

PERSONAL PROPERTY SECURITIES ACT SERVICE

Protecting your financial interest in your produce

The PPSA service is available for all producers of any commodity. This should become part of standard business management practices and incorporated into every transaction.

The PPSA is a law about security interests in personal property. The term 'personal property' refers to all forms of property other than real estate. A security interest is an interest in personal property which, in substance, secures payment of a debt or other obligation regardless of the form of transaction.

This definition covers transactions considered a form of security, such as charges in company property eg. grain, hay, straw and livestock. Examples of such transactions include:

- Retention of title clauses in sale agreements, whereby a purchaser has possession of personal property, but does not acquire title from the vendor until the full purchase price is paid
- Financing leases, where personal property is leased for payments that cover the cost of the personal property and the lessee has the ability to acquire title to the personal property

BENEFITS

- Increase your status from unsecured to secured creditor in the event of insolvency of a buyer
- Secured Party Group (SPG) set up on your behalf
- Using Pinion Advisory systems and knowledge, Personal Property Security Registration (PPSR) is submitted on your behalf

WHAT IS THE PPSA SERVICE?

Every commercial transaction has a level of risk. As a means of managing risk, we have developed a PPSA service which can assist in protecting your financial exposures. Using our breadth of knowledge and contracting experience, Pinion Advisory will complete contracting documentation with each individual buyer that you transact with. We then ensure the effective registration of each transaction.

The PPSA provides legislated mechanisms to reduce financial exposures involved with day-to-day transactions. As with all legislation, it can be complex and the devil is in the detail.

Once registered with a buyer, the arrangement will cover all future sales to that particular buyer for a nominated period of seven years. Pinion Advisory database systems will highlight when these are due for renewal.

PERSONAL PROPERTY SECURITIES ACT SERVICE



INVESTMENT

For an investment of \$330 (GST inc) per registration, this service offers significant value to growers. Noting that each new ABN to ABN relationship requires a new registration. This service does not promote dealing with 'risky' counterparties. The necessary buyer due diligence should still be conducted before entering into any agreements.

WHAT OUR PPSA SERVICE IS NOT

1. It is not a dispute resolution service. If required, additional dispute resolution services can be provided at an hourly rate.
2. If your PMSI is activated, then further services can be provided at Pinion Advisory Senior Consultant hourly rate.
3. It is not a guarantee that you will receive full or part payments for your goods in the instance that the third party becomes insolvent. However, it will increase your status from Unsecured to Secured Creditor and improve the likelihood you will be paid.

THE PPSA SERVICE IN A NUTSHELL

The PPSA will help you by:

1. Setting up your Secured Party Group
 - For your own business entity
 - For any of your share farmer entities
2. Storing your Secured Party Group
 - Numbers
 - Access codes
 - Details
3. Establishing Purchase Money Security Interest (PMSI) registrations for parties (buyers) you are entering into agreements with
4. Sending verification statements to buyers, to state your security interest, and storing these
5. Storing the tokens, issued with the registration, that allow you to amend a PMSI
6. Providing details of the PMSI registration on Confirmations of Trade to the buyers
7. Notification once your PMSI has lapsed*
8. Notification should a PMSI be activated, in the occurrence of an administration or insolvency event*

*providing that your contact details are maintained and you notify Pinion Advisory of any changes.

WHY WORK WITH US

We are recognised as the leaders in the practical adoption of the PPSA within the agricultural industry. We have consulted widely across the industry and have presented on this topic at national conferences and industry associations. We have invested time to understand the PPSA, and how it works.

Pinion Advisory has seen the value of registering on the Personal Property Securities Register (PPSR) first hand. In a 2014 administration event, we had registered six separate PMSI's on behalf of clients. Clearly every case is different however, in this example, the Deed of Company Arrangement (DOCA) that creditors agreed upon, stated "secured parties received 100 cents in the dollar whilst unsecured parties received two lots of ten cents in the dollar."

For more information
contact us on **1300 746 466**
or visit [pinionadvisory.com](https://www.pinionadvisory.com)

