



Australian Government

Australian Financial Security Authority

Online Services: Business to Government (B2G)

Debt Agreement Service Practitioners

Release Notes for Debt Agreement Reform

Version 1.0

January 2019

Version Control		
Version	Release Date	Description of changes
1.0	January 2019	Initial version

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Introduction

Purpose

The Australian Financial Security Authority (AFSA) has made changes to the Business to Government (B2G) Debt Agreement Service as a result of the passing of the *Bankruptcy Amendment (Debt Agreement Reform) Act 2018*.

The purpose of this document is to detail changes made to the Debt Agreement web service operations due to the reforms for those software providers who have an existing implementation of the Debt Agreement B2G web service.

Further information about the Debt Agreements B2G channel

For those unfamiliar with the Debt Agreement B2G web service operations currently available please refer to the Practitioner Message Implementation Guide (MIG) located on the AFSA website:

<https://www.afsa.gov.au/online-services/b2g-system-integration/service-documentation>

The Practitioner's MIG provides a high-level view of the web service operation as only detailed changes to each operation as a result of the legislative change are listed in this document.

Any queries should be directed to ICTB2GSupport@afsa.gov.au.

DA Reform Schema Changes Overview

The following operations have had schemas changes, as well as new validations applied:

- *SubmitDebtAgreementProposal*
- *GetDebtAgreementProposal*
- *SubmitDebtAgreementVariation*
- *GetDebtAgreementVariation*
- *SubmitDebtAgreementTermination*
- *GetDebtAgreementTermination*
- *SubmitDebtAgreementCompletion*
- *SubmitDebtAgreementDefault*

No new operations have been added to the service as a result of the reforms.

Important information about new elements added in the schemas

In implementing the changes required for the reforms, AFSA has added new **optional** elements to the request message schemas. The elements are optional to ensure that:

- The current format of requests to submit debt agreement proposals, variation proposals, termination proposals, completion and default notifications are supported until the commencement date of the reforms on 27 June 2019.
- Agreements, where the debt agreement proposal was given to the Official Receiver before commencement of the reforms, do not require the use of these new elements in the variation or termination proposals, completion or default notifications when the reforms come into effect.

While the schema will not enforce the new elements, when an administrator lodges a debt agreement proposal on or after 27 June 2019, the form business rules in AFSA's internal systems will expect these new elements to have valid values.

Subsequent forms, be it a variation, termination, completion or default notification for debt agreement proposals submitted and paid from 27 June 2019 need to use the new elements added to their request schemas as form business rules will enforce this, even if the schemas do not.

Important reform changes

Important business process changes to Debt Agreements that impact those using the B2G channel are highlighted below.

This is not a complete list of all the changes made in the reforms, for more information see [the AFSA website](#).

Length of agreements

Debt Agreements proposed from commencement will have length limits applied.

See the [AFSA website](#) for information on the new length requirements for agreements from the commencement of the reforms.

Form business rules will enforce the limit (plus time for the proposal to be assessed and the voting to be completed) depending on whether the debtor has an interest in their principal place of residence or not.

Note: AFSA systems will not enforce the length requirements on existing agreements where the debt agreement proposal was given to the Official Receiver before the commencement date.

Payment to income ratio and certification requirements for the debt agreement proposal

The reforms include a payment to income ratio to determine debtor eligibility for new debt agreement proposals submitted and paid on or after 27 June 2019.

The introduction of the payment to income ratio requires new certificates to replace the existing debt agreement proposal certificate from the commencement of the reforms.

Software using the B2G channel must produce the correct certificates when the administrator certifies the agreement, either by printing a copy and having the administrator physically sign it or by using a digital signature platform such as Adobe Sign.

A B2G client application can achieve the accurate production of the correct certificates for a proposal by either:

- producing the certificates from their software based on certificates in the approved forms supplied by AFSA;
- Alternatively, by calling the *GetDocuments* operation provided by AFSA after setting the *FormPreviewIndicator* in the *SubmitDebtAgreementProposal* operation to 'true'. See the Practitioner Message Implementation Guide for a detailed description of this operation.

From commencement, the proposed administrator must sign the appropriate certificates for a debt agreement proposal, which are the following in these scenarios:

Scenario	Certificate(s) to be signed by proposed administrator	Additional information
The debtor has an interest in their principal place of residence	Section 185C(2D) certificate (Payment to income ratio not exceeded/not applicable)	Note: in this circumstance the debtor is exempted from the ratio and it does not need to be explicitly calculated If the debtor is buying or owns their current residential address, then the debtor has an interest in their principal place of residence.
The debtor's proposal percentage is less than or equal to the prescribed percentage	Section 185C(2D) certificate (Payment to income ratio not exceeded/not applicable)	When the debtor does not have an interest in their principal place of residence, the ratio is calculated for the proposal. This same certificate is used whether exempt from the ratio or less than or equal to the prescribed percentage.
The debtor's proposal percentage is greater than the prescribed percentage	<ol style="list-style-type: none"> 1. Section 185C(2D)(c) certificate (Payment to income ratio exceeded); and the 2. Section 185C(4C)(b) certificate (Payment to income ratio exceeded) 	When the debtor does not have an interest in their principal place of residence, the ratio is calculated for the proposal. The proposed administrator must sign two certificates when the debtor's proposal percentage exceeds the prescribed percentage. This is due to a higher legal requirement that the proposed administrator provide an additional certificate that they are <i>satisfied</i> the debtor can meet their payment obligations.

Software providers may wish to calculate the ratio in their systems. Information on how to calculate the ratio, and exceptions to when it applies to debt agreement proposals and variation proposals is located [on the AFSA website](#) and examples of the formula are detailed in [Official Receiver Practice Statement 10](#).

The format of the certificates can be obtained by contacting ICTB2GSupport@afsa.gov.au.

If you are unsure if your software is producing the correct certificate(s) please contact ICTB2GSupport@afsa.gov.au for assistance.

Note: Debt Agreement Administrators are required to retain signed copies of the correct certificate(s) in their files.

New Debt Agreement Variation proposal certificate

The reforms now require an administrator to certify any variation proposal lodged for an agreement.

There are two approved forms of the variation proposal certificate depending on the debtor's circumstances:

Scenario	Certificate version to be signed by administrator	Additional information
<ul style="list-style-type: none"> Only varying the administrator And/or varying the payment terms but the debtor is not experiencing adverse personal or financial circumstances 	Section 185M(1F) <i>Bankruptcy Act 1966</i>	N/A
<p>The debtor is experiencing a substantial change in personal or financial circumstances.</p> <p>In this scenario the DebtorAdverseSituationIndicator would be set to 'true'.</p>	Sections 185M(1F) and 185M(1DB) <i>Bankruptcy Act 1966</i>	The certificate has the same wording as the one above with the addition of an extra certification so the administrator can certify the debtor suffered a substantial change in circumstances not foreseen when the agreement was entered into.

An administrator need only certify a single certificate per variation proposal, not both versions.

Software providers can obtain the variation proposal certificate approved forms by contacting ICTB2GSupport@afsa.gov.au or as with the debt agreements proposal, the *GetDocuments* operation can be used to retrieve the correct version from AFSA's B2G channel after lodging a previewed (draft) version of the form.

If an administrator prefers to use a digital signature platform rather than physically signing the certificate, the elements *PractitionerDeclarationDateTag* and *PractitionerDeclarationSignatureTag* have been added to the *SubmitDebtAgreementVariation* request message to support this.

If you are unsure if your software is producing the correct certificate version for a variation proposal, please contact ICTB2GSupport@afsa.gov.au for assistance.

The payment to income ratio and variation proposals

From commencement, the payment to income ratio is applied slightly differently to variation proposals than the initial debt agreement proposal.

If a software provider wishes to calculate the ratio themselves in their system, at variation time, the ratio only needs to be calculated when:

- The payment terms are being varied (i.e. if only proposing a new administrator, the ratio is not calculated); and
- The debtor will be making further payments (i.e. the variation is not proposing to accept the current payments made to date); and
- The debtor did not have an interest in their principal place of residence at the time of their debt agreement proposal; and
- At proposal time, the debtor's debt agreement proposal percentage did not exceed the prescribed percentage (as if it exceeded at proposal time the Administrator has already certified the viability of the debtor's payment obligations and the ratio does not need to be calculated again).

While a debt agreement proposal percentage can exceed the prescribed percentage, form business rules will produce an error preventing submission where a variation proposal's percentage exceeds the prescribed percentage.

The ratio calculation for a variation proposal does not change the content of the certificate signed by the administrator, only claiming a substantial change in personal or financial circumstances does so ([see above](#)).

Note: If software using the B2G channel is calculating the ratio itself, rather than relying on AFSA systems to perform the calculation, the low income debtor amount must be the value that was used at the proposal time, not the low income debtor amount at variation time as these amounts could differ.

Official Receiver rejection of variation proposals

A new power for the Official Receiver (OR) in the reforms is the ability to reject variation proposals where the OR believes the varied agreement:

- will cause undue hardship to the debtor; or
- is not in the interest of creditors

As with other outcomes of form assessments by the OR, the *SearchCorrespondence* operation can be used to poll for the outcome of the OR's decision.

The *GetCorrespondence* operation will allow the specific pieces of correspondence for variation rejection to be retrieved through the B2G channel in various formats.

To test this in AFSA's discovery environment, please contact us when you have submitted a variation as the form will need to be assessed to produce this outcome.

Below is an example of a variation rejection response from *SearchCorrespondence*. This response has the *CorrespondenceType* of **DAS_DA_REJECTED_FOR_PROCESSING_PRACTITIONER**, the same one used for debt agreement proposal rejection responses:

```
<?xml version="1.0" encoding="UTF-8"?>
<DebtAgreementFormAssessed
xmlns="http://afsa.gov.au/DebtAgreementService/DebtAgreementFormAssessed.1">
<Id>DAV18035405</Id>
<ReceivedDate>2019-07-29</ReceivedDate>
<Status>REJECTED_FOR_PROCESSING</Status>
<StatusDate>2019-08-29</StatusDate>
<StatusComment><![CDATA[The proposal to vary the debt agreement reveals <relevant
facts>.]></StatusComment>
<StatusReasonText>
<![CDATA[The Official Receiver believes that complying with the debt agreement as
proposed to be varied may cause you undue hardship due to <relevant
facts>.]></StatusReasonText>
<StatusLegislativeText><![CDATA[Section 185M(2A) The Official Receiver may refuse
to accept a debt agreement variation proposal for processing if the Official
Receiver reasonably believes that complying with the agreement as proposed to be
varied would cause undue hardship to the debtor.]]></StatusLegislativeText>
<Type>DAV</Type>
<AdministrationNumber>QLD 12739/18/1</AdministrationNumber>
<DebtorGivenNames>HMXNB COMMENCEMENTDATEON</DebtorGivenNames>
<DebtorSurname>POKE</DebtorSurname>
<DebtorBirthDate>1978-11-09</DebtorBirthDate>
</DebtAgreementFormAssessed>
```

Administrator listed as affected creditor correspondence changes

From commencement where an administrator also listed as a creditor on a proposal, the administrator can no longer vote on that proposal.

If an administrator uses the B2G channel to check the outcome of the OR decision on a proposal using *SearchCorrespondence*, the response will be a new correspondence type. If retrieving correspondence items using *GetCorrespondence*, the correspondence will eligibility to vote on the proposal.

See the latest Creditors MIG on the AFSA website for more details of the change under the *SearchCorrespondence* operation.

This change does not affect the usual practitioner correspondence received by the administrator, only creditor correspondence.

Privacy statement on debt agreement forms

The new approved versions of debt agreement forms from commencement will include a new privacy statement at the front of each form concerning the debtor's information.

An administrator using the B2G channel is required that the forms given to the debtor include this statement. This can be achieved by either:

- using the *GetDocuments* request (which will automatically include it in the documents retrieved); Or

- Alternatively, if the administrator's software produces its own forms, these forms should include the AFSA privacy statement when the administrator generates the forms to present to the debtor for signing.

The privacy statement can be found on the AFSA website, or alternatively contact ICTB2GSupport@afsa.gov.au.

DA Reform Detailed Schema Changes

This section provides a descriptions for each new element added to the debt agreement schemas.

SubmitDebtAgreementProposal and GetDebtAgreementProposal changes

The changes described here apply to

- Debt agreement proposals submitted and paid on or after 27 June 2019.

AFSA has added the same elements detailed below to the *GetDebtAgreementProposal* response message.

Description of change	New elements added	Description of use
The proposed administrator must detail categorised expenses	ProposalSection <ul style="list-style-type: none"> • ExpensesBankingFeesAmount • ExpensesValuatingAssetsAmount • ExpensesEligibilityDebtorAmount • ExpensesOtherAmount • ExpensesOtherDetails 	The total of the new expense elements will be calculated and if these do not match the total amount in the element AllowableExpenseAmount, then a form error will be returned. The ExpensesOtherDetails element is required when the ExpensesOtherAmount element is greater than \$0.00. This is free text (max 50 characters) to describe the other expenses. A value of 0.00 can be used if there are no estimated expenses at the time of the proposal
Administrator Certification Statement	PrescribedIncExceededStatement	When the debtor's proposal percentage exceeds the prescribed percentage, this free text element must detail the steps taken by the administrator to determine they are satisfied the debtor can meet their obligations. Max length is 2000 characters.
New section for related	AdministratorRelatedEntitiesSection <ul style="list-style-type: none"> • BrokerOrReferrerSection • AdministratorIsCreditorIndicator • RelatedCreditorsSection 	This section has been added to the schema for listing brokers/referrer relationships, whether the administrator is an

<p>entities of the administrator</p>		<p>affected creditor and listing creditors whom are related entities of the administrator.</p> <p>This data must be shown on the s185C(2D) or s185C(2D)(c) Certificate by Debt Agreement Administrator (no matter the outcome of the ratio calculation).</p> <p>Elements for these are described below.</p>
<p>The proposed administrator must disclose on the certificate any brokers or referrers used</p>	<p>BrokerOrReferrerSection:</p> <ul style="list-style-type: none"> • BrokerOrReferrerUsedIndicator • BrokerOrReferrer <ul style="list-style-type: none"> • BrokerReferrerName • BrokerReferrerRelationshipType • BrokerReferrerPaymentAmount 	<p>The request message must indicate whether the administrator used the services of a broker or referrer.</p> <p>If set to true, the relationship type ('BROKER' or 'REFERRER'), their name (max 255 characters) and any amount paid to the broker or referrer must be detailed.</p> <p>If the administrator did not use a broker or referrer, the name, type and amount are not required.</p> <p>The details of only one broker or referrer are provided in the request.</p>
<p>The proposed administrator must disclose on the certificate if they are an affected creditor on the proposal</p>	<p>AdministratorIsCreditorIndicator</p>	<p>The form business rules require this true/false indicator to be set.</p> <p>If set to true, AFSA systems will prevent the proposed administrator from voting on the debt agreement proposals and any subsequent variation or termination proposals after the agreement is made.</p>
<p>Affected creditors who are related entities of the proposed administrator must be disclosed on the certificate</p>	<p>RelatedCreditorsSection</p> <ul style="list-style-type: none"> • AdminRelatedCreditorIndicator • AdminRelatedCreditors <ul style="list-style-type: none"> ○ AdminRelatedCreditorList <ul style="list-style-type: none"> ▪ AdminRelatedCreditor <ul style="list-style-type: none"> • AdminRelatedCreditorId • AdminRelatedCreditorRelationshipType 	<p>The AdminRelatedCreditorIndicator indicator must be set.</p> <p>If true, the creditor ID and relationship type for up to 4 affected creditors who are related entities of the administrator must be provided in the request.</p> <p>These creditors will be recorded in AFSA systems and prevent these related entities of the administrator from voting on the debt agreement proposal.</p>

		<p>See the schema itself for the enumerated list of relationship types.</p>
<p>Payment to Income ratio - Additional certificate for when the debtor's proposal percentage exceeds the prescribed percentage</p>	<p>DeclarationSection:</p> <ul style="list-style-type: none"> • DebtAgreementProposalCertificate4CSignedDate • PractitionerDeclaration4CDateTag • PractitionerDeclaration4CSignatureTag 	<p>When the payment to income ratio is exceeded, the date the additional certificate was signed by the administrator is required in addition to the date for the s185C(2D) certificate. This date field is enforced by business rules when the ratio is exceeded.</p> <p>As with the existing certificate, the tag elements have been added to be to support administrators signing the certificate through a digital signature platform e.g. Adobe Sign.</p> <p>See the <i>GetDocuments</i> operation described in the Message Implementation Guide.</p> <p>The tag fields are not enforced by form business rules and are optional.</p>

SubmitDebtAgreementVariation and GetDebtAgreementVariation changes

The changes detailed here apply to

- Debt agreement variation proposals for agreements where the initial debt agreement proposal was lodged and paid on or after 27 June 2019

AFSA has added the same elements detailed below to the *SubmitDebtAgreementVariation* request message and *GetDebtAgreementVariation* response message.

Description of change	New elements added	Description of use
Administrator must detail categorised expenses	<p>CurrentProposalSection:</p> <ul style="list-style-type: none"> • ExpensesBankingFeesAmount • ExpensesValuatingAssetsAmount • ExpensesEligibilityDebtorAmount • ExpensesOtherAmount • ExpensesOtherDetails <p>VariationTermsSection:</p> <ul style="list-style-type: none"> • ExpensesBankingFeesAmount • ExpensesValuatingAssetsAmount • ExpensesEligibilityDebtorAmount • ExpensesOtherAmount • ExpensesOtherDetails 	<p>On the variation proposal, the practitioner must list the categorised expenses twice if varying the payment terms. Once for the expenses that the Practitioner listed on the Debt Agreement Proposal and any new expenses that may result from the variation.</p> <p>Form business rules calculate the total of the varied expense elements and if this total does not match the total amount provided in the element AllowableThirdPartyExpensesAmount, then the submission will fail validation.</p> <p>The ExpensesOtherDetails element is required when the ExpensesOtherAmount element is greater than \$0.00. This is free text (max 50 characters) is to describe the other expenses.</p> <p>An administrator can use a value of 0.00 if there are no estimated expenses for a particular expense category at the time of the variation proposal.</p>
A debtor experiencing substantial change in personal or financial circumstances can extend the length of their agreement to up to five years in length	<p>VariationTermsSection:</p> <ul style="list-style-type: none"> • DebtorAdverseSituationIndicator • DescribeAdverseCircumstances 	<p>If this indicator is set to true, the administrator is required to provide a free text description of the debtor's substantial change in personal or financial circumstances in the element DescribeAdverseCircumstances.</p> <p>The practitioner can also extend length of the agreement by up to five years from the date made (accepted by creditors), when this indicator is set to 'true'.</p>

		<p>Additionally, when this indicator is set to 'true' and the length is being varied to be greater than three years, the total payment amount of the agreement cannot be increased.</p> <p>When this indicator is set to true the certificate must have additional wording so the Administrator certifies the variation proposal to a higher standard (see above).</p>
Administrator must certify the agreement	<p>DeclarationSection:</p> <ul style="list-style-type: none"> DebtAgreementVariationCertificateSignedDate 	<p>This new date element is required when submitting the form. It is the date when the administrator signed the certificate.</p> <p>This date is not required when submitting a previewed (draft) version of the form.</p>
Electronic signature tag support for new debt agreement variation certificate	<p>DeclarationSection:</p> <ul style="list-style-type: none"> PractitionerDeclarationDateTag PractitionerDeclarationSignatureTag 	<p>These elements have been added to be consistent with the debt agreement proposal to support administrators signing the certificate through a digital signature platform e.g. Adobe Sign.</p> <p>See the <i>GetDocuments</i> operation described in the Message Implementation Guide.</p> <p>These fields are not enforced by form business rules and are optional.</p>

Submit and Get Termination Proposal, Completion and Default Notification schema changes

The changes described here apply to forms where the initial debt agreement proposal was submitted and paid on or after 27 June 2019 for:

- Debt agreement termination proposals (*SubmitDebtAgreementTermination*)
- Notification of completion (*SubmitDebtAgreementCompletion*)
- Six month arrears default notification (*SubmitDebtAgreementDefault*)

The changes for these three forms are identical across all their *Submit* operations; AFSA has added five new expense elements to these forms to match the new debt agreement proposal and variation proposal expense elements. These changes have also been added to the *GetDebtAgreementTermination* response message.

Description of change	New elements added	Description of use
<p>Administrator must detail categorised expenses</p>	<ul style="list-style-type: none"> • ExpensesBankingFeesAmount • ExpensesValuatingAssetsAmount • ExpensesEligibilityDebtorAmount • ExpensesOtherAmount • ExpensesOtherDetails 	<p>Form business rules calculate the total of the new expense elements and if this total does not match the total amount supplied in the element ThirdPartyPaidAmount, then the submission will fail validation.</p> <p>The ExpensesOtherDetails element is required when the ExpensesOtherAmount element is greater than \$0.00. This is free text (max 50 characters) to describe the other expenses.</p> <p>An administrator can use a value of 0.00 if there are no estimated expenses, or were none in the case of a completion or default, for a particular expense category.</p>