



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 \$3.40.

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 \$6.80 for 7 years.

PPSR CASE STUDY 10/V1

Agriculture – Flo’s cattle feed

Scenario – supplier uses PPSR to protect their security interest in cattle feed sold on credit ...

Concepts covered:

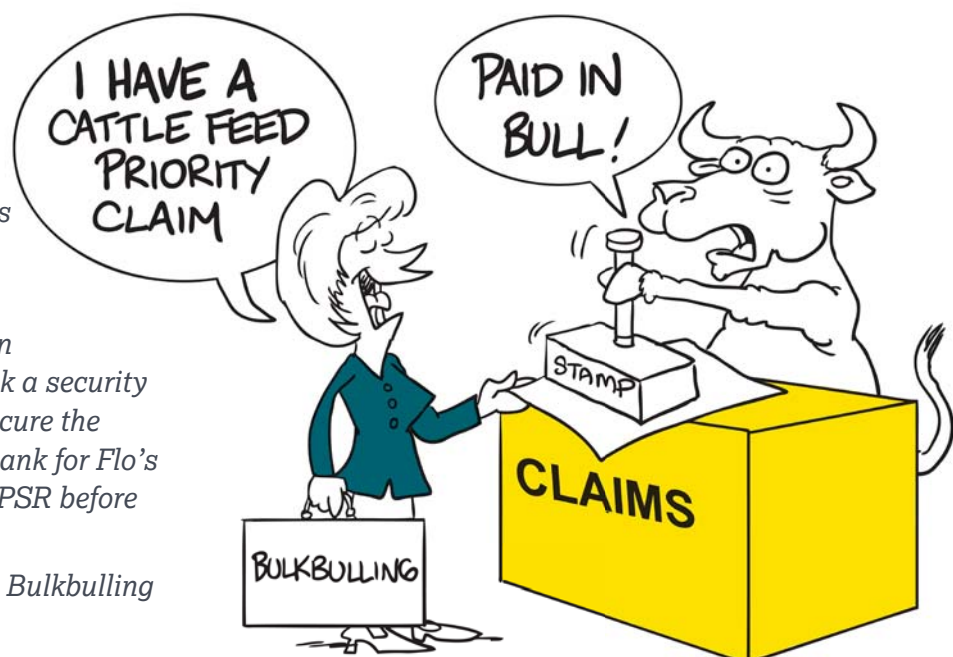
- security interest in cattle feed
- agricultural PMSI (purchase money security interest)
- cattle-feed priority claim.

Bulkbulling supplies cattle feed to Flo and other cattle farmers, on terms of 30 days credit.

Bulkbulling takes security over all livestock held by Flo to secure any monies owing for feed, and registers a security interest over the cattle (collateral class ‘agriculture’).

Earlier, before any dealings between Bulkbulling and Flo, Stockbank took a security interest over all Flo’s property to secure the overdraft facility granted by Stockbank for Flo’s business, and registered it on the PPSR before Bulkbulling’s registration.

Flo goes bankrupt while still owing Bulkbulling for cattle feed.



continued next page ...

Because Bulkbulling secured its interest over goods which it supplied to enable the livestock to be fed, it has special priority over the livestock that have been fed.

Therefore, Bulkbulling takes priority ahead of Stockbank's general security over those cattle, for the amount owing for the feed.

Tip

Of course, Bulkbulling also makes sure to properly register its security interest over the feed as a PMSI so that it also has super-priority over any security interests in the feed (such as Flo's bank – i.e. Stockbank).

The super-priority continues even when the cattle have been fed with that feed.

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