



11/24473

9 November 2011

Ms Julie Dennett
Committee Secretary
Senate Standing Committees on Legal and Constitutional Affairs
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via e-mail: LegCon.Sen@aph.gov.au

Dear Ms Dennett

Inquiry into the Personal Property Securities Amendment (Registration Commencement) Bill 2011

I refer to your e-mail correspondence to Mr Roger Wilkins, Secretary of the Attorney-General's Department, inviting him or the Department to make a submission to the inquiry being conducted by the Senate Standing Committee on Legal and Constitutional Affairs into the Personal Property Securities Amendment (Registration Commencement) Bill 2011. I also thank the Committee for the opportunity to provide a submission.

The current status of the project is that the PPS Register application has been built and all elements of the project are well advanced. Consultation with industry has been extensive, including in the design and execution of the user acceptance testing program. As the Committee is aware, the proposed date for PPS commencement was 31 October 2011. Significant progress had been made to achieve that date, including software and IT development, associated infrastructure, a contact centre and support services with the Insolvency and Trustee Service Australia (which will assume ongoing responsibility for the operation of the PPS Register), and a communications program.

A first cycle of user acceptance testing commenced on 9 August 2011, however significant issues arose during this testing phase. These issues did not relate to the stability of the PPS Register application itself, but rather the interface between the Register and other necessary systems, particularly the financial management system. With the time needed for resolution of these issues to the satisfaction of Government and industry, commencement of PPS reform on 31 October 2011 was no longer viable. The Department now proposes a commencement time for PPS reform of 30 January 2012.

In proposing this date, the Government is mindful of the need to ensure industry readiness. Accordingly, a new testing phase was scheduled to ensure full confidence across Government and industry in the system as a whole. A second cycle of user acceptance testing commenced on 19 September 2011. This second cycle is due to be completed on 11 November 2011. At this time, the Department will undertake an assessment of overall readiness for the commencement of PPS reform, including that of Government as well as industry and other stakeholder, and will advise the Attorney-General accordingly.

The Department has worked very closely with key stakeholders, including the banks and other financial institutions in testing the PPS IT system, re-scheduling the work that remains to be done in order for PPS to commence with an acceptable level of risk, and in achieving the now expected commencement time of 30 January 2012. This close working relationship with key stakeholders will continue as we move closer towards implementation.

Based on the level of testing already undertaken and the progress of work across the program, the target dates that have been planned with industry are that data migration commences on 28 November 2011 and the registration commencement time is 30 January 2012. However, meeting these dates is dependent on an assessment of readiness after user acceptance testing is completed.

Under the *Personal Property Securities Act 2009* (PPS Act), the *migration time* will be the first day of the month which is 25 months after the month in which the Act received the Royal Assent, and the *registration commencement time* will be the first day of the month which is 26 months after the month in which the Act received the Royal Assent. The Act received the Royal Assent on 14 December 2009, which means the *migration time* and the *registration commencement time* must be no later than 1 January 2012 and 1 February 2012, respectively.

The Personal Property Securities (Registration Commencement) Bill 2011 will assist the Government and industry in managing the risk associated with the PPS legislation commencing automatically on 1 February 2012, but without a fully functioning PPS Register. When the PPS Act starts operating, it has the effect of ceasing the operation of the Commonwealth, State and Territory registers that will be replaced by the PPS Register. It is not possible to wind back this effect without substantial amendment to PPS legislation in almost every jurisdiction. (The commencement of the Western Australian PPS legislation is directly linked to the registration commencement time in the PPS Act.)

Given the Parliamentary sitting pattern, it is important to provide the capacity to determine a later date now, before Parliament rises for 2011. Should any critical issues arise in the final weeks before the registration commencement time in the Act; noting that the migration of some 4.6 million records from the existing Commonwealth, State and Territory registers will commence at the end of November 2011; it would not be possible for necessary legislative amendments to be made before the default commencement time of 1 February 2012.

Yours sincerely

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