

## **Transcript- Part three - Personal Property Securities (PPS) presentation**

### Benefits for business

The PPS reform provides many benefits to business. It provides increased consistency through a single national scheme and a single register for security interests. The changes to retention of title registrations can provide more certainty than just relying on terms of trade. There is increased transparency through more security interests being registered and available for search. As well as an increased opportunity to use personal property as collateral for finance, enabling business more opportunity to secure capital for growth. The PPS reform is expected to reduce costs to business. You need only to search in one place saving you not only money but time as well. And as with searching, you will only need to register a security interest in one place. As with any change, you and your advisor will have to invest time in understanding PPS reform and how it affects your business. Finally, the reform should enable businesses to use a wider range of their assets to raise finance and to provide opportunities to grow.

### PPS timeline

The PPSR is currently in its final stages of development. This involves data migration testing, pre-load testing and other system testing. Security data on existing registers will be transferred shortly before the register commencement time. While the majority of existing data on registers is being migrated, there are a few registers that are not being migrated for various reasons. Further information on this is available on the PPSR website. At register commencement time, the Act will come into effect and new registrations will all occur in the PPSR. The Act provides for a 24 month transition period to allow businesses time to manage existing securities. What this means, is that if you have a security interest that currently cannot be registered on an existing register, you will have 24 months in which to enter the interest on the PPSR while still maintaining priority.

### Be prepared

In order to assist you and your business advisor in determining what you need to do in respect to the reform, you may need to gather all the agreements you have along with the details of the entities you do business with. Once you have all your documentation together, speak to your advisor. This information will allow your advisor to establish the exact impact of the reform on your business. They will be able to advise what may need to be registered on the PPSR and the impacts and risks on your business if you choose not to register. Once you have made these decisions, you may then need to update your documents, register interests you have determined to be personal property security interests on the PPSR and update your business processes with any changes to how you operate.

## Glossary

The basic process is a secured party takes a security interest in collateral that a grantor has an interest in. So what does all this mean? A secured party has a security interest in a piece of personal property. The secured party could be an individual or organisation. A secured party group allows for the recording of secured parties in the register. A security interest is created through a transaction and is a right in property - for example, a bank's interest in a car they financed. Collateral, is the property to which the security interest is attached. There are classes of collateral and the classes are simply groupings of collateral for example tangible and intangible. A grantor is an entity that grants a security interest over personal property to another party. Grantors include those who use their business assets as security for a loan, receive property under a retention of title arrangement, or lease personal property from another party for an extended period. A grantor can be an individual or an organisation. Grantors that are individuals are identified by their full name as it appears on their driver's licence or passport and their date of birth. Grantors that are an organisation are identified by a number, such as an ABN or ACN.

## Summary

The result of PPS reform is a single Commonwealth Act and a single national register. To prepare, there are three simple steps; visit the PPS website, gather your agreements and identify business practices and talk to your professional advisor about how the PPS reform affects your unique business situation, as they know your business. Thank you for taking the time to view this presentation. Please visit [www.ppsr.gov.au](http://www.ppsr.gov.au) for more information.