominal 2027-28 prices should be calculated by adjusting these amounts for the annual change in the CPI:
    a. Transfer of interest, single title: $92.37
    b. All other transfer transactions including those with financial settlement, single title: $103.37
    c. Transfer of interest, multiple titles: $111.62
    d. All other transfer transactions including those with financial settlement, multiple titles: $122.62.

14. For 2027-28, PEXA's remaining transaction fees should be set at the 2026-27 NSW level, adjusted for the annual change in the CPI.

15. For 2028-29 to 2030-31, all regulated ELNO service fees should be adjusted annually by the change in the CPI.

5.4 PEXA Exchange remains financially viable under our recommended fees

Our modelling indicates that PEXA Exchange would remain financially viable under our recommended prices. It would continue to generate positive earnings and cash flow and would maintain headroom against each of the financeability benchmarks we tested. We therefore consider that the recommended price reductions can be implemented in full from 1 July 2027 without compromising PEXA Exchange's capacity to fund efficient expenditure, maintain service standards or invest in the platform.

We assessed PEXA Exchange's financial position over the 2027-28 to 2030-31 regulatory period and extended the modelling to 2035-36. The extended modelling tests whether the recommended prices remain financially sustainable beyond the regulatory period, rather than considering only the immediate effect of the price reduction.

5.4.1 Earnings and cash flows remain strong beyond the regulatory period

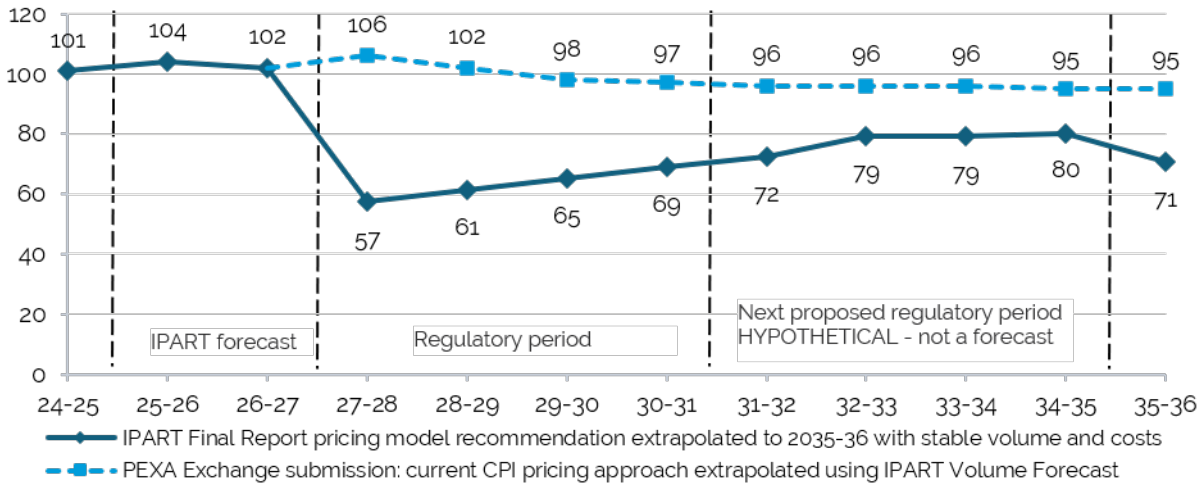
Under our recommended prices, PEXA Exchange's revenue would be around 16% lower on average over the regulatory period than revenue under current fees. Nevertheless, it would continue to earn substantial operating profits. As shown in Table 5.4, modelled EBITDA is between $124.5 million and $127.5 million a year during the 2027-28 to 2030-31 regulatory period, with EBITDA margins of between 41% and 43%. EBITDA is projected to increase to around $157 million by 2035-36.

PEXA Exchange would also continue to generate positive net cash flow after funding forecast operating and capital expenditure, financing costs and dividends equivalent to 70% of profits. As shown in Table 5.5, modelled net cash flow increases from $33.2 million in 2027-28 to $42.5 million in 2030-31. Cash flow remains positive beyond the regulatory period, including $55.9 million in 2032-33 and $32.7 million in 2035-36, under the assumptions set out in section 5.4.2.

The expenditure underlying this assessment is discussed in Chapter 7, sections 7.2 to 7.7. It includes our forecasts of the expenditure required to operate and invest in PEXA Exchange, including the productivity adjustment applied to controllable expenditure. The positive cash-flow results indicate that the recommended prices provide sufficient funding for the Exchange's forecast operations and investment.

In its submission, PEXA raised concerns that if our draft recommendations were implemented and maintained into the next regulatory period, it would have minimal free cash flow from 2033-34.[146] Modelling of our final recommendations indicates that free cash flow, as defined in the note to Figure 5.2, would remain strong into the next regulatory period as shown in Figure 5.2.

Figure 5.2 Free cash flow into next regulatory period and beyond ($m, $2026-27)



Note: Free cash flow is the notional revenue requirement less operating and capital expenditure, tax and working capital.
Source: PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, Figure 1, p 12, updated with IPART recommendations

5.4.2 Financeability remains strong under our recommended fees

When IPART determines prices, we apply a set of financeability tests to assess the ability of the regulated business to finance its ongoing operations under those prices.[147] Financeability tests consider possible impacts of pricing decisions on the firm's credit rating and, hence, ability to raise funds for new investment. We undertook these tests for PEXA and found that PEXA was able to pass them all, even under very conservative assumptions about the way it may conduct its business. The assumptions and results are described below.

We assumed an opening debt balance of $225 million in 2025-26, based on debt reported for PEXA Group.[148] This is a conservative assumption because that debt supports the broader PEXA Group, including activities outside PEXA Exchange. Debt attributable to PEXA Exchange alone is therefore likely to be lower than the amount used in our modelling.

We assumed no additional borrowing over the modelling period. Positive net cash flow is retained and reduces adjusted net debt. Once modelled cash exceeds gross debt, the results show a net cash position. This does not necessarily mean that all gross borrowings have been repaid.

We also assumed that PEXA distributes dividends equivalent to 70% of profits in each year.[a] This allows us to test whether PEXA Exchange remains financially viable while continuing to make substantial distributions to shareholders. Retained earnings are therefore supporting evidence of financial resilience, rather than a separate financeability benchmark.

[a] We note that PEXA has not made a dividend payment since listing. Source: PEXA, PEXA Group Limited Annual Report 2026, August 2026, p 113. We have used the NSW Government benchmark for dividend payments of 70% of net profit after tax as an assumption in our modelling. Source: NSW Treasury, TPG21-10 Capital Structure and Financial Distribution Policy, March 2023.

Table 5.3 Assumptions used in PEXA Exchange financeability tests

Input	Assumption	Note
Dividends	70% of profits	Applied as the expected dividend payout rate in every forecast year.
Tax rate	30%	PEXA has loss-making international operations that offset tax payable.
Cost inflation - annual - 2026-27	2.9%	Prices use 4.1%
Cost inflation - annual - regulatory period and beyond	2.5%	Prices use 3.3% in 2027-28 then 2.5%
Starting debt ($m, $2026-27)	225.0	Group-wide debt. Exchange-only debt is likely to be lower.
Additional debt ($m, $2026-27)	0.0	No additional borrowing is assumed. Positive net cash flow is retained and reduces adjusted net debt. Once cash exceeds gross debt, the model reports a net cash position; it does not assume that all gross borrowings are repaid.
Expected cash and accounting costs of debt - annual (nominal)	7.0%	Drives interest expense and interest payments.

The results in the following tables are modelled using our recommended fees for 2027-28 to 2030-31. From 2031-32 we have assumed transaction volumes return to 2025-26 levels. Operating expenditure increases by 0.9% in 2031-32 and remains at that level for future years (with efficiency adjustment applied in each year). Capital expenditure increases by 2.9% in 2031-32, and from 2032-33 onwards it is set at the average value of 2026-27 to 2031-32 (with efficiency adjustment applied in each year). From 2031-32 we have assumed all fees would increase by 0.3% and then remain constant in real terms.

Table 5.4 PEXA EBITDA and retained earnings with group-level debt ($m, $nominal)

	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2035-36
EBITDA ($m)	124.5	127.5	126.2	125.9	142.3	145.8	157.1
EBITDA margin (%)	43%	42%	42%	41%	43%	43%	43%
Retained earnings at year end - $m	21.6	26.9	31.5	35.3	41.9	48.6	88.4

Table 5.5 PEXA Exchange cash flows with group-level debt ($m, $nominal)

	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2035-36
Cash flow from operations	98.0	101.4	101.9	102.3	113.9	116.5	122.1
Cash flow from investing	−36.6	−38.6	−40.7	−42.9	−45.2	−43.2	−46.5
Cash flow from financing	−28.2	−25.9	−21.4	−17.0	−20.5	−17.4	−42.9
Net cash flow	**33.2**	**36.9**	**39.8**	**42.5**	**48.2**	**55.9**	**32.7**

5.4.3 Financeability ratios provide substantial headroom

We tested PEXA Exchange against 4 financeability benchmarks, including PEXA's debt covenant benchmarks for interest coverage and net debt to EBITDA.[149] Headroom is lowest in 2027-28, the first year of the regulatory period and the year in which the recommended price reductions take effect. Even in that year:

- interest coverage is 6.2 times, compared with PEXA's covenant ratio of more than 3.0 times
- net debt to EBITDA is 1.5 times, compared with PEXA's covenant ratio of less than 3.5 times[150]
- funds from operations to net debt is 43%, compared with IPART's financeability target of more than 6%
- net debt to the regulatory asset base is 28%, compared with IPART's financeability target of less than 70%.[151]

As shown in Table 5.6, the ratios strengthen over the regulatory period as positive net cash flow reduces adjusted net debt. Adjusted net debt falls from $191.8 million at the end of 2027-28 to $72.6 million in 2030-31. Over the same period, interest coverage increases from 6.2 times to 12.7 times and net debt to EBITDA falls from 1.5 times to 0.6 times. Our modelling projects that PEXA Exchange moves into a net cash position from 2032-33.

Taken together, these results indicate that PEXA Exchange has sufficient financial capacity to absorb the recommended price reduction while continuing to fund efficient operations, investment and financing commitments.

Table 5.6 PEXA Exchange financeability and debt ratios with group-level debt

	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2035-36
Adjusted net debt - $m, $nominal	191.8	154.9	115.1	72.6	24.3	-31.6	-182.5
Interest Coverage Ratio: > 3 times	6.2	7.5	9.4	12.7	22.4	*NND*	*NND*
FFO / Net Debt: > 6%	43%	57%	79%	130%	446%	*NND*	*NND*
Net Debt / RAB[a]: < 70%	28%	24%	19%	13%	5%	*NND*	*NND*
Leverage ratio - Net Debt / EBITDA: < 3.5	1.5	1.2	0.9	0.6	0.2	*NND*	*NND*

a. The RAB used in this ratio is calculated with capitalisation of historic operating costs until 1 July 2025. The RAB is then rolled forward without capitalisation of forecast operating costs.

Note: NND denotes negative net debt, meaning that modelled cash exceeds gross debt and PEXA Exchange is in a net cash position. The ratios use PEXA Group's total debt rather than debt allocated specifically to PEXA Exchange. Group-wide debt is likely to exceed debt attributable to PEXA Exchange, so the results may understate its standalone financeability.

5.4.4 We recommend implementing the price reduction in full from 1 July 2027

In the Draft Report, we sought feedback on whether the proposed fee reductions should take effect in full from 1 July 2027 or be phased in. Most stakeholders who commented on this supported implementing the full reduction from the beginning of the regulatory period. They considered that phasing would prolong prices above the level required to recover efficient costs and delay benefits to subscribers and end-customers.

Based on the options presented in the Draft Report, PEXA submitted that, if prices were reduced, it would prefer the reduction to occur in the first year rather than be phased in. PEXA considered that a single adjustment would allow it to make the necessary adaptations, rather than face further reductions in subsequent years.[152] However, we note that the phased options in the Draft Report were NPV neutral and therefore resulted in the same amount of regulated revenue over the course of the determination, with lower prices at the end of the period compensating for higher prices earlier in the period.

The Australian Institute of Conveyancers Victoria and several conveyancing businesses also supported implementing the full reduction from 1 July 2027. They considered that phasing in the reduction would prolong above-efficient prices and delay benefits to consumers in a market with limited competition.[153] Convey Property Settlements, Deep Blue Company, InfoTrack and lawlab similarly supported an upfront reduction. Reasons included avoiding the risk that consumer savings would be absorbed by increases in other transaction costs and the view that transitional relief was not financially justified.[154] Sympli also supported implementing the reductions in full from 1 July 2027, arguing that phasing would preserve above-cost returns where subscribers could not substitute or defer the service.[155]

One stakeholder considered fee reductions should be phased to manage the impact on services and cash flow, investment and critical-infrastructure maintenance.[156] We note that PEXA also raised concerns about the impact of the draft recommendations beyond the next regulatory period on its ability to secure debt funding, and that it would breach existing debt covenants given the projected impact on its cash flows.[157]

Our financeability analysis indicates that PEXA Exchange can accommodate the recommended price reduction from 1 July 2027. Implementing the reduction in full from that date would also pass the benefits to subscribers and end-customers sooner. We have therefore maintained our recommendation to implement the price changes in full in 2027-28.

5.4.5 Alternative 2-year glide path

While our financeability analysis shows that PEXA has ample ability to absorb the proposed price reductions in full from 1 July 2027, we note the view put by PEXA that this is not the case. One way ARNECC could respond to the concerns raised by PEXA and its investors could be by allowing PEXA additional time to adjust to the lower transfer prices. If ARNECC places weight on PEXA's views, it could adopt a glide path for the 4 transfer prices. Under this option, the affected transfer fees would progressively decrease, reaching the same real price levels as our recommended fees from 2028-29.

Under our modelling, a 2-year glide path (set out in Table 5.7) would allow PEXA to recover an additional $26 million in NPV terms above the notional revenue requirement over the regulatory period. This revenue could be used by PEXA to help it transition to the new prices. However, this would also delay the benefits of lower prices for end-customers. Given the financeability headroom identified above, we consider that this transition approach is not supported by the available evidence, but we have included it in case it is something that ARNECC would like to consider.

We also note that any glide path for prices longer than 2 years would allow PEXA to recover substantially more revenue from end-customers, who would continue to pay more than they should for longer. As a result, we do not support ARNECC considering that approach.

Table 5.7 Alternative option – real price changes under a 2-year glide path ($2026-27, including GST)

Transaction type	2026-27 (current year)	2027-28	2028-29 to 2030-31	Annual real % change in years 1-2	Annual real % change in years 3-4	Change in regulatory period $
Transfer of interest – single title	97.24	94.78	92.37	-2.5%	0.0%	-4.87
Transfer titles, OR transfer of interest with financial settlement – single title	146.30	122.98	103.37	-15.9%	0.0%	-42.93
Transfer of interest – multiple titles	118.25	114.88	111.62	-2.8%	0.0%	-6.63
Transfer titles, OR transfer of interest with financial settlement – multiple titles	167.42	143.28	122.62	-14.4%	0.0%	-44.80

Note: Prices rounded to the nearest cent.

Chapter 6

Demand for ELNO services

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

06

Demand for eConveyancing services affects the costs of providing those services and the transaction fees needed to recover the allowed revenue under a building block model.

This chapter explains how we forecast billable transactions for 2027-28 to 2030-31; the changes made since the Draft Report and the mechanism we recommend for addressing large differences between forecast and actual market-wide demand.

Table 6.1 summarises our approach and the changes since the Draft Report. Section 6.2 explains our forecasting decisions, section 6.3 presents the resulting volumes and section 6.4 explains the demand volatility adjustment mechanism (DVAM).

6.1 Overview of recommendations and decision on demand

Our demand forecast estimates the number of billable eConveyancing transactions over the 4 years from 1 July 2027 to 30 June 2031.

We have forecast eConveyancing transaction volumes using publicly available data on 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.

Our forecast of total billable eConveyancing transaction volumes is broadly steady over the regulatory period. We have forecast that transactions will increase slightly from 4.14 million in 2027-28 to 4.17 million in 2028-29, then decline to 4.05 million by 2030-31.

We note that since the Draft Report:

- interest rates have increased further[158]
- major banks revised down their forecasts of house price growth[159]
- housing loan commitments declined in mid-2026.[160]

These changes are likely to mean fewer transfer-related billable events and more refinance-related billable events compared with the same calculation undertaken for the Draft Report.

We made several changes to our approach for the Final Report, as foreshadowed in the Draft Report. These changes, combined with updated market data, have resulted in final demand forecasts that are lower than those included in the Draft Report.

The number of transactions demanded is outside of PEXA's control. In the event that the number of transactions turns out to be materially different from the forecast values, we are recommending the inclusion of a DVAM. We have retained the design proposed in the Draft Report and after considering submission comments, we have reduced the threshold to 2%, recognising the high proportion of PEXA's revenue exposed to transaction volumes.

6.2 How we forecast billable transactions

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 models, which we consider reflect the relevant market drivers for transfers and refinances.

We have not used PEXA's confidential forecasts nor the manual reduction to account for impacts of negative gearing and capital-gains-tax reforms that it applied to update its forecasts in its August 2026 submission.[161] The confidential nature of the forecasts means they cannot be published, as such we consider they are unsuitable as the direct basis for calculating prices.

Instead, we have developed forecast models for each jurisdiction, taking PEXA's approach into account. We have applied these forecast models using publicly available data updated to September 2026.

The approach has 3 steps.

First, we forecast market transfer and refinance activity by jurisdiction, using economic and property market drivers.

We then convert those market forecasts into electronic transaction volumes using land registry data on electronic penetration rates for each state and territory.

Finally, we convert those electronic transaction volumes into billable eConveyancing transactions using the historical relationship between market activity and PEXA's billable volumes.

In the Draft Report, we foreshadowed a number of changes that we would consider. As a result, the methodology and market data we used to develop transaction forecasts have changed since the Draft Report. The key changes to our approach are summarised in Table 6.1.

Table 6.1 Changes to our approach since the Draft Report

Item	Draft Report approach	Final approach and reason
Input information	Inputs reflected information available when the Draft Report was prepared.	We have updated inputs to reflect information available in early September 2026.
Post-2022 market pattern	We proposed further testing of model relationships.	We have included a post-2022 Q3 level term. The evidence supports allowing for a changed level of transfers after the COVID-era economic regime, rather than changing the slope of the interest rate variable.
PEXA's revised mortgage-rate forecast	The revised path was supplied after the Draft Report, with details supplied confidentially.	We have retained Deloitte and major-bank forecasts. No alternative forecast of mortgage rates has demonstrated greater forecasting reliability.
PEXA's separate tax-reform manual adjustment	The proposed adjustment was supplied after the Draft Report.	We have not manually reduced the forecast output. Its incremental effect, behavioural assumptions and timing are insufficiently supported.

The sections below explain each step.

6.2.1 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, which differs from 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 data from the Australian Bureau of Statistics (ABS) 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
- established house prices, including the growth rate and the change in growth rate
- dummy variables for each quarter, COVID period, the 2017-18 interest-only lending restriction, and a post-COVID-period term
- 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.

We include a post-2022 indicator

In its submission to the Draft Report, PEXA asked us to examine whether the transfer models remained stable after the interest-rate tightening that began in mid-2022. It submitted that part of the increase in transfers during COVID may represent a permanent shift in housing turnover, such that returning the COVID dummy variable to zero after 2022 Q3 could understate the level of transfers.[162]

We tested whether there were sustained changes in interest-rate sensitivity or a shift in the level of transfers after COVID. We found no consistent change in interest-rate sensitivity across jurisdictions, nor statistical evidence for continuing the COVID dummy variable beyond 2022 Q3. However, a post-2022 Q3 level dummy variable was statistically significant and improved all jurisdiction models except the ACT.

We consider there are plausible economic reasons for a shift in the conditional level of transfers following 2022 (that is, the level of transfers expected at any given interest rate level), for example a lower average household size. The RBA estimates that the roughly 1% fall between early 2020 and September 2022 was equivalent, for a given population, to about 120,000 additional households.[163] It associated the fall with greater demand for space and working from home and later assessed that the decline in average household size was likely to be at least partly permanent.[164]

We have retained Deloitte and major-bank mortgage-rate forecasts

In its submission to the Draft Report, PEXA provided a revised mortgage-rate forecast and submitted that mortgage rates were a material reason its updated demand forecast was below its earlier forecast. PEXA projected mortgage rates using changes in its forecast of the underlying risk-free rate.[165]

Our models use mortgage-rate forecasts from Deloitte's June 2026 Business Outlook, combined with actual mortgage-rate data to September 2026. Deloitte's interest-rate outlook reflected its expectations for inflation and monetary policy. Its June 2026 outlook expected one further 25-basis-point cash-rate increase in 2026, followed by a 12-month period at 4.60% before monetary policy began easing as inflation moderated.[166] This near-term outlook has aligned with subsequent developments, as the RBA increased the cash rate by 25 basis points to 4.60% in late September 2026.[167]

PEXA's alternative forecast was provided confidentially and did not establish that an approach based on forward market rates would provide a more reliable forecast of mortgage rates over the regulatory period. We have retained the Deloitte forecasts used in our models.

We have not applied a post-modelling adjustment for negative gearing and CGT

PEXA proposed a manual reduction to forecast transfers over the regulatory period to account for the negative gearing and capital gains tax reforms announced in the 2026-27 federal budget. Its adjustment assumes the reforms would make investors hold properties longer and therefore reduce the frequency of property transfers. Lower transfer volumes would then also reduce the refinance forecast.[168]

To the extent that the reforms affect transfers through dwelling prices, that effect is already reflected in our model inputs. We updated the bank dwelling-price forecasts used in our models after the May 2026 Budget. CBA estimated that the tax package would subtract 0.6 percentage points from national dwelling-price growth by the end of 2026 and just under 1 percentage point over 2027.[169] Westpac also accounted for the combined effects of monetary tightening and the tax changes in its post-Budget outlook.[170]

The reforms may also affect transfers through changes in investor behaviour. However, longer holding periods for some investors do not determine the net effect on market turnover. Grandfathering may encourage some existing investors to defer selling, while changes in expected returns or the treatment of capital gains may encourage others to sell sooner.

Reduced investor demand for established dwellings also need not reduce transfers if owner-occupiers, including first-home buyers, purchase those dwellings instead. Substitution towards new dwellings and differences in the transaction chains generated by different buyers may also affect total transfer volumes. PEXA's submission has not quantified these competing effects.

Published assessments also illustrate the uncertainty around the net effect. Westpac expected the combination of tax changes and higher interest rates to reduce dwelling turnover by 20% in the near term.[171] By contrast, realestate.com.au expected a small initial increase followed by broadly unchanged turnover over the next 5 years, as earlier investor sales offset the lock-in effect from grandfathering.[172] A September 2026 study by the e61 Institute, reported by the ABC, concluded that the impact of policy changes on investors is "softer than what might be expected from commentary around the reforms."[173]

We have not applied a separate manual adjustment. To the extent the reforms affect transfer activity through dwelling prices, that effect is already reflected in our updated model inputs, while published assessments reach different conclusions about the net effect on turnover.

We removed the ASX-200 index variable

We removed the ASX 200 from the transfer models. Although including it improved historical explanatory power, its forecast value was fixed at its historical average in every future quarter.

This flat path supplies no forecast-period variation. As a result, the ASX variable contributes the same amount to every quarterly forecast and does not explain differences in forecast transfers over time. We have therefore adopted a simpler specification without the ASX 200.

6.2.2 Forecasting market refinances

We have forecast refinance activity using separate 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 Final Report.

6.2.3 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
- most 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 transaction on the Exchange.

6.3 Final transaction forecasts

Our forecast of total billable eConveyancing transaction volumes is broadly steady over the regulatory period. We have forecast that transactions will increase slightly from 4.14 million in 2027-28 to 4.17 million in 2028-29, then decline to 4.05 million by 2030-31.

We note that since the Draft Report:

- interest rates have increased further[174]
- major banks revised down their forecasts of house price growth[175]
- housing loan commitments declined in mid-2026.[176]

These changes are likely to mean fewer transfer-related billable events and more refinance-related billable events compared with the calculation undertaken for the Draft Report.

Decision

3. 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)	4.14	4.17	4.10	4.05

Table 6.2 outlines our forecast of billable eConveyancing transaction volumes for the Final Report, compared to our draft forecast.

Table 6.2 IPART forecast of billable eConveyancing transactions (millions)

	2027-28	2028-29	2029-30	2030-31
Draft Report				
Number of annual billable transactions (millions)	4.24	4.21	4.16	4.15
Annual change (%)	1.2%	-0.7%	-1.4%	-0.1%
Final Report				
Number of annual billable transactions (millions)	4.14	4.17	4.10	4.05
Annual change (%)	2.1%	0.6%	-1.6%	-1.2%

Note: Each billable transaction is a billable event, being an instance in which 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: IPART ELNO service fees Draft Report, ABS quarterly trend data, Deloitte Business Outlook Report, ANZ, CBA, and Westpac mortgage rate forecasts.

6.4 We recommend a demand volatility adjustment mechanism

We recommend a 2-way DVAM for PEXA Exchange's regulated ELNO service fees for 2027-28 to 2030-31. It should apply where actual eligible net regulated transaction revenue differs from the forecast used to set prices by more than 2%, assessed in present-value terms over the 4-year period using the regulatory WACC.

A DVAM manages differences between forecast and actual demand when prices are set in advance for several years. We typically use DVAMs for monopoly utilities, where demand can vary for reasons outside the regulated business's control and forecast error can cause over- or under-recovery. They are less suited to workably competitive markets because they can shield a business from normal demand and market share risk.

For subscribers, this means they can receive the benefit of much higher-than-forecast market demand through potentially lower revenue or prices in a later regulatory period.

Our recommendation assumes PEXA remains an effective monopoly over the regulatory period and limits the mechanism to market-wide transaction volume risk and transaction mix.[a]

The DVAM should operate as an ex-post adjustment at the next ELNO service-fees review and should not reopen prices during the regulatory period. We consider any adjustment should:

- apply only to revenue above or below the ±2% threshold
- be calculated in real dollars on a net-present basis
- be applied to PEXA's revenue requirement and prices in the next regulatory period
- be confined to market-wide demand and transaction mix
- exclude revenue differences caused by changes in PEXA's market share relative to competing ELNOs.

We have recommended using net regulated transaction revenue because fees differ by transaction type.

In addition, excluding changes in market share would preserve PEXA's exposure to normal competitive risk.

We have reduced the DVAM threshold from 5% in the Draft Report to 2% following feedback from PEXA that a 5% threshold would expose it to cash flow and return volatility,[177] and from Renaissance Smaller Companies that the DVAM as proposed would not adequately address PEXA's exposure.[178] Water monopolies recover around 40% of revenue through variable charges, so a 5% threshold on their variable revenue represents about 2% of total revenue. Almost all PEXA's regulated revenue is transaction-based. A 2% DVAM threshold would therefore leave PEXA managing a broadly comparable share of total revenue exposed to demand forecast risk.

PEXA's revenue depends on transaction volumes and transaction mix, while most of its platform costs are fixed or semi-fixed.[179] A 2-way DVAM protects both customers and PEXA. If market-wide demand results in a revenue surplus, customers could receive the benefit through subsequently lower revenue requirements or prices. Inversely, a revenue shortfall could be recovered by PEXA in the next regulatory period.

[a] Transaction mix is the portion of transactions that are transfers, discharges, mortgages, etc. PEXA earns different revenue from different types of transactions, and so a change in the transaction mix can lead actual and forecast revenue to differ.

PEXA also opposed a DVAM in its submission to the Draft Report, proposing that it bear normal volume risk and receive a higher WACC instead to reflect that exposure.[180] It also argued that a DVAM could weaken incentives to expand eConveyancing, innovate and respond to competition, while increasing regulatory costs.[181]

We consider a DVAM remains more appropriate for cumulative demand-forecast error than a separate increase in the WACC. A higher WACC would increase PEXA's allowed return whether demand was above or below forecast, whereas a 2-way DVAM responds only to cumulative forecast error actually experienced. We therefore retain the DVAM recommendation. We address PEXA's broader WACC submission in Chapter 9.

We recognise that we cannot bind a future Tribunal, ARNECC or regulator, or guarantee when the next review will occur. PEXA and Renaissance Smaller Companies submitted that this uncertainty may lead investors to discount the DVAM, particularly if they expect a future decision-maker to reduce revenue after higher-than-forecast demand but not compensate a shortfall.[182]

While any future adjustment must be decided under the law and on the evidence that will apply at that time, a best practice regulatory approach would acknowledge the intent and expectations around the inclusion of the DVAM and apply a consistent approach over time, where it is reasonable to do so. We recommend a clear, symmetric framework should apply, and we expect that this will be considered by any future regulator. Without such a framework, PEXA would retain the benefit of materially higher-than-forecast demand and customers would have no specific protection against the resulting over-recovery. PEXA would likewise bear the downside of materially lower demand despite the number of transactions demanded being outside PEXA's control.

Recommendation

16. 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 more than 2% 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 7

Costs

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

07

This chapter sets out our decisions on the operating and capital costs used as inputs to determine PEXA Exchange's notional revenue requirement. These include 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).

7.1 Overview of our decisions on projected expenditure

To establish the operating and capital costs for PEXA over the regulatory period from 2027-28 to 2030-31, we:

- reviewed PEXA's forecasts for capital and operating expenditure (provided to us on a confidential basis) in detail, including what PEXA proposed to spend on future development, cyber security, resilience, reliability and innovation
- developed our own forecasts based on actual operating and capital expenditure growth since demand reached a steadier state in 2021-22, to obtain projected costs that were broadly in line with those forecast by PEXA and sufficient to cover the costs included by PEXA in its forecasts
- removed an estimate of the costs of providing products and services that PEXA offers and charges fees separately from ELNO service fees for transactions (as outlined in Chapter 4) to ensure PEXA does not recover these costs twice
- capitalised 40% of controllable operating expenditure to allow these costs to be recovered through depreciation and earn a return on capital over a longer period, addressing concerns raised by PEXA about the timing of recovery and stability of the regulatory asset base
- 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 multifactor productivity in relevant sectors released by the Australian Bureau of Statistics
- estimated the external costs PEXA is expected to incur as a result of fees levied on it by land registry services, the National Electronic Conveyancing Data Standard Limited (NECDS Ltd) and revenue offices.

Our approach to establishing PEXA's cost inputs is broadly the same as in the Draft Report except that we capitalise a portion of operating expenditure and have updated the assumed inflation and transaction volumes used to develop some of the estimates.[a]

[a] We have also corrected an error in the application of the productivity adjustment, which had a very minor impact on the final forecasts.

7.2 We projected PEXA's 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. We considered the following:

- whether to use PEXA's own costs or those of an efficient 'hypothetical' ELNO
- PEXA's own confidential cost forecasts to 2030-31
- PEXA's historical costs.

We have decided to adopt PEXA's own costs as the starting point for analysis and not the costs of an efficient hypothetical ELNO. 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 7.4 below).

PEXA initially provided us with historical operating and capital expenditure to 2024-25 and confidential forecasts from 2025-26 to 2028-29. Following the Draft Report, we sought and received updated information from PEXA on actual expenditure and revenues for 2025-26. We considered this information in determining the appropriate operating and capital expenditure over the regulatory period.

After considering stakeholder feedback and updated information, we have retained the Draft Report approach to projecting PEXA's costs. Our recommendations on PEXA's prices are based on extending the average change in PEXA's historical operating and capital expenditure between 2021-22 and 2024-25 over the 4-year regulatory period from 2027-28 to 2030-31.

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.

7.2.1 We used PEXA's costs, not the costs of a hypothetical efficient ELNO as the basis for our projections

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.[183] 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 inputs to the building block model. 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 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. Given the large differences between PEXA's costs and those of a hypothetical ELNO with a differently structured architecture/operating model, we consider that expenditure studies undertaken for future reviews should focus on PEXA and the efficiencies available to it, as the starting point.

Feedback to our Draft Report showed support for using PEXA's costs. The Australian Institute of Conveyancers WA accepted the use of PEXA's actual costs as a practical starting point for setting regulated prices but considered these should be tested to ensure customers do not fund inefficient expenditure, unnecessary legacy complexity, competitive products or related businesses.[184] InfoTrack supported the conservative use of PEXA's actual audited and forecast costs rather than the lower costs of the hypothetical efficient ELNO benchmark, noting that the building block model still finds PEXA is recovering revenue well in excess of an efficient return.[185] PEXA strongly supported using its costs rather than the costs of a hypothetical ELNO.[186]

PEXA supported our draft recommendation to use its actual costs rather than that of a hypothetical ELNO. However, it raised concerns about the findings in TBH's report.[187] PEXA submitted that IPART should not draw conclusions from TBH's report because, in its view, the report did not adequately address issues it had raised during a review of TBH's draft report. PEXA also considered that IPART should publish PEXA's response setting out these issues.

Our usual practice is to provide regulated entities with an opportunity to identify factual errors and confidential information in advice prepared by independent experts. Consistent with this practice, we invited PEXA and Sympli to review TBH's draft confidential report and identify any factual corrections. During this process, PEXA disputed TBH's findings about the technical complexity and operating requirements it considered should be reflected in the costs of a fully functional ELNO. Considering these concerns, we also asked ARNECC to fact-check references in TBH's draft report to regulatory requirements relevant to the hypothetical ELNO.

TBH revised its report and model after considering feedback from both ELNOs and ARNECC. We acknowledge that differences remained between TBH and PEXA regarding matters of judgement, assumptions and methodology. However, we do not consider it appropriate to publish PEXA's response because it relates to a draft version of TBH's report that was subsequently revised.

Decision

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

7.2.2 Our cost projections are informed by PEXA's own (confidential) forecasts

PEXA proposed a 3-year regulatory period from 1 July 2026 in its pricing submission to our review and provided confidential forecast expenditure for these 3 years.[b] PEXA proposed that IPART adopt these estimates in calculating the revenue requirement but requested that these forecasts not be published.

To preserve the confidentiality requested by PEXA and to ensure that we could be transparent about the basis for our recommended prices we decided to only rely on information that PEXA has consented to being made public.[c] PEXA's actual expenditure from 2010-11 to 2025-26, which PEXA submits is reflected in its audited financial statements, has already been published and as a result it formed the basis for our projections.[d] Nevertheless, in taking this approach, we also considered PEXA's confidential forecasts.

PEXA proposed increasing costs to deliver ELNO services. Box 7.1 summarises PEXA's proposed initiatives and the factors it identified as driving higher expenditure.

Box 7.1 PEXA initially proposed price increases to meet key initiatives

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 2028-29) to efficiently deliver ELNO services.[188] 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.[189, a]

[b] PEXA redacted forecast information in its submission to our Call for Submissions Paper. PEXA has claimed confidentiality over forecast cost information and transaction volumes.
[c] This decision means we would not prejudice the future supply of confidential information to IPART in this and other reviews.
[d] PEXA provided information on 2025-26 actuals after the Draft Report.

Box 7.1 PEXA initially proposed price increases to meet key initiatives

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 initial submission to our Call for Submissions Paper, 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 and 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
- 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 CPS 230, 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.

a. Forecast expenditure for interoperability is no longer necessary as interoperability reforms are not proceeding.

Source: PEXA, Revised submission to IPART Call for Submissions Paper on ELNO service fees, November 2025, pp 9-10.

In response to our Draft Report, several stakeholders were concerned that the draft recommended prices may not provide PEXA with sufficient funding for future development, cyber security, resilience, reliability and innovation:

- One stakeholder considered that forecasting future costs based on historical cost growth may not adequately capture cost increases associated with emerging technologies and requested that we consider a separate forward-looking cost allowance.[190] One financial institution raised similar concerns, noting it expects PEXA's cyber security costs to increase substantially in future years.[191]
- Renaissance Smaller Companies submitted that cyber security threats evolve more quickly than a 4-year regulatory period can accommodate and argued that materially lower post-tax cash flows would increase the risk of underinvestment in security capability.[192] It argued that the proposed allowance would provide PEXA with limited flexibility to respond to evolving cyber threats, particularly relative to the technology and security expenditure of comparable critical infrastructure operators.[193] It noted PEXA as a potential single point of failure in the property market.
- The Australian Institute of Conveyancers WA submitted that the pricing framework must adequately recognise the efficient cost of meeting operating requirements and that a lower fee would not benefit consumers meaningfully if it led to weaker security, poorer services or deferred investment in critical infrastructure.[194]
- PEXA argued that, as national critical infrastructure, the PEXA Exchange should not be placed in a position where it must choose between maintaining cyber security and operating profitably. It said the proposed framework could constrain the resources needed to meet critical-infrastructure security obligations.[195]

While we have not adopted PEXA's forecast costs due to the confidential nature of those forecasts, we have considered them in detail. When developing cost projections for the upcoming regulatory period using historical cost changes, we have ensured that the operating and capital cost allowances are sufficient to allow PEXA to recover the costs associated with these essential activities based on PEXA's own projections of what it expects to incur in the coming regulatory period.

We note that since the Draft Report, PEXA has not identified and quantified any material additional costs that would warrant revising our projections to allow for additional costs to be recovered from prices. We also note the building block model also provides a depreciation allowance which would support ongoing investment in cyber security and resilience.

7.2.3 We used the average annual historical change in PEXA's costs between 2021-22 and 2024-25 as the basis for projected costs

To project PEXA's expenditure over the regulatory period, we calculated the average annual percentage change in PEXA's reported actual operating and capital expenditure between 2021-22 and 2024-25 and applied these growth rates each year from the 2024-25 cost base, consistent with the approach proposed in our Draft Report. This resulted in projected annual increases of:

- **0.7% for operating expenditure**, excluding costs associated with external fees.
- **2.9% for capital expenditure**.

Since 2021-22, historical operating and capital expenditure have varied significantly from year to year and 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 considered expenditure from 2021-22 onwards as we note that transaction volumes stabilised at this time (see Chapter 2, Figure 2.1). We note that costs over this time do fluctuate from year to year, in real terms.

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 its regulatory obligations, the needs of customers, the number of jurisdictions supported, software costs and supporting capital expenditure.[196]

PEXA's historical costs also include the costs of enhancements 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.

As discussed in Chapter 4, in the absence of effective competition, there are risks that a regulated business may be able to increase the quality of its services beyond what its customers are willing to pay for and have the costs associated with the increase in quality included in the notional revenue requirement so that these costs are recovered from customers. To address this, regulators would consider whether a regulated business' expenditure is prudent and efficient and whether proposed spending delivers value to customers and customers have indicated a willingness to pay. This would ensure that customers do not pay more than necessary for the services provided.

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 and largely not practical to separate out. As a result, we consider ELNO service fees should recover the costs of these enhancements. Future reviews, however, should review the prudency and efficiency of PEXA's spending on transaction services, for example through an efficient cost review, and consider PEXA's engagement with its customers on additional spending.

In response to our Draft Report, PEXA agreed that IPART should use historical growth in operating and capital expenditure over 3 years as the basis for projecting future expenditure.[197] However, we note that PEXA, at our public hearing, and one stakeholder submission questioned our use of a 3-year historical period, arguing that it produced a lower implied growth rate for operating costs compared to longer periods.[198]

Using a start date before 2021-22 would produce higher average annual growth rates for operating and capital expenditure. For example, if we started from 2020-21, the corresponding growth rates would be 1.4% and 7.6%, respectively. However, these higher rates would partly reflect expenditure growth associated with the scaling up of transaction volumes before they stabilised in 2021-22.

Following the release of PEXA's 2025-26 annual report, we requested updated actual expenditure and revenue information. Compared with 2024-25, operating expenditure decreased by 4.4% and capital expenditure decreased by 14.4%. We also note that during 2025-26, PEXA submitted that it delivered productivity and efficiency initiatives that reduced headcount by approximately 11% and generated savings of more than $15 million.[199]

Having reviewed PEXA's confidential forecast costs, we consider that the methodology and time period we have adopted provides an appropriate approximation of PEXA's forecast expenditure. Adopting higher growth rates would lead to materially higher costs than provided in PEXA's confidential forecasts.

7.3 We estimated costs associated with providing PEXA's additional services and removed them from the cost base

We 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 fees that are currently separate from ELNO service fees (see Chapter 4 for more information on these).

We excluded identified costs for PEXA Exchange APIs. For other separately charged products, such as mobile signing and digital certificates, PEXA Planner, PEXA Allocations, PEXA Projects and PEXA Tracker, where reliable cost data were not available, we deducted the associated revenue as an estimate for the costs of providing them. PEXA suggested this process would offset the minimum revenue required from regulated ELNO service fees.[200] We deduct identified costs or associated forecast revenue, as applicable, to reduce the risk that expenditure associated with separately charged services is also recovered through ELNO transaction fees.

We have deducted the associated revenue as a proxy for the costs of providing these services. This prevents double recovery through both separate service charges and transaction fees, although it may not fully remove the costs of providing those services. We note that PEXA has not provided alternative cost forecasts that could be used for this purpose and as a result, we have retained this approach for the purpose of recommending prices in this review. We acknowledge that using PEXA's revenue from these additional services as a proxy for the costs of providing them is not best practice and that this approach should not be adopted as an ongoing basis.

In response to our Draft Report, PEXA opposed the exclusion of mobile signing and digital certificate costs. It submitted that the costs of providing these services have historically exceeded the associated revenues and that, if the separate service charges were capped, as PEXA understood our draft recommendation to propose, it would need to recover the resulting shortfall from transaction service fees.[201]

As discussed in section 4.3, we consider that mobile signing and digital certificates should be price regulated. However, contrary to PEXA's submission, we have excluded forecast revenues for these services. Where the costs of providing these services are greater than forecast revenues, then transaction revenue would recover these costs where they are embedded in the costs used to recommend transaction fees. Due to this cross-subsidisation, we have recommended that mobile signing and digital certificates prices be capped to prevent PEXA from increasing these prices and over-recovering.

More broadly, PEXA has historically provided some services in addition to transaction services either at no charge or at prices that do not fully recover their costs, including in some cases to encourage take-up. This issue is therefore not limited to mobile signing and certificates but raises a broader question about whether additional services have been implicitly recovered through transaction service revenues.

7.4 We applied a productivity adjustment to controllable costs

We have maintained the 1.7% annual productivity adjustment applied in the Draft Report to PEXA's projected controllable operating and capital expenditure. The adjustment reflects the ongoing productivity improvements that businesses undertaking activities comparable to PEXA's could reasonably be expected to achieve over the regulatory period.

This productivity factor is based on the 15-year average[e] of the Australian Bureau of Statistics' (ABS) multifactor productivity (MFP) estimate for 3 industries that we consider are most relevant to PEXA's activities.[202] 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 Australian and New Zealand Standard Industrial Classification (ANZSIC) classifications and descriptions.[203] 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.[204] 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.

In response to the Draft Report, PEXA submitted that applying a separate productivity factor would double count efficiency gains already reflected in the historical expenditure growth rates used to forecast costs and by using historical costs to forecast PEXA's costs we have accepted these costs as efficient. It argued that the adjustment would therefore require productivity improvements beyond those achieved historically.

[e] Between 2010-11 and 2024-25.

We acknowledge this concern and note PEXA's reported efficiency initiatives in 2025-26 (cloud-cost optimisation, automation of operational and software-delivery processes, and operating-model and remuneration benchmarking reviews).[205] However, as described above, we adopted historical costs as a proxy for PEXA's own forecast costs for the regulatory period, having regard to PEXA's own forecasts which it has provided on a confidential basis. As a result, these costs should be treated consistently with how we would treat PEXA's own forecasts. The use of historical costs to approximate PEXA's forecasts in this way does not reflect double-counting of productivity gains and does not suggest that a smaller productivity adjustment should be adopted. This forecasting approach does not establish that the projected costs are efficient.

Furthermore, by retaining the Draft Report projections rather than incorporating PEXA's lower 2025-26 actual costs, we have:

- not double counted productivity gains PEXA achieved in 2025-26
- adopted a conservative cost allowance that provides a reasonable scope for further productivity gains.

PEXA submitted that IPART had not provided sufficient evidence to demonstrate that PEXA's historical costs were inefficient or that there was scope to materially accelerate productivity gains.[206] It also questioned the extent to which TBH's report provided an appropriate basis for identifying potential efficiencies for PEXA.

We have considered TBH's consultant report on the efficiencies of a hypothetical ELNO but have not used TBH's recommended costs as the basis for our cost estimates or productivity factor. The productivity factor does not depend on a finding that PEXA's current costs are inefficient. The adjustment instead represents the ongoing productivity improvement that we consider reasonably achievable during the regulatory period.

PEXA's November 2025 submission proposed a lower 0.7% adjustment drawn from IPART's Sydney Water Final Report.[207] In response to the Draft Report, PEXA maintained that, if an ongoing productivity factor is applied, it should be reduced to 0.7% rather than 1.7%. It argued this would be more consistent with productivity assumptions IPART has applied when regulating other businesses. However, the MFP-based factor used for Sydney Water was an ongoing productivity adjustment applied alongside other productivity measures, not on its own.

PEXA submitted that IPART's adoption of a sector-specific productivity factor is inconsistent with previous IPART decisions. PEXA noted that it is inappropriate to apply a sector-based productivity factor to PEXA because the sectors IPART has identified are typically much less regulated than eConveyancing. PEXA's submission referenced IPART's decision in its 2020 Hunter Water pricing review not to use a sector-specific productivity factor.[208] In that review, however, we explained that a sector-specific productivity factor would not be appropriate because it would reflect the limited productivity gains across a typically regulated sector. We also considered the economy-wide indicator would better capture expected productivity gains. We stated that selecting "a subset of this data (utilities or water industry data only), as Hunter Water suggests, may not be consistent with our objective. This is because utility industries, including the water industry, often feature natural monopolies, and we are trying to replicate the innovation and efficiency outcomes of competitive markets in applying the continuing efficiency adjustment."[209]

We have applied the productivity factor, consistent with how we apply it in other reviews, to encourage the business to achieve levels of productivity that could be reasonably expected from other businesses and to encourage the business to not only move towards the efficiency frontier but to maintain its position at the frontier. For PEXA, we consider a sector-relevant MFP estimate a better proxy than an all-industries or utility-sector adjustment.

PEXA further argued that the 15-year averaging period used to derive the productivity factor is inconsistent with previous IPART approaches and that using a 30-year averaging period would reduce the factor from 1.7% to 1.1%.[210] We have retained the 15-year averaging period because it broadly corresponds with the development and operation of PEXA's digital platform and gives greater weight to the productivity conditions relevant to contemporary digital and technology-enabled businesses. A 30-year average would incorporate a substantial period predating PEXA and the technologies and business models most relevant to its operations.

We consider the sector-specific productivity factor remains appropriate because it reflects the productivity gains that businesses comparable to PEXA could reasonably be expected to achieve and what PEXA would achieve if it operated in a competitive market.

7.4.1 We have corrected our application of the productivity factor

We note that in the Draft Report we did not apply the productivity factor in the same way we typically do. This was inadvertent and resulted in a higher productivity adjustment than intended. We have corrected our application of the productivity factor to make it consistent with our application in other IPART reviews that use a building block model. The changes lower the reduction to PEXA's projected costs due to the productivity factor by around $243,000 over the 4 years, compared with the Draft Report calculation.

Over the regulatory period, the application of the productivity factor means PEXA would be expected to achieve efficiency gains of around $10.5 million.

7.5 We have capitalised 40% of controllable operating expenditure

PEXA submitted that investment in a digital platform extends beyond expenditure recorded as capital in its accounts. It identified continuing expenditure on adoption, resilience and platform development, and argued that recognising only the operating expenditure incurred during the establishment of the Exchange would leave ongoing investment unrecognised in subsequent regulatory periods. It also raised concerns about differences in the accounting treatment of owned infrastructure, licensed software and cloud services.[211]

We agree that some operating expenditure performs the same economic role as capital expenditure, particularly for an entity whose capital is almost entirely intangible. Software engineering can introduce functionality that remains available for future transactions. Work on integrations can establish connections used repeatedly by subscribers. A substantial security or resilience improvement can strengthen the platform beyond the year in which the work takes place.

We have decided to capitalise 40% of PEXA Exchange's controllable operating expenditure. From 1 July 2027, the capitalised share will be recovered through straight-line depreciation over 15 years, with a return on capital each year. This means its cost is recovered over the period in which subscribers benefit.[f] The remaining 60% of controllable operating expenditure will be recovered through the operating expenditure allowance in the year incurred.

[f] Capitalisation means adding the expenditure to the regulatory asset base and recovering it over time, with a return on the funds PEXA has committed but has yet to recover.

Our capitalisation rate of 40% is based on our assessment of the activities funded by PEXA's controllable operating expenditure, and the economic purpose of each category, as discussed in section 7.5.2.

Table 7.1 presents the projected costs before and after capitalisation. The costs below are adjusted for estimated cost deductions and the productivity factor, as explained above, but exclude costs associated with external fees. The before capitalisation costs show what the costs would have been if we maintained our draft approach.

Table 7.1 IPART's projected expenditure before external fees, between 2027-28 and 2030-31 ($m, $2026-27)

	2027-28	2028-29	2029-30	2030-31	Average annual cost or % over the regulatory period
Operating expenditure					
Before capitalisation	115.3	116.1	116.9	117.7	116.5
After capitalisation	69.2	69.7	70.1	70.6	69.9
Annual % change		0.7%	0.7%	0.7%	0.7%
Capital expenditure					
Before capitalisation	35.7	36.7	37.8	38.9	37.2
After capitalisation	81.8	83.1	84.5	85.9	83.8
Annual % change		1.7%	1.6%	1.7%	1.7%

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

We explain our considerations for capitalising operating expenditure in the following sections.

7.5.1 Some operating expenditure is investment in the ongoing capability of the Exchange

This investment is distinct from expenditure needed to deliver services each year. Routine hosting, corporate services, customer enquiries and administration generally support immediate operations. While they are important to the service, they do not establish that the expenditure produces benefits over many years. Our allocation recognises that both kinds of activity occur within PEXA's operating cost categories.

For the subset of operating expenditure that provides enduring benefits, immediate recovery would place the whole cost on subscribers in the year the expenditure is incurred, even though later subscribers also benefit. Capitalisation spreads recovery across those years.

For the subset of operating expenditure that supports current service delivery, annual recovery remains appropriate. Under this treatment, the building block model recognises and rewards the economic benefit produced by PEXA Exchange's expenditure while maintaining a cost basis.

We recognise that accounting and economic treatment of expenditure are different and serve different purposes. This treatment does not change how PEXA prepares its financial statements or require the creation of a corresponding accounting asset. It also does not add a separately valued premium for the Exchange's network or customer relationships. Chapter 8 explains how this principle is similarly applied to the initial asset base.

7.5.2 PEXA Exchange's cost mix supports a 40% capitalisation rate

We assessed PEXA Exchange's controllable operating expenditure reported to us by function, considering both the relative size of each category and the activities it funds.

We consider that a greater proportion of capital-like expenditure would be present in PEXA's product and technology cost category, a mixed share to technology infrastructure and computer costs, and a small capital-like cost share to functions predominately concerned with current service delivery. Based on our allocations, this equates to a 40% capitalisation of operating expenditure overall.

Table 7.2 sets out each category by function and our approximation of the proportion of each expenditure category that we consider has the characteristics of capital expenditure.

Table 7.2 Operating expenditure by function, and our capitalisation rates

Expenditure category	Reason for capitalisation rate	Capitalisation rate (%)
Product and technology	• Mostly capitalised. This category includes improving the Exchange platform, product development, software engineering, system reliability, cyber security and fraud prevention. These can create enduring capability. • Fixes, monitoring and current support remain part of annual service delivery.	90
Technology infrastructure and computer costs	• Mixed capitalisation. Third-party technology includes cloud hosting, software licences, information security, application support and technology maintenance. This category also includes general business technology costs. • Migration, configuration, resilience and security uplifts may endure while routine licences and support may not.	50
Customer support services	• Mainly current service delivery. Customer onboarding, enquiries, training, incident and settlement support, account management and customer engagement.	10
Regulatory compliance and legal	• Mainly current compliance and advice. Engagement with regulators and industry bodies, regulatory compliance, contract negotiations and other legal support.	10
Back-office support functions	• Mainly current administration. Corporate support costs, including finance, tax, procurement, risk, human resources, governance, insurance, facilities, audits and professional services.	10
Cost of goods sold	• Direct costs of goods and services supplied.	10
Weighted average	• **Each assessed share is weighted by the expenditure in that category. We have adopted a rounded overall allocation of 40%.**	**39.7**

Note: We only assess controllable operating expenditure, which excludes external NECDS, revenue and registry office fees.
Source: IPART assessment of PEXA's expenditure by function.

We cross-checked our functional assessment against PEXA Exchange's accounting expenditure categories. These categories do not identify the economic purpose of expenditure as clearly as the functional categories reported to us because some, particularly salary and related costs, support activities across several functions. We therefore considered the activities each category is likely to fund and the extent to which they may provide benefits beyond the year incurred. This cross-check also produced an overall capitalisation rate of approximately 40%.

Table 7.3 Operating accounting categories, and our capitalisation rates

Expenditure category	Reason for capitalisation rate	Capitalisation rate (%)
Salary and related costs	• Mixed capitalisation. Employees undertake both platform development and current service delivery. We capitalise the share estimated to support product development, software engineering, security and other activities that create or improve enduring platform capability. • Salaries associated with customer support, compliance and corporate administration remain operating expenditure.	50
Customer acquisition	• Mostly capitalised. We consider this largely relates to customer onboarding, training and adoption activities, which can establish capabilities and relationships that support participation in the Exchange over several years. • Routine account management and current-period customer engagement remain operating expenditure.	80
Operating lease costs	• Current service delivery. Office and other operating leases provide access to facilities during the period covered by the lease payments. We consider they do not create enduring benefits.	0
Cost of goods sold	• Current service delivery. These are direct costs of goods and services supplied during the year. Their benefits are generally consumed as the related services are delivered.	10
Licences and other computer costs	• Mixed capitalisation. Software licences, subscriptions and related computer costs support both enduring platform improvements and routine operations. • We consider configuration, implementation and security uplifts may provide benefits over several years, while recurring licences and support relate mainly to current service delivery.	50
AWS core production	• Mixed capitalisation. Cloud infrastructure supports the continuing operation of the Exchange. Migration, configuration, resilience and security work can create benefits extending beyond the year incurred. • However, routine hosting and processing support current service delivery.	50
Audit, tax and risk fees	• Current compliance. These costs primarily support annual assurance, taxation and risk-management obligations. They do not generally create enduring platform capability.	0
Other professional fees	• Mostly current advice and support. Most external advisory and specialist services support current operations. A small share may support the design or implementation of projects that provide benefits beyond the year incurred, changes to the operating model or planning for technology upgrades.	10
Insurance	• Current risk protection. Insurance provides coverage for the period of the policy and does not create benefits beyond that coverage period.	0
Other costs	• Current administration. These costs primarily support the business in the year incurred, without sufficient evidence that they create enduring benefits.	0
Redundancy and restructuring	• Mixed capitalisation. Restructuring can support a lasting change in the workforce and operating model, but some costs relate only to implementing the change. We therefore capitalise only the share assessed to support enduring organisational capability.	50
Weighted average	• **Each assessed rate is weighted by expenditure in that category. The resulting allocation supports the rounded 40% capitalisation rate derived from our functional assessment.**	**40.4**

7.5.3 Capitalisation stabilises the regulatory asset base for future reviews

Each year's capitalised expenditure enters the regulatory asset base. PEXA recovers that expenditure through depreciation and a return on the unrecovered balance. Any remaining balance is carried forward into the next regulatory period. The main effect of capitalisation is to change the timing of cost recovery. PEXA receives a lower operating expenditure allowance in the year it incurs the expenditure. It then recovers the capitalised amount over its asset life, together with a return on the unrecovered balance. The closing regulatory asset base becomes the opening regulatory asset base for the next regulatory period.

In response to the Draft Report, in which no operating expenditure was capitalised, PEXA submitted that extending the approach into later regulatory periods may lead to a declining regulatory asset base and very low free cash flow from 2033-34.[212] It also submitted that recognising operating expenditure that supports investment in the regulatory asset base would reduce the need to revisit the issue in each regulatory period and preserve its incentives to continue investing in adoption and platform development.[213]

The capitalisation of a portion of operating expenditure provides a more stable regulatory asset base and flow of regulated cash across successive periods. Its effect on the present value of the expenditure recovered is marginal.

7.6 We have estimated external fees based on our transaction projections

In addition to PEXA's own costs, external fees are levied on PEXA for each eConveyancing transaction. These fees vary by jurisdiction and currently include:

- 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 National Electronic Conveyancing Data Standard that underpins Australia's eConveyancing system. The NECDS defines how data is structured, exchanged, and validated between key participants in electronic property transactions.[9]
- Revenue office (RO) fees currently charged by the Victorian, Western Australian and Tasmanian Revenue Offices 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 between $46.7 million and $48.0 million per year over the regulatory period, a significant proportion of its operating costs. As noted in Chapter 3, we consider that the benefits of simplicity associated with national prices outweigh any benefits of increased cost reflectivity from jurisdiction-specific prices that vary only because of differences in these external fees.

[9] The NECDS was initially managed by PEXA in conjunction with Land Registrars (or their nominees) and Land Registries 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.

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.

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, which include PEXA's expectations regarding future Revenue Office pricing and fee coverage. We then adjusted these using our estimates for transaction volumes, to calculate an amount per billable event[h] (for which an ELNO transaction fee is incurred) and included this in the cost base.

Table 7.4 presents the costs of external fees on a per-transaction fee basis and Table 7.5 presents the total estimated fees which we have included in the cost base.

Table 7.4 External fees included in the cost base, per transaction fee ($2026-27)

	2027-28	2028-29	2029-30	2030-31
LSS fees	10.43	10.43	10.43	10.43
NECDS fees	0.86	0.86	0.86	0.86
Revenue office fees	0.38	0.51	0.51	0.51

Table 7.5 External fees included in the cost base, annual totals ($m, $2026-27)

	2027-28	2028-29	2029-30	2030-31
Transactions (no., m)	4.14	4.17	4.10	4.05
Annual % change	2.1%	0.6%	-1.6%	-1.2%
LSS fees	43.2	43.4	42.8	42.2
Less LSS revenue	-1.1	-1.1	-1.1	-1.0
NECDS fees	3.5	3.6	3.5	3.5
Revenue office fees	1.6	2.1	2.1	2.0
Total	**47.2**	**48.0**	**47.3**	**46.7**

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.

As discussed in Chapter 3 and Appendix C, we have presented ELNO service fees excluding the LSS, NECDS and the Revenue Office fees, as an option for ARNECC.

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

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

Since 18 May 2026 the NECDS fee has been passed through to 'Mortgage' and 'Discharge of Mortgage' transactions as an additional $1.10 (including GST) per transaction, in all jurisdictions except NSW. PEXA introduced new pricing arrangements on 1 October 2026 to pass through the NECDS fee for all other transaction types except in NSW, as well as revenue office fees in Victoria, Western Australia and Tasmania.[214]

In its initial submission to our review PEXA 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).[215] As the pass through of the NECDS fee has not been approved in NSW, PEXA also sought to recover NECDS fees expected to be incurred in NSW in 2026-27, through inclusion in the cost base for 2027-28.

In the Draft Report we explained that we had 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 we found that PEXA's current revenue exceeded our view of the revenue required by PEXA to provide its current ELNO services and that it had been earning significant operating surpluses. In its submission to the Draft Report, PEXA disagreed with this, arguing that in an unregulated competitive market uncontrollable third-party costs would be passed through to prices, and as a regulated entity, PEXA should not be disadvantaged, regardless of whether its revenue was higher than required to cover its costs in the relevant years.[216]

PEXA argues that we have conflated the principle of avoiding disadvantage relative to an unregulated competitive market with whether its revenue exceeds the level required to recover costs.[217] In our view, comparison with an unregulated competitive market is not informative because PEXA is the near-monopoly provider of a mandated service, and market conditions have changed significantly since ELNO service fees were last reviewed in 2019. During this period PEXA has been able to achieve profits which may not have been possible in a competitive market.

PEXA also submitted that NSW consumers were effectively free riding because it had absorbed a cost passed on to consumers in other jurisdictions.[218] While we acknowledge this concern, recovering past NSW NECDS fees through a true-up in the national cost base would spread those costs across all jurisdictions. Using PEXA's same argument, this would effectively require consumers outside NSW to pay the fees twice. Therefore, we have maintained our position to not include a true-up for the unrecovered NECDS fees.

7.7 Final expenditure forecasts

The final expenditure forecasts that we have used in our building block model are presented below. These costs reflect our decisions to:

- use PEXA's historical costs and project these costs using actual growth since 2021-22
- remove an estimate of the costs of providing products and services that should not be recovered from regulated transaction fees
- capitalise 40% of controllable operating expenditure
- apply a productivity adjustment of 1.7% to controllable expenditure

- include all external costs PEXA is expected to incur from fees levied on it by land registry services, the NECDS Ltd and state revenue offices.

Decision

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

$m ($2026-27)	2027-28	2028-29	2029-30	2030-31
Operating expenditure	116.4	117.7	117.4	117.3
Capital expenditure	81.8	83.1	84.5	85.9

Before operating-expenditure capitalisation, the resulting operating and capital costs are slightly lower than those included in the Draft Report. The difference is due to updated assumed inflation and transaction volumes used to develop some of the estimates and corrected application of the productivity adjustment. After capitalisation, operating expenditure is lower and capital expenditure is higher because 40% of controllable operating expenditure is reclassified and recovered over time.

Table 7.6 below presents the costs we have used as a basis to recommend ELNO service fees before and after capitalising operating expenditure, compared with the costs we used in the Draft Report. The operating and capital costs shown include estimated cost deductions, external fees and the productivity factor adjustment.

Table 7.6 Costs used to recommend ELNO service fees ($m, $2026-27)

	2027-28	2028-29	2029-30	2030-31	Average annual change (%)
Operating expenditure					
Draft decision	164.2	165.3	165.4	166.1	0.4%
Final decision					
Before operating expenditure capitalisation	162.5	164.2	164.2	164.4	0.4%
After operating expenditure capitalisation	116.4	117.7	117.4	117.3	0.3%
Capital expenditure					
Draft decision	35.9	36.9	38.0	39.1	2.9%
Final decision					
Before operating expenditure capitalisation	35.7	36.7	37.8	38.9	2.9%
After operating expenditure capitalisation	81.8	83.1	84.5	85.9	1.7%

Note: Operating expenditure includes costs associated with external fees. Controllable operating expenditure and capital expenditure are adjusted with a productivity factor of -1.7%.

Chapter 8

The initial asset base

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



This chapter sets out our approach to establishing the initial asset base and the resulting valuation for inclusion in the building block calculation. We have retained the expenditure roll-forward approach from our Draft Report and increased the initial asset base. This follows changes to initial depreciation, development holding costs and their rate of return, and the proportion of controllable operating expenditure that we capitalise. We also use the recovered capital method as a cross-check and explain why it differs from the expenditure roll-forward approach.

8.1 Overview of our decisions

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.

We have established an initial asset base of $805.6 million at 1 July 2027, in 2026-27 dollars, for the provision of regulated PEXA Exchange services.

We have retained the expenditure roll-forward approach used in the Draft Report and made 4 main changes to its application after considering comments and analysis provided in submissions:

- We commence depreciation of the initial platform later (1 July 2015), recognising the period during which expenditure preceded commissioning.
- We depreciate that initial platform's expenditure over 25 years from 1 July 2015, leaving a longer remaining asset life at 1 July 2027 (13 years).
- We include development holding costs, using historical rates of return that allow for establishment exit risk, for expenditure incurred before commissioning.
- We capitalise 40% of controllable operating expenditure from 1 July 2019 to 30 June 2027, in addition to capitalisation of all operating expenditure from 2010-11 to 2018-19.

These changes recognise the cost of developing the platform before it was available for use and expenditure that provides benefits beyond the year in which it is incurred. We use the recovered capital method as a cross-check. The initial asset base in the Final Report is higher than the initial asset base included in the Draft Report, which was around $368 million. It is also higher than the value we obtain by using the recovered capital method.

The changes we have made to the initial asset base mostly change the timing and composition of cost recovery, rather than the total amount of costs that prices need to recover. The changes increase both the return on capital and depreciation components of the building block. However, those increases are partially offset by reductions in the operating cost allowance, as the capitalised portion of operating costs is recovered more slowly, rather than all in the year in which it is incurred. In total, the changes recognise that PEXA's digital platform has enduring value similar to physical capital assets and will preserve the ongoing stability of the platform and ensure that services can continue to be delivered into the future.

8.2 We used historical expenditure to establish the initial asset base

We calculated the initial asset base at 1 July 2027 in 4 steps:

1. We identify historical expenditure attributable to PEXA Exchange and exclude expenditure relating to non-Exchange assets and businesses.

2. We separate expenditure on the initial platform (prior to 30 June 2015) from subsequent additions. We add development holding costs to eligible initial-platform expenditure from when it was incurred until 1 July 2015.
3. We identify and capitalise all controllable operating expenditure incurred before 1 July 2019. We capitalise 40% of controllable operating expenditure incurred after 1 July 2019.
4. We roll forward all recognised expenditure to 1 July 2027, indexing for CPI and deducting depreciation over the respective asset lives.

We also tested historical recovery using the recovered capital method, which also accounts for revenue and the timing of expenditure. Section 8.4 explains the cross-check.

The initial asset base includes actual expenditure through 2024-25 and forecasts for 2025-26 and 2026-27. All components of the initial asset base are expressed in 2026-27 dollars.

Although we have made some changes to the assumptions involved in the calculation, the overall approach is consistent with that adopted in the Draft Report. Stakeholders expressed different views on whether they consider historical expenditure provides an appropriate basis for establishing the initial asset base.

PEXA submitted that accounting classifications can understate investment in a digital platform because expenditure that develops the platform and its operating capability may be recorded as operating expenditure rather than recognised as an accounting asset.[219] RBB Economics, in a report commissioned by PEXA, Renaissance Smaller Companies and A. Gracey, similarly submitted that an expenditure roll-forward approach could understate or omit the value of intangible platform assets, such as software, stakeholder relationships and integration, adoption, licences and operating capability.[220]

Other stakeholders supported using PEXA's expenditure as the basis for the initial asset base. InfoTrack supported retaining the Draft Report's expenditure roll-forward approach and said it was conservative because it used PEXA's actual expenditure rather than the lower cost estimated for a hypothetical ELNO.[221] Sympli supported an expenditure roll-forward approach, adding that the asset base should reflect prudent, efficient and genuinely unrecovered costs.[222]

Convey Property Settlements submitted that anchoring the asset base and return calculations to evidence of what was actually invested was more defensible and transparent than PEXA's proposed alternatives.[223] Deep Blue Company similarly submitted that the asset base should only reward efficient investment rather than value that had not been efficiently invested.[224]

We agree that accounting classification should not determine which expenditure is recognised for regulatory purposes. However, we do not consider that value attributed to the platform beyond recognised expenditure should be added separately to the initial asset base, as discussed in section 8.2.

After reviewing the submissions, we remain of the view that an estimation method based on expenditure attributable to PEXA Exchange is the most appropriate approach, as it provides the most direct evidence of the resources committed to establishing and developing the Exchange. The following sections explain why we consider that historical expenditure provides an appropriate basis, how we have considered its efficiency, and how we have determined which expenditure to recognise.

8.2.1 Historical expenditure provides a clear foundation for the initial asset base

Our terms of reference require us to consider the efficient costs of providing eConveyancing services, reasonable prices for customers and ongoing investment by ELNOs. Under the building block model, the initial asset base is the opening capital amount used to calculate depreciation and a return on capital from 1 July 2027. Setting the initial asset base on actual expenditure links future capital allowances, recovered through regulated prices, to prior investment.

Under the building block framework, future reviews can roll the asset base forward by adding recognised investment and deducting depreciation, without reassessing the regulatory value of the Exchange at each review. The resulting asset base provides the basis for calculating the ongoing return on capital and depreciation allowances.

PEXA's expenditure records span its platform's development and operation from its origin in 2010, break down the economic function of its capital and operating expenditure, and provide a stable opening balance for future reviews. Using this rolled-forward expenditure to establish the initial asset base extends the building block's principles to historical investment, so that recognised investment is treated consistently whether it was incurred historically or after the initial asset base.

8.2.2 We have not applied an efficiency adjustment to historical expenditure

In submissions to our Draft Report, several conveyancing businesses questioned whether PEXA's prices and expenditure reflected efficient costs, referring to evidence that a modern ELNO could be established and operated at lower cost.[225] Sympli submitted that PEXA's historical expenditure should be recognised only to the extent that it was prudent, efficient and genuinely unrecovered.[226]

A report commissioned by PEXA argued that historical risk and required returns should be assessed using information available at the time, rather than with hindsight.[227]

We have not applied an efficiency adjustment to historical expenditure. This is because we would not expect expenditure incurred while establishing the Exchange to meet the cost or operating standards available to a new entrant today.

This does not mean that we have accepted all of PEXA's recorded expenditure without review. We assessed whether expenditure is attributable to the Exchange and excluded expenditure for other businesses such as PEXA UK and PEXA Clear, as well as adjacent products including PEXA Planner, Allocations, Projects, and Tracker.

We also have not applied a retrospective efficiency adjustment to expenditure from 1 July 2019 to 30 June 2027. PEXA made its spending decisions under the pricing arrangements then in place, with revenue sufficient to fund its ongoing costs.

Our 2019 review did not establish a PEXA-specific building block model or provide for future reconciliation of actual costs against expenditure benchmarks. As a result, PEXA had no reason to expect that spending decisions made during this period would later be reassessed against cost allowances developed under a different regulatory framework. We therefore do not consider it appropriate to retrospectively assess those costs for efficiency and prudency.

This approach is consistent with our treatment of past revenue, in which we have not reopened the earlier period starting 1 July 2019 to reconcile prices, costs or revenue.

8.2.3 We recognise expenditure according to its economic function

Our expenditure roll-forward approach, which relies on PEXA's expenditure records, also accounts for PEXA's operating expenditure-heavy nature. Much of the expenditure invested to establish, scale and maintain the Exchange was historically recorded as operating expenditure despite generating value that supported eConveyancing services over more than one year.

Accounting standards required much of this to be recorded as operating expenditure even where it may have contributed to ongoing platform capability.[228] We have therefore looked at what historical expenditure does, rather than relying on accounting labels to determine what enters the initial asset base.

This is why the initial asset base includes more than capital expenditure recorded in PEXA's accounts. It recognises attributable capital expenditure, all attributable establishment operating expenditure through 2018-19, and 40% of eligible controllable operating expenditure from 1 July 2019 to 30 June 2027. Section 8.3 explains the rules we have applied for each period.

This treatment recognises expenditure that established and developed the Exchange, including eligible operating expenditure on subscriber adoption, institutional integration, compliance and other enduring platform capability. As such, we have not added a separate valuation premium for the customer network, relationships, goodwill or expected future earnings generated by that expenditure.

8.2.4 We consider that historical cost is more appropriate for this review than other valuation approaches

Stakeholders proposed alternative approaches and cross-checks for establishing the initial asset base.

PEXA proposed triangulating the expenditure-based initial asset base against its 2019 sale price, a discounted cash flow (DCF), tax and accounting values, and estimates produced by the recovered capital method.[229] PEXA proposed a DCF 'line in the sand' approach in its submissions on our Initial Asset Base Methodology Paper and Draft Report. Under its proposed DCF approach, PEXA assumed that the pre-tax net cash flow it earned in 2021-22 would be earned each year, in real terms, for another 25 years. It then converted those future cash flows into an equivalent value at 1 July 2022 by applying a real pre-tax discount rate of 8.6%. PEXA treated that value as its opening asset base.[230]

RBB Economics, in a report commissioned by PEXA, submitted that we should base the value on the 2019 sale price after adjusting for non-regulated activities, purchaser-specific synergies and expected earnings attributable to market power.[231] Renaissance Smaller Companies also proposed using the 2019 sale price as a cross-check.[232]

Schroder Investment Management proposed considering replacement cost as a cross-check, including the cost of establishing the connections needed for a functioning ELNO.[233] Other investors called for greater reconciliation or triangulation across alternative valuation approaches.[234]

Sympli supported the expenditure roll-forward approach for the Draft Report's initial asset base. Sympli said it should be subject to the recovered capital cross-check and reflect prudent, efficient and genuinely unrecovered cost.[235] It also referred to TBH's modern-platform analysis as evidence that IPART's use of PEXA's actual costs was favourable to PEXA.[236] InfoTrack also supported retaining the Draft Report's initial asset base and the recovered capital cross-check. It opposed resetting the asset base against the 2019 sale price or projected future earnings.[237]

We considered the approaches suggested by stakeholders but retained an expenditure-based initial asset base. The alternatives do not provide directly comparable estimates and each achieves different outcomes. Discounted cash flow (DCF) and transaction value, or sale price, primarily reflect expectations around future cash flows; replacement cost is an estimate of the cost of providing equivalent capability using a modern design; and a recovered capital method estimates the value of historical expenditure not recovered through past revenues.

PEXA's proposal to use a DCF value to set future fees based on its expected cash flows, which depend heavily on its own assumptions about future fees, would be circular. Existing fees contribute to the cash flow used to calculate the asset base. Under a building block framework, that asset base would then determine the return on the regulatory asset base and depreciation allowances recovered through future fees. All else equal, a higher starting cash flow produces a higher DCF asset value and therefore higher future capital allowances and fees.

In our public consultation, many stakeholders, particularly investors, questioned our draft decision not to use sale price as the basis for the initial asset base. Box 8.1 explains how a sale price and regulatory asset base differ.

Box 8.1 Why a sale price does not automatically establish the initial asset base

Several submissions asked why the $1.615 billion investors paid for PEXA in 2019 should not set the regulatory asset base.

A buyer values a business by considering the income it is expected to earn. Separately, a regulator decides what income customers should fund. The regulatory asset base determines the capital amount on which customers fund depreciation and a return.

Consider a business whose assets, services and costs remain unchanged. If buyers expect it to charge higher fees, they'll generally be willing to pay more for it. Using that higher purchase price to establish the regulatory asset base, then using the regulatory asset base to justify higher fees, would turn the original expectation into its own justification. The higher transaction price does not establish that the buyer's expected fees are reasonable.

This remains true if the sale is competitive and the purchaser pays a fair market price. Competition among buyers can establish what the expected income is worth. It does not establish whether a customer should provide that income. The purchaser may earn only a normal return on the acquisition price because the seller has received the value of the expected earnings upfront. A normal return on the purchase price is therefore not evidence that the underlying customer prices are reasonable.

Box 8.1 Why a sale price does not automatically establish the initial asset base

A difference between the sale price and regulatory asset base also does not necessarily represent monopoly profits. A commercial valuation may also reflect expected efficiencies, growth opportunities, synergies or activities outside the regulated service. These benefits do not necessarily warrant additional capital allowances funded by regulated customers.

A regulator may consider a sale price as evidence, but it must independently assess whether the resulting value is appropriate for setting regulated prices.

The alternative approaches for establishing the initial asset base that were put forward in submissions, and the reasons we have not adopted them, are discussed in more detail in Appendix D.1.

8.3 Our method for calculating historical expenditure

The expenditure roll-forward approach sets the initial asset base equal to recognised historical expenditure incurred in developing the eConveyancing platform, including capital and eligible operating expenditure, indexed for inflation and depreciated over useful asset lives. Investment is recognised in the year it was made, with a return earned on the indexed written-down value while it remains in the asset base.

We have adapted the expenditure roll-forward approach by:

- capitalising all controllable operating expenditure to 2018-19
- capitalising 40% of controllable operating expenditure from 2019-20
- delaying depreciation until 1 July 2015
- incorporating development holding costs for all expenditure up to this date.

Each of these reflects some change from the approach taken in the Draft Report. Those changes and the reasons for them are outlined in more detail below.

8.3.1 We have capitalised all controllable operating expenditure to 2018-19

In digital platform markets, some expenditure recorded as operating expenditure may be as important for developing the business as capital assets. This can be the case where expenditure creates long-term value rather than benefits confined to a single year. In the Draft Report we proposed to include operating expenditure to 2018-19 in the calculation as if it were capital expenditure. Capitalising establishment operating expenditure addresses a concern raised in submissions that a conventional application of the building block model would understate the cost of establishing PEXA Exchange.[238]

We have capitalised 100% of controllable operating expenditure incurred through to 2018-19 for inclusion in the initial asset base. This recognises establishment costs that were expensed in PEXA's accounts.

This is broadly consistent with our Draft Report approach. However, we have since excluded Lodgment Support Services (LSS) fees from the expenditure capitalised. LSS fees are charges set by state and territory land registry service providers for title data and lodgment support services used in individual eConveyancing workspaces. PEXA must incur these charges to obtain the registry information needed to process transactions and cannot otherwise control their amount.

LSS fees do not represent investment by PEXA in establishing or maintaining the Exchange. They pay for externally supplied, transaction-specific registry services. They did not fund the development of the platform, establish an enduring operational capability or provide benefits beyond the transactions for which they were incurred.

In addition to software development, establishing the Exchange involved work with industry participants to establish and expand use of eConveyancing. Costs recorded as operating expenditure included industry coordination, subscriber onboarding, training, process development and system integration with subscribers and revenue offices. We consider that these activities supported the provision of eConveyancing services beyond the year in which the costs were incurred.

Consistent with the Draft Report, we have retained 2018-19 as the final year in which we recognise 100% of controllable establishment operating expenditure. By 2019-20, Exchange revenue exceeded operating expenditure and new capital expenditure. We consider this supports the distinction between establishment and ongoing operation.

PEXA earned some revenue during the establishment period. As in the Draft Report, we do not allocate that revenue to individual expenditure categories when calculating the establishment allowance.[a]

8.3.2 We have capitalised 40% of controllable operating expenditure from 1 July 2019

We have capitalised 40% of controllable operating expenditure incurred from 1 July 2019, consistent with our approach to operating expenditure during the regulatory period. This approach recognises that some of this expenditure provides enduring platform capability and benefits customers beyond the year in which PEXA incurred it.

PEXA submitted that it continues to invest through operating expenditure in adoption, resilience and platform development.[239] Renaissance Smaller Companies similarly argued that accounting measures of software assets understate their economic cost because substantial development expenditure is expensed rather than capitalised.[240]

We agree that some ongoing operating expenditure represents investment, but not all of it does.

Chapter 7 explains our choice of a 40% capitalisation rate for controllable operating expenditure from 1 July 2027. Applying the same rate to expenditure incurred before and after that date recognises economically similar expenditure consistently.

[a] We account for pre-2019-20 revenue in aggregate through the recovered capital cross-check (see section 8.4). 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.

Capitalising only future expenditure would immediately reduce PEXA's operating expenditure allowance, while depreciation and returns on newly capitalised expenditure would build gradually. It would also exclude the remaining value of similar expenditure incurred between 2019 and 2027 that continues to support the Exchange.

We have deliberately combined historical and future capitalisation to support more stable cost recovery across successive regulatory periods. Recognising the remaining value of expenditure incurred since 2019 provides capital allowances from 1 July 2027. As earlier expenditure depreciates, new capitalised expenditure enters the asset base and contributes to capital allowances in later periods. This approach spreads recovery across the periods in which customers benefit and supports a more stable recovery path for continuing investment in the Exchange.

Table 8.1 compares the scenario in which 40% of controllable operating expenditure is capitalised from 1 July 2019 onward with the approach we proposed in the Draft Report, in which no operating expenditure is capitalised from that date.

Historical capitalisation increases the initial asset base by approximately $274 million and raises allowances for depreciation and the return on capital. Future capitalisation reduces the annual operating expenditure allowance because 40% of eligible expenditure is instead recovered through capital allowances over time. In revenue terms, these effects largely offset over the 2027-28 to 2030-31 regulatory period. This explains why capitalisation significantly increases the RAB but only shifts the reduction in average revenue from -16.6% to -15.9%. For subscribers, this means prices still decrease from 1 July 2027, while expenditure that provides longer-term benefits is recovered more smoothly over time.

Table 8.1 Impact of capitalising 40% of controllable operating expenditure from 1 July 2019 on PEXA Exchange's RAB and regulatory revenue ($2026-27)

	Capitalisation from 1 July 2019:	
Item	**0%**	**40%**
Opening RAB 1 July 2027 ($m, $2026-27)	$531.9	$805.6
Closing RAB 30 June 2031 ($m, $2026-27)	$411.2	$750.6
Average revenue change in regulatory period	-16.6%	-15.9%

8.3.3 We have delayed depreciation to commence from the date of commissioning

The Draft Report depreciated expenditure from the year it was incurred, starting in 2010-11. For the Final Report, we have commenced depreciation of the initial platform from 1 July 2015, reflecting our estimate of when it was commissioned.

PEXA submitted that the Draft Report depreciated expenditure before sufficient revenue was available to recover it. It proposed commencing depreciation in 2019-20, when it said the Exchange first generated positive cash flow, and carrying earlier expenditure forward at an appropriate rate of return until PEXA began earning revenue equivalent to its building-block costs. PEXA relied on our treatment of the Murray River to Broken Hill Pipeline, where depreciation commenced when the pipeline began operating.[241]

M. Lally, in a report commissioned by PEXA, similarly considered depreciation before viability unwarranted because PEXA had no net revenue from which to recover the expenditure.[242] RBB Economics, also commissioned by PEXA, submitted that alternative depreciation profiles would better reflect changes in economic value and the recovery of investment compared to the Draft Report approach.[243]

We agree that initial-platform expenditure should not be depreciated while the initial integrated platform remained under development. However, we do not agree that depreciation should be deferred until the business becomes profitable. Profitability and positive cash flow do not determine when an asset becomes available for use and begins to lose economic value. The Murray River to Broken Hill Pipeline precedent supports commencing depreciation when an asset begins operating. However, it does not establish positive cash flow as a further condition.[244]

An asset can economically depreciate before the business generates sufficient revenue to recover that depreciation. For example, the NBN Co regulatory framework depreciated the regulatory asset base during the network rollout, when revenue was low or zero. Its Initial Cost Recovery Account (ICRA) separately recorded the difference between its annual building block revenue requirement and actual revenue. NBN Co recorded regulatory depreciation of $1.0 million in 2010-11 despite having no revenue and recording a regulatory taxable loss. By 2013-14, it recorded $260.4 million of depreciation, $61 million of revenue and a closing ICRA balance of $3.9 billion.[245]

PEXA provided narrower electronic lodgment services in 2013.[246] It launched its integrated transfer, lodgment and RITS-connected financial settlement service in NSW in November 2014.[247] Transfer functionality followed in Victoria in January 2015[248] and Western Australia in May 2015.[249] Queensland had narrower services by May 2015, with transfers commencing in August 2015.[250] South Australia went live by the end of 2015-16.[251]

There is no single date on which every function in every jurisdiction was commissioned. The Exchange's services rolled out progressively. We use 1 July 2015, the start of 2015-16, as a reasonable common proxy for commissioning the initial platform. Commencing depreciation from this date recognises that core services were already available for use, while giving PEXA the benefit of a later commencement year.

8.3.4 We have included holding costs for early investment expenditure

We have included a holding return on initial platform expenditure from when it was incurred until 1 July 2015. A holding return recognises the opportunity cost of committing funds to the project rather than to an alternative investment. As it compensates for the opportunity cost of capital while it is tied up, the applied rate of return should reflect the risk borne by that capital in each year.

We calculate development holding costs by indexing platform expenditure from 2010-11 until 1 July 2015 using risk-adjusted rates of return that account for PEXA's risk of exit each year.

We cease development holding costs on 1 July 2015, when we consider the platform was initially commissioned and economic depreciation first starts.

Table 8.2 Development holding costs prior to commissioning ($m, $2026-27)

	2010-11	2011-12	2012-13	2013-14	2014-15
Holding cost (including inflation adjustment)	4.9	8.6	16.8	29.0	28.3
Rate of return adjusted for establishment risk	45.6%	25.2%	22.4%	21.4%	14.1%

We did not include development holding costs in the initial asset base proposed in the Draft Report. After considering submissions on the Draft Report, we have decided that these costs should be included. We have also developed historical rates of return that include an allowance for establishment exit risk. Our analysis and method for doing this are discussed below and in more detail in Appendix D.3.

8.3.5 Why include establishment risk in historical rates of return

The Draft Report accepted that PEXA faced greater risk while it was being established, and that historical rates of return should reflect that risk.

While we did not include a return for development holding costs in the Draft Report, we did present several scenarios in the recovered capital cross-check. However, we did not select or substantiate a preferred annual rate path. PEXA submitted that appropriate rates of return should be applied both to early expenditure in the expenditure roll-forward and the recovered capital method, which is used as a cross-check for the reasonableness of the initial asset base.[252]

We agree that the historical return assumptions should be consistent across any calculations, while recognising their different purposes and the periods for which the returns apply.

PEXA and S. Gray, whose report it commissioned, submitted that the Draft Report did not justify the failure probabilities implied by its recovered capital method scenarios.[253] PEXA and its commissioned reports also argued that the historical rates did not clearly explain how establishment exit risk was recognised.[254] They identified the need to develop new technology, secure industry participation and continue raising funds before the Exchange generated sufficient revenue.[255]

We also agree that government and major-bank support did not guarantee the success of National Electronic Conveyancing Development Limited (NECDL), subsequently renamed PEXA, or eliminate its risks. However, direct equity financing was only one part of the wider institutional framework within which PEXA operated.

We accept that the Draft Report's explanation did not distinguish the benchmark expected return from the return conditional on the investment surviving. If exit entails a loss of capital, the return required in the survival outcome must compensate for that possibility so that the expected return equals the opportunity cost of investment. This supports adding an allowance for exit risk in historical rates of return. However, evidence that PEXA faced establishment risks does not show how likely it was to exit in each year or how large the allowance should be.

For the Final Report, we have estimated historical rates of return taking this exit risk into account using a transparent method and evidence-based inputs.

8.3.6 The coordinated national reform program reduced, but did not eliminate, establishment risk

PEXA and several reports it commissioned advanced several related propositions about risk.

PEXA submitted that NECDL (PEXA) was "set-up and managed as a typical venture investment," received "no regulatory 'free-kicks'," and that early government and bank participation "didn't materially reduce risks."[256] Three reports commissioned by PEXA also addressed this issue:

- K. Huber and M. Zmijewski's report stated that "ownership type does not itself change the expected rate of return."[257] They considered that the required return depended on the risks to forecast cash flows and that government and bank ownership had not removed PEXA's adoption, funding, exit or regulatory risks during development. They argued that those risks remained material and were reflected in the returns expected by investors.[258]
- M. Lally's report stated he was instructed by PEXA that government and bank support could not address the technological hurdles encountered in developing the Exchange. He accepted that government participation may have signalled possible future mandates, that bank participation may have signalled confidence to prospective users, and that their funding helped overcome the financing hurdle required to initiate the venture.[259] However, he considered any resulting increase in the probability of success to be "mild at most" because revenue grew slowly.[260]
- S. Gray's report added that government and bank participation did not establish that PEXA faced a low risk of exit. He pointed to "previous attempts to build eConveyancing businesses in Australia" that had failed despite receiving financial support and investment from government.[261] He submitted that even if that support reduced PEXA's risk, the Draft Report did not estimate the resulting probability of failure or test and explain the probabilities implied by the illustrative recovered capital method scenarios.[262]

PEXA and the reports it commissioned raise 3 related but distinct propositions:

1. The identity of the shareholders did not determine PEXA's risk or required return.
2. Government and bank participation did not guarantee success or eliminate PEXA's establishment risks.
3. Any reduction in risk from that participation was not sufficient to distinguish PEXA materially from a typical high-risk venture or justify lower establishment returns.

We agree with the first 2 propositions. Public ownership or investment by governments and banks did not, by itself, determine the required rate of return. Nor did their participation guarantee that PEXA would succeed. PEXA still had to build a secure platform, integrate it with public and private systems, secure adoption and raise enough funding to reach self-sufficiency.

The third proposition requires a broader assessment of the support provided. The effect of government and bank participation cannot be assessed from the identity of the shareholders or the amount of direct equity funding alone. It depends on the functions those parties performed and the wider institutional framework their support provided for PEXA.

PEXA was established as the delivery vehicle for a coordinated, multi-jurisdictional reform program. That program combined national governance, legal reform, integration with government systems, commitments by the major banks and funding from public and private investors. No element individually guaranteed success, and significant development, funding and adoption risks remained. However, the combined package created conditions that an otherwise comparable venture without that support would not have had.

Appendix D traces how that framework developed and assesses how each form of support affected PEXA's risks at successive stages of development.

PEXA's history contained both real risk and risk mitigation:

- Technology risk remained because governments could not make defective software work. Adoption risk remained because early participation was voluntary and professional practices had to change. Funding risk also remained because later capital was contingent and the path to positive cash flow lengthened.
- COAG sponsorship reduced policy-abandonment and coordination risk. State formation and the intended state majority ownership and governance supported institutional continuity. Public agencies built or facilitated the registry and revenue office interfaces. Prior public work by Victoria and NECO reduced the extent of NECDL's greenfield development task. The major banks supplied capital, operational knowledge, and largely self-funded connections. National legislation enabled legal operability, and mandates announced as early as 2016 reduced prospective adoption risk.

A 2019 review accordingly described the platform as having been developed under government stewardship with a focus on risk minimisation. While that is a retrospective description, it is highly consistent with the contemporaneous evidence.[263]

8.3.7 We have used returns that reflect establishment risk for early expenditure

We consider that K. Huber and M. Zmijewski's report, commissioned by PEXA, provides a simple and workable approach for estimating exit risk, that allows for observable inputs. The report provides a formula that shows how a survival-state return on investment can be inferred from a benchmark expected return and an assumed probability of exit. It is consistent with the objective of compensating investors for establishment risk and allows the required return to change as the assessed risk changes. We have adopted this framework, with publicly available exit-rate inputs.

In summary, the approach involves:

- Selecting a base WACC for each stage of development. The separate exit adjustment accounts for the possibility that investors lose their capital before the Exchange becomes commercially viable.
- Selecting relevant, observable comparators that recognise the remaining risk of failure and its context-based decline. We have used the information on PEXA's development history to select publicly available comparators for successive stages of PEXA's development and to determine when a separate establishment-risk allowance should cease. We have used ABS exit rates for business cohorts that aligned with the characteristics of PEXA, updated as PEXA's business developed.

- Calculating an adjusted rate of return for each year using the relevant WACC and risk data and the formula set out in K. Huber and M. Zmijewski's report.[264]

Appendix D.3 sets out our estimation of the exit risk and resulting rates of return over time in more detail, including the formula we have adopted and the comparator data we selected.

The approach we have adopted allows the Exchange's exit-risk benchmark to change with its age and scale, rather than applying an arbitrary linear decline or assuming the same exit risk in every year. We apply the relevant annual rates of return to early expenditure incurred prior to the commencement of depreciation in 2015.

8.4 Cross-check of the initial asset base using the recovered capital method

We have retained the recovered capital method as a cross-check on the expenditure-based initial asset base. The method tracks the cumulative balance of historical expenditure and revenue, with an annual return on the unrecovered balance. We use it to test the reasonableness of the expenditure-based outcome.

We have made some changes to our approach since the Draft Report, including using a point-estimate rather than a range. The recovered capital method's estimate at 1 July 2027 is $298.8 million, compared with our $805.6 million initial asset base.

8.4.1 We have updated our recovered capital method rates of return, consistent with those applied in the expenditure roll-forward approach

The Draft Report presented several illustrative historical return paths that produced recovered capital estimates ranging from zero to $384 million at 1 July 2027. We did not select a preferred path because the Draft Report had not established a clear basis for choosing the annual rates of return.

Submissions from PEXA and its commissioned reports produced higher recovered capital estimates. PEXA submitted a range of $1.131 billion to $1.487 billion, selecting $1.301 billion as a mid-point. This reflected annual returns beginning at between 55% and 65% in 2010-11 and declining linearly to the regulatory WACC by 2019-20.[265] Applying the return path proposed by K. Huber and M. Zmijewski in PEXA's recovered capital method produced an estimate of approximately $1.005 billion.[266] M. Lally's alternative approach estimated a range of $0.9 billion to $2.7 billion.[267] Across the Draft Report and submissions, recovered capital estimates therefore ranged from zero to $2.7 billion.

These estimates differ primarily because of the annual rates of return applied to the historical balance. Higher early returns compound the unrecovered balance before PEXA began earning substantive revenue. The initial return, the rate at which it declines and the year in which an unadjusted regulatory WACC begins therefore have a significant effect on the result.

PEXA and its commissioned reports challenged the Draft Report's historical return assumptions and the weight placed on the resulting illustrative estimates.[268]

We agree that the cross-check should use a selected annual return path supported by an explicit method. We also consider that our annual return path for the recovered capital method should be consistent with the annual return path we adopt for development holding costs in the expenditure roll-forward approach. Section 8.3 explains our selected approach and Appendix D sets out the resulting rates of return. This approach recognises establishment exit risk using observable ABS business-exit data from 2010-11 to 2018-19. For capital expenditure beyond that date, we have adopted a standard regulatory WACC.

8.4.2 The revised cross-check does not indicate a need to change the initial asset base

The initial asset base derived using the expenditure roll-forward approach is around $500 million higher than the recovered capital method estimate at 1 July 2027.

The expenditure roll-forward approach, which we have used to establish the initial asset base, and the recovered capital method, treat expenditure differently. The expenditure roll-forward approach recognises costs in the asset base and depreciates them over their asset lives. The recovered capital method includes attributable capital and operating expenditure when incurred and deducts the revenue earned from the service. It does not also deduct depreciation. That is, the accumulated balance decreases (i.e. is recovered) by however much revenue remains at the end of the year after operating costs, net tax and the return on capital have been allowed for.

The recovered capital method provides useful information, but it is not a direct substitute for the expenditure roll-forward approach. The methods treat revenue and depreciation differently, so differences between their results are expected and are not cause for concern.

Box 8.2 outlines how the recovered capital method works.

Box 8.2 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 the relevant annual rate of return to that opening balance. 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.

Box 8.2 How the recovered capital method works

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.

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.

Note: t >= 1.

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.

Although there is a significant divergence between the 2 estimates, in our view the value obtained from the recovered capital method does not indicate that the results of the expenditure roll-forward approach are inappropriate. The reasons for this are discussed below.

The relativity between the recovered capital method and the expenditure roll-forward approach changes over time

Figure 8.1 compares the annual opening balances under the 2 methods, expressed in 2026-27 dollars:

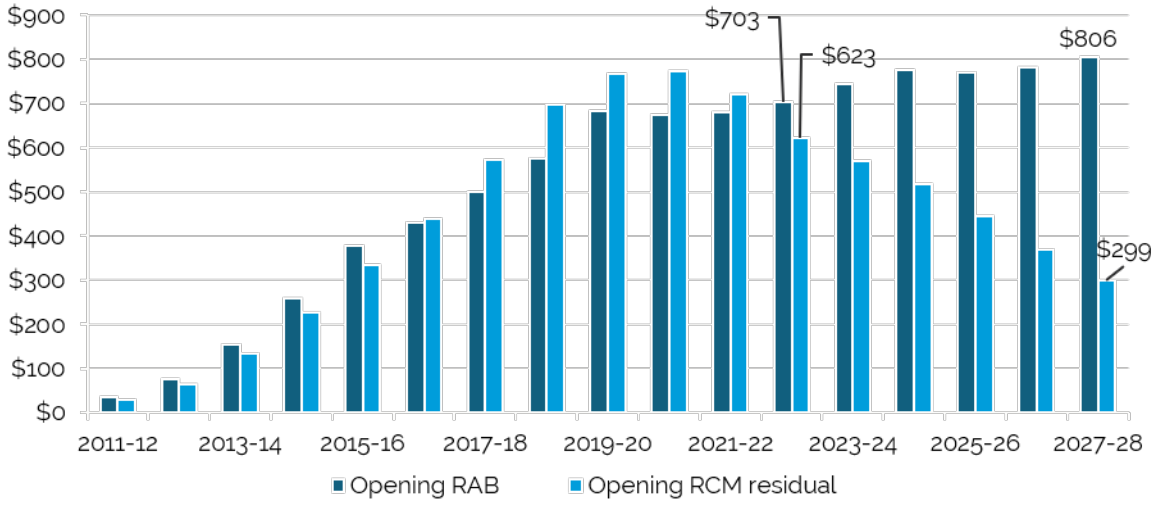
- The expenditure roll-forward adds recognised expenditure, adjusts for inflation and deducts depreciation.
- The recovered capital method adds all capital and operating expenditure, net tax, and a return on the unrecovered balance, then deducts revenue.

Revenue directly decreases the recovered capital estimate, while the expenditure roll-forward decreases through depreciation.

The recovered capital method produces a higher asset base than the expenditure roll-forward approach from 2016-17 until 2021-22, after which the values diverge. The recovered capital method's estimate continues to decline as revenue is deducted after allowing for expenditure and returns. The expenditure roll-forward asset base continues to grow as further expenditure is invested. Including forecast expenditure and revenue, the balances at 1 July 2027 are $298.8 million and $805.6 million respectively.

The revised recovered capital method (RCM) cross-check therefore accounts for both the accumulation of expenditure and returns in the earlier years and the subsequent recovery reflected in actual and forecast revenue. Under our choice of return assumptions explained in section 8.3, it does not indicate a need to increase the initial asset base.

Figure 8.1 PEXA Exchange annual opening RAB and RCM residual ($m, $2026-27)



Note: Opening RAB is the opening regulatory asset base. Opening RCM residual is the recovered capital method opening balance.

Under our selected historical return assumptions, the calculation indicates that revenue since 2019 has recovered a significant portion of PEXA Exchange's historical expenditure and returns and this is the primary difference between the 2 estimates.

The expenditure roll-forward approach is more consistent with other aspects of our decision

An initial asset base constructed from historical expenditure rolled forward provides a preferable basis for the initial asset base because it is consistent with our treatment of expenditure from 1 July 2027. Capitalising 40% of future eligible operating expenditure immediately reduces the annual operating allowance, while the return on capital and depreciation on that new expenditure build up over time.

Applying 40% capitalisation to projected costs but not historical costs would involve a significant step-change in approach that we consider cannot be justified by the evidence. Including the remaining value of comparable expenditure incurred since July 2019 means the Exchange's revenue requirement includes a higher capitalisation from the start and a more stable asset base, as new investment replaces older expenditure.

It would not be appropriate to adjust future prices to account for historical revenue

We have not retrospectively reconciled PEXA's historical revenue against the recovered capital estimate. As discussed in section 8.2 and Appendix D.1, our 2019 review of ELNO service fees did not establish a PEXA-specific asset base, allowed revenue or expected cash-flow path.[269] The 2019 review also did not recommend a demand volatility adjustment mechanism or provision to reconcile future actual revenue against an allowance at a later review. PEXA submitted that this framework provided no provision or regulatory warning of a subsequent true-up.[270]

PEXA therefore bore the revenue consequences of actual demand and cost outcomes under the prevailing prices. Additional revenue earned under those arrangements, including from higher-than-forecast demand, remains with PEXA.

The recovered capital estimate of approximately $299 million provides evidence of PEXA Exchange's historical recovery. Even if past revenue exceeded PEXA's costs and a return on capital in line with the WACC, this does not establish that PEXA must repay the approximately $500 million difference between the expenditure-based initial asset base and recovered capital estimate at 1 July 2027.

8.5 Final decision on the initial asset base

Our final decision increases the initial asset base from the $367.6 million proposed in the Draft Report to $805.6 million. The increase reflects revised treatment of depreciation, development holding costs, establishment risk, asset life and the capitalisation of operating expenditure. Table 8.3 shows the incremental effect of each change.

Decision

6. PEXA Exchange's initial asset base for inclusion in the building block calculation should be $805.6 million at 1 July 2027 ($2026-27).

The initial asset base under our final decision is higher than the initial asset base we consulted on in our Draft Report. Table 8.3 sets out the impact of each of the changes we made to the initial asset base calculation following the Draft Report.

Table 8.3 Changes to the initial asset base between draft and final ($m, $2026-27)

Item and what we changed	Opening RAB at 1 July 2027	Change $m	Closing RAB at 30 June 2031	Change $m
Draft Report	**367.6**		**232.4**	
External fees: we removed external fees that were previously included in the operating expenditure uplift.	350.7	−16.8	226.6	−5.7
Initial depreciation and holding costs: we commenced depreciation on 1 July 2015 and applied development holding costs before that date using the WACC; the extension of the default 15-year asset life is shown below.	390.2	+39.4	273.3	+46.6
Exit risk applied to holding cost: we increased the WACC return to account for risk of exit, thus increasing the holding cost return earned prior to commissioning date.	409.3	+19.1	273.3	0.0
Asset life: we extended the asset life for expenditure incurred before 1 July 2015 from 15 to 25 years.	531.9	+122.6	411.2	+137.9
Capitalisation: We capitalise 40% of operating expenditure net of external fees from 1 July 2019.	805.6	+273.6	750.6	+339.4
Final Report	**805.6**		**750.6**	

Note: Changes are calculated using unrounded values and may not equal differences between the displayed rounded balances.

A higher initial asset base increases the capital allowances included in the revenue requirement, all else equal. Sections 5.2 and 0 explain how these allowances combine with the other building blocks to affect service fees.

Chapter 9

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 in each year of the regulatory period.

9.1 Overview of our 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 capitalised expenditure over time and earn an appropriate return on its regulatory asset base through the regulatory period.

Our approach is to apply straight-line depreciation, calculate remaining asset lives using the assumptions set out below, and estimate the WACC using IPART's standard methodology.[271]

We have retained the Draft Report's asset lives for future investment and its approach to estimating the WACC and working capital.

The value of depreciation and the total return on capital has changed since the Draft Report as a result of other changes we have made, including:

- delaying commencement of depreciation on early establishment expenditure until the commissioning date in 2015, which means that more of the asset's 25-year economic life remains during the regulatory period
- treating 40% of controllable operating expenditure as capital expenditure included in the regulatory asset base, which earns a return and is depreciated over time. For this expenditure we have used an asset life of 15 years.

Our post-tax real WACC for a benchmark ELNO is 6.5%, consistent with the Draft Report. The final estimate uses market data to the end of July 2026 and IPART's standard decision rule for selecting between current and long-term WACC estimates.

9.2 We have made changes that impact the value of the return on and of capital

Since the Draft Report, we have changed when depreciation commences for the initial platform and decided to capitalise 40% of controllable operating expenditure. These changes increase the regulatory asset base and shift more cost recovery to depreciation and the return on capital. The following sections explain each change and its effect on the building block calculation.

9.2.1 Changes to when depreciation commences keep the asset base higher for longer

As discussed in the previous chapter, we have decided to begin depreciating the initial platform expenditure on 1 July 2015, using that date as a common proxy for commissioning the initial platform. This changes the Draft Report approach, which depreciated all expenditure from the year it was incurred. This impacts both the value of the asset base and the remaining asset lives at the start of the regulatory period. Both these effects result in a higher asset base during and after the regulatory period than under the Draft Report. The impact on the initial asset base is discussed in detail in sections 8.3 and 8.5. The impact on the remaining asset lives is discussed further below.

The impact of the change is experienced in the regulatory period and beyond.

9.2.2 Capitalising operating expenditure changes how quickly PEXA's costs are recovered

Capitalising 40% of controllable operating expenditure changes how PEXA recovers these costs through the notional revenue requirement (NRR).

The capitalised expenditure is added to the regulatory asset base (RAB) and recovered over time through depreciation, with a return on capital calculated by applying the WACC to the RAB balance that remains unrecovered. This increases the return on RAB allowance and depreciation, and reduces the operating expenditure recovered in the year it is incurred.

Figure 9.1 and Figure 9.2 compare the composition of the NRR over the regulatory period without ongoing opex capitalisation from 1 July 2019 and with 40% capitalisation. Together, the figures show how capitalisation shifts cost recovery from the operating expenditure allowance to depreciation and the return on RAB allowance.

On an NPV basis, the return on RAB allowance's share of the NRR increases from around 11.5% without opex capitalisation to 18.6% with 40% capitalisation. Depreciation accounts for 23.2% of the NRR without capitalisation, compared with 33.2% with capitalisation, reflecting the additional expenditure recovered over time.

The return on the RAB as a share of the NRR is specific to the regulatory building block framework and does not provide a like-for-like comparison with unregulated digital businesses. Capitalising operating expenditure increases this ratio because more expenditure is recovered through depreciation and a return on the regulatory asset base, rather than as operating expenditure. Section 5.4 considers the resulting EBITDA, debt leverage, and cash flow outcomes under our recommendations.

Figure 9.1 Notional revenue requirement **without** 40% opex capitalisation from 1 July 2019 ($m, $2026-27)

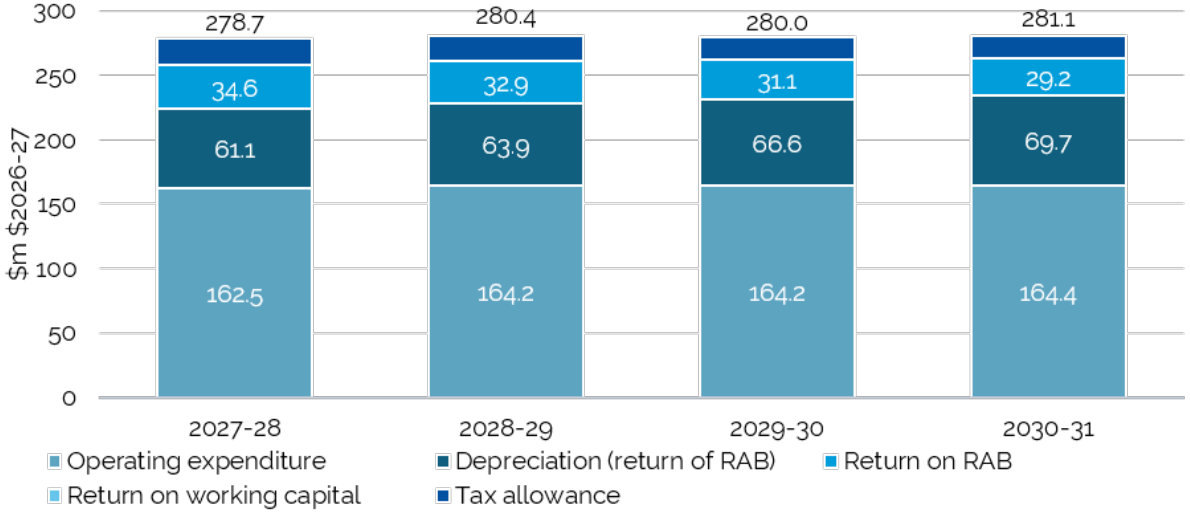
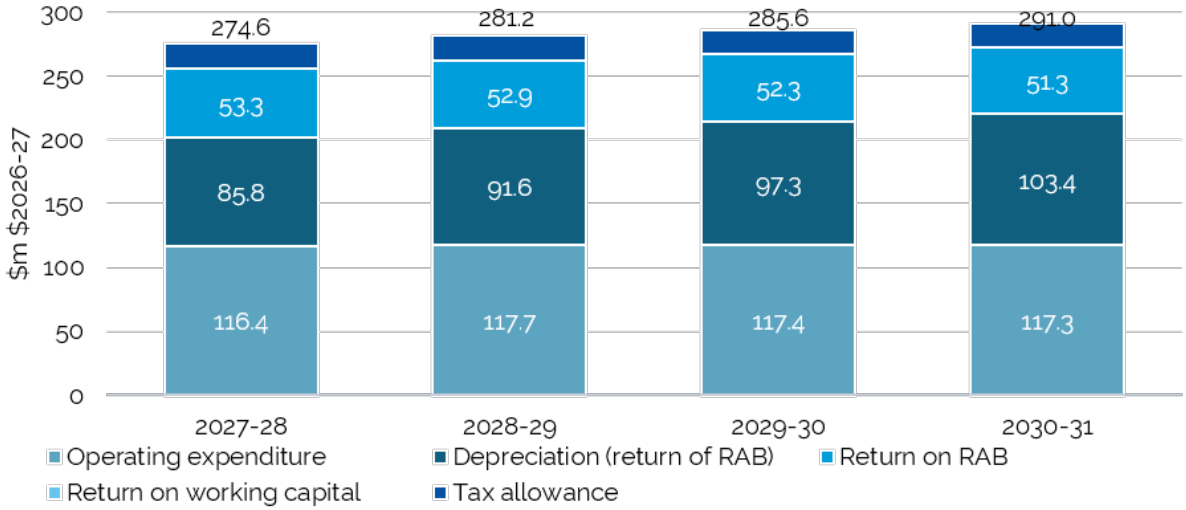


Figure 9.2 Notional revenue requirement **with** 40% opex capitalisation from 1 July 2019 ($m, $2026-27)



9.3 We have largely retained the asset lives from the Draft Report

We have used straight-line depreciation and maintained most asset lives applied in our Draft Report. However, we have made some changes as a result of the changes to the timing of depreciation and capitalisation of operating expenditure.

In its submission on the Draft Report, PEXA accepted the asset lives applied to identified tangible and intangible assets, but disagreed with the treatment of the initial platform investment.[272] It proposed splitting that investment into an intangible asset component with a remaining life of 20 years from 1 July 2027, and a separate network or franchise component with no scheduled depreciation.[273] M. Lally's submission, commissioned by PEXA, argued that establishment operating expenditure provided benefits indefinitely and should not be amortised.[274]

We have applied an asset life of 15 years to the 40% of controllable operating expenditure capitalised from 1 July 2019. This aligns with the asset life of PEXA's 'Enhancing the Exchange' capital expenditure category and supports long-term, stable recovery of recurring investment.

In addition, we have depreciated the initial commissioned platform over a total life of 25 years from 1 July 2015. We agree that the initial platform is more enduring than an ordinary software release. This distinguishes the initial integrated platform from subsequent software upgrades and changes.

However, we do not agree that continued operation of the Exchange establishes an indefinite life for initial expenditure. A platform or network can continue through ongoing replacement and enhancement of its underlying components. The initial asset base recognises expenditure incurred in establishing the regulated service, but it does not include a separate market-value premium for PEXA's network, franchise position or expected future earnings. Section 8.2 explains these exclusions.

We consider 25 years a reasonable upper-end regulatory life for the initial platform. It gives weight to the platform's enduring function while still returning the recognised investment over a finite period. For subscribers, this reduces annual depreciation by spreading recovery of the initial platform over a longer period. While for PEXA, it means more certain recovery over a longer timeframe.

Several comparators use shorter useful lives or recovery periods than 25 years. The Reserve Bank of Australia applies a useful life of 10 and 15 years to payment systems and core banking software, reflecting "the period over which future economic benefits are expected to be realised from these assets."[275] Following PEXA's acquisition in 2019, its parent assigned PEXA's intangible software assets and customer relationships a useful life of 15 years.[276] The Bank of England assessed its renewed Real-Time Gross Settlement (RTGS) system[a] as having a 14-year useful economic life and selected a 20-year build-cost recovery period after considering 14, 20 and 25 years.[277]

Table 9.1 summarises the asset-life assumptions and remaining lives. We have classified all expenditure incurred before 1 July 2015, regardless of its category, as the initial platform with an asset life of 25 years.

Table 9.1 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 & Capitalised Operating Expenditure	15.0	8.8
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
Initial platform expenditure incurred before 1 July 2015	25.0	13.0

Decision

7. The building block calculation should use straight-line depreciation with the asset lives in Table 9.1.

[a] The RTGS is the infrastructure that holds accounts for banks, building societies and other institutions.

9.4 Weighted average cost of capital

We estimated a WACC for an efficient benchmark ELNO. Table 9.2 sets out our WACC estimate.

We retain IPART's standard WACC methodology to calculate market-based parameters and the Draft Report approach to industry parameters. Our decisions on industry parameters are:

- 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 have adopted the mid-point, **post-tax real WACC of 6.5%** for an efficient benchmark ELNO.

Table 9.2 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	2.5%	2.5%			
Implied debt margin	1.7%	2.0%			
Market risk premium	5.7%	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)	10.2%	9.1%			
Cost of equity (real post-tax)	7.5%	6.5%			
Cost of debt (nominal pre-tax)	6.1%	5.0%			
Cost of debt (real pre-tax)	3.5%	2.4%			
Nominal Vanilla (post-tax nominal) WACC	9.7%	8.6%	8.6%	9.2%	9.7%
Post-tax real WACC	**7.0%**	**6.0%**	**6.0%**	**6.5%**	**7.0%**
Pre-tax nominal WACC	12.3%	11.0%	11.0%	11.6%	12.3%
Pre-tax real WACC	**9.6%**	**8.2%**	**8.2%**	**8.9%**	**9.6%**

Source: Refinitiv, RBA and IPART calculations.

9.4.1 We have retained the updated beta and gearing approach

In the Methodology Paper, we proposed to use a building block methodology. Under IPART's standard building block methodology, this requires us to estimate an appropriate rate of return for an efficient benchmark ELNO, including a proxy firm approach to estimating equity beta.[278]

For the Draft Report, we reviewed the proxy firms used to estimate benchmark equity beta and gearing. We used a sample of 97 firms involved in real estate services, data exchange or processing, financial data, financial processing, and financial exchanges. The Draft Report also excluded firms classified solely as technology companies by Refinitiv, ICB, and GICS. Consistent with the Draft Report, we continue to view an ELNO as combining real estate services, transaction and data processing, and technology characteristics.

We have estimated beta and gearing by taking the mid-point of the median results for the real estate and non-real estate cohorts, reflecting our view that both sources of risk are equally important. This is shown in Table 9.3.

Stakeholders had mixed views. Renaissance Smaller Companies considered the proposed WACC and beta too low for PEXA's cash-flow volatility, questioned the exclusion of pure technology firms, and sought lower gearing to allow financial buffers.[279] InfoTrack supported retaining the Draft Report's WACC.[280]

Paradice, EQT and Australian Ethical, and an anonymous investor organisation, sought greater transparency on the beta, gearing and changes since previous reviews.[281] Our 2023 interoperability Final Report explains the changes we adopted since the 2019 review, summarised in Box 9.1.[282] We have retained the 2023 approach, updating the comparator sample automatically where firms ceased operating or their Refinitiv, ICB, and GICS classifications changed.

Box 9.1 Our 2023 review updated the ELNO proxy firm sample

In our 2019 review, we used retail mortgage banks as proxy firms to estimate an efficient benchmark ELNO's equity beta and gearing.

During our 2023 interoperability review, PEXA and Sympli questioned whether mortgage banks were appropriate comparators. Sympli pointed to differences between the funding structures of mortgage banks and ELNOs but did not propose an alternative. PEXA submitted that mortgage banks had lower business risk and a different capital structure from ELNOs. It proposed using data and transaction processing businesses.

In response to these submissions, we replaced mortgage banks with firms providing data exchange or processing or real estate services, excluding firms considered to be purely technology companies. We considered this sample better reflected an ELNO's technology and professional services characteristics and its exposure to real estate and refinancing activity.

Source: IPART, Review of pricing for electronic conveyancing services in NSW, Final Report, November 2019, Appendix C, p 93; IPART, Final Report on Interoperability pricing for ELNOs, June 2023, Appendix B, pp 75–78.

At our public hearing in July, PEXA asked IPART to increase our draft equity beta of 1.02, citing that the ASX – a close comparator – has a beta of 1.2.[283] An anonymous individual submitted that we should explain whether this comparison, and with other exchange operators, supports changing our comparator firm sample, beta assumption or characterisation of an ELNO's activities.[284]

We provided PEXA with the comparator sample used to estimate beta and gearing values. While PEXA sought a higher beta at the public hearing, its submission to the Draft Report accepted IPART's market-based parameters and beta and gearing estimates.[285]

We have retained the Draft Report approach. Exchange operators already make up 15 comparator firms, such as ASX, NZX, Nasdaq, Singapore Exchange, Euronext and CME Group. The sample therefore already captures exchange and transaction orchestration activities, while also reflecting an ELNO's exposure to property transaction activity. Excluding pure technology firms does not exclude technology exposure because data processors, financial exchanges and related service firms remain in the sample.

Table 9.3 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

Note: While the pooled sample and the average of real estate services and non-real estate services contain the same 97 firms, their results differ because they apply different weights to each cohort.
Source: Refinitiv, FTSE, S&P.

9.4.2 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 post-tax real WACC value.

PEXA accepted the Capital Asset Pricing Model and our market-based parameters as an appropriate basis for estimating the allowed return. It nevertheless proposed selecting the upper end of the WACC range or adding a specific risk premium. It argued that changes in regulatory methodology, lower forecast cash flows, demand uncertainty, external charges, the DVAM and uncertainty about future reviews increased its risk. It cited Grant Thornton's impairment-testing advice, which included a risk premium of 1.5 to 2 percentage points for the Exchange.[286]

We have retained the standard WACC approach and have not added a separate technology or regulatory-risk premium. Relevant business risks are reflected through the comparator sample and beta estimation. PEXA's impairment-testing advice identifies its concerns about the Draft Report, but it does not establish an additional premium for an efficient benchmark ELNO or demonstrate how such a premium avoids overlapping with risks already reflected in the WACC calculation.

We have also changed the settings directly relevant to several of these concerns. Chapter 6 explains the updated DVAM, including reducing the threshold from 5% to 2%. Chapter 7 explains the treatment of forecast operating expenditure, and Chapter 8 explains the recognition of historical expenditure in the initial asset base. Chapter 3 addresses the treatment of external charges and arrangements between reviews, while Chapter 5 considers the combined cash flow and financeability effects of our recommendations.

PEXA also submitted that our uncertainty-index framework justifies departing from the mid-point, and that it considers the conditions for departing from the mid-point have been met.[287] That index measures volatility in capital markets, whereas a business-specific concern about a regulatory decision does not establish that the index has exceeded its threshold. As shown below in Figure 9.3, the uncertainty index remains within one standard deviation of its long-term average, IPART's decision rule for adopting the mid-point.

9.4.3 We have sampled market observations to the end of July 2026

The Draft Report sampled market observations to the end of March 2026. For the Final Report, we have used observations to July 2026. For earlier years in the trailing average calculation of the cost of debt, we sampled to the end of July.

9.4.4 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.

9.4.5 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.

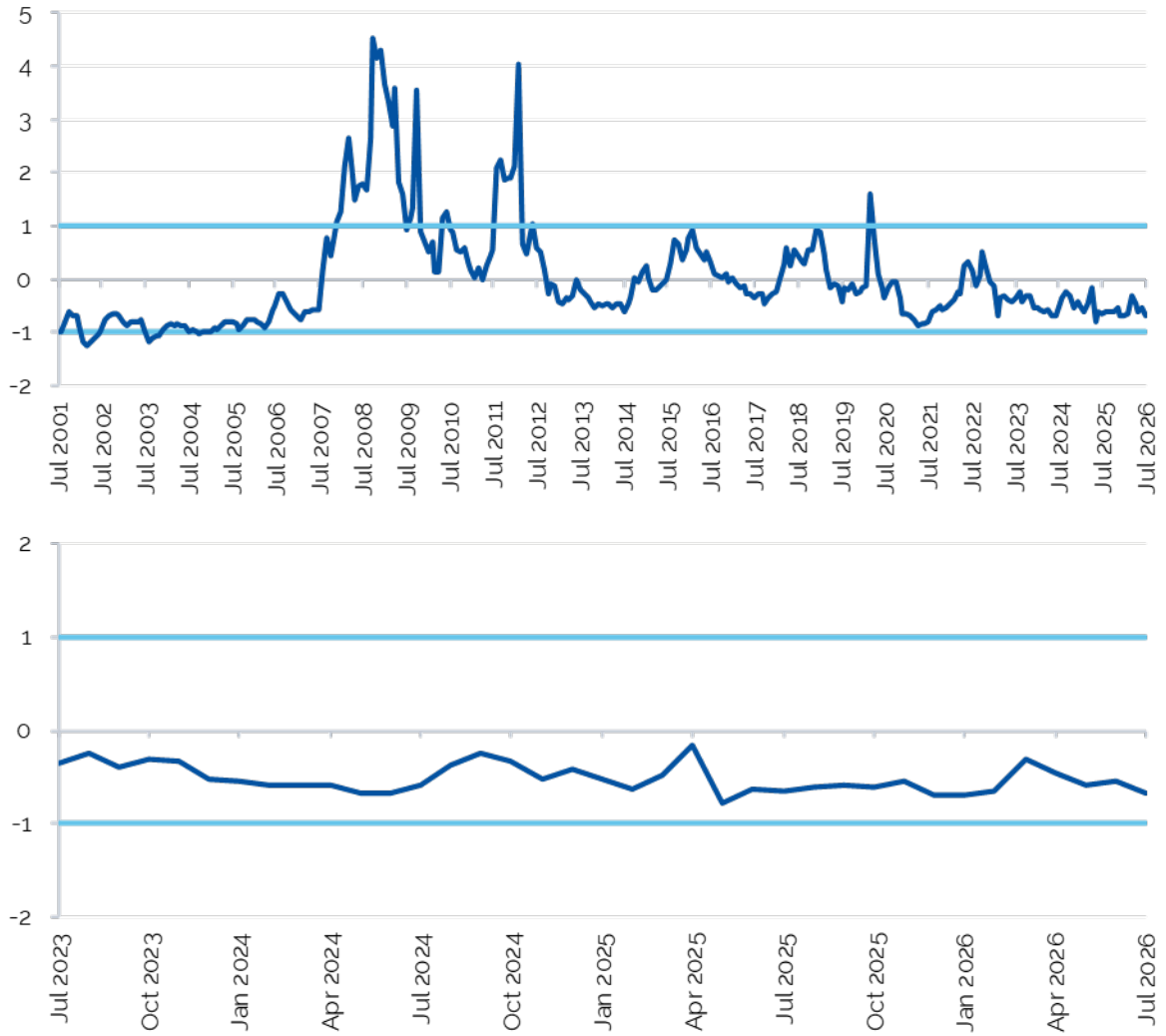
For firms that were never subject to IPART's pre-2018 WACC method, there should be no need to restructure their debt portfolio to match the 2018 WACC method assumptions. Instead, our WACC calculation assumes that the transition to trailing average is complete.

9.4.6 The uncertainty index remains within the acceptable range

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 July 2026. As Figure 9.3 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 9.3 IPART's uncertainty index



Source: Refinitiv and IPART calculations.

9.4.7 Tax rate

We adopted our standard tax rate of 30% for a benchmark ELNO. We apply a lower tax rate to smaller benchmark firms, such as private ferries, where annual turnover is less than $50 million.

9.4.8 We adopted a gearing ratio of 12%

In our WACC methodology, gearing represents the proportion of the benchmark firm's capital funded by debt. As shown in Table 9.3, we found that the median and average gearing ratios for all firms in our sample are 13% and 16%. We have given equal weight to the real estate and non-real estate cohorts, resulting in a gearing ratio of 12% (see Table 9.3 above).

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 mean and median gearing ratios are similar, indicating that the outliers do not skew the overall distribution.

9.4.9 We adopted an equity beta of 1.02

In our WACC methodology, equity beta measures the benchmark firm's exposure to systematic market risk relative to the overall market. Our comparable-firms analysis suggests a benchmark equity beta of 1.02 is reasonable.

As shown in Table 9.3, 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.

Decision

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

9.5 Allowance for working capital

We have calculated a return on working capital using our standard methodology.[288] 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 9.4.

Table 9.4 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	-0.54	-0.55	-0.55	-0.56

Note: This is the mid-year value.

Decision

9. 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	-0.54	-0.55	-0.55	-0.56

Chapter 10

Governance of eConveyancing

10

While this review has focused on the fees that ELNOs may charge subscribers for eConveyancing services, it has also highlighted broader weaknesses in the governance of the market. Responsibility is fragmented across ARNECC, jurisdictional Registrars and specialist regulators. These weaknesses are particularly significant given PEXA's substantial market power, the absence of effective competition and the importance of eConveyancing to property settlement across Australia.

The long interval since the previous review of ELNO service fees and the decision not to proceed with mandated interoperability at this time also demonstrate the need for clearer responsibility, regular oversight and effective coordination. ARNECC's regulatory uplift review provides an opportunity to clarify institutional roles and strengthen the national framework.

10.1 Responsibilities and accountability should be clearer

ARNECC develops the Model Operating Requirements (MORs) and Model Participation Rules (Rules), advises governments and promotes consistency across jurisdictions. However, the Electronic Conveyancing National Law is implemented through separate legislation in each state and territory, and ARNECC's model requirements and rules only take legal effect if they are adopted by the relevant jurisdictional Registrars.[289]

ARNECC does not itself have formal legal, regulatory, compliance or enforcement powers and stated in its submission to the Senate inquiry that it "is not a regulator".[290] The NSW Productivity and Equality Commission (NSW PEC) nevertheless described ARNECC as having assumed a "de facto regulatory status" because it considers regulatory and compliance matters to promote consistency. However, regulatory decisions and actions must ultimately be taken by individual jurisdictional Registrars.[291]

This structure can obscure accountability for market-wide oversight. ARNECC's regulatory uplift review[292] provides an opportunity to clarify its role, the responsibilities of jurisdictional Registrars and the matters that should be referred to specialist regulators. It should also consider whether ARNECC needs a clearer mandate, governance arrangements and resources to perform its national coordination, policy-development and monitoring functions effectively.

10.1.1 Role of ARNECC and jurisdictional Registrars

Within the current institutional structure, ARNECC should continue to develop the national framework and coordinate its consistent application. Its role should include developing common approaches to monitoring ELNO prices, service performance, resilience and subscriber outcomes; coordinating information collection and compliance assessment; and reporting on market-wide risks.

The Electronic Conveyancing National Law is implemented separately in each state and territory, and Registrars determine the operating requirements for their respective jurisdictions (which may involve adoption of the MORs developed by ARNECC).

The Registrars should adopt and enforce nationally consistent operating requirements, including an enduring framework for regulating ELNO service fees while PEXA retains substantial market power across jurisdictions. This should provide for periodic price reviews, assessment of efficient costs and investment, and monitoring of financial and service outcomes. If amendments to the Electronic Conveyancing National Law are necessary to facilitate these changes, they could be enacted in each jurisdiction.

10.1.2 Role of other regulators and governments

Some elements of eConveyancing fall outside the responsibilities of ARNECC and jurisdictional Registrars. The Senate Economics References Committee reported that a 2019 review prepared for ARNECC identified the Reserve Bank of Australia as the relevant regulator for financial settlement, ASIC for payment systems and consumer protection in the payment systems environment, and the Australian Competition and Consumer Commission (ACCC) for market regulation. The review also identified uncertainty about "which regulator, if any, was responsible for oversight of Delivery versus Payment in property settlement".[293]

The report identified:

> "The key limitation of the regulatory framework as the lack of explicit and defined regulatory arrangements for financial payment and settlement, for the collection of duties and taxes and for market regulation. While the ELNOs have an obligation to comply with all applicable laws nationally and in each state and territory in which their system is available, the key requirements of these laws are not monitored by ARNECC as registrars are not financial regulators."[294]

The NSW PEC identified similar issues in its 2024 eConveyancing market study, noting that the regulatory framework is primarily focussed on the land titles registration processes administered by Registrars, and that ARNECC did not have the expertise or resources to oversee the eConveyancing market as a whole, including technology competition and financial settlement.[295]

There is a need to clarify the boundaries between eConveyancing, financial settlement, payment systems, cyber security and critical-infrastructure oversight, and to establish formal referral and information-sharing arrangements.

Under a clearer allocation of responsibilities, the following could apply:

- jurisdictional Registrars approve ELNOs and enforce jurisdictional operating requirements
- ARNECC coordinates national policy, Model Operating Requirements and Model Participation Rules, and market monitoring
- an economic regulator determines prices until there is effective competition
- the ACCC considers conduct that may contravene competition or consumer law
- payment-system, cyber-security and critical-infrastructure regulators address matters within their respective statutory responsibilities.

Given the nationwide operation of PEXA, consideration should be given to adopting nationally consistent regulation wherever possible. One means of doing this may be to ensure that relevant regulators are, wherever possible, national bodies (such as the ACCC for price regulation).

An independent economic regulator should be appointed on an ongoing basis, with appropriate powers and funding to regulate prices, determine pricing methodologies, assess efficient expenditure and returns, and oversee cost allocation between regulated and non-regulated services. As discussed in Chapter 4, it could also consider broader competition issues relating to PEXA's Exchange APIs, PEXA's ancillary products, mobile signing and digital certificates, PEXA Key, and downstream and upstream services.

10.1.3 The regulatory uplift review is an opportunity to establish ongoing governance arrangements

The principal governance issue is whether responsibility for national market oversight, economic regulation, competition, financial settlement and systemic resilience is clearly allocated and supported by appropriate powers. ARNECC should continue to coordinate the national eConveyancing framework, while jurisdictional Registrars retain responsibility for binding regulation and enforcement. Matters falling within competition, payment-system, cyber-security and critical-infrastructure regulation should be addressed through clear referral and information-sharing arrangements with the relevant specialist regulators.

ARNECC's regulatory uplift review provides an opportunity to clarify the respective roles of ARNECC, jurisdictional Registrars and relevant specialist regulators, and to establish more effective arrangements for matters that cross institutional boundaries. This includes updating the Model Operating Requirements and the Model Participation Rules to reflect the monopoly position of PEXA in property settlements. For example, in other key markets where there is a monopoly provider of essential services, the legislative framework establishes obligations to supply and providers of last resort provisions.

Recommendation

17. The state and territory governments should engage with the Commonwealth Government to implement appropriate regulatory and governance arrangements for eConveyancing, including the appointment of a national economic regulator on an ongoing basis.

Appendices

Appendix A

PEXA's 2026-27 pricing table



Table A.1 sets out PEXA's 2026-27 prices. These prices do not reflect the price changes introduced on 1 October 2026. As discussed in section 3.6.3, on 1 October 2026 PEXA introduced new prices to pass through the NECDS fee to all other transaction types except in NSW, as well as revenue office fees in Victoria, Western Australia and Tasmania for transfer titles.[296]

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

PEXA transaction 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

PEXA transaction service fees (including GST)	Single Title	Multiple Title	State/Territory
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
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	

Source: PEXA Fees and Pricing, Jurisdictional Pricing effective 1 July 2026.

Appendix B

Recommended prices for PEXA 2027-28 to 2030-31



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

PEXA transaction 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 transaction 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[a]	54.89	75.90
Survivorship	46.20	67.54
Survivorship with Financial Settlement	46.20	67.54
Title Information Re-Supply	7.15	N/A
Transfer by Third Party (with Financial Settlement)	103.37	122.62
Transfer of Interest	92.37	111.62
Transfer of Interest with Financial Settlement	103.37	122.62
Transfer Titles	103.37	122.62
Transfer Titles (with Financial Settlement)	103.37	122.62
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	103.37	122.62
Change Ownership with Settlement	103.37	122.62
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

Note: Rounded to the nearest cent.
a. Surrender of Lease with Financial Settlement is set to be equal to Lease (or Mortgage).

Appendix C

Alternative treatment of external fees in ELNO service fees



As discussed in Chapters 3 and 5, we recommend including forecast external fees in PEXA's regulated cost base and recovering them through nationally consistent ELNO service fees. Under our recommended pricing structure, the required reduction in regulated revenue is achieved by reducing the 4 highest-priced transfer fees and holding all other regulated fees constant in real terms.

This appendix presents alternative pricing scenarios to assist ARNECC in considering implementation. Unlike our recommended pricing structure, each scenario applies a uniform percentage reduction across all ELNO service fees. This preserves the existing relativities between transaction fees and allows the effect of including or excluding different categories of external fees to be compared on a consistent basis. These scenarios do not alter our recommended approach.

We present 3 scenarios:

1. **All external fees included in the regulated cost base.** Table C.2 shows indicative prices where the required revenue reduction is applied uniformly across all ELNO service fees.
2. **LSS fees included, but NECDS fees and revenue office fees excluded.** Table C.3 shows indicative ELNO service fees excluding NECDS fees and revenue office fees (SRO fees). Those external fees, where applicable, would be charged separately in addition to the prices shown.
3. **All external fees excluded.** Table C.4 shows indicative ELNO service fees excluding LSS fees, NECDS fees and SRO fees. Those external fees, where applicable, would be charged separately in addition to the prices shown.

Table C.1 summarises the uniform percentage reduction required under each scenario. As LSS fees comprise the largest component of forecast external fees, excluding them from the regulated cost base produces the largest reduction in the underlying ELNO service fees.

All prices in this appendix are expressed in $2026-27 and include GST. Actual nominal prices would be adjusted for CPI in accordance with the annual adjustment approach set out in Chapter 5.

Table C.1 Indicative uniform price reductions under alternative treatments of external fees

	Include all external fees in cost base	Include LSS fees, exclude NECDS and SRO fees	Exclude LSS, NECDS and SRO fees
Price change in first year of regulatory period	-17.4%	-19.0%	-31.3%
Price change in years 2-4 of regulatory period	0.0%	0.0%	0.0%
Average revenue change in regulatory period	-15.9%	-17.5%	-30.0%

Table C.2 Indicative prices with all external fees included in the regulated cost base ($2026-27, including GST)

PEXA transaction service fees (including GST)	2027-28 to 2030-31 Single Title	2027-28 to 2030-31 Multiple Title
Application by Survivor	38.16	55.79
Application by Survivor with Financial Settlement	38.16	55.79
Application to Register Death by Survivor	38.16	55.79
Application to Register Death by Survivor with Financial Settlement	38.16	55.79
Caveat	16.99	29.44
Caveat with Financial Settlement	32.62	50.34
Change of Name (WA and TAS only)	16.99	29.44
Change of Name with Financial Settlement (WA and TAS only)	32.62	50.34
Discharge of Mortgage	21.72	34.62
Discharge of Mortgage (Express Refinance)	44.61	57.15
Discharge of Mortgage (Express Refinance) (with Financial Settlement)	44.61	57.15
Discharge of Mortgage with Financial Settlement	44.61	57.15
Encumbrance	38.16	50.88
Encumbrance (with Financial Settlement)	38.16	50.88
Give Control of Title to Registrar	0.00	0.00
Give Control of Title to Registrar (with Financial Settlement)	0.00	0.00
Lease	45.34	62.69
Lease with Financial Settlement	60.33	77.96
Mortgage	45.34	62.69
Mortgage (Express Refinance)	60.33	77.96
Mortgage (Express Refinance) (with Financial Settlement)	60.33	77.96
Mortgage with Financial Settlement	60.33	77.96
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	38.16	55.79
Notice of Death with Financial Settlement	38.16	55.79
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	9.54	9.54
Priority Notice (with Financial Settlement)	9.54	9.54
Priority Notice Extension	4.72	4.72
Priority Notice Extension (with Financial Settlement)	4.72	4.72
Priority Notice Withdrawal	9.54	9.54
Priority Notice Withdrawal (with Financial Settlement)	9.54	9.54
Record of Death	38.16	55.79
Record of Death with Financial Settlement	38.16	55.79

PEXA transaction service fees (including GST)	2027-28 to 2030-31 Single Title	2027-28 to 2030-31 Multiple Title
Surrender of Lease	21.72	34.62
Surrender of Lease with Financial Settlement[a]	45.34	62.69
Survivorship	38.16	55.79
Survivorship with Financial Settlement	38.16	55.79
Title Information Re-Supply	5.91	N/A
Transfer by Third Party (with Financial Settlement)	120.84	138.29
Transfer of Interest	80.32	97.67
Transfer of Interest with Financial Settlement	120.84	138.29
Transfer Titles	120.84	138.29
Transfer Titles (with Financial Settlement)	120.84	138.29
Transmission	38.16	55.79
Transmission with Financial Settlement	38.16	55.79
Withdrawal of Caveat	16.99	29.44
Withdrawal of Caveat with Financial Settlement	32.62	50.34
Withdrawal of Encumbrance	38.16	50.88
Withdrawal of Encumbrance (with Financial Settlement)	38.16	50.88
Other Land Registry documents (representing 740 individual documents)		
Change Ownership	120.84	138.29
Change Ownership with Settlement	120.84	138.29
Record an Interest	45.34	62.69
Record an Interest with Settlement	60.33	77.96
Vary an Interest	37.80	55.06
Vary an Interest with Settlement	53.15	70.42
Discharge an Interest	21.72	34.62
Discharge an Interest with Settlement	44.61	57.15
Act on a Land Title	16.99	29.44
Act on a Land Title with Settlement	32.62	50.34

Note: Rounded to the nearest cent.
a. Surrender of Lease with Financial Settlement is set to be equal to Lease (or Mortgage).

Table C.3 shows indicative prices for PEXA's transaction services, excluding NECDS and revenue office fees. The NECDS fee and revenue office fees, where applicable, would apply in addition to these prices.

Table C.3 Indicative prices with LSS fees included and NECDS and revenue office fees excluded ($2026-27, including GST)

PEXA transaction service fees (including GST)	2027-28 to 2030-31 Single Title	2027-28 to 2030-31 Multiple Title
Application by Survivor	37.42	54.71
Application by Survivor with Financial Settlement	37.42	54.71
Application to Register Death by Survivor	37.42	54.71
Application to Register Death by Survivor with Financial Settlement	37.42	54.71
Caveat	16.66	28.87
Caveat with Financial Settlement	31.99	49.36
Change of Name (WA and TAS only)	16.66	28.87
Change of Name with Financial Settlement (WA and TAS only)	31.99	49.36
Discharge of Mortgage	21.29	33.95
Discharge of Mortgage (Express Refinance)	43.75	56.04
Discharge of Mortgage (Express Refinance) (with Financial Settlement)	43.75	56.04
Discharge of Mortgage with Financial Settlement	43.75	56.04
Encumbrance	37.42	49.90
Encumbrance (with Financial Settlement)	37.42	49.90
Give Control of Title to Registrar	0.00	0.00
Give Control of Title to Registrar (with Financial Settlement)	0.00	0.00
Lease	44.46	61.48
Lease with Financial Settlement	59.16	76.45
Mortgage	44.46	61.48
Mortgage (Express Refinance)	59.16	76.45
Mortgage (Express Refinance) (with Financial Settlement)	59.16	76.45
Mortgage with Financial Settlement	59.16	76.45
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	37.42	54.71
Notice of Death with Financial Settlement	37.42	54.71
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	9.36	9.36
Priority Notice (with Financial Settlement)	9.36	9.36
Priority Notice Extension	4.63	4.63
Priority Notice Extension (with Financial Settlement)	4.63	4.63
Priority Notice Withdrawal	9.36	9.36

PEXA transaction service fees (including GST)	2027-28 to 2030-31 Single Title	2027-28 to 2030-31 Multiple Title
Priority Notice Withdrawal (with Financial Settlement)	9.36	9.36
Record of Death	37.42	54.71
Record of Death with Financial Settlement	37.42	54.71
Surrender of Lease	21.29	33.95
Surrender of Lease with Financial Settlement[a]	44.46	61.48
Survivorship	37.42	54.71
Survivorship with Financial Settlement	37.42	54.71
Title Information Re-Supply	5.79	N/A
Transfer by Third Party (with Financial Settlement)	118.50	135.61
Transfer of Interest	78.76	95.78
Transfer of Interest with Financial Settlement	118.50	135.61
Transfer Titles	118.50	135.61
Transfer Titles (with Financial Settlement)	118.50	135.61
Transmission	37.42	54.71
Transmission with Financial Settlement	37.42	54.71
Withdrawal of Caveat	16.66	28.87
Withdrawal of Caveat with Financial Settlement	31.99	49.36
Withdrawal of Encumbrance	37.42	49.90
Withdrawal of Encumbrance (with Financial Settlement)	37.42	49.90
Other Land Registry documents (representing 740 individual documents)		
Change Ownership	118.50	135.61
Change Ownership with Settlement	118.50	135.61
Record an Interest	44.46	61.48
Record an Interest with Settlement	59.16	76.45
Vary an Interest	37.07	53.99
Vary an Interest with Settlement	52.12	69.05
Discharge an Interest	21.29	33.95
Discharge an Interest with Settlement	43.75	56.04
Act on a Land Title	16.66	28.87
Act on a Land Title with Settlement	31.99	49.36

Note: Prices are expressed in $2026-27 and include GST. They are not the nominal prices payable in each year. Apply the annual CPI adjustment specified in section 0 to determine the nominal price for each year. Prices are rounded to the nearest cent.

a. Surrender of Lease with Financial Settlement is set to be equal to Lease (or Mortgage).

Table C.4 shows indicative prices for PEXA's transaction services, excluding LSS, NECDS and revenue office fees. These fees, where applicable, would apply in addition to these prices.

Table C.4 Indicative prices with LSS, NECDS and revenue office fees excluded ($2026-27, including GST)

PEXA transaction service fees (including GST)	2027-28 to 2030-31 Single Title	2027-28 to 2030-31 Multiple Title
Application by Survivor	31.74	46.40
Application by Survivor with Financial Settlement	31.74	46.40
Application to Register Death by Survivor	31.74	46.40
Application to Register Death by Survivor with Financial Settlement	31.74	46.40
Caveat	14.13	24.48
Caveat with Financial Settlement	27.13	41.87
Change of Name (WA and TAS only)	14.13	24.48
Change of Name with Financial Settlement (WA and TAS only)	27.13	41.87
Discharge of Mortgage	18.06	28.79
Discharge of Mortgage (Express Refinance)	37.10	47.53
Discharge of Mortgage (Express Refinance) (with Financial Settlement)	37.10	47.53
Discharge of Mortgage with Financial Settlement	37.10	47.53
Encumbrance	31.74	42.32
Encumbrance (with Financial Settlement)	31.74	42.32
Give Control of Title to Registrar	0.00	0.00
Give Control of Title to Registrar (with Financial Settlement)	0.00	0.00
Lease	37.71	52.14
Lease with Financial Settlement	50.18	64.84
Mortgage	37.71	52.14
Mortgage (Express Refinance)	50.18	64.84
Mortgage (Express Refinance) (with Financial Settlement)	50.18	64.84
Mortgage with Financial Settlement	50.18	64.84
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	31.74	46.40
Notice of Death with Financial Settlement	31.74	46.40
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	7.93	7.93
Priority Notice (with Financial Settlement)	7.93	7.93
Priority Notice Extension	3.93	3.93
Priority Notice Extension (with Financial Settlement)	3.93	3.93
Priority Notice Withdrawal	7.93	7.93
Priority Notice Withdrawal (with Financial Settlement)	7.93	7.93

PEXA transaction service fees (including GST)	2027-28 to 2030-31 Single Title	2027-28 to 2030-31 Multiple Title
Record of Death	31.74	46.40
Record of Death with Financial Settlement	31.74	46.40
Surrender of Lease	18.06	28.79
Surrender of Lease with Financial Settlement[a]	37.71	52.14
Survivorship	31.74	46.40
Survivorship with Financial Settlement	31.74	46.40
Title Information Re-Supply	4.91	N/A
Transfer by Third Party (with Financial Settlement)	100.51	115.02
Transfer of Interest	66.80	81.24
Transfer of Interest with Financial Settlement	100.51	115.02
Transfer Titles	100.51	115.02
Transfer Titles (with Financial Settlement)	100.51	115.02
Transmission	31.74	46.40
Transmission with Financial Settlement	31.74	46.40
Withdrawal of Caveat	14.13	24.48
Withdrawal of Caveat with Financial Settlement	27.13	41.87
Withdrawal of Encumbrance	31.74	42.32
Withdrawal of Encumbrance (with Financial Settlement)	31.74	42.32
Other Land Registry documents (representing 740 individual documents)		
Change Ownership	100.51	115.02
Change Ownership with Settlement	100.51	115.02
Record an Interest	37.71	52.14
Record an Interest with Settlement	50.18	64.84
Vary an Interest	31.44	45.80
Vary an Interest with Settlement	44.21	58.57
Discharge an Interest	18.06	28.79
Discharge an Interest with Settlement	37.10	47.53
Act on a Land Title	14.13	24.48
Act on a Land Title with Settlement	27.13	41.87

Note: Rounded to the nearest cent.
a. Surrender of Lease with Financial Settlement is set to be equal to Lease (or Mortgage).

Appendix D

Initial asset base methods and historical rates of return



This appendix provides additional analysis relating to IPART's final decision on PEXA Exchange's initial asset base. It includes more detailed discussion of the following matters:

- Section D.1 discusses the alternative methods for establishing the initial asset base that were raised in submissions to the review and the reasons that IPART decided not to adopt them
- Section D.2 provides an overview of the timeline and risks associated with the establishment of PEXA's eConveyancing business
- Section D.3 explains how we estimated establishment exit risk and the historical rates of return.

D.1 Alternative methods for establishing the initial asset base

D.1.1 A DCF based on existing fees would not independently establish the initial asset base

PEXA proposed a DCF 'line in the sand' approach in its submissions on our Initial Asset Base Methodology Paper and Draft Report.

Under its proposed approach, PEXA assumed that the pre-tax net cash flow it earned in 2021-22 would be earned each year, in real terms, for another 25 years. It then converted those future cash flows into an equivalent value at 1 July 2022 by applying a real pre-tax discount rate of 8.6%. PEXA treated that value as its opening asset base.

After rolling that value forward for subsequent capital expenditure and depreciation, PEXA estimated an asset base of $1.43 billion at 1 July 2026 (in 2025-26 dollars).[297] PEXA later proposed a DCF-based range of $1.435 billion to $1.705 billion at 1 July 2027, reflecting alternative assumptions about the remaining asset life.[298]

A DCF can establish an opening regulatory value where the regulator accepts a level of net cash flow as the appropriate starting point. PEXA cited IPART's 2000 Sydney Water determination,[299] in which IPART estimated Sydney Water's economic value using a DCF and compared that value with depreciated optimised replacement cost. Because the DCF produced the lower value, it determined Sydney Water's opening regulatory asset base.[300]

PEXA submitted that IPART's 2019 review of ELNO service fees provides this regulatory starting point for its DCF.[301] It relies on IPART's finding in November 2019 that there was no compelling evidence that its prices should be lower.

On this basis, PEXA considers that the net cash flow generated under those prices in 2021-22 can be capitalised to establish the initial asset base.[302]

The 2019 review did not establish PEXA's 2021-22 cash flow as an ongoing allowance

The 2019 review did not establish PEXA's 2021-22 cash flow as a regulatory starting point. It did not assess or approve PEXA's cash flow, determine a PEXA-specific revenue requirement or establish a regulatory asset base.[303]

The 2019 review assessed prices derived from benchmark efficient ELNOs based on efficient-cost estimates from AECOM and forecast NSW demand.[304] The Final Report assumed 736,000 NSW eConveyancing transactions each year,[305] equal to 875,000 billable transactions, as transfers are charged twice.[a] It applied a range of market-share assumptions to that demand, including additional scenarios in which a benchmark efficient new entrant or established ELNO held 100% market share.[306]

IPART found that these hypothetical efficient ELNOs, whose costs and demand differed significantly from PEXA's, could operate at prices generally similar to PEXA's then-prices. We therefore recommended setting maximum prices for all ELNOs at PEXA's then-prices from 1 July 2020 and indexed by CPI for 2 years, after which prices should be reviewed again.[307]

PEXA's DCF instead capitalises cash flow generated by its realised national transaction volumes, existing fees and actual costs. PEXA recorded 4.05 million billable transactions nationally in 2021-22,[308] illustrating the broader scope of operations reflected in its DCF compared with the NSW operations modelled in 2019. The 2019 review did not assess PEXA's realised 2021-22 demand, costs or cash flow, or accept that cash flow as an appropriate ongoing allowance.

Using the resulting DCF value to set future fees would be circular. Existing fees contribute to the cash flow used to calculate the asset base. Under the building block methodology, that asset base would then determine the return on capital and depreciation allowances recovered through future fees. All else equal, a higher starting cash flow produces a higher DCF asset value and therefore higher future capital allowances.

The terms of reference for this review recognise that some inputs underlying the prices recommended in 2019 may have become out of date and that it may not be appropriate to continue current fees in real terms.[309] Capitalising the cash flow generated under those fees would assume the continuation of the price outcome that this review is assessing.

The DCF result depends on the selected cash-flow year

PEXA's financial records indicate that its highest pre-tax cash-flow margin occurred in 2021-22, when revenue was 81% higher than the sum of operating and capital expenditure. Much of the cost of providing ELNO services is fixed. Higher transaction volumes can therefore increase revenue and cash flow without an equivalent increase in costs. PEXA's DCF assumes that the price, volume and cost outcome realised in 2021-22 will continue in real terms for another 25 years.

No demand adjustment mechanism applied to PEXA in 2021-22, so its actual transaction volumes flowed through to its cash flow. This does not establish that the resulting cash flow represents an appropriate ongoing allowance. Capitalising it for another 25 years would convert the outcome for that year into an enduring regulatory asset value.

The effect of selecting the 2021-22 cash flow can be illustrated without identifying a preferred alternative year. Holding PEXA's discount rate and assumed remaining life constant, substituting its 2019-20 cash flow (both in $2026-27), reduces the present value from $1.5 billion to about $479 million.

[a] For the 100% market-share scenario, the modelling started with 736,000 underlying NSW eConveyancing transactions a year. After accounting for transfer fees charged separately to the buyer and seller, this equated to about 875,000 billable transaction instances a year.

Both years produced positive cash flow, and prices were unchanged in real terms, but the DCF value based on 2021-22 is approximately 3 times higher. The DCF values whichever cash flow is supplied to it. It does not independently establish which year's cash flow should be capitalised or whether that cash flow represents an appropriate ongoing regulatory allowance.

D.1.2 The 2019 transaction price measures the expected value of owning PEXA

We have not used the 2019 transaction price to set or increase the initial asset base.

PEXA proposed using the transaction value after removing value attributable to non-regulated activities, rolling the adjusted amount forward to the start of the regulatory period, and adopting the lower of the resulting value and a recovered capital estimate. It submitted that the transaction provided market evidence of intangible value that historical accounting balances did not fully capture.[310]

RBB Economics, in a report commissioned by PEXA, recommended beginning with the transaction price and deducting the value of non-regulated businesses and assets, purchaser-specific synergies and earnings reasonably attributable to the expected exercise of market power. It proposed using the resulting range as a basis for the initial asset base alongside DCF and other valuation estimates.[311] RBB Economics submitted that including expected market-power earnings in the initial asset base would overstate the efficient costs of providing regulated services.[312]

Convey Property Settlements submitted that PEXA's arguments on the initial asset base and returns, including its reliance on the 2019 transaction price, focused on investor recovery and did not include a quantified assessment of customer benefit or impacts in support of its preferred inputs.[313]

The 2019 transaction shows market evidence of what investors were prepared to pay for ownership of PEXA and the expected benefits of ownership. The transaction price reflected expectations about future cash flows, growth, costs and risk. The published acquisition accounts did not separately establish an appropriate initial regulatory asset base.[314]

Using the transaction price to set the initial asset base risks accepting buyers' expectations of future earnings without first assessing whether the charges supporting those earnings are reasonable.[315]

For subscribers, this would mean ELNO service fees reflect how much investors paid to acquire PEXA Group in 2019, rather than reflecting the total expenditure that had actually been invested in the platform.

Regulatory precedent shows that different opening methods can be appropriate

Precedent shows that market evidence can inform the establishment of a first regulatory asset base. Ofwat used average equity market values over the first 200 trading days after the 1989 privatisation of water and sewerage companies in England and Wales, plus debt at privatisation, as the opening regulatory capital value for 1990. It subsequently rolled that balance forward for investment, depreciation and other adjustments.[316]

Equally, regulators have used other methods to establish an opening asset base. IPART used a DCF approach for Sydney Water,[317] as discussed above. The ACCC assessed a depreciated optimised replacement cost valuation for ARTC's Hunter Valley rail network.[318]

These precedents do not establish that any one method should be applied, or even that they are always interchangeable. We select the method that reflects the considerations in the terms of reference, circumstances of this review and provides a reasonable basis for setting future regulated prices.

For this review, our decision to establish PEXA Exchange's initial asset base rests on the reasons in sections 8.2 and 8.3, which consider the available expenditure record, recognition of investment beyond accounting capital expenditure, and treatment of timing and establishment risk. Together, these provide a basis for capital allowances that supports ongoing investment while allowing us to assess reasonable service prices independently of the earnings expectations reflected in the 2019 sale price.

The 2019 sale did not establish a regulatory commitment

PEXA's submission to the Draft Report relies on the circumstances of the 2019 sale to support using its price as a starting point for an initial asset base.

PEXA submitted that buyers knew the business would be subject to economic regulation and therefore expected revenue to reflect efficient service costs rather than monopoly returns.[319] Elsewhere, it said the sale preceded the present building block framework, so buyers paid for PEXA's commercial and competitive prospects rather than a known regulated return.[320] No PEXA-specific regulatory asset base or revenue allowance had been set when the offer was accepted.

A near-term CPI cap on annual fee increases was nevertheless a well-founded expectation. By September 2018, ARNECC had said it had decided to limit increases in each ELNO's published fees to CPI for 3 years.[321] The implementing rule remained a consultation draft when the increased offer was accepted on 5 November.[322] While it used existing fee tables as its starting point, it did not determine whether those fees reflected efficient costs.

IPART's 2019 ELNO review left the starting price and longer-term regulatory framework open. The Premier had published draft terms of reference before PEXA's shareholders accepted the purchase offer. After acceptance, PEXA advocated for IPART to focus its review on CPI or CPI-X price options, PEXA's proposed outcome.[323]

IPART's eventual report in November 2019 found PEXA's unit prices reasonable against its benchmarks and recommended maximum prices for 2 years. It did not determine PEXA's asset base or a long-term revenue allowance.[324]

The sale therefore occurred with the CPI price cap in place and the expectation of a review in the coming years. A CPI cap could preserve prevailing fees while transaction volumes grew, whereas IPART's pricing review could also lead to tighter controls.

The public record does not reveal the buyers' forecasts. Even if buyers discounted their bid for regulatory risk, the resulting price would remain a valuation of expected earnings given future fees, estimated demand and costs, rather than an independent measure of efficient capital. Using it to set the asset base would make those earnings expectations an input to the future fees this review must assess.

Government shareholders' involvement in the sale also does not supply a purchase-price commitment. Before the sale, NSW publicly linked its proposed exit from PEXA to stronger independent oversight and said ELNO investment could expect a fair risk-weighted return.[325] That general statement did not specify a capital base or promise a return on the buyer's purchase price. The contemporaneous public material we have reviewed has similarly not identified such an undertaking.

The purchase price included broader ownership benefits

Of the reported $1.615 billion consideration, approximately $694 million was recognised as goodwill.[326] The acquisition accounts attributed that goodwill to PEXA's established market position and the market's expected long-term growth.[327] The subsequent impairment assessment valued the acquired business using assumptions about future market penetration, regulated prices, competition and terminal growth.[328]

This means goodwill reflected expected future earnings and other benefits of owning PEXA that were not already attributed to identifiable assets. Including it in the initial asset base would convert those expectations into capital allowances funded through future regulated prices. Goodwill is therefore not a measure of expenditure on PEXA Exchange.

Public investor material also identified growth opportunities beyond PEXA's core electronic lodgment and settlement services, supporting that owning PEXA offered potential benefits beyond its regulated services. Link Group's June 2019 presentation identified data products, adjacent digital services and international expansion as growth opportunities.[329] Allens' November 2019 report cited the PEXA acquisition as an example of a transaction in which access to data was a driver of value.[330]

However, removing goodwill would not distil the purchase price into an appropriate starting point for the regulatory asset base. Other amounts were allocated to identifiable assets, including software, customer relationships, the PEXA brand and ELNO licences, at their fair values at the acquisition date.[331]

Fair value is a market-based measure of the price market participants would pay for an asset at that date. It reflects the economic benefits that market participants expect the asset to generate, either alone or together with other assets of the business.[332] The values allocated to these intangible assets therefore reflected expectations about their contribution to PEXA's future earnings, not the expenditure originally incurred to create them.

Subtracting goodwill from the transaction price would therefore leave acquisition-date fair values. The remaining amount would still reflect buyer expectations about future prices, volumes, costs and cash flows.

D.1.3 Replacement cost or DORC would measure a modern replacement

Schroder Investment Management proposed replacement cost as a cross-check. It said that recreating a functioning ELNO would involve more than recreating PEXA's software or PEXA's historical development expenditure. Financial institutions, land registries, practitioners and other participants would need to connect to the network. Schroder acknowledged that these stakeholder costs are not assets owned by PEXA, but considered they illustrate the wider costs involved in recreating a functional ELNO.[333]

Depreciated optimised replacement cost (DORC) could be an appropriate method for establishing an initial asset base for an ELNO. It estimates the current cost of an optimised modern asset that provides equivalent service capacity and functionality, less an allowance for economic depreciation.

A replacement-cost assessment would need to identify the efficient costs attributable to the ELNO for developing, integrating, testing, accrediting, migrating to and commissioning a modern service at the required scale. It would also need to account for the connections and other complementary investment required from participants, without treating costs incurred by those participants as assets owned by the ELNO.

TBH's June 2026 report estimated initial design-and-build capital expenditure of $49.2 million to $74.7 million. It separately estimated ongoing total expenditure of $92.1 million to $100.2 million a year.[334] TBH developed these estimates for a hypothetical efficient ELNO, drawing on information provided by PEXA and Sympli, consultation with PEXA and comparisons with PEXA Exchange's operations.

Sympli referred to TBH's analysis in supporting the Draft Report's use of PEXA's actual costs. It submitted that Sympli's costs, architecture and operating model aligned more closely with TBH's hypothetical efficient ELNO, demonstrating that a more cost-efficient platform was achievable in practice.[335] Sympli's reported cumulative investment of approximately $160 million provides a separate observation of the expenditure incurred by an actual later entrant.[336]

We consider that while these estimates provide useful information about the gross cost of establishing or entering the market with a modern ELNO, neither establishes a DORC value for PEXA Exchange. Their scope, timing and expenditure categories also differ, so they are not directly comparable with each other or with our expenditure-based initial asset base.

To be comparable with our expenditure-based initial asset base, a complete DORC assessment would require us to:[337]

- define the service capacity, functionality and standards that a modern equivalent to the Exchange would need to provide
- optimise its design and scale for current technology and demand
- estimate the efficient current cost of developing, integrating, testing, accrediting, migrating to and commissioning that service
- distinguish costs attributable to the ELNO from costs incurred by banks, registries, revenue offices, subscribers and other participants, whether those amounts are contributed capital that fund ELNO assets or complementary investment for non-ELNO systems[338]
- assess the proportion of the modern equivalent asset's service potential already consumed, to convert its gross optimised replacement cost into a depreciated value at 1 July 2027.[339]

These steps would require extensive assumptions about the scope and design of the modern equivalent asset, including its architecture, capacity, integrations, rollout, unit costs, asset lives and economic depreciation. We do not consider the additional information from a detailed DORC assessment would justify relying on these assumptions.

By contrast, we have detailed historical expenditure records for PEXA Exchange, attributable to the regulated service, which provide a more direct basis for establishing the initial asset base and require fewer assumptions than a DORC approach.

We have considered the available modern-ELNO cost evidence as context. It does not indicate that a modern efficient ELNO would require a value above our $805.6 million expenditure-based initial asset base. However, the available estimates are not complete DORC valuations and are not directly comparable with the asset base.

D.2 Factors influencing the appropriate rate of return on PEXA's early investments

PEXA and several reports it commissioned advanced several related propositions about risk.

PEXA submitted that NECDL (PEXA) was "set-up and managed as a typical venture investment," received "no regulatory 'free-kicks'," and that early government and bank participation "didn't materially reduce risks."[340] Three reports commissioned by PEXA also addressed this issue:

- K. Huber and M. Zmijewski's report, commissioned by PEXA, stated that "ownership type does not itself change the expected rate of return."[341] They considered that the required return depended on the risks to forecast cash flows and that government and bank ownership had not removed PEXA's adoption, funding, exit or regulatory risks during development. They argued that those risks remained material and were reflected in the returns expected by investors.[342]
- M. Lally's report, also commissioned by PEXA, stated, based on instructions from PEXA, that government and bank support could not address the technological hurdles encountered in developing the Exchange. He accepted that government participation may have signalled possible future mandates, that bank participation may have signalled confidence to prospective users, and that their funding helped overcome the financing hurdle required to initiate the venture.[343] However, he considered any resulting increase in the probability of success to be "mild at most" because revenue grew slowly.[344]
- S. Gray's report, commissioned by PEXA, added that government and bank participation did not establish that PEXA faced a low risk of exit. He pointed to "previous attempts to build eConveyancing businesses in Australia" that had failed despite receiving financial support and investment from government.[345] He submitted that even if that support reduced PEXA's risk, the Draft Report did not estimate the resulting probability of failure or test and explain the probabilities implied by the illustrative recovered capital method scenarios.[346]

PEXA's submissions raise 3 related but distinct propositions:

1. The identity of the shareholders did not determine PEXA's risk or required return.
2. Government and bank participation did not guarantee success or eliminate PEXA's establishment risks.
3. Any reduction in risk from that participation was not sufficient to distinguish PEXA materially from a typical high-risk venture or justify lower establishment returns.

We agree with the first 2 propositions. Public ownership or investment by governments and banks did not, by itself, determine the required rate of return. Nor did their participation guarantee that PEXA would succeed. PEXA still had to build a secure platform, integrate it with public and private systems, secure adoption and raise enough funding to reach self-sufficiency.

The third proposition requires a broader assessment of the support provided. The effect of government and bank participation cannot be assessed from the identity of the shareholders or the amount of direct equity funding alone. It depends on the functions those parties performed and the wider institutional framework their support provided for PEXA.

PEXA was established as the delivery vehicle for a coordinated, multi-jurisdictional reform program. That program combined national governance, legal reform, integration with government systems, commitments by the major banks and funding from public and private investors. No element individually guaranteed success, and significant development, funding and adoption risks remained. However, the combined package created conditions that an otherwise comparable venture without that support would not have had.

The following sections trace how that framework developed and assess how each form of support affected PEXA's risks at successive stages of development.

D.2.1 Earlier attempts highlighted the need for a nationally coordinated system

Prior attempts demonstrated that eConveyancing required a nationally consistent platform and coordinated participation.

The Senate Economics References Committee reported that earlier state-based initiatives did not achieve widespread adoption because users operating across jurisdictions were unwilling to transition to digital conveyancing without a consistent national platform.[347] The Law Society of New South Wales also identified earlier Law Society initiatives, including the Early Submission of Certificate of Title and Relevant Other Documents (ESCROD) and the Solicitors' Electronic Information and Settlement Interchange Network (SEISIN), which did not secure sufficient support from financial institutions.[348] Together, these experiences showed that successful eConveyancing required the coordinated participation of land registries, financial institutions, legal practitioners and conveyancers across jurisdictions.

In its May 2026 and August 2026 submissions, PEXA described the National Electronic Conveyancing Office (NECO) and Electronic Conveyancing Victoria (ECV) as earlier failed government-supported attempts to support its point that government participation did not materially reduce PEXA's establishment risks, while acknowledging that ECV developed a functioning platform and that Victoria received shares in NECDL (PEXA) for its intellectual property.[349] M. Lally's submission, commissioned by PEXA, relied on the same 2 asserted failures to estimate that PEXA's probability of success was lower than that of a typical venture-capital project.[350]

We do not consider that characterising NECO and ECV as failed ventures reflects the historical record. Their original arrangements did not produce the final national platform, but NECDL built on the work and intellectual property of these projects.

NECO commenced in 2005 as part of the national initiative to develop an eConveyancing model involving state and territory representatives.[351] The initiative developed policy, technical and governance foundations for a national system but did not deliver the operating national platform.

Victoria separately developed ECV, which commenced operating in November 2007. The major banks initially supported ECV but withdrew when ECV and the national initiative followed different paths. Victoria had not made its software available to NECO as agreed, and the Commonwealth Attorney-General subsequently criticised the states for failing to cooperate to make the national system a reality.[352]

The evidence indicates that progress was impeded by insufficient cooperation between governments and industry participants, rather than an inability to develop functioning eConveyancing technology.

Following COAG's July 2008 agreement to proceed with a single national system, Victoria's standalone system was expected to be discontinued and its software assessed for use in NECDL.[353]

NECDL subsequently provided the coordinated structure needed to bring the earlier development streams into a single national project. In August 2011, it announced that it had completed negotiations to acquire eConveyancing intellectual property held by participating governments, including the operating Victorian system and intellectual property held by governments and related entities in NSW, Queensland and Western Australia. NECDL stated that the parallel development streams, including ECV and NECO, had converged under the company.[354]

D.2.2 COAG established a national reform and accountability framework

In July 2008, COAG agreed that there should be a single national eConveyancing system. The Commonwealth Government described it as a significant step towards a seamless national economy, requiring the cooperation of every state and territory.[355]

The following day, the Prime Minister identified eConveyancing as one of 14 national systems with agreed delivery timelines and described the wider package as the most significant national regulatory reform in more than a decade.[356]

The National Partnership Agreement to Deliver a Seamless National Economy commenced on 1 February 2009 and included eConveyancing inside a formal intergovernmental reform program.[357] It made States and Territories responsible for a coordinated national approach, required detailed annual progress reports and provided for annual assessment by the COAG Reform Council.[358]

The implementation plan for Output 22 – a national electronic conveyancing system – required jurisdictions to agree the entity, governance and funding arrangements; establish the entity and appoint its board; agree nationally uniform business processes; enact necessary legislative changes and complete related transitional arrangements; and commence a single national system for land-title transactions.[359]

The COAG agreement committed the Commonwealth, States and Territories to a national system, rather than separate State-based systems.[360]

The Electronic Conveyancing National Law (ECNL) scheme was then introduced to facilitate a uniform environment for national eConveyancing. ARNECC's 2013 Regulation Impact Statement described the introduction of the ECNL as essential to implementing eConveyancing.[361]

Consistent with that decision, the impact assessment at the time did not model separate state systems. The Regulation Impact Statement explained that separate systems would duplicate implementation and integration costs and reduce adoption by national businesses such as banks.[362] This was consistent with the experience of earlier initiatives, where the lack of a nationally coordinated platform had been identified as a barrier to widespread industry adoption.[363]

D.2.3 Governments created, governed and initially resourced NECDL

Governments then created the delivery vehicle and assigned the national task to it.

The 2011 Intergovernmental Agreement records that NSW, Victoria and Queensland established National E-Conveyancing Development Limited (NECDL) on 14 January 2010, ahead of the dates specified in the COAG implementation plan and "so as to avoid further delay."[364] COAG subsequently agreed that NECDL would create, implement and operate the national eConveyancing system, and Western Australia joined later that year.[365] NECDL changed its name to PEXA in 2014.[366]

In February 2011, NECDL converted from a company limited by guarantee to a company limited by shares.[367] The 4 major banks agreed to subscribe for shares in August 2011, on the basis that the state government shareholders intended to retain majority ownership during development.[368]

Landgate's 2011 annual report showed NECDL's board comprised directors appointed by NSW, Victoria and Queensland; an independent chair; and directors appointed by the Australian Bankers' Association, the Law Council of Australia and the Australian Institute of Conveyancers.[369]

The annual report recorded initial holdings of 1,666,667 shares for each of NSW, Victoria, Queensland and Landgate by 30 June 2011.[370] Those equal holdings were consistent with approximately equal founding contributions to NECDL, though did not measure the states' differing earlier support for eConveyancing. Expenditure on predecessor programs occurred outside NECDL, although some resulting intellectual property and prior contributions were subsequently recognised through additional equity.

The 4 major banks were major participants in mortgage-related conveyancing and had confirmed their intention to use the national eConveyancing platform. In its August 2011 submission to the ACCC, The Law Council of Australia considered the banks' involvement as users important to the platform's development and critical to its financial viability.[371]

NECDL's stated object and activities also extended beyond developing software. Its stated object was to provide an efficient and competitive system for electronic settlement, lodgment and payment of duties and taxes, without increasing community costs or excluding existing market participants.[372] NECDL's specified activities included building on work already undertaken by Victoria's ECV and the National Electronic Conveyancing Office (NECO).[373] They also included working with land registries and revenue offices to identify the legal and regulatory changes needed for the national system, providing reasonable and non-discriminatory access, and consulting affected stakeholders.[374]

Land registries and revenue offices were therefore not simply customers that NECDL needed to attract. They were public system counterparties whose legislation, systems and processes governments were actively coordinating with the eConveyancing platform.

Governments also contributed funding and pre-existing assets.

The NSW Auditor-General reported that NSW had contributed about $6 million over 5 years to earlier NECO work and that NECDL was negotiating to acquire intellectual property developed since 2005.[375] NSW legislation authorised the Department of Finance and Services to invest up to $12 million in NECDL on Treasurer-approved terms.[376]

Victoria's accounts recorded $6.75 million of NECDL equity issued for its ECV intellectual property and a separate $4.1 million cash contribution.[377]

Queensland initially provided a $1.666 million grant to support NECDL in 2010, of which $1.583 million remained unused and was converted into ordinary shares in May 2011.[378]

Funding nevertheless remained staged. Landgate's 2010-11 annual report described an estimated $75 million build, then expected to be funded by the 4 States, the major banks and other private participants. An initial $8 million funding stage, comprising $1 million from each state government and each major bank, was intended to maintain NECDL's operations, complete the platform design and inform the cost of the next build stage.[379]

These initial funding arrangements did not assure later funding. Staged subscriptions, later capital calls and share dilution demonstrate that NECDL continued to face funding and execution risk. Private capital also funded much of the platform's later development.

NECDL thus began with forms of institutional support that would not have been available to an otherwise comparable private venture without government and major-bank participation. According to the contemporaneous evidence, it began with a national policy assignment, a government-created vehicle, pre-existing public work and intellectual property, initial state funding, coordinated access to government systems, and investment and intended use by the major banks. While these features may not have guaranteed success, they reduced funding, coordination and adoption barriers that had constrained earlier initiatives and that would constrain a new private entrant.

D.2.4 Participation required investment and resources outside NECDL's accounts

The national system required significant investment by banks, land registries and other participants that was not recorded in NECDL's accounts.

ARNECC's 2013 Decision Regulation Impact Statement estimated total upfront capital costs of $258.9 million in present-value terms (expressed in $2010-11), of which less than 10% was attributed to establishing the ELN itself. The remaining $236.8 million comprised IT and other set-up costs incurred by industry participants and land registries outside the ELN.[b, 380]

These were prospective estimates, but they demonstrate that NECDL's platform was only one component of a much larger coordinated investment by the organisations that needed to connect to and use it.

Subsequent statements from the major banks show the banks committed funding and resources to eConveyancing that was not classed as direct investment in PEXA.

Westpac disclosed that, separately from its $1 million PEXA equity subscription in 2011, it incurred at least $31 million in direct costs between 2014 and 2017 to support integrating with PEXA. Westpac stated that this amount excluded on-costs and associated operating costs, meaning its total investment was likely higher.[381]

NAB stated that its investment in enabling eConveyancing primarily comprised proprietary technology platforms, processes and staff training. Because eConveyancing was introduced progressively alongside broader changes to NAB's digital and technology platforms, NAB could not separately quantify its historical integration with PEXA and upgrade expenditure.[382]

[b] Over the 17-year modelling period (2011-12 to 2027-28), ARNECC estimated approximately $1.09 billion of the $1.343 billion of forecast total-system costs related to complementary systems and activities rather than establishment and operation of the ELN itself.

CBA similarly stated that its expenditure to integrate with ELNOs has included capital and operational costs, with a significant portion comprising staff resourcing, over a decade. CBA considered it infeasible to provide an operational cost estimate.[383]

Land registries also committed operational and technical resources to connecting their systems with the Exchange. Queensland provides a contemporaneous example. Its Land Registry joined the Exchange after what PEXA described as a "significant piece of integration work", following installations in NSW and Victoria and before the planned connection of Western Australia and the remaining registries.[384] The national platform depended on this work because each registry needed to be able to receive and process electronic instruments through the Exchange.

These complementary resources were not considered NECDL investment or expenditure, and yet they supported the growth of eConveyancing.

Cash invested in NECDL therefore does not measure the full operational and financial commitment supporting the national system.

D.2.5 Governments created the legal framework for eConveyancing

The legislative program was essential to enable the lawful operation of national eConveyancing. The 2011 Intergovernmental Agreement for an Electronic Conveyancing National Law constituted ARNECC and provided for a national-law scheme.[385] NSW was to enact the host Electronic Conveyancing National Law, with the other participating jurisdictions applying that law or enacting corresponding legislation.[386]

The NSW host law commenced on 1 January 2013, and corresponding laws followed in the other participating jurisdictions. The scheme gave electronic instruments the same effect as paper instruments; authorised Registrars to receive and register them and to authorise one or more electronic lodgment network operations; enabled client authorisations, digital signing, electronic lodgment and associated financial transactions; and required jurisdictions to review related conveyancing legislation.

The NSW legislation commenced on 1 January 2013. Other participating jurisdictions progressively implemented the national law through application or corresponding legislation.[387]

The national law gave electronic registry instruments the same effect as equivalent paper instruments and required Registrars to receive and process documents lodged electronically in accordance with the land titles legislation.[388] It also allowed a Registrar to operate an electronic lodgment network or approve one or more electronic lodgment network operators.[389]

The intergovernmental scheme also required jurisdictions to review and make consequential changes to related legislation needed to implement electronic conveyancing.[390]

This work addressed legal-validity, authorisation and cross-jurisdictional coordination barriers that NECDL could not remove itself. It reduced the risk that a technically functional national platform would have no lawful route into land registries or no common operating framework across jurisdictions.

D.2.6 Governments progressively supported adoption of eConveyancing

Government support for eConveyancing adoption increased over time. In July 2012, participation remained voluntary and there was no present intention to remove paper conveyancing.[391]

This position began to change in 2016. Victoria announced its first electronic-lodgment requirements in February 2016, around 6 months before they commenced.[392] From 1 August 2016, specified mortgages and discharges involving authorised deposit-taking institutions had to be lodged electronically.[393] Western Australia announced similar mandates in April 2016, also commencing on 1 August 2016.[394]

The jurisdictions then announced broader staged transitions. Western Australia published a phased timetable covering additional mortgages, refinances, transfers and caveats in December 2016.[395] Victoria published its transition to 100% digital lodgment in March 2017.[396]

NSW announced its intention to accelerate mandates in July 2016,[397] released a detailed timetable in February 2017,[398] and commenced its first mandates for specified mortgages, discharges and refinances in March 2017.[399] The timetable progressively mandated electronic lodgment for most standard transactions by July 2019.[400]

PEXA's then chief executive stated in February 2017 that the mandate roadmaps from NSW, Victoria, and Western Australia gave its shareholders certainty about cash-flow projections and allowed them to advance plans for an initial public offering (IPO) or trade sale.[401] He stated it marked a significant change from the previous year.[402]

These mandates did not retrospectively eliminate the adoption risk that PEXA faced while developing and launching the Exchange. From the time the timelines became known and sufficiently definite, however, they increased certainty of future adoption. PEXA's contemporaneous statements indicate that, by February 2017, the combined mandate pathway had significantly changed its cash flow projections.

The mandate roadmaps were also followed by further private investment. In June 2017, Link Group invested $64.7 million to increase its PEXA holding from 11.4% to 19.7%, describing PEXA as an attractive and adjacent market.[403]

D.2.7 Implications for historical rates of return

PEXA's history contained both real risk and risk mitigation. Technology risk remained because governments could not make defective software work. Adoption risk remained because early participation was voluntary and professional practices had to change. Funding risk remained because later capital was contingent and the path to positive cash flow lengthened.

However, COAG sponsorship reduced policy-abandonment and coordination risk. State formation and the intended state majority ownership and governance supported institutional continuity. Public agencies built or facilitated the registry and revenue office interfaces. Prior public work by Victoria and NECO reduced the extent of NECDL's greenfield development task. The major banks supplied capital, operational knowledge, and largely self-funded connections. National legislation enabled legal operability. And mandates announced as early as 2016 reduced prospective adoption risk.

A 2019 review accordingly described the platform as having been developed under government stewardship with a focus on risk minimisation. While that is a retrospective description, it is highly consistent with the contemporaneous evidence.[404]

The history supports a distinction between NECDL and an otherwise similar venture without coordinated government and major-bank participation. It also shows that material technology, funding and adoption risk remained. Neither conclusion determines the probability of exit in any particular year. As such, we have not sought to quantify the individual impact of legislative reform, registry connections, bank investment or later mandates when calculating exit risk and appropriate historical rates of return.

We use that history to inform which comparisons are more relevant at successive stages, and when a separate establishment-risk allowance should cease.

During formation we compare NECDL with entrants in the ABS public-sector business category. As the Exchange began to operate and earn revenue, we compare it with businesses in successive turnover bands, starting with $50,000 to $200,000 in 2013-14. These are observable, judgmental proxies for an institutional starting point and then operating scale.

As shown in section D.3 and Table D.1, the selected series shows a broad reduction in the benchmark exit rate as the Exchange grew. The benchmark exit rate in Table D.1 increases from 4% in 2015-16 to 4.5% in 2016-17. The timing of legal reform and mandates helps explain our assessment of the project's changing circumstances, but the ABS exit rates do not isolate those effects. The following section explains the comparator and transition judgments.

Our historical return path, set out in section D.3 and Table D.1, recognises the remaining risk and its context-based decline. We have used ABS exit rates for business cohorts that aligned with the characteristics of PEXA. As such, our return path does not treat government support as either a guarantee of success or an irrelevance.

D.3 Estimation of exit risk for PEXA's early investments

This section explains the method used to estimate PEXA's historical rates of return, including the selected exit-rate comparators and their application across different stages of PEXA's development. The resulting rates reflect the exit-risk adjustment and, from 2019-20, the benchmark ELNO WACC.

D.3.1 We apply the method submitted by Huber and Zmijewski, commissioned by PEXA

We consider that K. Huber and M. Zmijewski's report, commissioned by PEXA, provides a simple and workable approach that allows for observable inputs (see Box D.1). The formula shows how a survival-state return on investment can be inferred from a benchmark expected return and an assumed probability of exit. It is consistent with the objective of compensating investors for establishment risk and allows the required return to change as the assessed risk changes. We have adopted this framework, with the exit-rate inputs discussed below.

Box D.1 How we allow for establishment exit risk

Let:

- r_t be the benchmark expected return for a year
- d_t be the annual probability of exit.

Assuming investors recover none of their invested capital on exit, the required return conditional on survival is:

$$r_t^* = \frac{1 + r_t}{1 - d_t} - 1$$

The required return is higher in the survival outcome because investors receive nothing in the exit outcome. Weighting the exit and survival outcomes by their probabilities leaves the expected payoff equal to the benchmark return.

Source: K. Huber and M. Zmijewski, Submission to IPART ELNO service fees Draft Report, August 2026, equation T2, p 37.

Like K. Huber and M. Zmijewski's exit-rate analysis, we use historical business exit rates from the ABS as an observable benchmark for exit risk (d_t). We select different ABS cohorts based on turnover categories that reflect our assessment of PEXA's institutional origin and subsequent development.

We assume that investors recover none of their capital if the business exits. This is conservative in PEXA's favour because some exits recorded in the ABS data are businesses that have been sold, significantly changed structure or changed their Australian Business Number (ABN) following a merger or acquisition, which can involve partial or full recovery of capital.[405] Allowing some recovery in exit outcomes would reduce the return required in the survival outcome for any given exit probability.

D.3.2 We select a base WACC for each stage of development

We calculate the base WACC using IPART's standard methodology and historical financial-market inputs. It estimates the opportunity cost of committing capital to the Exchange, being the return investors could expect from alternative investments, allowing for the time value of money and exposure to market risk.[406] The separate exit adjustment accounts for the possibility that investors lose their capital before the Exchange becomes commercially viable.

For 2010-11 to 2018-19, we use annual economy-wide WACCs. During this period, capital supported the establishment of a national system within the coordinated reform program described in section D.2.

During this time the project faced uncertainty about delivering the technology, integrating public and private systems, securing adoption and maintaining funding. These investments differed from investment in an established ELNO whose operating revenue depended on property transactions. We consider a broad market benchmark an appropriate starting point for the opportunity cost of capital during establishment.

From 2019-20, we use an ELNO-specific WACC without a separate establishment exit adjustment. By then, the Exchange's revenue covered ongoing operating and capital expenditure, adoption had expanded and the sale to private investors had completed. The Exchange's returns were increasingly associated with property transaction activity and the costs of operating a technology-based transaction service. Real-estate services, data-processing and exchange firms therefore provide a closer benchmark for its ongoing business and financial characteristics, as explained in Chapter 9.

PEXA submitted that the later comparator evidence should also inform the historical ELNO WACC. It argued that the Exchange's business model had not changed between reviews and that retaining the earlier mortgage-bank comparators understated its required return.[407] We agree that the more suitable comparator set should inform the WACC from 2019-20.

We have therefore recalculated the WACC for 2019-20 to 2021-22 using an equity beta of 1.02 and gearing of 15%,[c] while retaining the historical market inputs and a 2-year regulatory period assumption consistent with the 2019 review. This produces a WACC of 7.1%, replacing the former 4.6% estimate.

D.3.3 We update the ABS exit-rate benchmark as PEXA develops

We have used ABS business exit rates for cohorts that align with PEXA's origin and growth between 2010-11 and 2018-19. This selection allows the exit-risk inputs to change in steps as the platform developed.

For 2010-11 to 2012-13, we follow the ABS cohort of 108 public-sector businesses that entered the ABS active-business population in 2009-10. There were 79, 67, and 58 members still active at the end of the next 3 years. Calculating each year's exits among those active at its start gives the 26.9%, 15.2% and 13.4% inputs in Table D.1.

We have chosen this cohort because NECDL was established by governments under COAG's broader Seamless National Economy reform agenda and remained under government governance during its development.

Nonetheless, the ABS comparison has clear limits. The ABS public-sector category covers market-sector public trading enterprises, and the 108 entrants undertook varied activities. The category does not measure the effects of COAG sponsorship, bank participation, access to registry systems or a coordinated legal framework. Nor does public ownership imply that NECDL could not fail. The cohort is a proxy for PEXA's institutional start point.

We switch to annual turnover-band exit rates from 2013-14 because the Exchange was moving into early operation and turnover could begin to describe its scale. The NSW host law had commenced in January 2013, and the platform became technically feasible in stages from July 2013 to May 2015. We consider these milestones help explain why an operating-scale comparison becomes more useful over this time. The selected turnover bands then progress from $50,000-$200,000 in 2013-14 to $10 million or more from 2016-17, as shown in Table D.1.

The turnover tables group businesses across industries and ages, and the $10 million-or-more band is particularly broad. They capture an association between business scale and recorded exits, not PEXA's network effects, remaining funding needs or the effect of integration and mandates.

[c] These are the WACC values we calculated in our 2023 interoperability review based on a modern comparator set.

This approach allows the Exchange's exit-risk benchmark to change with its age and scale, rather than applying an arbitrary linear decline or assuming the same exit risk in every year.

Table D.1 Annual rates of return used in the RCM and to calculate holding costs

Year	Category for ABS exit rate	Benchmark exit rate	Base WACC	Final rate of return
2010-11	Multi-year cohort exit rate for public-sector organisations that entered ABS records in FY2010	26.9%	6.5%	**45.6%**
2011-12		15.2%	6.2%	**25.2%**
2012-13		13.4%	6%	**22.4%**
2013-14	1-year exit rate, turnover $50,000–$200,000	13.2%	5.4%	**21.4%**
2014-15	1-year exit rate, turnover $200,000–$2 million	7.3%	5.8%	**14.1%**
2015-16	1-year exit rate, turnover $2 million–$5 million	4.0%	6%	**10.4%**
2016-17	1-year exit rate, turnover $10 million or more	4.5%	6%	**11.0%**
2017-18	1-year exit rate, turnover $10 million or more	4.4%	5.5%	**10.4%**
2018-19	1-year exit rate, turnover $10 million or more	3.4%	5%	**8.7%**
2019-20	*NA (regulatory WACC)*	*NA (0%)*	7.1%	**7.1%**
2020-21			7.1%	**7.1%**
2021-22			7.1%	**7.1%**
2022-23			5.7%	**5.7%**
2023-24			5.7%	**5.7%**
2024-25			5.7%	**5.7%**
2025-26			6.5%	**6.5%**
2026-27			6.5%	**6.5%**

Appendix E

Glossary and acronyms



Table E.1 Glossary

Term/acronym	Meaning
Ancillary products	Optional PEXA services, such as PEXA Planner, PEXA Projects, PEXA Allocations and PEXA Tracker.
APIs	Application Programming Interfaces. A secure technical interface used for data exchange between systems. PEXA offers integration to its system through Exchange APIs. Generally, 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 was established under an Intergovernmental Agreement (IGA) among the state and territory governments. ARNECC membership comprises the Land Titles Registrars (or their nominee) from each Australian state and territory that has entered into the IGA. ARNECC develops the Model Operating Requirements and Model Participation Rules, advises governments and promotes consistency across jurisdictions.
BBM	Building block methodology. A method used to set prices that comprise several building blocks including forecast operating expenditure, depreciation, a return on the regulatory asset base, tax and a working-capital adjustment. Prices are then set to recover the resulting revenue requirement over the regulatory period, having regard to demand volumes.
Billable event / billable transaction	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 and 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.
Controllable costs	ELNO expenditure that excludes external fees (Lodgment Support Services fees, National Electronic Conveyancing Data Standard fees and revenue office fees). Costs to which an efficiency adjustment may apply.
CPI	Consumer Price Index
DCF	Discounted cash flow. A valuation method that converts forecast future cash flows into a present value using a discount rate.
DORC	Depreciated optimised replacement cost. An estimate of the current cost of an optimised modern equivalent asset, less an allowance for economic depreciation.
DUS	Downstream or upstream services
DVAM	Demand volatility adjustment mechanism. A mechanism that adjusts for material differences between forecast and actual transaction revenue.
DVAM threshold	The range within which no DVAM adjustment applies.
EBITDA	Earnings before interest, tax, depreciation, and 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 (NSW)* 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. An ELN is an electronic system that enables the lodging of registry instruments and other documents in electronic form for the purposes of the land titles legislation. An ELN may also enable the preparation of registry instruments and other documents in electronic form for lodging under the land titles legislation.
ELNO	Electronic Lodgment Network Operator, the legal entity authorised in a jurisdiction 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.

Term/acronym	Meaning
Exchange API	API services that allow a user's system to integrate with the PEXA Exchange platform. PEXA charges fees for these services that are separate from ELNO service fees for transactions.
External fees	Fees imposed externally on ELNOs, such as Lodgment Support Services fees, National Electronic Conveyancing Data Standard fees and revenue office fees.
GST	Goods and Services Tax.
Hypothetical ELNO	A notionally efficient ELNO developed by TBH which it used to assess incumbent ELNO costs and platform efficiency.
Interoperability Program	ARNECC's 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.
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 have been determined by the Registrars as Operating Requirements for ELNOs to comply with in their jurisdiction.
MPRs	Model Participation Rules. The rules relating to the use of an ELN for subscribers. These are developed by ARNECC and have been determined by the Registrars as Participation Rules for the subscribers to an ELN to comply with in their jurisdiction.
NECDL	National Electronic Conveyancing Development Limited, the company established to develop and operate the national eConveyancing system and subsequently known as PEXA.
NECDS	National Electronic Conveyancing Data Standard. ELNOs are required to use the NECDS to send data to or receive data from land registries.
NRR	Notional revenue requirement. The annual revenue calculated from the building block components. We compare the NRR's present value with the present value of target revenue.
NSW ORG	NSW Office of the Registrar General.
PEAL	Property Exchange Australia Ltd. PEAL is a wholly owned subsidiary of the PEXA Group and the approved ELNO that operates PEXA's eConveyancing platform, PEXA Exchange.
PEXA Exchange	PEXA's ELN platform.
Pricing table	A published list of fees. For PEXA, this may refer to its table of individual ELNO service fees.
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.
Regulatory asset base	The value of recognised investment used to calculate depreciation and the return on capital.
Recovered capital method	A calculation that estimates the balance of historical expenditure not recovered through past revenue, after allowing for expenditure, tax and a return on the unrecovered balance.
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.
Return of capital	The recovery of recognised capital expenditure over time through regulatory depreciation.
Return on capital	The allowance calculated by applying the WACC to the regulatory asset base.
Revenue office fees	Fees charged by state or territory revenue offices to ELNOs in relation to dutiable electronic transactions. Not stamp duty.

Term/acronym	Meaning
RITS	Reserve Bank Information and Transfer System. RITS is the Reserve Bank of Australia's system used to settle payment obligations between financial institutions, including funds associated with electronic property settlements.
SRO	State or territory revenue office, used with reference to revenue office fees (as above).
Subscriber	A person or entity authorised to use an ELN to conduct eConveyancing transactions, such as a lawyer, conveyancer, financial institution or government agency.
Target revenue	Forecast revenue from recommended prices and transaction volumes, smoothed across the regulatory period so that it has the same present value as the NRR.
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 property or eConveyancing transactions. In the context of this review, this refers to the total number of billable events.
WACC	Weighted average cost of capital. The weighted average return required by debt and equity investors, used in the building block model to calculate the return on the regulatory asset base.
WAPC	Weighted average price cap. A form of price regulation that limits the average percentage change in all regulated prices (weighted by the relevant quantity), rather than the change in a regulated price for an individual product or service, such as an individual transaction.
Workspace	The interface on the ELNO platform which facilitates 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.

[1] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, p 9.
[2] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, p 8.
[3] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, p 9 and NSW Office of the Registrar General, Sympli passes 'Category 2' to operate in Australia as an Electronic Lodgment Network Operator (ELNO), 23 November 2018, accessed 18 June 2026.
[4] ARNECC, Model Operating Requirements Consultation Draft, Version 5.1, September 2018, p 24 and ARNECC, Model Operating Requirements, Version 5, December 2018, p 24.
[5] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, p 45.
[6] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, p 54.
[7] NSW Productivity and Equality Commission, eConveyancing Market Study, June 2024, pp 9, 29-31.
[8] ASX Limited, Annual Report 2026, August 2026, p 13.
[9] NSW Productivity and Equality Commission, eConveyancing Market Study, June 2024, p 16; PEXA, Digital property settlements live in ACT, 9 December 2021, accessed 25 June 2026; PEXA, PEXA launches digital conveyancing in Tasmania, 2 September 2024, accessed 25 June 2026; PEXA, Goodbye Paper – Hello Digital: Property transactions go digital for Territorians with the launch of PEXA, 8 August 2025, accessed 25 June 2026; and ARNECC, Northern Territory completes first electronic conveyancing transaction, 8 August 2025, accessed 25 June 2026.
[10] Lawyers Weekly, Lextech withdraws from ELNO race, backs PEXA's 'efficiency and reliability,' 13 May 2025.
[11] IPART, Interoperability pricing for Electronic Lodgment Network Operators – Issues Paper 1, July 2022, p 9.
[12] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, pp 24-25.
[13] 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; and NSW Government, Terms of reference – Interoperability pricing for Electronic Lodgment Network Operators and ELNO Service Fees for Electronic Lodgment Network Operators, January 2023.
[14] NSW Government, Terms of reference – Interoperability pricing for Electronic Lodgment Network Operators and ELNO Service Fees for Electronic Lodgment Network Operators, January 2023.
[15] ARNECC, Next Steps on Interoperability, 19 February 2025.
[16] ARNECC, 2025 Reviews Project – October Update, 20 October 2025.
[17] Parliament of Australia, Micro-competition opportunities in e-conveyancing, 2025.
[18] Parliament of New South Wales, Select Committee on Competition Reforms in Electronic Conveyancing, 2025.
[19] ARNECC, Ministers' Statement – Ministerial Forum: The Future of Competition Reforms in eConveyancing, March 2026.
[20] ARNECC, Media Release, ARNECC Statement on the recent Ministerial forum: The Future of Competition Reforms in eConveyancing, 31 March 2026.
[21] NSW Legislative Council Select Committee on Competition Reforms in Electronic Conveyancing, Competition reforms in electronic conveyancing, September 2026, p 32.
[22] NSW Legislative Council Select Committee on Competition Reforms in Electronic Conveyancing, Competition reforms in electronic conveyancing, September 2026, pp 35-36.
[23] ARNECC, Model Operating Requirements, Version 7.2, May 2026, Section 5.4, pp 37-38.
[24] IPART, Review of Interoperability pricing for Electronic Lodgment Network Operators – Final Report, June 2023, p 62.
[25] ARNECC, Model Operating Requirements Consultation Draft, Version 5.1, September 2018, p 24 and ARNECC, Model Operating Requirements, Version 5, December 2018, p 24.
[26] IPART, Summary of stakeholder workshop on Electronic Lodgment Network Operator (ELNO) service fees, 17 March 2026, p 2.
[27] TBH, The Hypothetical ELNO – Draft Report, June 2026, p 19.
[28] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 3.
[29] ARNECC, Ministerial Forum: The Future of Competition Reforms in eConveyancing, March 2026, p 1.
[30] Lawyers Weekly, Lextech withdraws from ELNO race, backs PEXA's 'efficiency and reliability,' 13 May 2025.
[31] See for example submissions to IPART Call for Submissions Paper on ELNO service fees, September 2025 from the Law Society of New South Wales, p 1; Australian Banking Association, pp 2-3; Law Council of Australia, p 1; and Sympli, p 1.
[32] ARNECC, Ministerial Forum: The Future of Competition Reforms in eConveyancing, March 2026, p 1.
[33] See for example, Australian Institute of Conveyancers Victoria, Submission to IPART ELNO service fees Draft Report, July 2026, pp 2-3; Property Council of Australia, NSW, Submission to IPART ELNO service fees Draft Report, August 2026, p 1; Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 4; and Law Society of New South Wales, Submission to IPART ELNO service fees Draft Report, August 2026, p 1.
[34] NSW Productivity and Equality Commission, eConveyancing Market Study, June 2024, pp 36-37.
[35] IPART, Summary of stakeholder workshop on Electronic Lodgment Network Operator (ELNO) service fees, 17 March 2026, p 2.
[36] See for example, lawlab, Submission to IPART ELNO service fees Draft Report, August 2026, p 4; Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 1; and Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, p 1; and Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 1.

[37] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 64; and Australian Institute of Conveyancers SA, Submission to IPART ELNO service fees Draft Report, August 2026, p 4.
[38] Tribunal meeting with Sympli, 4 August 2026.
[39] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 6; and RBB Economics, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[40] See for example, Property Council of Australia, NSW, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; Deep Blue Company, Submission to IPART ELNO service fees Draft Report, August 2026, pp 2-3; InfoTrack, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, pp 5-6.
[41] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 70-73.
[42] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 63, 78-80, and 97-101.
[43] See for example, Convey Property Settlements, Submission to IPART ELNO service fees Draft Report, July 2026, pp 8-9; V. Haskins, Submission to IPART ELNO service fees Draft Report, August 2026, p 1; P. Browning, Submission to IPART ELNO service fees Draft Report, August 2026, p 1; Name suppressed (W26/3186), Submission to IPART ELNO service fees Draft Report, July 2026, p 1; Name suppressed (W26/3348), Submission to IPART ELNO service fees Draft Report, August 2026, p 6; and A. Gracey, Submission to IPART ELNO service fees Draft Report, July 2026, p 1.
[44] RBB Economics, Submission to IPART ELNO service fees Draft Report, August 2026, pp 5, 8-10, 36-43, 47-48.
[45] Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, pp 2-3.
[46] Schroder Investment Management Australia Limited, Submission to IPART ELNO service fees Draft Report, August 2026, pp 1-2; Name suppressed (W26/3342), Submission to IPART ELNO service fees Draft Report, August 2026, pp 1-2; and Paradice Investment Management Pty Ltd, Equity Trustees and Australian Ethical Investment, Submission to IPART ELNO service fees Draft Report, August 2026, pp 1-3.
[47] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, pp 45, 54 and 60–62.
[48] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 80; and RBB Economics, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[49] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 80; Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 3; Paradice EQT Australian Ethical, Submission to IPART ELNO service fees Draft Report, August 2026, p 1.
[50] IPART, Summary of stakeholder workshop on Electronic Lodgment Network Operator (ELNO) service fees, 17 March 2026, p 2.
[51] NSW Productivity and Equality Commission, eConveyancing Market Study, June 2024, p 32.
[52] IPART, Summary of stakeholder workshop on Electronic Lodgment Network Operator (ELNO) service fees, 17 March 2026, p 2.
[53] IPART, Summary of stakeholder workshop on Electronic Lodgment Network Operator (ELNO) service fees, 17 March 2026, p 2.
[54] Property Council of Australia, NSW, Submission to IPART ELNO service fees Draft Report, August 2026, p 1; and Law Society of New South Wales, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[55] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 100.
[56] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, pp 50 and 54.
[57] ARNECC, Ministerial Forum: The Future of Competition Reforms in eConveyancing, March 2026.
[58] Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, p 4; and Law Society of New South Wales, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[59] Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, p 4.
[60] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 7.
[61] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 98-99.
[62] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 7; PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 98-99; and Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, p 4.
[63] Australian Institute of Conveyancers Victoria, Submission to IPART ELNO service fees Draft Report, July 2026, p 3; Property Council of Australia, NSW, Submission to IPART ELNO service fees Draft Report, August 2026, p 1.
[64] Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 6; Australian Institute of Conveyancers SA, Submission to IPART ELNO service fees Draft Report, August 2026, p 5; and Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 9.
[65] Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 6.
[66] Law Society of New South Wales, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[67] Australian Institute of Conveyancers SA, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[68] Revenue NSW, Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4.
[69] IPART, Summary of stakeholder workshop on Electronic Lodgment Network Operator (ELNO) service fees, 17 March 2026, p 3.
[70] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 67-68.
[71] PEXA, FY27 PEXA Pricing Update – Participant Fee Introduction from 1 October 2026.
[72] PEXA, API Pricing, accessed 26 February 2026. See PEXA Submission to IPART Discussion Paper, March 2026, pp 9 and 13-14.
[73] See PEXA, PEXA Planner: Digital Workspace, accessed 25 February 2026; PEXA, PEXA Settlement Tracker, accessed 25 February 2026 and PEXA, PEXA Projects, accessed 25 February 2026. See PEXA Submission to IPART Discussion Paper, March 2026. pp 9 and 12-13.
[74] See PEXA, PEXA Key, accessed 25 February 2026. See PEXA Submission to IPART Discussion Paper, March 2026, pp 9-10.

[75] See PEXA, PEXA Clear, accessed 8 October 2026. See PEXA, Submission to IPART Discussion Paper, March 2026, pp 9 and 14.
[76] Sympli, Submission to IPART Call for Submissions Paper on ELNO service fees, September 2025, p 2; Meeting notes - Tribunal meeting with Sympli, 30 April 2026, p 2; and InfoTrack, Submission to IPART Call for Submissions Paper on ELNO service fees, October 2025, pp 3-4.
[77] NSW Land Registry Services, Submission to IPART Call for Submissions Paper on ELNO service fees, September 2025, p 2.
[78] IPART, Summary of stakeholder workshop on Electronic Lodgment Network Operator (ELNO) service fees, 17 March 2026, p 2.
[79] Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 1-2; The Law Society, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; lawlab, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; and Name suppressed (W26/3331), Submission to IPART ELNO service fees Draft Report, August 2026, pp 2-3.
[80] lawlab, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; Australian Institute of Conveyancers Victoria, Submission to IPART ELNO service fees Draft Report, August 2026, p 3; InfoTrack, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 5; and Australian Institute of Conveyancers SA, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[81] Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 4, Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 1; Deep Blue Company, Submission to IPART ELNO service fees Draft Report, August 2026, p 3; By the Rules Conveyancing, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; First Class Legal, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; Conveyancing.com.au, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; Convey Property Settlements, Submission to IPART ELNO service fees Draft Report, August 2026, p 8; P. Donnegan, Submission to IPART ELNO service fees Draft Report, August 2026, p 9; and Settlement Talk Pty Ltd, Submission to IPART ELNO service fees Draft Report, August 2026, p 9.
[82] ARNECC, Model Operating Requirements, Version 7.2, May 2026, Section 5.4, pp 37-38.
[83] Australian Institute of Conveyancers Victoria, Submission to IPART ELNO service fees Draft Report, August 2026, p 3; Law Society of New South Wales, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; and Deep Blue Company, Submission to IPART ELNO service fees Draft Report, August 2026, p 3.
[84] Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 1-2.
[85] lawlab, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[86] Deep Blue Company, Submission to IPART ELNO service fees Draft Report, August 2026, p 3; By the Rules Conveyancing, Submission to IPART ELNO service fees Draft Report, August 2026, p 3; and First Class Legal, Submission to IPART ELNO service fees Draft Report, August 2026, p 3.
[87] Name suppressed (W26/3331), Submission to IPART ELNO service fees Draft Report, August 2026, p 1; Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 2; Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4; lawlab, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; and The Law Society, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[88] Convey Property Settlements, Submission to IPART ELNO service fees Draft Report, August 2026, p 7; Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 5. Name suppressed (W26/3331), Submission to IPART ELNO service fees Draft Report, August 2026, p 1; Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 2; Australian Institute of Conveyancers SA, Submission to IPART ELNO service fees Draft Report, August 2026, p 5; and IPART, ELNO service fees review – Public Hearing transcript, p 16.
[89] Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[90] Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 6.
[91] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 64; IPART, ELNO service fees review – Public Hearing transcript, p 21 and information provided by PEXA.
[92] Convey Property Settlements, Submission to IPART ELNO service fees Draft Report, August 2026, p 7.
[93] Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[94] Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4. See also Deep Blue Company, Submission to IPART ELNO service fees Draft Report, August 2026, p 3.
[95] The Law Society of New South Wales, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[96] Name suppressed (W26/3331), Submission to IPART ELNO service fees Draft Report, August 2026, p 1.
[97] Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 7.
[98] Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 2; and Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[99] Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[100] IPART, ELNO service fees review – Public Hearing transcript, p 16.
[101] Name suppressed (W26/3339), Submission to IPART ELNO service fees Draft Report, August 2026, p 5; and Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[102] PEXA, Submission to IPART Discussion Paper, March 2026, pp 9, 13-14.
[103] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 66; and IPART, ELNO service fees review – Public Hearing transcript, 21 July 2026, pp 14 and 21.
[104] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 65.
[105] Australian Banking Association, Submission to IPART ELNO service fees Draft Report, August 2026, p 5; and Name suppressed (W26/3331), Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4.
[106] Name suppressed (W26/3331), Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4.

[107] PEXA, PEXA Planner: Digital Workspace for Conveyancers, accessed 25 February 2026.
[108] PEXA, PEXA Planner: Digital Workspace for Conveyancers, accessed 25 February 2026.
[109] PEXA, PEXA Tracker – Simplify Digital Settlements for Conveyancers, accessed 25 February 2026.
[110] PEXA, PEXA Projects: Digital Settlement Software for Developers, accessed 25 February 2026.
[111] PEXA, Submission to IPART Discussion Paper, March 2026, p 9.
[112] PEXA, Submission to IPART Discussion Paper, March 2026, p 12.
[113] Australian Institute of Conveyancers Victoria, Submission to IPART ELNO service fees Draft Report, August 2026, p 3.
[114] The Law Society of New South Wales, Submission to IPART ELNO service fees Draft Report, August 2026, pp 2-3.
[115] lawlab, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[116] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 66.
[117] PEXA, Submission to IPART Discussion Paper, March 2026, pp 9, 12-13.
[118] PEXA, Submission to IPART Discussion Paper, March 2026, p 9.
[119] PEXA, Submission to IPART Discussion Paper, March 2026, pp 9, 12-13.
[120] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 65 and 131.
[121] PEXA, Submission to IPART Discussion Paper, March 2026, pp 9, 13-14; and PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 65.
[122] PEXA, Mobile signing, October 2026, accessed 2 October 2026; and Cogito Group, Digital soft certificates for PEXA document signing, accessed 2 October 2026.
[123] PEXA, Digital Certificate Pricing – Effective 1 July 2026, accessed 25 June 2026.
[124] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 64.
[125] Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 1-2.
[126] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 127.
[127] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 66.
[128] ARNECC, Model Operating Requirements, Version 7.2, May 2026, Section 5.6, pp 39-40.
[129] PEXA, Annual Report FY2026, August 2026, p 18.
[130] PEXA, Separation Plan, April 2026.
[131] Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[132] Australian Institute of Conveyancers Victoria, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[133] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 66.
[134] PEXA, Submission to Call for Submissions Paper, November 2025, pp 44-55.
[135] IPART, Interoperability pricing for Electronic Lodgment Network Operators – Final Report, June 2023, p 62.
[136] ARNECC, Model Operating Requirements, Version 5, December 2018, Operating Requirement 5.4, p 24.
[137] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 101.
[138] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 101.
[139] IPART, Summary of stakeholder workshop on Electronic Lodgment Network Operator (ELNO) service fees, 17 March 2026, p 2.
[140] PEXA Fees and Pricing, Jurisdictional Pricing effective 1 July 2026, accessed 19 October 2026.
[141] Property Council of Australia, NSW, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[142] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 3.
[143] Australian Institute of Conveyancers SA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4.
[144] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 101.
[145] ARNECC, Model Operating Requirements, Version 7.2, May 2026, Operating Requirement 5.4.3, p 38.
[146] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 11-12.
[147] IPART, Review of our financeability test – Final Report, November 2018, p 1.
[148] PEXA, PEXA Group Limited Annual Report 2026, August 2026, p 100.
[149] PEXA, PEXA Group Limited Annual Report 2026, August 2026, p 176.
[150] PEXA, PEXA Group Limited Annual Report 2026, August 2026, p 176.
[151] IPART, Review of our financeability test – Final Report, November 2018, Recommendation 21, p 8.
[152] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 101.
[153] Australian Institute of Conveyancers Victoria, Submission to IPART ELNO service fees Draft Report, July 2026, p 2; Conveyancing.com.au, Submission to IPART ELNO service fees Draft Report, July 2026, p 1; By The Rules Conveyancing, Submission to IPART ELNO service fees Draft Report, July 2026, p 1; First Class Legal, Submission to IPART ELNO service fees Draft Report, July 2026, p 1.
[154] Convey Property Settlements, Submission to IPART ELNO service fees Draft Report, July 2026, p 8; Deep Blue Company, Submission to IPART ELNO service fees Draft Report, August 2026, p 2; InfoTrack, Submission to IPART ELNO service fees Draft Report, August 2026, pp 1-2; and lawlab, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[155] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4.
[156] Name suppressed (W26/3337), Submission to IPART ELNO service fees Draft Report, August 2026, p 3.
[157] IPART, ELNO service fees review, Public Hearing Transcript, July 2026, p 34.
[158] RBA, Statement of Monetary Policy – May 2026, May 2026.
[159] CBA, Housing correction deepens: CommBank economists, 1 September 2026.
[160] ABS, Lending indicators: June Quarter 2026, August 2026.
[161] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 112.
[162] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 117, 119.
[163] Reserve Bank of Australia, RBA Bulletin: A New Measure of Average Household Size, 16 March 2023.
[164] Reserve Bank of Australia, Speech: Housing Market Cycles and Fundamentals, 16 May 2024, p 2.
[165] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 112, 115.
[166] Deloitte, Deloitte Access Economics: June 2026 Business Outlook, July 2026, accessed 30 September 2026.
[167] RBA, Statement by the Monetary Policy Board: Monetary Policy Decision, September 2026.

[168] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 112.
[169] CBA, 2026 Budget: Updated Housing Outlook, May 2026, p 1.
[170] Westpac, Housing forecast update, May 2026, accessed 15 September 2026.
[171] Westpac, Housing forecast update, May 2026, accessed 15 September 2026.
[172] Realestate.com.au, Market Insight Effect of Budget Housing Taxes, May 2026, p 1.
[173] ABC, Many investors would pay less tax after CGT and negative gearing changes, study finds, September 2026, accessed 30 September 2026.
[174] RBA, Statement of Monetary Policy – May 2026, May 2026, accessed 15 September 2026.
[175] CBA, Housing correction deepens: CommBank economists, 1 September 2026; Westpac, Westpac tips November rate hike, updates housing forecast, 9 September 2026, accessed 15 September 2026.
[176] ABS, Lending indicators: June Quarter 2026, August 2026, accessed 15 September 2026.
[177] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 129.
[178] Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[179] PEXA, Revised submission to IPART Call for Submissions Paper on ELNO service fees, November 2025, pp 60, 110.
[180] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 129-130.
[181] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 121.
[182] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 121-122; Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[183] TBH, The Hypothetical ELNO – Draft Report, June 2026, pp 3, 43.
[184] Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4.
[185] InfoTrack, Submission to IPART ELNO service fees Draft Report, August 2026, p 1.
[186] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 97.
[187] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 97-98.
[188] PEXA, Revised submission to IPART Call for Submissions Paper on ELNO service fees, November 2025, p 4.
[189] PEXA, Revised submission to IPART Call for Submissions Paper on ELNO service fees, November 2025, p 65.
[190] Name suppressed (W26/3312), Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[191] Meeting with financial institution, August 2026.
[192] Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 7.
[193] Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 4.
[194] Australian Institute of Conveyancers WA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 3-4.
[195] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 11.
[196] PEXA, Revised submission to IPART Call for Submissions Paper on ELNO service fees, November 2025, pp 68-69.
[197] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 123.
[198] Name suppressed (W26/3312), Submission to IPART ELNO service fees Draft Report, August 2026, p 4.
[199] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 124.
[200] PEXA, Revised submission to IPART Call for Submissions Paper on ELNO service fees, November 2025, p 107.
[201] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 127.
[202] ABS, Estimates of Industry Multifactor Productivity, February 2026.
[203] ABS, Division definitions: Australian and New Zealand Standard Industrial Classification (ANZSIC), June 2013.
[204] See ABS, Information Paper: Experimental Estimate of Industry Level KLEMS Multifactor Productivity, December 2015 for more information, pp 27-29 for relevant divisions and pp 56-58 for commodity classification.
[205] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 124.
[206] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 124.
[207] PEXA, Revised submission to IPART Call for Submissions Paper on ELNO service fees, November 2025, p 72.
[208] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 123.
[209] IPART, Review of prices for Hunter Water Corporation, June 2020, p 46.
[210] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 126.
[211] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 83, 89.
[212] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 11.
[213] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 97.
[214] PEXA pricing and fees, FY27 October Release and PEXA, FY27 PEXA Pricing Update – Participant Fee Introduction, accessed 16 October 2026.
[215] PEXA, Revised submission to IPART Call for Submissions Paper on ELNO service fees, November 2025, p 65.
[216] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 126-127.
[217] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 126-127.
[218] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 126-127.
[219] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 87-89, 96.
[220] RBB Economics, Submission to ELNO service fees IPART Draft Report, August 2026, pp 5-6, 19-20; Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 3; A. Gracey, Submission to IPART ELNO service fees Draft Report, July 2026, p 1.
[221] InfoTrack, Submission to IPART ELNO service fees Draft Report, August 2026, pp 1-2.
[222] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, pp 4, 7.
[223] Convey Property Settlements, Submission to IPART ELNO service fees Draft Report, July 2026, p 6.
[224] Deep Blue Company, Submission to IPART ELNO service fees Draft Report, August 2026, pp 2-3.
[225] Conveyancing.com.au, Submission to IPART ELNO service fees Draft Report, July 2026, p 1; First Class Legal, Submission to IPART ELNO service fees Draft Report, July 2026, p 1; Deep Blue Company, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[226] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[227] S. Gray, Submission to IPART ELNO service fees Draft Report, July 2026, p 12.

[228] AASB 138 Intangible Assets, Recognition and measurement, paras 20, 53-57, 68-69; Recognition of an expense, paras 68-69.
[229] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 57-59, 95.
[230] PEXA, Submission to IPART Methodology Paper on the Initial Asset Base, May 2026, pp 25-26.
[231] RBB Economics, Submission to IPART ELNO service fees Draft Report, August 2026, p 17.
[232] Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 7.
[233] Schroder Investment Management, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[234] Paradice EQT Australian Ethical, Submission to IPART ELNO service fees Draft Report, August 2026, pp 2, 4.
[235] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 5.
[236] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 4.
[237] InfoTrack, Submission to IPART ELNO service fees Draft Report, August 2026, pp 2-3.
[238] PEXA, Submission to IPART Methodology Paper on the Initial Asset Base, May 2026, pp 8, 18; Blackwattle Investment Partners, Submission to IPART Methodology Paper on the Initial Asset Base, April 2026, p 2; Z. Zhuang, Submission to IPART Methodology Paper on the Initial Asset Base, April 2026, p 1.
[239] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 83.
[240] Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[241] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 24-25.
[242] M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, p 16.
[243] RBB Economics, Submission to IPART ELNO service fees Draft Report, August 2026, pp 29-30.
[244] IPART, Murray River to Broken Hill Pipeline: Final Report, pp 43, 49-50.
[245] ACCC, Final Decision on NBN Co's Special Access Undertaking, December 2013, pp 93, 97–98; ACCC, LTRCM Final Determination 2013–14, pp 15–17.
[246] PEXA, Industry milestones, entries for 5 June and 7 July 2013.
[247] PEXA, Industry milestones, entries for 1 and 3 November 2014.
[248] PEXA, Industry milestones, entry for 19 January 2015.
[249] PEXA, Industry milestones, entry for 27 May 2015.
[250] PEXA, Industry milestones, entries for 17 May and 9 August 2015.
[251] PEXA, Industry milestones, entry for 24 June 2016.
[252] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 43.
[253] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 51-52; S. Gray, Submission to IPART ELNO service fees Draft Report, July 2026, p 15.
[254] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 22-23; S. Gray, Submission to IPART ELNO service fees Draft Report, July 2026, p 4; M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[255] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 47-50.
[256] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 45, 49.
[257] K. Huber & M. Zmijewski, Submission to IPART ELNO service fees Draft Report, August 2026, p 48.
[258] K. Huber & M. Zmijewski, Submission to IPART ELNO service fees Draft Report, August 2026, pp 45-49.
[259] M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, p 13.
[260] M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, pp 13, 22.
[261] S. Gray, Submission to IPART ELNO service fees Draft Report, July 2026, pp 3-4.
[262] S. Gray, Submission to IPART ELNO service fees Draft Report, July 2026, p 15.
[263] Dench McClean Carlson, Review of the Intergovernmental Agreement for an Electronic Conveyancing National Law: Draft Final Report, July 2019, p 21.
[264] K. Huber & M. Zmijewski, Submission to IPART ELNO service fees Draft Report, August 2026, p 37.
[265] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 56.
[266] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 137-138.
[267] M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, p 28.
[268] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 22-23.
[269] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, pp 43-49.
[270] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 127.
[271] IPART, Review of our WACC method: Final Report, February 2018.
[272] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 95-96, 128.
[273] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 96.
[274] M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, p 16.
[275] Reserve Bank of Australia, Notes to and Forming Part of the Financial Statements, (f) Computer software, accessed 15 September 2026.
[276] Torrens Group, Financial Report for the period ended 30 June 2019 Note 12(a), 2019, p 20.
[277] UK Parliament, RTGS – CHAPS Tariff Consultation Response | Bank of England – the UK's central bank, February 2023, accessed 14 September 2026.
[278] IPART, Review of our WACC method, February 2018; IPART, Estimating Equity Beta for the Weighted Average Cost of Capital, August 2020.
[279] Renaissance Smaller Companies, Submission to IPART ELNO service fees Draft Report, August 2026, p 6.
[280] InfoTrack, Submission to IPART ELNO service fees Draft Report, August 2026, p 3.
[281] Paradice EQT Australian Ethical, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[282] IPART, Final Report on Interoperability pricing for ELNOs, June 2023, pp 75-78.
[283] IPART, Public Hearing Transcript, July 2026, p 28.
[284] Name suppressed (W26/3348), Submission to IPART ELNO service fees Draft Report, August 2026, pp 1, 6.
[285] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 55.

[286] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 128-129.
[287] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 129.
[288] IPART, Working Capital Allowance Policy Paper, November 2018.
[289] Senate Economics References Committee, Micro-competition opportunities in e-conveyancing, Chapter 2, paras 2.22–2.25, footnotes 37–39. These paragraphs are drawn from ARNECC, Submission 14, pp 3 and 5.
[290] Senate Economics References Committee, Micro-competition opportunities in e-conveyancing, Chapter 2, paras 2.26–2.27, footnotes 40–42. These paragraphs are drawn from ARNECC, Submission 14, p 14.
[291] NSW Productivity and Equality Commission, eConveyancing Market Study, June 2024, p 43.
[292] ARNECC, 2025 Reviews Project – October Update, October 2025, p 1.
[293] Senate Economics References Committee, Micro-competition opportunities in e-conveyancing, Chapter 2, para 2.28, footnote 43. This is drawn from Dench McLean Carlson, Review of the Intergovernmental Agreement for an Electronic Conveyancing National Law, Final Report, 2019, p 8.
[294] Dench McLean Carlson, Review of the Intergovernmental Agreement for an Electronic Conveyancing National Law, Final Report, 2019, p 8.
[295] NSW Productivity and Equality Commission, eConveyancing Market Study, June 2024, pp 43-44.
[296] PEXA, FY27 PEXA Pricing Update – Participant Fee Introduction from 1 October 2026, accessed 16 October 2026.
[297] PEXA, Submission to IPART Methodology Paper, May 2026, p 25.
[298] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 137, 139.
[299] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 59.
[300] IPART, Sydney Water Corporation: Prices of Water Supply, Sewerage and Drainage Services, Medium-term Price Path from 1 October 2000, September 2000, pp 20-21.
[301] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 58.
[302] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 59.
[303] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, pp 43-49.
[304] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, pp 43-46.
[305] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, p 49.
[306] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, p 45.
[307] IPART, Review of the pricing framework for electronic conveyancing services in NSW – Final Report, November 2019, p 45.
[308] PEXA, PEXA Group 2022 Annual Report, August 2022, p 4.
[309] The Hon. Victor Dominello MP, Amended terms of reference to IPART, December 2022, p 1.
[310] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 94-95.
[311] RBB Economics, Submission to IPART ELNO service fees Draft Report, August 2026, pp 6-7.
[312] RBB Economics, Submission to IPART ELNO service fees Draft Report, August 2026, p 6.
[313] Convey Property Settlements, Submission to IPART ELNO service fees Draft Report, July 2026, p 6.
[314] Torrens Group Holdings, Financial report for the period ended 30 June 2019, July 2021, Note 24(c)(i), p 45.
[315] ACCC, Moomba to Sydney Pipeline System Access Arrangements–Final Decision, October 2003, p 50.
[316] Ofwat, RD 04/10: Regulatory capital values 2010-15, s. 2-3, accessed 15 September 2026.
[317] IPART, Sydney Water Corporation: Prices of Water Supply, Sewerage and Drainage Services, Medium-term Price Path from 1 October 2000, September 2000.
[318] ACCC, Review of ARTC Hunter Valley DORC Valuation: Assessment of the Reasonableness of the Proposed Valuation for the Hunter Valley Coal Rail Access Undertaking, February 2010, p 5.
[319] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 58.
[320] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 95.
[321] ARNECC, Model Operating Requirements Consultation Draft 5.1, September 2018, p 24.
[322] PEXA, Update of dual track sale process, November 2018, accessed 1 October 2026.
[323] PEXA, Submission to Draft Terms of Reference: Review of Pricing Regulation of ELNOs in NSW, December 2018, p 1.
[324] IPART, Final Report on the Review of the pricing framework for electronic conveyancing services in NSW, Findings and Recommendations, November 2019, pp 9-10 (PDF view).
[325] M. Hoffman, Future policy directions and imperatives in property, May 2018, pp 1, 4-6.
[326] Torrens Group Holdings, Financial report for the period ended 30 June 2020, July 2021, Note 24(b), p 45.
[327] Torrens Group Holdings, Financial report for the period ended 30 June 2020, July 2021, Note 24(c)(i), p 46.
[328] Torrens Group Holdings, Financial report for the period ended 30 June 2020, July 2021, Note 12(b), pp 34-35.
[329] Link Group, 2019 Investor Presentation & Strategy Update, June 2019, p 87.
[330] Allens, Dealing with Data: emerging trends in M&A transactions, November 2019, p 2.
[331] Torrens Group Holdings, Financial report for the period ended 30 June 2020, July 2021, Note 24(b), p 45.
[332] Australian Accounting Standards Board, AASB 13 Fair Value Measurement, paras 22, 24, 27-31, pp 8-9.
[333] Schroder Investment Management, Submission to IPART ELNO service fees Draft Report, August 2026, p 2.
[334] TBH, The Hypothetical ELNO: Findings & Recommendations, June 2026, p 3.
[335] Sympli, Submission to IPART ELNO service fees Draft Report, August 2026, p 4.
[336] Sympli, Committee Hansard, September 2025, para 4.3.5, p 20.
[337] IPART, Methodology Paper on the Initial Asset Base, March 2026, pp 10-11.
[338] ARNECC, Introduction of the Electronic Conveyancing National Law: Regulation Impact Statement for Decision, February 2013, Appendix A, p 69; Economic Regulation Authority, Draft determination of Arc Infrastructure depreciated optimised replacement costs and depreciation schedule: Attachment 4, Capital contributions, March 2026, republished May 2026, pp 1-4.

[339] Marsden Jacobs Associates for the ACCC, Review of Australia Rail Track Corporation's valuation for the Gap to Turrawan Segment of the Hunter Valley rail network, November 2013, pp 10-11.
[340] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, pp 45, 49.
[341] K. Huber & M. Zmijewski, Submission to IPART ELNO service fees Draft Report, August 2026, p 48.
[342] K. Huber & M. Zmijewski, Submission to IPART ELNO service fees Draft Report, August 2026, pp 45-49.
[343] M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, p 13.
[344] M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, pp 13, 22.
[345] S. Gray, Submission to IPART ELNO service fees Draft Report, July 2026, pp 3-4.
[346] S. Gray, Submission to IPART ELNO service fees Draft Report, July 2026, p 15.
[347] Australian Senate Economics References Committee, Micro-competition opportunities in e-conveyancing, Chapter 2, para. 2.8.
[348] The Law Society of New South Wales, Electronic Conveyancing: A New Age, accessed 15 September 2026.
[349] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 49.
[350] M. Lally, Submission to IPART ELNO service fees Draft Report, August 2026, pp 22-23.
[351] Australian Senate Economics References Committee, Micro-competition opportunities in e-conveyancing, Chapter 2, para. 2.7.
[352] John Corcoran, Law Council of Australia, Torrens Today: e-conveyancing and the possible harmonisation of Australian property law, June 2008, pp 6-10.
[353] AFR, Vic may drop its e-conveyancing system, July 2008.
[354] NECDL, E-Conveyancing reaches a major milestone – build of a national property exchange platform begins, August 2011, p 1.
[355] Australian Government, Joint Media release, A National Electronic Conveyancing System, July 2008, accessed 1 October 2026.
[356] Kevin Rudd, Council of Australian Governments Press Conference, July 2008, accessed 1 October 2026.
[357] Australian Government, Federal Financial Relations, Deliver a Seamless National Economy: National Partnership Agreement, start date 1 February 2009; COAG, National Partnership Agreement to Deliver a Seamless National Economy, December 2008, clause 21(d).
[358] COAG, National Partnership Agreement to Deliver a Seamless National Economy, December 2008, clauses 24, 26-27.
[359] COAG, National Partnership Agreement to Deliver a Seamless National Economy: Implementation Plan, 2008, p 22.
[360] ARNECC, Regulation Impact Statement for Decision, February 2013, p 40.
[361] ARNECC, Regulation Impact Statement for Decision, February 2013, pp 7-8.
[362] ARNECC, Regulation Impact Statement for Decision, February 2013, p 41.
[363] ARNECC, Regulation Impact Statement for Decision, February 2013, p 41; John Corcoran, Law Council of Australia, Torrens Today: e-conveyancing and the possible harmonisation of Australian property law, June 2008, pp 6-10.
[364] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law (E), 2011, p 4.
[365] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law (G, H), 2011, p 5; Law Council of Australia, National E-Conveyancing Development Proposed Acquisitions of Shares by ANZ, CBA, NAB and Westpac, August 2011, p 3.
[366] Virginia Ginnane, Ready to Take the Electronic Plunge into e-Conveyancing? July 2014.
[367] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law (I), 2011, p 5.
[368] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law (J), 2011, p 5.
[369] Landgate, Annual Report 2011, 2011, p 114.
[370] Landgate, Annual Report 2011, 2011, note 25 (i), p 114.
[371] Law Council of Australia, National E-Conveyancing Development Proposed Acquisitions of Shares by ANZ, CBA, NAB and Westpac, August 2011, pp 4-5.
[372] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law (L), 2011, pp 5-6.
[373] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law (B, L), 2011, pp 4-5.
[374] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law (L), 2011, p 5.
[375] Auditor-General of New South Wales, Auditor-General's Report to Parliament 2010, Volume Nine, November 2010, pp 38-39.
[376] Public Authorities (Financial Arrangements) Regulation 2005 (NSW), version in force on 1 July 2011, sch 5, pt 1, cl 4(a).
[377] State of Victoria, Financial Report for the State of Victoria 2011–12, Note 18, p 84.
[378] Queensland Treasury and Trade, Annual Report 2011-12, pp 88, 100.
[379] Landgate, Annual Report 2011, 2011, p 37.
[380] ARNECC, Regulation Impact Statement for Decision, February 2013, p 69.
[381] Westpac, Responses to questions on notice and supplementary questions to the NSW Legislative Council Select Committee on Competition Reforms in Electronic Conveyancing, March 2026, p 1.
[382] NAB, Responses to questions on notice and supplementary questions to the NSW Legislative Council Select Committee on Competition Reforms in Electronic Conveyancing, March 2026, p 1.
[383] CBA, Responses to questions on notice and supplementary questions to the NSW Legislative Council Select Committee on Competition Reforms in Electronic Conveyancing, March 2026, p 1.
[384] PEXA, Queensland Land Registry joins PEXA, December 2013, accessed 1 October 2026.
[385] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law, 2011, pp 10-12.
[386] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law, 2011, pp 11-14.
[387] ARNECC, Electronic Conveyancing National Law, accessed 15 September 2026.
[388] Electronic Conveyancing (Adoption of National Law) Act 2012, Appendix 1, ss 7-9.
[389] Electronic Conveyancing (Adoption of National Law) Act 2012, Appendix 1, ss 13-17.
[390] COAG, Intergovernmental Agreement for an Electronic Conveyancing National Law, 2011, p 14.
[391] ARNECC, Introduction of the Electronic Conveyancing National Law: Consultation Regulation Impact Statement, July 2012, p 2.

[392] Land Victoria, Customer information bulletin 155, February 2016.
[393] Land Victoria, Customer information bulletin 159, August 2016.
[394] Landgate, CIB 277: Electronic lodgment of stand-alone Mortgages and Discharges will be effective 1 August 2016, April 2016.
[395] Landgate, CIB 289: Electronic lodgment of eligible documents, December 2016.
[396] Land Victoria, Customer information bulletin 163, March 2017, accessed 2 October 2026.
[397] NSW Office of the Registrar General, Revised conveyancing rules: Conveyancing Rules, Version 2.
[398] NSW Office of the Registrar General, PEXA roadshows: eConveyancing update, July 2019, pp 2-4, quoting the NSW Government announcement of 28 February 2017.
[399] NSW Office of the Registrar General, Revised conveyancing rules: Conveyancing Rules, Version 2.
[400] Law Society of New South Wales, Are you up to date with the new e-conveyancing transition timetable, June 2017, p 1.
[401] AFR, Titles registrars give certainty on conveyancing: PEXA eyes IPO or trade sale, February 2017; AFR, NSW speeds up transition to e-conveyancing, February 2017, accessed 1 October 2026.
[402] AFR, Titles registrars give certainty on conveyancing: PEXA eyes IPO or trade sale, February 2017.
[403] Link Group, Investor update: Link Group increases its shareholding in PEXA, June 2017, p 1.
[404] Dench McClean Carlson, Review of the Intergovernmental Agreement for an Electronic Conveyancing National Law: Draft Final Report, July 2019, p 21.
[405] ABS, Counts of Australian Businesses, including Entries and Exits methodology, August 2026, accessed 1 October 2026.
[406] IPART, Review of our WACC method: Final Report, February 2018, pp 39, 48, 59, 61.
[407] PEXA, Submission to IPART ELNO service fees Draft Report, August 2026, p 55.