

# AIC State conference opening address

## Acknowledgements:

- I would like to acknowledge Chris Tyler, CEO as the host.
- Tireless advocate for NSW conveyancers
- Strong supporter of the digital reforms
  
- Today I would like to talk to you about 3 topics of discussion:

### 1. E-Conveyancing

### 2. Interoperability

### 3. Land Titles Registry (LRS)

Firstly I will discuss:

#### 1. *E-Conveyancing*

- Three years ago we made the decision to mandate E-Conveyancing by 1<sup>st</sup> July this year.
- The numbers tell the story:
- In late 2016, fewer than **10 per cent** of possible dealings in NSW were lodged electronically.
- In September 2019:
  - **95 per cent** of mainstream lodgements were electronic
  - And **96 per cent** of transfers were electronic, more transfers than anywhere else in Australia.
- Independent analysis by KPMG on the benefits for conveyancers in NSW showed:

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- Time savings of **around 60 per cent to 70 per cent per transaction** (that is **3.45 to 4.45 hours savings**) from using the electronic platform
  - In a paper settlement, sellers were not able to access their funds until bank cheques were cleared into their accounts, which could take several days. Funds from the proceeds of a sale are now **typically within an hour of settlement.**
  - Since e-Conveyancing began in 2013, the NSW Government has paid over \$7 million for fraud cases involving paper conveyancing transactions.
  - But there have been **no payments made in relation to frauds** occurring in E-Conveyancing transactions by the NSW Government.
  - E-Conveyancing has eliminated most risks associated with human error, removing up to **'1 in 30 transactions'** that go horribly wrong.
  - With eConveyancing, you only need to enter data once—as Revenue NSW and NSW Land Registry Services will automatically validate the correct information.
  - And with new technology arising, more rapid change is happening than ever before – eConveyancing is keep industry up with this change.
  - As a result, NSW has in place a more efficient, secure and accessible land title system with eConveyancing.
  - You have all helped this sector get ahead. So thank you all very much.

The second topic I will now move onto is:

## **2. Interoperability - why it is important for conveyancers**

### ***The Electronic Lodgment Network Operator (ELNO) market and competition –***

- We are at a critical juncture in the national eConveyancing journey.

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- Our early investment in PEXA helped create confidence in the market, for example, with conveyancers and the banks, that eConveyancing could work.
  - But it was always NSW's intention to remove itself as a shareholder from PEXA, once PEXA was sufficiently established.

### ***What NSW is doing***

- Leading on from eConveyancing, NSW's aim is to develop the level of detail required to facilitate a secure national interoperability regime in 2020. We have procured commercial and eConveyancing expertise to help with this work, building on earlier research and independent reviews.
- We have now seen a second ELNO enter the market in NSW which completed their first transaction just this week.
- But for real competition to develop and survive, we need interoperability to remove a significant barrier to entry, which is the incumbent ELNO's existing network effect.
- I know some of you might think—why should we care about a second operator if the existing operator already provides the service we need, why complicate things?
- In any industry I believe no operator, current or future, should have so much control that it affects the quality and price of service to the customer, and government must act to ensure the customer comes first.
- **Competition creates innovation** – so service providers continue to strive to be the best by having to earn your business and loyalty.
- on this point, IPART's report and analysis shows that the costs of interoperability would be small – on its preferred model, currently it is estimated to be around 40 cents per transaction.

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- Conveyancers have also told us they want to continue to transact efficiently and securely while only subscribing to the ELNO(s) they choose.
  - Just as a Telstra customer can phone an Optus customer without having to set up an account with Optus.
  - Similarly, in eConveyancing, without interoperability, conveyancers and lawyers need to subscribe to both ELNOs.
  - ***How to achieve interoperability?***
  - There is strong support for more work on interoperability as a safeguard to facilitate competition.
  - It is clear that without interoperability, this will lead to either one of two scenarios:
    - either one platform eventually controls the whole market, or
    - duplicate ecosystems operate side by side, increasing cost and complexity.
  - The Government is well aware that as the multi-ELNO market emerges, you want to continue to transact efficiently and securely while only subscribing to the ELNO(s) you choose.
  - And you want a solution that doesn't impose greater complexity, cost, or risk. We share that view.
  - This means developing a solution that can be applied nationally that:
    - is secure,
    - and involves minimal costs
  - this means you can be a subscriber on one ELNO and be able to perform businesses even if the other party isn't a subscriber to the same ELNO.

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- We will continue to work with AIC, as well as Law Council of Australia, including Law Society of New South Wales, ACCC, ELNOs, Australian Bankers Association, other jurisdictions and others to make sure this work considers the issues that matter to industry.
  - And I would like to thank AIC for continuous involvement and support with this important work.

Lastly I would like to discuss the success of LRS:

### **3. NSW concession: what has it achieved so far**

- NSW was leading the nation when we decided to grant a concession over the right to operate its Land Titles Office to a private operator.
- We have established a new—and world first—regulatory regime that we want to make sure drives innovation, greater efficiency for the users of the registry and the adoption of new technology.
- And we have achieved some of this already:

	<b>Before concession</b>	<b>After concession</b>
<b>Availability of document registration services and plan and titling services</b>	<b>98.7%</b>	<b>100% per quarter</b>
<b>Call waiting times</b>	<b>67%</b>	<b>90% answered in 1 minute</b>
<b>Emails answered within 3 business days</b>	<b>90%</b>	<b>100%</b>

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- The new operator has also invested in new technology and innovation.  
For example:
    - **more than \$14 million in technology infrastructure** to improve the security of the registers
  - And finally, LRS has introduced a new 'mortgage title verification' service, which LRS developed to help banks check their mortgages against LRS' records and comply with APRA obligations.
  - **This a first of its kind in Australia** and we expect new value-added services in the coming while
    - NSW land title system may be Australia's oldest administrative system. It comes with centuries of rules.
  - We expect LRS to invest in the knowledge it needs to be able to respond to your queries and to keep land transactions moving, however complex they are.
  - Of course, any concerns you have with the operator you should make known to ORG – the Government has established the ORG specifically for this purpose, to regulate LRS, to make sure they are held to account and to make sure you get world class services.

***In Conclusion:***

- I congratulate your industry for embracing digital reforms, for your patience in being the pioneers of such big changes.
- And for your persistence in leading your industry from paper to digital over the past several years.

Thank you

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