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## ACCC's Rod Sims threatens enforcement action against PEXA, state governments

by Joyce Moullakis

The competition regulator has threatened enforcement action against various state governments and PEXA, contending a possible breach of legislation and an uneven playing field in the electronic property settlement market.

Australian Competition and Consumer Commission chairman Rod Sims told *AFR Weekend* the regulator had "significant competition concerns" and was engaging with state land registries and PEXA on the topic, as well as considering further action.

PEXA - which is the only operational provider of online property settlement - is owned by state governments, the major banks, Link Group and Macquarie Group. The company's owners are also considering a trade sale and ASX listing at the same time that several states are mandating the use of the PEXA platform over paper-based property settlement.

"These investigations are very sensitive. All I can say is we are investigating what is going on, which in general terms, could amount to a breach of our Act," Mr Sims said in an interview.

"An injunction is possible but that requires probably moving faster than we are able to do at the moment.. The parties need to be aware that they are running the risk of enforcement action."

Mr Sims said the ACCC was unlikely to secure an injunction ahead of Victoria's mandated October start date for all property settlements to be done via PEXA, but urged stakeholders to work on a solution.

"We've got ourselves into an unfortunate position where you try to introduce competition in a market and you preference one player in the market. It is highly inappropriate and made

worse by the fact they are considering selling it [PEXA]," he added.

Mr Sims did note that engagement had thus far been "largely fruitful" with state governments and PEXA, but he failed to understand how a situation had been created.

PEXA developed data standards for its platform which make it difficult for potential rivals to create the connections and systems required to provide competition.

Mr Sims said: "Other competitors want to get a hold of them [data standards] and of course you are in the extremely, and dare I say inappropriate situation, where new competitors have got to deal with another competitor to get the standards to enter the market."

In May, ASX Limited unveiled plans to invest alongside technology group InfoTrack and enter the \$200 million electronic property settlement market, pitting it against PEXA. While another company Purcell Partners is pushing into the space with its LEXTECH platform.

Both need to establish data standards, which vary across states and receive regulatory sign off to become Electronic Lodgment Network Operator (ELNO).

PEXA's system has confronted criticism from some conveyancers and security experts that have called for a delay to Victoria's mandatory start date to allow a longer transition timetable.

Earlier this month, PEXA introduced an offer of up to \$2 million in protection to sellers transferring funds over its system after a high-profile hack resulted in settlement funds being stolen from a former MasterChef contestant. A hacker was able to compromise the conveyancer's email.

PEXA has been contacted for comment.