Statement of Regulatory Approach

Professional Standards Councils

September 2026

PROFESSIONAL STANDARDS COUNCILS

Purpose

This Statement sets out the approach the Councils will take to performing their regulatory functions and advancing the objects of professional standards legislation in each State and Territory.

Mission

Regulating occupational associations to facilitate and promote consumer protection through improvement in professional standards under professional standards schemes.

Values

The Councils' regulatory approach is rooted in their core values of:

Accountability Integrity Collaboration

Objectives

The statutory objects of professional standards legislation are:

- to facilitate the improvement of occupational standards of professionals and others, and
- to protect the consumers of the services provided by professionals and others; and
- to enable the creation of professional standards schemes to limit the civil liability of professionals and others.

Role of the Councils

The Councils are independent statutory decision-makers established for each State and Territory to promote consumer protection, improve professional standards, and encourage and assist occupational associations (hereafter associations) to achieve these ends. The Councils work together as a single body by agreement between the jurisdictions.

The Councils assess applications for professional standards schemes, which are the statutory instruments by which obligations are imposed on associations and their members.

These obligations include developing and implementing:

- insurance standards to ensure all members covered by the scheme hold professional indemnity insurance that meets minimum coverage and other insurance standards
- strategies to identify and manage professional standards and consumer risks and reduce consumer harm, including continuing professional development, code of conduct and ethics
- systems to deal with complaints against members, and to determine and take disciplinary action.

If approved, a professional standards scheme limits occupational liability (with some exceptions) for members covered by a scheme to appropriate amounts, based on the nature and level of claims and the need to protect consumers.

The limitation of liability under professional standards schemes applies to *occupational* liability, in relation to a single claim. It excludes liability arising from fraud, dishonesty, a breach of trust and other matters, depending on the relevant jurisdiction.

The Councils monitor associations' implementation of schemes and compliance with relevant requirements. The Councils have the statutory function of providing encouragement and assistance to associations, including fostering ongoing review and improvement of risk management strategies to enhance professional standards and consumer protection.

The Councils do not directly regulate members or occupations, and as such do not directly impose obligations on individuals performing services for clients. The Councils operate in a meta-regulatory model, by which they regulate associations (with a focus on their systems for risk management and improving professional standards) and associations regulate their own members.

This is represented in the below regulatory chain:



The Councils operational environment includes three levels of responsibility:

- **Level 1 – the individual service provider / professional.** This is where the primary responsibility for awareness of, and acting in accordance with, ethical and professional standards sits.
- **Level 2 – the association.** Associations are primarily responsible for identifying and managing risks to ethical and professional standards through implementing and maintaining effective frameworks for their members. This includes codes of ethics, complaint handling systems, disciplinary processes, continuing professional development and others. Associations are required to report annually to the Councils on their risk management systems and emerging risks and responses (including consumer risks).
- **Level 3 – the Councils.** The Councils approve, monitor and provide advice on professional standards schemes which impose professional standards frameworks and obligations on associations and their members.

In most sectors, there is also a **fourth level – the government regulatory agency**. Depending on the sector and jurisdiction, this can involve licensing, registration or accreditation, investigation of complaints, and disciplinary or enforcement action.

Schemes are voluntary instruments. There is no requirement for an association, profession or industry to have a scheme.

Powers of the Councils

The Councils' statutory powers are reflective of the meta-regulatory framework established by professional standards legislation. They are largely focussed on approving, reviewing or amending schemes, and requiring reporting and the provision of information.

The Councils do not investigate complaints against associations or service providers. However, complaints data is an essential input into Councils decision-making, as it can indicate emerging risks and systemic issues. The Councils require associations to report on their complaints and disciplinary systems and risk management strategies, and encourage review to promote effective, fair and consumer-responsive frameworks.

Professional standards schemes as regulatory tools

Professional standards schemes are useful regulatory tools because they help to embed regulation into an occupation itself. They promote entry standards, standardise competence, enforce ethics, and maintain a degree of ongoing oversight. They reinforce standards by imposing obligations on individual practitioners, providing the disincentive of adverse peer judgment and the incentive of limited liability.

However, standards alone cannot prevent bad actors from breaching their professional or ethical obligations. This is why the limitation of liability arising from professional standards schemes does not apply to conduct involving breaches of trust, fraud or dishonesty. The professional standards regulatory framework operates alongside other regulatory frameworks with more extensive investigative powers and punitive consequences for breaches.

Professional standards schemes are intended to promote the affordability and availability of adequate professional indemnity insurance, ensuring that consumers have access to a pool of funds for redress at reasonable cost (noting that costs are ultimately passed on to consumers).

Our regulatory approach

Principles

The below principles underpin and inform the Councils' strategic plan and the performance of our functions. They inform how we will work within our statutory framework to achieve the objects of the legislation.

Trust

The Councils will promote trust by continuously improving our encouragement and assistance to associations and by enhancing association accountability – we will trust but verify.

We expect associations to build trust by implementing effective systems to manage consumer risks, promote the highest ethical and professional standards of their members, and sanction ethical and professional breaches. We expect association members to promote trust by complying with scheme obligations, including their ethical and professional responsibilities.

We build trust by acting as impartial expert decision-makers. We will explain the limits of our regulatory framework and will not create unrealistic expectations of what it can achieve.

Stewardship

The Councils acknowledge their role as stewards of the national system of professional standards regulation. We will continuously monitor and assess our regulatory framework to ensure it remains fit for purpose.

We will take a system-wide view of regulation, having regard to organisational governance, collaboration, leadership, culture and capability. We will recognise the differences between associations and industry sectors and understand the need for differences in regulatory approach between them.

We will consider the whole regulatory ecosystem of associations, form relationships with peer regulators of the sectors in which professional standards schemes operate and promote the

alignment of association actions with the public good. We will provide information and resources, conduct research and promote understanding of professional standards and best practices.

Minimising regulatory burden

The Councils will recognise that associations vary in size, sophistication and available resources, and that new impositions should be commensurate with the level of risk or harm being addressed. We will also recognise that differences of approach may be required for different associations and industry sectors based on these factors.

We will consider the regulatory and resource burden on associations and their members when considering imposing regulatory requirements.

We will aim to ensure that new obligations are targeted, risk-based, proportionate and effective in achieving objectives, and that regulatory burden should be reduced wherever possible – ultimately reducing compliance costs which are passed on to consumers.

Evidence-based decision-making

The Councils will ensure their decisions are informed by relevant information as it becomes available, including association statutory reporting, consultations with peer regulators and governments, and publicly available information (such as inquiry reports).

We will continuously revise our regulatory focus and requirements according to emerging risks and regulatory changes in each industry. We will not 'set and forget'.

Continuous improvement

The Councils will continuously review their regulatory methodology, the impact of their decisions, and their strategic approach to ensure it evolves and improves over time. We will devote resources to undertaking and disseminating research in professional standards regulation, including international trends, to drive continuous improvement in professional standards across Australia.

Similarly, we expect associations will continuously review and improve their risk management systems and methods for enhancing professional standards. We will require associations to demonstrate this through annual reporting and improvements, not just in standards but also in the engagement levels of their members, systems development and administration, data collection and analysis.

We expect members of associations to continuously improve their professional standards by engaging with their occupational body and its professional standards scheme.

Stakeholder engagement

The Councils will engage with stakeholders to identify risks, monitor regulatory changes, inform decision-making and advise Ministers.

We will engage with consumers, consumer groups, academics, associations, peer regulators, Departmental officers, Ministers and others to ensure a broad representation of perspectives and opinions.

We will proactively engage in knowledge sharing among associations through forums and publications and promote community engagement through the statutory consultation process and consumer engagement – including through public notification of proposed schemes.