

Case Study

AFSA

The Personal Property Securities reform has been described as “...undoubtedly the most major development in commercial and finance law for decades¹...”

Associate Professor David Brown and Associate Professor Christopher, Co-Directors of the Bankruptcy and Insolvency Law Scholarship Unit at Adelaide Law School, University of Adelaide



The customer

Country: Australia
 Industry: Public Sector
 Number of employees: 422 full-time equivalent employees in AFSA
 Website: www.afsa.gov.au



The challenge

The Personal Property Securities (PPS) reform addressed the complexity of over 70 Commonwealth, State and Territory laws, common law rules and rules of equity governing personal property securities.

The solution

Fujitsu developed, implemented, and now supports a transactional system, hosted on site in a government data centre, which provides online access to the Personal Property Securities Register (PPSR) for the public to search for security interests, and to record and manage security interests. A key aspect of the implementation was securely migrating over 4.7 million items from 23 closed registers and making them available via the new register.

The customer

The PPSR commenced operations in Australia in 2012. It provides a single point through which consumers, businesses and the finance industry can both register and search for security interests over personal property. AFSA is the agency responsible for management and operation of the PPSR. A wide range of personal property can be registered and searched for on the PPSR, such as machinery, cars, boats, crops, livestock and equipment, as well as intangible items such as intellectual property and financial property such as shares.

The challenge

The PPSR was developed to:

- reduce the complexity of a devolved secured transaction regime through having a single national register
- provide an accessible financial risk management tool for consumers and businesses
- enable businesses selling on terms, such as retention of title, or leasing out valuable goods, to mitigate risks in the event of customer default or insolvency
- support businesses to use their existing collateral as a security to seek credit; helping to promote economic growth
- provide a one-stop shop for buyers to check whether valuable second hand goods they are seeking to buy, are debt-free and safe from repossession.
- charge for transactions on a cost recovery basis to cover development, operating, maintenance and support costs.

To develop the PPSR, AFSA required a technology partner to be engaged that could design and develop the software infrastructure within a tightly defined timeframe. The Australian Government engaged Fujitsu who, since its acquisition of Australian company Kaz, had extensive experience of the country's public sector.

The solution

Over a period of three years, Fujitsu worked with the customer to develop the system from high level requirements to an operational system.

This work included:

- advice to assist in drafting the legislation to be computer system friendly
- assistance in developing detailed specifications (including presentations to internal and external stakeholders)

The benefit

- Reduce ongoing compliance and transactions costs faced by businesses in providing, registering and searching PPS by around \$70 million per year²
- Banks, businesses and consumers now have access to information from a single source
- The PPSR is available 24/7 (excluding scheduled maintenance)
- The secure platform minimises the risk of downtime
- PPSR provides a modern and efficient personal property securities regulatory system which is essential for any modern financial system

- development of the application and database to support the register architecture design
- support to the customer for Acceptance, Load and Security testing
- specification of the infrastructure to host the register (including availability and zero data loss requirements)
- management and implementation of all aspects of the data migration process
- successful 'big bang' implementation over a weekend
- handover of the system to the customer operational team.

Since implementation Fujitsu has continued to provide support and enhancements to the system, including:

- 24 hour support for incidents
- on site support team
- major releases of new functionality and defect fixes.

A key aspect of the successful PPSR implementation was bringing together data from the registers that were being replaced into the PPSR. In addition information on security interests was also provided by large commercial organisations. The process was made complex by:

- working with 19 agencies from all States, Territories and the Commonwealth
- working with 13 large commercial organisations
- having to complete the migration over a weekend (with the old registers remaining fully open for business).

"The PPS reform moved us away from a decentralised secured transaction model to a centralised system governed by one set of rules, thereby reducing complexity." - AFSA spokesperson

Products and services

- Fujitsu Application Services

The benefit

There is now one unified online portal where businesses and consumers can easily find out property security information and status in a matter of minutes.

The significance of the introduction of the PPSR was noted by the World Bank as an initiative to strengthen the legal rights of borrowers and lenders. In their report³, Australia was ranked tenth out of 185 economies that narrowed the regulatory gap in 2011/12, making business regulations more friendly.

Thanks to weekly programmed maintenance, the Register is robust—critical for a service where down time will not be tolerated:

"Stability of the PPSR is important for the motor vehicle and banking industries which deal with thousands of transactions per day."
- AFSA spokesperson

Conclusion

A successful partnership between the Australian Government and Fujitsu has resulted in the successful development and operation of the PPSR.

"The PPSR is a significant micro-economic reform that has changed the way businesses and consumers Australia-wide can manage risk in relation to purchasing valuable second-hand goods, protecting their security interest in goods and in securing credit. Not only does Australia now have one overarching system but it is available to all, at a relatively low cost and accessible 24/7." - AFSA spokesperson

The PPSR is successfully operating with over 6 million searches and 2 million registrations occurring annually. As at 31 March 2014, there were 8,134,102 current registrations on the PPSR.

Fujitsu has been a professional, responsive and collaborative partner in the development and delivery of the PPSR.

¹ Associate Professor David Brown, Insolvency Blog, authored by Associate Professor Christopher Symes and Associate Professor David Brown, Co-Directors of the Bankruptcy and Insolvency Law Scholarship Unit (BILS) at Adelaide Law School, University of Adelaide <http://blogs.adelaide.edu.au/law-bils/>

² Impacts of COAG reforms: Business Regulation and VET, Productivity Commission Research Report, Volume 2 Business Regulation, April 2012.

³ International Finance Corporation; World Bank. 2013. Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises.

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