



AUSTRALIAN BANKERS' ASSOCIATION INC.

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Ms Julie Dennett
Committee Secretary
Senate Standing Committee on
Legal and Constitutional Affairs
PO Box 6100
Parliament House
Canberra ACT 2600
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Dear Ms Dennett,

**Personal Property Securities Amendment (Registration Commencement)
Bill 2011**

The Australian Bankers' Association (ABA) appreciates the opportunity to provide this submission to the Committee supporting the Personal Property Securities Amendment (Registration Commencement) Bill 2011(Bill).

The ABA acknowledges the long association that the Committee has had with the personal property securities reform project and in particular the national importance of a single national electronic register for the registration of personal property securities interests. The ABA wishes to again record its appreciation of the interest and contribution of the Committee over its several inquiries into this reform.

As the Committee will be aware, the ABA is the peak national body representing banks (other than mutuals) that are authorised by the Australian Prudential Regulation Authority to carry on banking business in Australia. The ABA's membership of 23 banks comprises the four major banks, former regional banks that now operate nationally and foreign banks that are represented and carry on banking business in Australia as Australian banks.

The ABA's members are the principal providers of consumer and business credit facilities in Australia and confirm support for the Government's reform project.

This is a significant micro-economic reform project involving fundamental changes to Australian personal property securities law and practice. Central to the reforms is the creation of a single national electronic register (PPSR) for the

registration of financiers' and certain business' security interests in personal property. The PPSR will provide a significantly improved search facility, certainty and efficiency for consumers and financiers.

The PPSR is an indispensable element of the personal property securities legal and operational framework. At commencement, without a technically operational and legally effective PPSR, financiers would be unable to perfect their personal property security interests by registration as existing registers will cease to operate. This could lead to financiers being unable to engage in secured lending against personal property with adverse implications for the availability and cost of finance to consumers and businesses and the wider impacts on the Australian economy.

It follows that any risk, however small, that the PPSR will be unable to "go live" before the current fixed commencement date in the Personal Property Securities Act 2009 of 1 February 2012 is unacceptable and should be fully mitigated. The contingency mechanism afforded by the Bill is essential as a mitigation measure to avert these adverse consequences.

Further, it is imperative that this contingency mechanism is extended to the fixed commencement date for the migration onto the PPSR of Commonwealth, State and Territory transitional registers and for the Bill to be passed this year.

The ABA expects that provided no unforeseen, severe or serious defects in the completion stages for the PPSR arise between now and 30 January 2012, the PPSR will be able to "go live" on that date without the need for reliance on the Bill's contingency mechanism.

The Government is expected to initiate another awareness campaign closer to the commencement date in pursuance of its responsibility to educate the business community to again alert the business community and general public to the changes to the law and to the significance of the PPSR. Anecdotally, some member banks have identified that there are differing levels of awareness and readiness with their customers.

The ABA strongly supports this Government initiative to ensure there is widespread business readiness for the commencement of the reforms.

Yours sincerely

Ian Gilbert