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PEXA Submission into the Winding Down Australia's Cheques System

PEXA welcomes the opportunity to respond to the consultation paper, **Winding down Australia's cheques system** dated December 2023. We support the Commonwealth Government's intention to wind down the use of cheques to deliver a modern, competitive, and efficient financial system. Our submission principally focuses on ensuring the transition is smooth.

PEXA as a Critical Infrastructure asset operator, is at the forefront of digital property settlements in Australia, operating the leading platform known as PEXA Exchange. As an Electronic Lodgement Network Operator (ELNO), we facilitate electronic lodgement and settlement of property transactions through our integrated platform, connecting various stakeholders in the property market. Over the past 13 years we have worked extensively with industry to transform legacy paper-based operations and now orchestrate more than 90% of all eligible property transactions across Australia.

To assist Treasury achieve its policy objectives, we have made some observations on the Paper's statement that one of the most common uses of bank cheques is for the settlement of property transactions. We encourage Treasury to consider that expanding electronic lodgement capability to provide full national coverage is critical to removing this need and we offer the following key points for consideration:

- For all property transactions to be completed electronically, Banks, Legal Practitioners and Conveyancers are reliant on states being capable of accepting all land registry documents electronically. Today there are significant gaps between states which is impeding full national coverage for eConveyancing. New South Wales, Victoria and South Australia have near to full capability, Queensland, Western Australia and the Australian Capital Territory accept between

80%-90% of all documents electronically and Tasmania and the Northern Territory plan to join the national network by 2025 and 2026 respectively. This is one of the key principles of the design of the e-conveyancing reforms and PEXA has long expressed the view that full national coverage needs to be prioritised and an aligned approach and timeframe is needed to solve the disparity between state states.

- A consistent timetable and cut over to full national coverage must be completed in advance of the phasing out of bank cheques for property settlements. This is critical to ensuring that as Banks begin to cease production of cheques based on their own policies and timeframes, full national coverage provides every home buyer and seller in each state, regardless of their choice of financial institution a clear pathway to efficient and reliable settlement without disruption or disadvantage.
- It is critical to note that other policy objectives such as interoperability between ELNOs are impacting progress towards full national coverage. Such policies are being driven by different states and a holistic perspective and considered view on priorities must be taken. PEXA has itself proposed alternatives to achieve competition but in a more sustainable and effective way with less impact on the smooth operation of e-conveyancing in Australia.

PEXA is committed to actively engaging in the public consultation process and recognises the value of collaboration among industry participants, regulatory bodies, and other stakeholders in shaping industry reform.

We welcome the opportunity to contribute to this important reform and stand ready to provide further support as the consultation process continues.

Yours sincerely,



Les Vance

PEXA Chief Customer and Commercial Officer