

Registering your Hire Agreement on the Personal Properties Securities Register (PPSR)

Why should I consider registering my hire agreement on the PPSR?

When you hire something out for an indefinite term or a lengthy period, and the hirer goes broke or sells, leases, or mortgages your goods before you get them back, you are likely to lose them. Hire companies have already lost portable buildings, racehorses, mobile units, construction equipment and rental cars this way. To prevent that happening, what you do is register a “financing statement” on the PPSR, which is simply a notice to the world of your right to regain possession of the goods. Then no-one can claim ignorance of your rights.

Which of my hire agreements should I be registering on the PPSR?

You only need to register a hire agreement which is:

- *for a fixed term of greater than 12 months, or*
- *for an indefinite term (even if it can be terminated earlier than one year by either party), or*
- *for one year or less that is either automatically renewable or renewable by one party beyond one year, or*
- *for one year or less where the customer remains in possession for more than one year with your consent.*

Who should I get to do the registrations?

You will need to assign the task to a couple of reliable senior staff members in your company who have good attention to detail. One can serve as a backup to the other. They will need some training – the first step will be to read this Guide, and the next step is to study the information and video tutorials on the PPSR website. Then they can practice using a real or fictitious hire agreement. If they get stuck they can access this link for help: <https://ppsr.companiesoffice.govt.nz/about/contact-us/>.

How do I register financing statements on the PPSR?

Go to the PPSR website which you can find at this link: <https://ppsr.companiesoffice.govt.nz/>. To register financing statements, you will need a “Realme” username and password. Your Realme login will give you access to the online services available on the PPSR. For further guidance, go to this link: <https://ppsr.companiesoffice.govt.nz/help-centre/managing-your-online-services-account/setting-up-your-online-services-account/>. Once you have gained access to the PPSR using Realme, then:

1. *Create a new PPSR organisation account in the name of your company, and register yourself as an “administrator” of that account.*
2. *Create a “secured party group” which will simply be the hire company that you work for. Then add it to “My Portfolio” within your company's online services account.*
3. *Then you are ready to register financing statements for all the long-term hires that you have selected, by inserting the information that the website prompts you to insert.*

You can find a more in-depth guide as well as a video tutorial outlining this process at:

<https://ppsr.companiesoffice.govt.nz/help-centre/registering-on-the-ppsr/registering-financing-statements/>

What information do I need in order to register?

It is essential that you enter the correct full name of the hirer in your financing statement. If the hirer is an “organisation” (whether incorporated or not), you must include specific details. In the case of a company, you must specify the registered name, incorporation number, organisation type and the New Zealand Business Number (if one exists). If the hirer is an individual, you need their date of birth as well as other details.

A small typo may mean that the financing statement is not valid. To ensure you get it right, you should use the “Organisation Lookup” option in the PPSR. If a hirer changes its name, you only have 15 working days to amend your financing statement to ensure you do not lose priority. You can find more details on this at: <https://ppsr.companiesoffice.govt.nz/help-centre/registering-on-the-ppsr/registering-financing-statements/rules-for-naming-debtors/>

It is also essential that you correctly describe the goods in your financing statement. When describing a motor vehicle or aircraft, specific details must be provided. You can find more details on this at: <https://ppsr.companiesoffice.govt.nz/help-centre/registering-on-the-ppsr/registering-financing-statements/rules-for-describing-property/>

Does my hire agreement need to say anything special?

Your hire agreement is the first step to entitle you to register a financing statement because your hire agreement creates a “security interest” and gives you the right to register it. Best practice is to make sure that your hire agreement states that it is a security agreement under s 36 of the Personal Properties Securities Act 1999 (PPSA) under which you have a “purchase money security interest” (PMSI). The hire agreement should also state that the hirer waives their right to get a copy of the verification statement. If it does not say that, you are obliged to provide the verification statement within 15 working days of registering the financing statement.

When should I be registering my financing statements?

To qualify for a PMSI (which is the best form of security interest), you must register your financing statement no later than 10 working days after the hirer gets possession of the goods. A PMSI gives you super priority over all other security interests, even if someone has got in before you (for example a bank who has already registered a security interest over all your customer’s assets both now and in the future).

What happens if I miss the deadline?

If you don’t register within 10 working days after the hirer gets possession of the goods you lose your PMSI and your goods could be sold to pay other secured creditors with a “perfected” security interest that was registered ahead of yours. You can still register a financing statement after the deadline, but it will only give you priority over other secured creditors who register a security interest in the same goods after you.

What happens if I make a mistake when I’m registering my financing statement?

If you do not correctly name the hirer or you incorrectly describe the goods, your financing statement may be invalid. If you make a mistake you can amend the statement by logging into the PPSR and using the “Maintain” menu. Amending the statement may mean you lose your priority if this is done after the deadline for creating a PMSI and someone has already registered against all your customer’s assets. You can find more details on this at: <https://ppsr.companiesoffice.govt.nz/help-centre/registering-on-the-ppsr/managing-your-financing-statements/>

How much does registration cost?

Registering each financing statement costs \$16.10 including GST, and you can set up a direct debit facility. It is well worth it if your goods are valuable and you can’t afford to lose them. You can find the fees for the various PPSR services at: <https://ppsr.companiesoffice.govt.nz/help-centre/paying-ppsr-fees/schedule-of-fees/>

How long does registration last?

Financing statements automatically expire after 5 years or at an earlier date if you say so. However, you may renew a financing statement prior to its expiry date through the maintenance services on the PPSR. To maintain your priority claim over the goods you must renew your financing statement before it expires.

Do we have to register every single long-term hire?

You will probably not want to bother registering a financing statement for every small-good hire that has no fixed return date, because even though those are regarded as a hire for more than 12 months, chances are you will get your goods back within a few days or weeks, so the risk is minimal. But always register when the item is expensive or you know the hire is going to run long-term. And once you have done so, maintain a record of all financing statements you have registered and their current status, including the registration number and PINs, so you don’t lose track. You can use the PPSR online reporting tools to do that.

What do we do after registration?

Any time you become aware that the details on your financing statement have altered, you should update them. And once the goods are returned, you must delete the financing statement by using the “discharge” option on the PPSR. You can find more details on updating financing statements at: <https://ppsr.companiesoffice.govt.nz/help-centre/registering-on-the-ppsr/managing-your-financing-statements/>, and more details on removing a financing statement at: <https://ppsr.companiesoffice.govt.nz/help-centre/registering-on-the-ppsr/managing-your-financing-statements/>