



## 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 3/V5

# Automotive – Body Paint

*Scenario – automotive painter claims for unpaid work done on ice-cream van ...*

### Concepts covered:

- retention of title
- commingled, process, manufactured goods
- perfected security interest.

*Ice-cream delivery company, Conan Ices, recently bought an old ambulance to add to its fleet of vehicles. Before the ambulance hits the road, the company takes it to Body Paint vehicle workshop for a complete respray in metallic pink.*

*Body Paint's terms and conditions retain title to all goods it supplies as part of its work until all invoices have been fully paid for.*

*To protect their retention of title, Body Paint registers a security interest on the PPSR against the Australian Company Number (ACN) of Conan Ices before receiving the ambulance for the respray work.*

*Conan Ices goes into liquidation before paying Body Paint for the work or the paint. As the liquidator moves in to sell all vehicles, Body Paint claims the value of their paint out of the proceeds from the sale of the ambulance.*



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## If this sounds like a scenario that could apply to your business, you might want to consider these things ...

Body Paint's registered security interest (its retention of title clause in respect of the paint) is enforceable on liquidation.

The law extends registered security interests to 'processed, manufactured or commingled' goods which form part of a product where the identity of the goods is lost in the product or where it's commercially impractical to restore those goods to their original state. The paint used on the old ambulance has been 'processed', which has made it impossible to restore as paint.

### Tip

The fact that the paint used to respray the ambulance can't be physically restored or given back by the liquidator doesn't defeat Body Paint's entitlement to recover the paint's value.

*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](http://www.ppsr.gov.au)

**Email:** [enquiries@ppsr.gov.au](mailto:enquiries@ppsr.gov.au)

**Telephone:** 1300 007 777