

26 August 2019

The Directors
Dench McClean Carlson
Level 5, 99 Queen Street,
Melbourne, VIC, 3000
By email: admin@dmcca.com.au

Dear Sir/Madam,

Submission in relation to the Draft Final Report- IGA Review- National Conveyancing ('Draft Final Report')

We refer to the Draft Final Report dated 26 July 2019 representing DMC's independent recommendations and findings in relation to the effectiveness of e-conveyancing.

In response to DMC's invitation in the Draft Final Report for industry submissions by 5 September 2019 we set out some key observations from Stockland Development Pty Limited ('**Stockland**') below.

Stockland is an early adopter and proponent of electronic settlements. To give you an indication of scale, we are Australia's largest residential developer and sold over 5500 lots to customers nationally in FY19 (and are leading the way to drive electronic settlement uptake in Queensland).

We offer the following commentary in support of some of the draft recommendations arising from the Draft Final Report:

1. (**Draft Recommendation 1, page 132**). We agree with the proposal that there be a moratorium on the issuing of any new ELNOs for 2 years (or until there is a concrete plan for interoperability).
2. (**Draft Recommendation 6 page 133**) The national agenda developed in consultation with stakeholders (which we understand is already operating as the Australian Registrars Working Group '**ARWG**') should prioritise operationalising new model participation rules which have been introduced but are still unable to be used by the industry. For example, both the land registries and ELNOs (PEXA) need to design, develop and build systems capability and processes to deliver a timely solution which will enable subscribers to avail themselves of new model participation rule 5.6/ client authorisation form (attorney) ('**CAF Attorney**') which were introduced in February 2019. These provisions permit principal subscribers to operate e-settlements under one subscription and sign (in PEXA) as attorney for third parties landowners and both enhancements will be material e-conveyancing improvements for the benefit of the industry.
3. (**Draft Recommendation 8 page 133**). We are highly supportive of the merits of establishing a Stakeholder Committee to facilitate ARNECC engagement with property industry/financial institution representatives as well as representatives from the ATO and State Revenue Offices for an efficient and integrated regulatory process. Examples of where stakeholder engagement on this committee would be advantageous are:
 - a) discussing with the State Revenue Office (Vic) improved efficiencies derived from integrating the digital duties on-line form with the ELNO;
 - b) proposing ELNO integrated reform to the GST withholding tax regime, by automating relevant documentation within ELNO workspaces. This will facilitate a streamlined process that provides the ATO

with faster and more accurate reconciliation, and reduces manual data entry across multiple platforms required by parties to conveyancing transactions; and

c) addressing some of the practical and cultural challenges we are seeing such as late preparation of workspaces, particularly by financial institutions.

4. **(Draft Recommendation 11 page 133)** We are in support of eConveyancing pricing remaining capped until there are 3 or more fully operational ELNO's and competition can be assessed as effective. Of course pricing is not limited to transaction fees. Many organisations such as ours are making significant capital investment into integration (in our case over \$1M) as well as paying fees to PEXA for integration. Competition needs to be effectively in place to ensure the economics of changing ELNO's is feasible in the future.

We hope that the DMC will take Stockland's observations into account in finalising and issuing the final report

Yours sincerely



Jade Campbell
National Conveyancing Manager