



Personal Property Securities (PPS) Reform

THE PPS SYSTEM: Revolutionised Australian secured finance by establishing a new regime for the creation, legal effect and enforcement of security interests in personal property (i.e. property other than land).

- Replaced 70 different laws and consolidated 40 registers of security interests into one national online (real-time) Register
- Introduced rules of enforcement – a process that secured parties can follow upon default of repayment obligations
- Introduced a comprehensive system of priorities – sets priorities between competing security interests in terms of recovery against the proceeds of collateral

2015 WHITTAKER REVIEW:

- The Review found the PPS Act is considered a challenging and highly technical piece of legislation by lawyers and academics
- The Review made 394 recommendations to reduce complexity and allow the PPS Act to better meet its objectives; and
- Stakeholders strongly advocate for implementation of the Review recommendations, including at current Parliamentary Joint Committee on Corporations and Financial Services on Corporate Insolvency in Australia.

Reforms will assist:

- **Small businesses** – a more usable PPS Act will help enhance access to finance, and reduce the risk of detrimental errors and compliance costs that may need to be incurred.
- **Financiers and their clients** – further simplification of the PPS Act would improve efficiency and provide greater certainty in terms of the Act's application to potential financing arrangements. This would reduce costs for financiers and reduce risk premiums that are factored into pricing.
- **Consumers** – consumers may grant security interests over their assets and can benefit from increased availability of finance. Consumers may also search the PPS Register for encumbrances over assets and benefit from reforms to make the PPS register more usable.

Proposed reforms will provide clearer, more accessible rules for the granting, validity and enforcement of security interests through the PPS Register and seek to better address the current needs of the Australian commercial environment

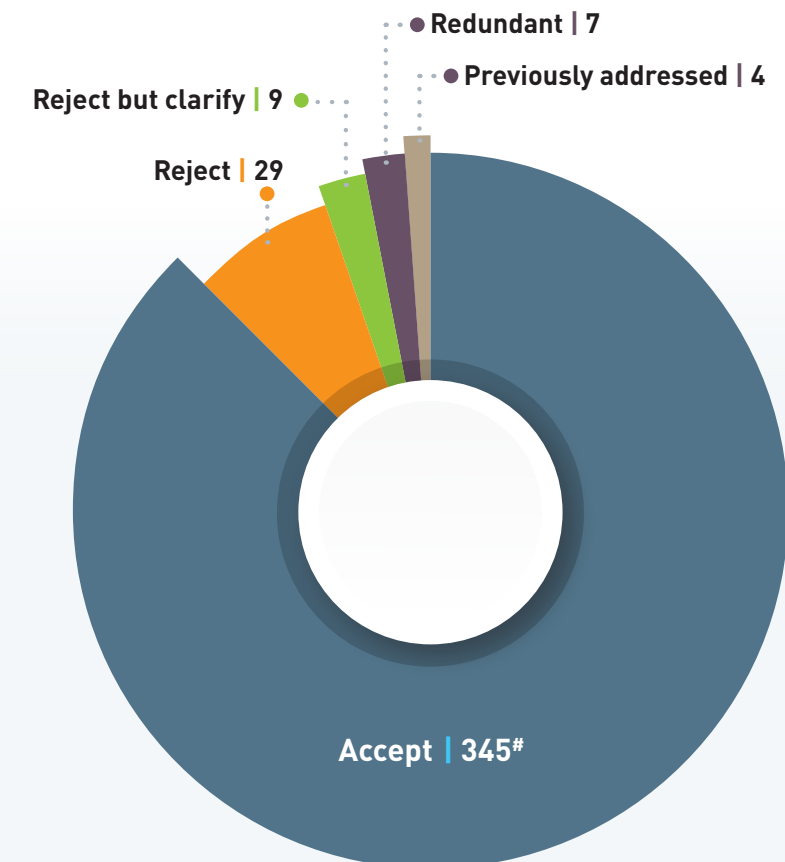
Provide **clarity** by enhancing uniformity and certainty in the PPS Act

Provide **consistency** by streamlining key concepts across the PPS framework

Improve the **functionality** of the PPS Act and Regulations, including the PPS Register

Amend the **scope** and operation of the PPS Act

Proposed Government response to recommendations



“There is no “magic bullet” in this endeavour. Rather, improvement will come from a large number of mostly small changes. Individually those changes may seem minor, but in aggregate they can have the capacity to dramatically improve the Act. That, in turn, will enhance the ability of businesses and consumers to use their assets as security, and to access cost-effective finance in Australia”

(Whittaker Review)