

## Consumer Protection

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Personal Property Securities Branch  
Australian Attorney General's Department

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Dear Sir/Madam

### **PERSONAL PROPERTY SECURITIES REFORM CONSULTATION DRAFT – COST RECOVERY ARRANGEMENTS**

Thank you for the opportunity to comment on the Consultation Draft of the Cost Recovery Arrangements for the Personal Property Securities (PPS) reforms.

The Western Australian Department of Commerce (Consumer Protection Division) is responsible for the maintenance and administration of two registers which record security interests in personal property:

- the Register of Encumbered Vehicles (REVS WA) which is established in accordance with the *Chattel Securities Act 1987* (WA); and
- the Bills of Sale register, which is established in accordance with the *Bills of Sale Act 1899* (WA).

The Department of Commerce supports the cost recovery model which is being adopted for the PPS reforms. Both REVS WA and the Bills of Sale Register are operated on a cost recovery basis and experience has shown that this model can deliver a high level of service for minimum cost to users of the register.

## **Summary of charging arrangements**

The Department of Commerce notes that there are significant differences between the proposed costs for accessing the Personal Property Securities Register (PPSR) online and through the Contact Centre. Of particular concern is the potential impact that these differences in fees may have on vulnerable or disadvantaged groups within the community.

It is recognised that it costs more to deliver services over the phone than via the internet. The Department of Commerce believes it is appropriate to set a lower fee for online services to encourage those who have access to the internet to utilise this option.

This approach has been adopted in the fees charged for registering interests on REVS WA. Persons registering a security interest online or via email are charged \$7.00, whereas a registration submitted in another manner will incur a fee of \$8.00. This equates to a 14 per cent increase in the fee for a registration submitted in a manner other than online or via email.

The Summary of Charging Arrangements in the Consultation Draft shows that the proposed fee for registering a security interest through the Contact Centre (for a duration of 7 years or less) will be 200 per cent greater than the fee for registering that interest online.

It is suggested that this disparity in fees will discourage some groups of people from registering security interests on the PPSR, such as people who live in remote communities where internet access is not readily available.

It is noted that searches conducted over the phone will incur the same fee as an online search. However, persons who require search results to be issued in hard copy will be charged \$29.50. This fee appears high for the printing and mailing of a certificate and may be seen as penalising those people for whom internet access is not readily available. Consumers that have the lowest levels of internet access, such as people living in remote communities, indigenous people and the elderly, are also traditionally low income earners. They are more likely to be buying second hand cars and therefore their need for a hard copy of search results is high. A fee of \$29.50 is likely to discourage these vulnerable consumers from seeking the protection which can be obtained through a copy of PPSR search results.

The Department of Commerce strongly believes that the services offered by the PPSR should be accessible to all Australians, including people that may be at a disadvantage because of their age, race or place of residence. The level of accessibility can be increased by setting reasonable and proportionate fees for PPSR services.

A table which compares the fees currently charged for REVS WA services and the proposed PPSR fees is attached. For the majority of functions, the proposed PPSR fee is higher than what is charged to REVS WA customers. Due to the significant cost of the PPS reforms and building the PPSR, the Department of Commerce anticipated that there would be some increase in the fees; however in some cases the increase in individual fees is greater than \$20.00.

The Department of Commerce has consistently maintained that Western Australian consumers and other REVS WA customers should not be subjected to significantly higher fees or a reduced level of service as a result of the implementation of the PPS reforms. It will be disappointing if the level of disparity between REVS WA fees and the proposed PPSR fees is reflected in the final determination of fees to be charged for PPSR services.

### **PPSR Labour Costs**

The Consultation Draft indicates that 52.1 full time equivalent staff (FTE) will be assigned to the Contact Centre to handle an expected 800,000 enquiries per year in addition to processing PPSR transactions, mail and cash receipts.

REVS WA is assigned six FTE to handle enquiries and other related duties on weekdays. In addition, two staff members handle phone enquiries between 9:00am and 4:00pm on Saturdays and Sundays, which equates to 0.6 FTE. For the whole of 2009, during which time REVS WA received 85,404 phone enquiries, the maximum FTE assigned to handle phone enquiries was not fulfilled.

An average of 323 phone enquiries were received on each weekday in 2009. These calls were dealt with by 4.6 FTE. Despite the reduced level of staff, Key Performance Indicators for service levels were consistently achieved throughout 2009, indicating that the call load was effectively managed and service levels were maintained. It is possible that the service level in Western Australia could be maintained with fewer FTE, however REVS WA requires this level of staff as a minimum to provide a buffer for instances such as unplanned leave.

An average of 68 phone enquiries were received each weekend in 2009. While this level of calls could have been handled by one person, occupational health and safety policies require a minimum of two officers regardless of the number of enquiries received.

The ratio of FTE to phone enquiries for REVS WA, 85,404 calls per 5.2 FTE, roughly equates to the proposed 52.1 FTE for an expected 800,000 calls to the PPSR Contact Centre. However, with the amalgamation of all registers to the PPSR, it should be possible to achieve economies of scale that cannot be achieved in small teams such as REVS WA.

The high level of staffing in the Contact Centre will add significantly to the costs which must be recovered through fees charged to consumers and other users of the PPSR. A reduction in the number of FTEs assigned to the Contact Centre would provide an opportunity to reduce the disparity in fees that has been identified above.

The Department of Commerce suggests that the proposed PPSR fees and labour costs are reviewed in light of the comments made in this submission. Continued consultation with relevant Government agencies and external stakeholders on this topic is encouraged.

Should you require any further information or clarification, please contact Ms Felicity Smith, Senior Policy Officer, on (08) 9282 0681 or via email at [fsmith@commerce.wa.gov.au](mailto:fsmith@commerce.wa.gov.au).

Yours sincerely

Susan Nulsen  
**DIRECTOR BUSINESS SERVICES**

Fees prescribed by the <i>Chattel Securities Regulations 1988</i>		Proposed PPSR fees			
Fee type	Cost	Online	Difference	Contact Centre	Difference
Registration of a security interest online or via email	\$7.00*	\$7.40 (7 years or less)	\$0.40	\$22.20 (via email; 7 years or less)	\$15.20
		\$37.00 (7-25 years)	\$30.00	\$51.80 (via email; 7-25 years)	\$44.80
Registration of a security interest in another manner	\$8.00*	N/A	N/A	\$22.20 (7 years or less)	\$14.20
				\$51.80 (7-25 years)	\$43.80
Application for change of particulars	\$2.00*	\$7.40 (7 years or less)	\$5.40	\$22.20 (7 years or less)	\$20.20
		\$37.00 (7-25 years)	\$35.00	\$51.80 (7-25 years)	\$49.80
Issue of certificate (electronic)	\$5.00	\$0.00	-\$5.00	N/A	N/A
Issue of certificate (hard copy)	\$5.00	\$29.50	\$24.50	\$29.50	\$24.50
Confirmation of security interest by account holders	\$3.50	\$3.70	\$0.20	\$11.60	\$8.10
Search of register	Not prescribed – conducted by the Department of Commerce for no charge	\$3.70 (including phone searches)	\$3.70	\$11.60 (excluding phone searches)	\$11.60

\* One set fee is charged, regardless of the duration of the registration