

PPSA Deadline 31 January 2014

Construction Update

Construction contract step in rights - time is running out to take advantage of the transitional provisions under the PPSA (Do you have this or any other security interest that needs to be registered?)

You need to ask yourself the following questions;

- Do you have a contract “on foot” that was entered into before 30 January 2012?
- Are you the Principal (or developer) under that contract?
- Does that contract contain a provision allowing the Principal to step in and take the works out of the hands of the Contractor, use a construction plant belonging to the Contractor to carry out those works and then sell that construction plant in order to pay the Contractor’s debt to the Principal? (Such rights are common in the Australian Standards Suite of construction contracts).

If you answered yes to the first three questions, then you will have a registrable security interest under the *Personal Property Securities Act 2009 (Cth)* (PPSA).

Do you have any other security interests in personal property which arise under a contract entered into before 30 January 2012?

You have until 31 January 2014 to register these security interests on the Personal Property Securities Register to take advantage of transitional provisions (which allow a two year “grace” period for registration of security interests created prior to 30 January 2012). If you do not register your security interest(s) before this date then you run a greater risk that you may lose your interest in that property to a competing creditor.

Speak to Isla McRobbie or Matthew Lang if you would like further assistance to determine whether you have a security interest or to register that security interest.

Disclaimer: This publication is intended to provide general information only and should not be relied upon as legal advice. Please contact us if you require legal advice on a matter.

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