



Australian Finance Conference

8 November 2011

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

By e-mail: email: legcon.sen@aph.gov.au

Dear Ms Dennett,

**PERSONAL PROPERTY SECURITIES AMENDMENT (REGISTRATION
COMMENCEMENT) BILL 2011**

Thank you for the opportunity to provide a submission on the *Personal Property Securities Amendment (Registration Commencement) Bill 2011* (the "Bill"). This submission is provided on behalf of members of the Australian Finance Conference, the Australian Equipment Lessors Association, the Australian Fleet Lessors Association and the Institute for Factors and Discounters which together represent more than 200 organisations operating in Australia's financial services market.

Our members are heavy users of the current ASIC Register of Company Charges, Registers of Encumbered Vehicles and other Commonwealth, State and Territory securities registers. The development of a national Personal Property Securities ("PPS") Register to replace these registers is an important piece of micro-economic reform for the Australian economy. The AFC and its members have for many years supported and been involved with the development of the PPS legislation. More recently, the AFC and many of our Members have directly participated in various aspects of the development of the PPS Register through Special Interest Groups facilitated by the Attorney-General's Department. These include the User Acceptance Testing, Business Process, Data Migration, Legal and Business-to-Government Groups.

The *Personal Property Securities Act 2009* currently provides that the date on which the PPS Register opens for business (referred to in the legislation as the "registration commencement time") must be no later than 1 February 2012; and that the data migration time for transfer of registration from current registers must be no later than one month before that on 1 January 2012. On this basis, the Attorney-General's Department has announced that it is planning for a PPS registration commencement time of Monday 30 January 2012.

The critical issues for the financial services industry regarding the PPS registration commencement time are that, on whatever date the PPS Register opens for business, it has to be fully-tested functional and ready for operation and that migration of existing registrations from current Commonwealth, State and Territory Registers be complete. Many of our Members have had large project teams allocated to the commencement of the regime and any delay to start-up has holding cost implications. However there were significant concerns in the mid-year early rounds of formal User Acceptance Testing about the functionality of the then October commencement and with the data migration process. AFC therefore sought from the Attorney-General a deferral of commencement until all systems were proven and we were pleased when this was agreed. However, while these then concerns have largely been alleviated and there is now a reasonable level of comfort that the PPS Register will be ready for the commencement time of 30 January 2012 (and our members are planning for this date), we nevertheless believe that it contains little allowance for contingencies which may affect Register development over the next few months or for unexpected external events which could occur in the weeks leading up to the registration commencement time, for example through the data migration process.

The PPS reform is a very large and complex endeavour and given the importance for commercial and prudential reasons of having the PPS Register fully-tested and operational with data migration complete before the registration commencement time, we support the proposed amendments to the *Personal Property Securities Act 2009* as detailed in the Bill in order to allow the Attorney-General to determine a date later than 1 February 2012 as the registration commencement time and a date later than 1 January 2012 as the data migration time. This will provide flexibility with the start date for the PPS Regime and comfort to the financial services industry that it will continue to have access to appropriate securities registers until the PPS Register is ready for use.

If you wish to discuss our submission or if you have any questions, please contact

Kind Regards,

Yours truly,

Ron Hardaker
Executive Director