

Next Steps on Interoperability

ARNECC supports competition amongst Electronic Lodgment Network Operators (ELNOs) in the Australian eConveyancing market. For this reason, ARNECC commenced its Interoperability Program (the Program) several years ago.

Overview of the interoperability reform

The interoperability reform aims to establish a technical and regulatory framework for the interworking of Electronic Lodgment Networks (ELNs) to facilitate the exchange of conveyancing transaction data, to enable a Subscriber to one ELN to complete a conveyancing transaction with a Subscriber (or Subscribers) using a different ELN.

The aim is to facilitate competition in the marketplace with the goal of better outcomes for Subscribers and transacting parties, including greater choice, improved services and innovation and lower prices.

Current status

ARNECC paused the design, build and test working groups for the Program in June 2024 given the significant issues that had been raised by the banking industry.

Since then, ARNECC has continued to engage with Commonwealth regulators. In addition, Qld and NSW being the first jurisdictions scheduled to roll out interoperability, commenced a joint project to investigate the issues that were raised and assess possible next steps. This review involved extensive engagement with industry to understand concerns and help determine the way forward. In December 2024 the stakeholder and review team insights and recommendations were presented to ARNECC.

Key insights included:

- Most stakeholders consulted continue to support competition generally and interoperability specifically provided it does not result in significant changes to their existing processes, increase risks or increase costs.
- Further work is required to finalise a functional scope for any interoperability program which will maintain an equivalent subscriber experience for interoperable and non-interoperable transactions, with subscriber feedback and engagement beyond ELNOs required.
- Given the previous cost benefit analysis was conducted in 2020, it is appropriate to refresh the cost benefit analysis to confirm that the current interoperable model remains the best and most cost-effective model.

- An uplift in governance of projects is required to facilitate any further analysis and to ensure appropriate risk management and decision making.

A number of other stakeholder insights were also recorded around the scope of the Program, potential operational issues and the broader regulatory environment.

Next steps

ARNECC is undertaking the following immediate steps to inform future direction:

- ARNECC is commissioning an in-depth review of the functional requirements for interoperability. This will involve an independent consultant engaging with ELNOs and Subscribers to develop a functional scope for interoperability that are necessary to maintain an equivalent subscriber experience for interoperable and non-interoperable transactions.
- ARNECC is commissioning an updated cost benefit analysis to test whether the direct connect interoperability model continues to be the most appropriate model. This review will take place at the same time as the functional requirements review.
- ARNECC will create a new governance structure to oversee the review program of work.

ARNECC is aiming for the reviews, which will be used to inform decision making regarding next steps for the interoperability reform, to conclude by mid-year. ARNECC anticipates that the outcomes of these reviews will also assist with more detailed discussions with Commonwealth regulators.

ARNECC is separately undertaking a review of the eConveyancing regulatory framework to address stakeholder concerns raised during the review.

ARNECC will engage with all relevant stakeholders (including other regulatory agencies) as needed in undertaking the reviews.

ARNECC appreciates industry's continued support in these matters.

ARNECC will advise industry of any further decisions regarding the outcome of its reviews in due course.

Dated 19 February 2025