

INQUIRY INTO COMPETITION REFORMS IN ELECTRONIC CONVEYANCING

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Date Received: 5 August 2025

Just who is roting property buyers?

Periodically various governments and their agencies raise concerns about the dominance of PEXA in the electronic settlement of property sales and land transfer. The expressed concern is that PEXA is taking advantage of its perceived monopoly position.

Calls are made for an interoperability model be adopted to allow for the integration of other “players” to compete with PEXA.

PEXA invested many hundreds of millions of dollars (\$700,000,000 has been suggested) to develop a platform to protect the integrity of each Land registry and the secure transfer of significant funds.

Undoubtedly, the PEXA platform has been an outstanding success. When one considers the complexity of settlements being conducted prior to PEXA (procuring bank cheques, physical meetings at a mutually agree venue, examination of documents at the last minute, banking after settlement, ensuring registration of the change of ownership) the efficiency of the new system is staggeringly efficient – and has facilitated the opportunity for substantial savings in professional fees.

A PEXA fee of just \$140.58 for each party can hardly be described as being a monopolistic rort.

To identify a true rort one only needs to consider the varying fees charged by different states to record the transfer of a property on the title.

While often overshadowed by stamp duty and other upfront costs, land transfer registration fees can represent an important part of the total transaction costs and vary significantly from state to state.

What Are Land Transfer Registration Fees?

Land transfer registration fees are the costs imposed by a state or territory government for registering a change of ownership of real estate. These fees are paid to the local land titles office or registry upon the transfer of property. The process ensures the new owner is officially recorded on the title.

Overview of Land Transfer Registration Fees by State and Territory

Each state and territory in Australia has its own land registry office. Some of these have been privatised and are run by a separate company. Each sets its own schedule for land

transfer registration fees. Some are a flat fee and others are based on the value of the property being transferred.

Land transfer registration fees in Australia reflect the diversity of regulatory approaches across the states and territories. While these fees are generally less significant than stamp duty, they still form a part of the property buyer's budget and can amount to several thousand dollars, depending on the jurisdiction and property value.

Below is a detailed comparison of current land transfer registration fees in each jurisdiction - based on the median house/unit price for the capital city of each.

REGISTRATION FEES

STATE	MEDIAN PRICE	REGISTRATION FEE
NSW	\$1,210,222.00	\$175.70
VIC	\$796,952.00	\$1,965.00
QLD	\$926,243.00	\$3,591.39
SA	\$837,176.00	\$8,385.00
WA	\$819,885.00	\$386.60
TAS	\$677,390.00	\$250.21
ACT	\$855,197.00	\$479.00
NT	\$537,471.00	\$172.00

While each state has its own calculation methods and thresholds, a general pattern emerges. Most states use a scaling fee based on property value, except for New South Wales, NT and the ACT, which use a flat fee for standard transactions.

At one end of the scale is NSW which charges \$175.70 to record the transfer of ownership of a property. At the other end is South Australia which charges an eye watering \$8,385.00!

How does this happen? By galloping increments! Over 50 years ago South Australia set out a table of registration charges which was, essentially, a flat amount up to a property value of \$40,000.00 and thereafter an additional amount for each \$10,000.00. At the time a house property could be purchased for less than \$40,000.00. This did not seem to be unreasonable at the time. Over the years the increment amount and property values have compounded to now arrive at the outrageous amount now being required to just record the transfer of property ownership.

Other states have similar scales of charges.

If ever there was an abuse of a monopoly these would be a shining example.

It is surprising that the Australian Competition and Consumer Commission have not taken an interest in this – particularly as it seems that the rort is now being perpetrated by private businesses – with the blessing of the respective governments.