

Economic Appraisal of Electronic Conveyancing in NSW

Please note

This newsletter is issued by NSW Department of Lands' Land and Property Information Division (LPI). The information in this newsletter is correct at time of publication but may change as the NECS project develops. It reflects current thinking to generate discussion and is not a substitute for publication of Lands Circulars announcing policy changes.

National Electronic Conveyancing System

Under current arrangements, every State and Territory has its own unique property conveyancing system with different processes and procedures, based on an antiquated system of paper-shuffling. A single national electronic conveyancing system will mean consumers across the country can benefit from one system to settle property transactions, reducing costs and increasing efficiency in the property market.

Lands has been working with industry groups and other jurisdictions to develop and implement a National Electronic Conveyancing System (NECS) since 2005. NECS will provide an efficient online national platform to electronically:

- Prepare and sign instruments;
- Settle property transactions;
- Lodge instruments with land registries; and
- Meet associated duty and tax obligations.

The Council of Australian Governments (COAG) is overseeing the implementation of NECS - see the media release at http://www.pm.gov.au/media/release/2008/media_release_0339.cfm.

Economic Appraisal of implementation of NECS in NSW – In mid-2008 Lands contracted KPMG to conduct an Economic Appraisal of implementation of NECS in NSW, and specifically to:

- familiarise with the conveyancing industry, engage with the key industry stakeholders, understand how the current conveyancing arrangements operate, and confirm the potential impacts of an electronic business environment and how best to apply the required methodologies
- identify the information required and accountable sources of information necessary to carry out the economic appraisal according to the required methodologies
- research identified sources, obtain and analyse the information required for the appraisals
- prepare financial and economic appraisals of the NSW implementation of electronic conveyancing using NECS in a manner that can be shared with key stakeholders

KPMG completed their investigations and analysis in late 2008, concluding the implementation of NECS in NSW provides

- process efficiencies to industry including reduced data entry and document preparation, settlement and lodgment savings, courier and bank cheque savings and less process administration cost generally
- a 'mature year' saving of \$49.8M in NECS-related conveyancing costs in NSW*
- an average saving of \$170 per conveyancing case (i.e. per property sale or refinance)
- positive Net Present Value of \$164.1M over the period to 2020 for the NSW proportion of costs to commission and operate NECS compatible systems for industry, government and NECS
- stakeholders generally consider that electronic conveyancing will result in considerable industry cost savings

* a 'mature year' is from 2020 when take-up of NECS to 70% of NSW land dealings is achieved, quantified in 2008 \$ and volumes.

Based on the study, operation of NECS in NSW is expected to achieve savings of \$49.8 million each year in conveyancing costs to the NSW economy.

The NSW economy can attain the greatest benefit from electronic conveyancing where NSW is ready for implementation of NECS as soon as an acceptable system is ready. A significant part of "being ready" entails thorough consultation with stakeholders in NSW addressing business practices, risk management arrangements, supporting legislation and system and information service requirements during 2009.

The KPMG Economic Appraisal of Electronic Conveyancing in NSW report is available on the Department of Lands web site at http://necsnsw.lands.nsw.gov.au/publications/NECS_KPMG_final_report_Jan_2009.pdf.

Further details of the NECS roadmap, work program and key reference documents are available from the National Electronic Conveyancing Office at: www.necs.gov.au.

Your Questions Answered:

You can have your questions on any aspect of electronic conveyancing in NSW answered now by emailing to NECSinNSW@lands.nsw.gov.au. Let us know what you think, what issues concern you and what things Lands should pay particular attention to in taking the project forward.

Detailed information on the National Electronic Conveyancing System and the NECS work program are available from the National Electronic Conveyancing Office at: www.necs.gov.au To subscribe to the Lands newsletter: Complete feedback form at http://www.six.nsw.gov.au/NECSinNSW_registration.html.

To unsubscribe: Reply to this email or NECSinNSW@lands.nsw.gov.au with "Unsubscribe" in the subject field.