



**Professional
Standards Councils
Annual Report 2018–19
Protecting consumers
by improving
professional standards**

Professional Standards Schemes 2019



NEW SOUTH WALES
BAR ASSOCIATION*



THE LAW SOCIETY
OF NEW SOUTH WALES



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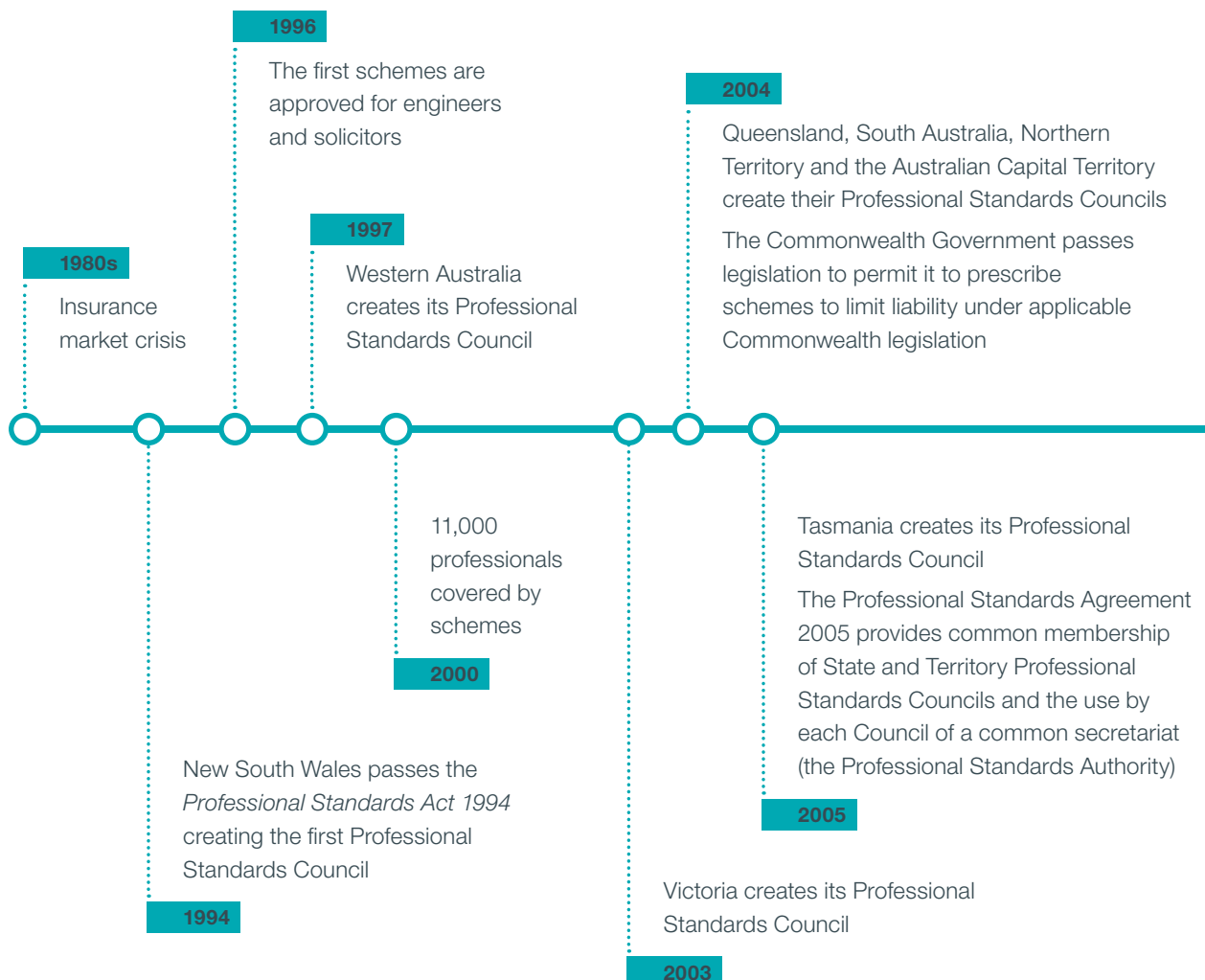
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How we began

Formation of the Councils and legislation

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.



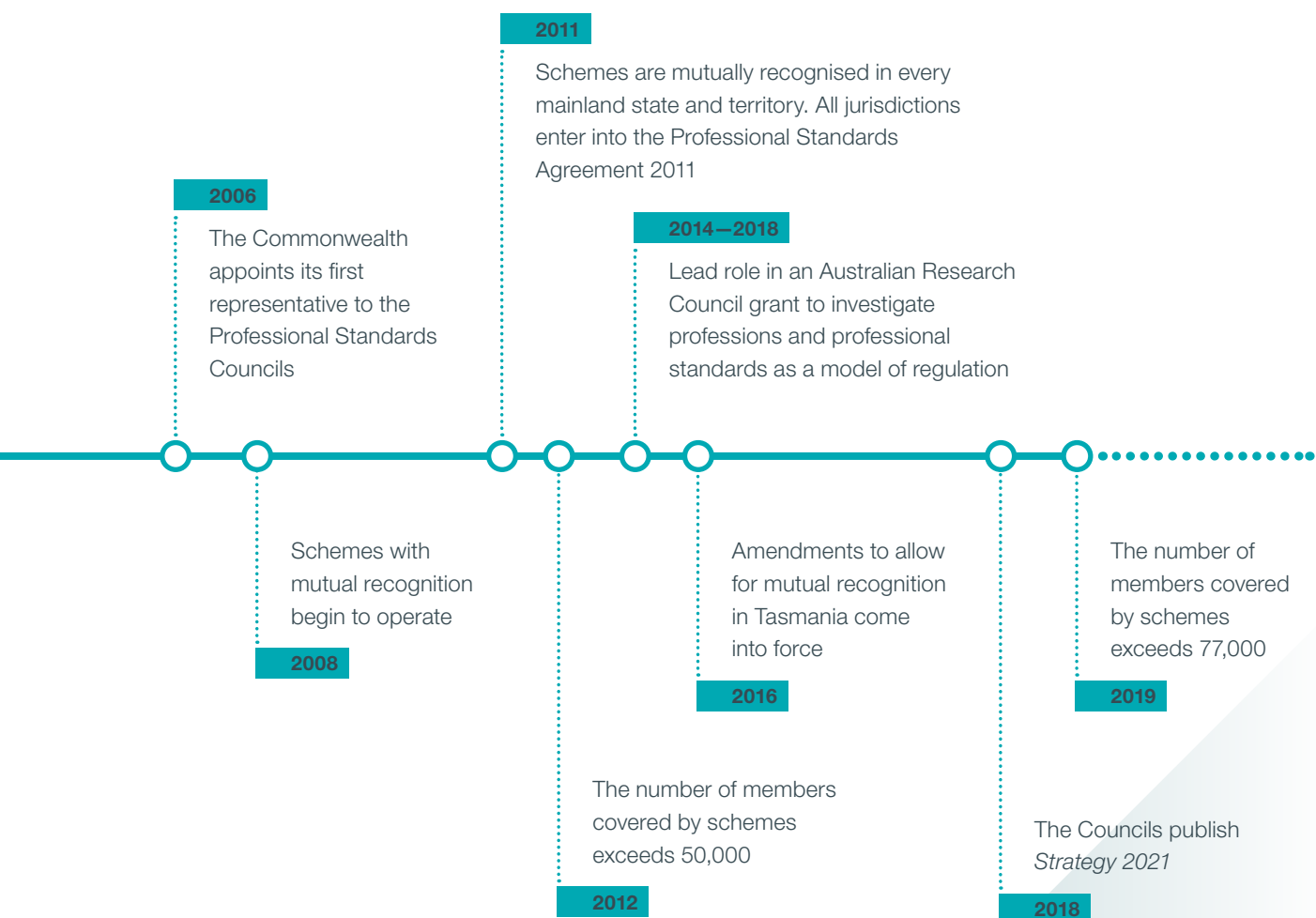
Governments recognised a need for an efficient and cost effective system to raise the occupational standards of professionals and others, and to provide for some guarantee of payment for consumers if a claim was made. To promote self-regulation by occupational associations, Professional Standards Councils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



Letter to Ministers

Dear Ministers,

I am pleased to present the relevant Ministers in each state and territory with the 2018–19 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 2018 to 30 June 2019. 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.



John Vines OAM

Chair

Professional Standards Councils



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

To lead the national system of professional standards regulation by enabling the creation of professional standards schemes, and by assisting and supervising their operation, balancing the interests of consumers of professional services and of self-regulating professions and occupations.

Protect consumers

Our goal is to protect consumers of professional services by demanding high levels of professional standards from those who participate in professional standards schemes. Regulated occupational associations 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.

Help associations

Our objective is to approve and supervise professional standards schemes and assist occupational associations in the development of self-regulation of professional standards.

Schemes allow 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.

Improve professional standards

Our goal is to improve professional standards, including encouraging and assisting occupational associations to develop self-regulatory capacity and to implement risk management strategies and professional integrity systems.

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



Highlights



Schemes

- › 7 schemes approved
- › 1 scheme amendment approved
- › 7 public notifications
- › 3 fee waiver determinations

Approved new professional standards schemes for the Australian Computer Society, Bar Association of Queensland, Chartered Accountants Australia and New Zealand, CPA Australia, Institute of Public Accountants, Law Society of Western Australia and Victorian Bar Association.

Members covered by schemes increased by 6.8% to a total of 77,885.

Councils' first Risk Appetite Statement published setting out the amount of risk Councils are willing to accept or retain to achieve their statutory objectives and strategic goals.



Providing assistance and advice to associations

Delivered three risk management workshops targeted to senior managers and directors and tailored to meet the needs of associations.

Cooperated with the New South Wales Crown Solicitor's Office to update and publish the summary of cases where courts have considered the professional standards legislation.



Monitoring the compliance of associations

100% of regulated associations submitted their Professional Standards Improvement Program reports on time.

Introduction of root cause analysis reporting.



Publishing advice and information

Launched the Councils' Research Library on Modern Professionalism in December 2018, providing over 40 articles on professionalism and regulation.



Assisting with improving occupational standards of members of occupational associations

Delivered the inaugural Professional Standards Forum in April 2019. The Forum brought together regulated occupational associations, prospective occupational associations and sector leaders to improve professional standards and consumer experiences.



Chair's report



I am delighted to present this Annual Report on behalf of the Professional Standards Councils, outlining our work and achievements in 2018–19 and the outlook for 2019–20.

Looking back over the past year, there is much that has been accomplished through the collective efforts of the Councils, the Professional Standards Authority, the participating jurisdictional Departments and the regulated associations. Australian consumers and professions continue to benefit from the operation of professional standards schemes.

The reporting period began with Councils publishing *Strategy 2021*, our statement of intent for ensuring the national system of professional standards regulation is contemporary, robust and focused on consumer protection.

In meeting our strategic mandate, a particular highlight was the successful launch of a twice-yearly Professional Standards Forum to assist and encourage occupational associations in developing their self-regulatory capacity and to get the best out of operating their professional standards schemes. The first Forum was held in Sydney with the theme 'Complaints as a Risk Management Tool', and was attended by over 50 delegates. The cross-profession discussions emphasised a commonality in the conduct and competence issues underlying complaints, and the need for enhancements in the way associations analyse and use complaints data for the continuous

improvement of professional standards. An important feature of the Forum was that associations were introduced to a root cause analysis methodology together with tools that could be taken away and implemented. Councils look forward to associations' results in the next cycle of association reporting on their professional standards improvement programs.

Another highlight was the launch of a Research Library on Modern Professionalism. The Research Library is the culmination of a three year collaborative project between the Councils and research partners, with funding from the Australian Research Council Linkage Project scheme, to promote and advance research on professional obligation and regulation in the 21st century. Our thanks go to Professor Dimity Kingsford Smith at the UNSW Centre for Law, Markets and Regulation for leading the research project and to Councils' lead investigator, Dr Deen Sanders OAM. The Research Library provides a rich resource on practical mechanisms to help occupational associations improve standards of conduct of their members and provide higher levels of consumer protection.

In meeting the Councils' statutory mandate, a major focus for the year has been on the financial services and built environment sectors. Recent inquiries have highlighted the impact on consumers, and the loss of trust, that result where standards and conduct get out of step with community expectations in the delivery of professional and other services.

The Councils made submissions to the Royal Commission into Misconduct in Banking, Financial Services and Superannuation and engaged with regulators on the contribution that well supervised self-regulation can play in complementing formal regulation to proactively drive improvements in behaviour and ethical norms.

The Councils provided advice to the Building Ministers Forum on how professional standards schemes can help to raise and assure the quality of services and professional conduct with associated benefits that can

reduce risk and liability and influence the availability and quality of professional indemnity insurance. The Building Ministers Forum has since communicated that it will consider a pathway for professional standards schemes in building and construction.

In both sectors, and in light of these developments, the Councils have actively encouraged and assisted occupational associations to consider applying for professional standards schemes. Such schemes are a powerful way in which professionals and others can effectively respond to the demands for industry to take a share of the responsibility to lift professional standards and to put consumer protection and serving their community at the centre of all that they do.

Advancements in professional standards schemes were made in the year, with Councils approving new provisions in three schemes. In each case, the Councils considered the detailed risk management strategies of the associations and the risk environment for the professional and other services provided by their members, balancing the consumer protection benefits. The Councils approved new schemes for Chartered Accountants Australia and New Zealand and CPA Australia in which accountants providing financial services are no longer excluded from coverage. The Councils approved an amendment to the scheme for Australia Property Institute Valuers Ltd to create a new monetary ceiling based on a type of lower risk work. These advancements are indicative of the responsive regulatory environment the Councils seek to foster to maximise the benefits of supervised self-regulation. They also reflect the increasing emphasis in Councils' regulatory decision-making on careful examination of risk and data in weighing the public interests in scheme approvals.

During the year I was pleased to accept re-appointment as a member of Councils and as Chair for a term ending on 31 December 2021, as well as to welcome Mr Andrew Lumsden's re-appointment as the Deputy Chair for a term ending on 31 March 2021 and Ms Rachel Webber's re-appointment as a member for a term ending on 31 December 2021.

The Councils congratulated our former Chair, Mr Brian Rayment QC, for his recognition in the 2019 Australia Day honours list. Mr Rayment received a Medal of the Order of Australia (OAM) in the General Division for his service to the law. Amongst his many contributions, Mr Rayment was Chair of the Councils from 2005 to 2017. Councils were delighted to see his dedicated leadership rewarded in such a distinguished manner.

Looking ahead, the Councils have an agenda that will be focused on engaging with all our stakeholders to ensure the professional standards regulatory system is well understood and supported to deliver consumer protections through a broader range of occupational associations and driving continuous improvement in professional standards. Our agenda will also be focused on delivering a refresh of the professional standards scheme application framework. Our aim will be to ensure the application framework is easy to deal with for occupational associations seeking to step up their professional standards self-regulatory systems. Our aim will also be to ensure the application framework is robust in enabling the creation of professional standards schemes by Councils, as we seek to balance the interests of consumers of professional and other services and those of self-regulating professions and occupations.

I thank members of Councils for their leadership and dedication throughout the year in delivering on our mission. I have appreciated their collegiality and expertise in all our endeavours to achieve the objectives established for us by State and Territory Parliaments and to protecting consumers across Australia through the improvement of professional standards by occupational associations.



John Vines OAM

Chair
Professional Standards Councils

Professional Standards Councils Strategy 2021

Strategy 2021 was approved by Councils in June 2018 and sets out the five strategic goals to be achieved over three years. To meet these goals, a number of initiatives are identified to advance the Councils' mission in improving professional standards and ensuring Australian consumers are protected.

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

Strategic goals	Strategic initiatives
Make a practical and transparent change to Councils' regulatory focus to enable schemes, including for occupational groups	<ul style="list-style-type: none"> ▶ 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.

To achieve the consumer protection mandate, we need to consider a wider range of occupational groups. We will enable the creation of schemes and the development of self-regulatory capacity beyond the traditional professions.

Drive improvements in professional standards for better consumer protection	<ul style="list-style-type: none"> ▶ 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.
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We have a role to educate the community on professional standards and promote the benefits of professional standards schemes. We will identify sectors and occupational groups facing risk and engage with them and support their development of self-regulation and improvements in standards.

Strategic goals

Strategic initiatives

Build an evidence base to demonstrate effectiveness

- ▶ 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.

To be the voice of professional standards improvement, we need to make the evidence available. Councils are in the unique position of being able to view data across all professions and to apply and disseminate that knowledge and expertise.

Ensure the regulatory system is robust and protects consumers

- ▶ 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.

To strengthen the regulatory system and ensure a consistent approach is applied to improving standards, associations and occupational groups need a clear understanding of occupational risk and how to manage them.

Make the regulatory system easy to deal with

- ▶ 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.

We are streamlining the application process to make it more efficient and to provide clarity on requirements. Occupational associations will have practical help with access to research and analysis and a range of regulatory resources.

The initiatives to be taken under *Strategy 2021* will advance the objects of the professional standards legislation which are as follows:

- a) to enable the creation of schemes to limit the civil liability of professionals and others,
- b) to facilitate the improvement of occupational standards of professionals and others,
- c) to protect the consumers of the services provided by professionals and others,
- d) to constitute the Professional Standards Council to supervise the preparation and application of schemes and to assist in the improvement of occupational standards and protection of consumers.

Progress in meeting our strategic goals

Significant activities in key areas such as expanding our regulatory focus and building the evidence base have provided great momentum in achieving our strategic goals.

Strategic goals	Achievements 2018–19
Make a practical and transparent change to Councils’ regulatory focus to enable schemes, including for occupational groups	<ul style="list-style-type: none"> ✓ Promoted self-regulatory responses to government in submissions to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. ✓ Briefed Departments and Ministers in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania and Victoria. ✓ Engaged with Consumer Affairs officials and financial services regulators on areas of common regulatory interest. ✓ Encouraged occupational groups in the built environment and financial services sector to consider the benefits of professional standards schemes.
Drive improvements in professional standards for better consumer protection	<ul style="list-style-type: none"> ✓ Secured improved compliance by two legal professional associations resulting in a 21% increase in members covered by schemes. ✓ Bolstered regulatory and reporting capability with the establishment of a supervision team.
Build an evidence base to demonstrate effectiveness	<ul style="list-style-type: none"> ✓ Refreshed co-regulator relationships with the Tax Practitioners Board, Australian Securities and Investments Commissioner, Australian Financial Complaints Authority, Financial Adviser Standards and Ethics Authority and Legal Services Commissioners. ✓ Advocated at the Professional Futures Conference and research roundtables. ✓ Launched an online Research Library on Modern Professionalism.



Strategic goals

Achievements 2018–19

Ensure the regulatory system is robust and protects consumers

- ✓ Convened the Professional Standards Officers Meeting quarterly to work with all jurisdictions on issues requiring consideration at a national level.
- ✓ Approved and published a Risk Appetite Statement to establish clear parameters on the amount of risk the Councils are willing to accept or retain to achieve their statutory objectives and strategic goals.
- ✓ Published an update to the summary of cases where courts have considered the professional standards legislation.


Make the regulatory system easy to deal with

- ✓ Launched a new twice yearly Professional Standards Forum to assist and encourage occupational associations in developing their self-regulatory capacity and to get the best out of operating professional standards schemes.

“Congratulations on organising an excellent event to reinvigorate the cross-profession conversation.”

— Delegate to the inaugural Professional Standards Forum April 2019



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Section 1

About the Professional Standards Councils

About the Professional Standards Councils

Professional Standards Councils

The Councils are statutory bodies with powers to assess 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. NSW and Victoria nominate two members each, while all other state and territories and the Commonwealth nominate one member.

Professional standards legislation provides a national harmonised framework for supervised regulation to strengthen consumer protection.

Role of the Councils

The Councils administer the professional standards legislation in each state and territory:

- › Enabling the creation of schemes that limit the civil liability of professionals and others
- › Monitoring how well associations and their members meet the standards demanded by their professional standards schemes
- › Encouraging and promoting the regulation of standards
- › Protecting consumers who use the services provided by professionals and others.

Professional standards legislation

Professional standards legislation seeks to strike 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 conduct of its members, so that claims are reduced.

Professional standards schemes

Unique to Australia, professional standards schemes limit the civil liability of association members who have an insurance policy and business assets commensurate with the maximum liability amount. Each association has insurance standards with which its members must comply.

Each scheme has a maximum duration of five years and the relevant Minister may choose to extend a scheme once for up to 12 months on application by the association. Before the scheme expires, the association must submit an application for an entirely new 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 states and territories, the professional standards legislation includes mutual recognition mechanisms 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 risk management strategies.

The legislation requires those who are covered by 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.

The Authority supervises associations that have a professional standards scheme to assist them to:

- › Increase consumer protection by improving professional standards
- › Achieve their self-regulatory goals
- › Comply with their legislative obligations.

Councils' members

The Councils' members have experience across a diverse range of industries 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.



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 chairs the Innovation and Business Industry Skills Council and Coassemble Pty Ltd. He is a Director of Carroll and Richardson and Premium Plantations Project, and 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 to 31 December 2021
- › Appointed to VIC: 1 January 2016 to 31 December 2021



Andrew Lumsden

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

Andrew specialises in Mergers & 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 for his work in corporate governance, equity capital markets and Mergers & 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 (2001–10). 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 to 31 March 2021
- › Appointed to NSW: 17 July 2017 to 31 March 2021



Terry Evans

LLM, FAICD

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 2004–06.

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.

- › Appointed to SA: 22 March 2009 to 31 December 2020



- › Commonwealth nominee:
10 August 2017 to 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 Management. 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
to 1 April 2021

Caroline Lamb

BA 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.



Dr Pam Montgomery

PhD, BA (Hons)

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 Accreditation Committee, the Victorian Department of Justice & Regulation Human Research Ethics Committee 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 for 12 years. She trained initially as a forensic psychologist and worked in private and public clinical practice, and at Monash University.

- › Appointed to VIC: 1 July 2017 to 30 June 2020



Tiina-Liisa Sexton

BCom, FCA, FtIA, 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 Company Secretary of Woodlands Wines Pty Ltd and Director of St Giles Society. She is a former director of Housing Choices Australia, Aurora Energy Pty Ltd, Hobart Water and Connect Credit Union.

- › Appointed to TAS: 1 January 2012 to 28 March 2021



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 QLD: 3 April 2018 to 3 April 2021



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 Committees. He is a chartered accountant and governance consultant, providing advice and assistance to community services and public sector entities.

He is an accredited facilitator for the Australian Institute of Company Directors' programs. 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 NT: 1 January 2006 to 31 December 2020



- › Appointed to WA: 15 May 2013 to 31 December 2018 and 16 January 2019 to 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 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 Business law Section Corporations Committee and of the Commercial Law Committee of the Law Society of Western Australia.



- › Appointed to ACT: 1 July 2018 to 30 June 2021

Catherine (Cate) Wood

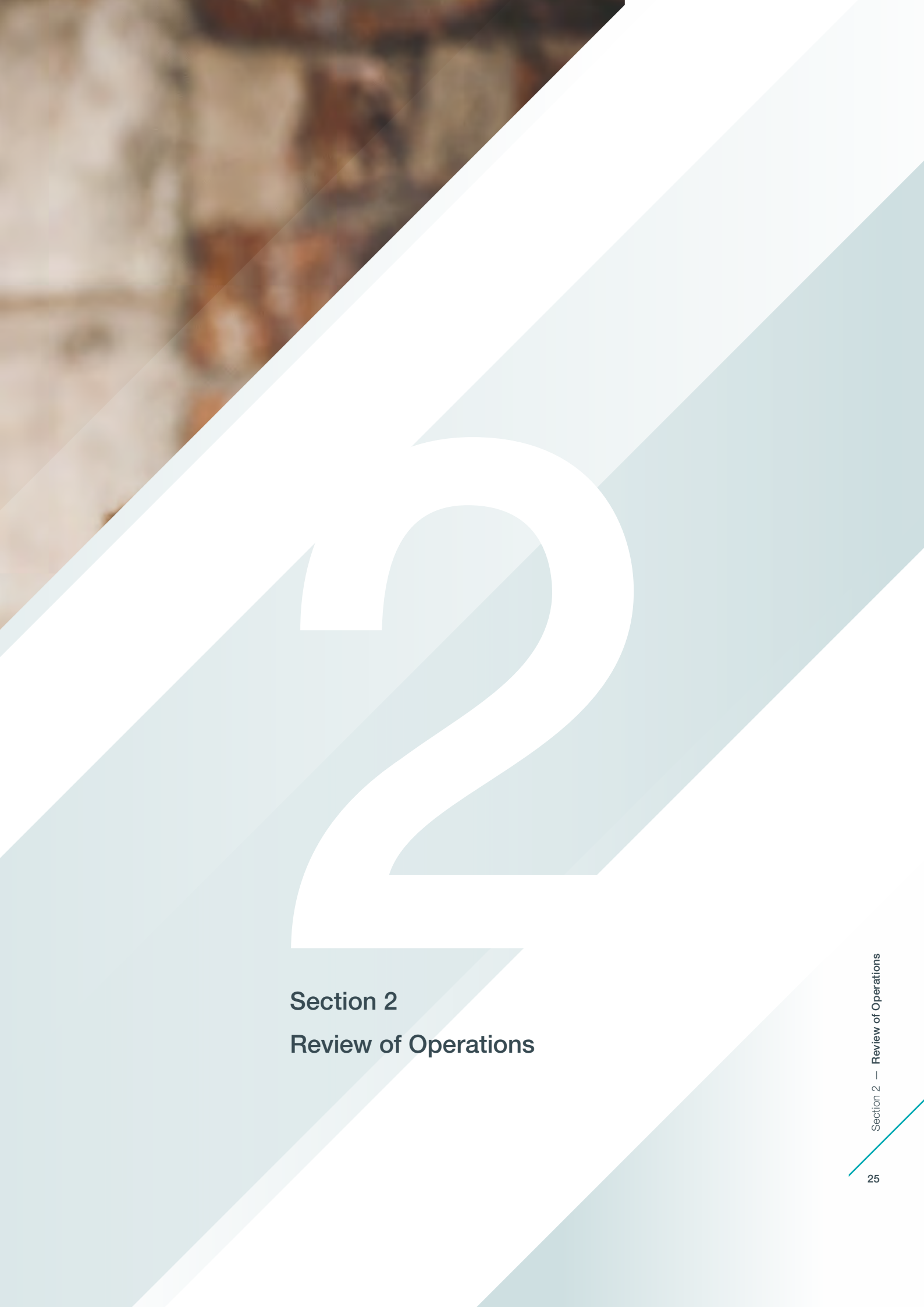
BSocSc, Fellow AIST

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 ISPT Pty Ltd (Property Trust), 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.





Section 2

Review of Operations

CEO's report



It has been another successful year for the Professional Standards Authority, the national regulatory agency of the Councils. As stewards of the national regulatory system, we are committed to supporting Councils in advancing the objects of the professional standards legislation and ensuring our regulatory practices deliver positive outcomes.

We have harnessed the deep experience and expertise of the staff to be responsive in meeting the needs of Councils and stakeholders across the country. As a small regulatory agency, we were able to nimbly and proactively respond to developments during the year.

We worked with 17 regulated occupational associations to supervise the operation of their schemes and to encourage compliance and development of their self-regulatory capacity. Consumer protection was expanded with the number of association members subject to professional standards schemes increasing to over 77,000.

Central to the Authority's role in supporting Councils is our ability to monitor, analyse, assist and advise on the risk management strategies and compliance of each regulated association. It was pleasing to see that our efforts to guide associations with feedback and recommendations through the Professional Standards Improvement Program continue to be accepted, which reflects well on our capacity to drive improvements in the operation of schemes. We have bolstered this

capability with the establishment of a specialised supervision team. The supervision team will introduce additional activities to support Councils' monitoring, compliance and enforcement functions with a focus on assisting self-regulatory capacity. Recruitment to the team will be completed in the next reporting period, as will the design of a supervision framework to ensure our methodologies and practices are risk-based and forward-looking.

I am pleased that we have also bolstered our scheme analysis team with the establishment of two positions to enable participation in the NSW Law Society's annual Summer Clerkship Program. The clerkships provided two law students with a unique opportunity to be involved in government regulatory practice over the summer aiding the Authority with legal research capacity. Their work included an update to the summary of cases where courts have considered professional standards legislation and schemes, which has been published on the Councils' website to assist occupational associations with insights into how schemes may apply when pleaded.

As foreshadowed last reporting period, interest has grown in regulatory solutions that can address community expectations for improved accountability and professionalism. Schemes have been recognised as a means of improving standards and securing public confidence. In response, we have worked across government and with occupational associations to assist the examination of professional standards problems and the consideration of supervised self-regulatory solutions. Our experience and the literature demonstrate that including supervised self-regulation in the suite of measures to address conduct risk will strengthen and sustain occupation-wide improvements in professional standards. Fortified by the statutory oversight of Councils, self-regulation of professional standards can not only dramatically expand the depth, coverage, efficiency and capability of the enforcement of professional norms, but can also generate the continuous improvement of professionalism beyond

minimum requirements established by direct, formal regulatory measures. We expect to assist a broader range of occupational associations consider schemes and their benefits in the next reporting period, as risks to consumers in a variety of sectors continue to unfold.

Risk management is both a structural feature of the professional standards regulatory framework and a practical feature of the Councils' administration of the framework and the Authority's operations as a regulatory agency. To support a positive and transparent engagement with risk, clear parameters were developed and published by Councils in the form of a Risk Appetite Statement. The statement establishes a common understanding of the links between Councils' risks and the Authority's work and is an important signal to regulated associations and stakeholders on our shared risk culture.

As a multi-jurisdictional regulatory agency, we strive to ensure the administration of the national system is harmonised and efficient. We work closely with policy officers in the responsible departments in each state and territory and the Commonwealth. This reporting period saw the conclusion of the remuneration review and jurisdictional consultation conducted by the then NSW Minister for Innovation and Better Regulation, introducing per annum remuneration for Councils' members in accordance with the Classification and Remuneration Framework for NSW Boards and Committees. The new remuneration arrangements were implemented with effect from July 2018, recognising the high degree of accountability and responsibility for significant statutory obligations of Councils' members and delivering efficiencies in the administration of payments.

Our focus in the next reporting period will include a significant project to refresh and streamline Councils' scheme application framework, an initiative under *Strategy 2021*. A quality regulatory environment depends on well-designed processes and practices, that are reviewed over time to ensure they continue to meet their specified objectives and adopt improvements or innovations. We anticipate using a

co-design approach to involve not only Councils as the regulator but also regulated associations, other regulators and subject matter experts so that we are effective in problem identification and solution creation. Co-design has additional benefits of increasing transparency and trust in our regulatory practices, and the effect of empowering communities of interest and generating enthusiasm for change and innovation. A collaborative and co-operative approach is one that will assist us in the ongoing pursuit of regulatory maturity.

The successes of the Authority are only ever achieved through the efforts of a terrific staff. I acknowledge and thank them for their work across the schemes, supervision and operations teams. I also acknowledge and thank Ms Mary Snell from the NSW Department of Customer Service who stepped into my role at short notice during a period of unplanned leave in 2018. I extend particular thanks to our Executive Officers, Ms Danielle Keogh and Ms Kim Goodluck (Acting), and the Director Professional Standards Regulation, Mr John R Rappell, for their support and dedication to excellence throughout the year.

The regulatory work of the Authority is powerful and provides an opportunity to serve the public interest and contribute to social goods in consumer protection. I feel fortunate to lead staff who embrace that opportunity and I look forward to building on our achievements in the year ahead.



Roxane Marcelle-Shaw
Chief Executive Officer
Professional Standards Authority

Review of regulatory operations

Overview

This section presents the Councils' regulatory operations and activities in fulfilling their functions specified in the professional standards legislation.

The Councils are also required to report on each regulated occupational association's implementation and monitoring of their detailed risk management strategies.

This year Councils are also reporting on progress with implementing its *Strategy 2021*. 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 2019, there were 23 schemes in force nationally. The number of association members in these schemes increased over the year from 72,935 to 77,885.

Regulated occupational associations as at 30 June 2019

- › Australian Computer Society Inc
- › Australian Property Institute Valuers Ltd
- › Bar Association of Queensland
- › Chartered Accountants Australia and New Zealand
- › CPA Australia Ltd
- › Institute of Public Accountants Ltd
- › Law Institute of Victoria Ltd
- › Law Society of New South Wales
- › Law Society of South Australia
- › Law Society of Western Australia
- › New South Wales Bar Association Ltd
- › Professional Surveyors Occupational Association Inc
- › Queensland Law Society Ltd
- › RICS Valuers Ltd
- › South Australian Bar Association Inc
- › Victorian Bar Association Inc
- › Western Australian Bar Association

Professional standards legislation

ACT	<i>Civil Law (Wrongs) Act 2002</i>	SA	<i>Professional Standards Act 2004</i>
NSW	<i>Professional Standards Act 1994</i>	TAS	<i>Professional Standards Act 2005</i>
NT	<i>Professional Standards Act 2004</i>	VIC	<i>Professional Standards Act 2003</i>
QLD	<i>Professional Standards Act 2004</i>	WA	<i>Professional Standards Act 1997</i>

Figure 1 / Number of members in schemes and associations operating a scheme over the past 10 years

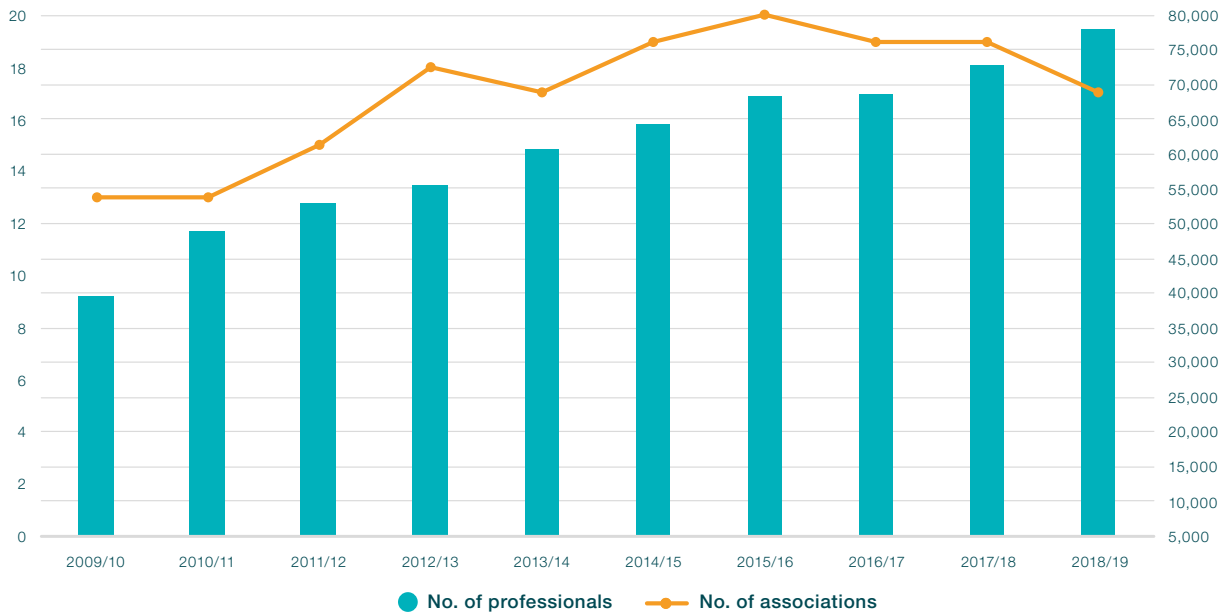


Figure 1 shows the steady increase in the number of professionals operating under schemes over the past 10 years with an increase of 6.8% to 77,885 professionals as at 30 June 2019. Figure 1 also shows a reduction in the number of occupational associations operating schemes from 19 to 17 over the year, with their respective schemes expiring without being re-made.

Figure 2 / Number of persons by state and territory in professional standards schemes over the past five years (yearly average)

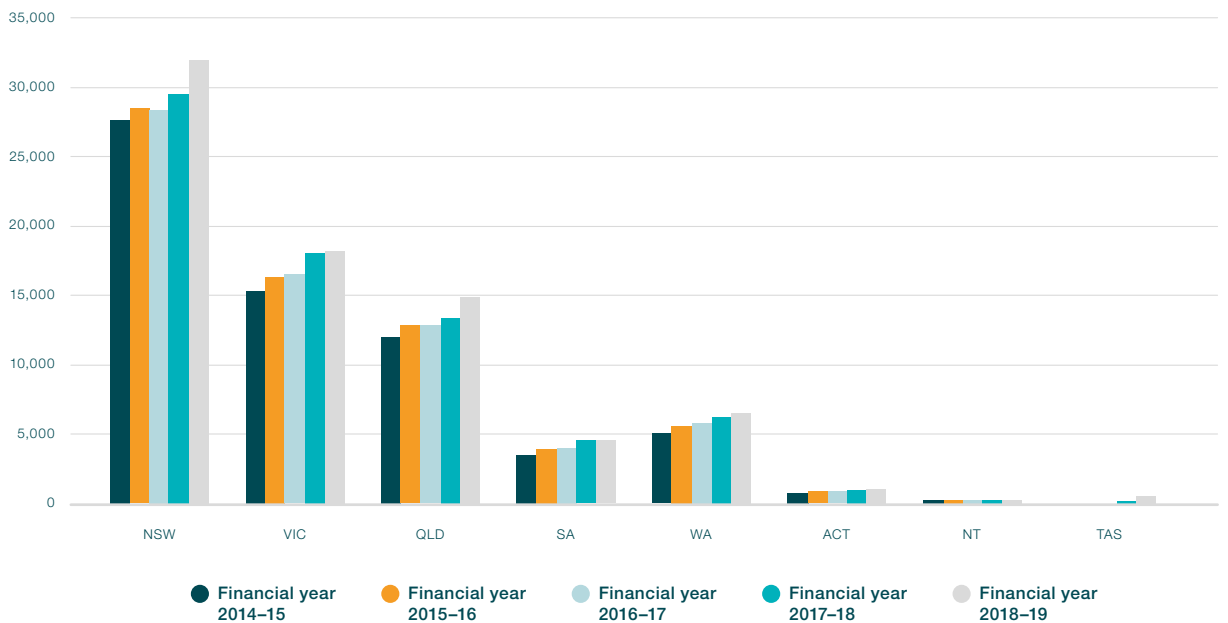


Figure 2 shows the increase in the number of persons in each state and territory over the past five years.

Table 1 Professional standards schemes mutually recognised in each state and territory during the period 1 July 2018—30 June 2019

Association	Profession	Participants [±]	Limitation Liability	Start Date	End Date
Australian Capital Territory					
CA ANZ	Accountants	721	\$2m to \$75m	08/10/14	07/10/19
Mutual recognition	NSW: CPA, ACS ^Ω , PSOA ^Ω , APIV ^Ω , RICSV ^Ω , NSW Bar, LSNSW, IPA ^{+Ω}				
	VIC: Vic Bar ^Δ , LIV ^Δ , IPA ^{+Ω}				
	QLD: BAQ ^Ω , QLS ^Δ				
	SA: SA BA ^Ω , LSSA ^Ω				
	WA: WABA ^Δ , LSWA ^Δ				
New South Wales					
CA ANZ	Accountants	11,815	\$2m to \$75m	08/10/14	07/10/19
CPA*	Accountants	5,211	\$2m to \$75m	23/12/17	22/12/19
IPA ^{+Ω}	Accountants	2,259	\$1m to \$20m	01/01/13	31/12/18
NSW Bar	Barristers	2,311	\$1.5m	01/07/15	30/06/20
ACS ^Ω	IT	2	\$1.5m to \$10m	01/01/16	31/12/18
ACS ^{#Ω}	IT	774	\$2m to \$10m	01/01/19	31/12/23
LSNSW ^Δ	Lawyers	12,904	\$1.5m to \$10m	22/11/18	21/11/23
PSOA ^Ω	Surveyors	32	\$1.5m to \$30m	11/11/13	10/11/19
APIV ^{ΩΔ}	Valuers	4,239	\$1m to \$20m	01/09/16	31/08/21
RICSV ^Ω	Valuers	6	\$1m to \$20m	01/01/16	31/12/20
Mutual recognition	VIC: Vic Bar ^Δ , LIV ^Δ , IPA ⁺				
	QLD: BAQ ^Ω , QLS ^Δ				
	SA: SA BA ^Ω , LSSA ^Ω				
	WA: WABA ^Δ , LSWA ^Δ				
Northern Territory					
CA ANZ	Accountants	135	\$2m to \$75m	08/10/14	07/10/19
Mutual recognition	NSW: CPA, ACS ^Ω , PSOA ^Ω , APIV ^Ω , RICSV ^Ω , NSW Bar, LSNSW, IPA ^{+Ω}				
	VIC: Vic Bar ^Δ , LIV ^Δ , IPA ^{+Ω}				
	SA: SA BA ^Ω , LSSA ^Ω				
	WA: WABA ^Δ , LSWA ^Δ				

Association	Profession	Participants [±]	Limitation Liability	Start Date	End Date
Queensland					
CA ANZ	Accountants	4,840	\$2m to \$75m	08/10/14	07/10/19
BAQ ^Q	Barristers	980	\$2m to \$50m	01/07/13	30/06/19
QLS ^A	Lawyers	5,358	\$1.5m to \$10m	01/07/16	30/06/21
Mutual recognition	NSW: CPA, ACS ^Q , PSOA ^Q , APIV ^Q , RICSV ^Q , NSW Bar, LSNSW, IPA ^{+Q} VIC: Vic Bar ^A , LIV ^A , IPA ^{+Q} SA: SA BA ^Q , LSSA ^Q WA: WABA ^A , LSWA ^A				
South Australia					
CA ANZ	Accountants	2,025	\$2m to \$75m	08/10/14	07/10/19
SA BA ^Q	Barristers	214	\$1.5m to \$50m	01/07/17	30/06/22
LSSA ^Q	Lawyers	1,381	\$1.5m to \$50m	01/07/17	30/06/22
Mutual recognition	NSW: CPA, ACS ^Q , APIV ^Q , RICSV ^Q , NSW Bar, LSNSW, IPA ^{+Q} VIC: Vic Bar ^A , LIV ^A , IPA ^{+Q} QLD: BAQ ^Q , QLS ^A WA: WABA ^A , LSWA ^A				
Tasmania					
Mutual recognition	NSW: CPA, ACS ^Q , APIV, NSW Bar, LSNSW, IPA ^{+Q} VIC: CA ANZ, IPA ^{+Q} SA: SA BA ^Q , LSSA ^Q				
Victoria					
CA ANZ ^Q	Accountants	8,320	\$2m to \$75m	08/10/14	07/10/19
Vic Bar ^A	Barristers	1,124	\$2m	01/07/14	30/06/19
LIV ^A	Lawyers	4,515	\$1.5m to \$10m	01/07/16	30/06/21
IPA ^{+Q}	Accountants	2,259	\$2m to \$20m	01/01/19	31/12/20
Mutual recognition	NSW: CPA, ACS ^Q , PSOA ^Q , APIV ^Q , RICSV ^Q , NSW Bar, LSNSW, IPA ^{+Q} QLD: BAQ ^Q , QLS ^A SA: SA BA ^Q , LSSA ^Q WA: WABA ^A , LSWA ^A				

Association	Profession	Participants [±]	Limitation Liability	Start Date	End Date
Western Australia					
CA ANZ	Accountants	3,104	\$2m to \$75m	08/10/14	07/10/19
WABA ^Δ	Barristers	225	\$2m	01/07/14	30/06/19
LSWA ^Δ	Lawyers	1,522	\$1.5m to \$10m	01/07/14	30/06/19
Mutual recognition	NSW: CPA, ACS ^Ω , APIV ^Ω , RICSV ^Ω , NSW Bar, LSNSW, IPA ^{+Ω}				
	VIC: Vic Bar ^Δ , LIV ^Δ , IPA ^{+Ω}				
	QLD: BAQ ^Ω , QLS ^Δ				
	SA: SA BA ^Ω , LSSA ^Ω				
Total	77,885				

Notes: Where disaggregated data is available.

Note ±: Yearly average.

Note ~: Total number under mutually recognised Victorian scheme was 297 in Tasmania.

Note *: Total number under mutually recognised scheme per state/territory is 55 in ACT, 1,481 in NSW, 21 in NT, 970 in Qld, 225 in SA, 1,773 in Vic., 638 in WA and 48 in Tas.

Note +: The IPA NSW scheme expired on 31/12/2018 with the Victorian scheme commencing on 01/01/2019. Total number under both mutually recognised schemes per state/territory is 37 in ACT, 1,748 in NSW, 30 in NT, 709 in Qld, 310 in SA, 1,210 in Vic., 409 in WA and 65 in Tas.

Note #: Total number under mutually recognised scheme per state/territory is 109 in ACT, 253 in NSW, 17 in NT, 94 in Qld, 44 in SA, 177 in Vic., 72 in WA, 8 in Tas.

Note ^: Total number under mutually recognised scheme per state/territory is 110 in ACT, 1,466 in NSW, 40 in NT, 863 in Qld, 252 in SA, 1,138 in Vic., 392 in WA and 68 in Tas.

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

Note Δ: 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 legislation in each jurisdiction provides for the Councils to work in conjunction 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. During 2018–19, one letter of commitment was received. The association's commitment is expected to result in an application for a scheme in the 2019–20 year.

Applications

Once a letter of commitment is received, the Councils may provide advice and assistance to the association in developing its application. A successful application will be founded on demonstrating the association has, or will soon have, in place important elements of self-regulation including:

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

Strategy 2021

Performance Measure

- i. Increasing participation in the professional standards regime: schemes and members. An increase of 6.8% in members of associations covered by schemes over the year to a total of 77,885 members.
- ii. Conversion rate of occupational associations providing a letter of commitment into applications for professional standards schemes.
 - › There was one new letter of commitment received
 - › There was one renewal of a longstanding letter of commitment which resulted in an application
 - › One letter of commitment resulted in an application for a scheme received in a previous reporting period.

Public notification

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 publish a detailed information document about the scheme, prepared by the applicant association, on the Councils' website.

A successful application will be founded on demonstrating the association has, or will soon have, in place important elements of self-regulation.

Councils' approvals

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

- › Impact of limiting liability
- › 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
- › Associations' professional indemnity insurance standards
- › The complaints and discipline system
- › The solvency and governance of the association
- › All comments received during the public notification process.

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

Table 2 / Schemes approved 2018–19

Council	Professional standards scheme	Approval	Commencement
NSW	Australian Computer Society	7 December 2018	1 January 2019
QLD	Bar Association of Queensland	7 December 2018	1 July 2019
NSW	Chartered Accountants Australia and New Zealand	12 April 2019	8 October 2019
NSW	CPA Australia	21 June 2019	23 December 2019
VIC	Institute of Public Accountants	10 August 2018	1 January 2019
WA	Law Society of Western Australia	15 February 2019	1 July 2019
VIC	Victorian Bar Association	15 February 2019	1 July 2019

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.

Councils focus on consumer protection and managing risks

Accountants providing financial services with accounting services covered by two new schemes.

Since 2007, professional accountants who also provided financial services under an Australian Financial Services Licence were excluded from the professional accounting schemes operated by the professional accounting bodies including: Chartered Accountants Australia and New Zealand, CPA Australia, and the Institute of Public Accountants. That meant those professionals and their clients did not have access to the consumer protections of a professional standards scheme for any of the services provided including professional accounting services. The risks to the clients of providing financial services with accounting services were not clearly understood by the associations and there was insufficient comprehensive data for the Councils to assess the risks.

In April 2019, and after considering the detailed risk management strategies of the association, and the risk environment, the Councils approved a new scheme for the Chartered Accountants Australia and New Zealand which does not exclude accountants providing financial services. The new scheme, proposed

by the association, seeks to find the best balance of the benefits of consumer protection for clients of professional accountants, while actively managing and reporting to Councils on financial services, recognising the improvements made in the financial services laws and regulation at the Commonwealth level. In June 2019, the Councils approved a new scheme proposed by CPA Australia Ltd, which recognised the consumer protection benefits of including all public practice members, and will report to Councils on financial services activities including management of known risks and monitoring emerging risks.

Both accounting bodies are committed to responding to the Councils' imperative to continuously improve their professional standards relating to financial services in response to consumer requirements and the public interest through informed risk management, education, codes of ethics, quality management, and effective management of complaints.

Scheme extensions of expiry date

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, if an occupational association applies for such an extension. Table 3 shows the schemes that were extended during the year.

Table 3 / Professional standards schemes extended between 1 July 2018 to 30 June 2019

Association	New expiry date
Professional Surveyors Occupational Association On 10 August 2018 the NSW Minister published a notice of extension. The scheme does not operate in South Australia, Western Australia or Tasmania.	10 November 2019
Western Australian Bar Association On 21 December 2018 the WA Attorney-General published a notice of extension. The scheme does not operate in Tasmania.	30 June 2020

An approved scheme cannot commence until it has been published or otherwise notified with ministerial authority.



Scheme amendments

The Councils approved one amendment to a scheme during the reporting period, for the Australian Property Institute Valuers Ltd. The amendment was notable in that it demonstrated the association's recognition of a changing risk environment.

Amending a scheme by introducing a new risk-based monetary limit

On 12 April 2019, the Professional Standards Council of New South Wales approved the application by Australian Property Institute Valuers Ltd for an amendment to create a new monetary limit based on a type of lower risk work.

The scheme applies to all 4,855 members of the Australian Property Institute Valuers Ltd. As it initially operated, there is a range of monetary compensation limits and the relevant monetary limit applicable to a member is determined by the highest valuation performed in the most recent 12-month period, defined as the "Upper End Value". The monetary limits ranged from \$1 million to \$10 million, according to the Upper End Value.

The scheme provided a discretionary authority for the Australian Property Institute Valuers Ltd to approve a higher monetary limit than would otherwise apply to a member, upon application by the member and subject to the consideration by the association, up to a maximum of \$20 million.

The nature and significance of the amendment

The amendment introduced a "Low Risk Valuation" monetary limit into the scheme and the Australian Property Institute Valuers Ltd's insurance standards. This has an applicable

monetary limit of \$1 million in respect of each claim arising under this type of work and is exempt from the Upper End Value mechanism. Otherwise, the other monetary limits in the scheme remained unchanged.

The amendment introduced a type of work applying a risk-based methodology to determine the applicable monetary limit for those members who undertake valuations that have a low incidence of claims or have claims of a lower value, measured by reference to the valuation figure.

The amendment encourages members of Australian Property Institute Valuers Ltd to consider the risks inherent in their valuation work and use this to inform their professional indemnity insurance requirements.

The association advocated that the new monetary limit in the scheme would foster an increasing culture of risk management and awareness of risks by the members, which represents a significant advancement in the development of occupational standards and consumers' protection.

Recognition of schemes under Commonwealth laws

As part of the national framework of professional standards legislation, the Commonwealth provides members of occupational associations who participate in an approved scheme with capped civil liability in relation to misleading and deceptive conduct under Commonwealth laws to ensure national consistency. The statutes and their relevant sections are:

- › *Competition and Consumer Act 2010*, section 137(2)
- › *Corporations Act 2001*, section 144B(2)
- › *Australian Securities and Investments Commission Act 2001*, section 12GNA(2).

Schemes may be prescribed under regulations for these laws; prescription gives effect, in the Commonwealth legislation, to decisions made by the Councils to approve or amend schemes in their respective jurisdictions. Where an occupational association seeks to have its approved scheme prescribed, the Councils co-operate with the Commonwealth Treasury to facilitate this process.

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:

- › Western Australian Bar Association—current scheme scheduled to expire (after 12-month extension) 30 June 2020
- › 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).

The Professional Surveyors Occupational Association—whose scheme will expire, after statutory extension, on 10 November 2019—has advised Councils they will not be making an application to re-make their scheme.

Monitoring the compliance of associations, and relevant professional standards

Overview

The key to the successful operation of the professional standards regime is the Councils' ability to supervise the operation of schemes and monitor each association's compliance with professional standards legislation and its commitments to its members and their clients. This supervision is central to protecting consumers of professional services.

The compliance and enforcement powers of Councils are necessary and are part of the supervision framework. However they are not the totality, and in isolation are not sufficient to achieve the objects of the professional standards legislation and Councils' regulatory objectives.

Supervision focuses on the effectiveness of an association's detailed client-focused risk management strategies and the implementation and monitoring of those strategies to achieve improved occupational standards. Supervision goes beyond compliance with legislation and is forward-looking and improvement focussed.

Strategy 2021

Performance Measure

- i. Decreasing seriousness in complaints/claims in the professional standards regime.
 - › Councils are currently developing an operational definition of 'seriousness' and considering data such as:
 - The variability in data currently submitted by associations limits straightforward analysis of 'seriousness'. Not all associations reported the number of notifications and claims, or the size of final payment (an important indicator of seriousness)
 - the average size of claim. Of note, a higher average claim was associated with a greater number of claims
 - the percentage of notifications that proceeded to a finalised (and therefore more serious) claim
 - the percentage of all claims that exceed 50% of the prescribed cap.
 - › The Authority will continue to work with associations to improve the quality of data and refine an operational definition of 'seriousness'.
- ii. Improvement in compliance and risk management of approved schemes.
- iii. Councils are recognised for their occupational risk management knowledge and data.
 - › During 2018–19, Councils were consulted and provided advice on the professional standards implications in a number of areas:
 - Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
 - Building Ministers' Forum
 - Professional Standards Forum on risk management and root cause complaints
 - Engagement with Griffith University on professions
 - Development of a Research Library in conjunction with the University of NSW
 - Engagement with NSW Better Regulation Division on professional indemnity insurance and occupational risk
 - Direct engagements with individual associations.

Supervision of regulated occupational associations is enabled by the objects and functions of the professional standards legislation. Councils' supervision as a meta-regulator will remain proportionate and includes compliance and enforcement activities. This year, a supervision team has been established to enhance Councils' supervision of occupational associations including compliance with professional standards legislation.

A significant part of supervisory work is to actively encourage and assist associations on developing self-regulatory capacity. Engaging with associations to improve occupational standards and consumer protection is a key part of the supervision team's activities.

If an association does not meet its statutory obligations, the Councils may consider initiating one or more of its supervision actions, including: making recommendations for improvement; ordering the review of a professional standards scheme; conducting or compelling an association to undertake a compliance audit; instituting proceedings to prosecute offences under professional standards legislation or regulations; taking injunctive or other relief relating to certain offences; or initiating the amendment or revocation of an association's professional standards scheme.

Professional Standards Improvement Program

Associations that operate 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 in: scheme administration, scheme compliance, member entry standards and controls, client centered risk management, complaints and discipline outcomes, continuing occupational education, professional indemnity insurance claims data, improved occupational standards, and governance.

In 2018 a change to the data required in relation to claims and notifications was incorporated into the Professional Standards Improvement Program template to include reporting on those claims and notifications that exceeded 50% of the monetary ceilings specified in the association's scheme. This change provides more targeted reporting that will

enable the Councils to monitor and analyse the effectiveness of limitation of liability settings across the professional standards regime. The Councils will examine the new data set over the next reporting period and consider any regulatory responses that may be indicated.

The associations' annual Professional Standards Improvement Program reporting to Councils is a vital element of effective self-regulatory practice, driven by commitments made by each association to improve professional standards in its community. Each association's Professional Standards Improvement Program report is analysed to identify areas for improvement, and the association is provided with feedback. Information and data reported in the Professional Standards Improvement Program report can also be compared by Councils over time and across associations. This provides Councils with rich insights into the operation of professional standards schemes and their efficacy and forms an evolving part of the Councils' supervision function.

Root cause analysis

In 2018 the Professional Standards Improvement Program requirements were revised to include analysis of root causes for professional indemnity insurance claims and complaints. Associations have responded positively and provided additional information that will assist with identifying underlying causes of consumer claims.

Figure 3 presents a summary analysis of root causes resulting in claims and complaints. Councils will continue to engage with associations to understand root causes of consumer risks.

Figure 3 / Top root causes of claims



- Negligent/incorrect advice **35.3%**
- Unethical or unprofessional behaviour **35.3%**
- Technical error **17.6%**
- Other **11.8%**

Common areas for improvement

Councils have identified five common areas of improvement from the regulated occupational association Professional Standards Improvement Program reports.

Complaints and discipline systems

Many associations can improve the efficacy of their consumer complaints and discipline systems. To increase standards in this area, Councils aim to provide advice to associations about the central importance of an effective complaints and discipline system guided by *AS/NZS 10002:2014 Complaint Management in Organisations*. An effective complaints and discipline system captures data which then informs the association's risk analysis, risk management mitigation strategies, and occupational standards. Councils conducted a Professional Standards Forum program in April 2019, starting with analysing root causes to inform risk management and improved occupational standards.

Sources of data to inform improved occupational standards

Associations often use data from a single source rather than building a complete picture by using multiple sources of data. Using a single source of data may lead to limited consideration of risks and strategies to improve occupational standards. Data collected by associations, through complaints received and proactive collation of notifications and claims data, assists identifying trends and drawing conclusions from an occupational risk management perspective.

Councils' guidance has informed associations of the wider range of data available from diverse sources, and there is still room for improvement, because no source of data is perfect or unbiased. This guidance will be published and promoted in the next reporting period. Multi-source data assists associations to identify trends as they are in a unique position to collect, analyse and synthesise the data on behalf of the occupation and their members. Similarly, coherent professional indemnity insurance data may assist an association to provide group insurance to its members or to construct a mutual.

Councils will continue to explore new data sharing opportunities with associations to increase the amount of information available to associations. In turn, it is anticipated that associations will continue to improve with the insights available from shared data.

Detailed risk management strategies

While associations have a focus on enterprise risks, they must also bring a particular focus to occupational risks between their members and the consumer. Councils will continue to guide associations on their statutory obligation to improve occupational standards to protect consumers, including the analysis of consumer risks in the context of professional standards schemes and legislation.

The required focus on occupational risks and putting the consumer at the centre of risk management continues to be a developing opportunity, particularly for associations with a strong commercial, or industry body orientation. As a result, associations can often identify their professional integrity systems data, but then neglect to integrate the data, information and trends into their risk management framework.

Scheme compliance

Many associations need to improve in this area. Compliance management, as a subset of detailed risk management strategies, enables associations to reliably achieve the scheme's objectives with the principled approach of commitment, implementation, scheme monitoring, measuring, and continual improvement.

While associations are generally aware of their regulatory obligations, there is a need to improve the articulation of professional standards legislation related obligations and the relevant controls to promote efficient scheme monitoring.

Scheme administration

Several associations have limited resources to dedicate to the operation of the professional standards scheme. Associations should be able to respond to an enquiry made by a consumer as to whether a member, at a point in time, is either a scheme participant, an excluded or exempted member, or has a higher threshold level of liability than would otherwise apply.

Associations need to ensure their members are educated about their scheme and the obligations associated with it, so their members can explain the scheme, limitation of liability and, on request, provide the scheme instrument to a consumer.

Compliance with annual membership reporting requirements

In many instances, associations failed to provide reconcilable or consistent member numbers—which is a material consumer protection concern of Councils.

To resolve this issue, Councils will update their guidance notes on the requirement to keep an effective and accurate (at all times) member register. In addition, the Councils will be undertaking supervision activities where an association cannot demonstrate consistent compliant member registration records.

Professional Standards Improvement Program findings by sector

Accountants

Noticeable improvements were observed across the accounting profession. These improvements reflected actions taken by associations in a number of areas, including:

- › reformed strategic and business plans, organisational structure and compliance plans recognising *ISO 19600:2014 Compliance Management Systems*
- › review and implementation of risk management strategies
- › gap analysis to improve risk management and consistency with *ISO 21000:2018 Educational Organisations—Management Systems*
- › enhanced reporting on professional standards scheme risk management, as well as organisation-wide risk management to audit and risk committees

Solicitors

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

- › scheme monitoring reviews and increased audit of disclosure statements
- › a comprehensive risk management review by one association which led to the implementation of a new risk management system. The new system addresses key areas, including practice management, service delivery and communication, vulnerable clients, well-being, doctrinal law, changing landscapes and accelerants of risk.

Barristers

Improved risk management arrangements were also observed by some bar associations during the year. One association undertook an extensive review of its risk management plan, which is now consistent with *ISO 31000:2018 Risk Management*. Internal and external data, and a full assessment of current risk mitigation strategies, were considered, with new strategies in continuing professional development, support services, and resourcing implemented in 2018.

Similarly, another association established a working group to review risk management processes which has led to new risk mitigation strategies and controls either proposed or implemented in 2018.

Assisting with improving occupational standards of occupational associations

Stakeholder engagement

Engaging with stakeholders is a key enabler to achieving the Councils' goals in *Strategy 2021*.

Actions during the year have focused on engaging with regulated occupational associations, prospective occupational associations, consumer affairs officials, Ministers, and Departments in each of the eight jurisdictions.

Councils have ongoing engagement with the 17 regulated occupational associations. This includes engagement from the scheme and supervision teams at the Authority on matters such as improving professional standards and meeting legislative requirements.

The Councils empower the Chief Executive Officer to meet and liaise with prospective occupational associations in both a proactive and reactive manner. During the year, proactive activities have occurred with key occupational groups as part of *Strategy 2021*. Engagements were conducted in the built environment sector, following the publication of the report written by Peter Shergold and Bronwyn Weir, *Building Confidence—Improving the effectiveness of compliance and enforcement systems for the building and construction industry across Australia* commissioned by the Building Ministers' Forum, and in the financial services sector following the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

During the year, Councils' members and the Chief Executive Officer have briefed the responsible Minister and consumer affairs official in each jurisdiction. Meetings with Western Australia, the Commonwealth, Victoria and the Northern Territory are planned to occur in the second half of 2019. These meetings have concentrated on Councils' *Strategy 2021* and ensuring its alignment with each jurisdiction's policies and consumer protection priorities.

Strategy 2021

Performance Measure

Attendees at the Councils April 2019 Forum on Complaints as a Risk Management Tool were emailed a 'survey monkey' questionnaire after the event. This asked six specific questions about the registration process, the resources available, the assistance provided by Authority staff, the speakers and the presentations, followed by four 'open' questions relating to key messages, next steps and future topics.

All respondents gave positive responses to the survey; for example, there was a 96% approval rating that the speakers were knowledgeable and engaging.

Attendees were pleased with the event and its focus. For example, one respondent said the forum was "a very positive step, a great forum,

very informative and beneficial, hope to see... similar forums in the future."

Topics suggested for future forums included: 'conflicts of interest'; 'professional ethics'; 'ways to change member behaviour'; 'should community demands for retributive justice be incorporated into professional disciplinary systems? What are the alternatives?'; and 'feedback from the Councils on the information gained from PSIP Annual Reports in order to assist associations improve in areas that show weakness'.

The April 2019 Forum achieved its objectives and met a need with key stakeholder groups. Associations reported that they will take steps to apply root cause analysis to their complaints processes and use the information in a more constructive way to find solutions to the causes of complaints.

Professional Standards Forum

During the year, Councils initiated a new twice-yearly Professional Standards Forum which will focus on occupational standards improvement.

The first Forum was held in Sydney in April 2019 on complaints as a risk management tool. This brought together over 50 delegates from regulated occupational associations, prospective occupational groupings, and sector leaders to improve professional standards and consumer experiences.

The Forum included both panel and workshop sessions, and featured presentations by leading experts in professional standards including:

- › Fiona McLeay, Victorian Legal Service Board CEO and Commissioner Victorian Legal Services Commissioner
- › Fiona Brown, Chief Executive SOCAP Australia
- › Nicole Cullen, Director Cullaborate
- › Andrew Lumsden, Deputy Chair Professional Standards Councils

Attendees were presented with insights on the strategic use of complaints data to understand consumer experiences and to drive improvements in the delivery of services. Delegates participated in a workshop on identifying the root cause of complaints and discussed how strengthening the competence and conduct of association members can directly improve customer satisfaction. The prevention of systemic and recurring issues and complaints enables associations to deliver improved outcomes for consumers.

The Forum provided an opportunity for cross-professional conversations and feedback. It reinforced the importance of working together for better complaints management.

Attendee feedback for the Forum was positive with respondents appreciating the information provided and keen to have similar forums in future.

Further forums are planned during the next 12 months on relevant topics across Australia.

Comments from delegates included: “complaints data is valuable intelligence in every business. Root Cause Analysis is a process that can be engaging and helpful”. “A great forum—informative and beneficial”.



Regulatory assurance action

Councils exercise their powers in the public interest and take measured regulatory assurance actions when associations are non-compliant with professional standards legislation.

During the year, Councils took regulatory assurance action with a number of associations. This typically took the form of:

- › More frequent (six-monthly) reporting requirements in areas of emerging risk or concern
- › Targeted engagements and meetings to discuss progress on identified issues of concern and corrective action occurring
- › Provision of feedback letters to associations on their Professional Standards Improvement Program results, identifying areas for improvement.

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.

Risk workshops

On behalf of and as directed by the Councils, the Authority conducted a number of targeted risk workshops with associations during the year.

Workshops were conducted for the Australian Computer Society, the Victorian Bar Association and CPA Australia. The workshops were attended by, and focused towards leaders and policy makers, being senior managers and directors.

These workshops are tailored to meet the needs of each association and run for between a half-day to two days. The workshops aimed to identify and document the risks that exist between the occupational association member and their client, drawing on the evidence across a wide range of occupations as well as the data collected by the association specific to their members.

The workshops focus on identifying the underlying causes of failures in professional standards to enable the association to develop strategies that effectively target and treat the risks. The association is then positioned to deliver better consumer protection through the continuous improvement of their professional standards system.

Publishing advice and information

Australian Research Council Linkage Research Project

This collaborative project seeks to provide professionals and the general public with an online platform of evidence-based resources and knowledge on modern professionalism.

Led by Professor Dimity Kingsford Smith, Director of the Centre for Law, Markets and Regulation at the University of New South Wales, *Professions in the 21st Century: Regulatory Engagement, Design and Strategy* has been successfully implemented during the year.

The Councils' Research Library on Modern Professionalism was launched in December 2018 providing over 40 articles on modern professionalism.

Materials are located on both the Councils' and the University's websites, as well as in a range of academic and professional journals. The Library will assist emerging professions and occupations to engage with professionalism and the development of self-regulatory capacity.

A related highlight during the year was a presentation to the Professional Futures Conference: Challenges and opportunities for 21st Century professions, convened by Professor Charles Sampford, Foundation Dean of Law and Director of the Institute for Ethics, Governance and Law at Griffith University, Queensland. The conference brought together practitioners, academics and regulators from 15 professions to explore the challenges and opportunities for professions. The Chief Executive Officer presented on the "Regulation of the Professions".

Together, Councils and Professor Sampford have identified potential areas of interest in research and collaboration which will be developed in the next reporting period.

Advising Ministers regarding the operation of the professional standards legislation

Briefings on the national professional standards regulatory system and Councils' *Strategy 2021* were offered to all responsible Ministers, and delivered by Councils' members and the Chief Executive Officer during the reporting period.

A particular focus during the year was the emerging challenges to the accessibility and affordability of professional indemnity insurance for occupations in the built environment.

During 2018–19, Councils monitored these trends and engaged with relevant Ministers, particularly through the Building Ministers' Forum. To assist consideration of the issues, a background paper was prepared on the contribution of professional standards schemes in improving regulatory effectiveness.

It is anticipated that engagement with the Building Ministers' Forum on these current issues will continue into 2019–20.

Regulatory fees

Associations are required to pay an annual fee calculated by reference to the number of members to whom the scheme applies who is 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 the financial year 2018–19, associations paid their fees on time except three associations who paid their annual fees late, namely:

- › Australian Computer Society
- › Law Institute of Victoria
- › Bar Association of Queensland.

Table 4 identifies the associations where interest was levied on an overdue annual fee payment, the interest charged, and the days in arrears.

Table 4 / Late payment of annual fees

Association	State	Interest ¹ \$	Fees due \$	Days late	Annual fee due date
Australian Computer Society Inc	NSW	7	50	297	30 Jun 18
Bar Association of Queensland	QLD	9	50	346	31 Mar 18
Law Institute of Victoria Ltd	VIC	3,959	203,000	39	30 Sep 18
Law Institute of Victoria Ltd	VIC	250	16,150	31	30 Sep 18
Total		\$4,225	\$219,250		

Note 1: Interest is rounded to the nearest dollar.

Three fee waiver applications

- › Australian Property Institute Valuers Ltd:
 - waiver of amendment application fees—Councils determined there were no special reasons to waive the fee payable under the Regulations in this case.
- › CPA Australia:
 - partial waiver of amendment application fees—Councils determined that there were special circumstances arising from the unintended consequences of the association’s current scheme fee and reduced it from \$40,000 to \$10,000.
- › Law Society of NSW:
 - waiver of member fees—Councils determined there were no special reasons to waive the fee payable under the Regulations in this case.

Legislative changes

There were two legislative changes during the year:

- › New South Wales—*Administrative Arrangements (Administration of Acts—General) Order (No 2) 2019* of 1 May 2019 allocates the administration of the *Professional Standards Act 1994* (NSW) to the Minister for Better Regulation and Innovation (previously the Minister for Innovation and Better Regulation).
- › Tasmania—*Administrative Arrangements Order 2019*—Statutory Rules 2019 No. 2 of 26 February 2019 allocates the administration of the *Professional Standards Act 2005* (Tas) to the Minister for Building and Construction (previously the Attorney-General).





Section 3
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. They operate together as “Councils” under the Professional Standards Agreement 2011.

This 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 regulation, including national co-operation in the administrative support of Councils.

Each state and territory appoints the same 11 members to each Council. The 11 members of the Councils are comprised of two members each from New South Wales and Victoria, with every other state and territory, together with the Commonwealth, nominating one member.

Members of Councils are appointed by the relevant Minister in each state or territory.

Councils’ members are appointed for a term not exceeding three years, and are eligible to be reappointed when their term expires. 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.

Each Council comprises a Chair, Deputy Chair and members.

Table 5 shows total remuneration for each member for 2018–19.

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

In 2018–19, and following consultation with all jurisdictions, NSW reviewed remuneration rates for Councils’ members and the role of Chair.

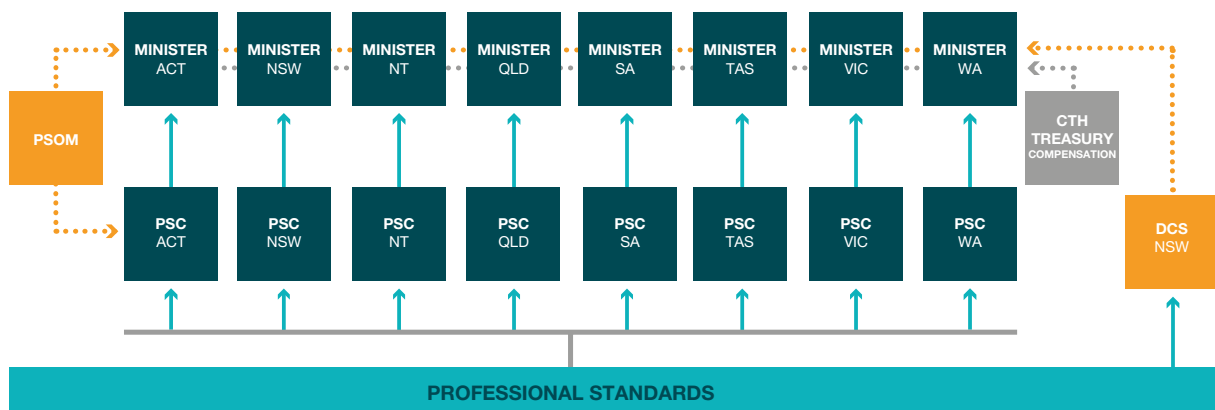
Councils were classified as an E4-iii entity under the *Classification and Remuneration Framework for NSW Government Boards and Committees*.

The new per annum rates of remuneration were effective from 1 July 2018.

National system

The success of Australia’s national system of professional standards regulation relies on the co-operation and partnership of relevant Ministers and their respective Departments. Figure 4 below provides a diagram of the national system structure.

Figure 4 / Structure of the national system as at June 2018



Intergovernmental agreements

Three agreements work together to provide the national system of professional standards regulation. Ministers in all states and territories entered into the Professional Standards Agreement 2011.

Working in tandem with the Professional Standards Agreement are two other agreements:

- › 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 NSW Department of Customer Service; and

- › 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.

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 discuss issues that require consideration at a national level, including operation of the Inter-Departmental Service Agreement 2016, and the Ministerial Professional Standards Agreement 2011.

- › Endorsed the jurisdictional FY2017–18 audit reports received
- › Reviewed and advised Councils on associations' professional standards improvement reporting and performance
- › Endorsed the 2018 Annual Professional Standards Improvement Program (PSIP) Report guideline and template
- › Advised Councils on FY2019–20 budget
- › Advised Councils on a range of regulated fee and reporting matters
- › Reviewed and advised Councils on management of risk and setting a risk appetite statement
- › Instituted a new compliance calendar to monitor statutory obligations.

Councils' committees

The Councils can delegate work to a committee, or an advisory group, including:

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

Finance, Audit and Risk Management Committees

The Committees oversee financial management, risk management, budget management, the annual reporting process and content, and associations' risk management and compliance reporting.

There were four scheduled meetings and five out-of-session meetings held during the 2018–19 reporting year.

Achievements

- › Reviewed and endorsed the content for the Councils' 2017–18 Annual Report
- › Endorsed the Financial Statements for the year ending 30 June 2018

Governance and Policy Advisory Group

The group assists and advises 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 group was reinstated at the January 2019 Councils' meeting but had not met as at 30 June 2019.

Meetings are held a minimum of twice yearly.



Table 5 / Councils' members' remuneration and meeting attendance

Name	Role	Jurisdiction	Total Remuneration	Councils meetings held	Councils meetings attended
John Vines OAM	Chair	Vic	\$54,698.07	7	7
Terence Charles Evans	Member	SA	\$21,879.23	7	7
Will Hamilton	Member	Cth	\$21,879.24	7	3
Caroline Lamb	Member	NSW	\$21,879.23	7	5
Andrew Lumsden	Member	NSW	\$21,879.23	7	7
Dr Pamela Montgomery	Member	Vic	\$21,879.23	7	5
Tiina-Liisa Sexton	Member	Tas	\$21,879.24	7	7
Elizabeth Shearer	Member	Qld	\$21,879.23	7	6
Iain Summers	Member	NT	\$21,879.23	7	6
Rachel Webber	Member	WA	\$20,979.86	7	7
Cate Wood	Member	ACT	\$21,879.25	7	7

Note 1: Allowances paid to Council's members were at rates determined by the NSW Government and are \$20,000 per annum for members and \$50,000 per annum for the Chair.

Note 2: In addition to annual stipends, Councils' members are entitled to Superannuation Guarantee contributions at the rate of 9.5% per annum.

Note 3: Ms Webber had a 15 day hiatus between term expiry and reappointment.

Table 6 / FARMCs' members' meeting attendance

Member	Held	Committee meetings attended	Out of session committee meetings attended	Total
Will Hamilton	9	4	3	7
Dr Pamela Montgomery	9	3	4	7
Tiina-Liisa Sexton	9	3	5	8
Iain Summers	9	4	5	9
Cate Wood	9	4	3	7

Professional Standards Authority

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

As the national regulatory agency of the Professional Standards Councils, the staff take pride in working 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 NSW Government within the Better Regulation Division of the NSW Department of Customer Service.

The Authority supports the work of the 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 services
- › Providing information to assist 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 regulatory guidance in the areas of professional standards, codes of ethics and practice, continuing occupational education and risk management to help associations to improve the standard of services consumers receive.

The Authority delivers regulatory services that include:

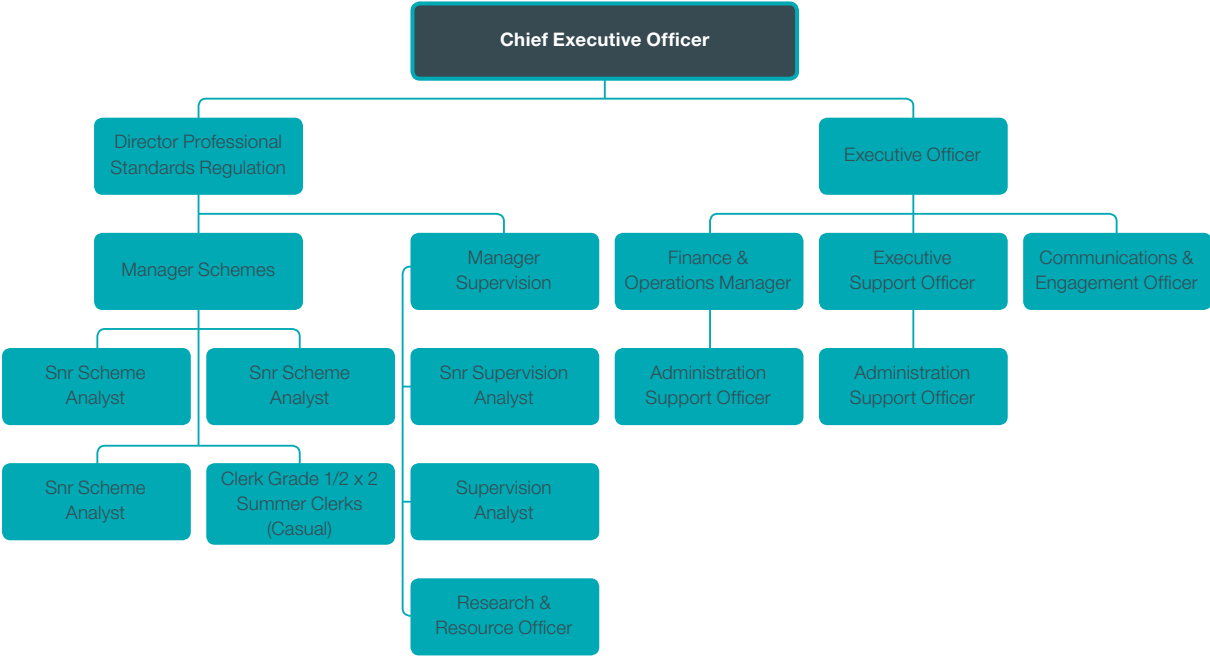
- › Supervising schemes across Australia covering accountants, valuers, computer professionals, surveyors, solicitors and barristers
- › Monitoring scheme compliance, including reporting and analysis
- › Working with associations to improve their members' professional standards and risk management
- › 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.

As the national regulatory agency of the Professional Standards Councils, the staff take pride in working to make a positive difference in the standards and protections available to Australian consumers of professional services.

Organisation structure

Figure 5 / Authority structure



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



Senior Executive

At 30 June 2019, the Authority had two positions classified as Senior Executive in the NSW Public Service.



Chief Executive Officer, Roxane Marcelle-Shaw

BSocSc, JD, GDLP, GAICD

Roxane is an experienced risk-based regulator with expertise in performance, human rights and protective jurisdictions, developed through a variety of executive roles in the ACT, Commonwealth and NSW public sectors.

She has held a number of board and committee appointments including with the Occupational Therapy Board of Australia, the Disclosures Committee of the Law Society of NSW, and the governing bodies of community legal centres.



Director, Professional Standards Regulation, John R. Rappel

JD

John is a specialist in the field of professions, with a background in regulation, financial services, law, corporate governance and education.

John held senior roles with occupational associations evolving into full professions. John also chaired the International Organisation of Securities Commissions self-regulatory ethics committee.

The Director worked offline for two months 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 and professional workforce with the ability to adapt and respond to change.

All staff undertake regular performance reviews and are remunerated as NSW public sector employees.

The Authority has delivered a program of monthly speakers on topics that engaged staff in the broader regulatory environment, built expertise and supported public sector professionalism. The Authority has

also supported attendance at training including the Modern Regulator course in conjunction with the Australian and New Zealand School of Government, the International Association of Public Participation's training course, and the Departmental courses on writing and leadership.

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). Authority staff are governed by work, health and safety practices of the NSW Department of Customer Service. The Authority has a representative on the Department's 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.

Workers' compensation

No workers' compensation claims were recorded during 2018–19.

Diversity

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

Turnover

Staff turnover has been consistent with previous years. The Authority has remained between 13 and 17 staff over the past three years following a 2016 restructure. The Authority operates within NSW Public Sector guidelines and encourages secondments and career advancement of staff within the NSW Public Sector.

Table 7 / Authority staff profile as at 30 June 2019

Position grade	No. of positions	Male	Female	Non/ongoing
Senior Executive Band 2	1		1	Ongoing
Senior Executive Band 1	1	1		Ongoing
Senior Executive Band 1	1	1		Non-ongoing
Clerk Grade 11/12	2	2		Ongoing
Clerk Grade 11/12	1		1	Non-ongoing
Clerk Grade 9/10	4	3	1	Ongoing
Clerk Grade 7/8	3		3	Ongoing
Clerk Grade 5/6	1	1		Non-ongoing
Clerk Grade 3/4	2		2	Ongoing
Clerk Grade 3/4	1		1	Non-ongoing

Financial performance

Financial performance of the Professional Standards Councils

The activities and operations of the Councils and the Authority are self-funding from regulated fees paid under the professional standards legislation.

The budget for carrying out support and regulatory services is prepared annually by the Authority and approved by 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 8 / Consolidated financial performance statement 2018–19¹

Summary of Income and Expenses year ended 30 June 2019	Combined	NSW	QLD	SA	VIC	WA	ACT	NT	TAS¹³
Revenue									
Scheme annual fees ²	3,871,578	1,962,798	610,068	186,293	820,839	248,783	36,033	6,764	0
Scheme application fees ³	220,000	200,000	5,000	0	5,000	5,000	5,000	0	0
Interest on overdue annual fee (from associations) ⁴	4,225	7	9	0	4,209	0	0	0	0
Interest on invested funds ⁵	75,006	45,423	20,208	0	9,377	(2)	0	0	0
Total revenue⁶	4,170,809	2,208,228	635,285	186,293	839,425	253,781	41,033	6,764	0
Expenditure									
Employment costs ⁷	2,185,798	1,157,162	332,897	97,704	440,002	133,115	21,421	3,497	0
Other operating expenses ⁸	1,973,706	1,044,880	300,595	88,225	397,307	120,199	19,342	3,158	0
<i>Strategy 2021</i> implementation ⁹	89,927	47,607	13,696	4,020	18,102	5,476	882	144	0
FY17/18 correction ¹⁰	0	1,613	451	(2,851)	565	189	28	5	0
Total expenditure⁶	4,249,431	2,251,262	647,639	187,098	855,976	258,979	41,673	6,804	0
Expenses attributable to the eight PSCs:¹¹	4,249,431	2,251,262	647,639	187,098	855,976	258,979	41,673	6,804	0
Actual charges to States/Territories ¹¹	2,725,927	1,446,852	427,293	127,150	520,841	173,127	25,950	4,712	0

Summary of Income and Expenses year ended 30 June 2019

	Combined	NSW	QLD	SA	VIC	WA	ACT	NT	TAS ¹³
Actual FY17/18 charges to States/Territories ¹⁰	0	1,613	451	(2,851)	565	189	28	5	0
Accrued Q4 charges to States/Territories ¹¹	1,523,504	802,797	219,895	62,799	334,570	85,662	15,694	2,087	0
% expenditure recharged/rechargeable ¹²	100.00%	52.94%	15.23%	4.47%	20.13%	6.09%	0.98%	0.16%	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 are recognised on an accrual basis.

Note 5: Interest from financial institutions is recognised on an accrued, and is shown net of bank charges and fees.

Note 6: 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 7: 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 had an annual remuneration package (including superannuation guarantee) of \$273,931 (17–18 \$267,250). The Acting CEO had an annual remuneration package (including superannuation guarantee) of \$259,654. One Senior Executive Band 1 (male) employee had an annual remuneration package (including superannuation guarantee)

of \$215,378 (17–18 \$210,125). One Senior Executive Band officer seconded to the Authority from the NSW Information and Privacy Commission with an estimated annual remuneration package (including superannuation guarantee) of \$210,378. Employment expenses are net of Crown assumed liabilities.

Note 8: Being general operating expenses calculated on an accrual basis, including occupancy, specialised actuarial and/or legal advice, consultancy general maintenance and IT 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 9: Being expenses relating to Councils endorsed *Strategy 2021* implementation.

Note 10: Being the correction of a minor cost allocation noted, post the completion of the FY17/18 Agreed Upon Procedures by the Audit Office of NSW.

Note 11: Expenses chargeable to each state and territory are based on Authority total expenses, for the financial year ending 30 June 2019. 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. Under this agreement, a proportion of the Authority total 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, with Tasmanian consumers covered by mutual recognition. For further information please review Table 1.

Table 9 / Detailed expenditure 2018–19¹⁴

	Combined	NSW	QLD	SA	VIC	WA	ACT	NT	TAS
Employment expenses									
Employees	2,068,568	1,095,099	315,043	92,465	416,403	125,976	20,272	3,310	0
Contingent workforce	117,230	62,063	17,854	5,239	23,599	7,139	1,149	187	0
Total employment expenses	2,185,798	1,157,162	332,897	97,704	440,002	133,115	21,421	3,497	0
Other operating expenses									
Councils' remuneration ¹⁵	287,524	152,215	43,790	12,852	57,879	17,510	2,818	460	0
Occupancy ¹⁶	563,380	298,254	85,803	25,183	113,408	34,310	5,521	901	0
Annual reporting (audit and printing) ¹⁷	102,059	54,031	15,544	4,562	20,544	6,215	1,000	163	0
Councils' insurance	17,836	9,443	2,716	797	3,590	1,086	175	29	0
Councils' development and inductions	6,510	3,448	991	291	1,310	396	64	10	0
Staff training	20,137	10,661	3,067	900	4,054	1,226	197	32	0
Information Technology and Communications	183,857	97,335	28,000	8,219	37,011	11,198	1,800	294	0
DCS Shared Services ¹⁸	48,000	25,412	7,310	2,146	9,662	2,923	470	77	0
Public Notification / Gazettal ¹⁹	40,693	21,542	6,198	1,819	8,192	2,478	399	65	0
Administration ²⁰	64,691	34,247	9,852	2,892	13,022	3,940	634	104	0
Website presence ²¹	36,287	19,209	5,527	1,622	7,305	2,210	356	58	0
Travel	75,514	39,977	11,501	3,375	15,201	4,599	740	121	0
Consultancy ²²	225,664	119,466	34,369	10,087	45,426	13,743	2,212	361	0
Capital usage charges ²³	279,748	148,097	42,606	12,505	56,313	17,037	2,742	448	0
Stakeholder engagement	21,806	11,543	3,321	975	4,390	1,328	214	35	0
Total other operating expenses	1,973,706	1,044,880	300,595	88,225	397,307	120,199	19,342	3,158	0

	Combined	NSW	QLD	SA	VIC	WA	ACT	NT	TAS
Strategy 2021 expenses⁹									
Consultancy ²⁴	49,863	26,397	7,594	2,230	10,037	3,037	489	79	0
Meeting expenses ²⁵	5,934	3,142	904	265	1,195	361	58	9	0
Contingent workforce ²⁶	34,130	18,068	5,198	1,525	6,870	2,078	335	56	0
Total Strategy 2021 expenses	89,927	47,607	13,696	4,020	18,102	5,476	882	144	0
Prior year correction¹⁰	0	1,613	451	(2,851)	565	189	28	5	0
Total Expenses	4,249,431	2,251,262	647,639	187,098	855,976	258,979	41,673	6,804	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's members were at rates determined by the NSW 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 53. This category also includes the Superannuation Guarantee Levy (9.5%), Payroll Tax (5.45%), Councils' members Workers' Compensation on-costs are included in "Employment Costs".

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 human resource support and costs of payroll processing and the processing of payments and financial accounting support.

Note 19: Is the costs associated with the public notification and gazettal of schemes.

Note 20: Includes costs associated with property maintenance, staff training, employee assistance programs and office stationery.

Note 21: Includes maintenance and minor enhancements to the Councils' website (www.psc.gov.au).

Note 22: Represents eleven consultancy engagements, providing actuarial advice (8); advice on Professional Standards Improvement Program annual 2018 reports (1); advice on FY2018/19 Annual Report and commercial negotiations (1); and review accounts/procurement/travel procedures and practices.


Note 23: Represents the annual depreciation/amortisation charges determined by NSW DCS to recoup prior years' capital expenditure.

Note 24: Represents five consulting engagements providing assistance on a submission to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (1); advice on the analysis and reporting of claims data and actuarial data to inform regulatory guidance (1) and facilitation of Councils' strategy meetings (2).

Note 25: Represents the hiring of facilities for *Strategy 2021* planning events.

Note 26: One Senior Executive Band 1 officer seconded to the Authority from the Department of Justice NSW Privacy and Information Commission.





Section 4

State and Territory Professional Standards Councils

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 seven scheduled meetings for the year. Please refer to Table 5 on page 53 for a summary of meeting attendance.

Major legislative changes

No major changes were made to professional standards legislation during 2018–19.

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 52.

Public interest disclosure

There were no public interest disclosures for the 2018–19 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 2019.

Organisation and function

Please refer to page 51 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 55 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 WHS practices of the NSW 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 58 for the Professional Standards Council of the ACT's revenue and expenses for 2018–19.

Reporting on procurement and contracting activities

The Council's share of the combined annual spend on consultancy was \$2,701 GST exclusive (see detailed expenditure on Table 9 page 60).

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

14 contracts were awarded to consultants during the financial year, with three contracts above \$25,000.

List of contracts:

- › Doug Clarke Consulting, advice on Professional Standards Improvement Program 2018 annual report \$34,800
- › Kaye Apolony, advice on 2019 Annual report and commercial negotiations \$48,000
- › Griffith University, research and advice on the Councils' application guidelines on Code of Ethics \$40,000.

For further details of consultancy spend, refer to Note 24 of the detailed expenditure in Table 9 on page 61.

New South Wales

Constitution of the Council

Members of the Professional Standards Council of New South Wales were entitled to attend seven scheduled meetings for the year. Please refer to Table 5 on page 53 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 (previously the Minister for Innovation and Better Regulation).

Credit cards

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

Public interest disclosure

There were no public interest disclosures for the 2018–19 reporting period.

Government Information (Public Access) Act 2009 (NSW)

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

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

Consumer response

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

During the 2019 reporting year, the following schemes were publicly notified: Australian Computer Society, Australian Property Institute Valuers Ltd, Bar Association of Queensland, Chartered Accountants Australia and New Zealand, CPA Australia, Law Society of Western Australia and Victorian 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 WHS policies of the NSW Department of Customer Service.

Funds granted to non-government community organisations

During 2018–19 no grants were awarded.

Consultants

The Council's share of the combined annual spend on consultancy was \$145,863 GST exclusive.

Per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the NSW Department of Finance, Service and Innovation and allocated to the eight national Professional Standards Councils.

14 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 9 on page 61.

Overseas travel

The Chair of the Council, John Vines attended two events hosted by the Licensure, Enforcement & Regulation (CLEAR) between 26 and 30 November 2018 in Wellington, New Zealand.

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 52.

Privacy obligations

The Council 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 multicultural policies and service programs are guided by the NSW 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 NSW 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 58 for the Professional Standards Council of NSW's revenue and expenses for 2018–19.

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 25 to 47.

Workforce diversity

The NSW Department of Customer Service Diversity and Inclusion strategy is an over-arching 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; and 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 Council's 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 addendum is estimated to be \$42,000. These costs will be recognised in the next reporting period.

Northern Territory

Constitution of the Council

Members of the Professional Standards Council of the Northern Territory were entitled to attend seven scheduled meetings for the year. Please refer to page 53 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* (NT).

Major legislative changes

No major changes were made to professional standards legislation during 2018–19.

Public interest disclosure

There were no public interest disclosures for the 2018–19 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 18 to 23.

Authority staff profile

Please refer to page 55 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 WHS practices of the NSW 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 58 for the Professional Standards Council of the NT's revenue and expenses for 2018–19.

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 seven scheduled meetings for the year. Please refer to page 53 for a summary of meeting attendance.

Major legislative changes

No major changes were made to the professional standards legislation during 2018–19.

Risk management

The risk management and internal audit practices of the Council are described on page 52.

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 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 \$41,963 GST exclusive.

Per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the NSW Department of Finance, Service and Innovation and allocated to the eight national Professional Standards Councils.

14 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 9 on page 61.

Overseas travel

The Chair of the Council, John Vines attended two events hosted by the Council on Licensure, Enforcement & Regulation (CLEAR) between 26 and 30 November 2018 in Wellington, New Zealand.

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 record keeping 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 NSW Department of Customer Service 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 QLD are attached as an addendum to this report. Please refer to the Consolidated Financial Performance Statement on page 58 for the Professional Standards Council of QLD's revenue and expenses for 2018–19.

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 seven scheduled meetings for the year. Please refer to page 53 for a summary of meeting attendance.

Major legislative changes

No major changes were made to professional standards legislation during 2018–19.

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 2019.

Organisation and functions

Please refer to page 51 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 \$12,317 GST exclusive per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the NSW Department of Customer Service and allocated to the eight national Professional Standards Councils.

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

List of contracts:

- › Doug Clarke Consulting, advice on Professional Standards Improvement Program 2018 Annual Report. \$34,800
- › Kaye Apolony, advice on 2019 Annual report and commercial negotiations. \$48,000
- › Griffith University, research and advice on the Councils application guidelines on Code of Ethics. \$40,000
- › Taylor Fry Pty Ltd, actuarial advice for the proposed Victorian Bar scheme. \$20,590.91
- › Taylor Fry Pty Ltd, actuarial advice for the proposed Law Society of Western Australia Scheme. \$21,436.36
- › Taylor Fry Pty Ltd, actuarial advice for the proposed Bar Association of Queensland scheme. \$20,590.91
- › Taylor Fry Pty Ltd, actuarial advice for the proposed Australian Consulting Surveyors National scheme. \$21,436.36
- › Taylor Fry Pty Ltd, actuarial advice for the proposed Chartered Accountants Australia and New Zealand scheme. \$20,590.91
- › Taylor Fry Pty Ltd, actuarial advice for the proposed CPA Australia scheme. \$21,022.73
- › Taylor Fry Pty Ltd, actuarial advice for the proposed NSW Bar Association scheme. \$21,022.73
- › Finity Consulting Pty Ltd, actuarial advice for the proposed Australian Property Institute Valuers scheme. \$18,000.00
- › O'Connor Marsden & Associates Pty Ltd, review of commercial and financial procedures. \$15,000.00

For further details of consultancy spend, refer to Note 24 of the detailed expenditure in Table 9 on page 61.

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 *Whistle-blowers Protection Act 1993 (SA)*. 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 NSW 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 58 for the Professional Standards Council of South Australia's revenue and expenses for 2018–19.

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 seven scheduled meetings for the year. A summary of meeting attendance is shown on page 53.

Major legislative changes

Administrative Arrangements Order—Statutory Rules 2019 No.2 allocates the administration of the *Professional Standards Act 2005 (Tas)* to the Minister for Building and Construction (previously the Attorney-General).

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 58 for the Professional Standards Council of Tasmania's revenue and expenses for 2018–19.

Victoria

Constitution of the Council

Members of the Professional Standards Council of Victoria were entitled to attend seven scheduled meetings for the year. Please refer to page 53 for a summary of meeting attendance.

Major legislative changes

No major changes were made to professional standards legislation during 2018–19.

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 NSW Department of Customer Service 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.

Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

The Professional Standards Council of Victoria is not required to report under the *Local Jobs First 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, or enter or complete constructions projects valued more than \$20 million.

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 *Buildings Act 1993 (Vic)* as it does not own or lease property or any government building.

Protected disclosures

The *Protected Disclosure Act 2012 (Vic)* encourages and facilitates disclosures of improper conduct by public officers and public bodies. It repealed the *Whistle-blower Protection Act 2001 (Vic)*. In 2018–19,

the Professional Standards Council of Victoria received no disclosures covered by either the *Whistle-blowers Protection Act 2001 (Vic)* or the *Protected Disclosure Act 2012 (Vic)*.

Authority staff profile

Please refer to page 55 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 NSW 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 46 for the Professional Standards Council of Victoria's revenue and expenses for 2018–19.

Consultants

The Council's share of the combined annual spend on consultancy was \$55,463 GST exclusive.

Per the Inter-Departmental Service Agreement 2016, all expenditure is processed by the NSW Department of Finance, Service and Innovation and allocated to the eight national Professional Standards Councils.

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

List of contracts:

- › Doug Clarke Consulting, advice on Professional Standards Improvement Program 2018 annual report. \$34,800.00
- › Kaye Apolony, advice on 2019 Annual Report and commercial negotiations. \$48,000.00
- › Griffith University, research and advice on Councils' application guidelines on Code of Ethics. \$40,000.00

- › Taylor Fry Pty Ltd, actuarial advice for the proposed Victorian Bar scheme. \$20,590.91
- › Taylor Fry Pty Ltd, actuarial advice for the proposed law Society of Western Australia scheme. \$21,436.36
- › Taylor Fry Pty Ltd, actuarial advice for the proposed Bar Association of Queensland scheme. \$20,590.91
- › Taylor Fry Pty Ltd, actuarial advice for the proposed Australian Consulting Surveyors National scheme. \$21,436.36
- › Taylor Fry Pty Ltd, actuarial advice for the proposed Chartered Accountants Australia and New Zealand scheme. \$20,590.91
- › Taylor Fry Pty Ltd, actuarial advice for the proposed CPA Australia scheme. \$21,022.73
- › Taylor Fry Pty Ltd, actuarial advice for the proposed NSW Bar Association scheme. \$21,022.73
- › Finity Consulting Pty Ltd, actuarial advice for the proposed Australian Property Institute Valuers Scheme. \$18,000.00
- › O'Connor Marsden & Associates Pty Ltd, review of commercial and financial procedures. \$15,000.00.

For further details of consultancy spend, refer to Note 24 of the detailed expenditure in Table 9 on page 61.

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 Councils' members and their profiles, please refer to pages 18 to 23.

Mission

Please refer to page 6 for the Council's mission statement.

Authority staff profile

Please refer to page 55 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 2018–19.

Shared responsibilities with other agencies

Please refer to the section on Intergovernmental Agreements and the Authority on page 52.

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 58 for the Professional Standards Council of Western Australia's revenue and expenses for 2018–19.

Code of Ethics

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

For 2018–19 no breach claims were lodged in relation to either the Public Sector Standards or the Western Australian 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 2018–19.

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 2018–19 are set out on pages 25–47.

Workers' compensation

No workers' compensation claims were recorded during 2018–19.

Public Sector Commission's policy framework for substantive equality

While the Council is not required to report on the progress achieved in implementing the Equal Opportunity Commission's The 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 WA, 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 seven scheduled meetings for the year. Please refer to page 53 for a summary of meeting attendance.

Board and committee remuneration

Please refer to page 53 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 175Ze 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 2018–19 was \$40,692.63.* Expenditure was incurred in the following areas:

Table 10 / Expenditure on advertising, market research, polling and direct mail

Expenditure	Total	Organisation	Amount
Advertising agencies	\$2,116.57	Blaze Advertising	\$2,116.57
Market research organisations	Nil		Nil
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	\$361.63	WA Department of the Premier and Cabinet (state Law Publisher)	\$361.63
Total	\$2,478.20		\$2,478.20

*The expenditure shown is the WA Professional Standards Council's share (6.09%) of the consolidated pool of expenses shared by all eight Councils which is based on each individual Council's revenue compared to total 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 Justice (Justice) and pursuant to the *State Records Act 2000* (WA).

Staff have completed Justice's online Recordkeeping Awareness training courses. All records are maintained, stored and retrieved in accordance with Justice's Recordkeeping policies and procedures.

Table 11 / Report of annual performance against targets¹

Measure	Actual results				Results against target
	2015–16	2016–17	2017–18	2018–19	Target
Number of fatalities	0	0	0	0	0
Lost time injury and/or disease incidence rate	0	0	0	0	0 or 10% reduction
Lost time injury and/or severity rate	0	0	0	0	0 or 10% reduction
Percentage of injured workers returned to work:					
(i) within 13 weeks	N/A ²	N/A ²	N/A ²	N/A ²	100%
(ii) within 26 weeks	N/A ²	N/A ²	N/A ²	N/A ²	(ii) Greater than or equal to 80%
Percentage of managers trained in occupational safety, health and injury management responsibilities			100%		Greater than or equal to 80%

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 2018–19 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 11.

Notes

1 Data includes the Council members and their national regulatory support agency.

2 There were no injured workers during this reporting year.

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 2019–20, as submitted to the Western Australian Attorney-General, are shown below. These estimates do not form part of the 2018–19 financial statements and are not subject to audit.

Table 12 / Section 40 estimates 2019–20

	2017–18 actuals \$000	2018–19 estimated actuals \$000	2019–20 section 40 estimates \$000
Statement of comprehensive income			
COST OF SERVICES			
Expenses			
Supplies and services	288	307	218
Other expenses	–	–	–
Total cost of services	288	307	218
INCOME			
Income from other than State Government			
Other revenue	243	254	145
Total income from other than State Government	243	254	145
Income from State Government			
Resources received free of charge	57	58	58
Total income from State Government	57	58	58
SURPLUS / (DEFICIT) FOR THE PERIOD	12	5	(15)

	2017-18 actuals \$000	2018-19 estimated actuals \$000	2019-20 section 40 estimates \$000
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Statement of financial position

Current assets

Cash and cash equivalents	397	399	329
Receivables	18	12	6
Total current assets	415	411	335
TOTAL ASSETS	415	411	335

Current liabilities

Payables	74	66	44
Revenue received in advance	40	39	-
Total current liabilities	114	105	44

Non-current liabilities

	-	-	-
	-	-	-
TOTAL LIABILITIES	114	105	44

NET ASSETS	301	306	291
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EQUITY

Accumulated surplus / (deficit)	301	306	291
TOTAL EQUITY	301	306	291

Statement of changes in equity

ACCUMULATED SURPLUS

Balance at start of period	289	301	306
Total comprehensive income for the period	12	5	(15)
Balance of equity at end of period	301	306	291

	2017-18 actuals \$000	2018-19 estimated actuals \$000	2019-20 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	223	263	186
GST payments on purchases	22	19	19
Receipts			
Other receipts	244	253	110
GST receipts from taxation authority	26	31	25
Net cash provided by / (used in) operating activities	25	2	(70)
Net increase / (decrease) in cash held	25	2	(70)
Cash assets at the beginning of the financial year	372	397	399
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	372	399	329

Glossary and Abbreviations

Glossary

DCS	The NSW Department of Customer Service that the Authority is part of from 1 July 2019
DotAG	Department of the Attorney-General
FARMC	Finance, Audit and Risk Management Committees
GIPA	<i>Government Information (Public Access) Act 2009</i> (NSW)
GPAG	Governance and Policy Advisory Group
PSA	Professional Standards Authority ('The Authority') located within the NSW Department of Customer Service which provides services and support to the Professional Standards Councils
PSC	Professional Standards Councils ('The Councils')
PSIP	Professional Standards Improvement Program
PSOM	Professional Standards Officers Meeting
Professional association	The terms 'professional association' and 'occupational association' (or 'association') are used interchangeably within this document
Schemes	Professional standards schemes approved and gazetted under professional standards legislation
The Councils	The Professional Standards Councils of the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Tasmania, Victoria and Western Australia

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

Associations with Schemes

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

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Annual Report 2018–19

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