

Transcript for Personal Property Securities (PPS) presentation – part one

A new reform for Australia

Personal Property Securities reform will increase certainty and consistency for business when dealing with secured finance. It will also reduce cost and complexity by replacing many existing systems. Personal Property Securities reform, referred to as PPS reform, is an initiative of the Australian Government. The impact on you and your business may be large or small. There are literally as many different ways the reforms affect business as there are businesses. The first thing you need to do is have a conversation with your business advisor.

Overview

The purpose of the presentation is to provide you with a general awareness of the reform and highlight some of the ways in which the reform may affect your business. It will provide information on benefits and implications for small to medium business, increase awareness of where to find further information and encourage you to seek independent advice. The presentation includes an overview of the reform, how and why it came about, the benefits for business and the result of the process.

Your business and PPS

At some stage, most business will buy goods to either use in your business or to on-sell. You will probably lease machinery, vehicles or office equipment. You may also operate under retention of title arrangements. There are major changes to retention of title that you need to be aware of.

YES! The Personal Property Securities reform affects you

PPS reform and commencement of the Personal Property Securities Register, or PPSR, affects you and your business both from a business perspective and for you as a consumer. Most of you will probably be familiar with some of the existing registers, such as the Register of Encumbered Vehicles or REVS as it is commonly known. One of the most common interactions businesses have with securities, is what is known as retention of title. These will most likely be within the terms of trade agreements when you sell or purchase goods. Prior to this reform, as a business, you could rely on the terms of trade in a statement or invoice to secure the retention of title in goods you supply on credit. Relying on terms of trade will cease at the introduction of PPS reform and commencement of the register.

Why reform?

So why reform the current property securities regime? There are currently numerous registers across Australia, at either state or Commonwealth level. Some of these are linked - however, the majority are stand alone. In addition to the registers, there are in

excess of 70 pieces of legislation at both the state and Commonwealth level that govern the registration of securities. Once you appreciate the current complexities and uncertainties around securities in Australia, you quickly discover why reform is needed to streamline the process, reduce complexity and costs and increase certainty and consistency.

The result

The reform process began five years ago and will result in a one-stop-shop. That is a single Commonwealth Act and a single national register. Like any change process, there are new concepts, ideas and terminology that you will need to become familiar with. But the benefits to business will make the change worth the short period of adjustment. One of the biggest impacts on business the reform provides, is the ability of individuals and business to use more of their property in raising capital.

So what is personal property? Personal property is all property except real property – real property being land and fixtures. Personal property includes tangible and intangible property, and both commercial and consumer property.

So what is security interest? A security interest is created when a person or business entity, takes an interest in property as security for a loan or other obligation. If you were to purchase a new vehicle on finance, the company providing the finance may hold a security interest over the vehicle until full payment has been made.