

Colleen Peterson  
Deputy Secretary, Housing, Planning and Land Services  
Department of Transport and Planning  
1 Spring Street  
Melbourne VIC 3000

30 December 2025

Dear Ms Peterson,

**REGULATORY IMPACT STATEMENT FOR THE TRANSFER OF LAND (FEES) REGULATIONS 2025 AND THE SUBDIVISION (REGISTRAR'S FEES) REGULATIONS 2025**

I would like to thank your staff at the Department of Transport and Planning (the Department) for working with the team at Better Regulation Victoria on the preparation of the Regulatory Impact Statement (RIS) for the Transfer of Land (Fees) Regulations 2025 and the Subdivision (Registrar's Fees) Regulations 2025 (the proposed Regulations).

The Commissioner for Better Regulation provides independent advice on the adequacy of the analysis provided in all RISs in Victoria. A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about any assumptions made, and is proportionate to the proposal's expected effects. The RIS also needs to be clearly written so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received on 30 December 2025 meets the adequacy requirements set out in the *Subordinate Legislation Act 1994*.

**Background and problems**

In Victoria, the vast majority of freehold land is held under the Torrens system of land registration. Under the Torrens system, actions to create, vary or extinguish an interest in land must be registered by the Registrar of Titles in the Register of Land (the Register).<sup>1</sup> The Register completely reflects the current ownerships and interests of parcels of land in

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<sup>1</sup> An interest in land can include freehold titles over land, leases, sub-leases, easements, restrictive covenants, mortgage, and other encumbrances.

Victoria, and the accuracy of the information in the Register is guaranteed by the Victorian Government. As such, the Register provides a single source of truth for land ownership in the state which can be searched by the public. The Department outlines that compared to other systems of land title, the Torrens system provides owners with greater security of their interests in land, reduces litigation and disputes, and makes it significantly easier to search and verify interests in land.

The *Transfer of Land Act 1958* provides the legislative framework for the system of land registration in Victoria, establishing the Register as well as the functions and powers of the Registrar of Titles. Under the *Subdivision Act 1988*, many actions related to the subdivision and consolidation of land must be registered by the Registrar to be legally valid.

The formal functions of the Registrar of Titles are carried out by Land Use Victoria (LUV), which sits within the Department. Certain administrative and IT services are carried out by Secure Electronic Registries Victoria (SERV), an external operator that has entered into a 40-year concession to deliver these services.

The Transfer of Land (Fees) Regulations 2016 and the Subdivision (Registrar's Fees) Regulations 2016 (the current Regulations) set fees for over 120 services provided by the Registrar. In the RIS, the Department groups these fees into two categories:

- **land registry fees**, which were set on the basis of recovering the costs to the Registrar of the services provided. This includes fees for lodgement of transaction documents, lodgements of subdivision plans, and searches of the Register. Land registry fees raised \$150 million in revenue in 2024-25.
- **the ad valorem component of the land transfer fee**, which is a means of raising general government revenue and is not set on a cost recovery basis. The current ad valorem fee is calculated as 0.234 per cent of the value of the transaction, capped at \$3,510. The ad valorem fee raised \$336 million in revenue in 2024-25.

The current Regulations are due to sunset in April 2026. In the absence of the prescribed fees, LUV would be unable to charge for the use of the registry services, and the funding of registry services would need to be drawn from general revenue. The Department explains that this outcome would be inconsistent with the *Pricing for Value Guide's* principle that those who utilise or benefit services pay the associated costs. The Department also notes that without the ad valorem fees, the loss of over \$300 million in revenue annually would have implications for the funding of government services more broadly.

The Department outlines that the total costs of operating the Register were approximately \$196 million in 2024-25, meaning the gap between operating costs and land registry fees

revenue was \$46 million.<sup>2</sup> The Department forecasts that costs will increase over the next ten years to \$223 million per year, due to growth in the service fee paid to SERV and funding needed for LUV to make investments in its services. As such, the Department estimates that fees would need to increase by 44 per cent to achieve full cost recovery.

As part of the sunset review process, the Department has identified elements of the current fee structure that it considers to be overly complex or outdated. It explains that the current fee structure contains over 30 unique fee values across 120 items, some of which differ by only a few decimals, as well as marginally different fees for similar activities. It also notes that several fees prescribed are no longer necessary or redundant, such as discounts for electronic services and fees for services that are no longer provided by the Registrar. The Department also considers that the current ad valorem fee structure places a disproportionate share of the revenue burden on lower value transactions, adding to the costs of buying a home at the lower end of the market.

### **Options and impact analysis**

In the RIS, the Department considers options separately for land registry fees and the ad valorem component of the land transfer fee. The Department compares options against the base case, where the current Regulations sunset and are not remade, using multi-criteria analysis (MCA) to identify its preferred option.

For land registry fees, the Department uses the following MCA criteria and weightings:

- recovery of costs – 50 per cent
- equity – 20 per cent
- efficiency (i.e., the extent to which fees cause market distortions) – 20 per cent
- simplicity – 10 per cent.

For the ad valorem component of the land transfer fee, the Department uses the following MCA criteria and weights:

- fiscal outcomes (i.e., the extent to which fees raise revenue) – 50 per cent
- equity – 25 per cent
- efficiency – 15 per cent
- simplicity – 10 per cent.

#### Land registry fees

The Department considers the following options for land registry fees:

- **Option 1: recover below costs (current fee levels)** – the existing fees are remade at their current levels, with the removal of redundant fee items and discounts for electronic transactions (which also applies to all of the following options).

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<sup>2</sup> This estimate excludes consideration of revenue raised by the ad valorem fee, which the Department explains is not intended to recover the costs of registry services.

- **Option 2: achieve full cost recovery by a flat increase to all fees** – all fees would increase by **44 per cent** to achieve full cost recovery.
- **Option 3: achieve full cost recovery through differentiated fee increases and simplifying the number of fee categories** – land registry fees (excluding search fees) would be simplified into 5 categories, with fee items being grouped based on their current fees and the similarity of services. To achieve full cost recovery in aggregate, the following fee increases would apply:
  - fees in category A and C would increase by **50 per cent**
  - fees in category B would increase by **66 per cent**, with a larger increase to reflect the higher fees for similar services in other jurisdictions
  - fees in category D would increase by **19 per cent**, with a smaller increase as these fees are relatively high when compared to other jurisdictions
  - fees in category E (for allocation of a plan number under the *Subdivision Act*) would increase by **1 per cent**, as this relates to a simple, automated process.
 Fees for registry searches would be simplified from 19 to 11 fee amounts, and these fees would increase from between **9 to 35 per cent**, with the smaller increase recognising that searches may be more sensitive to fee levels than other services.

The Department estimates that Option 1 will raise \$155 million in 2025-26, while both Options 2 and 3 are expected to raise \$223 million and achieve full cost recovery.

The Department acknowledges that the fees may have a negative impact on equity (as charging fees can restrict access to services because of a person’s ability to pay) and efficiency (as these fees could potentially lead to distortions in the property market). It notes that the higher fees proposed under Option 3 may exacerbate these impacts. However, the Department explains that under all options, land registry fees will represent a very small percentage of the value of land to which the interests relate, and that the fees are significantly lower relative to other transaction costs associated with land transfers, such as stamp duty. As such, it expects the impacts on equity and efficiency to be minimal.

The Department identifies Option 3 as its preferred option for land registry fees. The Department explains that Option 3 is preferred because it achieves full cost recovery, reduces the complexity of the fee structure, and provides smaller fee increases to services that are more price sensitive, such as registry searches.

#### Ad valorem component of the land transfer fee

The ad valorem component of the land transfer fee is calculated as a percentage of the consideration for the transaction (i.e., the property transfer), with a cap that is intended to reduce the impact of the fee on higher-value commercial investments. As noted above, the overall intention of this fee is to raise government revenue, rather than recover the cost of registry services.

In the RIS, the Department considers options to alter both the rate and the cap to better support housing affordability, while remaining broadly revenue neutral. The options considered by the Department are:

- **Option 1:** retain the existing approach – the ad valorem fee is calculated as \$2.34 for every \$1,000 of consideration, capped at \$3,510 (corresponding to a \$1.5 million transaction).
- **Option 2:** decrease the rate to \$2.21 for every \$1,000 of consideration, while increasing the cap to \$4,420 (corresponding to a \$2 million transaction).
- **Option 3:** decrease the rate to \$2.10 for every \$1,000 of consideration, while increasing the cap to \$6,300 (corresponding to a \$3 million transaction).
- **Option 4:** decrease the rate to \$1.85 for every \$1,000 of consideration for transactions up to \$1 million, while retaining the current rate of \$2.34 for every \$1,000 of consideration for transactions over \$1 million, and increase the cap to \$7,020 (corresponding to a \$3 million transaction).

In the RIS, the Department identifies Option 4 as its preferred option for the ad valorem fee. It explains that Option 4 represents a more equitable and progressive fee structure relative to other options, as it reduces the ad valorem fee for transactions below \$1 million by 21 per cent while doubling the fee for transactions over \$3 million. The Department considers that these changes may marginally improve housing affordability for buyers who are seeking to purchase properties under \$1 million.

The Department acknowledges the trade-off between equity and efficiency, outlining that increased fees for higher-value transactions may slightly distort the market by impacting transaction decisions. The Department also notes that the stepped rate structure under Option 4 will introduce a threshold distortion at the \$1 million mark, as the fee rate switches from \$1.85 to \$2.34 per \$1,000 of consideration. However, it expects that any distortionary impacts will be minimal given the fee will continue to represent a very small percentage of the overall transaction value.

Option 4 is estimated to raise \$336 million in 2025-26, which is the same as the current fees and all other options. However, the Department explains that as property prices increase, revenue collected will increase slightly more under Option 4 compared to the other options due to its stepped rate structure and higher cap. The Department estimates that the fee will raise between \$3.6 and \$4.8 billion in nominal revenue over the next ten years.

### **Implementation and evaluation**

The Department explains that while the proposed Regulations will be made by April 2026, the proposed new fees will take effect on 1 July 2026 to align with the timing of the annual update to fees. The proposed Regulations will therefore extend the current fees until 30

June 2026. In the RIS, the Department outlines its plans to communicate the proposed fees to users of the Register through its Customer Information Bulletin.

To evaluate the proposed Regulations, the Department commits to undertaking both a mid-term evaluation within the next five years, as well as a sunseting evaluation before the proposed Regulations sunset in 2036. These evaluations will examine whether the fees are achieving their objectives and identify if any adverse outcomes have arisen. In the RIS, the Department identifies the data and information it will collect to inform these evaluations, including transaction volumes, fee revenue, costs to administer fees and provide registry services, and customer feedback.

Should your team wish to discuss any issues raised in this letter, please do not hesitate to contact Better Regulation Victoria on (03) 7005 9772.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Katrina McKenzie'.

**Katrina McKenzie**

Commissioner for Better Regulation