



What is the PPSR?

The Personal Property Securities Register (PPSR) is the single, national online database of security interests in personal property in Australia.

Personal property generally includes all forms of property other than land, buildings and fixtures.

Buyers can check the PPSR to see if the valuable second-hand goods they want to buy are debt-free and safe from repossession. A search fee is \$2.00.

For a business selling on terms -- such as retention of title or commercial consignment, or hiring or leasing out goods for longer terms – properly registering helps protect its interest, for instance should a customer not pay or go broke. A registration fee starts from \$6.00 for 7 years.

PPSR CASE STUDY 8/V3

Agriculture – Lentil farmer Len

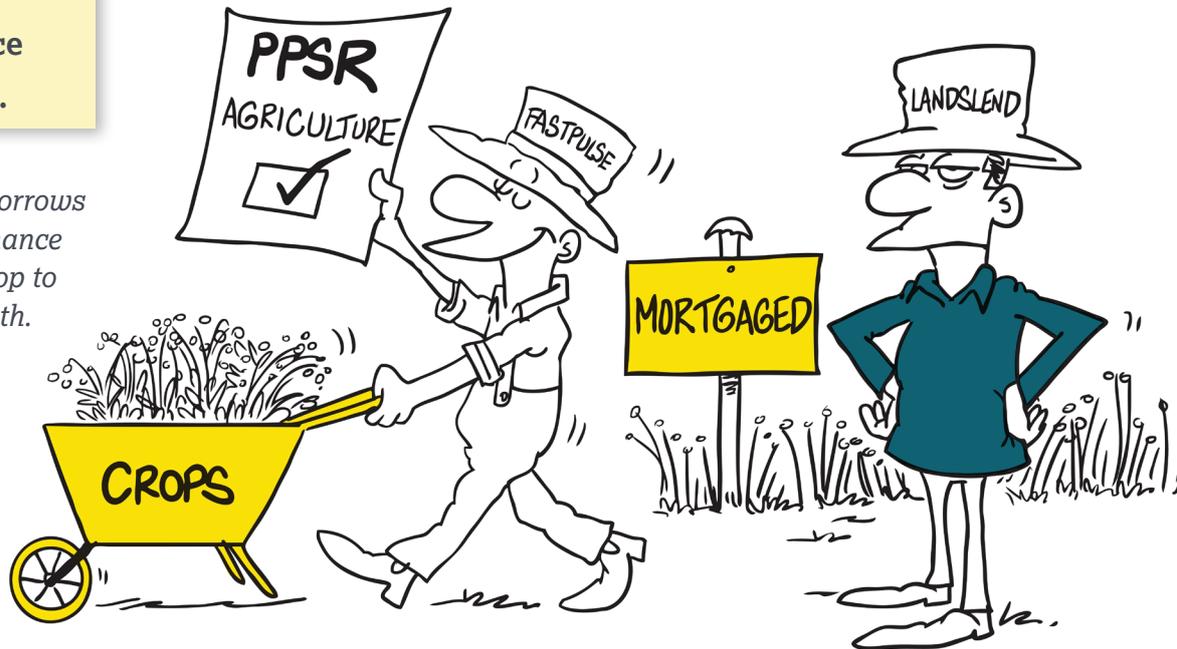
Scenario – Using PPSR to raise finance against crops and land ...

Concepts covered:

- Raising finance
- Priority rights.

Lentil farmer, Len, borrows from Fastpulse to finance the next season’s crop to be planted next month.

Fastpulse takes security over the crop for the debt, and registers a security interest on the PPSR (collateral type ‘agriculture’).



Len later gives a mortgage over the farm land on which the crops are growing, to Landslend to secure borrowing for new plant and equipment.

Len goes bankrupt two months later owing money to Fastpulse and to Landslend.

Landslend claims that the crop, still unharvested, is part of the land.

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Fastpulse is able to recover the crop (and can re-enter the land to do so) because a security interest in growing crops is not affected by any subsequent sale or mortgage of the land.

Landslend could have searched the PPSR before taking security over the land, to see if any crop security was registered against Len.

Tip

If Len had given security to Fastpulse *after* having given a mortgage of the farm land to Landslend, the result would be different. In this case, Fastpulse could have searched the land titles register to discover Landslend's security over the land.

This is a general scenario intended to provide typical examples.

This scenario is not legal advice about how the law applies to your particular business and dealings.

You may wish to seek professional advice from your accountant, financial adviser or lawyer.

For more information about the Australian Government's Personal Property Securities Register (PPSR) go to:

Website: www.ppsr.gov.au

Email: enquiries@ppsr.gov.au

Telephone: 1300 007 777