



ANNUAL REPORT 2019-20

Protecting consumers by improving professional standards

IN THIS REPORT



BAR ASSOCIATION OF QUEENSLAND



PROFESSIONAL SURVEYORS OCCUPATIONAL ASSOCIATION



CPA AUSTRALIA



NEW SOUTH WALES BAR ASSOCIATION



WA BAR Association



THE AUSTRALIAN PROPERTY INSTITUTE



INSTITUTE OF PUBLIC ACCOUNTANTS



THE LAW SOCIETY OF NEW SOUTH WALES



Queensland Law Society



CHARTERED ACCOUNTANTS™ AUSTRALIA • NEW ZEALAND



The Law Society OF WESTERN AUSTRALIA The voice of the legal profession in Western Australia



THE LAW SOCIETY OF SOUTH AUSTRALIA



LAW INSTITUTE VICTORIA



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VICTORIAN BAR



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INTRODUCTION





HOW WE BEGAN

FORMATION OF THE COUNCILS AND LEGISLATION

The Professional Standards Councils are independent statutory bodies established in each Australian state and territory under professional standards legislation. The Councils and its agency, the Professional Standards Authority, work to improve professional standards and protect consumers of professional services.

1980s

Insurance market crisis.

1980s

1994

New South Wales passes the *Professional Standards Act 1994* creating the first Professional Standards Council.

1996

The first schemes are approved for engineers and solicitors.

1997

Western Australia creates its Professional Standards Council.

1990s

2003

Victoria creates its Professional Standards Council.

2004

Queensland, South Australia, Northern Territory and the Australian Capital Territory create their Professional Standards Councils.

The Commonwealth Government passes legislation to permit it to prescribe schemes to limit the liabilities of occupational associations under applicable Commonwealth legislation.

Partner in an Australian Research Council grant to investigate models of regulation and the professionalisation of occupations.

2005

Tasmania creates its Professional Standards Council.

The Professional Standards Agreement 2005 provides common membership of State and Territory Professional Standards Councils and the use by each council of a common secretariat (the Professional Standards Authority).

2006

Commonwealth appoints its first representative to the Professional Standards Councils.

2008

Schemes with mutual recognition begin to operate.

2000s

Following the economic challenges of the 1980s and 1990s, professional indemnity insurers were retreating from the market and consumers were at risk of receiving services from insured providers at higher and higher costs, or uninsured providers with no protection for consumers at all.

Governments recognised a need for an efficient and cost-effective system to raise the occupational standards of professionals and others, and to provide for some guarantee of payment for consumers if a claim was made. To promote self-regulation by occupational associations, Professional Standards Councils were established to assist and encourage the associations, and to approve and supervise the operation of professional standards schemes.

Following the passage of the *Professional Standards Act 1994* (NSW), the Professional Standards Council of New South Wales was formed, with Western Australia following in 1997.

Professional standards schemes are legal instruments that limit the civil liability of association members and commit occupational associations to continuously improve the professional standards of their members to protect the consumers of their services.

The reach of professional standards legislation was extended following the collapse in 2001 of insurance giant, HIH Insurance Limited, resulting in widespread unavailability and unaffordability of professional indemnity insurance. This significant event, which affected people across Australia, highlighted the importance of maintaining liability practices to protect consumers. Professional standards legislation was passed, and Councils were established in each remaining Australian state and territory.

Subsequently, the Commonwealth Government passed legislation that permitted the civil liability of occupational association members to be limited under the *Trade Practices Act 1974* (now the *Competition and Consumer Act 2010*), the *Corporations Act 2001*, and the *Australian Securities and Investments Commission Act 2001*.

2011

Schemes are mutually recognised in every mainland state and territory. All jurisdictions entered into the Professional Standards Agreement 2011.

2012

The number of members covered by schemes exceeds 50,000.

2014-2018

Lead partner in an Australian Research Council grant to investigate professions and professional standards as a model of regulation.

2018

The Councils adopt *Strategy 2021*.

2019

The number of members covered by schemes exceeds 77,000.

2020

Lead partner in an Australian Research Council grant to investigate the role of professional standards regulation in the built environment sector.

2010s



LETTER TO MINISTERS

Dear Ministers,

I am pleased to present the relevant Ministers in each state and territory with the 2019–2020 Annual Report of the Professional Standards Councils of the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Tasmania, Victoria and Western Australia.

The Annual Report is a consolidated volume on the Councils' work and activities over the past year and includes financial statements for the period 1 July 2019 to 30 June 2020. It has been prepared in accordance with the relevant professional standards legislation in each Australian state and territory, to be tabled in your respective parliaments.

I commend this report to you.

A handwritten signature in black ink, appearing to read "John Vines".

John Vines OAM
Chair
Professional Standards Councils



The Councils' Chair,
Mr John Vines OAM.



QLD Professional Standards Councils
member, Ms Elizabeth Shearer.

OUR VISION, MISSION AND MANDATE

OUR VISION

Professional and occupational associations lead the way in advancing the highest standards of professional services to Australian consumers.

OUR MISSION

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

OUR MANDATE

PROTECT CONSUMERS

Our goal is to protect consumers of professional services across Australia by demanding high levels of professional standards from those who participate in the national system of professional standards regulation. Occupational associations with an approved professional standards scheme and their members have committed to ensuring competent and ethical conduct in providing services and ensuring avenues of resolution and redress are available to consumers.

IMPROVE PROFESSIONAL STANDARDS

Our role involves encouraging and assisting associations to improve the professional standards of their members by implementing occupational risk management strategies and professional integrity systems.

It also involves promoting professional standards and practices through research, providing regulatory guidance, and delivering forums to promote discussion and change in the areas of professional standards, codes of ethics and practice, and risk management.

HELP ASSOCIATIONS

Our role is to approve and supervise the operation of professional standards schemes. This involves helping occupational associations to develop their professional standards and regulatory systems, as well as to comply with the professional standards legislation.

Participating in an approved scheme allows limits to be placed on the civil liability of professionals who are members of an association and ensure there will be compensation available to consumers up to that limit.

2019-20 PERFORMANCE SUMMARY

16 / SCHEMES IN FORCE NATIONALLY

1 / SCHEME NOT APPROVED

3 / SCHEMES APPROVED

1 / SCHEME EXPIRED

3 / FEE WAIVERS WERE DECIDED

3 / PUBLIC NOTIFICATIONS CONDUCTED

FOR PUBLIC CONSULTATION ON SCHEMES

NSW BAR ASSOCIATION LTD AND WESTERN AUSTRALIAN BAR ASSOCIATION INC HAD NEW PROFESSIONAL STANDARDS SCHEMES APPROVED FOLLOWING A PREVIOUS SCHEME.

A NEW SCHEME WAS ALSO APPROVED FOR A NEW ASSOCIATION, THE ASSOCIATION OF CONSULTING SURVEYORS NATIONAL LTD.

82,193

ASSOCIATION MEMBERS SUBJECT TO SCHEMES

AN INCREASE OF **5.5%** 



The Councils' Chair, Mr John Vines OAM presenting CPA Australia's CEO, Mr Andrew Hunter, with a certificate in recognition of their new scheme in March 2020.



The Melbourne Forum provided an opportunity for cross-professional conversations and feedback.



From left: WA Professional Standards Councils member, Ms Rachel Webber, presenting President of the Law Society of Western Australia, Mr Greg McIntyre SC, and Acting Chief Executive Officer of the Law Society of Western Australia, Ms Mary Woodford, with a certificate in recognition of their new scheme in August 2019.

2019-20 PERFORMANCE SUMMARY HIGHLIGHTS CONTINUED

SCHEME APPLICATION REDESIGN

Commenced a project in close collaboration with stakeholders to modernise the framework for professional standards scheme applications.

See page 66.

AUSTRALIAN RESEARCH COUNCIL LINKAGE PROJECT

The Councils received an Australian Research Council grant as a major research partner of Griffith University for a three-year Linkage Project - Constructing Building Integrity: Raising Standards through Professionalism.

See page 54.

COVID-19 REGULATED ASSOCIATIONS SURVEY

Feedback was sought from regulated associations to share insights across professions on strategies to respond to COVID-19 related risks and protect consumers of members' services.

See page 52.

PROFESSIONAL STANDARDS FORUM

The November 2019 Forum had a respondent satisfaction rating of 93%. The March 2020 Forum was postponed due to COVID-19 public health measures.

See page 58.

PROFESSIONAL STANDARDS IMPROVEMENT PROGRAM (PSIP)

100% of PSIP reports were provided by associations on time.

See page 46.

SUBMISSIONS TO INQUIRIES AND REVIEWS

The Councils' strategic focus on the financial services and built environment sectors included two submissions to promote professional standards regulation as a response to government policy requirements, changing market conditions and community expectations.

See page 66.

NET PROMOTER SCORE

The Authority established for the first time a baseline Net Promoter Score for combined regulatory services of 56.

See page 69.

CHAIR'S REPORT 2019-20



I am pleased to present this Annual Report on behalf of the Professional Standards Councils, outlining our work and achievements in 2019–20 and the outlook for 2020–21.

The most significant event in the last six months of the reporting year, and a dominant feature going into the next reporting period, is the uncertainty and risk caused by the COVID-19 pandemic. In times like this, we emphasise our statutory function to bring assurance to the management of risks to reduce harm to consumers. We do this by holding regulated associations to account for their scheme performance and providing advice and assistance to support the regulation of standards for their professions. This work is key to assuring responsible Ministers and communities that the objects of our national system of professional standards regulation are being served and delivering public confidence in professional services across Australia.

To understand and respond to the effects of the COVID-19 pandemic, we conducted a consultation in April 2020. This consultation assured us that regulated associations moved quickly to safeguard consumers of their members' services through the identification and treatment of risks to operational, compliance and regulatory objectives arising out of the COVID-19 pandemic. The results of the consultation enabled the Councils to identify and disseminate good practice measures and areas that may require further risk management to encourage and assist in the reduction of harms to consumers. Improving regulatory responses that are carried out to protect and enable consumers to access the services they need, with confidence in their competence and conduct, will continue to be a priority for the Councils as we work with regulated associations through the challenges of the pandemic in the year ahead.

I am proud of the efforts of the Councils to maintain the effective regulation of professional and occupational associations throughout the year, including through the COVID-19 pandemic

The Councils also focused during the year on engaging with all our stakeholders to ensure the regulatory system is well understood and driving continuous improvement in professional standards. We published our first *Stakeholder Engagement Framework* in August 2019, which sets out the principles and standards that apply when we consult and engage with our stakeholders. Engagement with stakeholders provides the Councils with a greater understanding of the key issues in professional standards regulation and helps to build stakeholder capacity to meet regulatory requirements.

We also took a significant step forward on delivering a redesign of the professional standards scheme application framework with a discovery project commencing in February 2020. We are well advanced in understanding the ways in which the application process can be improved, being assisted by a Reference Group of expert and experienced advisers and representatives from associations. The new application framework will be developed and tested in the next reporting period, ready for a pilot program in early 2021.

Other priorities for us in the year ahead are focused on our goals published in *Strategy 2021*, by extending the benefits of professional standards schemes into the built environment sector, refreshing our guidance on developing codes of ethics and encouraging consumer protection and ethics considerations in addressing sexual harassment in the legal profession. Recent inquiries and reports have highlighted the impact on consumers, and the loss of trust, that occur when standards and conduct of a profession do not align with community standards.

The Councils' efforts in responding to the need for improvements in professional standards will be greatly assisted by an Australian Research Council grant awarded in May 2020. The Councils are a major research partner in a three-year

Linkage Project to be led by Griffith University. The Councils will collaborate with researchers and other regulators to investigate ways to improve professional standards in building and construction occupations and the means for measuring change. The project will aim to generate new knowledge and greater awareness by professions and regulators of their role in delivering to the public a trustworthy building and construction industry, and the Councils will be able to share these learnings across all professions and occupations in the national regulatory system.

The Councils farewellled and thanked Ms Elizabeth Shearer and Mr Will Hamilton for their expert contributions and service on Councils and, on a celebratory note, congratulated two of our number on their recognition in the 2020 Australia Day honours list. Ms Cate Wood and Mr Terry Evans each were awarded the Member of the Order of Australia (AM) for outstanding service to the Australian community. We are fortunate to have such dedicated and respected members serving on the Councils.

I am proud of the efforts of the Councils to maintain the effective regulation of professional and occupational associations, including through the COVID-19 pandemic. I would like to acknowledge the work of the Authority and thank the Councils' members for their contributions throughout the year. As we turn our focus to the final year of *Strategy 2021*, I am confident that we will meet the challenges ahead and continue to improve professional standards for the benefit of consumers and communities across Australia.



John Vines OAM
Chair
Professional Standards Councils

PROFESSIONAL STANDARDS REGULATION

The Councils lead the national system of professional standards regulation by enabling the creation of professional standards schemes, and by assisting and supervising associations with professional conduct regulation of their members, to protect the consumers of the services provided by members.

FIGURE 1 / THE OBJECTS OF PROFESSIONAL STANDARDS LEGISLATION



As envisaged when legislation was first introduced into the New South Wales Parliament in 1994, the objectives of professional standards regulation are to provide considerable benefits and protections to consumers and the community.

“There will be considerable benefits to consumers from choosing to deal with a professional who is part of a scheme under the legislation.”

J P Hannaford, then Attorney General, Minister for Justice, and Vice President of the Executive Council, 14 September 1994

By operating a professional standards scheme, occupational associations ensure consumers who use the services of their members are receiving advice from professionals who participate in regulatory arrangements that minimise risks of unethical or incompetent practice.



The Councils' Chair, Mr John Vines OAM presenting Chartered Accountants ANZ Chairman, Mr Tony Harrington AM with a certificate in recognition of their new scheme in December 2019.

“The approval of a new professional standards scheme is a significant achievement and commitment to protecting consumers through the continuous improvement of professional standards.”

Chartered Accountants ANZ,
6 December 2019

If there are failures in professional standards, consumers have avenues available for complaint resolution, disciplinary action against members to prevent recurrence, and assurance that compensation is available for economic losses.

A central feature of the professional standards regulatory system is the collection of comprehensive data on a profession-wide basis about emerging issues, claims and complaints, enabling risk management strategies to systemically improve professional practice and reduce the risk that consumers will suffer loss in the future.

The national system aims to sustain and embed improvements in professional standards so that members of occupational associations are held accountable to a threshold higher than statutory regulation may require, and higher than associations that are not regulated by the Councils.

In return, the members who agree to professional conduct regulation by their association benefit from continuously improving standards of conduct and competence, and the possibility of a limitation of civil occupational liability.

PROFESSIONAL STANDARDS COUNCILS STRATEGY 2021

For more than two decades, the national system of professional standards regulation has successfully supported participating occupational associations in well-established professions to maintain high standards in the delivery of services to Australian consumers. While the core work of the professional standards regime has remained consistent over this time, it is necessary for the regulatory system to adapt to changing needs of government, industry and consumers. In particular, the professional standards legislation anticipates a broader range of occupational groups participating in the national system.

Strategy 2021 was approved by the Councils in June 2018 to respond to this need, setting out five strategic goals to be achieved over three years.

The goals and initiatives that form *Strategy 2021* are:

STRATEGIC GOAL

Make a practical and transparent change to Councils regulatory focus to enable schemes, including for occupational groups.

STRATEGIC INITIATIVE

- » Develop and publish the Councils regulatory philosophy and principles to guide the way Councils regulate.
- » Raise the profile of the system of professional standards regulation as a self-regulatory and consumer protection solution.
- » Promote self-regulatory responses to government policy requirements, changing market conditions and community expectations.

STRATEGIC GOAL

Drive improvements in professional standards for better consumer protection.

STRATEGIC INITIATIVE

- » Strengthen scheme supervision and reporting, and the accountability of association governing bodies.
- » Identify and report on sectors where consumers would benefit from the operation of professional standards schemes.
- » Promote the benefits of professional standards schemes to occupational associations facing increased risk to consumers of their members' services.

STRATEGIC GOAL

Build an evidence base to demonstrate effectiveness.

STRATEGIC INITIATIVE

- » Modernise data and analytics capability to support supervision and measure improvements in professional standards.
- » Align and leverage relationships with researchers and co-regulators.
- » Identify and report on trends and emerging issues to assist efforts to improve professional standards.

STRATEGIC GOAL

Ensure the regulatory system is robust and protects consumers.

STRATEGIC INITIATIVE

- » Refresh and streamline the scheme application and supervision frameworks.
- » Work with jurisdictions to pursue legislative and regulatory harmonisation and reform where beneficial.
- » Develop clear risk parameters for Councils and more structured and evidence-based risk data, measurement systems and benchmarks.

STRATEGIC GOAL

Make the regulatory system easy to deal with.

STRATEGIC INITIATIVE

- » Deliver clear and practical encouragement and assistance to occupational associations to develop self-regulatory capacity and improvement in the professional standards of their members.
- » Be enabled by and engaged with digital service delivery.
- » Introduce and respond to a stakeholder satisfaction measurement source.

Strategy 2021 aims to enhance the Councils' efforts as a rigorous regulator, promoting the offer of professional standards improvement and consumer protection, and strengthening the effectiveness and accessibility of the national regulatory system. It builds on the Councils' work that has supported the steady growth of regulatory coverage in established professions and the growth of regulatory expertise and resources in professional standards. It also reflects the Councils' strategic effort to enable professional standards schemes for occupational associations who want to join the national system because their members wish to actively participate in protecting consumers by lifting standards, competency and conduct through self-regulation.

PROGRESS IN MEETING OUR STRATEGIC GOALS

Through the implementation of *Strategy 2021* this year, the Councils have increased their focus on:

- » assisting governments and occupational associations in developing regulatory responses to improving the standards and protections in delivering professional services to consumers across a broader range of occupational groups;
- » sharing the available data and evidence to drive and measure improvements in professional standards;
- » delivering clear and practical regulatory guidance.

STRATEGIC GOALS AND INITIATIVES

Make a practical and transparent change to Councils regulatory focus to enable schemes, including for occupational groups.

ACHIEVEMENTS 2019-20

- ✓ Approved schemes for three associations – Association of Consulting Surveyors National (a new association), New South Wales Bar Association and Western Australian Bar Association
- ✓ Provided advice and assistance to the Building Ministers' Forum on the professional standards regulatory system
- ✓ Published a new Stakeholder Engagement Framework
- ✓ Provided advice to regulators in the built environment on the operation of professional standards schemes and their mutually reinforcing relationship with statutory regulation
- ✓ Delivered encouragement to over 50 associations in the built environment sector, receiving three letters of commitment to progress applications for professional standards schemes
- ✓ Assisted the Building Ministers' Forum meeting with associations to discuss professional standards schemes and implementation plans.

STRATEGIC GOALS AND INITIATIVES

Drive improvements in professional standards for better consumer protection.

ACHIEVEMENTS 2019-20

- ✓ Engaged with all regulated associations to consult on the identification and treatment of risks to their operational, compliance and regulatory objectives arising out of the COVID-19 pandemic
- ✓ Made a submission in response to the independent review of the Tax Practitioners Board and *Tax Agent Services Act 2009*
- ✓ Made a submission to the Inquiry into the Regulation of Auditing in Australia
- ✓ Provided input for a New South Wales Government submission to the Legislative Assembly Committee on Environment and Planning's Inquiry into the *Professional Engineers Registration Bill 2019*.

STRATEGIC GOALS AND INITIATIVES

Build an evidence base to demonstrate effectiveness.

ACHIEVEMENTS 2019-20

- ✓ Joined with Griffith University as a major research partner in successfully applying for an Australian Research Council grant for a three-year Linkage Project – *Constructing Building Integrity: Raising Standards through Professionalism*
- ✓ Delivered a Professional Standards Forum on 'Complaints as a Risk Management Tool' and how associations can better use their intelligence holdings to facilitate and promote consumer protection through improvement in professional standards.

STRATEGIC GOALS AND INITIATIVES

Ensure the regulatory system is robust and protects consumers.

ACHIEVEMENTS 2019-20

- ✓ Launched a project to modernise the scheme application framework and to make applying more user friendly, more efficient and faster, with a strong focus on consumer protection and the public interest
- ✓ Released an exposure draft of a new *Guidance Note on Scheme Expirations* for public consultation.

STRATEGIC GOALS AND INITIATIVES

Make the regulatory system easy to deal with.

ACHIEVEMENTS 2019-20

- ✓ Released a new *Annual Membership Assurance Report*, developed in consultation with the Australian Accounting Standards Board
- ✓ Released an update to the *Policy Statement of Payment of Annual Fees*
- ✓ Released an update to the *Guidance Note on Fee Waivers and Remissions*
- ✓ Launched a feedback tool to understand user experience of the Councils' website and inform the development of improvements.

ABOUT THE PROFESSIONAL STANDARDS COUNCILS





ABOUT THE PROFESSIONAL STANDARDS COUNCILS

PROFESSIONAL STANDARDS COUNCILS

The Councils are statutory bodies with powers to consider and approve applications from occupational associations for a professional standards scheme under professional standards legislation.

There are eight Professional Standards Councils – one in each Australian state and territory. Each Council has 11 members. All states and territories have agreed to appoint the same 11 members to their Councils. New South Wales and Victoria nominate two members each, while all other states and territories and the Commonwealth nominate one member each. The Councils meet together as one body to facilitate uniform national decision-making.

ROLE OF THE COUNCILS

The Councils administer the professional standards legislation in each state and territory to assist in the improvement of occupational standards and the protection of consumers by:

- » Enabling the creation of professional standards schemes that limit the civil liability of professionals and others
- » Supervising the operation of professional standards schemes by occupational associations
- » Monitoring how well occupational associations and their members meet the standards demanded by their professional standards schemes
- » Encouraging and assisting professional standards regulation by occupational associations
- » Ensuring protection of consumers who use the services provided by professionals and others through insurance, complaints and disciplinary arrangements.

PROFESSIONAL STANDARDS LEGISLATION

Professional standards legislation seeks to protect consumers by striking a balance between:

- » Placing a ceiling on the amount of civil liability to which a member of an association participating in a scheme may be exposed
- » Ensuring sufficient compensation is available to consumers for the vast majority of claims where liability results in an award of damages
- » Requiring associations operating schemes to continuously improve the standards of competence and conduct of its members, so that claims are reduced.



VIC Professional Standards Councils member,
Dr Pam Montgomery.

PROFESSIONAL STANDARDS SCHEMES

Unique to Australia, professional standards schemes limit the civil liability of association members who have professional indemnity insurance and business assets commensurate with the maximum liability amount set in the scheme. Members must comply with their association's insurance standards.

Each scheme is a regulatory instrument and has a maximum duration of five years. The relevant Minister may choose to extend a scheme once for up to 12 months on application by the association. No less than a year before a scheme expires, if the association wants to provide continuous protection to the customers of its members, it must submit an application for an entirely new scheme. There is no automatic renewal available for a scheme. This facilitates regular consideration and scrutiny of schemes and liability limits by the Councils and the public.

As members of occupational associations may work across multiple Australian states and territories, the professional standards legislation provides mutual recognition for approved schemes to operate nationally.

IMPROVING STANDARDS AND PROTECTING CONSUMERS

Occupational associations and their members participating in professional standards regulation are required to improve the standards of members by implementing robust professional integrity systems and detailed risk management strategies designed to protect the consumer.

The legislation requires those who are subject to a professional standards scheme to hold sufficient professional indemnity insurance cover and/or business assets to protect consumers in the event a successful claim is made.

PROFESSIONAL STANDARDS AUTHORITY

The Professional Standards Authority provides regulatory and support services for the Councils, working with associations that have a professional standards scheme to help them:

- » increase consumer protection, including by improving professional standards
- » develop their systems to regulate professional conduct and competence
- » comply with the legislative requirements to have an approved scheme.

As members of occupational associations may work across multiple Australian states and territories, the professional standards legislation includes mutual recognition mechanisms for approved schemes to operate nationally.

COUNCILS' MEMBERS

The Councils' members have diverse experience across a range of sectors and specialities, including law, health, financial services, accounting, standards development, risk management, compliance, engineering, auditing and regulation.

Members are selected for their qualifications, experience and ability to contribute to the Councils' work. The Chair and Deputy Chair are nominated on an alternating basis by New South Wales and Victoria.

Members' current term of office, photo and short biography are provided below.



JOHN VINES OAM

Chair / MBA, BEc, Dip Civil Engineering, FIEAust, FAICD

John Vines is a Victorian representative to the Professional Standards Councils. John brings a wealth of experience in governance. He is the Chair of Coassemble Pty Ltd and is a Director of Carroll and Richardson Pty Ltd and Premium Plantations Project Pty Ltd. He is a Fellow of the Australian Institute of Company Directors and Engineers Australia.

From 1984–2008, he was Chief Executive Officer of the Association of Professional Engineers, Scientists and Managers, Australia. He has been a member of a number of Government boards and inquiries.

John was awarded the Order of Australia Medal in 2001, and in 2003 he was awarded a Centenary of Federation Medal.

Appointed Chair: 1 April 2018–31 December 2021.

Appointed to VIC: 1 January 2019–31 December 2021.



ANDREW LUMSDEN

Deputy Chair / BA LLB, MAICD, SA Fin, FCI

Andrew specialises in mergers and acquisitions, securities transactions and corporate governance. Andrew has expertise in foreign investment laws, real estate, infrastructure, energy and resources and media. Andrew is listed as a leading lawyer by legal directories and publications including Chambers and Partners and Best Lawyers or his work in corporate governance, equity capital markets and mergers and acquisitions.

He is a former member of the Takeovers Panel (12 years). From 1998 to 2001 Andrew was the Chief of Staff for the Hon. Joe Hockey MP, then the Minister for Financial Services & Regulation. He was a founding member of the Australian Reinsurance Pool Corporation (2001-2010). Andrew is a Member of the Corporate Committee of the Law Council of Australia and fellow and member of the Subject Advisory Committee for the Governance Institute of Australia. He is also an Adjunct Faculty Member for the Faculty of Law at the University of Sydney.

Appointed Deputy Chair: 1 April 2018–31 March 2021.

Appointed to NSW: 1 April 2018–31 March 2021.



Appointed to SA: 22 March 2017–
31 December 2020.

TERRY EVANS AM

LLM, FAICD, FUniSA

Until recently Terry Evans was engaged as Special Counsel with Minter Ellison in Adelaide. Prior to that he was the Deputy Chief Executive of the South Australian Justice Department and Attorney-General's Department from 2004–2006. Terry was the Chief Commercial Counsel for the Crown Solicitor's Office from 1996–2004 and, before that, he was a partner with Minter Ellison. Terry holds a number of board positions in the corporate, government, education and not-for-profit sectors.



Commonwealth nominee: 10 August
2017–10 August 2020.

WILL HAMILTON

**BBus, Grad Dip Applied Finance, MBA (Melb), SF FIN,
FAICD, FHKSI**

Will Hamilton is the Managing Partner of Hamilton Wealth Partners. Prior to this, he was the General Manager Wealth Services at the National Australia Bank. Will previously held the position of Head of Private Wealth Management at Goldman Sachs JBWere, and prior to this he was the Managing Director and Chief Executive Officer of Deutsche Securities Asia in Hong Kong.

Will is a fellow of the Hong Kong Securities and Investment Institute, a fellow of the Australian Institute of Company Directors, and a Senior Fellow of Financial Services Institute of Australasia.



Appointed to NSW: 1 April 2018–
1 April 2021.

CAROLINE LAMB

BA (Econ), LLB, MBeth, GAICD

Caroline commenced her professional career as a solicitor at a major commercial law firm. Attracted to commerce, she joined a steel manufacturer as general counsel. An interest in organisational development and corporate operations led naturally towards general management, including several challenging executive positions in both the public and private sector.

Caroline established, and for several years operated, a successful consulting business, becoming recognised for expertise in risk management and organisational change programs.

She is the chief executive of the Medical Council of NSW which regulates professional standards of medical practitioners.



Appointed to VIC: 1 July 2017–
30 June 2020.

DR PAM MONTGOMERY

BA (Hons), PhD

Pam Montgomery has many years' experience in developing and improving professional standards in the health sector.

She currently holds several Board positions with government, statutory and not for profit organisations. These include the Medical Board of Australia, the Australian Pharmacy Council, the Victorian Department of Justice and Consumer Safety and local community groups. Pam also provides consultancy services in medical education and standards development.

Prior to retirement from full time employment, Pam was Deputy Chief Executive Officer and Director of Fellowship & Standards at the Royal Australasian College of Surgeons. She trained initially as a forensic psychologist and worked in private and public clinical practice, and at Monash University.



Appointed to TAS: 28 March 2018–
28 March 2021.

TIINA-LIISA SEXTON

BCom, FCA, FtlA, FAICD

Tiina-Liisa Sexton is a chartered accountant with a background in risk and financial management, governance and ethics. She has worked in the private, public, academic and not for profit sectors, and was the national Professional Standards Adviser in ethics and corporate governance at CPA Australia for 14 years until 2011.

Tiina-Liisa is Director of St Giles Society and a Community Member on the Paramedicine Board of Australia. She is a former director of Housing Choices Australia, Aurora Energy Pty Ltd, Hobart Water and Connect Credit Union.



Appointed to QLD: 3 April 2018–
3 April 2021.

Resigned 1 January 2020.

ELIZABETH SHEARER

BA LLB (Hons) MLM CF

Elizabeth Shearer is a Brisbane solicitor. She has a strong interest in consumer protection and access to justice, operating Affording Justice, an innovative model of legal practice to assist individuals and small businesses with their everyday legal needs.

Elizabeth is a Senior Counsellor with the Queensland Law Society and chair of the Access to Justice / Pro Bono Committee. She is also a member of the Law Council of Australia's Access to Justice Committee and a member of the Supreme Court of Queensland Library Committee.



Appointed to NT: 1 January 2018–
31 December 2020.

IAIN SUMMERS

BCom, LLB (Hons), Grad Dip Mgt Psych, FCA FCPA FAICD FIML

Iain Summers has been a Council member since 2006 and chairs the Finance, Audit and Risk Management Committee. He is a chartered accountant and governance consultant, providing advice and assistance to community services and public sector entities. He is a member of the Northern Territory Fellowship selection committee for the Winston Churchill Memorial Trust.

Iain is a board member, and Chair of the Audit Committees, of Traditional Credit Union Limited and Health Network Northern Territory Limited. He also chairs a number of audit and risk committees for community services and public sector entities.



Appointed to WA: 16 January 2019–
31 December 2021.

RACHEL WEBBER

BJuris, LLB

Rachel Webber's primary areas of expertise include corporate and commercial law, with an emphasis on ASX and Corporations Act compliance, financial services regulation, managed investments and credit regulation. She holds the role of Senior Legal Counsel with a major financial institution.

Rachel is an executive member of the Business Law Section (BLS) of the Law Council of Australia, a peak industry body which advises governments, courts and federal agencies on the ways in which the law and the justice system can be improved for the benefit of the community. She also serves as a member of the BLS Corporations Committee and of the Commercial Law Committee of the Law Society of Western Australia.



Appointed to ACT: 1 July 2018–
30 June 2021.

CATHERINE (CATE) WOOD AM

BSocSc, Fellow AIST

Cate Wood is an experienced Executive, Director and Chair who has served on numerous not-for-profit and government Boards. She has been active in the development of governance protocols, training and practice in the profit-to-member superannuation sector.

Cate is currently a director of Sunsuper Pty Ltd, Women in Super (Chair) and the Mother's Day Classic Foundation. She is also a member of the Victorian Legal Services Board and is Chair of the Finance and Investment Committee. Cate was the Chair of CareSuper and a director of the Australian Institute of Superannuation Trustees (past President) and Industry Super Australia.

Cate held executive positions as CEO of AGEST Super and The Trade Union Training Authority and was Assistant Secretary of the Australian Services Union Victorian Branch.



REVIEW OF OPERATIONS



CEO'S REPORT 2019-20



It has been a challenging year with the COVID-19 pandemic testing our ability to adapt organisationally and meet the need for a flexible yet robust approach to the delivery of regulatory services. It is pleasing to report that we responded quickly and maintained our momentum towards achieving *Strategy 2021*, as well as building on our progress in recent years to improve the ways in which we fulfil our role.

Being alert to the needs of both the regulated occupational associations and their efforts to ensure the wellbeing of their members and the protection of consumers of professional services, we adjusted our planned regulatory activities. This ensured we were able to serve the Councils' priorities and objectives while not creating any unnecessary burdens during the pandemic and ensuring that effective regulation in the public interest continued. As another part of our response, we closed our Sydney office in March 2020 and all staff of the Authority moved to remote working. Similarly, the Councils' meetings and all stakeholder engagement moved to video and telephone conferencing. While we have supported staff through these changed operational arrangements, there is no doubt that the pandemic will continue to present challenges for us, both personally and professionally. A focus for the next reporting period will be on ensuring that we continue to work in ways that support the wellbeing of our staff and stakeholders.

Despite the emergence of the pandemic, we made good progress in working towards the Councils' strategic goals and in delivering encouragement and assistance to occupational associations across the country. Over the course of the year, we worked with 17 regulated associations to supervise the operation of their professional standards schemes and compliance with the professional standards legislation. Regulated associations expanded consumer protection with the number of association members subject to a professional standards scheme increasing to over 82,000. Regulated associations also made improvements to their schemes and regulatory initiatives, as detailed in the review of regulatory operations that follows.

We have stepped up our engagements to encourage a broader range of occupational associations considering professional standards schemes and their benefits.

A feature of our work this year has been the delivery of assistance, advice and encouragement to occupational associations to improve their occupational standards. Two teams within the Authority carry out this programme of work by facilitating the sharing of knowledge and experience across the professions within the national regulatory system to improve professional standards and strengthen consumer protections. During the reporting year, we delivered new and revised regulatory guidance, worked with researchers to develop a project to generate new knowledge and greater awareness by professions and regulators of the role of professional standards improvement in the building and construction industry, delivered a Professional Standards Forum that inspired new approaches to complaints management, and worked directly with regulated associations through risk workshops, consultations and providing insights from enhanced reporting arrangements.

As foreshadowed last reporting period, we have stepped up our engagements to encourage a broader range of occupational associations considering professional standards schemes and their benefits. We have worked across government and with occupational associations to assist consideration of professional standards problems and schemes as a regulatory solution. This year we have continued consultations with occupational associations in the built environment sector to advise and assist the development of their scheme applications and anticipate that a number of applications will be made in the next reporting period.

We also anticipate that applications from new and renewing associations will greatly benefit from our work to refresh and streamline the Councils' scheme application framework – an initiative under *Strategy 2021*. As identified last reporting period, a quality regulatory environment depends on well-designed processes and practices that are reviewed and refreshed over time to ensure they continue to meet their specified objectives and progress improvements or innovations. We have been working this year with stakeholders to design the new framework with a focus on consumer protection through measurable improvements to professional standards.

As a multi-jurisdictional regulatory agency, we strive to ensure the administration of the system is harmonised and efficient. Our third team within the Authority works closely with policy officers in the responsible departments in each state and territory and the Commonwealth. A highlight of that work has been the amendment by all jurisdictions of the *Professional Standards Inter-Departmental Service Agreement 2016* to remedy issues related to the use of retained fee revenue by the Councils in fulfillment of their mandate. In the next reporting period, the Authority will facilitate the next review cycle of all three agreements that work together to provide the national system of professional standards regulation.

On a final note, I wish to record appreciation for my colleagues. My admiration of the wonderful staff of the Authority has only grown throughout the year for their determination, expertise and dedication. Notwithstanding all of the operational challenges presented by the COVID-19 pandemic, together with a very busy regulatory agenda, they have been enthusiastic and adroit in working towards the Councils' strategic goals and assisting occupational associations across the country meet their commitments to protect Australian consumers. The many successes recorded in this Annual Report are the result of their efforts. I look forward to continuing our work to advance the national system for the regulation of professional standards.



Roxane Marcelle-Shaw
Chief Executive Officer

REVIEW OF OPERATIONS

OVERVIEW

This section presents the Councils' regulatory operations and activities undertaken to fulfill their functions as specified in the professional standards legislation.

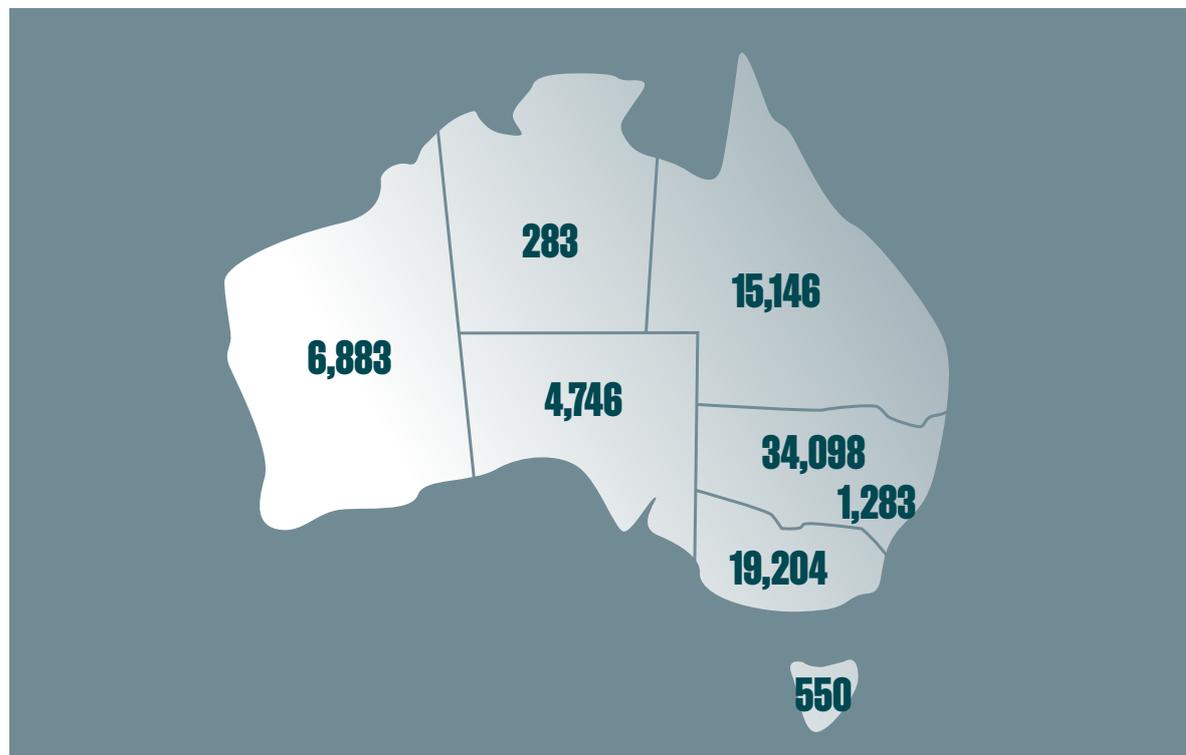
In addition to reporting on their own performance, the Councils are required to report on each regulated occupational association's implementation and monitoring of their detailed risk management strategies.

The Councils progress with implementing *Strategy 2021* during 2019–20 is also reported. Each of the key measures in *Strategy 2021* are discussed in relevant sections below. The data used to assess performance is drawn from a number of sources, and the range and quality of data – as well as the measures themselves – will be continually assessed to ensure they provide useful insights.

PROFESSIONAL STANDARDS SCHEMES

As at 30 June 2020, there were 16 schemes in force nationally. The number of occupational association members subject to these schemes has increased over the year from 77,885 to 82,193.

FIGURE 2 / AVERAGE NUMBER OF PERSONS BY STATE AND TERRITORY SUBJECT TO PROFESSIONAL STANDARDS SCHEMES FOR FINANCIAL YEAR 2019-20





The Authority's Director Professional Standards Regulation, Mr John R Rappell, and Chartered Accountants Australia and New Zealand, Scheme Compliance Manager, Ms Lisa Lim, with a certificate in recognition of a scheme for CA-ANZ, presented in December 2019.

REGULATED OCCUPATIONAL ASSOCIATIONS AS AT 30 JUNE 2020

- » Australian Computer Society Inc (ACS)
- » Australian Property Institute Valuers Ltd (APIV)
- » Bar Association of Queensland Ltd (BAQ)
- » Chartered Accountants Australia and New Zealand Inc (CAANZ)
- » CPA Australia Ltd (CPAA)
- » Institute of Public Accountants Ltd (IPA)
- » Law Institute of Victoria Ltd (LIV)
- » Law Society of New South Wales Ltd (LSNSW)
- » Law Society of South Australia Inc (LSSA)
- » Law Society of Western Australia Inc (LSWA)
- » New South Wales Bar Association Ltd (NSWBA)
- » Queensland Law Society Ltd (QLS)
- » RICS Valuers Ltd (RICSV)
- » South Australian Bar Association Inc (SABA)
- » Victorian Bar Association Inc (VBA)
- » Western Australian Bar Association Inc (WABA)

Professional standards legislation

ACT	Civil Law (Wrongs) Act 2002, Civil Law (Wrongs) Regulation Act 2003, Civil Law (Wrongs) Determination 2014
NSW	<i>Professional Standards Act 1994, Professional Standards Regulations 2019</i>
NT	<i>Professional Standards Act 2004, Professional Standards Regulations 2007</i>
QLD	<i>Professional Standards Act 2004, Professional Standards Regulations 2017</i>
SA	<i>Professional Standards Act 2004, Professional Standards Regulations 2006</i>
TAS	<i>Professional Standards Act 2005</i>
VIC	<i>Professional Standards Act 2003, Professional Standards Regulations 2017</i>
WA	<i>Professional Standards Act 1997, Professional Standards Regulations 1998</i>
CTH	<i>Treasury Legislation Amendment (Professional Standards) Act 2004</i>

FIGURE 3 / NUMBER OF MEMBERS IN SCHEMES AND ASSOCIATIONS OPERATING A SCHEME OVER THE PAST 10 YEARS



Figure 3 shows the steady increase in the number of members subject to a professional standards scheme over the past 10 years with an increase of 5.5% to 82,193 scheme members for the year ending 30 June 2020. This resulted from the increased encouragement from the Councils to regulated occupational associations to increase member participation, and tighten the process of member exemptions from schemes, as a statutory consumer protection mechanism. Figure 3 also shows a reduction in the number of occupational associations operating schemes from 17 to 16 over the year, with a surveyors scheme expiring naturally. A new surveyors scheme was approved during the year to commence on 1 July 2020, which returns the number of regulated occupational associations to 17.

FIGURE 4 / NUMBER OF PERSONS BY STATE AND TERRITORY IN PROFESSIONAL STANDARDS SCHEMES OVER THE PAST FIVE YEARS (YEARLY AVERAGE)

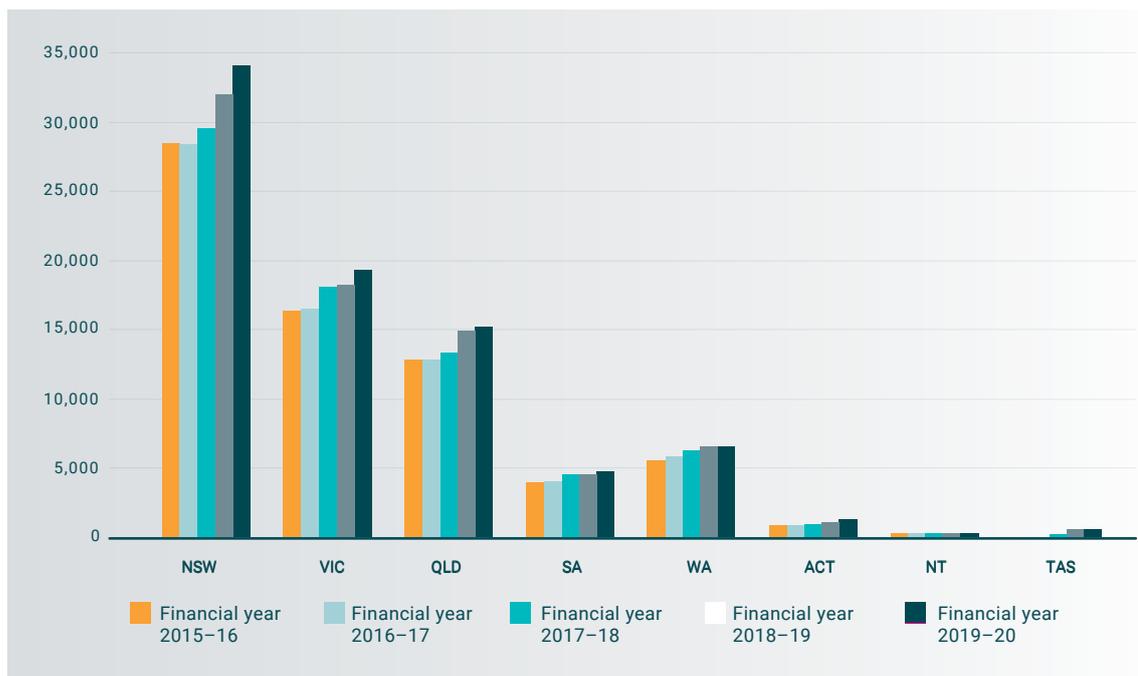


Figure 4 shows the increase in the number of persons in each state and territory over the past five years.

TABLE 1 / PROFESSIONAL STANDARDS SCHEMES MUTUALLY RECOGNISED IN EACH STATE AND TERRITORY DURING THE PERIOD 1 JULY 2019 TO 30 JUNE 2020

Association	Profession	Participants ¹	Limitation Liability	Start date	End date
Australian Capital Territory					
CA ANZ	Accountants	229	\$2m to \$75m	08/10/14	07/10/19
Mutual recognition	NSW: CPAA, ACS*, PSOA*, APIV*, RICSV*, NSW Bar, IPA*, CA ANZ, LSNSW**, IPA*				
	VIC: Vic Bar**, LIV**, IPA*				
	QLD: BAQ*, QLS**				
	SA: SA BA*, LSSA*				
	WA: WABA**, LSWA**				
New South Wales					
CA ANZ	Accountants	3,505	\$2m to \$75m	08/10/14	07/10/19
CA ANZ ²	Accountants	22,770	\$2m to \$75m	08/10/19	07/10/24
CPAA ³	Accountants	2,623	\$2m to \$75m	23/12/17	22/12/19
CPAA ⁴	Accountants	3,388	\$2m to \$75m	24/12/19	22/12/24
NSW Bar	Barristers	2,270	\$1.5m	01/07/15	30/06/20
ACS ^{5*}	IT	1,627	\$2m	01/01/19	31/12/23
LSNSW**	Lawyers	14,696	\$1.5m to \$10m	22/11/18	21/11/23
PSOA*	Surveyors	11	\$1m to \$30m	11/11/13	10/11/19
APIV ^{6*}	Valuers	3,902	\$1m to \$20m	01/09/16	31/08/21
RICSV*	Valuers	25	\$1m to \$10m	01/01/16	31/12/20
Mutual recognition	VIC: Vic Bar**, LIV**, IPA*				
	QLD: BAQ*, QLS**				
	SA: SA BA*, LSSA*				
	WA: WABA**, LSWA**				
Northern Territory					
CA ANZ	Accountants	38	\$2m to \$75m	08/10/14	07/10/19

Association	Profession	Participants ¹	Limitation Liability	Start date	End date
Mutual recognition	NSW: CPAA, ACS*, PSOA*, APIV*, RICSV*, NSW Bar, CA ANZ, LSNSW**, IPA*				
	VIC: Vic Bar**, LIV**, IPA*				
	QLD: BAQ*, QLS**				
	SA: SA BA*, LSSA*				
	WA: WABA**, LSWA**				
Queensland					
CA ANZ	Accountants	1,384	\$2m to \$75m	08/10/14	07/10/19
BAQ*	Barristers	978	\$1.5 to \$50m	01/07/19	30/06/24
QLS**	Lawyers	6,199	\$1.5m to \$10m	01/07/16	30/06/21
Mutual recognition	NSW: CPAA, ACS*, PSOA*, APIV*, RICSV*, NSW Bar, CA ANZ, LSNSW**, IPA*				
	VIC: Vic Bar**, LIV**, IPA*				
	SA: SA BA*, LSSA*				
	WA: WABA**, LSWA**				
	South Australia				
CA ANZ	Accountants	607	\$2m to \$75m	08/10/14	07/10/19
SA BA*	Barristers	213	\$1.5m to \$50m	01/07/17	30/06/22
LSSA*	Lawyers	1,509	\$1.5m to \$50m	01/07/17	30/06/22
Mutual recognition	NSW: CPAA, ACS*, APIV*, RICSV*, NSW Bar, CA ANZ, LSNSW**, IPA*				
	VIC: Vic Bar**, LIV**, IPA*				
	QLD: BAQ*, QLS**				
	WA: WABA**, LSWA**				
	Tasmania				
Mutual recognition	NSW: CPAA, ACS*, APIV*, NSW Bar, CA ANZ, LSNSW**, IPA*				
	VIC: CA ANZ, IPA*				
	QLD: BAQ*				
	SA: SA BA*, LSSA*				
	WA: LSWA**				

Association	Profession	Participants ¹	Limitation Liability	Start date	End date
Victoria					
CA ANZ ⁷	Accountants	2,411	\$2m to \$75m	08/10/14	07/10/19
Vic Bar**	Barristers	1,287	\$2m	01/07/19	30/06/24
LIV**	Lawyers	4,860	\$1.5m to \$10m	01/07/16	30/06/21
IPA ^{8*}	Accountants	4,631	\$2m to \$20m	01/01/19	30/12/20
Mutual recognition	NSW: CPAA, ACS*, PSOA*, APIV*, RICSV*, NSW Bar, CA ANZ, LSNSW**, IPA*				
	QLD: BAQ*, QLS*				
	SA: SA BA*, LSSA*				
	WA: WABA**, LSWA**				
Western Australia					
CA ANZ	Accountants	939	\$2m to \$75m	08/10/14	07/10/19
WABA**	Barristers	249	\$2m	01/07/14	30/06/20
LSWA**	Lawyers	1,842	\$1.5m to \$10m	01/07/19	30/06/24
Mutual recognition	NSW: CPAA, ACS*, APIV*, RICSV*, NSW Bar, CA ANZ, LSNSW**, IPA*				
	VIC: Vic Bar**, LIV**, IPA*				
	QLD: BAQ*, QLS*				
	SA: SA BA*, LSSA*				
Total	-	82,193	-	-	-

Notes:

Where disaggregated data is available

Note 1: Yearly average.

Note 2: Total number under mutually recognised scheme per state/ territory is 547 in ACT, 8,666 in NSW, 100 in NT, 3,544 in Qld, 1,509 in SA, 5,863 in Vic., 2,265 in WA and 276 in Tas.

Note 3: Total number under mutually recognised scheme per state/ territory is 27 in ACT, 719 in NSW, 11 in NT, 507 in Qld, 113 in SA, 927 in Vic., 295 in WA and 24 in Tas.

Note 4: Total number under mutually recognised scheme per state/ territory is 31 in ACT, 918 in NSW, 12 in NT, 637 in Qld, 148 in SA, 1,231 in Vic., 379 in WA and 24 in Tas.

Note 5: Total number under mutually recognised scheme per state/ territory is 277 in ACT, 489 in NSW, 58 in NT, 192 in Qld, 89 in SA, 366 in Vic., 140 in WA and 16 in Tas.

Note 6: Total number under mutually recognised scheme per state/ territory is 137 in ACT, 1,262 in NSW, 30 in NT, 771 in Qld, 234 in SA, 1,063 in Vic., 342 in WA and 63 in Tas.

Note 7: Total number under mutually recognised Victorian scheme was 74 in Tasmania.

Note 8: Total number under mutually recognised scheme per state/ territory is 35 in ACT, 1,537 in NSW, 34 in NT, 934 in Qld, 324 in SA, 1,270 in Vic., 432 in WA and 65 in Tas.

Note *: Association has the discretionary cap as the maximum limited of liability.

Note **: Association has only the limitation of liability cap as their maximum cap but have non-specific discretionary caps i.e. unlimited.

Both CA ANZ and CPA have the same maximum discretionary cap and maximum limitation of liability cap.

NSW Bar does not have a discretionary cap in its instrument.

APPROVING, AMENDING OR REVOKING SCHEMES

The Councils receive and consider applications for schemes made under their respective professional standards legislation. The *Professional Standards Agreement 2011* requires each state and territory Council to act co-operatively with one another in the exercise of their statutory functions.

EXPRESSIONS OF COMMITMENT

The first step in an association seeking a scheme is a written letter of commitment from the association's governing body to the Councils. Once a letter of commitment is received, the Councils may provide advice and assistance to the association in developing a scheme. During 2019–20, three letters of commitment were received. The associations' commitment is expected to result in three applications for a scheme in the 2020–21 year.

APPLICATIONS

A successful application will be founded on the construction of an effective scheme instrument as well as the association demonstrating that it has, or will soon have, in place important elements of professional standard regulation including:

- » Robust and transparent organisational governance
- » Clear arrangements and resources for the operation of a scheme
- » Defined continuing professional development programs
- » Detailed client-focused risk management strategies
- » Effective, timely and accessible consumer complaints resolution and member discipline systems
- » On-going monitoring of members' professional conduct obligations

STRATEGY 2021 PERFORMANCE MEASURES

- i. Increasing participation in the professional standards regime: schemes and members. An increase of 5.5% in members of associations subject to a scheme over the year to a total of 82,193 members.
- ii. Conversion rate of occupational associations providing a letter of commitment into applications for professional standards schemes.
 - » There were three new letters of commitment received.
 - » There were four associations with active letters of commitment.

PUBLIC NOTIFICATION

The Councils have an overarching obligation to act in the public interest. Before approving a scheme, the Councils must invite comments and submissions from the general public and interested stakeholders about the proposed scheme, by publishing a notice in state and national newspapers. To maximise opportunities for stakeholders' feedback, the Councils also alert potentially interested parties by post, and seek feedback with a detailed consultation document on the nature and significance of the professional standards scheme, which is published on the applicant association's website and on the Councils' website.

In 2020, the Councils trialled expanding public notification channels to include online state and territory government hosted public consultation websites, commencing with the New South Wales Government's "Have Your Say" website. Public notifications will be extended to other jurisdiction's public consultation websites over time.

The public notification of schemes, as required by the professional standards legislation, facilitates comments and submissions to inform the Councils of the views of the public, whose interests are to be considered. Increasing the reach of the public notification process will improve the Councils' ability to inform the community, and to gain insight into the views of the public, for better decision making.

SCHEME APPROVALS

In considering whether to approve a scheme, the Councils consider the application against the objects of the legislation, confirm the association is eligible for a professional standards scheme and consider the:

- » Impact of limiting liability on consumers
- » Impact of limiting liability on association members
- » Nature and level of occupational liability claims made against members of the association
- » Risk management strategies of the association and how they will be implemented and monitored. These include the association's codes of ethics and practice, quality management system, mediation services, membership requirements and continuing occupational education
- » Cost and availability of professional indemnity insurance
- » Association's professional indemnity insurance standards
- » Association's complaints and member discipline systems
- » Solvency and governance of the association
- » Comments and submissions received during the public notification process

During the year, there were three schemes approved (see Table 2).

TABLE 2 / SCHEMES APPROVED 2019-20

State	Association	Decision	Commencement
NSW	New South Wales Bar Association	18 October 2019	1 July 2020
NSW	Association of Consulting Surveyors National	28 February 2020	1 July 2020
WA	Western Australia Bar Association	6 April 2020	1 July 2020

During the year, there was one scheme not approved (see Table 3).

TABLE 3 / SCHEMES NOT APPROVED 2019-20

State	Association	Decision
ACT	Profession of Independent Financial Advisers	19 June 2020

If a Council exercises its discretion to approve a scheme, it is then submitted to the responsible Minister in the relevant jurisdiction, who may authorise notification of the scheme according to the statutory requirements. An approved scheme cannot commence until it has been published or otherwise notified with ministerial authority.

SCHEME AMENDMENT

The Councils received one application to amend a scheme during the year which was subsequently withdrawn.

EXTENDING THE EXPIRY DATE OF A SCHEME

The Minister responsible for the professional standards legislation in each jurisdiction has the discretion to extend the expiry date of a scheme, once only and for up to 12 months. During the year no schemes had the expiry date extended.

RECOGNITION OF SCHEMES UNDER COMMONWEALTH LAWS

As part of the national framework of professional standards legislation, Commonwealth legislation, *Treasury Legislation Amendment (Professional Standards) Act 2004* (Cth) provides members of an occupational association, who are subject to an approved scheme, with capped civil liability in relation to misleading and deceptive conduct. Commonwealth prescription effectively replicates the operation of the state or territory based professional standards scheme, approved by the Councils and authorised by the relevant state or territory Minister, in respect of the three sections of Commonwealth legislation enumerated below. The statutes, the sections replicating the operation of the professional standards scheme, and the misleading and deceptive sections are:

- » *Competition and Consumer Act 2010* (Cth) section 137 (in respect of section 18)
- » *Corporations Act 2001* (Cth), section 144B (in respect of section 1041H)
- » *Australian Securities and Investments Commission Act 2001* (Cth), section – 12GNA (in respect of section 12DA)

An occupational association may request their schemes be prescribed under regulations for one or more of these three sections. Where an occupational association seeks to have its approved scheme prescribed, the Councils co-operate with the Commonwealth Treasury to facilitate this process. The following 13 schemes are prescribed in Commonwealth legislation:

TABLE 4 / SCHEMES PRESCRIBED IN COMMONWEALTH LEGISLATION

Scheme
The CPA Australia Ltd Professional Standards (Accountants) Scheme
Chartered Accountants Australia and New Zealand Professional Standards Scheme
The Law Society of New South Wales Professional Standards Scheme
The New South Wales Bar Association Scheme
The Law Institute of Victoria Limited Scheme
The Victorian Bar Professional Standards Scheme
The Bar Association of Queensland Professional Standards Scheme
The Queensland Law Society Professional Standards Scheme
The Law Society of Western Australia Professional Standards Scheme
The Western Australian Bar Association Scheme
The Law Society of South Australia Professional Standards Scheme
The South Australian Bar Association Inc Professional Standards Scheme
The Institute of Public Accountants Professional Standards Scheme

EXPECTED SCHEME APPLICATIONS

Based on the expiry dates of schemes currently in force, the Councils anticipate that applications for new schemes may be received from the following occupational associations during the next reporting period:

- » Institute of Public Accountants – current scheme scheduled to expire 31 December 2020 (unless extended)
- » RICS Valuers Ltd – current scheme scheduled to expire 31 December 2020 (unless extended)
- » Australian Property Institute Valuers – current scheme scheduled to expire 31 August 2021 (unless extended)
- » South Australian Bar Association – current scheme scheduled to expire 30 June 2021 (unless extended)
- » Law Institute of Victoria – current scheme scheduled to expire 30 June 2021 (unless extended)

The Professional Surveyors Occupational Association scheme expired, after statutory extension, on 10 November 2019 having advised Councils they were not making an application to re-make their scheme.

SUPERVISION OF COMPLIANCE OF ASSOCIATIONS, AND RELEVANT PROFESSIONAL STANDARDS

The Councils provide ongoing expertise and supervision in the operation of an occupational association's professional standards regulation, ensuring that the association's occupational risk management strategies, professional standards and accountability mechanisms are being enforced by the association on their members.

The Councils' scheme supervision activities adopt an intelligence-informed and risk-based approach with four overarching objectives:

1. monitor, improve, provide advice and publish information on occupational associations' compliance with professional standards legislation and regulations, and the association's detailed consumer risk management strategies¹
2. monitor and publish advice/information on the occupational standards of persons to whom schemes apply²
3. enforce professional standards schemes including through review, amendment, or revocation action³
4. improve the quantity and quality of data received by the Councils and its analysis to assist the above⁴

Through the analysis of each association's annual *Professional Standards Improvement Program* report and other activities, supervision focuses on the effectiveness of an association's consumer-focused risk management strategies and effective implementation of those strategies to achieve improved occupational standards and increased consumer protection.

Supervision goes beyond compliance with legislation – it is forward looking, and improvement focused. Supervisory actions taken by the Councils endeavour to identify, mitigate and/or prevent harms so that consumers of professional services are protected.

1 *Professional Standards Act 1994* (NSW) ss 35(3), 37, 43(1)(f)-(g)

2 *Professional Standards Act 1994* (NSW) ss 43 (1)(e)-(g)

3 *Professional Standards Act 1994* (NSW) ss 16, 16A, 43(1)(j)

4 *Strategy 2021* strategic initiative 3.1: Modernise data and analytics capability to support supervision and measure improvements in professional standards.

100% / PSIP REPORTS PROVIDED ON TIME

All regulated associations provided their Professional Standards Improvement Program (PSIP) reports on time

ROOT CAUSE ANALYSIS



53% OF REGULATED ASSOCIATIONS IMPLEMENTED ROOT CAUSE ANALYSIS



89% REPORTED A PLAN TO IMPLEMENT ROOT CAUSE ANALYSIS IN 2020
(from the 47% that did not implement)

30 CLAIMS EXCEEDING 50% OF THE MONETARY CEILING

Causes

1. Negligence – Communication / advice / administration
2. Misappropriation, misleading & deceptive
3. Lack of skill and competence
4. Technical issues

82,193 / AVERAGE NUMBER OF PERSONS IN PROFESSIONAL STANDARDS SCHEMES IN 2019-20

REGULATED ASSOCIATIONS

TOP AREA OF ACHIEVEMENT
RISK MANAGEMENT

TOP AREA FOR IMPROVEMENT
DISCLOSURE REQUIREMENTS

STRATEGY 2021 PERFORMANCE MEASURES

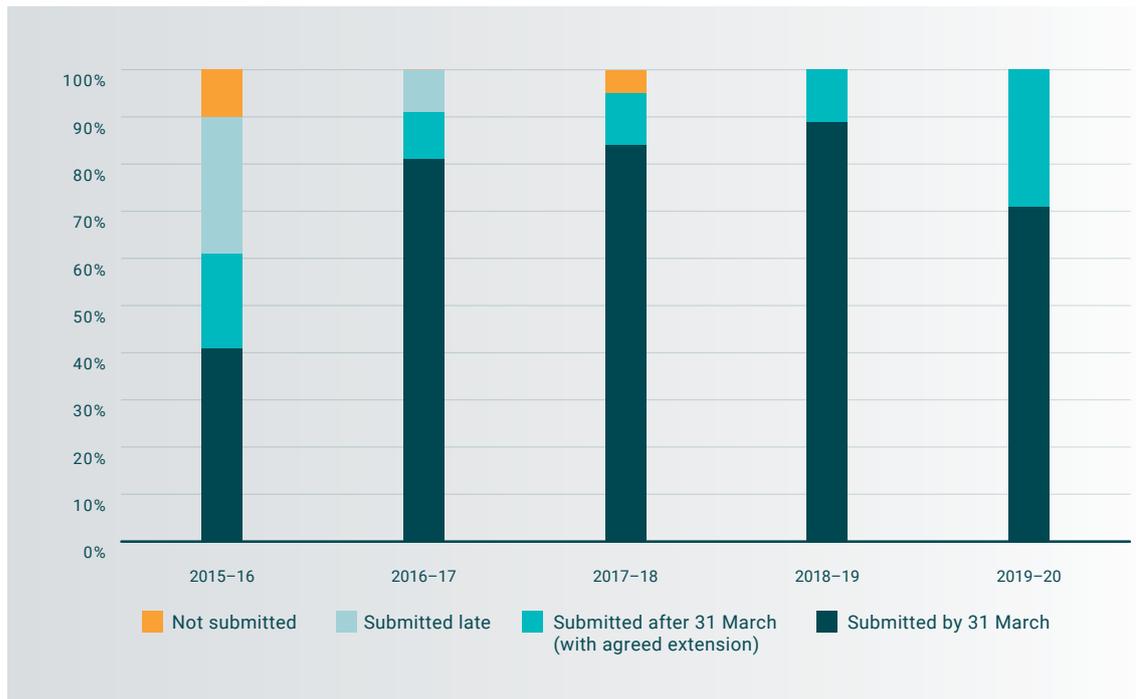
- i. **Decreasing seriousness in complaints/claims in the professional standards regime.**
 - » Councils are developing an operational definition of 'seriousness', considering data such as the percentage of all claims that exceed 50% of the prescribed cap. For 2019 there were 30 claims that exceed 50%. This is the second year that the data has been collected in accordance with *Strategy 2021*, the data is still being established with associations and the Councils.
- ii. **Improvement in compliance and risk management of approved schemes.**
 - » 100% of associations submitted their annual professional standards improvement program report on-time
 - » Associations completed additional risk identification reporting related to the provision of financial services
 - » Associations completed a risk identification survey relating to the impacts of the coronavirus pandemic to identify consumer harms and the Councils will use this information to further build a community of practice with associations to share the data obtained and further improve associations professional standards systems.
- iii. **Councils are recognised for their occupational risk management knowledge and data.**
 - » During 2019–20, occupational associations, academics and other regulatory agencies sought input from the Councils, on the professional standards implications in a number of areas including code of ethics, quality management system reviews and audit, ARC linkage project *Constructing Building Integrity: Raising Standards through Professionalism*, and root cause analysis which was introduced in the Annual Professional Standards Improvement Program.

PROFESSIONAL STANDARDS IMPROVEMENT PROGRAM

Associations that administer a professional standards scheme are required to submit a Professional Standards Improvement Program report annually to the Councils. The report requires the association to specify the actions taken to improve the professional standards of their members, plus consumer-directed risk analysis and management, resolving complaints of the consumers of the services provided by their members, member discipline, occupational liability claims, and the cost, availability, and quality of professional indemnity insurance.

The 2019 Professional Standards Improvement Program Guidelines and Template were refreshed to improve references to legislative obligations, emphasise consumer protection and promote root cause analysis as an input to risk management and occupational standards improvements.

FIGURE 5 / PSIP SUBMISSION TIMES COMPARISON: 2015-2019



All regulated associations provided their annual reports on-time. This is the second consecutive year of 100% submissions which compares favourably to 2017 where 95% of reports were received on-time.

ROOT CAUSE ANALYSIS

The Councils continued to encourage occupational associations to gather intelligence and report on identified consumer risks through annual risk management reporting.

As an added measure, the Councils introduced root cause analysis as a method to assist associations in fulfilling the objects of the professional standards legislation – *to facilitate the improvement of occupational standards and to protect the consumers of services provided*. This also forms part of the Professional Standards Councils' *Strategy 2021* strategic goal to *build an evidence base to demonstrate effectiveness*.

The Councils encourage the use of root cause analysis tools for associations to better understand why adverse events occur, particularly those that are chronic, recurring and possibly systemic.

In response to the 2019 report, the Councils have been able to observe regulated associations that have:

» Implemented root cause analysis

» taken measures to identify root causes

FIGURE 6 / ASSOCIATIONS TAKING ACTION TO IMPLEMENT ROOT CAUSE ANALYSIS

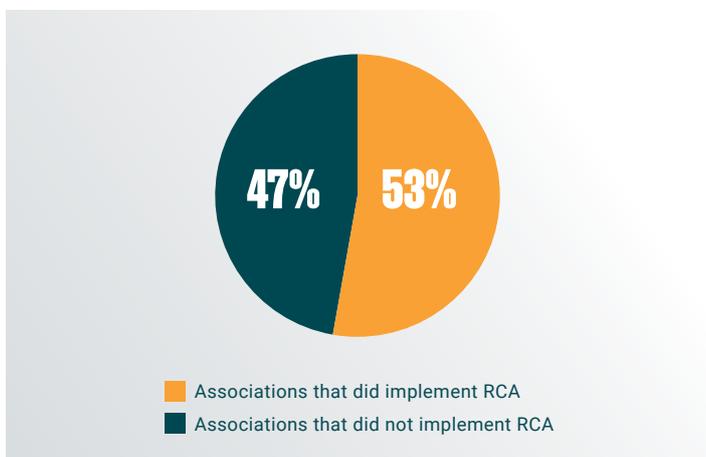
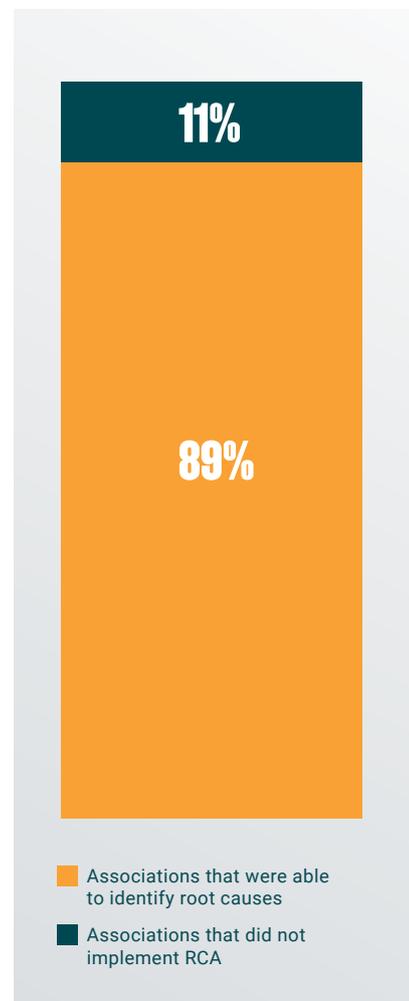
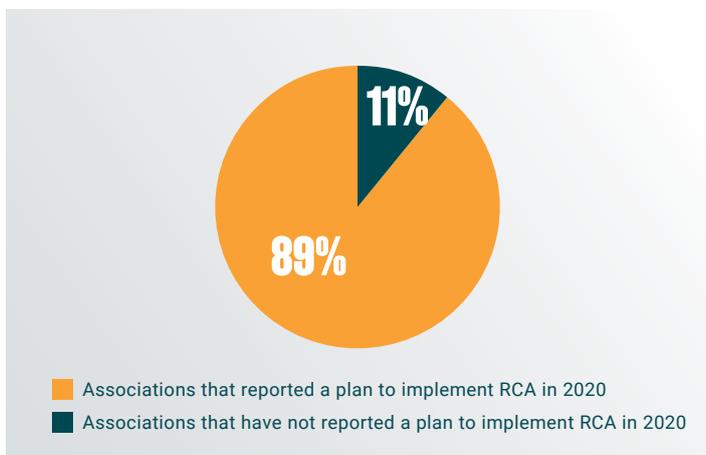


FIGURE 7 / ASSOCIATIONS THAT IDENTIFIED ROOT CAUSES



» developed an understanding and plan to implement root cause analysis

FIGURE 8 / ASSOCIATIONS THAT DID NOT TAKE ACTION BUT HAVE REPORTED A PLAN TO IMPLEMENT



COMMON AREAS OF ACHIEVEMENT

Three common areas of **ACHIEVEMENT**

- 1** Agreement between member and association
- 2** Risk analysis
- 3** Risk management improvements

The Councils have identified three common areas of achievement from the regulated occupational association reports.

Agreement between member and association

Associations are required to provide evidence which demonstrates how the association informs and/or educates members to whom the scheme applies of their compliance obligations relating to professional standards legislation and the professional standards scheme.

Associations showed improvement in their evidentiary reporting. This is important as it demonstrates the direct link between a member's agreement to comply with professional standards legislation and the activities required to protect consumers and improve professional standards.

Risk analysis

Every occupational association should ensure that consumer-directed risk management underpins and informs improved professional standards by seeking to identify and mitigate harms to consumers of the services provided by members of the association. This is quite a different activity to enterprise risk management activities which focus on the financial and strategic goals on an entity.

Associations demonstrated good practice by analysing their risk management plans on an annual basis at a minimum. This analysis leads itself to the identification of new and emerging harms to consumers and ensuring that their consumer focussed risk management strategies are adequately focussed and mitigating the identified harms.

Risk management improvements

Each occupational association and its governing body are responsible for ensuring risks are given adequate consideration, since those risks can impact the organisation's ability to meet its self-regulatory commitments to improve professional standards and protect consumers of their members services.

Select associations were required to complete additional risk reporting for specific higher risk categories of work, and all regulated associations were invited to provide risk reporting on the effects of the coronavirus (COVID-19) in a standard survey format. Completion of the additional risk reporting surveys advised the Councils of the nature of risks across occupations and provided the associations with a measure or benchmark of their current risk management systems compared to other regulated associations.

COMMON AREAS FOR IMPROVEMENT



The Councils have identified three common areas of improvement from the regulated occupational association reports.

Discretionary caps and exemptions

Associations need to have an established policy and/or procedure in the event that a member may apply for and is granted by the association a discretionary higher cap than what their scheme cap provides for. A register of approved higher cap holders must be held by the association to ensure that consumers are aware of the relevant cap in the event of an enquiry or claim for compensation.

Scheme participation exemption registers must also be held by the association to ensure that a consumer is able to call upon that register to know whether the services they are being provided are covered by a professional standards scheme or not.

Statutory requirement to disclose the scheme in member's documents

All scheme participants in all jurisdictions are required to disclose their limited liability status in all documents given to a client or prospective client that promote or advertise their occupation. In all jurisdictions except New South Wales and Western Australia, scheme participants must also ensure a copy of the professional standards scheme is given to any client or prospective client, when requested. In South Australia, the requirement to disclose extends to scheme participants' business websites.

Associations need to ensure that their auditing of members' compliance for disclosure is robust and that actions are in place for non-compliant members, including a requirement, in some

jurisdictions, to report a non-compliant member to their Professional Standards Council. It is in the consumer's interest to know if a provider of a professional service is part of a professional standards scheme, or not.

Professional indemnity insurance data

Professional indemnity insurance is one of the pillars of a professional standards scheme. It gives a level of assurance to consumers that a member of an association subject to a professional standards scheme can meet any damages awarded at or below the limitation of liability. This gives consumers confidence that, if they take legal action and their claim is upheld in court, there will be compensation available up to that limit.

Associations need to provide data on their members' insurance experience over the reporting cycle, in accordance with their most recent professional standards scheme application. This data is integral to understanding where claims and/or notifications are reoccurring or spiking, to enable the association and the Councils to work together to update their consumer focussed risk management strategies in an effort to reduce the frequency and severity of claims in order to provide a stronger consumer protection environment.

PROFESSIONAL STANDARDS IMPROVEMENT PROGRAM FINDINGS BY SECTOR

ACCOUNTANTS

FIGURE 9 / ACCOUNTANTS - AVERAGE NUMBER OF PERSONS BY STATE AND TERRITORY SUBJECT TO PROFESSIONAL STANDARDS SCHEMES



The accounting profession reported a number of improvements throughout the year which reflected actions taken in areas including:

- » devoting a large amount of resources to audit and quality assurance programs
- » one association demonstrating good root cause analysis activities in analysis and measures to address causes.

SOLICITORS

FIGURE 10 / SOLICITORS - AVERAGE NUMBER OF PERSONS BY STATE AND TERRITORY SUBJECT TO PROFESSIONAL STANDARDS SCHEMES



There were improvements in a number of areas by solicitors including:

- » growth of scheme participation and accordingly consumers protected
- » some associations demonstrating good root cause analysis

BARRISTERS

FIGURE 11 / BARRISTERS - AVERAGE NUMBER OF PERSONS BY STATE AND TERRITORY SUBJECT TO PROFESSIONAL STANDARDS SCHEMES



Improvements in risk management and scheme monitoring were observed by some bar associations during the year.

One association undertook a series of actions throughout the year that reflected in improvements to their complaints resolution and member discipline systems.



The Councils' Deputy Chair, Mr Andrew Lumsden.

ASSOCIATION RESPONSES TO COVID-19 (CORONAVIRUS)

Since March 2020, COVID-19 and the public health measures to prevent its spread have significantly changed the circumstances in which occupational associations and professions are serving their communities. Not only are they affected by the pandemic, they are also playing a vital role in assisting their clients and consumers through the pandemic; helping businesses navigate an economic downturn and recovery, advising on access to government financial support and ensuring the administration of justice, to name but a few of the areas where there has been a surge in demand placed upon regulated associations and their members.

In this challenging environment, associations have maintained their professional standards regulatory activities, such as annual reporting, which assists the Councils to ensure the regulatory system remains robust and responsive to the changing needs of consumers and professions across Australia.

In April 2020, the Councils consulted with all regulated associations on the identification and treatment of risks to operational, compliance and regulatory objectives arising out of the COVID-19 pandemic. The Councils also consulted on the needs of the associations so that, if necessary, an adjusted regulatory approach could be considered to accommodate changed priorities and circumstances during the COVID-19 pandemic.

Seventy-five per cent of associations responded to the consultation. No requests were made for an adjusted regulatory approach, indicating a resilient and responsive governance environment.

The results of the consultation enabled the Councils to identify good practice measures and areas that may require further risk management across the professions in the national regulatory system to encourage and assist in the reduction of harms to consumers of professional services.

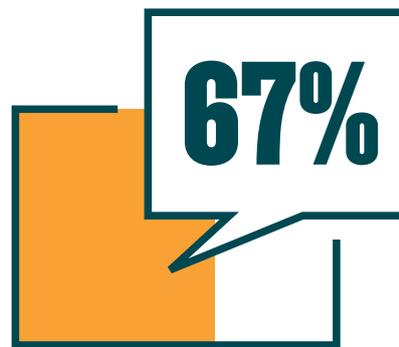
2 POTENTIAL CONSUMER RISKS ARISING OUT OF COVID-19

CYBER AND DEVICE SECURITY FOR REMOTE WORKING ARRANGEMENTS

TAKING ON NEW WORK/CLIENTS IN UNFAMILIAR AREAS OF PRACTICE LEADING TO ERROR

QUALITY ASSURANCE / MANAGEMENT

Reported as self-regulatory measure exposed to highest risks of non-compliance



ASSOCIATIONS ENCOURAGED MEMBERS TO COMMUNICATE MORE REGULARLY WITH THEIR CLIENTS

75%

ASSOCIATIONS ADJUSTED MEMBERS' CPD OBLIGATIONS, INCLUDING METHOD OF DELIVERY TO ONLINE

67%

SURVEYED ASSOCIATIONS REPORTED RISKS ASSOCIATED WITH MEMBERS' PI INSURANCE ARISING OUT OF COVID-19



ALL SURVEYED ASSOCIATIONS IDENTIFIED AND TREATED RISKS IN RELATION TO MEMBERS' WELLBEING ARISING OUT OF COVID-19

* survey response rate = 75%

* approx 92% of total regulated association professional standard scheme members are covered in the responses.

Areas of leading practice identified

1. All surveyed associations adjusted their members' **Continuing Professional Development (CPD) obligations** to adapt to the changing environment in which CPD courses are delivered. Associations have generally permitted a flexible, less structured approach to CPD for 2020, encouraging members to participate via various technological methods with reduced prices and broadened CPD course eligibility.
2. All surveyed associations identified, and treated risks associated with their **members' wellbeing** by providing access to counselling services and resources, increased communication to members, conducting webinars on mental health and other increased wellbeing initiatives.

Areas that may require further risk management

1. Although responses varied between sectors, associations identified risks associated with the **availability, quality and affordability of professional indemnity insurance**, and its impact on members' insurance premiums. The COVID-19 pandemic presents uncertainty for insurers to underwrite insurance policies for associations, particularly those who are facing increased risks to the provision of their services and additional exposure to claims.
2. Associations identified **Quality/Assurance Management** as the measure most exposed to non-compliance or insufficient regulation as a result of responding to the COVID-19 pandemic. Some associations reported operational adjustments to their professional integrity and management systems, such as amending or suspending quality reviews or audits of their members in order to prioritise the treatment of other COVID-19 risks. Long-term impacts are a consideration when implementing such operational responses to ensure risks of members' non-compliance are addressed and that consumers of members' services have access to redress should a complaint or claim arise.

In July 2020, these insights were shared with all regulated associations, along with an invitation to build a community of practice via video conference meetings to share, collaborate and work on ensuring risk management strategies are effective in their application to consumer protection.

To monitor the medium to long-term effects on the delivery of professional services to consumers arising from the adjustments to professional standards regulation taken to respond to COVID-19, the Councils intend to engage with other regulators with similar jurisdictions in the next reporting period to help facilitate information-sharing and relevant initiatives among regulators as the pandemic continues to disrupt business as usual.

CLAIMS EXCEEDING 50% OF THE LIABILITY CAP

The Professional Standards Improvement Program template includes reporting on claims and notifications that exceed 50% of the monetary ceilings specified in the association's scheme. This informs more targeted reporting that enables the Councils to monitor and analyse the effectiveness of limitation of liability settings across the national professional standards system.

All claims exceeding 50% of an association's monetary ceiling were made in the accounting and legal sectors. There were 30 claims for 2019.

FIGURE 12 / 2019: NUMBER OF CLAIMS EXCEEDING 50% CAP PER 1,000 MEMBERS

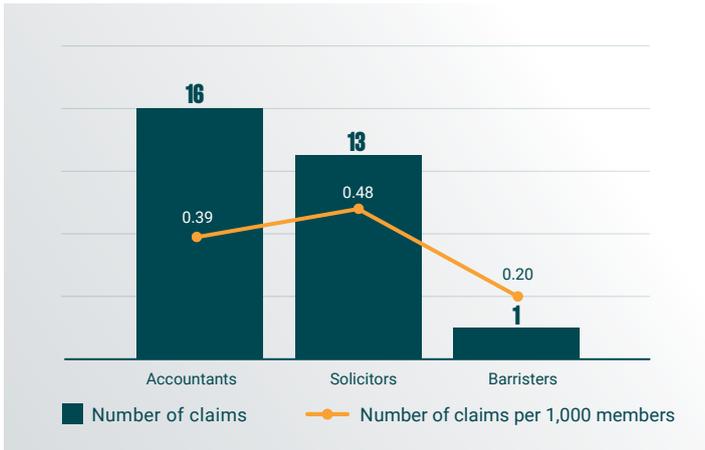


FIGURE 13 / CLAIMS EXCEEDING 50% CAP PER 1,000 MEMBERS COMPARISON TREND: 2018-2019

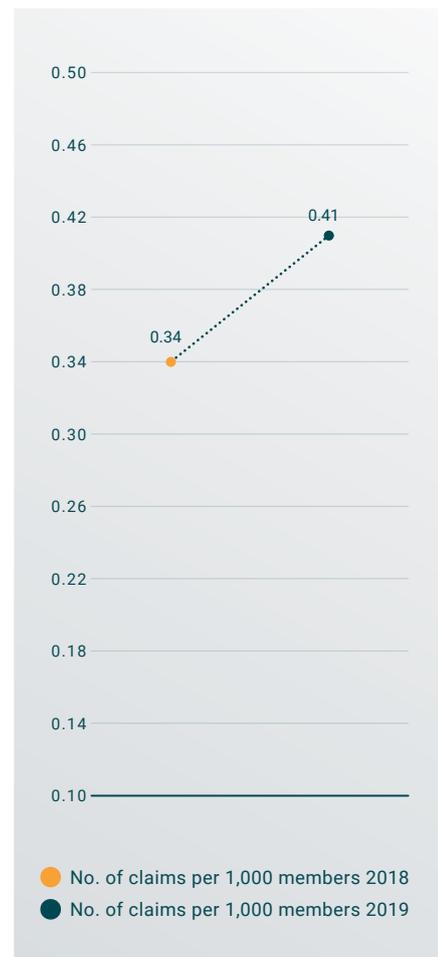


FIGURE 14 / CLAIMS EXCEEDING 50% CAP TREND COMPARISON: 2018-2019

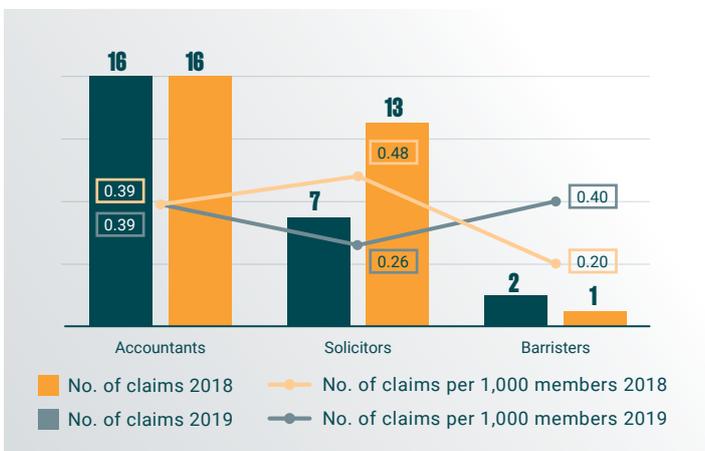
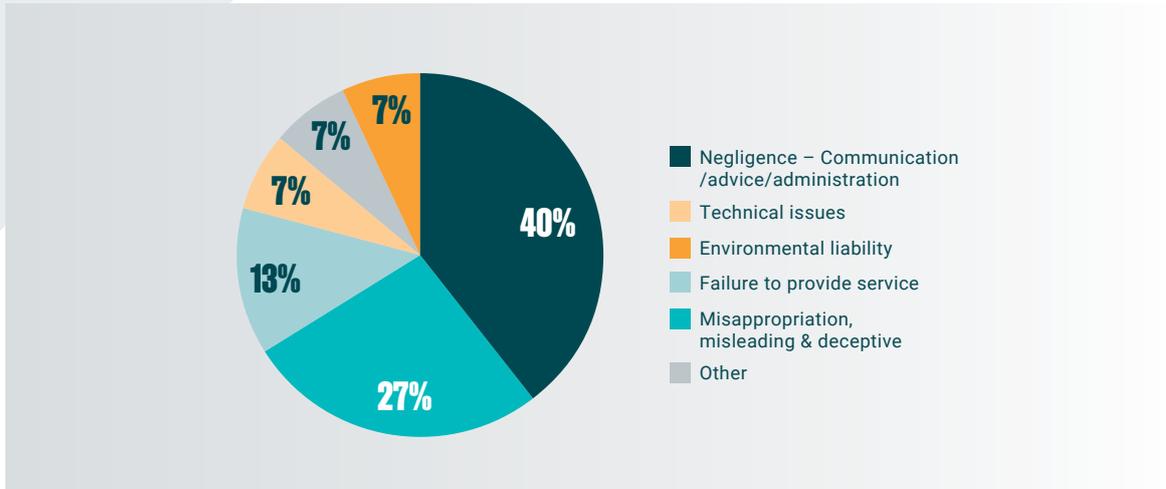
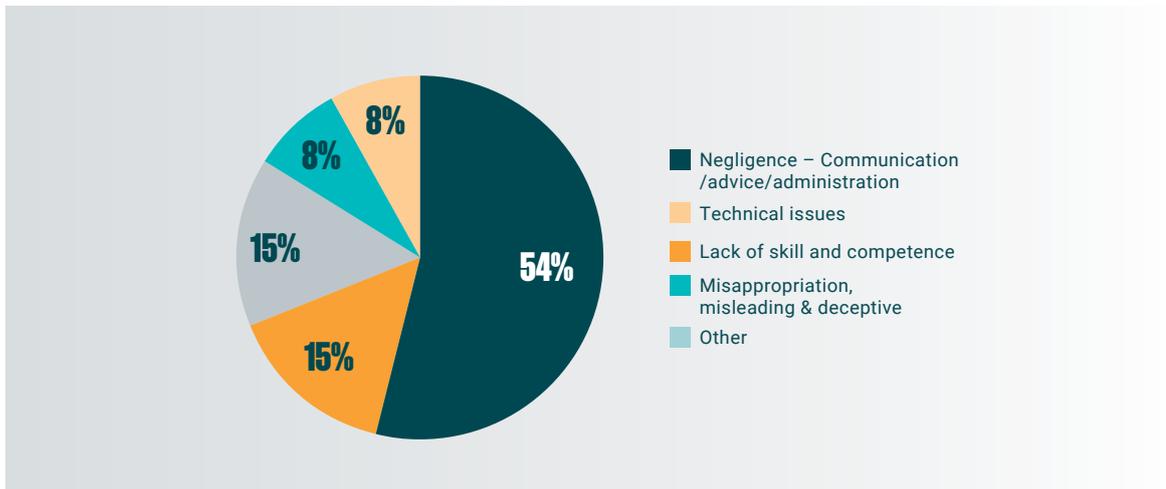


FIGURE 15 / ACCOUNTING SECTOR: CAUSES FOR CLAIMS EXCEEDING 50% CAP**FIGURE 16 / LEGAL SECTOR: CAUSES FOR CLAIMS EXCEEDING 50% CAP**

The Councils have categorised the causes for claims as:

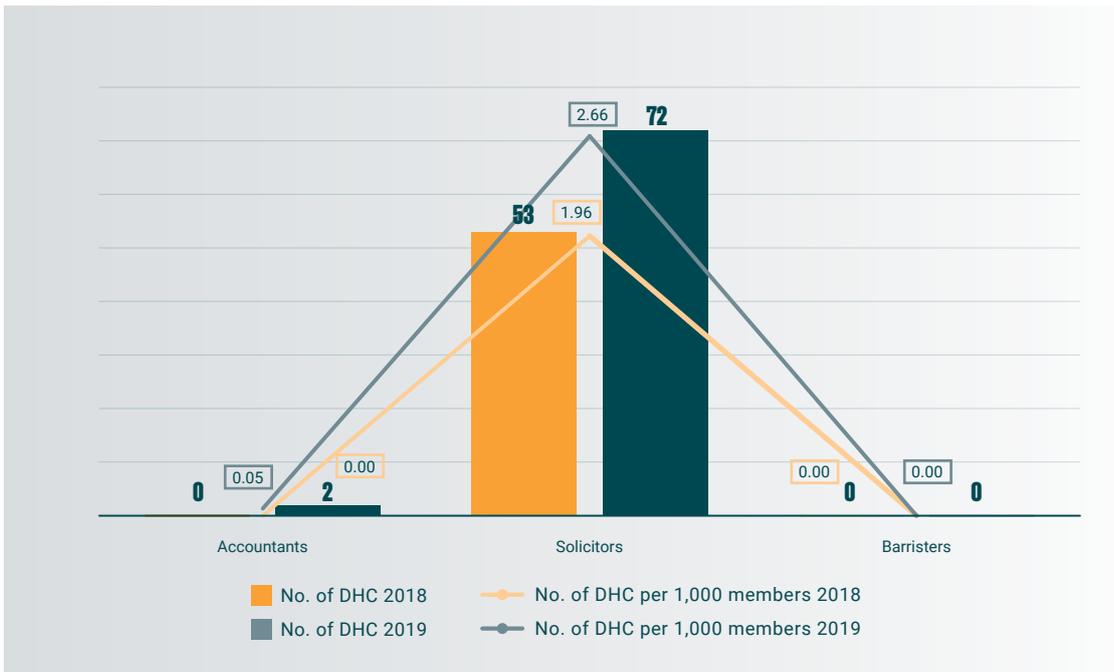
- » negligence, communication / administration
- » misappropriation, misleading and deceptive conduct
- » failure to provide service
- » environmental liability
- » technical issues
- » other.

DISCRETIONARY HIGHER CAPS

A scheme may confer a discretionary authority on an occupational association, on application by a person to whom the scheme applies, to specify a higher maximum amount of liability than would otherwise apply under the scheme either in all cases or in any specified case or class of case.

All discretionary higher caps were approved in the accounting and solicitor sector – both sectors reporting a higher number of approvals this year compared to 2018.

FIGURE 17 / DISCRETIONARY HIGHER CAPS TREND COMPARISON: 2018-2019



HELPING TO IMPROVE PROFESSIONAL STANDARDS OF OCCUPATIONAL ASSOCIATIONS

PROFESSIONAL STANDARDS FORUM

In 2019, the Councils delivered a Professional Standards Forum on the topic of 'Complaints as a Risk Management Tool'.

Over 40 delegates heard from an expert panel on the use of complaints data to understand consumer experiences and to drive improvements in the delivery of professional services.

The Professional Standards Councils' Chair, John Vines OAM, examined the opportunities for associations to use their complaints data to drive improvements in professional standards. The Victorian Legal Services Commissioner, Fiona McLeay, spoke about the Victorian Legal Services Board commissioned research into the legal profession's complaints data to better understand risk factors to reform regulatory practices. The CEO of SOCAP, Fiona Brown, shared the reasons why people complain and why it is good business to effectively handle complaints.

Nicole Cullen, an expert in complaints handling, delivered a practical risk management workshop for professional standards and complaints management staff. The workshop provided participants with tools to identify the root cause of complaints and to use this information to protect consumers.

The Forum provided an opportunity for cross-professional conversations and feedback. It reinforced the importance of working together for better complaints management. It was also an opportunity to enhance regulatory relationships and demonstrate the Councils' leadership in professional standards and consumer protection.

Feedback received from the November Forum was very positive, with 93 per cent of respondents appreciating hearing from the knowledgeable speakers.

Comments from delegates included:

"I loved the speakers, great job on the selection! All were really engaging."

"I really enjoyed the Forum and think all the speakers were knowledgeable and the forum was very insightful."

"The Sydney Forum was great, but the Melbourne Forum was even better with more interactions and activities. We learnt new skills and made further great connections."

A Forum on 'Putting the Consumer First in Ethics' was scheduled for March 2020, however, it was cancelled due to the public health measures in response to the COVID-19 pandemic and will be rescheduled in the next reporting period.

REGULATORY ASSURANCE ACTION

The Councils exercise their powers in the public interest and take measured regulatory assurance actions when associations are non-compliant, or at risk of non-compliance, with professional standards legislation.

The Councils took regulatory assurance action with several associations, which typically involved:

- » additional reporting requirements in areas of emerging risks to consumers (for example: association governance arrangements and member conduct highlighted by the Lawyer X case and associated Royal Commission into the Management of Police Informants)⁵
- » targeted engagements to consult progress on identified issues of concern and corrective action occurring⁶
- » provision of feedback letters to associations on their Professional Standards Improvement Program results, identifying areas for improvement.⁷

⁵ *Professional Standards Act 1994 (NSW) s 44.*

⁶ *Professional Standards Act 1994 (NSW) s 37.*

⁷ *Professional Standards Act 1994 (NSW) s 3(b). Object two of the Act.*

During the year the Councils implemented additional risk reporting requirements with several associations, where the Councils considered risks to consumers are increasing or not sufficiently mitigated, through the client engagement, an increasing risk environment, or through the administration of the scheme. By undertaking this additional reporting, the regulatory relationship between the Councils and regulated associations became more robust – cultivating improvements in ongoing dialogue, understanding and association reporting.

The required risk reporting was usefully associated with the Councils function to advise, assist and encourage occupational associations with their professional conduct and competence regulatory systems. The Councils observed improved professional standards oversight by the occupational association including improved customer-centric risk management strategies.

Complaints handling expert, Ms Nicole Cullen, presenting at the Melbourne Professional Standards Forum in November 2019.



PROVIDING ASSISTANCE AND ADVICE TO ASSOCIATIONS

As a regulator, the Councils have unique statutory powers to assist, advise and encourage occupational associations to improve their occupational standards.⁸

They can also facilitate the sharing of knowledge and experience across the professions within the national professional standards regulatory system, propelling the improvement of professional standards and strengthening consumer protections.

“As high professional standards are vital to the integrity of the industry and consumer protection, helping other property professional bodies to develop their schemes, and constantly improving on our own will ultimately progress the profession and deepen consumer confidence in the industry.”

Amelia Hodge, reflecting on their role in assisting other occupational associations in developing professional standards schemes, 16 January 2020.

⁸ *Professional Standards Act 1994* (NSW) s 43.

WORKSHOPS AND ASSISTANCE

The Councils conducted targeted risk workshops with associations during the year.

These workshops are tailored to meet the needs of each association. They focus on identifying the underlying causes of failures in occupational standards to enable the association to develop strategies that effectively target and treat risk.

At their request, a workshop was conducted for CPA Australia on ‘Conflict of Interests’.

Discussions involved:

- » the competing interests of an occupational association as – a professional body, a body offering commercial services and an industry lobbying body
- » identifying and monitoring different stakeholder interests
- » formulating decision-making processes that are in the ‘best interest’ of consumers and the public.

In delivering risk workshops, the Councils assist associations to be positioned to deliver better consumer protection through the continuous improvement of their professional standards system.

CHARTERED ACCOUNTANTS LAUNCH A BENEFIT OF A PROFESSIONAL STANDARDS SCHEME VIDEO

The Authority’s Chief Executive Officer contributed to the Chartered Accountants Australia and New Zealand’s new information video *‘The Importance of Professional Standards Scheme – why it is important to members, and the very important role it plays in the improved professional standards and providing consumer protection to clients’*.

The video provides information for what a professional standards scheme means for the accountancy profession, and what is expected of CA ANZ members of public practice. The video communicates to the association’s members on consumer protection in the delivery of professional services in Australia and that members are held to account, which is to the benefit of every one of their consumers and the profession itself.

LAWYER X

The Councils engaged with Victorian legal profession associations in response to the conduct issues reflected in a publicly reported series of events involving a Victorian barrister acting for several people who were convicted of criminal offences, while at the same time being a police informant in relation to some of these people (Lawyer X).

The Councils will continue to engage with all legal profession associations in the next reporting period on any areas of improvement that may be drawn from the events, particularly in relation to any underlying risk identified, managed and translated into ongoing occupational education or improvements to complaints and disciplinary systems.

SEXUAL HARASSMENT IN THE LEGAL PROFESSION

The legal profession has identified sexual harassment as an issue in the profession's workplaces.

The information submitted in Professional Standards Improvement Program reports for 2019 show that regulated associations have taken action in response such as:

- » published position statements towards sexual harassment in the legal profession
- » taken action to offer enhanced continuing professional development events on preventing sexual harassment
- » made submissions to inform the Australian Human Rights Commission's National Inquiry into Sexual Harassment
- » commissioned various committees to address the issue.

The Councils will engage with associations to support these efforts with a particular focus on the consumer protection and ethics issues involved. Unprofessional behaviour has been found in research to affect wellbeing and stress levels, reducing the concentration, communication and collaboration required to competently deliver professional services. The Councils will promote assistance and advice to regulated associations on risk mitigation strategies from the experience of professions internationally that can be adapted through professional standards improvement.

ADVISING ON SELF-REGULATORY INITIATIVES

The Councils have functions to encourage and assist associations in the development of self-regulation, including giving advice on an association's code of ethics.⁹

The Councils worked with the Australian Property Institute Valuers Limited (Valuers) to incorporate the Councils' guidance on *Model Code of Ethics Principles* into a training module as part of the Valuers members' continuing professional development (CPD) program. The Councils commended the Valuers' efforts in advancing their self-regulatory initiatives and invited an ongoing dialogue with the association to consult on developments in professional ethics.

⁹ *Professional Standards Act 1994* (NSW) s 43(d)(i).

THE COUNCILS ASSIST ASSOCIATIONS WITH EXPERT ADVICE AND THE DELIVERY OF PROFESSIONAL STANDARDS FORUMS TO IMPROVE THE REGULATION OF PROFESSIONAL STANDARDS

CPA Australia redesigns its professional quality management system for public practitioners with assistance from the Councils to draw on research and experience from across the national regulatory system.

The Councils have a unique statutory function under professional standards legislation to encourage and assist occupational associations in the development and improvement of their regulatory systems and professional standards. CPA Australia approached the Councils in December 2019 to request advice¹⁰ in designing a contemporary professional quality management system for the regulation of their public practitioners. The Councils made the services of the Authority available to CPA Australia, provide support in the form of insights drawn from the Councils supervision of professional standards schemes across professions, reference articles, specialist contacts and subject matter expertise in collaborative workshops.

CPA Australia is undertaking a wholesale review of its current Quality Review Program¹¹. The objective is to evaluate whether the program is fit for purpose, provides value to its members and protects the public interest. CPA Australia has worked collaboratively with CA ANZ to benchmark their respective programs against international best practice. An extensive scan including interviews with counterparts at American Institute of CPAs, Institute of Chartered Accountants England & Wales and CPA Ontario provided valuable insights including the global trend towards risk-based regulation.

At the Councils' Professional Standards Forum¹² in November 2019, the Victorian Legal Services Commissioner, Fiona McLeay, presented University of Melbourne research funded by the Victorian Legal Services Board and Commissioner, looking at the characteristics of lawyers who are subject to complaints and misconduct findings¹³. CPA Australia subsequently contacted one of the lead researchers, Dr Marie Bismark, and is currently embarking on similar research in the accounting profession in order to build a risk model to gain insights into trends in the data, better understand member behaviours to identify proactive monitoring activities and drive improvements in the delivery of support services to practitioners.

CPA Australia is designing a program with a member support model at its core, focusing on outcomes to protect the public interest, providing value to our members and enhancing their experience through continuing business improvement. By adopting a risk-based model, they can take a proactive and evidence-based approach to assessing the risks of achieving outcomes, constantly monitor performance, and be prepared to change priorities as needs arise in the industry.

CPA Australia is conducting extensive workshops and interviews with its members during the design phase of the project. They are also collaborating with multiple regulators leading up to the launch of its new program in 2021.

CPA Australia's initiative to reimagine its quality management system and use data to assist risk identification and responses demonstrates leadership in the continuous development of professional standards regulatory capacity. The initiative also demonstrates how

10 in accordance with section 43(1)(c) and (d) of the Professional Standards Act 1994 (NSW)

11 The Quality Review Program offers public practitioners a constructive and educational opportunity to ensure compliance with ethical and professional standards and maintain their CPA symbol of accountability in service excellence.

12 in accordance with section 43(1)(h) of the Professional Standards Act 1994 (NSW)

13 Sklar, T., Moore, J., Bismark, M. and Taouk, Y 2020, 'Vulnerability to legal misconduct: a profile of problem lawyers in Victoria, Australia,' *International Journal of the Legal Profession*, pp. 1-21. doi:10.1080/09695958.2020.1751166

associations can benefit from the Councils expertise and insights drawn from their supervision of professional standards regulation across a variety of professions as well as their research and ability to actuate public interest and consumer perspectives.

In November 2019, CPA Australia's President and Chairman of the Board, Mr Peter Wilson AM, wrote to the Councils:

“We are proud to promote and monitor the Scheme and engage with our member participants to encourage continual improvement. Your [Councils] continued guidance has been encouraging and has fostered some great initiatives, which we are pleased to share...”

In March 2020 when the Councils' Chair, John Vines OAM, presented a certificate in recognition for a new scheme to CPA Australia, Mr Vines stated:

“We look forward to a continued cooperative working relationship, assisting with the improvement of standards and enhancing consumer protection.”

The CEO of CPA Australia, Mr Andrew Hunter, received the certificate and acknowledged having a scheme is recognised as a privilege to CPA Australia's public practitioners and their clients.

The Councils' Chair, Mr John Vines OAM presenting CPA Australia's CEO, Mr Andrew Hunter, with a certificate in recognition of their new scheme in March 2020.



PUBLISHING ADVICE AND INFORMATION

The Councils continuously develop and revise a range of resources to help associations:

- » respond to their self-regulatory obligations
- » submit professional standards scheme applications
- » manage ongoing compliance with professional standards legislation and regulation.¹⁴

GUIDANCE NOTE: SCHEME EXPIRATION

The Councils developed and released an exposure draft of guidance on scheme expirations, attaching a proforma for advertising scheme expiry. The Guidance Note is designed to remove ambiguity for consumers when the members of the association do not have an approved professional standards scheme to continue beyond the expiry date of their current scheme. Subject to feedback from our stakeholders, the scheme expiration guidance will be revised and published in the next reporting period.

GUIDANCE NOTE: FEE WAIVERS AND REMISSIONS

The Councils published guidance to assist associations applying for fee waivers and remissions under professional standards regulations. The guidance note provides transparency and consistency to the Councils' decision-making process for considering an association's fee waiver or remission application.

ANNUAL MEMBERSHIP ASSURANCE REPORT

Following consultations with the Australian Government's Auditing and Assurance Standards Board, the Councils updated their guidance on annual membership reporting. Membership data is required from regulated associations to calculate the payment of annual fees under professional standards regulations. The new *Annual Membership Assurance Report* replaces the existing *Annual Membership Verification Certificate* and *Annual Membership Declaration Certificate* templates that were previously attached to associations' annual PSIP reporting. The new *Annual Membership Assurance Report* will be affixed to the next Professional Standards Improvement Program reporting template following its publication on the Councils' website.

¹⁴ *Professional Standards Act 1994* (NSW) s 43(d)(g).

¹⁵ *Strategy 2021* – Strategic initiatives 3.2 & 3.3.

AUSTRALIAN RESEARCH COUNCIL LINKAGE RESEARCH PROJECT

In May 2020, the Councils were pleased to join Griffith University a recipient of an Australian Research Councils grant for a three-year Linkage Project titled – *Constructing Building Integrity: Raising Standards through Professionalism*.

Through the project, the Councils will collaborate with researchers and other regulators to investigate ways to improve professional standards in building and construction occupations and the means for measuring change.

In 2019, the Building Ministers' Forum called on the building industry associations to lift occupational standards by developing and implementing professional standards schemes as a matter of priority. In light of this, the project will aim to generate new knowledge and greater awareness by professions and regulators of their role in delivering the public goods of a trustworthy building and construction industry.

The project will be led by Griffith University's Professor Charles Sampford. As the lead partner organisation, the Councils will contribute funding over three years as well as in-kind support.

The Councils will be represented in the Linkage Project Steering Group by Councils' Chair, Mr John Vines, and Councils' member, Ms Caroline Lamb. They will be supported by partner investigators from the Professional Standards Authority, Chief Executive Officer, Ms Roxane Marcelle-Shaw, and Research and Resource Officer, Ms Alice Kang.

This Linkage Project aligns with the Councils' *Strategy 2021* goal to improve occupational standards in sectors identified as facing increased risk to consumers.¹⁵

In addition to the Councils, partner organisations for the project include the Queensland Department of Mines, Industry Regulation and Safety, and the Queensland Department of Housing and Public Works.

The Project continues the Councils' long-term commitment to fostering research through grants and partnerships. It is the third time the Councils have participated and invested in world-leading research as a major partner in an Australian Research Council Linkage Project.

WORKING WITH GOVERNMENT AND OTHER PEER REGULATORS

BUILDING MINISTERS' FORUM

Throughout the year, the Councils worked closely with the Building Ministers' Forum and other key regulatory bodies in the built environment sector to advance the Councils' *Strategy 2021* and promote the professional standards regulatory system to industry stakeholders.¹⁶

The Councils briefed the Forum's Industry Roundtable in July 2019 on the national professional standards regulatory system, and how it might assist responses to the professional standards and professional indemnity insurance issues in the building and construction industries. The Forum invited the Councils to consult on an options paper addressing professional indemnity insurance issues facing the national building surveyor and certifier profession. The Forum met in September 2019 to consider, among other items, the options paper which proposed the development of professional standards schemes as one of the potential medium to long-term solutions.

When discussing their coordinated response to professional indemnity insurance:

Ministers called on industry associations to develop Professional Standards Schemes as a matter of priority. A further meeting in February 2020 will be convened with building surveyors and certifier industry associations to discuss the implementation plans for establishing a Professional Standards Scheme and raising standards within the industry.¹⁷

In succeeding meetings with Forum constituents, industry associations supported the professional standards regulatory system and its proposed role in the built environment. The Councils have ongoing consultations with occupational associations in the built environment to advise and assist the development of their scheme applications.

¹⁶ *Strategy 2021* – Strategic initiatives 3.2 and 4.2.

¹⁷ Building Ministers Forum, December 2019 Communique.



Through the year, the Councils worked closely with the Building Ministers' Forum to assist with professional standards and indemnity insurance issues in the built environment sector.

SUBMISSIONS TO INQUIRIES AND REVIEWS

In support of their strategic focus on the financial services and built environment sectors this year, the Councils made submissions on how existing elements of formal regulation can work in concert with the professional standards regulatory system to promote improvements in professional standards and achieve better regulatory outcomes for consumers.

INQUIRY INTO THE REGULATION OF AUDITING IN AUSTRALIA

On 1 August 2019, the Australian Senate referred an inquiry into the regulation of auditing in Australia to the Parliamentary Joint Committee on Corporations and Financial Services.

The Councils' submission to the Parliamentary Inquiry focused on:

1. the effectiveness and appropriateness of the auditing regulatory regime
2. the adequacy and performance of regulatory, standards, disciplinary and other bodies.

The Councils provided a submission to the inquiry with the consideration that regulation in the public interest is more effective in raising professional standards when it is reinforced by robust industry co-regulation. In turn, this provides the community with trustworthy, efficient and ethical audit services. While formal regulation sets minimum standards, self-regulation develops and facilitates continuous improvement of standards, gradually lifting the minimum standards over time. Within the Councils' submission, professional standards schemes were identified as effective direct consumer protection mechanisms for clients of accounting and auditing services.¹⁸

INDEPENDENT REVIEW OF THE TAX PRACTITIONERS BOARD

On 5 March 2019, the Australian Government announced an independent review into the effectiveness of the Tax Practitioners Board and the *Tax Agent Services Act 2009* (Cth). The Review investigates whether tax agent services are provided to the public in accordance with appropriate professional and ethical standards.

¹⁸ New South Wales, Parliamentary Debates, Legislative Council, 14 September 1994, (J P Hannaford, Attorney General, Minister for Justice, and Vice President of the Executive Council).]

The Councils' submission to the Review focused on:

1. the role of professional associations in the tax industry in improving the efficiency of the regulatory system
2. how regulators with shared jurisdiction can enhance consumer protection measures through information sharing.

The Councils suggested reliance by the Tax Practitioners Board on approval of professional standards schemes could operate effectively to:

- » broaden and strengthen consumer protection measures
- » reduce duplication of registration and compliance requirements for tax practitioners
- » enhance practitioner accountability
- » reinforce and empower consumer redress mechanisms
- » remove undesirable complexity in the regime
- » introduce benefits of a proactive and continual improvement approach to setting and raising professional standards.

Additionally, the submission advocated for the Councils' inclusion in the Tax Practitioners Board's proposed expanded exchange of information, sharing and referral arrangements between co-regulators. With improved information and data, the Councils could be better-equipped to encourage and assist industry associations in driving risk management strategies in professional practice.

INQUIRY INTO THE PROFESSIONAL ENGINEERS REGISTRATION BILL 2019

The Councils provided assistance to the New South Wales Department of Customer Service, Better Regulation Division, in preparing the New South Wales whole-of-government submission to the Inquiry into the *Professional Engineers Registration Bill 2019*.

SCHEME APPLICATION REDESIGN PROJECT

An application is required for a scheme under professional standards legislation. Occupational associations propose a professional standards scheme and demonstrate their capacity to regulate the professional conduct and competency of their members. At their meeting on 25 August 2019, the Councils agreed to review and modernise the scheme application framework, initiating the Scheme Application Redesign Project. The project is being managed by the Authority and delivers on key goals and initiatives within Councils *Strategy 2021*.

The project aims to modernise the current process, with a focus on consumer protection through measurable improvements to professional standards. There are four design principles. The application framework must:

- » be firmly grounded in professional standards legislation and occupational standards
- » be streamlined and scalable
- » be data-driven
- » establish a clear regulatory relationship between the Councils and the regulated occupational association.

The project has featured agile project methodology and frequent stakeholder consultation with occupational associations and experts, as well as exploring digital mechanisms to enhance the Councils' communication with regulated occupational associations.

Activities in this reporting period have included:

- » establishing a Steering Group to oversee the project, comprising three Councils' members
- » consulting with all regulated associations and interviews with the senior officers of occupational associations that currently operate a professional standards scheme as well as associations that have applied for a professional standards scheme, conducted by an independent regulatory expert
- » forming a Reference Group to provide expert advice and input into redesigned application content, comprising nominees from regulated occupational associations, regulatory experts, experts from organisations with comparable regulatory functions, and Authority staff.

It is anticipated that the project's pilot phase will commence during the first quarter of 2021, with a transition from the current application process to the new process planned to assist occupational associations with the changes.

REGULATORY FEES

Associations are required to pay an annual fee calculated on the basis of the number of persons covered by the scheme who are a member of the association at any time during the relevant annual fee period. The due date for payment of annual fees is specified by the professional standards regulations. In accordance with the regulations, interest is payable when the payment is received on or after 31 days past the due date.

In 2019–2020, the following fees were recognised:

- » \$55,000 in application fees
- » \$4,109,662 in annual fees
- » \$211 in interest paid for late payment of annual fees
- » \$33,500 in fee waivers approved

In the 2019–20 financial year, associations paid their annual fees within 30 days of the due date, except for three associations which paid their annual fees late.

Table 5 identifies the associations where interest was levied on an overdue annual fee payment, the interest charged, and the days in arrears.

TABLE 5 / INTEREST ON OVERDUE ANNUAL FEES

Association	State	Interest (\$)*	Fees due (\$)	Days late	Annual fee date
Australian Computer Society	NSW	42	2,700	31	30/06/2019
New South Wales Bar Association Ltd	NSW	11	600	35	30/09/2019
CPA Australia Ltd	NSW	158	9,900	32	30/06/2019
Total	–	211	13,200	–	–

* Interest is rounded to the nearest dollar

FEE WAIVER APPLICATIONS

Two fee waivers were decided by the Councils during the year, one in respect of a \$10,000 amendment application fee which was not agreed and one in respect of \$33,500 of overpaid annual fees which was agreed as the fees were paid in error.

LEGISLATIVE CHANGES

The Professional Standards Regulations 2019 (NSW) repealed and replaced the Professional Standards Regulation 2014 (NSW), which would otherwise be repealed on 1 September 2019 by section 10(2) of the *Subordinate Legislation Act 1989* (NSW).

The Treasury Laws Amendment (Professional Standards Schemes No.2) Regulations 2019 (Cth) were made on 17 October 2019. The regulation amended professional standards schemes prescription provisions in following regulations:

- » Australian Securities and Investments Commission Regulations 2001 (Cth)
- » Competition and Consumer Regulations 2010 (Cth)
- » Corporations Regulations 2001 (Cth)

STAKEHOLDER ENGAGEMENT

Stakeholder engagement continued to play a major role in the reporting period.

The Councils published a Stakeholder Engagement Framework in August 2019, which sets out the principles and standards that apply when we consult and engage with our stakeholders. It was developed to support the Councils in delivering on their statutory objectives and the goals set out in *Strategy 2021*.

Engagement with stakeholders provides the Councils with a greater understanding of the key issues in professional standards regulation and helps to build stakeholder capacity to meet regulatory requirements.

The framework adopts Organisation for Economic Cooperation and Development (OECD) best practice principles on stakeholder engagement in regulation, which recognise that stakeholder engagement is “a crucial element of regulatory policy and open and inclusive policy making”.¹⁹

¹⁹ 2017, OECD (forthcoming), Best Practice Principles on Stakeholder Engagement in Regulatory Policy, OECD Publishing, Paris.

These principles encourage regulatory policy makers to engage and consult stakeholders to develop, review and enforce regulations.

The stakeholder engagement framework sets out:

- » who we will engage
- » how we will engage
- » principles to guide our engagement
- » challenges to consider
- » strategies for success
- » channels for stakeholders to provide feedback.

Activities during the year focused on engaging with the Councils' key stakeholders:

- » regulated professional and occupational associations, their staff, and members
- » professional and occupational associations
- » Commonwealth, state and territory ministers
- » Commonwealth, state and territory departments
- » other regulators
- » insurers and actuaries
- » professional advisers and consultants who work with associations
- » academics and researchers.

The Councils empower the Chief Executive Officer and her delegates to meet and liaise with occupational associations and stakeholders.

As a regulator, engagement is at the heart of our approach in encouraging and assisting associations to understand their regulatory obligations and to build their self-regulatory capacity. Different types of engagement are used for different stakeholders.



The following table outlines the Councils' spectrum of stakeholder engagement which is based on the International Association for Public Participation²⁰.

TABLE 6 / THE COUNCILS' STAKEHOLDER ENGAGEMENT PRINCIPLES AND TECHNIQUES

Inform	Consult	Involve	Collaborate	Empower
We will provide balanced, objective accurate and consistent information to assist stakeholders to understand the issues, opportunities and solutions.	We will seek feedback from stakeholders, listen to and acknowledge concerns and inform them of the outcome of their feedback.	We will work directly with stakeholders to ensure their needs are directly and consistently understood and considered and provide feedback on the outcome of their contribution.	We will partner with the stakeholder, including the development of alternatives, making decisions and the identification of preferred solutions.	We will engage with stakeholders to build networks, create opportunities and empower groups to lead the development of initiatives.
What this looks like				
<ul style="list-style-type: none"> » Guidance notes » Social Media » Website » Email distribution » Annual Reports » Presentations » Correspondence 	<ul style="list-style-type: none"> » Focus groups » Professional Standards Forums » Public or industry meetings » Surveys » Calls for comment » Briefings » Public notification » Exposure drafts of guidance notes 	<ul style="list-style-type: none"> » Workshops » Professional Standards Forums » Partnership/agreements » Memorandum of Understanding » Professional Standards Improvement Program review » Scheme application process 	<ul style="list-style-type: none"> » Councils meetings » Committees » Roundtables » Contracts/legal agreements » Reference groups » Expert panels » Use of online collaboration tools » Working groups 	<ul style="list-style-type: none"> » Joint planning » Shared projects » Provision of data » Capacity building

STAKEHOLDER SATISFACTION

The Councils value feedback which helps to shape improvement in the way stakeholders are engaged, including participants in workshops and visitors to the Councils' website.

Stakeholder feedback is integral in helping to ensure the professional standards regulatory system is robust and protects consumers.

Surveys are one of the main tools used to measure the satisfaction of stakeholders and customers in their engagement experiences with the Councils and the Authority.

During 2019–20 the Councils established for the first time a baseline Net Promoter Score for combined regulatory services, which was 56, using data from survey responses collated over the reporting period. The Net Promoter Score provides an overview of our stakeholders' experience across a range of services including Professional Standards Forums, Professional Standards Improvement Program reporting and the Professional Standards Officers Meeting. Scores above 50 are considered to be in the range of good to excellent. The Councils will continue to develop stakeholder engagement metrics to help measure, benchmark and improve regulatory services over time.

²⁰ Adapted from the International Association for Public Participation (IAP2) spectrum: www.iap2.org (2007)

STRATEGY 2021 PERFORMANCE MEASURE

Strategic goal: Make the regulatory system easy to deal with.

Performance measure: Stakeholder satisfaction is measured and improved.

During the year, the following initiatives were adopted, continued or increased toward achieving the Councils' *Strategy 2021* strategic goal – *Make the regulatory system easy to deal with*:

- » Increased use of the Councils' website news items, and targeted Twitter and LinkedIn posts to promote key activities and changes to data and processes that may be of interest to or affect stakeholders. Website and social media statistics during the reporting period:
 - » Website page views: 86,789 (trending upwards monthly since Dec 2019)
 - » Website sessions: 44,600 (trending upwards monthly since Dec 2019)
 - » Website users: 34,400 (trending upwards monthly since Dec 2019)
 - » New Twitter followers: 17.5% increase
 - » New LinkedIn followers: 6.5% increase
- » A website 'widget' feedback tool was introduced to understand and improve user experiences.
- » The second Professional Standard Forum was held in November 2019 (see page 58). Attendees were surveyed with 93 per cent of respondents appreciating the speakers' knowledge and the information provided.
- » A redesign of the scheme application process for occupational associations was commenced, using human-centred design approaches and collaboration with stakeholders in defining problems and solutions (see page 66). This project will be a major focus for the Councils during the next reporting period.
- » A review of the Councils' website was initiated to update content and improve the site's navigation. This website refresh project will be an integral stakeholder engagement initiative in the next reporting period.
- » The Councils established for the first time a baseline Net Promoter Score for combined regulatory services of 56.



Ms Fiona Brown, CEO of Society of Consumer Affairs Professionals, presenting at the Melbourne Professional Standards Forum in November 2019.





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STRUCTURE AND GOVERNANCE

STRUCTURE AND GOVERNANCE

STRUCTURE OF THE PROFESSIONAL STANDARDS COUNCILS

There are eight Professional Standards Councils. There is a Council for each state and territory that operate together as “Councils” under the Professional Standards Agreement 2011.

The Agreement, sometimes referred to as the Ministerial Agreement, is between Ministers in each state and territory of Australia. The agreement provides for a national system of professional standards legislation, including national cooperation for the Councils’ administrative support (see Professional Standards Authority on page 76).

The same 11 members are appointed to each state and territory Council. New South Wales and Victoria each nominate two members, with every other state and territory, together with the Commonwealth, each nominating one member.

Council members are appointed by the relevant Minister in each state and territory. Members are appointed for a term not exceeding three years and are eligible for reappointment when their term expires.

Each Council comprises a Chair, Deputy Chair and members.

To ensure transparency and probity in relation to the Councils’ decisions, Councils’ members must declare any conflicts of interest on their appointment and at the start of each meeting.

The Councils’ role is to:

- » approve professional standards schemes
- » encourage and assist self-regulation by associations of members through schemes
- » encourage and assist the improvement of occupational and professional standards
- » monitor standards of professionals and compliance by associations.

Table 7 shows total remuneration for each member for 2019–20.

In accordance with the Ministerial Agreement, New South Wales sets the rates of the remuneration payable to the members of the Councils, in accordance with the appropriate guidelines for the remuneration of government boards.



TABLE 7 / COUNCILS' MEMBERS' REMUNERATION AND MEETING ATTENDANCE

This table shows total remuneration for each member for 2019–20. The remuneration of committees is consistent with the Councils' remuneration arrangements.

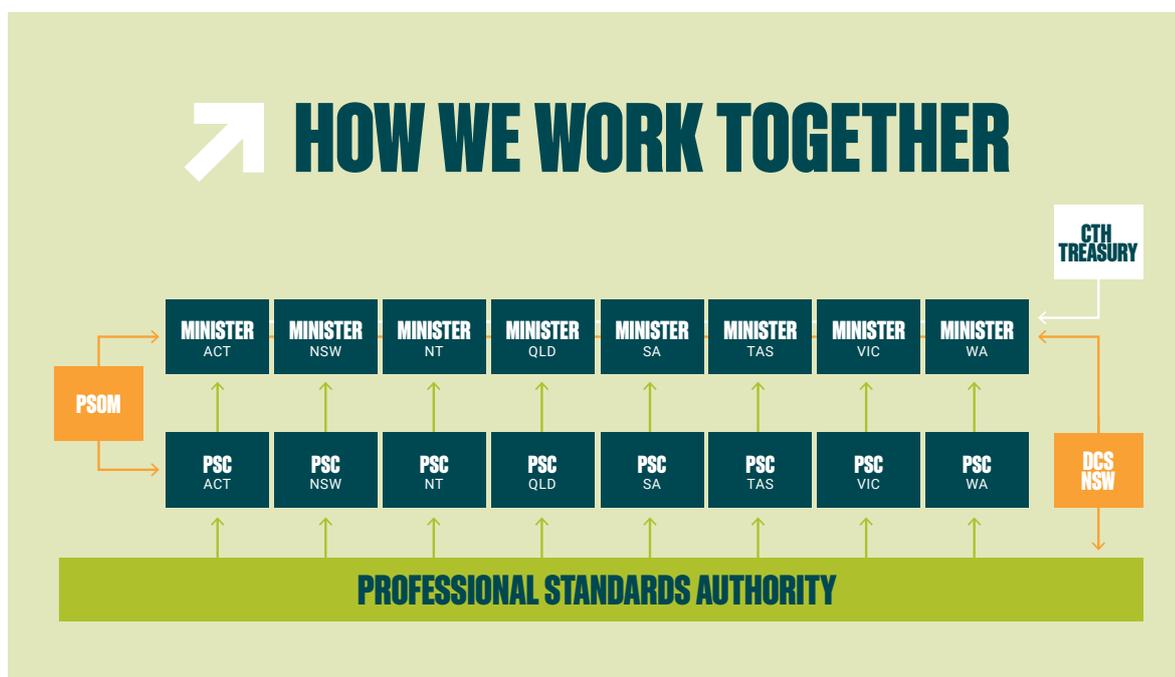
Name	Role	Jurisdiction	Total remuneration [^]	Meetings held	Meetings attended
John Vines OAM	Chair	Vic	\$54,743	9	8
Andrew Lumsden	Deputy Chair	NSW	\$21,897	9	8
Iain Summers	Member	NT	\$21,897	9	8
Cate Wood AM	Member	ACT	\$21,897	9	7
Dr Pam Montgomery	Member	Vic	\$21,897	9	7
Terry Evans AM	Member	SA	\$21,897	9	9
Elizabeth Shearer*	Member	QLD	\$11,069	4	4
Will Hamilton	Member	Cth	\$21,897	9	8
Caroline Lamb	Member	NSW	\$21,897	9	8
Tiina Liisa Sexton	Member	Tas	\$21,897	9	7
Rachel Webber	Member	WA	\$21,897	9	9

[^] Includes 9.5% Super Guarantee Contribution

* Resigned effective 1 January 2020

NATIONAL REGULATORY SYSTEM

The success of Australia's national system of professional standards regulation relies on the goodwill, co-operation and partnership of relevant Ministers and their respective Departments.

FIGURE 18 / THE NATIONAL STRUCTURE

INTERGOVERNMENTAL AGREEMENTS

Three agreements work together to provide the national system of professional standards regulation:

- » The *Professional Standards Agreement 2011*, an agreement between Ministers in all states and territories for co-operation so as to facilitate the application of schemes across state and territory boundaries and to promote high standards of professional and business practice and protection of consumers across Australia
- » The *Professional Standards Inter-Departmental Service Agreement 2016*, an agreement between state and territory departments that holds that services to the Councils will be provided by the New South Wales Department of Customer Service
- » The *Professional Standards Councils and the Departmental Procurement of Services Agreement 2016*, an agreement between state and territory departments and Councils to ensure that Councils have the services they require to carry out their functions.

The *Professional Standards Agreement 2011* is in the process of being amended to include a minimum standard of probity checks to be undertaken for persons nominated to a Council.

The *Professional Standards Inter-Departmental Service Agreement 2016* was amended by all jurisdictions during the reporting period. The amendments remedy issues related to use of revenue by the self-funded Professional Standards Councils in fulfillment of their full functional mandate and improve the clarity of the *Inter-Departmental Service Agreement 2016* by updating various references to Government department.

All of the agreements cease in 2021 and will be reviewed by the parties, facilitated by the Authority.



Tasmania Professional Standards Councils member, Ms Tiina-Liisa Sexton.

DEPARTMENTAL ARRANGEMENTS

The intergovernmental agreements are administered by professional standards officers in the relevant Department for each jurisdiction.

To assist this role, there is a quarterly Professional Standards Officers Meeting which provides a forum for liaison and co-operation between the Authority and professional standards officers.

The Professional Standards Officers Meeting discusses issues that require consideration and co-ordination at a national level.

COUNCILS' COMMITTEES

The Councils can delegate work to a committee, or a working group, including the:

- » Finance, Audit and Risk Management Committees
- » Governance and Policy Advisory Group

The Authority's Chief Executive Officer is the Secretary of each committee.

FINANCE, AUDIT AND RISK MANAGEMENT COMMITTEES

This committee oversees financial management, risk management, budget management, the annual reporting process and content, and associations' risk management and compliance reporting.

Finance, Audit and Risk Management Committee members:

- » Iain Summers – Chair
- » Will Hamilton
- » Dr Pam Montgomery
- » Tiina-Liisa Sexton
- » Catherine (Cate) Wood AM

There were four scheduled committee meetings and four out-of-session committee meetings held during the 2019–20 reporting year.

TABLE 8 / FARMCS' MEMBERS' MEETING ATTENDANCE

Name	Scheduled meetings attended	Out-of-session meetings attended	Total
Iain Summers	3	4	7
Will Hamilton	3	4	7
Dr Pam Montgomery	4	2	6
Tiina-Liisa Sexton	4	4	8
Cate Wood AM	4	2	6

ACHIEVEMENTS

- » Reviewed and endorsed the content for the Councils 2018–19 Annual Report
- » Accepted the FY2018–19 income and expenses for annual reporting and commitments to Councils
- » Endorsed the Financial Statements for the year ending 30 June 2019
- » Endorsed the jurisdictional FY2018–19 audit reports received
- » Endorsed the 2019 Annual Professional Standards Improvement Program (PSIP) Report guideline and template
- » Advised Councils on FY2020–21 budget
- » Advised Councils on a range of regulated fee and reporting matters
- » Monitored and advised Councils on management of risk
- » Reviewed and advised the Councils on the Risk Appetite Statement
- » Reviewed and advised the Councils on the amendment of the *Inter-Departmental Service Agreement 2016*.

GOVERNANCE AND POLICY ADVISORY GROUP

This advisory group assists and advises the Councils on:

- » advancing the strategic goals and initiatives of Councils, as defined in *Strategy 2021*
- » governance arrangements of the Councils to support statutory decision-making
- » Councils' regulatory policies and processes.

The Deputy Chair of the Councils is appointed as Chair of the Governance and Policy Advisory Group.

Governance and Policy Advisory Group members:

- » Andrew Lumsden – Chair
- » Terry Evans AM
- » Will Hamilton
- » Caroline Lamb
- » Dr Pam Montgomery
- » Elizabeth Shearer
- » Rachel Webber

There were three (3) scheduled advisory group meetings and no out-of-session advisory group meetings held during the 2019–20 reporting year. The Advisory Group allocates workstream tasks to reference groups of a small number of the members.

TABLE 9 / GPAG'S MEMBERS' MEETING ATTENDANCE

Name	Scheduled meetings held	Meetings attended
Andrew Lumsden	3	3
Terry Evans AM	3	3
Will Hamilton	3	3
Caroline Lamb	3	3
Dr Pam Montgomery	3	Nil
Elizabeth Shearer*	2	Nil
Rachel Webber	3	3

*Resigned effective 1 January 2020

ACHIEVEMENTS

- » Amended the Councils' *Guidance note on Fee Waivers and Remissions 2020*



(Bottom centre) Deputy Secretary, Ms Rose Webb, presenting at the Authority's hybrid Zoom half-planning day and staff Awards for Excellence during the COVID-19 pandemic.

PROFESSIONAL STANDARDS AUTHORITY

The Professional Standards Authority supports the Professional Standards Councils of each state and territory to lead the national system of professional standards regulation.

As the Councils' national regulatory agency, the Authority's staff proudly work with Councils' members to make a positive difference in the standards and protections available to Australian consumers of professional services.

The Authority is a business unit of the New South Wales Government within the Better Regulation Division of the New South Wales Department of Customer Service.

The Authority supports the work of the Professional Standards Councils by:

- » Working with occupational associations to help them develop self-regulation initiatives, improve their professional standards, meet their self-regulatory commitments, comply with their legislative obligations, and protect consumers of professional services
- » Providing information to help associations apply for a professional standards scheme
- » Providing expert advice and administrative support to the Councils
- » Conducting and promoting research and education in professional standards and regulation
- » Developing policies and regulatory guidance in the areas of professional standards, codes of ethics and practice, continuing occupational education and risk management to improve the standard of services consumers receive.

The Authority delivers regulatory services as outlined in schedule 1 of the Professional Standards Inter-Departmental Service Agreement that include:

- » Supervising 16 schemes across Australia covering accountants, valuers, computer professionals, surveyors, solicitors and barristers
- » Monitoring scheme compliance, including reporting and analysis
- » Working with associations to improve their members' professional standards and risk management
- » When issues arise, liaising with association and other stakeholders regarding remediation.

The Authority also provides guidance and information to occupational associations, and consumers, about professional standards schemes.

COVID-19 WORKING ARRANGEMENTS

On 23 March 2020, the Councils published a statement about the effect of the COVID-19 (coronavirus) pandemic on regulatory approach and the delivery of services.

Consistent with COVID-19 public health orders and advice from NSW Government and the NSW Department of Customer Service (DCS), the Authority implemented the following measures to help prevent the spread of the virus, and to support general health and wellbeing:

- » the Professional Standards Forum scheduled for 19 March 2020 was cancelled
- » all Councils meetings moved to tele/video conference
- » all Authority meetings moved to tele/video conference
- » the office in Elizabeth Street in Sydney was closed
- » altered business arrangement notices were placed on the Councils' website and at the Sydney office
- » all staff moved to remote working arrangements
- » all staff were provided with laptop computers and ergonomic furniture on request
- » all international and domestic travel was suspended
- » staff health and wellbeing was supported with regular advice, tips and details of support options available for staff and their families.

As with many organisations, the Authority had to quickly adapt and become an online workplace. While this raised various challenges it also demonstrated how flexible, agile and skilled the Authority's staff were to continue supporting the Councils, delivering regulatory services and progressing major projects as well as business as usual.

ORGANISATION STRUCTURE

The budget approved by the Councils sets the capacity for staffing and operational costs within the Authority.

FIGURE 19 / THE AUTHORITY'S ORGANISATIONAL STRUCTURE

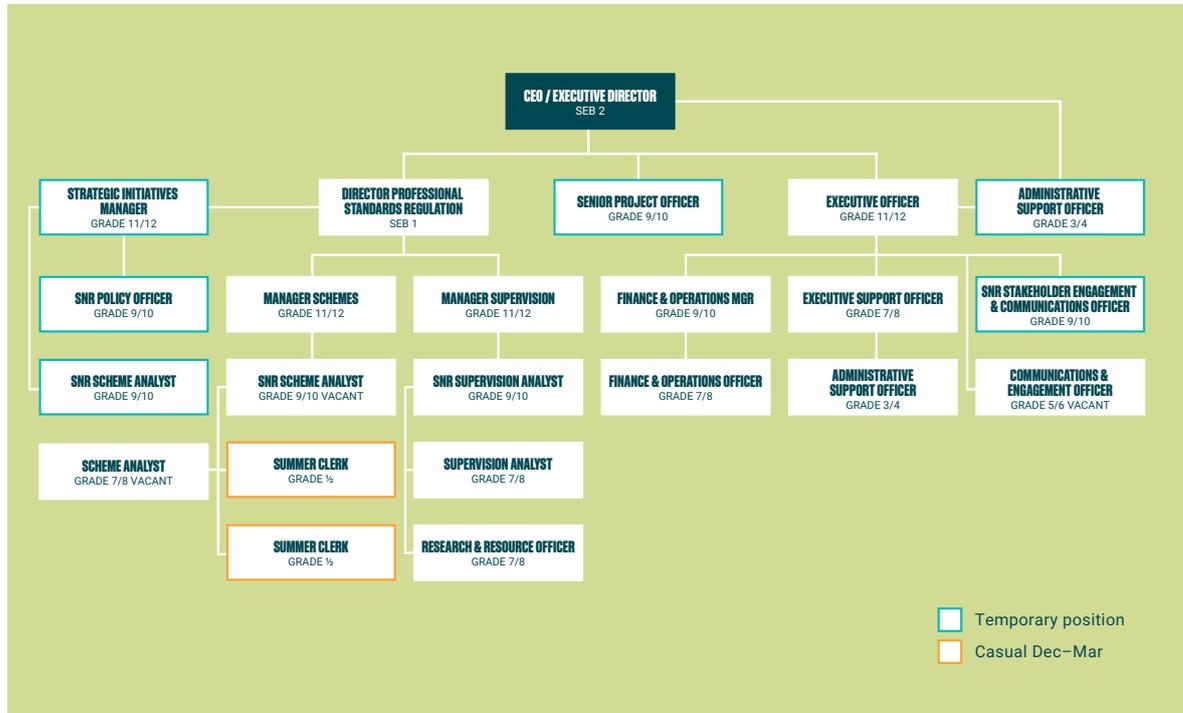


TABLE 10 / AUTHORITY STAFF PROFILE AS AT 30 JUNE 2020

Position/grade	No. of positions	Male	Female	Non-ongoing	Ongoing
Senior Executive Band 2	1	–	1	–	1
Senior Executive Band 1	1	1	–	–	1
Clerk Grade 11/12	3	2	1	–	3
Clerk Grade 11/12	1	1	–	1	–
Clerk Grade 9/10	2	1	1	–	2
Clerk Grade 9/10	4	2	2	4	–
Clerk Grade 7/8	3	–	3	–	3
Clerk Grade 7/8	1	1	–	1	–
Clerk Grade 3/4	1	–	1	–	1
Clerk Grade 3/4	1	–	1	1	–
Total	18	8	10	7	11

SENIOR EXECUTIVE

At 30 June 2020, the Authority has two positions classified as Senior Executive in the NSW Public Service.



Chief Executive Officer, Roxane Marcelle-Shaw
BSocSc, JD, GDLP, GAICD

Roxane is a regulator with experience in performance, human rights and protective jurisdictions, developed through a variety of executive roles and statutory appointments in the Australian Capital Territory, Commonwealth and New South Wales public sectors. Roxane is also a member of the Occupational Therapy Board of Australia, chairing its Registration and Notifications Committee.



Director Professional Standards Regulation, John R. Rappel
JD, MPE (Professional Ethics)

John has worked for the Authority since 2013 and is a specialist in the field of professional conduct regulation with a background in occupational association governance and policy, risk management, and administrative law. John was formerly the chair of the International Organisation of Securities Commissions self regulatory ethics committee.

As Director, John leads the Authority teams that provide advice to the Councils on professional standards scheme applications, conducts association supervision on behalf of the Councils, and develops Councils strategic initiatives. John takes a hands-on role in advising and assisting associations as they evolve their professional conduct and competency systems.

The Director worked offline for one month in the reporting period to scope strategic priorities for Councils. The role was filled by David Marcus on secondment following an expression of interest process.

PROFESSIONAL DEVELOPMENT

The Authority is committed to developing its employees. Our strategies are designed to build a highly skilled, professional and inclusive workforce with the ability to adapt to changing business technology and the environment.

All staff undertake regular performance reviews and are remunerated in line with New South Wales public sector employees.

The Authority has undertaken professional development activities over the year for its employees. Professional development activities have ensured staff develop broad regulatory knowledge and skills, build professional standards expertise and are supported in public sector professionalism. Specific activities have included:

- » Professional development guest speaker program
- » ANZSOG Executive Fellows Program
- » Writing with clarity in-house program
- » Administrative law in-house program
- » Agile design in-house workshop
- » Human centred design in-house workshop
- » Courageous conversations in-house workshop
- » Wellbeing and resilience recharge for professionals
- » CLEAR Introduction to Regulation webinar series and learning groups
- » ANZSOG National Regulators Community of Practice
- » Department of Customer Service leadership programs and online learning modules.

The Authority also encourages and supports staff to develop outside-work interests. This ranges from sport to the army reserves and a social club that arranges informal functions throughout the year.

WORK HEALTH AND SAFETY

There were no work-related injuries, illnesses or prosecutions during the reporting period under the *Work Health and Safety Act 2011* (NSW). The Authority's staff are governed by WHS practices of the NSW Department of Customer Service. The Authority has a representative on the Department of Customer Services' Work Health and Safety Committee.

VALUES

As employees of the NSW public sector, all staff are committed to upholding its core values of integrity, trust, service and accountability. In doing so, all staff are guided by the *Code of Ethics and Conduct for NSW Government Sector Employees*.

The Authority conducted its second Annual Authority Awards at its Planning and Development Day in June 2020. The purpose for the awards is to provide opportunity for staff to recognise and celebrate each other for the differences that were made at the Authority by exemplifying the core values of integrity, trust, service and accountability.

WORKERS' COMPENSATION

No workers' compensation claims were recorded during 2019–20.

DIVERSITY

The Authority is committed to equal employment opportunity and diversity principles in accordance with the New South Wales Public Sector guidelines for recruitment and retention.

An upgrade to the speaker system in the Sydney Board room was conducted with installation of a functioning hearing loop. This upgrade allowed the Authority to have better capacity to effectively conduct inclusive audio-visual meetings.

Following installation of the new speaker system, hearing loop signage was installed as a visual indicator for staff and meeting guests.

On 29 May 2020, the CEO participated in Disability Inclusive Leader training which was facilitated by the Public Service Commission. Senior leaders have a crucial role in sponsoring activities to challenge discriminatory attitudes and unconscious bias within Government sector workplaces. The training equipped participants with the knowledge, tools and behaviours to identify and drive inclusion outcomes within their Departments.

TURNOVER

The Authority's turnover has been consistent with previous years. As a small authority, it has remained between 12 and 18 staff over the reporting period and following a 2018 restructure. The Authority operates within New South Wales Public Sector guidelines and encourages secondments and career advancement of staff within the New South Wales Public Sector.



The Authority's Supervision Analyst, Ms Gabrielle Hendry, (Lieutenant, Platoon Commander, 8 Logistics Support Company, 8 CSSB) and Director Professional Standards Regulation, Mr John R Rappell. The Authority received a Certificate of Appreciation at an 'Employer Engagement Day', on 31 January 2020, recognising the Authority's support for Gabby and her service during Operation Bushfire Assist.

4

**FINANCIAL
PERFORMANCE**



FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE OF THE PROFESSIONAL STANDARDS COUNCILS

The activities and operations of the Councils and the Authority are self-funding from scheme fees paid under the professional standards legislation. The Councils use their best endeavours to keep fees to the minimum amount reasonably necessary to cover the cost of providing services across the national system. The Councils do not draw on any of the eight jurisdictional budgets.

The budget for carrying out regulatory and support services is prepared annually by the Authority and approved by the Councils. The Authority provides the support to manage the budgets and accounts including processing payments, preparing invoices, producing monthly accounts and assisting with financial accounting systems.

TABLE 11 / CONSOLIDATED FINANCIAL PERFORMANCE STATEMENT 2019-20¹

Summary of Income and Expenses, year ended 30 June 2020	Combined	NSW	QLD	SA	VIC	WA	ACT ¹³	NT ¹³	TAS ¹³
Revenue									
Scheme annual fees ²	4,109,661	2,740,755	428,072	116,473	659,467	151,500	11,472	1,922	0
Scheme application fees ³	55,000	50,000	–	0	–	5,000	0	0	0
Interest on overdue annual fee (from associations) ⁴	211	211	0	0	0	0	0	0	0
NSW PSC lease expense AASB 16 adjustments ⁵	(9,836)	(9,836)	0	0	0	0	0	0	0
Interest on invested funds ⁶	40,606	20,163	11,309	0	9,134	0	0	0	0
Bank fees and charges	(1,097)	0	(962)	0	(135)	–	0	0	0
Total revenue⁷	4,194,545	2,801,293	438,419	116,473	668,466	156,500	11,472	1,922	0
Expenditure									
Employment costs (incl. contingent workforce) ⁸	2,294,096	1,532,093	239,782	63,702	365,600	85,594	6,274	1,051	0
Prior year adjustments ⁹	5,774	3,296	816	414	783	410	46	9	0
Other operating expenses ¹⁰	1,781,450	1,189,727	186,199	49,467	283,902	66,467	4,872	816	0
Strategy 2021 implementation	274,556	183,359	28,697	7,624	43,755	10,244	751	126	0
Total expenditure⁷	4,355,876	2,908,475	455,494	121,207	694,040	162,715	11,943	2,002	0

Summary of Income and Expenses, year ended 30 June 2020	Combined	NSW	QLD	SA	VIC	WA	ACT ¹³	NT ¹³	TAS ¹³
Expenses attributable to the eight Councils ¹¹	4,355,876	2,908,475	455,494	121,207	694,040	162,715	11,943	2,002	0
Actual charges to States/Territories ¹¹	2,920,643	1,873,517	324,154	88,458	498,394	123,417	10,902	1,801	0
Accrued Q4 charges to State/Territories	1,435,233	1,034,958	131,340	32,749	195,646	39,298	1,041	201	0
% expenditure recharged/rechargeable ¹²	100.00%	66.78%	10.45%	2.78%	15.94%	3.73%	0.27%	0.05%	0.00%

Note 1: This unaudited statement is derived from the information provided by the New South Wales Department of Customer Service (NSW DCS) and records kept by the Authority. NSW DCS provided financial reporting services to the Councils. All revenue and expenditure figures are prepared based on an accruals basis of accounting and are exclusive of Goods and Services Tax. The annual financial statements for South Australia, Queensland, Western Australia and Victoria are required under their respective legislation and audited financial statements are provided separately to the relevant jurisdictional departments, for tabling in their respective parliaments.

Note 2: Scheme annual fee revenue is recognised over the scheme year; some scheme annual periods are not aligned to a fiscal year resulting in a deferred revenue component. This deferred component is recognised during the subsequent fiscal year.

Note 3: Scheme application fees are recognised on a cash received basis.

Note 4: Interest from associations due to overdue annual fees is recognised on an accrual basis.

Note 5: AASB 16 accounting entries pertaining to the New South Wales Professional Standards Council as premises lessee, up to 30 April 2025.

Note 6: Interest from financial institutions is recognised on an accrued, and is shown gross of bank charges and fees.

Note 7: Amounts shown as revenue, expenses and accrued charges are calculated to the nearest cent, however are shown subject to rounding to the nearest dollar.

Note 8: Employment expenses are for the Authority and include contingent workforce. This is determined on an accruals basis and contains all relevant on-costs and also includes workers compensation charges for Councils members. The CEO (female) had an annual remuneration package (including superannuation guarantee) of \$280,779 (FY18-19 \$273,931). One Senior Executive Band 1 (male) employee had an annual remuneration package (including superannuation guarantee) of \$220,762 (FY18-19 \$215,378) and also was entitled to \$4,408 for acting CEO duties. Employment expenses are net of Crown assumed liabilities.

Note 9: Adjustments relate to employment costs for FY16-17 to FY18-19 not included in those respective periods.

Note 10: Being general operating expenses calculated on an accrual basis, including occupancy, actuarial, consultancy and/or legal advice, general maintenance and information technology and communications support costs. Also, direct depreciation costs (for tangible and intangible assets, that were obtained by NSW DCS to solely support Authority's business activities). Expenditure described as "capital usage charges", rather than "depreciation or amortisation". Councils do not own any tangible/intangible assets.

Note 11: Expenses chargeable to each state and territory are based on Authority total expenses, for the financial year ending 30 June 2020. These expenses are derived from the financial records of NSW DCS and are recharged to each Professional Standards Council, per the Professional Standards Inter-Departmental Agreement 2016 (as amended). Under this agreement, a proportion of the Authority total annual expenditure is recharged to each Council.

Note 12: The recharge amount to each state and territory's Council is based on that Council's share of the total revenue generated by all Professional Standards Councils. The percentage allocation reported for each state and territory is shown only to two decimal places.

Note 13: This table recognises the home jurisdiction of schemes only. As at 30 June 2020, Tasmania, The Northern Territory, and The Australian Capital Territory had no schemes, with consumers in these jurisdictions covered by mutual recognition. For further information please review Table 1.

TABLE 12 / DETAILED EXPENDITURE 2019-20

	Combined	NSW	QLD	SA	VIC	WA	ACT	NT	TAS
Employment expenses									
Employees	2,115,986	1,413,145	221,165	58,756	337,215	78,948	5,787	970	0
Contingent workforce	178,110	118,948	18,617	4,946	28,385	6,646	487	81	0
Total employment expenses	2,294,096	1,532,093	239,782	63,702	365,600	85,594	6,274	1,051	0
Other operating expenses									
Councils remuneration ¹⁵	277,213	185,134	28,975	7,698	44,178	10,343	758	127	0
Councils' insurance	18,238	12,180	1,906	507	2,907	680	50	8	0
Councils' development and inductions	587	392	61	16	94	22	2	0	0
Travel Councils	49,089	32,783	5,131	1,363	7,823	1,832	134	23	0
Councils meeting expenses	2,524	1,686	264	70	402	94	7	1	0
Occupancy ¹⁶	575,248	384,173	60,126	15,973	91,675	21,464	1,573	264	0
Annual reporting (audit and printing) ¹⁷	99,612	66,525	10,411	2,766	15,875	3,717	272	46	0
Staff training ¹⁸	47,237	31,547	4,937	1,312	7,528	1,762	129	22	0
Information Technology and Communications ¹⁹	423,362	282,739	44,250	11,756	67,469	15,796	1,158	194	0
DCS Shared Service ²⁰	48,000	32,057	5,017	1,333	7,649	1,791	131	22	0
Public Notification/Gazetta ²¹	18,195	12,151	1,902	505	2,900	679	50	8	0
Administration ²²	50,407	33,662	5,269	1,400	8,033	1,881	139	23	0
Website presence ²³	32,863	21,948	3,435	912	5,237	1,226	90	15	0
Authority Travel	33,158	22,144	3,466	921	5,284	1,237	91	15	0
Actuarial consultancy ²⁴	32,518	21,717	3,399	903	5,182	1,213	89	15	0
Other consultancy ²⁵	38,371	25,627	4,011	1,065	6,116	1,431	104	17	0
NSW Crown Solicitor's Office advice	17,800	11,888	1,860	494	2,837	664	49	8	0
Capital usage charges ²⁶	11,428	7,633	1,194	318	1,821	426	31	5	0
Stakeholder engagement	5,600	3,741	585	155	892	209	15	3	0
Total other operating expenses	1,781,450	1,189,727	186,199	49,467	283,902	66,467	4,872	816	0

	Combined	NSW	QLD	SA	VIC	WA	ACT	NT	TAS
Strategy 2021 expenses									
Contingent workforce ²⁷	179,363	119,786	18,747	4,980	28,585	6,692	491	82	0
Consultancy ²⁸	73,990	49,413	7,734	2,055	11,791	2,761	202	34	0
Stakeholder engagement	21,203	14,160	2,216	589	3,379	791	58	10	0
Total Strategy 2021 expenses	274,556	183,359	28,697	7,624	43,755	10,244	751	126	0
Prior years correction⁹	5,774	3,296	816	414	783	410	46	9	0
Total expenses	4,355,876	2,908,475	455,494	121,207	694,040	162,715	11,943	2,002	0

Note 14: Individual costs are subject to rounding to the nearest dollar in a manner to ensure the integrity of totals.

Note 15: Allowances paid to Council Members are at rates determined by the New South Wales Minister for Better Regulation and Innovation, in accordance with Clause 4, Schedule 2 of the *Professional Standards Act 1994* (NSW). These allowances are the same for all members with the exception of the Chair. For details of allowances paid, please refer to the table on page 75. This category also includes the Superannuation Guarantee Levy (9.5%), Payroll Tax (5.45%). Councils' members Workers Compensation on-costs are included in "Employment expenses".

Note 16: Includes payments for occupancy of premises (Level 2, 111 Elizabeth Street Sydney), lease make good provision discount unwind and electricity costs.

Note 17: Includes costs associated with audit/reviews of all relevant jurisdictions and the publication of the Annual Reports and addendums.

Note 18: Includes CEO attendance at Executive Fellows Program 2019 attendance held in Australia, New Zealand and Singapore in November 2019. The Authority partially funded this attendance (\$12,000) and reimbursed the CEO for out of pocket expenses of \$617.

Note 19: Includes laptop and other minor hardware upgrades, telephony services and support, SharePoint support, software licences and security assessments. Expenditure was also incurred to migrate information, technology and communications services to the Department of Customer Service management, providing resources and expertise to facilitate the review of cyber risks.

Note 20: Includes HR support and costs of payroll processing and the processing of payments and financial accounting support.

Note 21: Is the costs associated with the "public notification" and gazettal of schemes.

Note 22: Includes costs associated with property maintenance, staff training, employee assistance programs and office stationery.

Note 23: Includes maintenance and minor enhancements to the Councils' website (www.psc.gov.au)

Note 24: All actuarial engagements are consultancy, given their nature these are reported separately. Expenses consists of four engagements; advice pertaining to scheme applications (3) and for advising on "incurred but not reported" claim estimates when assessing scheme applications (1).

Note 25: Represents three consultancy engagements; advice on Professional Standards Improvement Program annual 2019 reports (1) and facilitation and coaching (1). Noting that a credit from the prior year's engagement to review of accounts, procurement and travel procedures is included (1).

Note 26: Represents the annual depreciation/amortisation charges determined by New South Wales Department of Customer Service to recoup prior years capital expenditure.

Note 27: Includes charges from the New South Wales Information and Privacy Commission for a Senior Executive Band (male) officer seconded during July 2019, with an annual remuneration package (including superannuation guarantee) of \$191,223.

Note 28: Represents seven consulting engagements providing advice to the scheme application redesign project (6); and advice on the Councils' application guidelines on Codes of Ethics (1).

**STATE AND
TERRITORY
PROFESSIONAL
STANDARDS
COUNCILS**



LEGISLATED REPORTING

AUSTRALIAN CAPITAL TERRITORY

CONSTITUTION OF THE COUNCIL

Members of the Professional Standards Council of the Australian Capital Territory were entitled to attend 6 scheduled and 3 out-of-session meetings for the year. Please refer to Table 7 on page 75 for a summary of meeting attendance.

MAJOR LEGISLATIVE CHANGES

No major changes were made to Professional Standards Legislation during 2019–20.

FRAUD

There were no instances of fraud during the reporting period.

RISK MANAGEMENT

The risk management and internal audit practices of the Council are described on page 76.

PUBLIC INTEREST DISCLOSURE

There were no public interest disclosures for the 2019–20 reporting period.

FREEDOM OF INFORMATION

Under the *Freedom of Information Act 2016* (ACT) the Council must report on freedom of information requests received and handled during the reporting year. Section 96 of the Act requires the Council to report on the particulars of the operations of the agency, including numbers of and the types of access applications received by the agency. The statements are correct as at 30 June 2020.

ORGANISATION AND FUNCTION

Please refer to page 75 for the Council's organisational structure and function.

CATEGORY OF DOCUMENTS

The Council holds several categories of documents that are available on the Professional Standards Councils' website, including:

- » Annual report
- » Scheme application form
- » Scheme guidance

- » Policy papers
- » Application guidelines
- » Scheme documents

DOCUMENTS INFORMING THE MAKING OF DECISIONS OR RECOMMENDATIONS

The Council makes its decisions to approve professional standards schemes by considering relevant legislative criteria. To do this the Council considers a number of documents, including an association's application, and advice and recommendations provided by the Authority and independent actuarial advice. Associations must provide a large amount of information to the Council when they apply for the scheme.

This includes insurance data about the highest claims, types of claims and level of claims. Associations must also include their risk management strategies, education and other qualification requirements, and code of ethics and conduct.

AUTHORITY STAFF PROFILE

Please refer to page 80 for the organisational structure of the Authority which provides services and support to the Professional Standards Council of the Australian Capital Territory.

WORK HEALTH AND SAFETY (WHS)

There were no work-related injuries, illnesses or prosecutions during the reporting period under the *Work Health and Safety Act 2011*. Authority staff are governed by Work Health and Safety practices of the New South Wales Department of Customer Service.

TERRITORY RECORDS

Sound record keeping practices underpin good governance. In accordance with the requirements of the *Territory Records Act 2002* (ACT), the Council's record keeping system ensures documents can be accurately captured, stored and retrieved.

FINANCIAL PERFORMANCE

The Authority is responsible for collecting revenue and operating within budget. Please refer to the Consolidated Financial Performance statement on page 86 for the Professional Standards Council of the Australian Capital Territory's revenue and expenses for 2019–20.

REPORTING ON PROCUREMENT AND CONTRACTING ACTIVITIES

The Council's share of the combined annual spend on consultancy was \$395 GST exclusive (see detailed expenditure on Table 12, page 88).

Per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the New South Wales Department of Customer Service and allocated to the eight national Professional Standards Councils.

15 contracts were awarded to consultants during the financial year, with 4 contracts above \$25,000:

List of contracts over \$25,000:

- » Doug Clarke Consulting, advice on Professional Standards Improvement Program 2019 annual report \$38,400
- » Nostos Pty Ltd, technical writer for Scheme Applications Redesign Project FY 19/20
- » Nostos Pty Ltd, technical writer for Scheme Application Redesign Project FY 20/21
- » PIRAC Economics, specialist consultant on the reference group for modernisation of the professional standards scheme application process

For further details of consultancy spend, refer to Note 24 of the detailed expenditure in Table 12 on page 88.

NEW SOUTH WALES

CONSTITUTION OF THE COUNCIL

Members of the Professional Standards Council of New South Wales were entitled to attend 6 scheduled and 3 out-of-session meetings for the year. Please refer to Table 7 on page 75 for a summary of meeting attendance.

LEGAL CHANGES

Administrative Arrangements (Administration of Acts – General) Order (No 2) 2019 allocates the administration of the *Professional Standards Act 1994 (NSW)* to the Minister for Better Regulation and Innovation.

CREDIT CARDS

The operation of staff provided credit cards complies with the directions of New South Wales Treasury (TPP 05-01).

PUBLIC INTEREST DISCLOSURE

There were no public interest disclosures for the 2019–20 reporting period.

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009 (NSW)

The *Government Information (Public Access) Act 2009 (NSW)* (GIPA Act), requires all New South Wales Government agencies (including New South Wales Department of Customer Service business units) to respond to requests for information, unless there is an overriding public interest against disclosing the information.

The New South Wales Department of Customer Service received nil requests under the GIPA Act in relation to the Professional Standards Council of New South Wales during the reporting period.

CONSUMER RESPONSE

Before any professional standards scheme can be considered for approval by the Councils, a formal process of consultation called Public Notification (described in section 8 of the New South Wales legislation and similar in all other statutes) is undertaken, whereby any person can make a submission to the Councils with their views on the proposed scheme during the minimum 28 day period.

During the 2020 reporting year, the following schemes were publicly notified: New South Wales Bar Association, Association of Consulting Surveyors and Western Australian Bar Association.

In addition to these regular, statutory consultation processes, any member of the community is entitled to provide feedback, make submissions or complaints about the operation of a professional standards scheme.

WORK HEALTH AND SAFETY (WHS)

There were no work-related injuries, illnesses or prosecutions during the reporting period under the *Work Health and Safety Act 2011*. Authority staff are governed by Work Health and Safety policies of the New South Wales Department of Customer Service.

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

During 2019–20 no grants were awarded.

CONSULTANTS

The Council's share of the combined annual spend on consultancy was \$96,757 GST exclusive.

Per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the New South Wales Department of Customer Service and allocated to the eight national Professional Standards Councils.

15 contracts were awarded to consultants during the financial year, with no contracts above \$50,000 GST exclusive.

For further details of consultancy spend, refer to Note 24 of the detailed expenditure in Table 12 on page 88.

OVERSEAS TRAVEL

The CEO of the Authority, Ms Roxane Marcelle-Shaw, attended the Australia and New Zealand School of Government (ANZSOG) Executive Fellows Program between 4 and 22 November in New Zealand, Australia and Singapore.

LAND DISPOSAL

The Professional Standards Council of New South Wales and the Authority do not own properties, nor did they acquire or dispose of properties during the reporting period.

RISK MANAGEMENT

The risk management and internal audit practices of the Council are described on page 76.

PRIVACY OBLIGATIONS

The Councils and the Authority have continued to comply with the requirements of the Privacy and *Personal Information Protection Act 1998* (NSW).

MULTICULTURAL POLICIES AND SERVICES PROGRAMS

The Authority's multicultural policies and service programs are guided by the New South Wales Department of Customer Service's Diversity and Inclusion strategy, Aboriginal Workforce Strategy and Disability Inclusion Action Plan, and the *Government Sector Employment Act 2013*, which prioritises diversity in the workforce.

FINANCIAL PERFORMANCE

The Professional Standards Council of New South Wales is not required to compile financial statements. The Authority is responsible for collecting revenue and operating within budget.

Please refer to the Consolidated Financial Performance statement on page 86 for the Professional Standards Council of New South Wales's revenue and expenses for 2019–20.

SOCIAL PROGRAMS

No social programs were provided by the Professional Standards Council of New South Wales during the reporting period.

ECONOMIC OR OTHER FACTORS

The factors that have affected the achievement of the operational objectives of the Professional Standards Council of New South Wales during the reporting period are set out on pages 30–71.

WORKFORCE DIVERSITY

The New South Wales Department of Customer Service's Diversity and Inclusion strategy is an overarching strategy that will:

- » underpin the growth of a customer focused culture
- » support the development of key capabilities such as inclusive leadership, innovation and employee engagement
- » reach targets relating to Aboriginality, gender and people with disability; as laid out in the Premier's Priorities, the *Government Employment Sector Act 2013*, and the Public Service Commission.

DISABILITY INCLUSION ACTION PLANS

The Professional Standards Council of New South Wales and the Authority are committed to creating an inclusive and supportive working environment for people with disability including those who require an adjustment.

ANNUAL REPORT

The Councils' Annual Report is produced using internal resources. It only prints the required number of Annual Reports and makes the report available on the Councils' website.

The cost to produce the combined Councils' Annual Report and the individual financial addendums was \$35,915.50 (including \$380 for professional photography costs) These costs have been recognised in the current reporting period, with \$9,710 for the production of the FY2018-19 Annual Report Summary and annual report reprints. The New South Wales Council was responsible for funding 66.78% of these expenses.

NORTHERN TERRITORY

CONSTITUTION OF THE COUNCIL

Members of the Professional Standards Council of the Northern Territory were entitled to attend 6 scheduled and 3 out-of-session meetings for the year. Please refer to page 75 for a summary of meeting attendance.

ADMINISTERED LEGISLATION

The Professional Standards Council of the Northern Territory assists the Minister in administering the *Professional Standards Act 2004* (NT).

MAJOR LEGISLATIVE CHANGES

No major changes were made to Professional Standards Legislation during 2019–20.

PUBLIC INTEREST DISCLOSURE

There were no public interest disclosures for the 2019–20 reporting period.

STAFF DEVELOPMENT

The Council is committed to developing its employees. Our strategies are designed to build a highly skilled, professional and fair workforce with the ability to adapt to changing business technology and the environment.

ORGANISATIONAL STRUCTURE

For information regarding Council members and their profiles, please refer to pages 26–29.

AUTHORITY STAFF PROFILE

Please refer to page 80 for the organisational structure of the Authority which provides services and support to the Professional Standards Council of the Northern Territory.

WORK HEALTH AND SAFETY (WHS)

There were no work-related injuries, illnesses or prosecutions during the reporting period under the *Work Health and Safety (National Uniform Legislation) Act*. Authority staff are governed by Work Health and Safety practices of the New South Wales Department of Customer Service.

INFORMATION ACT 2002 (NT)

The Council received no requests for information under the *Information Act 2002* (NT) during the reporting period. The Authority may collect and handle personal information

on the Council's behalf. Any inquiries about access to information, or access or correction of personal information should be directed to the Authority.

RECORD KEEPING

Sound record keeping practices underpin good governance. In accordance with the requirements of the *Information Act 2002* (NT), the Council's record keeping system ensures documents can be accurately captured, stored and retrieved.

FINANCIAL PERFORMANCE

The Professional Standards Council of the Northern Territory is not required to compile financial statements. The Authority is responsible for collecting revenue and operating within budget. During the reporting period, the Authority undertook these tasks.

Please refer to the Consolidated Financial Performance statement on page 86 for the Professional Standards Council of the Northern Territory's revenue and expenses for 2019–20.

PUBLIC SECTOR EMPLOYMENT AND MANAGEMENT

The Professional Standards Council of the Northern Territory did not have any compliance issues arising from the Public Sector Standards and NT Code of Ethics during the reporting period.

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the reporting period.

QUEENSLAND

CONSTITUTION OF THE COUNCIL

Members of the Professional Standards Council of Queensland were entitled to attend 6 scheduled and 3 out-of-session meetings for the year. Please refer to page 75 for a summary of meeting attendance.

MAJOR LEGISLATIVE CHANGES

No major changes were made to the Professional Standards Legislation during 2019–20.

RISK MANAGEMENT

The risk management and internal audit practices of the Council are described on page 76.

RIGHT TO INFORMATION REPORTING

The *Right to Information Act 2009* (Qld) grants the public the right to access information that the government possesses or controls, unless it is

contrary to the public interest to do so. Information about the Council's role and operations – as well as annual reports, policy and discussion papers, application forms and guidelines for professional standards schemes – are available online at psc.gov.au.

Consultation notices for new professional standards schemes are also published on the website and in major newspapers. Once a scheme becomes operational, the scheme document is also made publicly available on the website.

The Professional Standards Council of Queensland received no requests under the *Right to Information Act 2009* (Qld) during the reporting period.

PROTECTION OF PERSONAL INFORMATION

Section 40 of the *Information Privacy Act 2009* (Qld) advises that a person has a right to access documents that contain their personal information. No access applications were received under the *Information Privacy Act 2009* (Qld) during the reporting period.

PUBLIC INTEREST DISCLOSURE

The Professional Standards Council of Queensland did not receive any disclosures covered under the *Public Interest Disclosure Act 2010* (Qld) during the reporting period.

CONSULTANTS

The Council's share of the combined annual spend on consultancy was \$15,456.45 GST exclusive.

Per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the New South Wales Department of Customer Service and allocated to the eight national Professional Standards Councils.

15 contracts were awarded to consultants during the financial year.

For further details of consultancy spend, refer to Note 24 of the detailed expenditure in Table 12 on page 88.

OVERSEAS TRAVEL

The CEO of the Authority, Ms Roxane Marcelle-Shaw, attended the Australia and New Zealand School of Government (ANZSOG) Executive Fellows Program between 4 and 22 November in New Zealand, Australia and Singapore.

PUBLIC SECTOR EMPLOYMENT AND MANAGEMENT

The Professional Standards Council of Queensland did not have any compliance issues arising from the Public Sector Standards and Qld Code of Ethics during the reporting period.

RECORD KEEPING

Sound recordkeeping practices underpin good governance. In accordance with the requirements of the *Public Records Act 2002* (Qld), the Council's record keeping system ensures documents can be accurately captured, stored and retrieved.

WASTE MANAGEMENT

The Authority is governed by the New South Wales Department of Customer Service's Government Resource Efficiency Policy. The Council and the Authority comply with this policy to limit the impact of their operations on the environment.

For example, promotional material such as the annual report is produced on FSC certified paper and is made carbon neutral. The Council only prints the required number of annual reports and makes the report available on the Councils' website.

FINANCIAL PERFORMANCE

The audited financial statements of the Professional Standards Council of Queensland are attached as an addendum to this report. Please refer to the Consolidated Financial Performance Statement on page 86 for the Professional Standards Council of Queensland's revenue and expenses for 2019–20.

MINISTERIAL DIRECTIVES

No ministerial directives were received during the reporting period.

SOUTH AUSTRALIA

CONSTITUTION OF THE COUNCIL

Members of the Professional Standards Council of South Australia were entitled to attend 6 scheduled and 3 out-of-session meetings for the year. Please refer to page 75 for a summary of meeting attendance.

MAJOR LEGISLATIVE CHANGES

No major changes were made to Professional Standards Legislation during 2019–20.

FRAUD

There were no instances of fraud during the reporting period.

FREEDOM OF INFORMATION REPORTING

The Council is required to publish a statement about the particulars, functions and powers of that agency, as well as certain categories of documents held by each agency and the arrangements for public participation in formulating policy and operations. The statement is correct as at 30 June 2020.

ORGANISATION AND FUNCTIONS

Please refer to page 75 for the Council's organisational structure and function.

ADMINISTERED LEGISLATION

The Professional Standards Council of South Australia assists the Minister in administering the *Professional Standards Act 2004 (SA)*.

DOCUMENT CATEGORIES

The Council holds several categories of documents, including those which are available on request and without charge. These can be found on the Professional Standards Councils' website.

Specifically, these include:

- » Annual reports
- » Scheme application form
- » Policy papers
- » Application guidelines
- » Scheme documents

Arrangements can be made to inspect documents available under the *Freedom of Information Act 1991 (SA)* by contacting the Authority between 9am and 5pm from Monday to Friday (except public holidays). The Council did not receive any applications to access documents (initial requests) during the reporting year. The Council did not receive any applications to internally review its decisions.

RECORD KEEPING

Sound record keeping practices underpin good governance. In accordance with the requirements of the *State Records Act 1997 (SA)*, the Council's record keeping system ensures documents can be accurately captured, stored and retrieved. This includes a computerised records management system and databases that record certain details of applications, submissions and correspondence.

CONSULTANTS

The Council's share of the combined annual spend on consultancy was \$4,023 GST exclusive per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the New South Wales Department of Customer Service and allocated to the eight national Professional Standards Councils.

15 contracts were awarded to consultants during the financial year, with 12 contracts above \$10,000.

List of contracts over \$10,000:

- » Redefinity Pty Ltd, coaching and facilitation services, \$14,280
- » Taylor Fry Pty Ltd, actuarial advice for the proposed Profession of Independent Financial Advisors Scheme, \$13,636.36
- » Taylor Fry Pty Ltd, actuarial advice for the proposed Western Australia Bar Association Scheme, \$13,636.36
- » Creative Consequences, specialist consultant on the reference group for modernisation of the professional standards scheme application process, \$12,000
- » Doug Clark Consulting, technical writer for PSIP and Scheme Applications Redesign Project, \$13,500
- » Doug Clark Consulting, advice on Professional Standards Improvement Program 2019 Annual Reports, \$38,400
- » Finity Consulting, specialist consultant on the reference group for modernisation of the professional standards scheme application process, \$12,000
- » Nostos Pty Ltd, technical writer for Scheme Applications Redesign Project FY19/20, \$31,500
- » Nostos Pty Ltd, technical writer for Scheme Applications Redesign Project FY20/21, \$37,800
- » PIRAC Economics, specialist consultant on the reference group for modernisation of the professional standards scheme application process, \$37,500
- » Taylor Fry Pty Ltd, actuarial advice for the proposed RICV Scheme, \$21,454.55
- » Taylor Fry Pty Ltd, actuarial advice for the proposed Queensland Law Society Scheme, \$22,272.73

For further details of consultancy spend, refer to Note 24 of the detailed expenditure in Table 12 on page 88.

PUBLIC INTEREST DISCLOSURE

The Council is required to disclose the number of occasions where it or a responsible officer of the Council has received public interest information under the *Public Interest Disclosure Act 2018*, which replaced the *Whistleblowers Protection Act 1993 (SA)* on 1 July 2019. There were no such instances of disclosures during the reporting period.

WORK HEALTH AND SAFETY (WHS)

Authority staff are bound by the *Work Health and Safety Act 2011* under the New South Wales Department of Customer Service. There were no work-related injuries, illnesses or prosecutions during the reporting period.

FINANCIAL PERFORMANCE

The audited financial statements of the Professional Standards Council of South Australia are attached as an addendum to this report. Please refer to the Consolidated Financial Performance statement on page 86 for the Professional Standards Council of South Australia's revenue and expenses for 2019–20.

RELATIONSHIP TO OTHER AGENCIES WITHIN THE MINISTER'S AREA OF RESPONSIBILITY

The Attorney-General's Department provides legal, policy, administrative and other support to the Professional Standards Council of South Australia.

TASMANIA**CONSTITUTION OF THE COUNCIL**

Members of the Professional Standards Council of Tasmania were entitled to attend 6 scheduled and 3 out-of-session meetings for the year.

A summary of meeting attendance is shown on page 75.

MAJOR LEGISLATIVE CHANGES

No major changes were made to Professional Standards Legislation during 2019–20.

FINANCIAL PERFORMANCE

The Professional Standards Council of Tasmania is not required to compile financial statements.

The Authority is responsible for collecting revenue and operating within budget. Please refer to the Consolidated Financial Performance statement on page 86 for the Professional Standards Council of Tasmania's revenue and expenses for 2019–20.

VICTORIA**CONSTITUTION OF THE COUNCIL**

Members of the Professional Standards Council of Victoria were entitled to attend 6 scheduled and 3 out-of-session meetings for the year. Please refer to page 75 for a summary of meeting attendance.

MAJOR LEGISLATIVE CHANGES

No major changes were made to Professional Standards Legislation during 2019–20.

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the reporting period.

NATIONAL COMPETITION POLICY

The Professional Standards Council of Victoria, to the extent applicable, complies with the requirements of the National Competition Policy.

REPORTING OF OFFICE BASED ENVIRONMENTAL IMPACTS

The Minister for Finance issued financial reporting directives that require all entities defined as a 'department' under section 3 of the *Financial Management Act 1994 (Vic)* to report on office based environmental impacts. The Council does not fall within this definition.

The Authority is governed by the New South Wales Department of Customer Service's Government Resource Efficiency Policy. The Council and the Authority comply with this policy to limit the impact of their operations on the environment.

For example, promotional material such as the annual report is produced on FSC certified paper and is made carbon neutral. The Council only prints the required number of annual reports and makes the report available on the Councils' website.

VICTORIAN INDUSTRY PARTICIPATION POLICY

The Professional Standards Council of Victoria is not required to report under the *Victorian Industry Participation Policy Act 2003*, as it did not enter into or complete any contracts worth more than \$3 million in metropolitan Melbourne or \$1 million in regional Victoria.

FREEDOM OF INFORMATION REPORTING

The *Freedom of Information Act 1982 (Vic)* gives members of the public the right to apply for access to information held by Ministers, state and territory government departments, local councils, public hospitals, most semi-government agencies and statutory authorities. The Professional Standards Council of Victoria received no requests under the *Freedom of Information Act 1982 (Vic)* during the reporting period.

COMPLIANCE WITH THE BUILDING ACT 1993 (VIC)

The Professional Standards Council of Victoria is not required to report under the *Building Act 1993 (Vic)* as it does not own or lease property or any government building.

PROTECTED DISCLOSURES

The *Public Interest Disclosures Act 2012 (Vic)* encourages and facilitates disclosures of improper conduct by public officers and public bodies. It repealed the *Whistleblower Protection Act 2001 (Vic)*. In 2019–20, the Professional Standards Council of Victoria received no disclosures covered by either the *Whistleblower Protection Act 2001 (Vic)* or the *Protected Disclosure Act 2012 (Vic)*.

AUTHORITY STAFF PROFILE

Please refer to page 80 for the organisational structure of the Authority which provides services and support to the Professional Standards Council of Victoria.

WORK HEALTH AND SAFETY (WHS)

Authority staff are bound by the *Work Health and Safety Act 2011* under the New South Wales Department of Customer Service. There were no work-related injuries, illnesses or prosecutions during the reporting period.

FINANCIAL PERFORMANCE

The audited financial statements of the Professional Standards Council of Victoria are attached as an addendum to this report. Please refer to the Consolidated Financial Performance statement on page 86 for the Professional Standards Council of Victoria's revenue and expenses for 2019–20.

CONSULTANTS

The Council share of the combined annual spend on consultancy was \$23,089 GST exclusive.

Per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the New South Wales Department of Customer Service and allocated to the eight national Professional Standards Councils.

15 contracts were awarded to consultants during the financial year, with 12 contracts above \$10,000.

List of contracts over \$10,000:

- » Redefinity Pty Ltd, coaching and facilitation services, \$14,280
- » Taylor Fry Pty Ltd, actuarial advice for the proposed Profession of Independent Financial Advisors Scheme, \$13,636.36
- » Taylor Fry Pty Ltd, actuarial advice for the proposed Western Australia Bar Association Scheme, \$13,636.36
- » Creative Consequences, specialist consultant on the reference group for modernisation of the professional standards scheme application process, \$12,000
- » Doug Clark Consulting, technical writer for PSIP and Scheme Applications Redesign Project, \$13,500
- » Doug Clark Consulting, advice on Professional Standards Improvement Program 2019 Annual Reports, \$38,400
- » Finity Consulting, specialist consultant on the reference group for modernisation of the professional standards scheme application process, \$12,000
- » Nostos Pty Ltd, technical writer for Scheme Applications Redesign Project FY19/20, \$31,500
- » Nostos Pty Ltd, technical writer for Scheme Applications Redesign Project FY20/21, \$37,800
- » PIRAC Economics, specialist consultant on the reference group for modernisation of the professional standards scheme application process, \$37,500
- » Taylor Fry Pty Ltd, actuarial advice for the proposed RICV Scheme, \$21,454.55
- » Taylor Fry Pty Ltd, actuarial advice for the proposed Queensland Law Society Scheme, \$22,272.73

For further details of consultancy spend, refer to Note 24 of the detailed expenditure in Table 12 on page 88.

WESTERN AUSTRALIA

ENABLING LEGISLATION

The Professional Standards Council of Western Australia was established under section 8 of the *Professional Standards Act 1997* (WA). The Council is listed as a statutory authority in schedule 1 to the *Financial Management Act 2006* (WA) and is subject to the provisions of the *Public Sector Management Act 1994* (WA).

RESPONSIBLE MINISTER

The responsible Minister is The Hon. John Quigley MLA Attorney-General.

ORGANISATIONAL STRUCTURE

For information regarding Council members and their profiles, please refer to pages 26–29.

MISSION

Please refer to page 9 for the Council's mission statement.

AUTHORITY STAFF PROFILE

Please refer to page 80 for the organisational structure of the Authority which provides services and support to the Professional Standards Council of Western Australia.

ADMINISTERED LEGISLATION

The Professional Standards Council of Western Australia assists the Minister in administering the *Professional Standards Act 1997* (WA). No major changes were made to Professional Standards Legislation during 2019–20.

SHARED RESPONSIBILITIES WITH OTHER AGENCIES

Please refer to the section on Intergovernmental Agreements and the Authority on page 76.

FINANCIAL PERFORMANCE

The audited financial statements of the Professional Standards Council of Western Australia are attached as an addendum to this report.

Please refer to page 86 for the Professional Standards Council of Western Australia's revenue and expenses for 2019–20.

CODE OF ETHICS

The Professional Standards Council of Western Australia did not have any compliance issues arising from the Public Sector standards and Western Australia Code of Ethics during the reporting period.

For 2019–20 no breach claims were lodged in relation to either the Public Sector standards or the Western Australia Public Sector Code of Ethics.

MINISTERIAL DIRECTIVES

No ministerial directives were received during the financial year.

CAPITAL WORKS

The Council has no capital works projects.

PRICING POLICIES

Under the *Professional Standards Act 1997* (WA) and the *Professional Standards Regulations 1998* (WA), associations that apply for or operate a Professional Standards Scheme are required to pay an application fee and annual fees for each person to whom their professional standards scheme applies and who is a member of the association at any time during the annual fee period. These fees are prescribed in the legislation and are available on the Council's website.

GOVERNMENT BUILDING TRAINING POLICY

The Council did not issue any building or construction contracts during 2019–20.

STAFF DEVELOPMENT

The Council is committed to supporting the development of employees. The Authority builds a highly skilled, professional and fair workforce with the ability to adapt to changing business technology and the environment.

SIGNIFICANT ISSUES IMPACTING THE AGENCY

The significant issues affecting the operational objectives of the Council during 2019–20 are set out on pages 30–71.

WORKERS' COMPENSATION

No workers' compensation claims were recorded during 2019–20.

PUBLIC SECTOR COMMISSION'S POLICY FRAMEWORK FOR SUBSTANTIVE EQUALITY

While the Council is not required to report on the progress achieved in implementing the Public Sector Commission and Commissioner for Equal Opportunity's Policy Framework for substantive equality, the Council is aware of the purpose and aims of the Policy Framework.

CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, no senior officers; or firms of which senior officers are members; or entities in which senior officers have substantive interests; have any interest in existing or proposed contracts with the Professional Standards Council of Western Australia, other than normal contracts of service.

CREDIT CARDS – UNAUTHORISED USE

There were no instances of credit or purchasing cards being used for a personal purpose.

CONSTITUTION OF THE COUNCIL

Members of the Professional Standards Council of Western Australia were entitled to attend 6 scheduled and 3 out-of-session meetings for the year. Please refer to page 75 for a summary of meeting attendance.

BOARD AND COMMITTEE REMUNERATION

Please refer to page 75 for a summary of the remuneration for each board and committee member. The Council is committed to creating an inclusive and supportive working environment

EXPENDITURE ON ADVERTISING, MARKET RESEARCH, POLLING AND DIRECT MAIL

In accordance with section 175E of the *Electoral Act 1907* (WA), the Council incurred the following expenditure in advertising, market research, polling, direct mail and media advertising. Total Councils' expenditure for 2019–20 was \$18,195.27*. Expenditure was incurred in the following areas:

TABLE 13 / EXPENDITURE ON ADVERTISING, MARKET RESEARCH, POLLING AND DIRECT MAIL

	Total	Organisation	Amount
Advertising agencies	\$552.91	Blaze Advertising	\$552.91
Market research organisations	Nil	Nil	Nil
Polling organisations	Nil	Nil	Nil
Direct mail organisations	Nil	Nil	Nil
Media advertising organisations	\$125.93	WA Department of Premier and Cabinet (State Law Publisher)	\$125.93
Total	\$678.84	–	\$678.84

* The expenditure shown is the Western Australia Professional Standards Council's share (3.73%) of the consolidated pool of annual expenses shared by all eight Councils which is based on each individual Council's 2019–20 revenue compared to total 2019–20 revenue.

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The Council is committed to creating an inclusive and supportive working environment for people with disability, including those who require adjustment. The Council's office has wheelchair and lift access and convenient parking close by. Council's publications are designed to be print-accessible for people with disabilities and can be supplied in alternative formats on request.

RECORD KEEPING

Sound record keeping practices underpin good governance. The Council has a system in place to ensure documents can be accurately captured, stored and retrieved, in accordance with the record keeping policy and procedures used by the Department of the Attorney-General and pursuant to the *State Records Act 2000* (WA).

TABLE 14 / REPORT OF ANNUAL PERFORMANCE AGAINST TARGETS¹

Measure	Actual Results				Results against target
	2016–17	2017–18	2018–19	2019–20	Target
Number of fatalities	0	0	0	0	0
Lost time injury and/or disease incident rate	0	0	0	–	0 or 10% reduction
Lost time injury and/or severity rate	0	0	0	–	0 or 10% reduction
Percentage of injured workers returned to work:					
(i) within 13 weeks	N/A	N/A	N/A	–	100%
(ii) within 26 weeks	N/A	N/A	N/A	–	Great than or equal to 80%
Percentage of managers trained in occupational safety, health and injury management responsibilities	–	–	–	100%	Great than or equal to 80%

Notes

¹ Data includes the Council members and their national regulatory

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

The Council is committed to providing and maintaining a safe and healthy work environment and acknowledges its responsibilities under the *Occupational Safety and Health Act 1984* (WA) and the *Workers' Compensation and Injury Management Act 1981* (WA). During the 2019–20 reporting period, no workers' compensation claims were lodged, nor was any time lost from work as a result of illness or injury as shown in Table 14.

OTHER LEGAL REQUIREMENTS – SECTION 40 ESTIMATES OF THE FINANCIAL MANAGEMENT ACT 2006 (WA)

In accordance with Treasurer's instruction 953, the section 40 estimates for 2020–21, as submitted to the Hon. Attorney-General, are shown below. These estimates do not form part of the 2019–20 financial statements and are not subject to audit.

TABLE 15 / SECTION 40 ESTIMATES 2020-21

	2018–19 Actuals \$000	2019–20 Estimated Actuals \$000	2020–21 Section 40 Estimates \$000
Statement of Comprehensive Income			
COST OF SERVICES			
Expenses			
Supplies and services	311	231	206
Other expenses	–	–	–
Total cost of services	311	224	181
INCOME			
Income from other than State Government			
Other Revenue	254	160	114
Total income from other than State Government	254	160	114
Income from State Government			
Resources received free of charge	52	60	78
Total income from State Government	52	60	78
SURPLUS (DEFICIT) FOR THE PERIOD	(5)	(11)	(14)

	2018–19 Actuals \$000	2019–20 Estimated Actuals \$000	2020–21 Section 40 Estimates \$000
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Statement of Financial Position

Current Assets

Cash and cash equivalents	412	320	309
Receivables	18	8	8
Total Current Assets	430	328	317

TOTAL ASSETS	430	328	317
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Current Liabilities

Payables	94	43	46
Revenue Received in Advance	40	–	–
Total Current Liabilities	134	43	46

Non-Current Liabilities

	–	–	–
	–	–	–

TOTAL LIABILITIES	134	43	46
--------------------------	------------	-----------	-----------

NET ASSETS	296	285	271
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EQUITY

Accumulated surplus/(deficit)	296	285	271
TOTAL EQUITY	296	285	271

Statement of Changes in Equity

ACCUMULATED SURPLUS

Balance at start of period	301	296	285
Total comprehensive income for the period	(5)	(11)	(14)
Balance of equity at the end of period	296	285	271

	2018-19 Actuals \$000	2019-20 Estimated Actuals \$000	2020-21 Section 40 Estimates \$000
--	-----------------------------	--	---

Statement of Cash Flows

CASH FLOWS FROM STATE GOVERNMENT

Appropriation	-	-	-
Net cash provided by State Government	-	-	-

Utilised as follows:

CASH FLOWS FROM OPERATING ACTIVITIES

Payments

Supplies and services	240	217	126
GST payments on purchases	24	22	13

Receipts

Other receipts	255	119	115
GST receipts from taxation authority	24	28	13

Net cash provided by/(used in) operating activities

	15	(92)	(11)
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Net increase/(decrease) in cash held

	15	(92)	(11)
--	----	------	------

Cash assets at the beginning of the financial year

	397	412	320
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CASH & CASH EQUIVALENTS AT THE END OF PERIOD

	412	320	309
--	------------	------------	------------

PROFESSIONAL
STANDARDS
COUNCILS



Protecting
consumers
by improving
professional
standards





20

GLOSSARY AND INDEXES

GLOSSARY AND ABBREVIATIONS

JURISDICTIONS

ACT	Australian Capital Territory
CTH/Cth	Commonwealth of Australia
NSW	New South Wales
NT	Northern Territory
QLD/Qld	Queensland
SA	South Australia
TAS/Tas	Tasmania
VIC/Vic	Victoria
WA	Western Australia

GLOSSARY

Association	The terms 'association', 'professional association' and 'occupational association' are used interchangeably within this document
ARC	Australian Research Council, Commonwealth of Australia.
DCS	The NSW Department of Customer Service (formed on 1 July 2019) that the Authority is part of.
FARMCs	Finance, Audit and Risk Management Committees
GPAG	Governance and Policy Advisory Group
Occupational association	The terms 'occupational association', 'professional association' and 'association' are used interchangeably within this document
Authority	Professional Standards Authority which provides support services to the Professional Standards Councils, and is located within the NSW Department of Customer Service.
PSC	Professional Standards Councils ('The Councils')
PSIP	Professional Standards Improvement Program

PSLWG	Professional Standards Legislation Working Group
Professional association	The terms 'professional association', 'occupational association', and 'association' are used interchangeably within this document
Schemes	Professional Standards Schemes approved and gazetted under Professional Standards Legislation
The Councils	The combined Professional Standards Councils of the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Tasmania, Victoria and Western Australia

ASSOCIATIONS WITH SCHEMES

ACS	Australian Computer Society
APIV	Australian Property Institute Valuers Limited
BAQ	Bar Association of Queensland
CA ANZ	Chartered Accountants Australia and New Zealand
CPAA	Certified Practising Accountant Australia Limited
IPA	Institute of Public Accountants
LIV	Law Institute of Victoria
LSNSW	The Law Society of New South Wales
LSSA	The Law Society of South Australia
LSWA	The Law Society of Western Australia
NSW Bar	New South Wales Bar Association
PSOA	Professional Surveyors Occupational Association
QLS	Queensland Law Society
RICSV	Royal Institution of Chartered Surveyors Valuers Ltd
SA BA	South Australian Bar Association
Vic Bar	Victorian Bar Association
WABA	Western Australian Bar Association

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