



Australian Government
Australian Financial Security Authority



Personal Property
Securities Register

Your business guide to the Personal Property Securities Register (PPSR)

Is your business ...

- ✓ wholesaling or selling on credit terms?
- ✓ hiring, renting or leasing out for more than 2 years?
- ✓ in building or construction?
- ✓ in agriculture or farming?
- ✓ buying or selling valuable second-hand goods?
- ✓ in the automotive services or supply industry?
- ✓ selling art or other goods on consignment?

Second
edition



Important guide for businesses and
their accountants, financial advisers and lawyers.

www.ppsr.gov.au



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This section contains more detailed and important information you may need to consider. If you work with an accountant, financial adviser and/or lawyer, make sure they are familiar with this section.

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This guide can help you with the Personal Property Securities Register (PPSR), but 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.

Fee changes and ongoing improvements to the register do mean changes from time to time and it is recommended you check the PPSR website ppsr.gov.au to make sure you have the most current information.



Before you say 'NOTHING TO DO WITH ME' ...

Do you ...

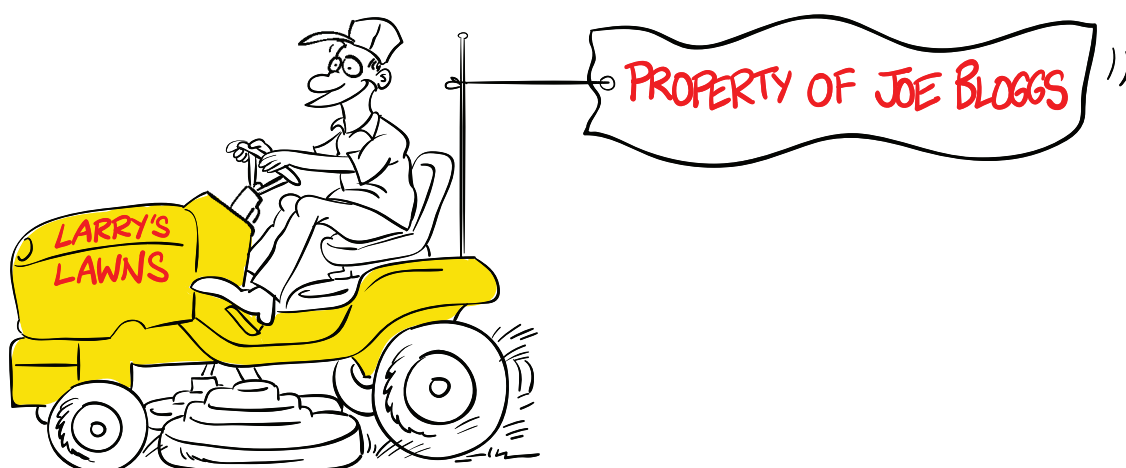
- **sell goods on 'retention of title' terms?**
- **consign goods to others?**
- **hire, rent or lease out goods for more than 2 years?**
- **buy or sell valuable second-hand goods or assets?**
- **want to raise finance using stock or other assets as collateral?**
- **work as an adviser to clients who conduct these activities?**

If you answered 'yes' to any of these questions, the *Personal Property*¹ *Securities*² Register may assist your business.

Do I need to do things differently?

Australia's personal property law changed in 2012.

This guide is intended to help Australian business operators who are not familiar with the practical implications of this law and to explain the benefits it may offer to their business.



¹ *Personal property* is basically any sort of property that is not land, buildings or fixtures. See page 54 for expanded definition.

² *Security interest* is a legal term for an interest in personal property that secures payment of a debt or obligation. See definition on page 55.

Why was the PPSR introduced?

In 2012, the *Personal Property Securities Act 2009* replaced many state, territory and Commonwealth laws and registers with one national system and register – the Personal Property Securities Register (PPSR).

State registers, such as vehicle security registers, and national registers such as the *ASIC Register of Company Charges* – more than 35 registers – are now replaced by one online PPSR.

Additional security interests can be now registered on the PPSR that were not able to be registered anywhere before – especially leases that run for more than two years, and sales of goods on retention of title terms (i.e. on terms of credit).

With everything in one place, and a wider coverage of security interests than before, **registering and searching is much easier and reduces risk to secured parties and searchers**. One register with simpler rules reduces the costs of doing business and makes access to credit easier and wider.

Sellers, lessors or lenders can use the PPSR to register security over goods.

Buyers and others can check whether security interests are being claimed and by whom. Their search of the PPSR will help them make a more informed decision about lending to, buying from, or otherwise dealing with a particular customer, or buying particular goods or property.

This type of system has been in place for many years overseas, such as in North America and New Zealand, and is recommended by the World Bank and other international bodies.



Is the PPSR relevant to my business?

Every day you may be putting your business at risk when buying, selling, leasing or hiring out goods, or selling valuable goods on consignment. Ask yourself ...

- do the goods you are buying have money owing on them?
- will you get your goods or money back if your customer goes broke?

You can't avoid these common transactions, but you can protect yourself.

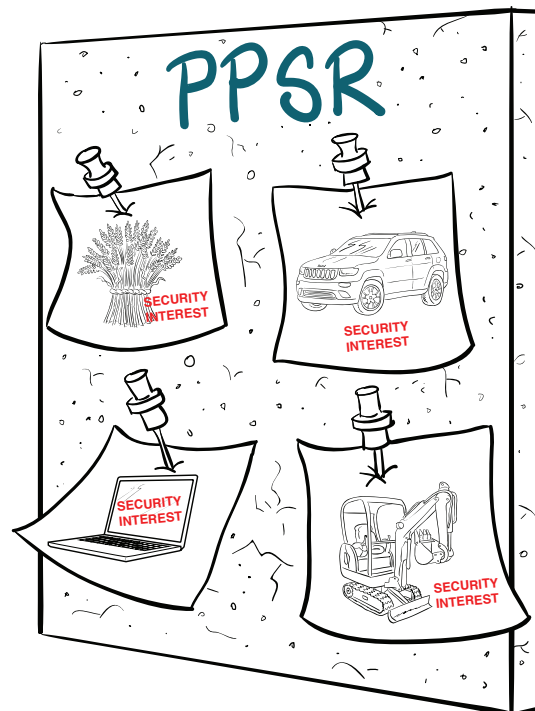
How can I protect my business?

The PPSR (or register) is a single, national online database that shows³ you whether someone is claiming an interest⁴ in goods or assets⁵.

You can also make a registration, so others know when you have retained an interest in goods you are supplying. This means that if your customer doesn't pay, or goes broke, you are in the best position to get your goods, or their value, back.

The PPSR is a one-stop shop and can be accessed at ppsr.gov.au, 24 hours a day, 7 days a week.

Fees apply to a PPSR search (\$2.00) and a PPSR registration (from \$6.00)⁶.



³ At the time you check.

⁴ *Interest* in this publication refers to *security interest* — an interest in personal property taken to secure payment of a debt or obligation. A good example is a car loan where the lender takes a security interest in the car and registers their interest on the PPSR. If the borrower does not pay, the lender can effectively sell the car to recover their debt.

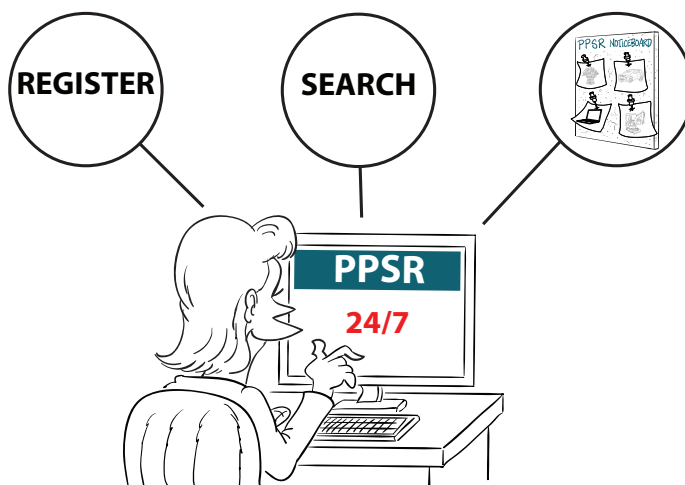
⁵ *Goods* and *assets* in this publication refer to *personal property* — essentially any property that is not land, buildings or fixtures. See collateral entry on page 53.

⁶ Fees as at 1 July 2019 and are subject to change. Check ppsr.gov.au for current fees.

So what does this really mean for my business?

The register can offer your business excellent risk protection. It is also a tool that can help you raise finance using your business goods and assets.⁷

Using the register can protect you in two main ways:



1. When buying goods or acquiring

personal property – searching the register helps you make an informed decision because you can check whether the valuable goods or personal property you want to buy are free from existing financed debt and so safe from possible repossession.

2. When selling on retention of title terms or consignment, or hiring or leasing out

goods – properly registering can help protect your security interest should any of your customers not pay or go broke.

And if that happens, being registered can mean you're first in line to get your goods or money back, instead of at the back of the queue (and possibly getting little or nothing back after a lengthy insolvency process).

TIP

As an example, an Australian grain broker recently went broke and the grain growers who had registered their security interests against the broker recovered about 90% of their debt owing from the crop. Unregistered suppliers were only expected to get 10 cents in the dollar of the amount they were owed.

⁷ For more information, see *Is the register just about risk management?* on page 8.

Think your contract is enough?

A **retention of title** clause (indicating that title remains with you until goods are paid for in full) in your contract or invoice **may not** protect you on its own in the event that your customer goes broke before your are paid.

If you don't make a registration, your **retention of title** clause may not stack up against others when you need to rely on it.

In other words, someone else who has registered a security interest (such as a bank) will be ahead of you in the queue should your customer default or go broke.

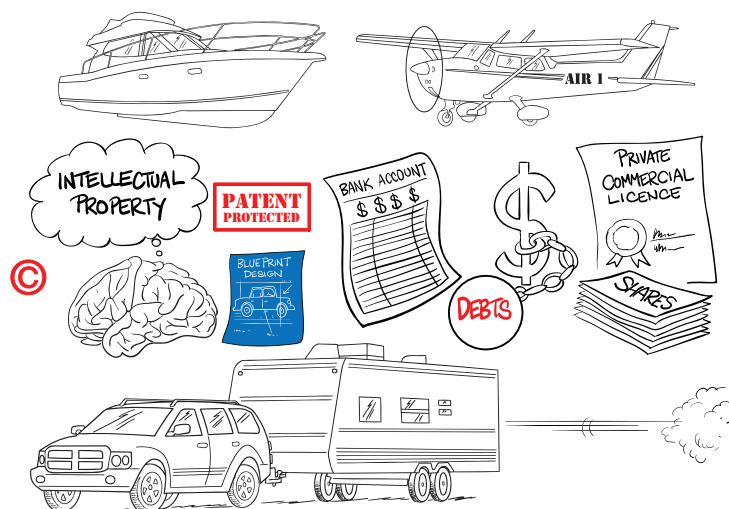
Make sure you **back up** your contracts by registering your interest as soon as possible.



What sort of personal property is noted on the register?

The register is a national online noticeboard of security interests in almost anything of value – except for land, buildings and fixtures. For example, a security interest can be granted over the following personal property:

- motor vehicles, boats or aircraft
- crops, cattle and other livestock
- stock in trade, artworks and equipment
- other goods, new or second-hand, whether owned by businesses or individuals
- intangible property, such as patents, copyright, commercial (not government-issued) licences, debts and bank accounts
- financial property such as shares, cash or cheques.



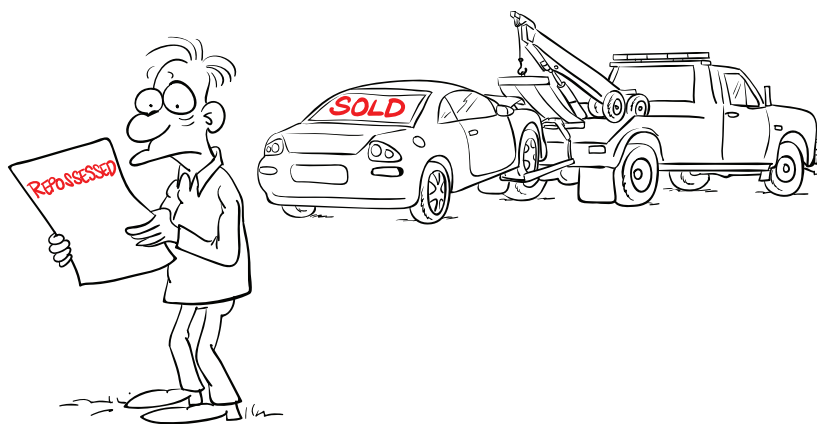
I'm buying goods, what's in it for me?

Searching the register lets you know if the valuable goods you are interested in buying are being used as security for a debt or other obligation. The register won't tell you the value of the obligation, but it lets you know who the obligation is owed to so you can find out more.

For example, someone may try to sell you used goods, such as a van or piece of machinery, without telling you they still have finance owing on it.

And if they stop making payments on the loan, there's a very real chance the finance company can turn up on your doorstep and take those goods away, without paying you a cent for your loss.

For \$2.00⁸ you can search the PPSR to check that goods you want to buy are likely to be free of financed debt, and safe from possible repossession.



TIP

If you buy from a seller whose ordinary business is selling goods of that kind (e.g. buying a photocopier from a business that sells office equipment) then the law protects the buyer. You would usually take those goods free of any interests, and therefore safe from repossession. See *taking free rules* on page 41.

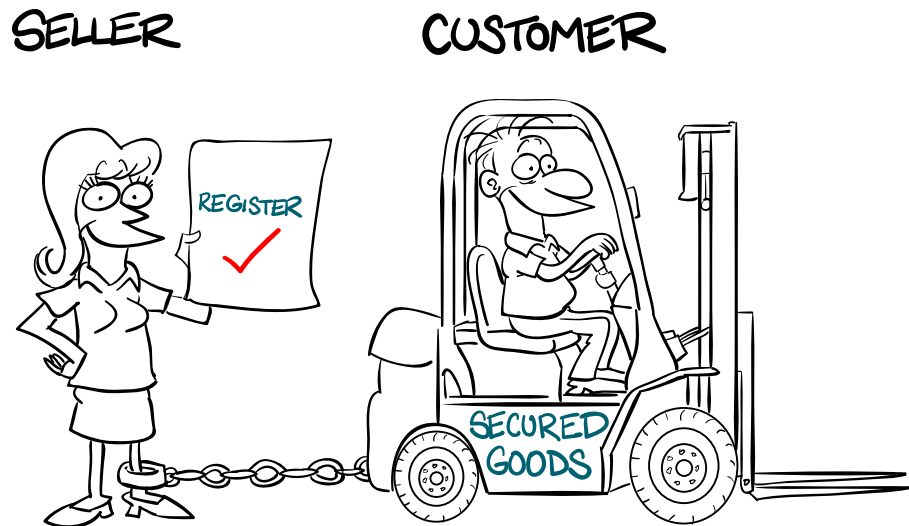
I'm selling goods on terms or on consignment – what's in it for me?

Making a registration shows searchers that you are claiming an interest in the goods or assets you are selling on retention of title terms, or have consigned to someone else to sell on your behalf. This interest means the goods or assets secure the debt or obligation that someone owes you⁹. The registration protects your interest in the goods or assets should the customer¹⁰ default or go broke.

⁸ Fees change from time to time. Check ppsr.gov.au for current fees.

⁹ Registration helps to protect your interest but does not prevent someone from on-selling your goods.

¹⁰ In this case, the customer is the party that granted the security interest. See page 13.



If you don't make a registration on those goods or assets and your customer¹¹ goes broke before they have fully paid you, your stuff may be sold to pay secured creditors first. If you have not registered your security interest, you will be an unsecured creditor in an insolvency and may not recover much, if anything, of what you are owed.

If you register as early as possible, you stand the best chance of being first in line¹² over other creditors. It also helps you to protect your interest, even if the goods or assets are sold on, mixed or installed onto other goods.

I'm leasing, renting or hiring out goods to customers, what's in it for me?

If the lease, rental or hiring arrangement was entered into after 20 May 2017¹³ and is for a term of more than 2 years, or the arrangement does in fact last more than 2 years, then making a registration protects your interest in your goods or assets when they are not in your possession.

Leases and bailments entered into prior to 20 May 2017 are regarded as a 'PPS lease' if the term is for an indefinite period or a term of one year or more.

It shows you are claiming an interest over the goods or assets you are hiring, renting or leasing out. If you don't make a registration and your customer goes broke, your stuff may be sold to pay creditors.

You must also be regularly engaged in the business of leasing or bailing goods for your lease, rental or hire arrangement to be regarded as a security interest that can be registered on the PPSR.

¹¹ In this context, the customer is the 'grantor.' See pages 13 and 53 for more information.

¹² Having priority over other interests. See *Priorities and purchase money security interests* on page 42, for more information about how priority works.

¹³ For leases entered into before 20 May 2017, see page 54.

Is the register just about risk management?

No. The register has other benefits for business.

It's now easier to use your assets to secure lending.

Financiers can view interests registered against the goods or assets of you or your business, and that makes it easier for them to decide whether or not to lend to you.

And as shown in *What sort of things are noted on the register?* on page 5, you can offer a wide range of your assets as security for a loan – almost anything of value. The ability for financiers to register an interest on those assets using a single, national register makes the whole process easier for them.

Discuss with your bank or lender what might be used as security (collateral).

TIP

As an example, a small education provider was able to raise finance on its invoices, giving the business immediate access to working capital, instead of having to wait up to 120 days for its invoices to be paid by a debtor. The financier's registration protected their security interest in the debts owing to the business.

When and how often do I register?

Register as soon as you know you're going to be dealing with a new customer where your goods or assets will be used as security for payment or obligation, or with an existing customer on new terms. **Don't wait until delivery of any goods to the customer.** Your rights are protected **from the time of registration**, and first in time equals first in line.

For more information on the benefits of registering as soon as possible, you should read *Priorities and purchase money security interests* on page 42 and the 'timings rules' on pages 38–40.

TIP

If you are selling the same types of goods to the same customer on a regular basis, on the same terms, a single \$6.00¹³ registration has you covered for up to 7 years.

¹⁴ Fees change from time to time. Check ppsr.gov.au for current fees.

How much does it cost¹⁵ to register or search?

To register:

- \$6.00 for up to 7 years
- \$25.00 for up to 25 years
- \$115.00 for an indefinite period.

To search online:

- \$2.00 for one search.

How do I register or search?

Refer to *How to use the register* in the next section (pages 13-23) and the case studies (pages 24-33).

Who can give me more help?

If you need more information, talk to your accountant, financial adviser or lawyer.

Visit ppsr.gov.au or call **1300 007 777**.

TIP

Some commercial providers, such as accountants and other financial and legal advisers may offer services to fill out and make the registration on your behalf.

Ok, but do I really need to use it?

The law is there to protect you. If someone else registers their security interest and you don't, you could lose out if your customer goes broke before your goods are paid for or returned.

Using the register is optional, but many businesses rely on it as an effective risk management tool.



¹⁵ Fees change from time to time. Check ppsr.gov.au for current fees.

Business transaction checklist

☒ Are you entering into transactions concerning goods and assets?

- ☒ This includes stock, vehicles, crops, livestock, debts and shares, non-government licences, and intellectual property.
- ☒ This does not include land, buildings and fixtures on land, water rights or non-transferable licences, and many government-issued licences.

☒ Do you have a contract with a customer for *any* of the following?

- ☒ Do you sell goods on 'retention of title' terms (i.e. ownership remains with you until goods are paid for in full)?
- ☒ Do you lease or hire goods out for a term of more than two years or for arrangements where the leasing/hiring lasts more than two years (refer to page 54 for *PPS lease definitions*).
- ☒ Do you consign goods (e.g. for sale on your behalf) to others?
- ☒ Do you lend money or otherwise give credit, and take security for it over your customer's assets (not including land, buildings and fixtures)?
- ☒ Debt-factoring, such as on-selling or giving security over invoices.

TIP

If you answered yes *to any of these*, consider using the PPSR to help protect your business.



Industry checklist

The table below lists common business transactions by some industry sectors. This checklist may help you decide if the PPSR is relevant to your business, even if your industry sector is not listed here.

Industry	Transactions
Agribusiness	 Selling or buying livestock, wool, timber, feed or fertiliser, crops, nursery trees.  Leasing or other hiring out of stud or breeding cattle, horses or other animals.  Selling, leasing out or purchasing farm machinery or equipment.
Automotive	 Selling, leasing out or financing cars, trucks, trailers, or caravans.  Leasing vehicles to employees; buying second-hand vehicles.
Building and construction	 Selling or buying materials.  Selling, leasing or hiring out construction or mining plant and machinery, either separately or as part of works contracts.
Financial services	 Selling or buying shares and other investment products whether for your business or for third parties.  Dealing in or lending on debts (e.g. book debts, invoices, or receivables).  Lending on security over any type of goods or assets – except for land, buildings and fixtures.
Hire and rental	 Leasing, renting or hiring out any goods for a term of more than 2 years, or where such arrangements do in fact last more than 2 years. See page 54 for more information.
IP and research and development	 Selling or buying goods, including software and/or licensing others to use software or other intellectual property (e.g. copyright, patents, designs).

Industry	Transactions
Mining	☒ Selling or buying materials. ☒ Selling, leasing or hiring out construction or mining plant and machinery, either separately or as part of works contracts.
Professional artists, hobbyists and dealers	☒ Leaving your work (e.g. artwork, jewellery) for sale on consignment with a gallery or other seller.
Retail	☒ Buying goods from wholesalers and selling goods on credit.
Wholesale and manufacturing	☒ Selling goods on terms (other than cash on delivery) to retailers for on-sale to the public or as materials for use or installation in manufacturing, agriculture or any other process.

TIP

The PPSR only impacts leasing, hiring and renting arrangements that last for at least 2 years. See page 54.

TIP

It is recommended to check the PPSR to clean up any undischarged registrations listed against you or your business when selling your business or applying for a loan. See pages 50–51.

How to use the register

Some PPSR technical terms explained

To use the register, it pays to understand some of the technical terms. The following explanation and illustration below will assist.

The register (called the **PPSR**) is an online noticeboard listing security interests over any goods and assets that are not land, buildings or fixtures (the legal term for such goods and assets is **personal property**).

These goods and assets can be owned by an individual or a business.

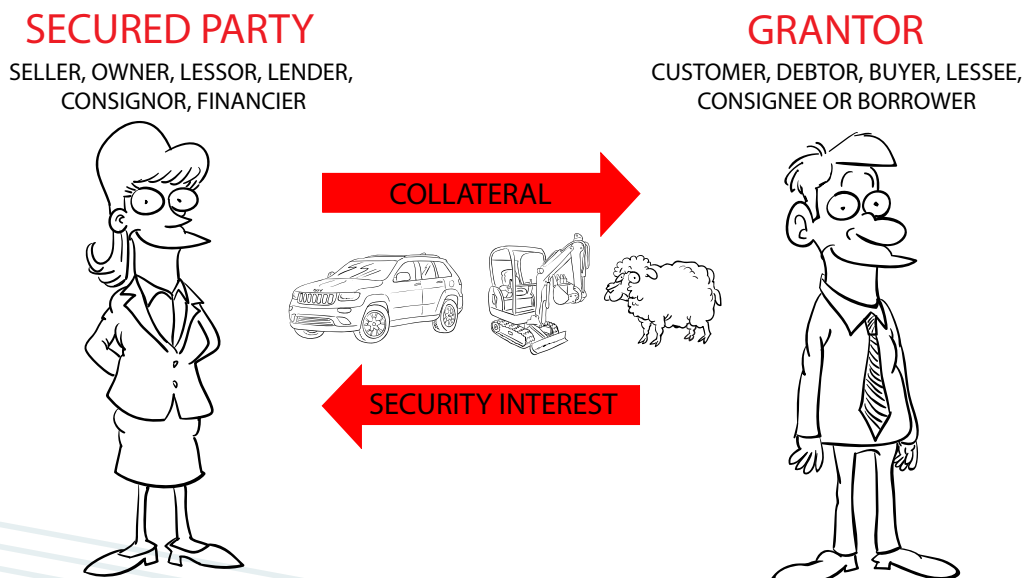
A business or individual can use them as **collateral** (personal property offered up as security for a debt owed to sellers or financiers). Collateral can include goods leased or hired out, sold on retention of title terms, or sold on consignment.

In such cases, the seller, owner, lessor, lender, consignor or financier (called the **secured party**) has a claim over the collateral (called a **security interest**).

The secured party should register their security interest in the goods or assets to ensure their interest is protected.

The business or individual (customer, debtor, buyer, lessee, consignee or borrower) who offers the collateral as security is called the **grantor** because they grant the security interest over the collateral to the secured party.

A PPSR registration protects security interests in case the grantor becomes insolvent or bankrupt or otherwise does not fulfil their obligations. A PPSR registration also determines the priority of secured parties between different security interests in the collateral.



How do I search the register?

You need a credit card for payment, and the details for the property or grantor you want to search against.

One online search costs \$2.00¹⁶

The two key ways to search¹⁷ are:

- by serial number — for some property only (see below)
- by grantor details — Australian Company Number (ACN), Australian Business Number (ABN) or, in the case of an individual, usually the name and date of birth on a driver's licence. See page 20 to help determine which one you should use.

Serial-numbered **consumer** property can only be searched for against the serial number NOT against the grantor's name.

The types of **serial-numbered property** that can be searched against specified serial number types are:

- motor vehicles (by vehicle identification number (VIN))
- watercraft
- aircraft
- some types of intellectual property.

To do a PPSR search or for more information about what is considered to be serial numbered property and a motor vehicle, see pages 35 and 55.

TIP

Record your search number in case you need it later as evidence of the result generated at that earlier time.

¹⁶ Fees change from time to time. Check ppsr.gov.au for current fees.

¹⁷ Refer to Schedule 1 of the PPS Regulations.

Who can check the register?

Anyone wanting to know about security interests can search the online register.

The most common reasons for searching are:

- a buyer searching to make sure the goods they are looking to buy does not have finance owing against them
- a liquidator or bankruptcy trustee searching for existing security interests, because they affect other creditors in the liquidation/bankruptcy
- a business, or financier, searching a potential customer as part of their customer credit checks process
- businesses checking to clear any undischarged registrations against their business before selling their business or applying for a loan.

There are privacy restrictions for searching and using information you find about grantors who are individuals, so make sure you read the terms and conditions of use on the PPSR.

TIP

You don't need to search if buying a vehicle from a licensed motor vehicle dealer, the law says you'll take the car free of any prior interest. See page 41.

TIP

If you are a car dealer and buying vehicles as floorstock to onsell, taking free rules apply differently. See the car dealer brochure on the business resources page at ppsr.gov.au.



What results do I get?

A search on the register returns one of two results:

- no security interest
- one or more existing registrations.

Your search results appear on screen. For no additional fee, you can also generate a **search certificate** which can be used as evidence in any dispute or in court.

TIP

Take care to get the grantor details or serial number exactly right or you may not find the information you're seeking.

If your search returns one or more registrations, the result lists details of the **secured parties** and dates of their registrations. Review this information and consider whether it affects your decision to deal with the person or the goods listed in the registration.

Secured party: The seller, owner, lessor, lender, consignor or financier who has a claim over the collateral.

How do I get more information about the registration?

The grantor, or someone with another security interest in the same goods or property, can request in writing that the secured party provide a copy of the **security agreement** (i.e. terms and conditions).

In most circumstances, the secured party must — in writing and **within 10 business days** after receiving the request — supply information about the debt, confirm the collateral secured or provide a copy of the security agreement.

The secured party is entitled to charge you the reasonable cost of providing the copy and other information. If you think the fee is excessive, you can apply to the court for the fee to be reviewed.

If the registered interests do not support an existing debt or a valid security interest, or if the security is only over some of the collateral against which it has been registered, you can write to the secured party requesting that they amend their PPSR registration (known as a **financing change statement**) to reflect this. See pages 50–51.

How do I register?

Go to ppsr.gov.au to make a registration.

You need to create a PPSR account before you can create a registration.

You can create a PPSR account as a business or individual.

A PPSR account allows you to:

- create, amend and end (discharge) registrations
- choose your preferred payment method
- set up secured party groups
- create multiple users so others in your business can transact on the same account
- create PPSR registration templates to save your details, such as collateral type and class, secured party groups numbers and grantor details, to help streamline the registration process.

There is no fee to set up or maintain an account.

What do I need to create an account?

You will need:

- the **name** of the individual or entity (e.g. company, partnership) who will own the PPSR account
- the **identifier** if a business entity e.g. ACN or ABN. See page 20.
- an email and mailing address
- details to create a **key contact** and an **account administrator**.

An account administrator is the person who will manage your account. You may wish to create a second administrator as a back-up.



What do I need to create a registration?

To make registering simple, have this information on hand:

- **secured party** details including the name(s) and identifiers
- **grantor** name or identifier (if applicable¹⁸)
- information about the goods/assets (**collateral**), including the serial number if applicable
- **credit card** for payment — unless you have established alternative payment methods such as pre-pay or a credit account (ppsr.gov.au has more information on payment options).



TIP

Make sure you enter all names and numbers correctly. If not, no matter how small the error, you may lose out because other people may not have been able to discover it on the register.

TIP

If you're leasing, selling on retention of title, or on consignment, you may have a *purchase money security interest* (PMSI) enabling you to claim super-priority. If you do have a PMSI, you **MUST** tick the PMSI box when registering. See page 42 for more information.

¹⁸ Some registrations (e.g. *consumer serial-numbered collateral*, such as a vehicle) **cannot** be registered against the grantor's details.

How do I set up as a secured party?

A secured party is the individual or organisation that holds the **security interest** (seller, owner, lessor, lender, consignor or financier). See page 13 for more information.

Secured party registrations are managed on the register by **secured party groups** (SPGs).

If you are a first-time user, you must create an SPG before you can complete your registration.

The SPG can have any combination of individual or organisational secured parties.

Each SPG is allocated two different numbers:

- a **unique SPG number**
- an **access code**.

Make sure you keep these two numbers safe — **you need them both**.

TIP

Once you have set up an SPG, you cannot change the secured parties within it. If you need to add or remove secured parties, or even correct a spelling mistake, you must create a new SPG.

Once you have created an SPG, it can be used for all registrations relating to that secured party. You can also use those details to amend or discharge any registration that belongs to the SPG.

You can save the SPG as a favourite, or set it as your default so you don't have to re-enter the details each time you make a registration.

You can also change the **access code** to something easier to remember.

Security interest: A claim over the collateral to secure payment of debt or another obligation.

What is an address for service?

You must enter an **address for service** when you create your SPG. The address for service lists contact details for the secured party.

The register sends one notification to the address for service by email and it is the responsibility of the owner of the address for service to distribute this notification to other secured parties in the SPG (e.g. if there is more than one business involved as the seller or lender).

The **address for service** is displayed on registrations that belong to the **SPG**.

People using the register use the **address for service** details to contact the secured parties if they have any questions about the registration.

If you have included a **giving of notice identifier** (GONI) in your registration (which is a unique identifier to your business, such as a customer number) this needs to be **included** in any formal service of notice.

Keep this information up to date. You must enter an email and mailing address. A physical address is optional.

Grantor

Grantor: The business or individual (customer, debtor, buyer, lessee, consignee or borrower) who offers the collateral as security.

You **must** include the grantor details on all registrations, except for serial-numbered consumer property. For serial-numbered consumer property, you must register against the serial number of that particular personal property. See page 55.

When recording grantor details, please ensure you use the correct identifying information to ensure your registration is legally effective and discoverable, in other words, that other people are able to find it when doing a PPSR search.

Who is your grantor?	Grantor identifiers are ...
An individual	... name and date of birth on their driver's licence, proof of age card, passport, visa or birth certificate.
A company	... its Australian Company Number (ACN). An ACN must be used instead of an Australian Business Number (ABN) as the security interest is registered against a company. Note a company may be operating as a trustee (see below).
A partnership or body politic	... its ABN
A trust	... its ABN if the trust has one, otherwise use the name of the individual trustee.
Any other body corporate	... its official name
Managed Investment Scheme	... its Australian Registered Scheme number (ARSN)
Australian Registered Body	... its Australian Registered Body number (ARBN)

Collateral

You must choose from a number of options on the register to identify the collateral class of the goods you are claiming an interest over.

Some common examples are:

- serial-numbered goods — can include motor vehicles, aircraft, watercraft and intellectual property
- agriculture — including crops and livestock
- other goods — if no other description is appropriate, select *other goods* and add a brief description of the collateral in the free text field
- all present and after-acquired property — everything the grantor has now and may acquire in future.

See the PPSR collateral type and class guide on the next page to assist you in making correct selections.

TIP

Registering against serial numbers for serial-numbered commercial property, as well as against the grantor's details, will help protect you if the collateral is transferred to others. You must use the serial number for some types of consumer property, such as a motor vehicle.

Confirmation of your registration

Once a registration is created, it will be given a unique registration number. This will be included on the **verification statement** (confirmation of your registration) which will be emailed to you. You will need to provide a copy of this to the grantor. You will also be emailed a **token** that can be used to manage your registration.

Always check the information on the verification statement to make sure your registration is accurate.

Managing your registrations

To amend any registration you will need to use **either** your:

- **secured party group** (SPG) and **access code**
- **registration number** and **token**.

As an account user, you have access to reports that can show details about your registrations, including when they are due to expire.

TIP

Keep all these details safe — you will need to refer back to them.

Understanding the collateral type and class when doing an online registration



COLLATERAL

Collateral is personal property offered up as security for a debt or other obligation owed to sellers, financiers or other secured parties.

COLLATERAL TYPE



CONSUMER PROPERTY

Personal property held by an individual and not for any use in a business with an ABN.



COMMERCIAL PROPERTY

Personal property that is held wholly or partly for business use in an enterprise or business to which an ABN has been allocated. Includes property held by a sole trader with an ABN.

COLLATERAL CLASS

A registration on the PPSR requires the selection of a general description of the property covered by the registration.



MOTOR VEHICLE

Any vehicle with a vehicle identification number (VIN), or a chassis or manufacturer's number, which is capable of speeds of at least 10 kph and with power of at least 200 W

OR

towed or towable vehicles with a separate VIN.



AGRICULTURE

Personal property that includes crops and livestock. A registration may be made against crops or livestock or against agriculture to cover both.



WATERCRAFT

A boat or vessel (other than a seaplane) with a hull identification number (HIN) or an official number. Note that an outboard motor is not registered under 'watercraft', but under 'other goods.'



INTANGIBLE PROPERTY

Any property that is not tangible or financial property. It is made up of the sub-classes account, intellectual property, and general intangible.



ALLPAAP*

A security interest in all personal property that the grantor has an interest in at the time of registration, as well as property acquired by the grantor after the registration is made.



ALLPAAP* EXCEPT

This collateral class is the same as ALLPAAP with the exception of any property described in the free text field. A description of the property that is not subject to the security interest is mandatory.



AIRCRAFT

Comprised of aircraft engine, airframe, helicopter and small aircraft. An aircraft must be described by serial number.



FINANCIAL PROPERTY

Comprised of chattel paper, currency, document of title, intermediated security, investment instrument and negotiable instrument.



OTHER GOODS

Other goods may be selected as a collateral class to describe all other tangible property that cannot be described by the above collateral classes. This may include art, machinery, or a boat's motor.

**All present and after-acquired property.*

Registration periods and costs

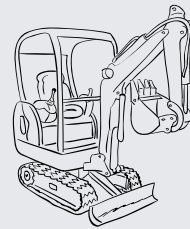
You can register a security interest:

- in consumer property or any serial-numbered property, for any period up to 7 years
- in all other cases, for any period up to 7 years, for 25 years or for an indefinite period.

Current charges¹⁹ are:

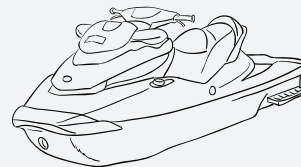
\$6.00 for any period up to 7 years

\$6.00 up to 7 years



\$25.00 for any period up to 25 years

\$25.00 up to 25 years



\$115.00 for an indefinite period

\$115.00 for an indefinite period



Similar fees apply to amendments.

TIP

To make sure your protection is continuous (and maintains your priority position), you **MUST** extend your registrations **BEFORE** they expire.

¹⁹ Fees as at 1 July 2019 and are subject to change. Check ppsr.gov.au for current fees.

PPSR case studies

This handful of typical PPSR business scenarios may help you understand the process and benefits of using the register. They don't cover every step of the process but will show you the key things to consider. Many more case study examples can be located at ppsr.gov.au, in the business resources area.



Case study 1

Commercial lease of office equipment

Printernational Pty Ltd supplies heavy-duty photocopying and printing equipment to the printing sector. Page and Co is a partnership offering commercial office copying and printing services. It leases a multifunction industrial printer from Printernational for a period of 3 years.

Printernational emails Page and Co asking them to agree to the standard terms and conditions for the lease. The email also describes the model and number of the printer. Page and Co sends an email response with an electronic signature of the Chief Executive, agreeing to the terms. Before the printer is delivered to Page and Co's premises, Printernational registers a *financing statement*²⁰ on the PPSR. Printernational is able to register a purchase money security interest — PMSI — as the lease is for more than 2 years. This is their first dealing with Page and Co. Two weeks after delivery of the printer, Printernational leases an industrial laminator to Page and Co for 3 years on the same terms and conditions.

One year later Dombank, which has a previously registered security interest over all the assets of Page and Co, appoints receivers to Page and Co to enforce its security interest. Despite this, Printernational is able to repossess both the printer and the laminator because they are the same type of collateral and their one registration was broad enough to describe both items and so protects their interests under both leases. As they have registered their PMSI, they have priority over Dombank in relation to the equipment.

For more information about a PMSI, see page 42.

TIP

The registration covers the laminator supplied two weeks later to the same customer as it is within the collateral class *commercial property: other goods*. Printernational does not need to register again.

²⁰ A *financing statement* is commonly referred to as a PPSR registration.

a Secured party details

Secured party 1

Secured party: *

☐ Individual (including sole traders)

☒ Organisation (including partnerships with an ABN)

Does the organisation have an ARSN?: *

☐ Yes

☒ No

Does the organisation have an ACN?: *

☒ Yes

☐ No

ACN: *

123456789

b Secured party group contact details

Recipient name or title:

Contact Person

Email: *

email.address@email.com.au

Mailing address: *

123 Street Lane

Suburb / city / town:

Town

State / territory / province / region:

State

Postcode / ZIP: *

1234

Country: *

AUSTRALIA

c Application details

Registration kind:

Security interest

What is the collateral type? *

☒ Commercial

☐ Consumer

TIP This selection shows when creating an SPG. If you already have a SPG, details will automatically populate when you enter the SPG number.

d1 Collateral 1

Select one collateral class from the categories below: * ?

Tangible property	General property	Intangible property	Financial property
☐ Motor vehicle	☐ All present and after-acquired property	☐ Account	☐ Chattel paper
☐ Watercraft	☐ No exceptions	☐ General intangible	☐ Currency
☐ Aircraft	☐ With exceptions	☐ Intellectual property	☐ Document of Title
☐ Agriculture		☐ Circuit layout	☐ Intermediated security
☒ Other goods		☐ Copyright	☐ Investment instrument
		☐ Design	☐ Negotiable instrument
		☐ Patent	
		☐ Plant breeder's rights	
		☐ Trademark	

d2 Collateral – step 2 of 6

Collateral item(s) apply to all secured parties and grantors.

Registration kind:

Security interest

What is the collateral type?

Commercial property

Is the registration transitional?

Not transitional

Collateral 1

Collateral class: * ?

Other goods [\[Change collateral class\]](#)

Description: ?

Office equipment leased from Prinernational

When providing a description, describe the collateral as specifically as possible. It may be appropriate to use the description of the collateral from the security agreement.

a Create secured party group – a secured party group (SPG) is needed to complete a registration

Secured party details – for this case study you will need to use Prinernational Pty Ltd's ACN number.

The *secured party identifier* is the ACN as it is an incorporated company. For more information, see *How do I set up a secured party?* on page 19.

b Address for service

The email given for the *address for service* is where documents may be served and enquiries made. For more information see, *What is an address for service?* on page 19.

c Create a registration:

Collateral type – select *commercial*.

As the equipment is used to further a business it is *commercial property*. See page 22.

d Collateral class – select *other goods* and use the free-text field to describe the goods.

The printer, for business use, is commercial property. It is *other goods* because it does not come under the other specified collateral classes in the regulations. Using the free-text box on the financing statement (commonly known as a PPSR registration) to add more detail about the registered goods is optional. Prinernational could state that the collateral is *office equipment leased from Prinernational*, because without clarification it could suggest they are claiming security over all Page and Co's *other goods*, which either Page and Co or other lenders may challenge. However, by using the general description *office equipment* in the free-text box, the registration can also cover future leases of other types of office equipment from Prinernational to Page and Co (for example, scanners, shredders, and binding machines). See page 22.



Case study 1 (continued)

e **Duration of registration**

Select a duration for this registration: *

☒ 7 years

☐ 25 years

☐ Less than 25 years End time: / /

☐ No stated end time

f **Additional details (if applicable)**

☒ Purchase money security interest applies

☐ The collateral is inventory

☐ Current assets are subject to control

☐ This registration is subordinate to another registration

☒ Proceeds to be claimed

All present and after acquired property.

i **Grantor 1**

Grantor: *

☐ Individual (including sole traders)

☒ Organisation

Does the organisation have an ARSN?: *

☐ Yes

☒ No

Does the organisation have an ACN?: *

☐ Yes

☒ No

Does the organisation have an ARBN?: *

☐ Yes

☒ No

Select an entity type: *

Partnership ▼

ABN: *

xx xxx xxx xxx

Organisation name: *

Page and Co
(Verified by the Australian Business Register)



e Registration period – 7 years

As the printer is *commercial property*, the registration period can be a fixed period of up to 25 years or indefinite. In this case, Printernational would have chosen to pay for a longer registration than the 3-year lease period, in this case 7 years, because it wants to use this registration to also cover future supplies of goods to Page and Co. See page 23.

f Purchase money security interest (PMSI)? – tick the box

The lease is for more than 2 years and is a *personal property securities (PPS) lease*, which is a *super-priority PMSI*. A lease for more than 2 years is within the definition of a PMSI. For more information see *Priorities and purchase money security interests* on page 42.

g Inventory? – leave box blank

To help ensure a valid registration, you must state, in the case of *commercial property*, whether or not it may form part of the inventory of the grantor (i.e. raw materials, or products or stock which are on-sold, used up or processed in the course of the business; not equipment the grantor uses to carry out its business). See pages 43 and 53.

h Proceeds? – for this case study, the *proceeds to be claimed* box is ticked and the text *all present and after-acquired property* then displays in the text box

If Page and Co dispose of the printer – which they would not be entitled to do without Printernational's permission – checking this box enables Printernational to claim the *proceeds*, whatever their form. For more information, see *Proceeds* on page 47.

i Grantor details – because Page and Co is a partnership, Printernational will use Page and Co's ABN when it fills in details about the grantor

As Page and Co is a partnership, the ABN must be used.



Case study 2

Farmer purchases livestock from another farmer

Giles is a hobby farmer who is interested in buying a flock of 20 alpacas advertised by farmer Tom Jones.

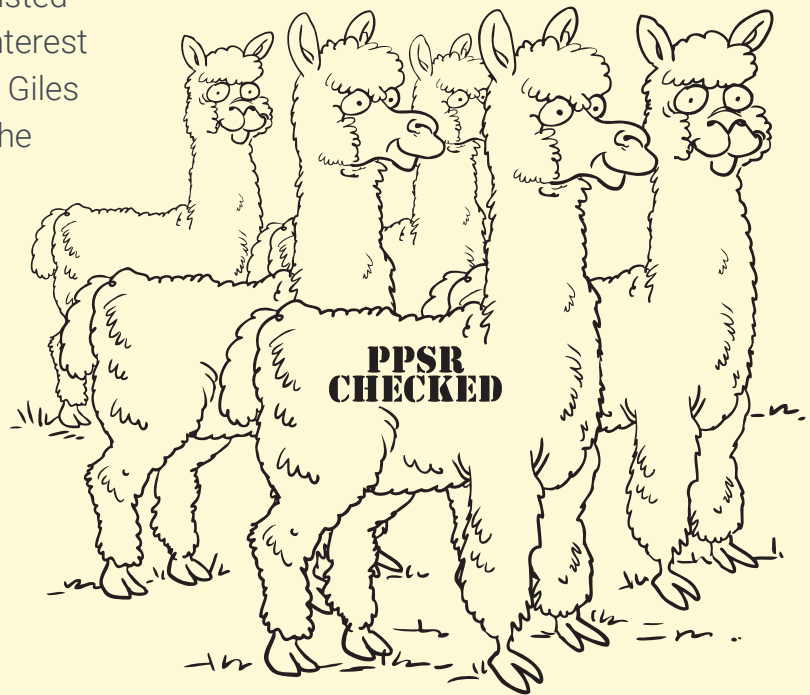
Giles approaches farmer Tom and learns that his farm is run through an incorporated company, Grazewell Pty Ltd. Giles obtains the ACN of Grazewell Pty Ltd. He searches the PPSR and finds only one entry.

It gives the date of registration and the name and contact details of the secured party, identified by an ACN. It states that the collateral is *commercial property: motor vehicle*. Giles receives a search certificate from the PPSR.

Alpacas are *livestock*, within the collateral class *agriculture*. The PPSR permits a single class of collateral only for each registration.

While there is a security interest listed in the search result, no security interest is registered against livestock, so Giles decided to proceed to purchase the alpaca flock.

A registered security interest against livestock may have meant there was debt or some other form of obligation being claimed as owing against the alpaca flock.





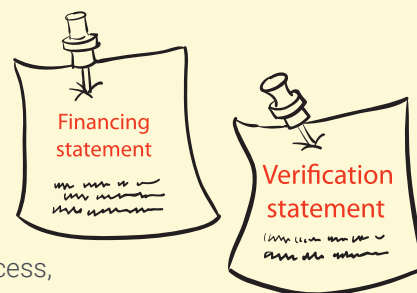
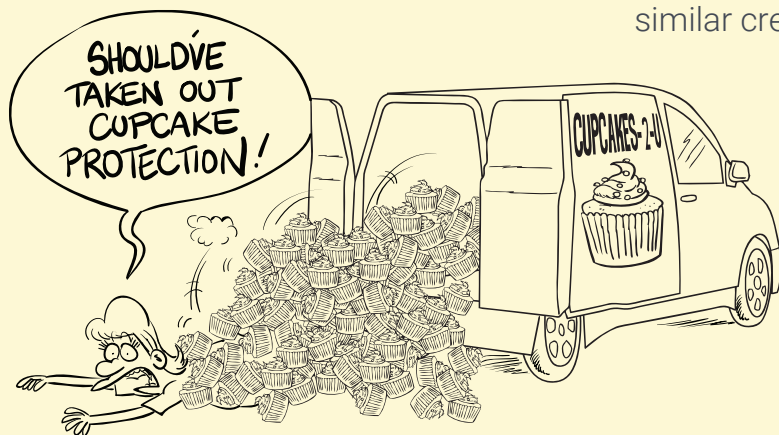
Case study 3

Leasing company leases vehicle to retail business for use as equipment

Australian company Utes-R-Us leases a delivery van to Cupcakes-2-U Pty Ltd for 4 years. Both parties sign the lease. Before delivery of the vehicle to Cupcakes-2-U, Utes-R-Us registers a *financing statement*²¹ on the PPSR.

Six months later, Cupcakes-2-U goes bust. Utes-R-Us gets their van back, while other similar creditors who didn't register their interest

on the PPSR have to line up with other unsecured creditors and are likely to only get a small portion, if any, of what they are owed.



Note: This case study does not cover every step of the registration process, but instead highlights some of the key questions you may have.

a Create secured party group — a secured party group (SPG) is needed to complete a registration

Secured party details — this is the organisation identifier — insert Australian Company Number (ACN) of Utes-R-Us

Utes-R-Us Pty Ltd is a proprietary limited company, which means you MUST use the ACN, not the company name or ABN. The ACN is the number the Australian Securities and Investments Commission (ASIC) issues when a company is incorporated. See page 19.

b Address for service — insert the address and email address of Utes-R-Us

The *address for service* allows searchers of the PPSR to contact the secured party. It will be the address details entered when setting up the SPG. The email given for the *address for service* will receive the *verification statement* with registration number and token unique to that registration number. Note that the registered office of a business and the physical location of a business can be different.

For more information, see *What is an address for service?* on page 19.

c Create a registration

Collateral type — select *commercial*

As the van is used to further a business it is *commercial property*. Note: in this case study Utes-R-Us could register against Cupcakes-2-U which is the customer/grantor without specifying the specific motor vehicle by its serial number. However, if Utes-R-Us choose this option it will be disadvantaged, should Cupcakes-2-U on-sell the van because the third party buyer of the van would *take free* of the security interest. For more information about *Taking free*, see page 55.

d Collateral class — select *motor vehicle*

Motor vehicles are a separate *collateral class* for registration purposes. Note: Utes-R-Us need to select that they are registering against a specific motor vehicle and enter the serial number. See page 22.

²¹ A *financing statement* is the term used for a PPSR registration document.

a Secured party details

Secured party 1

Secured party: *

☐ Individual (including sole traders)

☒ Organisation (including partnerships with an ABN)

Does the organisation have an ARSN?: *

☐ Yes

☒ No

Does the organisation have an ACN?: *

☒ Yes

☐ No

ACN: *

123456789

b Secured party group contact details

Recipient name or title:

Contact Person

Email: *

email.address@email.com.au

Mailing address: *

123 Street Lane

Suburb / city / town:

Town

State / territory / province / region:

State

Postcode / ZIP: *

1234

Country: *

AUSTRALIA

c Application details

Registration kind:

Security interest

What is the collateral type? *

☒ Commercial

☐ Consumer

d Collateral 1

Select one collateral class from the categories below: * ?

Tangible property	General property	Intangible property	Financial property
☒ Motor vehicle	☐ All present and after-acquired property	☐ Account	☐ Chattel paper
☐ Watercraft	☐ No exceptions	☐ General intangible	☐ Currency
☐ Aircraft	☐ With exceptions	☐ Intellectual property	☐ Document of Title
☐ Agriculture		☐ Circuit layout	☐ Intermediated security
☐ Other goods		☐ Copyright	☐ Investment instrument
		☐ Design	☐ Negotiable instrument
		☐ Patent	
		☐ Plant breeder's rights	
		☐ Trademark	

e Duration of registration

Select a duration for this registration: *

☐ 7 years

☒ Less than 7 years End time: 04 / 11 / 2020

f Additional details (if applicable)

☒ Purchase money security interest applies

☐ The collateral is inventory

☐ Current assets are subject to control

☐ This registration is subordinate to another registration

☒ Proceeds to be claimed

All present and after acquired property

e Registration period – for this case study, 5 years has been selected

For *serial-numbered property*, registration can be for any period up to 7 years. In this case, the lease is for 4 years, so the secured party may have chosen to ensure that the registration is in place for just longer than the lease. See page 23.

f Purchase money security interest (PMSI)? – tick the box

The lease is for more than two years and so is a *personal property securities (PPS) lease*, which is a *super-priority PMSI*. For more information, see *Priorities and purchase money security interests* on page 42.

g Inventory? – leave box blank

You must state in the case of *commercial property* whether or not it may form part of the inventory of the grantor. As this is a delivery van to be used in Cupcakes-2-U's business, it is not *inventory*. For more information about *Inventory*, see pages 43 and 53.

h Proceeds? – for this case study, this should appear as automatically ticked and the words *all present and after-acquired property* then displays in the text box below

As the *proceeds* box is automatically ticked, this enables Utes-R-Us to continue their security interest into the *proceeds* of any unauthorised dealings with the van that Cupcakes-2-U may enter into while it has possession under the lease. The default type of proceeds, *all present and after-acquired property*, means Utes-R-Us is protected if Cupcakes-2-U *deals* with the van. For more information, see *Proceeds* on page 47.



Case study 4

Commercial consignment²² of jewellery by individual artist to gallery (sole trader)

Brett is a jewellery designer who has sold his work for years through a gallery run by Wendy.

Sole trader Wendy exhibits and sells other artist's work from the region. In Brett's case, all his work is delivered to the gallery based on terms that he and Wendy agreed in writing some years ago. The terms describe the work as *jewellery*, and state that it will be sold on behalf of the artist, and after deducting a 10% commission, Wendy will pay over to the artist the amounts paid by her customers.

Brett has been advised by a fellow artist that he should now register the arrangement that he has with Wendy on the PPSR. The fellow artist lost some of his work last year when the owner of the gallery he was consigning to went bust and the fellow artist had not registered. He now makes sure his work is protected from a similar fate. Brett fills in the online PPSR *financing statement*²³ as follows.



Note: This case study does not cover every step of the registration process, but instead highlights some of the key questions you may have.

a Create secured party group — a secured party group (SPG) is needed to complete a registration

Secured party details — Brett is the secured party in this case study. Use the name in the same form as it is on his driver's licence — Brett Dylan Blackley

If the *secured party* is an individual, the name should be exactly the same as the person's driver's licence. If they do not have a licence, the regulations to the law do prescribe other documents that can be used instead.

b Address for service — you can use Brett's home address and his personal email address

Use the address that you want any correspondence to be sent to.

c Create a registration

Collateral type and class — *commercial property* and *other goods* will be selected for this case study

How the *grantor* (Wendy) uses the goods defines whether or not it is consumer or commercial property. Since Wendy is selling the work in her gallery as her business, it is clearly *commercial*. It is *other goods* as it does not come under any other specified collateral classes for the PPSR. Brett might wish to use the optional *free text* box to give a collateral description, such as *artwork consigned by Brett*, to stop requests for amendment of the PPSR financing statement. Otherwise it looks like he is claiming security over all of Wendy's *other goods* and she may be taking artwork, on consignment or otherwise, from other artists.

d Registration period — 7 years

As *commercial non-serial-numbered property*, the jewellery could be registered for up to 25 years, or indefinitely. Brett has chosen a relatively short period, in this case 7 years. Perhaps he thinks that he will not be producing jewellery in a few years time or not using Wendy's gallery. See page 23.

²² To understand the difference between a consignment and a commercial consignment, see page 52.

²³ A *financing statement* is commonly referred to as a PPSR registration.

a Secured party details

Secured party 1

Secured party: *

☒ Individual (including sole traders)

☐ Organisation (including partnerships with an ABN)

Given names: *

Family name: *

b Secured party group contact details

Recipient name or title:

Email: *

Mailing address: *

Suburb / city / town:

State / territory / province / region:

Postcode / ZIP: *

Country: *

c1 Application details

Registration kind:

Security interest

What is the collateral type? *

☒ Commercial

☐ Consumer

c2 Collateral 1

Select one collateral class from the categories below: * ?

Tangible property	General property	Intangible property	Financial property
☐ Motor vehicle	☒ All present and after-acquired property	☐ Account	☐ Chattel paper
☐ Watercraft	☐ No exceptions	☐ General intangible	☐ Currency
☐ Aircraft	☐ With exceptions	☐ Intellectual property	☐ Document of Title
☐ Agriculture		☐ Circuit layout	☐ Intermediated security
☒ Other goods		☐ Copyright	☐ Investment instrument
		☐ Design	☐ Negotiable instrument
		☐ Patent	
		☐ Plant breeder's rights	
		☐ Trademark	

c3 Collateral 1

Collateral class: *

Other goods ([Change collateral class](#))

Description:

d Duration of registration

Select a duration for this registration: *

☒ 7 years

☐ 25 years

☐ Less than 25 years End time: / /

☐ No stated end time

e Additional details (if applicable)

☒ Purchase money security interest applies

☒ The collateral is inventory

☐ Current assets are subject to control

☐ This registration is subordinate to another registration

☒ Proceeds to be claimed

h Grantor 1 – Individual

Grantor: *

☒ Individual (including sole traders)

☐ Organisation (including partnerships with an ABN)

Given names: *

Family name: *

Date of birth: *

/ /

e Purchase money security interest (PMSI)? – tick the box

This *commercial consignment* arrangement, with both parties frequently dealing in this way, is within the definition of a PMSI, which offers super-priority. For more information, see *Priorities and purchase money security interests* on page 42.

f Inventory? – tick the box

Wendy is selling the jewellery to retail customers, so it is part of her inventory. See pages 43 and 53.

g Proceeds? – for this case study, the *proceeds to be claimed* box is ticked and the text *all present and after-acquired property* then displays in the text box.

Brett ensures his security interest continues to be effective over the *proceeds* of the sale after the jewellery is sold. See page 47.

h Grantor details – as she is a sole trader, Wendy Patricia Slyznovicz is the *grantor* (in this case, the customer). Her date of birth is also needed for this question. Both need to match the details on Wendy's driver's licence. See page 13.

If Wendy did not drive, her name on an identification card or her passport could be used. For an individual *grantor*, the date of birth is also required, which should be on the document used for the name. This information can be obtained from the proposed *grantor*.



Case study 5

Business supplying serial-numbered property to a consumer on retention of title terms

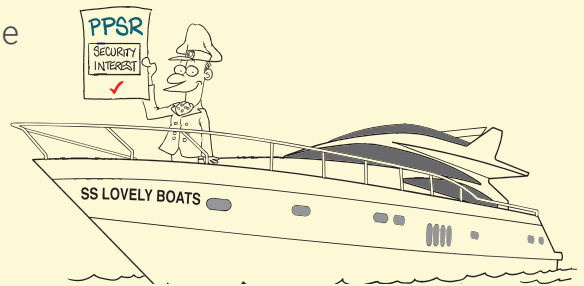
Lovely Boats, an Australian company, builds and sells expensive luxury yachts made to customer specifications and order. For the first time, Lovely Boats sells a yacht to Clive, who collects yachts to use for leisure.

It is sold on Lovely Boats' standard terms and conditions, which require 20% deposit in advance, and the balance to be paid within 60 days of delivery.

The terms include a *retention of title (ROT)* clause which states *until full payment of all sums due under the contract, title to the boat remains with Lovely Boats*.

Lovely Boats insists that Clive signs his agreement to the written terms and the specifications for the yacht before any work starts, which he does.

When the boat is nearing completion, but well before its delivery, Lovely Boats registers on the PPSR by completing an online financing statement (PPSR registration), registering against the serial number of the yacht. Later, when Clive fails to pay the balance on the yacht when due, and also fails to pay his other creditors, Lovely Boats' water-tight registration allows them to proceed with repossession of the yacht as they have priority over the other creditors.



Note: This case study does not cover every step of the registration process, but instead highlights some of the key questions you may have.

a Create secured party group — a secured party group (SPG) is needed to complete a registration

Secured party details — the correct organisation identifier for Lovely Boats is its Australian Company Number (ACN).

As Lovely Boats is an incorporated company, the ACN must be given, not the company name. The ACN is the number ASIC issues when a company is incorporated. See page 19.

b Address for service — use Lovely Boats' officially registered company address and email address

The *address for service* is where documents may be served and enquiries made. See page 19.

c Create a registration

Collateral type — select *consumer*

To help ensure a valid registration, make sure you select *consumer property*, instead of *commercial*, in the registration process. See page 22.

d Collateral class — select *watercraft*

Watercraft is the collateral class used for registration. See page 22.

a Secured party details

Secured party 1

Secured party: *

☐ Individual (including sole traders)

☒ Organisation (including partnerships with an ABN)

Does the organisation have an ARSN?: *

☐ Yes

☒ No

Does the organisation have an ACN?: *

☒ Yes

☐ No

ACN: *

123456789

b Secured party group contact details

Recipient name or title:

Contact Person

Email: *

email.address@email.com.au

Mailing address: *

123 Street Lane

Suburb / city / town:

Town

State / territory / province / region:

State

Postcode / ZIP: *

1234

Country: *

AUSTRALIA

c Application details

Registration kind:

Security interest

What is the collateral type? *

☐ Commercial

☒ Consumer

d Collateral 1

Select one collateral class from the categories below: * ?

Tangible property	General property	Intangible property	Financial property
☐ Motor vehicle	☒ All present and after-acquired property	☐ Account	☐ Chattel paper
☒ Watercraft	☐ No exceptions	☐ General intangible	☐ Currency
☐ Aircraft	☐ With exceptions	☐ Intellectual property	☐ Document of Title
☐ Agriculture		☐ Circuit layout	☐ Intermediated security
☐ Other goods		☐ Copyright	☐ Investment instrument
		☐ Design	☐ Negotiable instrument
		☐ Patent	
		☐ Plant breeder's rights	
		☐ Trademark	

e Collateral 1

Collateral class: *

Watercraft ([Change collateral class](#))

Watercraft identifier *

HIN Enter number

f Duration of registration

Select a duration for this registration: *

☒ 7 years

☐ Less than 7 years End time: 04 / 11 / 2020

Additional details (if applicable)

☒ Purchase money security interest applies

☐ This registration is subordinate to another registration

☒ Proceeds to be claimed

All present and after acquired property

g Purchase money security interest (PMSI)?

☒ Purchase money security interest applies

☐ This registration is subordinate to another registration

☒ Proceeds to be claimed

All present and after acquired property

h Proceeds?

☒ Proceeds to be claimed

All present and after acquired property

e Serial number of yacht – hull identification number

The correct serial number of the yacht must be given. Clive is an individual grantor, but since the yacht is *consumer property*, Lovely Boats can only register against the serial number, not against Clive's name. A *watercraft* must be described by its unique *hull identification number* (A HIN is issued by a state or territory registration authority, or put on the hull by the manufacturer) or any official number issued by the Registrar of Ships.

f Registration period – 7 years

For *consumer*, or *serial-numbered goods*, the maximum registration period is 7 years. See page 23.

g Purchase money security interest (PMSI)? – tick the box for this case study

This *retention of title* arrangement, with Lovely Boats giving a period of credit to pay the balance, is within the definition of a *super-priority PMSI*. It is still necessary to tick the box and claim the PMSI. Lovely Boats has complied with the rules for registering a PMSI, because it has also registered well before Clive takes possession of the yacht. For more information, see *Priorities and purchase money security interests* on page 42.

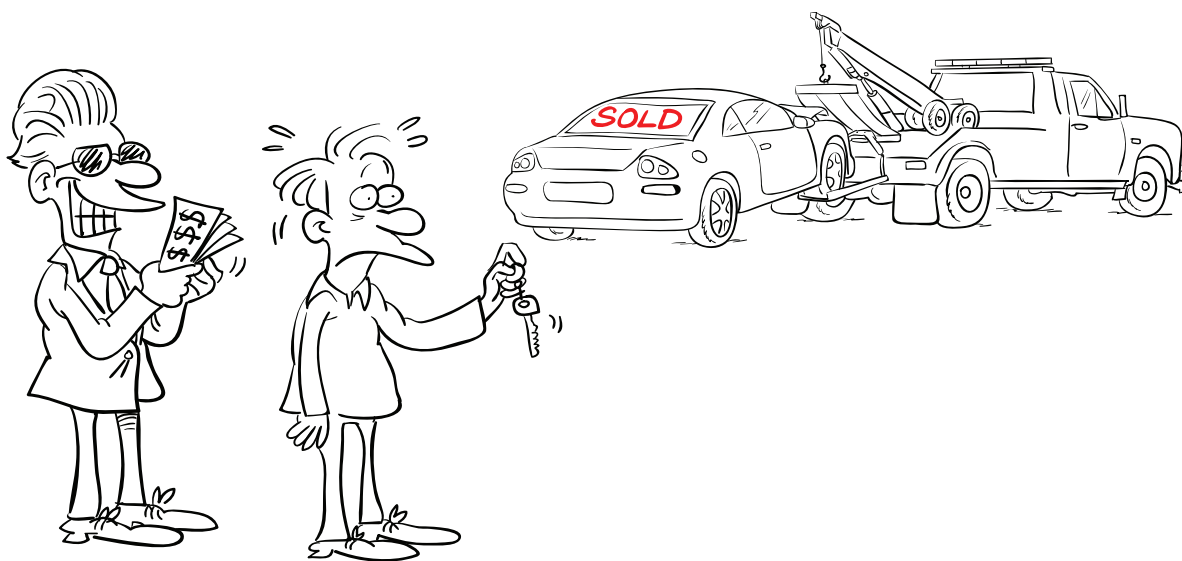
h Proceeds? – for this case study, this should appear as automatically ticked and the words *all present and after-acquired property* then displays in the text box below

As the *proceeds* box is automatically ticked this enables Lovely Boats to continue their security interest into any proceeds. The default type of proceeds, *all present and after acquired property*, means Lovely Boats is protected if Clive *deals* with the yacht, such as Clive on-selling the yacht before he has fully paid for it. See page 47.

PPSR – The technical info

Make sure your accounts staff, accountant, financial adviser and lawyer are familiar with the more technical aspects of the PPSR which are covered in this section.

For those who act on behalf of business owners, references to 'you' throughout this section refer to the business owner or operator.



The benefits of registering and risks of not registering

If you have a security interest in personal property, having your rights in a contract, terms and conditions, or relying simply on ownership (e.g. lease, hiring, consignment or 'retention of title' arrangements), is **no longer enough** to maximise your position.

You may also need to now register on the PPSR.

If you don't register:

- if your grantor goes broke — e.g. becomes insolvent, which covers liquidation or voluntary administration of a company grantor, or bankruptcy if your grantor is an individual — your rights may be legally unenforceable
- you may lose out to other creditors who did register if they enforce their rights, such as a bank appointing a receiver
- you may also lose rights you might otherwise have had, to recover the **goods** or **proceeds** once they are sold or leased by the grantor to others, or transformed by manufacturing or other processes.

There are other benefits of registration. If you register, you have more effective rights if the grantor deals with (sells or leases) the property.

You may be able to continue your security interest into the property if you did not authorise the dealing into the proceeds. You can continue your registered security interest if the goods have been added to other goods, or have been made or processed into something else.

You may know and trust your grantors, but many factors could cause them to get into financial difficulty and insolvency.

The rest of this section outlines some important concepts and information that you may need to consider when setting up your agreed terms and conditions of supply.

TIP

Registration of security interests protects you against the grantor's insolvency and helps to preserve your priority position against other lenders or suppliers.

Some important concepts

Personal property

Personal property, under the law (*Personal Property Securities Act 2009*), does not include land, buildings and fixtures (e.g. an in-ground swimming pool is clearly a fixture, whereas event party-hire equipment is not a fixture).

The law doesn't apply to direct water rights, nor to most non-transferable licences or rights, nor to most transactions with a licensed pawnbroker (unless the value of the goods is more than \$5,000 at the time of the transaction).

Personal property covers goods (including crops and livestock), motor vehicles, planes, boats, intellectual property (such as copyright, patents and designs), bank accounts and debts (sometimes known as receivables), shares and other financial property, and private non-government commercial licences.

A particular class of personal property is **serial-numbered property** (includes motor vehicles, aircraft, watercraft, and some intellectual property rights — designs, trademarks, patents or plant varieties).

Serial-numbered consumer property *must* be described in a registration by the serial number only; a registration covering **serial-numbered commercial property** *may* use the serial number (as well as the grantor's details), but the serial number is not compulsory.

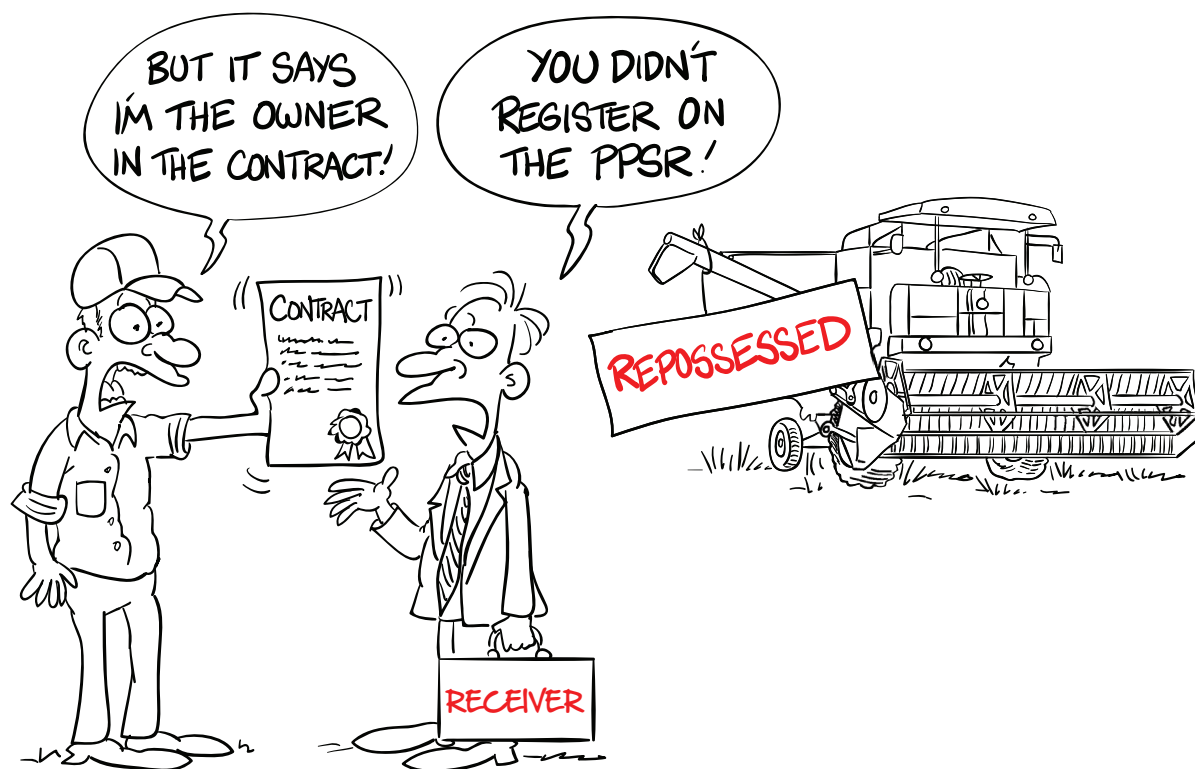
A **motor vehicle** can include a car, truck, motorcycle, tractor, caravan, trailer and some yellow goods. For the full definition what a constitutes a motor vehicle, see page 53.

Security interests

If you are a seller or supplier of goods, your terms and conditions probably give a period of time (credit or account) for your buyer/customer to pay invoices (e.g. 30 days to pay). This, on its own, does not create a registrable security interest in the goods being sold.

But you may also have a **retention of title** clause in the contract terms and conditions. You can rely on that clause to **repossess goods and/or proceeds** if monies are still due after the credit period expires as the retention of title clause is treated as a security interest granted by your customer. However, to protect you from the risk that your customer goes broke before you are paid or your goods are returned, you should take these additional steps using the PPSR:

- Leasing and hiring and renting businesses, or owners who engage in leasing or hiring as a regular part of their business, should register an interest if goods are leased or hired out for periods of 2 years or more.²⁴
- Suppliers or owners of goods (e.g. craftwork, artwork or rugs) who routinely sell through, or leave their goods with, a shop or gallery on consignment²⁵ terms, should register their interest on the PPSR.



²⁴ Refer to PPS lease definitions on page 54.

²⁵ For definition of consignment and commercial consignment, see page 52.

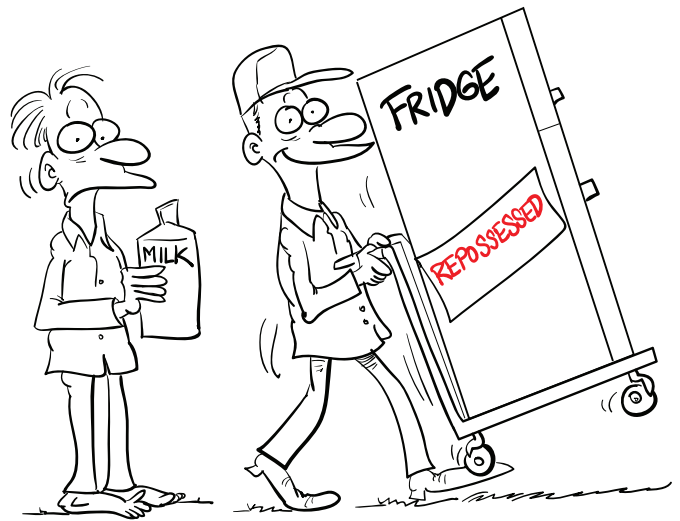
Security interest over collateral includes a wide range of transactions, including some not previously regarded as security ...

- It covers any case where a contract effectively provides for a party to look to collateral to enforce repayment of outstanding debt or contractual obligations. When a grantor goes into insolvency proceedings and the grantor is in default, a **registered security interest** gives the secured party rights to seize and sell or dispose of the property and recoup the debt from the proceeds.

Otherwise, the seller/lender/lessor would be an unsecured creditor of the

grantor, and may get little or nothing back after the net assets or proceeds have been paid first to secured and other priority creditors.

- Banks and others have traditionally taken charges (fixed and/or floating) over some or all of a corporation's property, or in some cases, a pledge or contractual lien (delivery or right of retention of property for the purposes of securing repayment for goods or services) was taken. Under current law, **security interest** now covers these types of securities, as well as most leases and hiring arrangements for more than 2 years. Refer to *consignments* on page 52, and *PPS lease and retention of title* on page 54.



Insolvency and time limits

You need to register your security interest over property to protect you in case your grantor enters into insolvency proceedings — bankruptcy for individuals, including individuals operating a business as a sole trader or as part of a partnership — or liquidation, and voluntary administration for companies.

In order to maintain your security interest, you need to make a registration as soon as possible. Some situations have **specific timing rules** for registration — to find out what applies to your particular situation refer to the following pages.

Timing rules

There are legal implications under the *Personal Property Securities Act 2009* (Cth) (PPSA) impacting the timing of registering and discharging. Failure to comply with these timing requirements can have significant consequences. Below are some common timing rules to consider.

What are the PPSR timing requirements...	Purpose	Time limit/period or explanation	For further information	Legislation	Can it be extended by court?
... to achieve PMSI super-priority?	Registration time period for PMSI super-priority.	Where goods supplied will be part of grantor's (customer's) inventory – before grantor gets possession of goods (or attachment for other personal property). (For example, before the goods are delivered to the customer's premises). Where goods supplied will not form part of the grantor's (customer's) inventory – 15 business days from grantor's possession of goods (or attachment of other personal property). (For example, within 15 days from delivery to the customer's premises).	See pages 18, 24, 42, 44, 54	S62(3) PPSA	Yes, s293 PPSA
... when dealing with a company?	Registration against corporate grantor.	Register within 20 business days of security agreement OR register more than six months before insolvency commences. Be aware: If you're seeking PMSI super-priority, then the PMSI registration time limits apply.	See tip box on page 40	S588 FL Corporations Act 2001	Yes, s588FM Corporations Act 2001
... when it looks like the deal is not going ahead or it appears you no longer have a security interest in the collateral?	Amendment of financing statement¹ where no reasonable belief that a security interest exists.	Where there are no longer reasonable grounds for such a belief, amendment should be made as soon as practicable, or at the latest within 5 business days from the day there stopped being reasonable grounds for the belief. Note: Civil penalties apply.		S151(2)(b) and (3)(b) PPSA	Yes, s293 PPSA

¹ A *financing statement* is commonly referred to as a PPSR registration

What are the PPSR timing requirements...	Purpose	Time limit/period or explanation	For further information	Legislation	Can it be extended by court?
... when the security interest (or obligation) is satisfied (or finished) over serial numbered goods (such as a car) or consumer collateral?	The need to remove registrations over consumer or serial numbered goods when the secured debt has been repaid.	The secured party must discharge the registration within 5 business days after the debt is unperfected (e.g. the debt is repaid).	See page 47	S167(2) PPSA	Yes, s293 PPSA
... when regularly engaged in the business of leasing or bailing?	To determine which leases, or bailments for value, should be registered.	As of 20 May, 2017 a 'PPS lease' is now defined to cover agreements: • to lease property for a term of more than 2 year, or • to lease property for a term of up to 2 years, but includes option to renew so that the total term might exceed 2 years, or • to lease property for a term of up to 2 years or an indefinite period and the lessee has uninterrupted possession for more than 2 years. Note: For leases entered into before this date, the earlier PPS lease definition still applies. TIP: If you've got goods that have been out on hire for nearly 2 years (with the same customer), consider whether you should register before the lease reaches the 2 year mark.	See pages 7, 24, 28, 42, 44, 54	S13 PPSA	No

What are the PPSR timing requirements...	Purpose	Time limit/period or explanation	For further information	Legislation	Can it be extended by court?
... for duration periods of a registration?	Consumer or serial numbered property – up to 7 years maximum. Other property – up to 7 years or up to 25 years or no stated end time.	There are three timing periods available when registering: • up to 7 years (\$6.00) • up to 25 years (\$25.00) • an indefinite period (\$115.00). Note: Consumer and serial numbered property has a maximum registration period of up to 7 years.		S153, Item 5 PPSA	No
... for sending the verification statement to the grantor?	Requirement for secured party to give notice to the grantor that a registration has been made.	A secured party must provide a copy of the verification statement to the grantor as soon as reasonably practicable after registration. Note: A secured party doesn't need to send a verification statement if no grantor details are recorded in the registration or if the grantor agrees in writing not to receive one about a registration that involves commercial property.	See page 21	S157(1) PPSA	No

TIP**What are the PPSR time limits ... to extend a registration?**

Registrations can only be extended before they expire so closely monitor the end date to ensure continuous protection (and maintain your priority positioning).

TIP

If your security interest has not been registered by the time the grantor enters insolvency proceedings, the security interest will effectively be void. You would then be an unsecured creditor.

The *Corporations Act 2001* adds a time limit for registration against company grantors, which gives you 20 business days from entry into the security agreement, and which, if not met, makes you an unsecured creditor if the company becomes insolvent within six months of the time that you do register.

Taking free rules

Buyers or lessees of goods are protected in several cases.

Instead of having to search the PPSR every time, buyers and lessees will *take free* of any unregistered security interests, and can sometimes *take free* of a security interest even if it is registered.

This applies to **consumer transactions of market value less than \$5,000**, to consumers buying cars from a licensed motor vehicle dealer, and to purchasers of certain serial-numbered goods (such as cars and boats) if there has been no serial number registration, or if the number is misstated in a registration.

In the last case, a searcher would not find the entry if they entered the correct serial number, so should *take free* of the registered interest.

Importantly, the *taking free* protections also apply to most sales or leases of property in the ordinary course of the seller/lessor's business, which can apply to both business and consumer buyers or lessees, and covers most retail and hiring transactions.

If it is usual for that type of property to be sold or leased by that business, the end customer *takes free* of any existing security interest, so is safe from having it repossessed.

TIP

Goods intended to be used mainly for domestic, household or personal purposes with a market value less than \$5,000 no matter who they are purchased from, are usually *taken free* of any security interests (e.g. secured debts) and if so are free of any possible repossession by another party. See page 55.

Priority rules

Priority rules decide which secured party ranks higher (and thus can be paid out first from the collateral). The rules are mostly quite simple: *first in time, first in line* – in most cases, an earlier dated registration beats a later one over the same collateral.

Knowledge or lack of knowledge of the existence of another security interest on the property is irrelevant, what matters is what's registered. Of course, an unregistered security interest (i.e. an unsecured creditor) loses out to a registered one, and is ineffective on insolvency.

Purchase money security interests (PMSI)

The main exception to the *first in time, first in line* rule is a **purchase money security interest** (PMSI). If properly registered, a PMSI gives priority over earlier registered security interests over the same collateral, such as a bank with an earlier registered security interest over all of the grantor's **present and after-acquired property (AIPAAP)**.

Even though the bank is first in time, the PMSI holder will jump ahead and be first in line in relation to the collateral or its proceeds. See *proceeds* on page 47.

A PMSI is defined to cover situations where the security interest is granted over particular collateral **to secure debt that enabled that particular collateral to be acquired by the grantor**. Examples are a lease or a retention of title arrangement. Another example is a lender who advances funds for the specific purpose of buying new equipment, and where the funds are used for that purpose, the lender is able to register a PMSI.

TIP

PPS leases, consignments and retention of title arrangements give rise to a PMSI in favour of the consignor/lessor/seller of the property. See page 13.

TIP

Any commercial consignment, or a lease, rental or bailment of goods for more than two years, may qualify as a PMSI. See page 54.

To ensure your PMSI is enforceable and has super-priority, you must take these steps:

1. Register and tick the box on the PPSR **financing statement** (often referred to as a PPSR registration) to claim a PMSI.
2. For goods you have supplied as part of your **customer's inventory**, such as stock, or goods you supplied for your customer to sell or lease, you need to register **before**²⁶ those goods are delivered. Many business do their registration at the same time they agree their terms of sale or lease with a new customer.
3. For goods the customer is going to be using as **equipment (not inventory)**, you have to register within 15 business days of delivery. Again, you can register as soon as you enter into dealings with a new customer, before any deliveries.

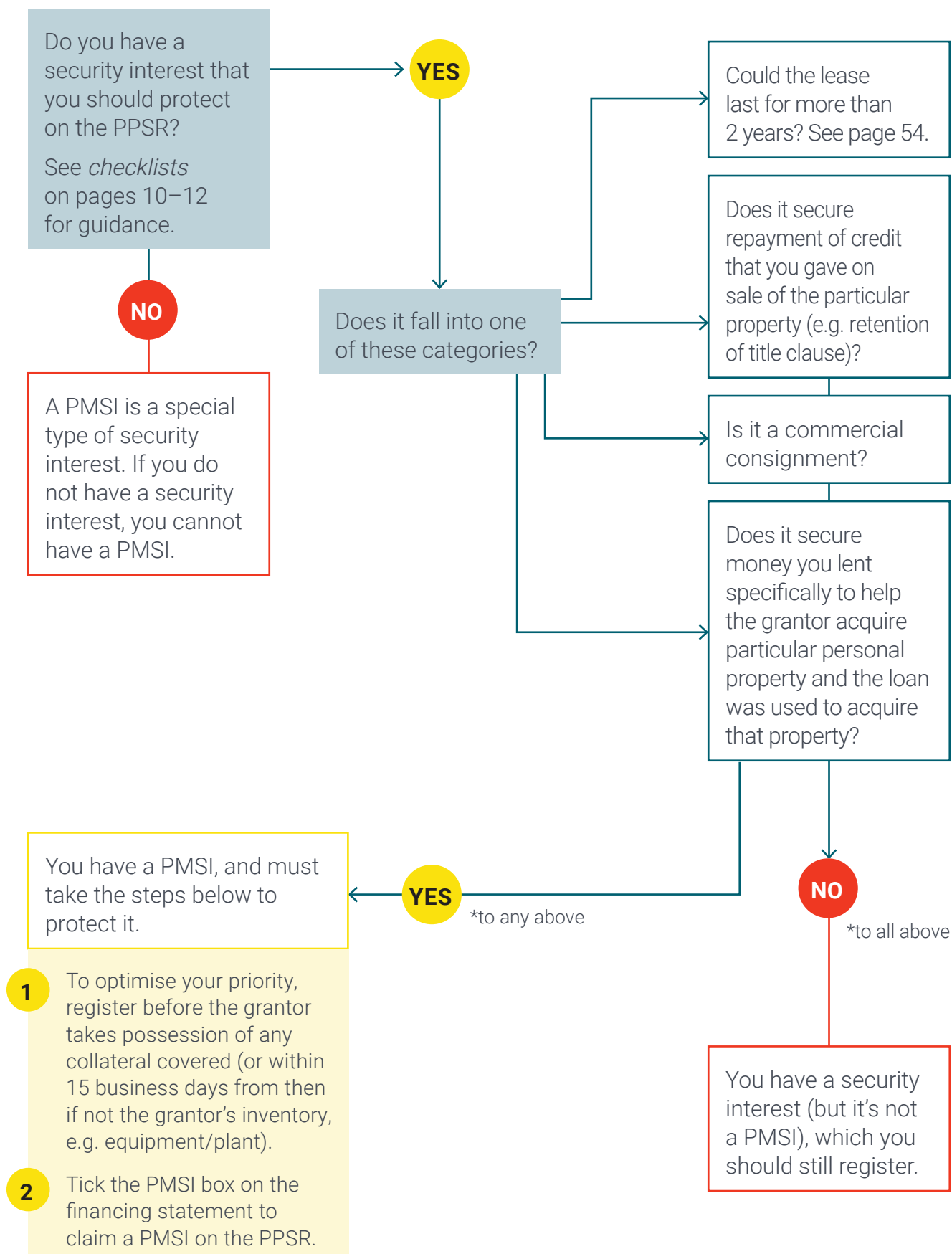
TIP

You can use a PMSI to claim super-priority over particular goods only for outstanding debts owed on *those* goods, or their *proceeds*, not for debts owed to you by the same customer for *other* goods you supplied to them.



²⁶ For more information about registration timings, go to pages 38–40.

Do I have an effective PMSI?



Agricultural priority security interests

Another exception to the **first in time, first in line** rule is that a financier of livestock or crops could claim super-priority over the livestock or crops, even if they are not registered first.

This is limited to situations **where finance is provided to enable crops to be grown or livestock to be fed or developed**, such as financing fertiliser or feed supplies on retention of title terms.

Perfection

Perfection means giving your security interest the best priority and effectiveness, enabling it to be enforced against liquidators and third parties if and when you need to.

The main form of perfection is registration on the PPSR. You also need to make sure that your security interest is **attached** to the collateral (see below). It is also important that your security interest is properly documented.

You need to register once only for each kind of collateral granted by a grantor on the same terms. The registration is then effective to cover that type of collateral for the selected registration period, and for all subsequent deliveries of that type of collateral to that customer.

Refer to the case studies on pages 24–33 for some examples of perfection and page 54 for definition.

TIP

If the grantor gives you security over two different categories of collateral, e.g. crops and motor vehicles, you need to register two separate PPSR financing statements (also known as PPSR registrations).

Attachment and written evidence

Attachment is defined on page 52. The steps for **attachment** are not difficult to meet for most businesses.

Your security interest comes from the terms of your contract with the customer.

The security interest is **attached** to the collateral, for most purposes, if:

- a contract is entered into to sell, supply or hire the goods specified to be security for a payment or performance of an agreement, and the goods are delivered to the grantor²⁷, or
- it is agreed to lend funds to someone who is putting up their existing property as collateral to secure repayment of the loan.

²⁷ For a simple explanation of secured party and grantor, refer to page 13.

In the case of owners leasing, hiring or consigning goods, **attachment** usually happens when the grantor receives possession of the goods (e.g. on their delivery).

Although **attachment** is necessary, registration on the PPSR can and should be done before attachment (before goods have been delivered to the grantor).

Register your security interest on the PPSR as soon as you are sure that you are going to be contracting with a new customer on terms (or with an existing customer if on new terms) that contain or amount to a security interest in collateral.

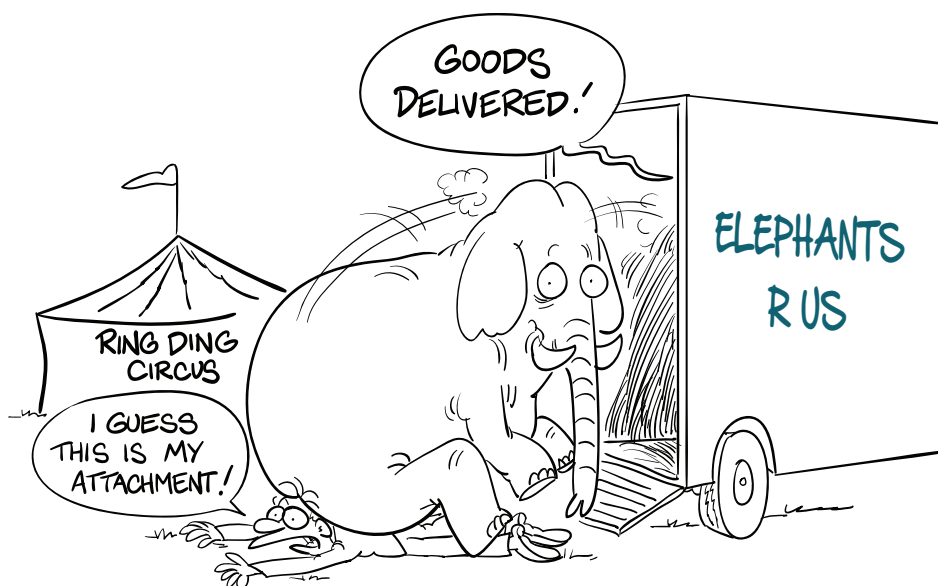
You don't have to wait until delivery of any goods

— in fact, that may be too late. See timing rules on pages 38–40.

Your priority time starts from the time of registration on the PPSR, even though goods may be delivered after that.

It is recommended that you have written evidence of the security agreement (e.g. terms and conditions), and the grantor must have signed their acceptance of the agreement; or done something which shows that they intended to accept (e.g. sending a purchase order before or after receiving your terms on a quote, or dealing with you on the same terms for several orders over time). An email exchange can be written evidence.

A written agreement should contain some description of the secured obligations and identify the collateral. The description can refer to particular items (e.g. a specific vehicle) or a class to which they belong (e.g. apples could be described as fruit).



TIP

Security interests must be in writing to be enforceable against anyone other than the grantor.²⁷

²⁸ For a simple explanation of the grantor, see page 13.

Proceeds

Proceeds covers cash, insurance, or compensation payments for loss of the property, and any other property that comes from a direct or indirect **dealing** with the property by the grantor.

For example, if you lease a digger out to a builder for more than 2 years and the builder, without permission, sells the digger and uses the cash **proceeds** to buy concrete, **your registered security interest in the digger can be traced into the concrete**, as the concrete is indirect **proceeds** of the digger.

The **proceeds** must derive from the first **dealing** and the grantor must have an interest in the **proceeds**.

If you are a wholesaler (selling or leasing goods to retailers), you have authorised the retailer to on-sell those goods in their business, even if you have security over them (i.e. your **retention of title** clause or **rights to repossess** under a lease). In that situation, you still have continued security in the **proceeds** of the sale/lease. This allows your customer to **deal** in the goods, but gives you the right to their value if the customer defaults on payment.

On the other hand, if you are selling or leasing goods to be used by the buyer/lessee as **equipment (as opposed to inventory)**, you will probably **not have agreed** that the customer can dispose of it without your permission. In that situation, you now have security over the **proceeds** as well as possibly over the collateral, up to the value of your debt owed to you for the goods.

To perfect your claim against any proceeds, it is recommended you leave the text box 'all present and after-acquired' property as ticked.

TIP

To claim security over the proceeds, tick the *proceeds to be claimed* box on the PPSR financing statement (also known as a PPSR registration).

Accessions

If you have a registered security interest in goods that are added to other goods, such as tyres installed on trucks, your security interest in the tyres (the **accessions**) continues.

The law provides a mechanism to enforce on default, by removal of the **accession** (e.g. removal of the tyres from the trucks), even though someone else has an interest in the trucks as a whole.

In these cases, registration of your security interest in the tyres helps to give you **priority** over later **dealings** with the trucks.

Processed, mixed or manufactured goods

Many supplies are processed, mixed together or manufactured in some way, or undergo some transformation in your customer's business so that they have lost their identity in the new item, such as flour used to make bread.

If you have a registered security interest in the goods, you might be able to claim a security interest in the new item, proportionately with any other suppliers whose inputs were also used. This can be a difficult area and it is recommended you seek legal advice if you have such a claim.

Enforcement

Enforcement of your security interest in case of default by your customer, whether or not the customer is in insolvency proceedings, should be undertaken with legal advice.

Often, your terms and conditions will contain clauses giving you remedies that may still apply, for example, a well-drafted commercial lease of goods can exclude or modify certain provisions or remedies in the *Personal Property Securities Act 2009*.



Where the collateral is used mainly for domestic or household purposes, the Act's provisions cannot be excluded, and the *National Credit Code* may also apply to the transaction.

You may not have to trigger the Act's enforcement provisions yourself. If your customer goes into receivership, your lawyer would usually deal with the receiver (or administrator, liquidator, or bankruptcy administrator) and assert any security interest you are claiming in personal property.

However, if you do have to trigger action to enforce your security (e.g. repossess your goods if the customer defaults under their contract with you), then there are several options for remedy:

- for goods or other tangible property, seizure after default, and then disposal by sale or lease
- for intangible property, such as accounts (or copyright and other intellectual property) that can't be physically seized, an equivalent of giving notice (e.g. so accounts can be collected and used)
- in rare cases, the secured party retaining the collateral (i.e. keeping it for themselves to repay the debt rather than sell it).

The Act also provides for an order or priority for repayment of the sale proceeds, for expenses of enforcement, notices to be given (e.g. to the grantor), and for accounts to be kept.

If you have a security interest, you can use the collateral (e.g. sell it) only to recover what you are owed plus the costs, no more. The grantor and other secured parties are entitled to any surplus.

TIP**Discharging in a timely manner**

Discharging a registration is free of charge. Secured parties should discharge registrations in a timely manner, but some registrations have legislated timeframes. For example, if your registration is for serial-numbered consumer goods (such as a car), or consumer collateral, you must discharge the registration within 5 business days²⁸ of repayment. It is recommended that you create a process to ensure a registration is promptly discharged on repayment of a loan, even if the loan is repaid early.

²⁸ For more information about registration timings, see pages 38–40.

Want to get a PPSR registration removed?

IMPORTANT: To use this process, you **MUST** have a security interest in the property described in the registration.



1

Start the process – ask them to discharge it.

Before you can make your request, you need to send the person who made the registration (the **secured party**) a written demand (called an **amendment demand**) asking them to discharge the registration. Discharging will end the registration.

You **MUST** send the demand to the secured party's email or postal address listed in the registration.

Tip

A sample amendment demand can be found at ppsr.gov.au/registrars-practice-statement-no-4a

2

Choose which option you want to take ...

After sending your **amendment demand**, wait **5 BUSINESS DAYS** (for assistance calculating this, use the **online business days calculator**). If the registration has not been removed by the **secured party** by then, you have two options to choose from.

Option 1 – ask the Registrar.

This option is free but can be lengthy.

Request the Registrar remove the registration by submitting a form called an **amendment statement**.

Option 2 – go to court.

This process can be costly but may be quicker.

Apply to a court for an order to remove the registration.

Tip

Include a copy of your **amendment demand**, any response from the **secured party** and any evidence to support your request. This will help us process it faster.

3

The secured party has their say ...

After receiving a valid request, the Registrar will send a letter to the secured party known as an **amendment notice**. This gives the secured party an opportunity to tell the Registrar why the registration shouldn't be removed.

4

The Registrar decides ...

Once the Registrar has all the evidence needed, they will make a decision and **notify you in writing**. If the decision is to remove the registration, the Registrar will do this.

Tip

Sometimes the time taken between sending the **amendment notice** and making a decision can be lengthy – if your request is urgent, consider making your application to a court instead.

Helpful resources

The PPSR website at ppsr.gov.au/dispute-registration contains what you need to complete these steps, such as what to include in your **amendment demand**, accessing the **amendment statement** form and a **business days calculator**.

Does someone want you to remove your PPSR registration?

If so, you may have received a notice from the Registrar of Personal Property Securities. The Registrar is the authorised Australian Government representative appointed to make certain decisions.

1 What is this notice?

If you have received a notice from the Registrar (an **amendment notice**), this means someone has commenced the **amendment demand process**.

You have received this notice because a person asked the Registrar for help to remove your registration. This can happen when you do not remove it after them asking you to do so.

Tip

It's very important to keep your postal and email addresses on the PPSR up-to-date (known as your **address for service**). Failure to do this could result in your registration being removed.

2 Choose which option you want to take ...

Before you received this notice, the person who made the request followed a number of preliminary steps (see page 50). You now have two options to choose from.

Option 1 – you can agree to remove the registration.

You can remove the registration yourself. If you need assistance with this, you can find information about how to do this on the Australian Government's website ppsr.gov.au

Option 2 – respond and object to the removal.

You generally have **5 business days** to respond to the notice. If you don't want your registration to be removed, it's vital that you supply as much evidence as possible. Your evidence should show that there was a security agreement and that there is still a debt owing.

3 The Registrar decides ...

Once the Registrar has all the evidence needed, they will make a decision and **notify you in writing**. If the decision is to remove the registration, the Registrar will do this and send a **verification statement** to your email address for service.

Tip

If you need more time to respond to a notice, contact us at enquiries@ppsr.gov.au to ask for more time.

Helpful resources

Visit the PPSR website at ppsr.gov.au/dispute-registration.

Glossary

These are some terms that you may come across on the register, in the legislation or in business.

Accessions	Generally, accessions are goods that are fixed to other goods (e.g. tyres on a car). See page 48.
allPAAP	All present and after acquired property (allPAAP). This type of collateral class means personal property over which the grantor has an interest at the time the registration is made, and personal property acquired after the registration is made.
Amendment demand	A written demand (authorised by the Act) from a person with an interest in the collateral, requesting the secured party amend its registration by registering a financing change statement, which may terminate the registration or omit certain collateral. If the secured party does not amend the registration, the party making the request may invoke a further procedure through the Registrar or the court.
Attachment	Attachment is required before the security interest over particular collateral can be enforced against the grantor, or against others. In practice, the security interest attaches if there is a contract to sell, supply or hire the collateral to the grantor, or lend funds to someone putting up their existing property as collateral. For leases or bailments, consignments, or retention of title, it attaches from the time the grantor obtains possession of the goods. See page 45.
Bailment	A situation where a person (the bailee) is voluntarily in possession of goods belonging to another (the bailor) and therefore it's wider than a lease, but is covered by 'PPS lease' for situations where the bailor is regularly engaged in bailment transactions, and where the bailee gives value for the bailment (noting that PPS leases are for arrangements of more than 2 years). See PPS lease on page 54.
Consignment	A consignment is traditionally recognised as an arrangement where a person (the consignor) delivers their property to another person (the consignee) so they can sell that property on their behalf. A 'commercial consignment' is a consignment that meets additional defined criteria under the PPS Act. It is deemed to be a security interest even if it doesn't meet the standard PPS Act definition of a security interest. A consignment is considered to be a 'commercial consignment' if: 1. the consignor still keeps an interest in the goods that they have delivered to the consignee; and 2. they have delivered those goods for the purpose of sale, lease or other disposal; and 3. the consignor and the consignee both deal in those types of goods in their ordinary course of business. The two exceptions to this rule are consignments under which the goods are delivered to: 1. an auctioneer for the purpose of sale; or 2. a consignee, (for sale, lease or other disposal), if it is generally known to its creditors to be selling or leasing goods of others.

Collateral	Personal property offered up as security for a debt or other obligation owed to sellers, financiers or other secured parties. Collateral is personal property that has a security interest attached to it and must be described when registering on the PPSR.
Financing statement	The online statement in which data is entered in an application for registration on the PPSR (which is often referred to as a PPSR registration).
Giving of notice identifier (GONI)	The GONI is an optional information field you can fill out when doing a registration. You can enter numbers and/or text that you may use as a reference in your business – such as a unique customer number.
Goods	Tangible property including crops, livestock, wool and minerals that have been extracted in any form, but not including financial property.
Grantor	The customer, debtor, buyer, lessee, consignee or borrower who offers the collateral as security. Someone other than the debtor offering security over their property to secure the debtor's obligations. A consignee, lessee or transferee of an account or chattel paper. The person registered as the grantor. See page 13.
Inventory	Goods or intangible property which is used to any extent for business purposes, by an entity with an ABN, and which is: • held for sale or lease, or which has already been leased by it; or • held to be provided (or has already been) under a contract for services; or • held as raw materials or work in progress, or • held, used or consumed as materials. This includes raw materials, or products or stock which are leased, on-sold, used up or processed in the course of the business. Inventory does NOT include equipment or machinery the grantor uses and retains to carry out its business.
Motor vehicles	Usually a car, truck, motorbike, tractor, caravan or trailer. A motor vehicle must have a vehicle identification number (VIN), chassis number or manufacturer's number. It is self-propelled property: • built to travel wholly on land, • capable of at least 10km/h • with one or more motors with total power greater than 200W. It can also be: • machinery or equipment with wheels built to be towed at more than 10km/h (e.g. a trailer). It excludes vehicles which run on rails, tram lines or other fixed path. For more information, see regulation 1.7 of the Personal Property Securities Regulations 2010.
Perfection	Giving your security interest the best priority and effectiveness, and enabling it to be enforced against the customer and third parties (including on insolvency) if and when needed, by a properly attached and documented security interest being registered on the PPSR. Less common alternative forms of perfection: possession of tangible property, or control of some financial property. See page 45.

Personal property	Property, other than land, buildings and fixtures; includes goods, motor vehicles, planes, boats, intellectual property (such as copyright, patents and designs), bank accounts and debts (sometimes known as receivables), shares and other financial property, and private commercial licences. Does not apply to direct water rights, nor to most government-issued licences or rights. <i>Consumer property</i> – personal property held by an individual and not for any use in a business with an ABN. <i>Commercial property</i> – personal property other than consumer property. <i>Financial property</i> – currency, document of title, shares, cheques. <i>Intangible property</i> – personal property (including a licence) e.g. copyright, debts and other receivables, bank accounts, but not goods or financial property.
PPS lease	A lease or bailment (for value) of goods. As of 20 May, 2017 a 'PPS lease' is now defined to cover agreements: • to lease property for a term of more than 2 years, or • to lease property for a term of up to 2 years, but includes option to renew so that the total term might exceed 2 years, or • to lease property for a term of up to 2 years or an indefinite period once the lessee has uninterrupted possession for more than 2 years. For leases entered into before 20 May 2017, the earlier PPS lease definition still applies. <i>Note: A lease may also be a security interest which needs to be registered, even if it is not for a 2 year term or more or not otherwise meeting the definition of PPS Lease, for example if it is securing a debt owing for the goods, such as a finance lease of a vehicle.</i>
Proceeds	Identifiable or traceable personal property derived directly or indirectly from a dealing with the collateral (or the proceeds of that collateral) to which a security interest is attached, including cash, an insurance payment, or other indemnity or compensation for loss or damage to the collateral or its proceeds. Payments to discharge or redeem certain financial property. The right of a licensor of intellectual property to receive payments under the licence agreement. See page 47.
Purchase money security interest (PMSI)	A security interest over particular collateral, granted to secure debt incurred in acquiring the collateral in question from the secured party (a seller PMSI), or granted to secure funds lent by a secured party and used by the grantor for the purpose of enabling the grantor to acquire the collateral (a lender PMSI). Includes PPS leases, retentions of title and consignments that are deemed security interests under the Act. See page 42.
Retention of title	Refers to the types of clauses that may be included in contracts where a purchaser may take possession of property, but does not acquire title to the property from the seller until the full purchase price is paid.
Secured party	The seller, owner, lessor, consignor, financier or any other person who has taken a security interest in personal property (collateral), and includes a person with a registered security interest on the PPSR. See page 13.

Security interest	An interest in personal property taken to secure payment of debt or another obligation or any case where a contract effectively provides for a party to look to collateral to enforce repayment of outstanding debt. Includes: • retention of title arrangements, and consignment • leasing, hiring or renting arrangements for periods of 2 years or more, for indefinite periods, or on terms that the grantor can, or does in practice, have possession for more than 2 years. See page 54. • traditional types of security, e.g. banks and others taking security (previously called a charge, or fixed/floating charge) over some or all of a corporation's business assets, and in some businesses giving a pledge or retaining a lien (delivery or right of retention of property for the purposes of securing repayment for goods or services owing)
Serial-numbered property	Motor vehicles, aircraft, watercraft, and some intellectual property rights such as designs, patents or plant varieties. Not any other serial-numbered goods (e.g. computers, washing machines). See page 35.
Taking free	Where a grantor of a security interest sells or leases collateral, the buyer or lessee takes free of the security interest (meaning the collateral is not encumbered and no longer subject to the security interest) under a number of 'taking free' rules. Most importantly, a buyer/lessee of personal property: • Takes free of an unperfected (unregistered) security interest in property bought or leased for value • Takes property (other than serial-numbered goods) free of a security interest if the property is bought or leased for new value, is to be used mainly for personal domestic or household purposes, and the market value of the total new value given is \$5,000 or less (the low value or garage sale rule, though it applies not just to garage sales) • Takes free of security interests in most sales or leases of property in the ordinary course of the seller/lessor's business. This can apply to both business and consumer buyers or lessees, and covers most retail and hiring transactions. If it is usual that the type of property is sold or leased in that business, the end customer takes free of the security interest in the actual property, so is not at risk of having it repossessed. • Takes free of a security interest in serial-numbered property (other than where the buyer/lessee taking the property as inventory) if a search against the serial number in the PPSR immediately before the sale or lease does not disclose the registration (either not registered against serial number or number entered incorrectly) • Takes free of a security interest if buying or leasing a motor vehicle for new value from prescribed licensed motor vehicle dealers and if it is not inventory of the buyer/lessee. Each taking free rule has differing exceptions about the state of knowledge of the buyer/lessee but, apart from the first dot point above, each applies even where the security interest is perfected by registration. See page 41 or go to ppsr.gov.au for more information about buyer protection.

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Where do I go for help?

Talk to your accountant, financial adviser or lawyer to see if the PPSR is relevant to your business.

Website: www.ppsr.gov.au is available 24/7.

Email: enquiries@ppsr.gov.au

Telephone: 1300 007 777

Help in other languages

If you have difficulty speaking or understanding English, you may call the Translating and Interpreting Service (TIS) on 13 14 50 for the cost of a local call.

Feedback about this guide can be emailed to communications@ppsr.gov.au

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