



**annual report**

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# Letter to Ministers

Dear Ministers,

I am pleased to submit the 2016–17 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 to the relevant Ministers in each state and territory.

This is a consolidated volume on the Councils' operations and performance, and includes financial statements for the period 1 July 2016 to 30 June 2017. This report has been prepared in accordance with the relevant Professional Standards Legislation in each Australian state and territory, for Ministerial presentation in your respective parliaments.

During the period covered by this report, the Professional Standards Councils have worked with occupational associations to improve professional standards for the professional communities covered by Professional Standards Legislation.

Occupational associations continue to commit to the high expectations of professional regulation captured in their Professional Standards Scheme, as evidenced by the number of applications for a new scheme once the previous one has expired. The role performed by these schemes is also reflected in the Commonwealth continuing to prescribe schemes so that they operate in relation to relevant federal legislation.

This report is a formal record of the compliance and achievements of the Professional Standards Councils over the past year.

Of particular note to our Ministers, the 2016–17 financial year has seen great change in the make-up and continuity of the Professional Standards Councils with the expiry of the statutory appointments of a number of fellow Councils members, Esther Alter (Vic), Robert Beaton (NSW), Tom Karp (Cth), and of course the departure of the past Chair, Brian Rayment QC (NSW).

It also sees the departure of our highly respected Chief Executive Officer, Dr Deen Sanders OAM who has moved to another regulatory environment that calls on his skills and experience in the field of professional standards.

As the incoming Chair, I and my fellow new Council members, along with the remaining experienced Councillors, are looking forward to continuing great work as your Professional Standards Councils.

I commend this report to you.



**Steven Finch SC**  
Incoming Chair (2017)  
Professional Standards Councils

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# Chairs' Letter

As outgoing Chair, I am pleased to submit my 12th and final Annual Report on behalf of the Professional Standards Councils. It has been an honour to serve and be part of an important and uniquely Australian statutory framework for consumer protection.

Despite changes in the risk management environment for associations and professionals in practice, this year represented another year of steady growth in regulatory coverage. The Councils monitored and oversaw Professional Standards Schemes nationally for 20 associations, with 28 schemes covering a total of 68,537 members.

This year saw the expiry of the statutory appointments of a number of my fellow Council members, Esther Alter who was Deputy Chair (Vic), Robert Beaton (NSW) and Tom Karp (Cth). Each of them devoted much time and energy to the service of the public interest and we acknowledge a debt of gratitude to each of them.

We say farewell to Dr Deen Sanders OAM who has contributed so much in this field. We wish him well and thank him for his dedicated performance as our Chief Executive Officer.

The success of our statutory environment is largely due to a robust body of experts who consider matters deeply and seek to provide certainty in decision making, thinking carefully through the opportunities for improved professional standards and greater consumer protection. Each of these members has made an invaluable and unique contribution to that process, giving their time, dedication and service to the Councils.

The future of the Councils is in very good hands with the appointment of Steven Finch SC as the incoming replacement Chair. I have total confidence in him. This organisation is of real public importance and I wish it well.

I commend this report to you.

A handwritten signature in black ink that reads "Brian Rayment".

**Brian Rayment QC**  
Chair (2005–2017)  
Professional Standards Councils



I am honoured to take up the role of incoming Chair for the Professional Standards Councils and would like to add my acknowledgement of the dedicated work of the Councils and its members. I am privileged to follow the service of Brian Rayment QC, who has been an exemplary leader for the Councils in his 12 years, and who leaves an indelible mark on the history of Professional Standards Legislation.

Despite continuing change in the community and regulatory environment for professions, as well as for the Council members themselves, I am confident the strength and integrity of this regime will continue to grow and play an increasingly important role on professions in Australia.

In addition to my new appointment I have already met with a number of the new Council members who begin their terms with me. I welcome Andrew Lumsden (NSW), Dr Pam Montgomery (Vic) and Will Hamilton (Cth). We are, together with the remaining experienced Councillors, honoured to continue the great work of the Professional Standards Councils.

I look forward to making a significant contribution in the next reporting year.

**Steven Finch SC**  
Incoming Chair (2017)  
Professional Standards Councils



# Chief Executive Officer's Report

It is with pleasure that I present our contribution to the Annual Report from the perspective of the Professional Standards Authority (PSA), as the regulatory support agency for the Professional Standards Councils.

2016–17 has been a year of noticeable change in the environment for Professional Associations.

A number of key highlights include:

- › Disruption – Rapid changes in technology and business models continue to challenge traditional ways of providing professional services and mean that member expectations for support and direction from their professional association are also changing.
- › Value of expertise – On a global stage 2016 saw an increase in populism as a voice for the community, and while some have interpreted that as a challenge to the value of expertise, I take the view that it only increases the need for trusted, professional and expert voices to assist the community in navigating any future complex problems. Professional associations play a vital role in channelling and developing that expertise for public good.
- › Governance, transparency and trust – A number of high profile organisations have undergone public and member tests of confidence in their governance and transparency arrangements. The effect has rippled out to many associations with members from all groups asking questions about executive remuneration and board decision making. The professional integrity systems that the Councils and PSA look for in organisations has the issue of public trust and professional integrity at the heart of their governance engines and I am confident that the challenges of the recent past are a catalyst for change in positive professional association governance and member focus.



A number of these topics were researched in-depth in the three year Australian Research Council project supported by the Councils. Now at the end of its second year, the research team has written a series of articles featured in the UNSW Law Journal – Issue 40 (1) Contemporary Professionalism and Regulation. These articles explore some of the challenges faced by the professions and professionals in the 21st century, and evaluate different mechanisms for professional regulation.

No doubt these trends will play out over the medium- to long-term future in all professions and shape the regulatory and community expectations of what we want from our professional community.

In addition to changes at the strategic and society level of professions, we also saw changes in the direct statutory environment for Professional Standards Legislation, with long awaited changes to the Tasmanian *Professional Standards Act 2005* that now allows for mutual recognition and association level determination of limitation of liability. This is a positive change for all professionals and will lead to improved consumer protection and wider national coverage.

Lastly, this is my last annual report for the PSA as I leave to head up the Financial Adviser Standards and Ethics Authority, which is a new regulatory agency in the area of Education, Standards and Ethics in the Financial Services sector.

It has been an extraordinary privilege to work in this agency and the important and positive field of professional regulation. The PSA has an extraordinary team of expert, dedicated staff and is part of a wider community of public sector professionals who give their unwavering commitment and service to the Professional Standards Council, the community, government and business. I thank them for their hard work and know that 2017–18 will be just as exciting.



**Dr Deen Sanders OAM**  
Chief Executive Officer  
Professional Standards Authority



## **Our Core Purpose**

To protect consumers  
by improving professional  
standards



## **Our Vision**

To lead the way in advancing the highest  
standards of professionalism



## **Our Mission**

To promote professional standards and consumer  
protection through thought leadership and education,  
and by granting, monitoring and enforcing approved  
Professional Standards Schemes

# Why we're here

## Protect consumers

The Professional Standards Councils' goal is to protect consumers by demanding high levels of professional standards and practices from those who participate in Professional Standards Schemes.

Associations and members who participate in Professional Standards Schemes are recognised as pursuing improvement in professional standards and acting ethically.

## Improve professional standards

In Australia, a growing number of associations and their members are making significant efforts to improve their professional standards.

The Professional Standards Councils take a collaborative approach when working with associations to help them develop self-regulatory initiatives and to improve their professional standards by implementing risk management strategies and professional integrity systems.

The Councils conduct research, develop policies and guidelines, and organise events to promote debate and change in the areas of professional standards, codes of ethics and conduct, and risk management, in order to protect consumers.

## Help associations

The role of the Professional Standards Councils is to strengthen and improve professionalism within occupational associations and promote self-regulation while protecting consumers.

The Councils decide whether to approve applications for Professional Standards Schemes under Professional Standards Legislation, and monitor and enforce associations' administration of schemes. Schemes allow limits to be placed on the civil liability of professionals who are members of an association covered by a scheme.

# About the Professional Standards Council



## Formation of the Councils and legislation

Following economic unrest towards the end of the last century, the NSW Government recognised a need to raise the standards in professions within the community and as a result, protect the consumer. This resulted in a statutory regime intended to promote self-regulation by occupational associations, with a Professional Standards Council established to assist and encourage the associations, and to oversee the operation of Professional Standards Schemes.

In 1995, following the passing of the *Professional Standards Act 1994* (NSW), the Professional Standards Council of NSW was formed. Over the next 10 years, Professional Standards Councils were established in each Australian state and territory.

The Councils are independent statutory bodies with powers to assess and approve applications from occupational associations for a Professional Standards Scheme.

One way in which a scheme is significant is in placing a ceiling on the amount of civil liability that a member of an association participating in a scheme may be exposed to. This is in recognition of a range of factors, including professional

indemnity insurance policy standards, and effective risk management strategies that associations must evidence in applying for a scheme, and that the Councils consider in deciding whether to approve it.

## Legislation

Following the collapse of insurance giant HIH over a decade ago, the reach of the Professional Standards Legislation was extended. This significant event, which affected thousands of people, highlighted the importance of maintaining stringent corporate governance and liability practices to protect consumers.

Subsequently, the Commonwealth Government passed legislation that permitted the civil liability of occupational associations 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*.

Professional Standards Legislation seeks to strike a balance between:

- › Ensuring sufficient compensation is available to consumers for the vast majority of claims where liability results in an award of damages.
- › Requiring rigorous standards of professional conduct, so that claims for negligence are reduced.

In Australia, a growing number of associations and their members are making significant efforts to improve their professional standards.

## Role of the Councils

The Councils play a key role in promoting the objectives of the Professional Standards Legislation. These objectives are to:

- › Facilitate the improvement of professional standards.
- › Protect consumers who use the services provided by professionals.
- › Enable the creation of schemes that limit the civil liability of professionals.

## Improving professional standards

In Australia, a growing number of associations and their members are making significant efforts to improve their professional standards. Under Professional Standards Legislation, associations can apply to the Professional Standards Councils to be covered by a Professional Standards Scheme.

A Professional Standards Scheme requires an occupational association to improve the professional standards of their members by implementing robust professional integrity systems and risk management strategies.

A scheme also requires those who are covered to hold sufficient professional indemnity insurance cover and/or business assets to protect consumers.

## Uniquely Australian

Unique to the Australian professional community, Professional Standards Schemes limit the civil liability of association members who have an insurance policy and business assets commensurate with the liability amount. Each association has a minimum insurance standard to which its members must comply.

Each scheme has a maximum duration of five years. The relevant Minister may choose to extend a scheme once for up to 12 months on submission of an 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, and what is needed to meet advancing professional standards and protect consumers.

As members of occupational associations may work across multiple states and territories, the Professional Standards Legislation includes mechanisms for Professional Standards Schemes to be recognised across multiple Australian state and territory jurisdictions.



# Highlights



## Research

Academic Research Forums on professional standards were held on 4 August 2016 and 12 April 2017. These events were attended by senior representatives of associations and industry, as well as regulators and academics. A first ever dedicated law journal publishing the research outcomes of that work has been released: UNSW Law Journal – Issue 40 (1) Contemporary Professionalism and Regulation.



## Associations' commitment and focus on compliance

All occupational associations within the Professional Standards Legislation regulated community submitted a Professional Standards Improvement Plan (PSIP) in a timely manner in 2017, demonstrating the work they are doing towards improving professional standards and protecting consumers.



## PSC website

Our website had 47,949 users throughout the year with 104,936 pageviews. Overall we had a 74.78% increase in users and a 53% increase in pageviews when compared to last year.



## Legislation changes

Addressing two long-term barriers, the Professional Standards Amendment Bill 2016 took a positive step in the national alignment of the Professional Standards Legislative framework with harmonisation amendments to the Tasmanian statute.



## Raising awareness

As part of a long-term program of promotion and engagement, the Professional Standards Authority has supported the Professional Standards Councils to encourage new groups and the sector to take on professionalisation as a co-regulatory mechanism for improved consumer protection.

In 2016–17, we spoke at more than 60 conferences, workshops, seminars and meetings, raising awareness of Professional Standards Legislation, the need of strong professions and how important the professional is to the community.

## New schemes

LIV, QLS, APIV and RICSV were awarded new Professional Standards Schemes and a certificate ceremony was held to acknowledge the approval of this important legislative recognition.



APIV

Robert Hecek (Chair, APIV Board), Brian Rayment QC (Chair, PSC) and Anna Shin (Acting National Manager, Compliance & Risk, APIV)



QLS

Brian Rayment QC (Chair, PSC) and Craig Smiley (General Manager Professional Leadership, QLS)



RICSV

Brian Rayment QC (Chair, PSC) and Stephen Albin (Managing Director for Oceania, RICSV)



LIV

Dr Deen Sanders OAM (CEO, PSA), Elissa Watson (General Manager, Compliance, LIV) and Nerida Wallace (CEO, LIV)

# Review of operations and activities



## Professional Standards Schemes

### The life of schemes

The Professional Standards Authority (PSA) works with associations that have a Professional Standards Scheme to help them:

- › Achieve their self-regulatory goals.
- › Understand their legislative obligations.
- › Monitor and enforce the professional standards of their members.
- › Increase consumer protection by improving professional standards.

### Amendments to the *Professional Standards Act (2005) (Tasmania)*

In December 2016, amendments to the *Professional Standards Act (2005) (Tas)* commenced. The amendments addressed two long-term barriers to national harmonisation by repealing subsection 27(c) and inserting mutual recognition provisions. These long awaited amendments removed the final impediments to the approval of Professional Standards Schemes by mutual recognition in Tasmania.

The Professional Standards Legislation now provides great uniformity through mutual recognition across all states and territories in Australia. Soon after the amendments came into force, the Councils approved an amendment to the Chartered Accountants Australia and New Zealand Professional Standard Scheme (Vic) for mutual recognition in Tasmania.

Along with the new scheme for the South Australian Bar Association, these are the first two Professional Standards Schemes approved by the Councils and gazetted for operation in Tasmania during the reporting period.

### Professional Standards Schemes oversight

During the 2016–17 reporting period, the Professional Standards Councils monitored and regulated Professional Standards Schemes for 20 occupational associations. Most schemes operate in multiple jurisdictions under mutual recognition. As at 30 June 2017, there were 28 schemes with 68,537 members.



**Figure 01** Professional Standards Schemes comparison: 1 July 2016 and 30 June 2017



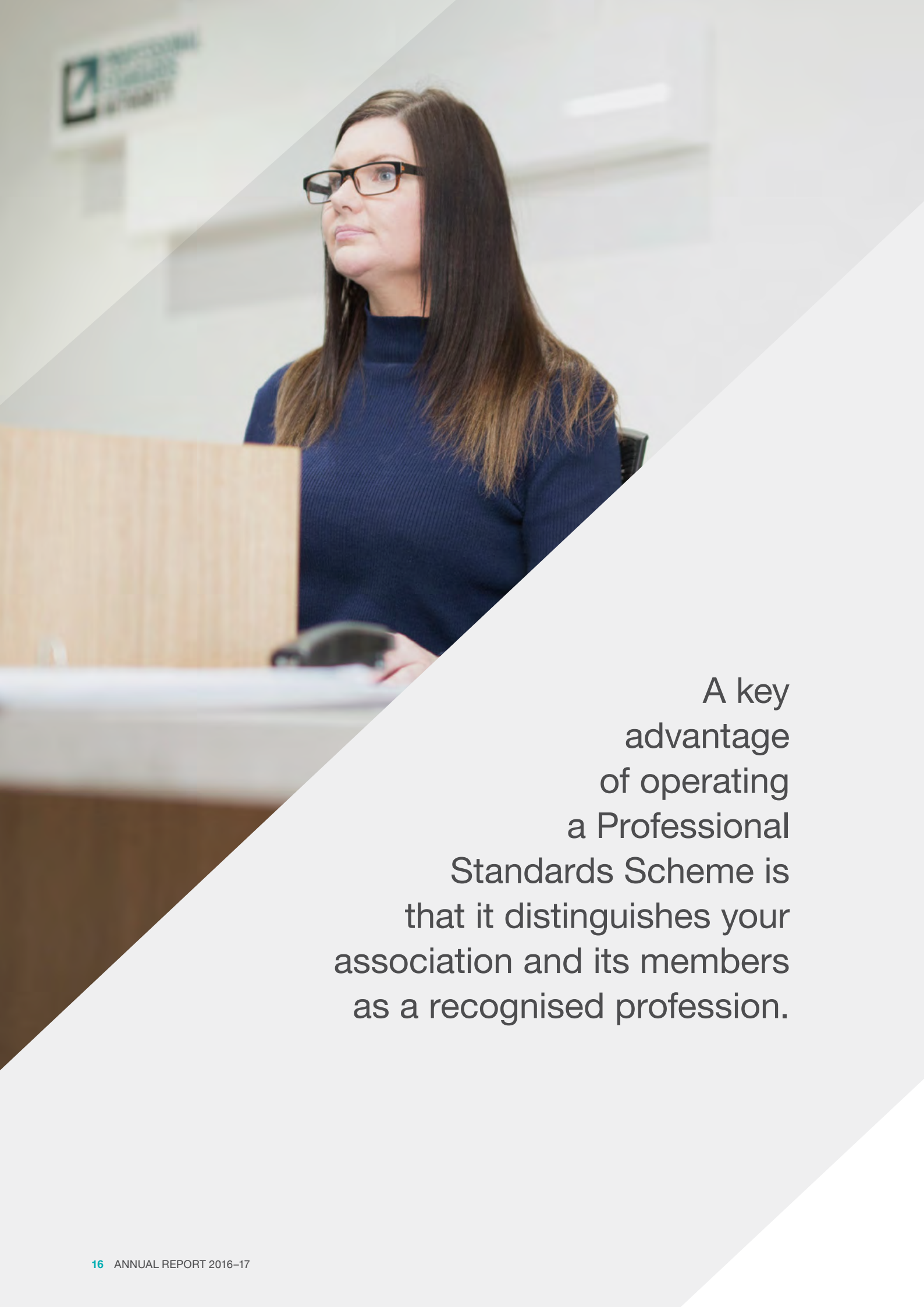
### Scheme applications

In 2016–17, the Councils approved two Professional Standards Schemes for two associations as shown in Table 1. This table includes associations that operate across multiple states and territories, and also schemes commencing in the 2016–17 financial year and due to commence in 2017–18. The Councils approved an amendment to the operating Chartered Accountants Australia and New Zealand Professional Standard Scheme (Vic) for mutual recognition in Tasmania.

The Councils received a further five applications for new schemes during the year and analyses are still being undertaken and no decisions have been made. An application for a new scheme by Engineers Australia, with primary jurisdiction in New South Wales and mutually recognised in other jurisdictions, was not approved after consideration by the Councils.

**Table 01** Professional Standards Schemes approved by Councils 1 July 2016 – 30 June 2017

Date	Professional Standards Scheme
16 December 2016	<b>Law Society of South Australia (LSSA)</b> New scheme approved in SA, where it commenced on 1 July 2017. It applies under mutual recognition in all other mainland jurisdictions.
24 February 2017	<b>Chartered Accountants Australia and New Zealand (CA ANZ)</b> Victorian scheme amended to commence operation in Tasmania under mutual recognition.
7 April 2017	<b>South Australian Bar Association (SA BA)</b> New scheme approved in SA, commencing in all states and territories, under mutual recognition, on 1 July 2017.



A key advantage of operating a Professional Standards Scheme is that it distinguishes your association and its members as a recognised profession.

## Scheme extensions of expiry date

Each Professional Standards Scheme approved by the Professional Standards Councils has a lifespan of up to five years. The relevant Minister has the discretion to extend the expiry date of a scheme once for up to 12 months, when an association applies for an extension. Table 02 shows the schemes which have been extended over the current reporting period.

**Table 02** Professional Standards Schemes extended between 1 July 2016 – 30 June 2017

Association	New expiry date
CPA	Scheme to expire 7 October 2017
LSNSW	Scheme to expire 21 November 2018
IPA	Scheme to expire 31 December 2018
ACS	Scheme to expire 31 December 2018

**Table 03** Professional Standards Schemes extended and amended between 1 July 2014 – 30 June 2017

Reporting year	2014–15	2015–16	2016–17
Schemes extended	3	4	4
Schemes amended	1	8	1

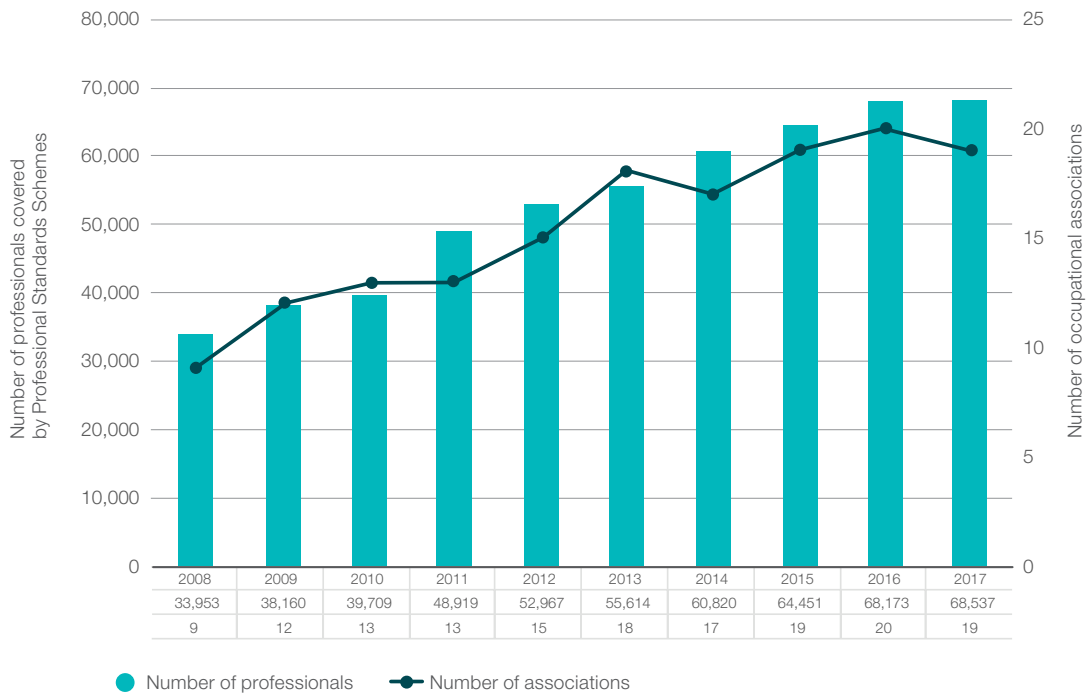
## Commonwealth prescription

Unless the Professional Standards Scheme has been prescribed under the regulations to the relevant laws, limitation of liability does not apply where a provision of Commonwealth law creates a liability for damages. Commonwealth prescription is currently limited to the misleading and deceptive conduct provisions of the *Competition and Consumer Act 2010* (Cth), the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth).

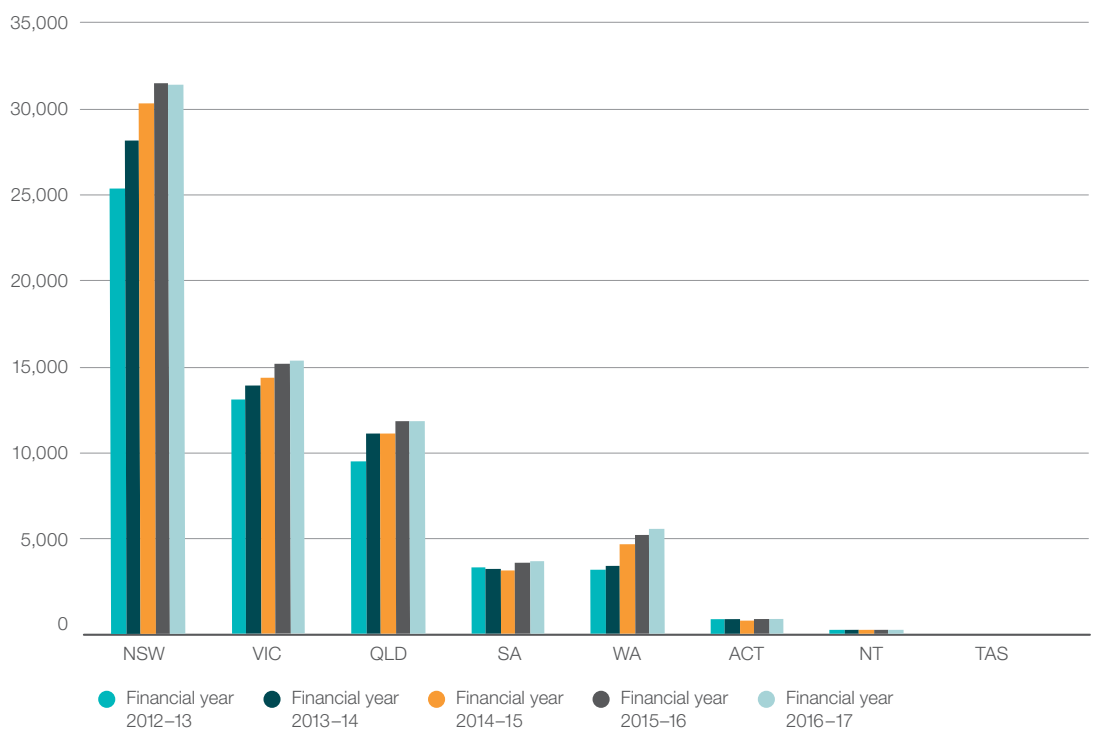
**Table 04** Professional Standards Schemes prescribed between 1 July 2016 – 30 June 2017

Scheme prescribed	Date of prescription	Scheme details
LSSA	26 May 2017	Scheme extension from 31/12/16 to 30/06/17
CPA	26 May 2017	Scheme extension from 07/10/16 to 07/10/17
LIV	26 May 2017	New scheme commencing 01/07/16
QLS	26 May 2017	New scheme commencing 01/07/16
SA BA	26 May 2017	Scheme extension from 31/12/16 to 30/06/17
APIV	26 May 2017	New scheme commencing 01/09/16 (under <i>Competition and Consumer Act 2010</i> (Cth) only)

**Figure 02** Number of professionals and occupational associations operating under Professional Standards Schemes over the past 10 years



**Figure 03** Number of professionals per state and territory covered by Professional Standards Schemes over the past five years



**Table 05** Professional Standards Schemes by home state

Association	Profession	Members	Limitation liability	Start date	End date
Australian Capital Territory					
CA ANZ	Accountants	653	\$2m to \$75m	08/10/14	07/10/19
New South Wales					
CA ANZ	Accountants	10,920	\$2m to \$75m	08/10/14	07/10/19
CPA*	Accountants	7,029	\$2m to \$75m	08/10/13	07/10/17
IPA	Accountants	1,558	\$1m to \$20m	01/01/13	31/12/17
NSW Bar	Barristers	2,248	\$1.5m	01/07/15	30/06/20
CIRCEA	Engineers	13	\$1m, \$5m or \$10m	28/02/13	27/02/18
ACS	IT	8	\$1.5m	01/01/16	31/12/18
LSNSW	Lawyers	10,207	\$1.5m to \$10m	22/11/12	21/11/18
PSOA	Surveyors	34	\$1.5m to \$30m	11/11/13	10/11/18
APIV	Valuers	4,507	\$1.5m to \$20m	01/09/16	31/08/21
RICSV	Valuers	0	\$1.5m to \$20m	01/01/16	31/12/20
Northern Territory					
CA ANZ	Accountants	128	\$2m to \$75m	08/10/14	07/10/19
Queensland					
CA ANZ	Accountants	4,370	\$2m to \$75m	08/10/14	07/10/19
BAQ	Barristers	987	\$1.5m to \$50m	01/07/13	30/06/18
QLS	Lawyers	5,181	\$1.5m to \$10m	01/07/16	30/06/21
South Australia					
CA ANZ	Accountants	1,932	\$2m to \$75m	08/10/14	07/10/19
SA BA	Barristers	219	\$1.5m to \$50m	01/07/17	30/06/22
LSSA	Lawyers	1,276	\$1.5m to \$10m	01/07/17	30/06/22
Tasmania					
NIL					
Victoria					
ATMA	Accountants	226	\$1m to \$100m	01/01/13	31/12/17
CA ANZ	Accountants	7,099	\$2m to \$75m	08/10/14	07/10/19
Vic Bar	Barristers	1,125	\$2m	01/07/14	30/06/19
LIV	Lawyers	4,309	\$1.5m to \$10m	01/07/16	30/06/21
Western Australia					
CA ANZ	Accountants	2,866	\$2m to \$75m	08/10/14	07/10/19
LSWA	Lawyers	1,430	\$1.5m to \$10m	01/07/14	30/06/19
WA BA	Barristers	212	\$2m	01/07/14	30/06/19

\* Total number under mutually recognised scheme represents 83 in ACT; 1,883 in NSW; 27 in NT; 1,352 in QLD; 314 in SA; 2,532 in VIC and 838 in WA.

**Table 06** Professional Standards Schemes mutually recognised in other states and territories

Jurisdiction	Associations
<b>Australian Capital Territory</b>	
NSW	ACS, CPA, NSW Bar, CIRCEA, PSOA, APIV, RICSV
QLD	BAQ
SA	SA BA, LSSA
VIC	ATMA, LIV, Vic Bar
WA	WA BA, LSWA
<b>New South Wales</b>	
QLD	BAQ
SA	SA BA, LSSA
VIC	ATMA, LIV, Vic Bar
WA	WA BA, LSWA
<b>Northern Territory</b>	
NSW	ACS, CPA, NSW Bar, CIRCEA, PSOA, APIV, RICSV
QLD	BAQ
SA	SA BA, LSSA
VIC	ATMA, LIV, Vic Bar
WA	WA BA, LSWA
<b>Queensland</b>	
NSW	ACS, CPA, NSW Bar, CIRCEA, PSOA, APIV, RICSV
SA	SA BA, LSSA
VIC	ATMA, LIV, Vic Bar
WA	WA BA, LSWA
<b>South Australia</b>	
NSW	ACS, CPA, NSW Bar, CIRCEA, PSOA, APIV, RICSV
QLD	BAQ
VIC	ATMA, LIV, Vic Bar
WA	WA BA, LSWA
<b>Tasmania</b>	
VIC	CA ANZ <sup>1</sup>
SA	SA BA <sup>2</sup>
<b>Victoria</b>	
NSW	ACS, CPA, NSW Bar, CIRCEA, PSOA, APIV, RICSV
QLD	BAQ
SA	SA BA, LSSA
WA	WA BA, LSWA
<b>Western Australia</b>	
NSW	ACS, CPA, NSW Bar, CIRCEA, PSOA, APIV, RICSV
QLD	BAQ
SA	SA BA, LSSA
VIC	ATMA, LIV, Vic Bar

<sup>1</sup> Commencing 16 August 2017

<sup>2</sup> Commencing 1 July 2017

# Our compliance approach is one of partnership.

## Compliance monitoring and reporting

Monitoring and ensuring compliance with Professional Standards

Legislation is key to improving professional standards within the Australian professional community and is vital to protecting consumers.

Associations with an active Professional Standards Scheme must maintain an ongoing Professional Standards Improvement Program (PSIP), and submit detailed annual reports on this program to the Councils. This PSIP report is required under legislation.

The Councils review these annual reports to make sure associations are meeting their obligations under the legislation. If an association doesn't meet its legislative requirements, the Councils can issue warnings, seek fines through the courts, or consider revoking the association's Professional Standards Scheme.

The annual PSIP reports also reflect on the self-regulatory commitments that each association makes to improve professional standards in their community. These commitments are made when associations apply for a Professional Standards Scheme. The statutory and professional obligations of individual scheme members, and the incorporation of various corporate governance and risk management principles, policies and Australian Standards, enhance professional standards within the professions.

### Professional Standards Improvement Program Reports for calendar year 2016

All associations provided the necessary governance approvals with their PSIP annual report. Fifteen of the associations included both CEO level and governing body level approvals which the Councils consider to be a strong indicator of board commitment and management awareness of the associations' Professional Standards Legislation obligations.

The PSA maintained the reporting template in 2016, to provide a basis for comparison with associations' previous responses to PSIPs, and to provide further affirmation of the Councils' regulatory assurance strategy and requirements from associations in the PSIP process.

Key elements of reporting include:

- › Requesting additional data relating to associations' governance and scheme administration, including:
  - Asking associations to identify and attach all documents that specify the relationship between the association and its members, to reflect that most associations do not have a comprehensive or single membership agreement.
  - Reporting on the approval of discretionary caps and exemptions, which asks associations to provide the number of members applying for a discretionary increase in their liability cap or an exclusion from a scheme, and the criteria and process that was applied by the association.

- › Enhanced data provided by associations on their monitoring of compliance with scheme elements through:
  - A table for each of the five core professional integrity system elements;
  - Detailing monitoring activities that have been carried out by the association;
  - The outcomes and results of this monitoring, and the audit activity of the association.
- › Expanding claims data captured by associations, by advising notifications and claims data, and providing the analysis and use of that data to improve professional standards.
- › Improved association complaints and discipline data collation and analysis through the inclusion of three proforma tables, including requesting information on complaints received and their resolution, the root causes of complaints, and the average time taken by the association to resolve complaints.
- › Ensuring associations are aware that no modifications to their complaints and discipline system or insurance standards should be made without notification to the Professional Standards Councils. This is done by asking associations to review data provided in their most recent scheme application, and advise of any changes.

## Improved annual reporting format uptake

The PSIP reporting template was distributed in December 2016 with associations required to report on the calendar year 2016 on or before 31 March 2017. The PSA worked with associations on their uptake of the new PSIP template. In 2017, the PSIP reporting process generated an improved response in terms of the timeliness of the reporting with the introduction of a dedicated email address for submitting the reports. As a result, 19 of 20 association reports were received in electronic format of which 18 of 20 were received via email and one via USB. As a general comment, the standardised PSIP reporting template has seen an improved quality and integrity of reporting,

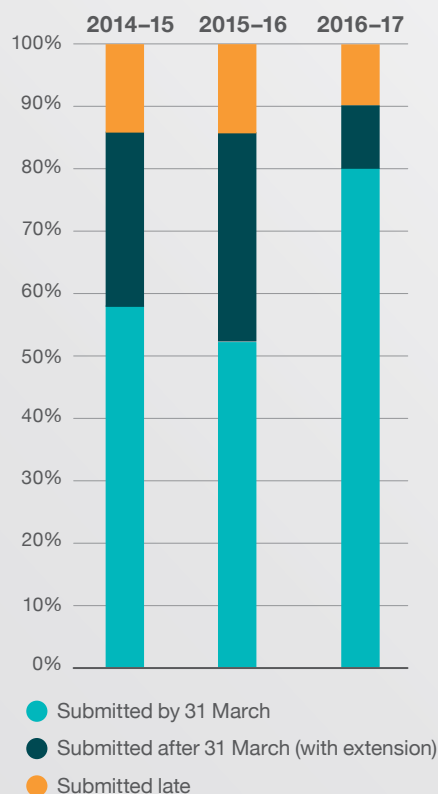
including greater clarity on the required statutory elements of legal compliance, risk management strategies and results, and the other elements required by the Councils ensuring objectives of the legislation are met.

Some general outcomes of the 2016 PSIP include:

- › Nineteen of 20 scheme associations submitted their PSIP report in the 2016 template form. The only incorrect template was a state law society which submitted their 2016 PSIP report in the 2015 PSIP report format, and as a result did not respond initially to the small number of new elements in the 2016 PSIP report, such as forecast member numbers. They were provided promptly following a request for further data from the PSA.
- › Associations' 2016 reports are assessed across 10 elements: association and scheme governance data; scheme monitoring activities; scheme monitoring improvements; risk analysis; risk management system improvements; complaints and discipline data; complaints handling system improvements; notifications and claims data; association insurance standards; and oversight, member certification, and declaration.
- › PSIP report submission dates improved over previous years. This year 16 scheme associations (80%) submitted their PSIP reports by the 31 March 2017 deadline (compared with nine (45%) in 2016). Two scheme associations were granted short extensions to meet governance requirements and provided their reports within 18 days of the deadline (compared with four in 2016 and six in 2015). There were two associations that provided their report late. The Association of Taxation and Management Accountants submitted their report five days late. The College of Investigative and Remedial Consulting Engineers of Australia submitted their report on 9 May 2017, 38 days late. It is notable that both these associations are the subject of ongoing regulatory assurance oversight by the Councils (discussed later in this report).

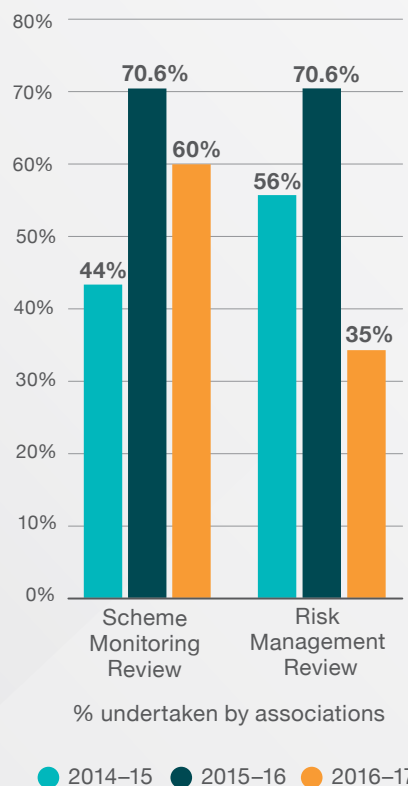


**Figure 04** PSIP submission times comparison  
1 July 2015 – 30 June 2016 and 1 July 2016 –  
30 June 2017



- › This year’s reporting demonstrated a healthy cycle of work by associations in regards to Scheme Monitoring Reviews (60%) and Risk Management Reviews (35%) (see Figure 05). Law societies were most active in undertaking a full or partial review of their Scheme Monitoring Practices (100%), while 20% of Bar associations reviewed their Risk Management Strategies.
- › While this year’s absolute number of reviews are down, the annual reports indicate that the reviews are generally conducted on a 2–5 year regular cycle. In addition, the associations who undertook reviews reported that their reviews were more detailed and comprehensive, indicating an increasing commitment to the PSIP.

**Figure 05** PSIP review by associations



### Common areas for improvement identified

Although the general response was positive, the PSA continues to identify similar common areas where further development is required by scheme associations from the analysis of the 2016 PSIP reports. These form the targeted areas of improvement for the PSA to work with individual associations to improve throughout 2017 and 2018.

The opportunity for improvement in self-regulatory programs includes:

- › **Analysis and/or discussion of trends identified by complaints and discipline, and notifications and claims data, and the proposal and implementation of risk management strategies in response.** There is a general need for improvement in some associations’ analysis of complaints and discipline, or notifications and claims data. A number of associations failed to identify trends or the root cause of complaints made. Associations typically conduct superficial analysis of data, for example merely categorising



claims and complaints, rather than investigating their cause. The PSA will be working with associations to ensure the improved integration of data and associations' risk management strategies, so that analysis of data feeds into the revision of the association's risk management plan, and new risk management strategies that are proposed or have been implemented.

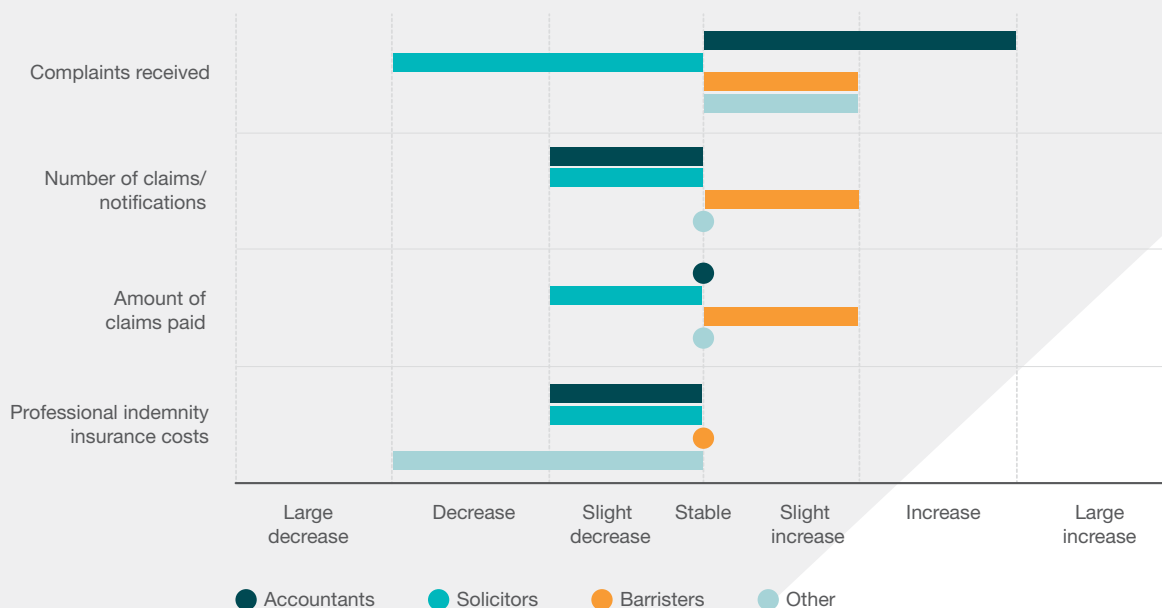
- › **Reporting on the overall effectiveness of risk management strategies in relation to containing risks, complaints and claims, and any proposed or implemented changes to those strategies.** There was a generalised inadequacy of associations' assessment of the effectiveness of their risk management strategies, with a tendency to simply deem existing controls effective, and assert that no additional controls were needed. Associations as a whole did not integrate notifications and claims, or complaints and discipline data into their assessment of the overall effectiveness of their risk management strategies.

- › **Improving associations' membership agreement and/or renewal to include a positive undertaking to comply with the Professional Standards Legislation, and scheme requirements.** Associations' membership forms and renewals did not include a specific undertaking to comply with requirements of the scheme or Professional Standards Legislation, such as provision of notifications and claims, complaints and discipline, professional indemnity insurance data, and responding to Professional Standards Legislation based surveys. Many association's membership forms and invoices made no specific mention of the existence of the Professional Standards Scheme, or participation in the scheme. The PSA will be working with associations to ensure that all associations have in place a clear agreement between the scheme member and the association so that participation in a scheme, and the requirements of participation in a scheme, are fully disclosed and transparent.

### **Industry sector comparison on compliance elements**

Analysis of the 2016 PSIP data, when compared to the previous year, indicates changes in trends within professions, as well as across professions. Overall, the reported premium costs and availability of Professional Indemnity insurance continues to improve.

**Figure 06** 2016 PSIP indicator movements in comparison to the previous year



**EXPLANATION OF TABLE TERMS**

**Complaints received**

Number of complaints against members received by scheme associations and/or relevant regulators.

**Number of claims/notifications**

Number of claims and notifications made against association members.

**Amount of claims paid**

Total known settlements paid against claims made against association members.

**Professional indemnity insurance costs (average premiums)**

Average cost of professional indemnity insurance as a proportion of gross fees/income.

Note: These indicators are sourced from a comparison of current 2016 PSIP data against previous five year 2011–15 annual risk management reports data for each scheme association (where available) and represent median values within the professional groups.

**Regulatory assurance action**

The Professional Standards Councils have a number of regulatory assurance powers, including but not limited to, reviewing a scheme and initiating the revocation of a scheme.

During the year, two associations the Association of Taxation & Management Accountants and the College of Investigative and Remedial Consulting Engineers of Australia, were given ongoing regulatory assurance attention by the Councils.

These two regulatory assurance actions illustrate the Professional Standards Councils’ obligations to take regulatory assurance actions when associations are non-compliant with Professional Standards Legislation.

## Association support programs

The Professional Standards Councils have a long-term objective to raise the capacity of occupational associations to improve professional standards and to self-regulate effectively.

The Councils embarked on a new strategy in 2016 based on an integrated program of research, technical resources and association development. The initial focus of this strategy is the development of an Online Resource Centre. The Online Resource Centre is a long-term project to provide information, tools and reference materials on the professions, professional standards and regulation.

In adopting this new strategy, the Councils suspended the grants programs, putting a hold on further grant offers.

Prior to their suspension by the Councils in April 2016 there were two grants programs:

### › Research Grants

Funding evidence based studies into improving and advancing professional standards in Australia; and,

### › Professional Standards Grants

Funding projects that help associations and their members improve their professional standards frameworks. These grants were only open to those associations operating a Professional Standards Scheme and their members.

There were no research grants outstanding from previous grant rounds in the 2016–17 financial year.

One Professional Standards Grant of \$61,900 was awarded to the Law Society of South Australia in 2015–16 and continued into 2016–17. The finalisation of the project concludes the Professional Standards Grants Program.

**Table 07** Professional Standards Grants projects continuing in 2016–17

Recipient	Project	Amount awarded	Funds distributed in 2016–17	Status
LSSA	Health and Wellbeing Package for the Legal Profession	\$61,900	\$15,475 Balance to be distributed in early FY17/18	Completed on 28 June 2017

## Research and thought leadership

The Councils support research that expands academic and community knowledge in professional standards and regulation. The research strategy is designed to deliver benefits to professions and their members. It aims to generate debate and interest in regulatory design, professional standards and Professional Standards Legislation.

### ARC Linkage Project

During 2016–17 substantial progress was made on the three year Australian Research Council Linkage Grant project ‘Professions in the 21st Century: Regulatory Engagement, Design and Strategy’ led by the University of NSW in partnership with the Professional Standards Councils. This three

year project commenced in March 2015, and the Councils reviewed the project’s progress against budget and schedule in February 2017.

The Australian Research Council (ARC) is funding the project to the amount of \$520,070 over three years. The Professional Standards Councils contributed \$50,000 during 2016–17 and have contributed a total of \$250,000 to the project.

The University of NSW is the principal administering organisation for the grant. The other partner organisations for the project are the University of Technology Sydney, Griffith University, University of Melbourne, Harvard University, University College Dublin, University of Leeds, and industry partners Allens, Corrs Chambers Westgarth, and the Investment Industry Association of Canada.

The project investigates the challenges faced by professionals in the 21st century, and evaluates different mechanisms for professional regulation. The significance of the project is that it considers professional regulation from both a theoretical and practical perspective, and will utilise research to develop practical resources for professional associations and professionals.

During 2016–17, work on the project continued to progress. The annual project workshop with researchers and key stakeholders was held in August 2016. A public symposium presenting research findings was held in April 2017. Key stakeholders, including a range of professional associations were invited to attend and participate in the event. The symposium provided an opportunity for engagement with professional communities, and was a forum for the discussion of significant issues facing professions.

The research team wrote a series of articles featured in the thematic edition of the UNSW Law Journal – Issue 40 (1) Contemporary Professionalism and Regulation, which was published in April 2017. These articles explore some of the challenges faced by professions in the 21st century. The articles examine the structures, practices, beliefs and expectations of professions; the challenges that changes in technology and employment structures pose for established profession; the opportunities and complexities of professionalisation for emerging professions; and the shifting mechanisms for professional regulation.

The project is scheduled to continue until March 2018.

## Outlook

The role of a professional association as a meta-regulatory participant in consumer protection continues to grow in importance as consumers need experts and professionals to navigate their way through increasingly complex needs for advice. These elements continue to encourage renewed commitment and engagement with professional associations' obligations under Professional Standards Legislation and it has been a notable year for growth in interest for Professional Standards Schemes.

The environment in the marketplace of professional associations is also changing as members demand improved transparency and recognition, and clients demand improved standards and flexibility in services.

This year we have seen a number of association based issues receive prominent attention, including a push for changes in the governance and structures of large associations (e.g. CEO changeovers and increasing demand for transparency to members and the public on issues such as remuneration and appointment processes for boards).

Considering the impact of these changes along with the changing community and government attitudes about the social, financial and technological aspects of regulation and a recognition that 'more regulation' – does not automatically translate to improved consumer outcomes – there is a clear change in the expectations we have of professions and professional associations in which we want to place our trust.

It is reasonable to conclude that genuine self-regulation requires both community and government trust in institutions that has not emerged naturally.

With our strength as a national regime, and with each jurisdiction's commitment, there's an increasing move to national (mutually recognised) Professional Standards Schemes, although the differences in the national set of statutes continues to challenge efficient administration. As Australia's expert regulatory agency in professional standards our future work program will consider the impact of these changes on professional associations. Our legislation will act as a catalyst for improvements in regulatory design, to better align the resources of government with those of the professions, and deliver economic, community, personal and consumer protection benefits.

# Organisational structure



## Structure of the Professional Standards Councils

There are eight Professional Standards Councils – one in each Australian state and territory. The relevant Minister in each state or territory appoints members to the Councils under the relevant legislation in each jurisdiction.

Under the Professional Standards Agreement 2011, NSW and Victoria can nominate two members each, while every other state and territory together with the Commonwealth are able to nominate one member each. The Councils include a total of 11 members.

All states and territories have agreed to appoint the same members to each Council. The eight Councils work with the PSA to review Professional Standards Scheme applications. Once a Council approves an application, the PSA issues a public notification of the approved scheme. A public notification invites consultation from the general public and interested stakeholders. Once the public notification ends, the PSA informs the relevant Minister, who then authorises the notice in the Government Gazette.

The Councils cooperate with the Commonwealth Treasury during the assessment stage if an association is seeking to have its scheme prescribed under one of the following Commonwealth Acts:

- › *Commonwealth Competition and Consumer Act 2010.*
- › *Corporations Act 2001.*
- › *Australian Securities and Investments Commission Act 2001.*

Each Council comprises a Chair, Deputy Chair and Councillors. The Councils may establish committees and advisory groups to meet as required over the year.

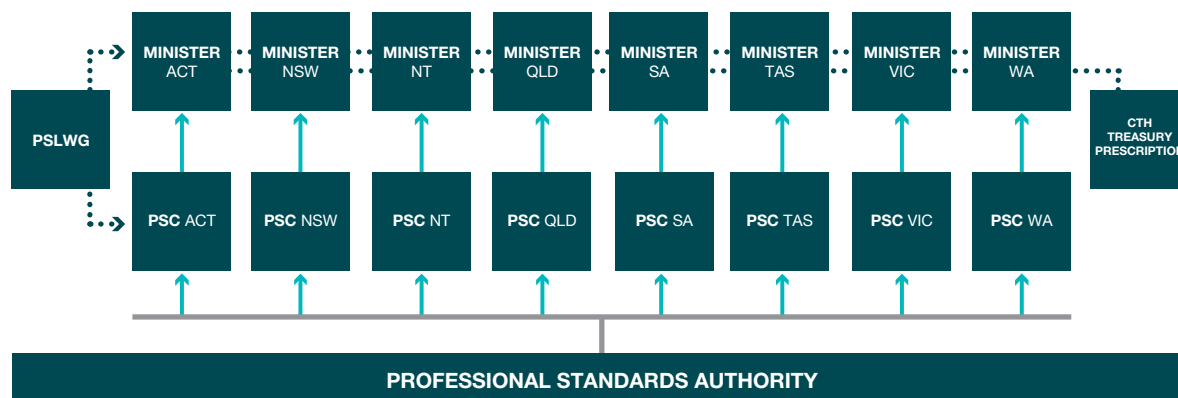
Each of these committees and advisory groups may make recommendations to the Councils. Committee members may include Council members or external appointees, are appointed on an annual basis, and are eligible to be reappointed at the end of their term.

The Professional Standards Legislation Working Group (PSLWG) was set up to ensure the Professional Standards Legislation is consistently applied across the country.

The PSLWG includes the Executive Officer from the PSA, a Policy Officer from within Treasury for the Commonwealth, and Policy Officers from the Department of Attorneys General in every other state and territory.

The PSLWG convenes when issues arise that require consideration at a national level, and communicates with relevant Ministers about professional standards reform and review, and Professional Standards Scheme issues.

**Figure 07** Organisational structure and reporting lines as at June 2017



## National framework of legislation

The success of Australia’s Professional Standards Legislation regime relies on the positive and effective partnership of Attorneys General, the Commonwealth Treasury, the NSW Minister for Innovation and Better Regulation, and their respective departments.

The Councils thank the following contact officers from each state, territory and the Commonwealth during 2016–17:

### ACT

- › Julie Beddoe
- › Kiri Joyce-Griggs

### NSW

- › PSA team (page 38-39)

### NT

- › Jenni Daniel-Yee
- › Jonathan Avila

### Qld

- › Imelda Bradley
- › Stephanie White

### SA

- › Claire Morgan

### Tas

- › Matthew Fitzgerald

### Vic

- › Warwick Mitchell
- › Chris Humphreys
- › Brittany Quayle

### WA

- › Irene Kempa
- › Lara Douglas
- › Basil Schutz

### Cth

- › Jessie Coronakes Peads



# Council members

The Councils' members have experience across a diverse range of industries and specialities, including law, accounting, insurance, dispute resolution, property management, auditing and company directorship.

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 NSW and Victoria under the Professional Standards Agreement 2011.





## **BRIAN RAYMENT QC**

Chair | BA, LLB

Brian Rayment was admitted to the NSW Bar in 1970 and took silk in 1982. He practised throughout Australia, specialising in banking insurance, shipping and general equity and commercial law. From 1972 to 1974, he was a part time law lecturer at the University of Sydney in succession, and more recently taught constitutional law at the University of Notre Dame.

Brian has also served as a member and Honorary Treasurer of the NSW Bar Council, Chairman of the Legal Aid Commission of NSW as a member of the NSW Legal Services Tribunal. He has been chair of the Professional Standards Councils since 2005. He is presently an adjunct professor of law, University of Notre Dame, Sydney campus.

Brian retired on 20 June 2017 after 12 years on the Councils.



## **ESTHER ALTER**

Deputy Chair | BEc, LLB, MBA, MAICD

Esther Alter brings a wide range of experience in consumer law and dispute resolution to the Councils. As a member of the Victorian Civil and Administrative Tribunal (VCAT), she was involved in conciliating and adjudicating on consumer law matters. Esther has worked in consumer, legal and management roles in the Victorian and Commonwealth governments. Her professional interests are in the areas of governance, management, service evaluation and organisational development. Esther is a board member of the Victorian Pharmacy Authority and a board member of the Chinese Medicine Board of Australia.

Esther retired from the Councils on 30 June 2017.



## **ROBERT BEATON**

BArch (Hons), BSc (Arch), LLB

Robert Beaton has more than 40 years experience across all aspects of professional risk insurance. He was Chair of the Professional Indemnity Standing Committee of the Insurance Council of Australia between 2003 and 2010, and a member of the Australian Prudential Regulation Authority National Claims and Policies Database Steering Group Committee. He was awarded the inaugural Frank Earl award in 2011 by the Australian Professional Indemnity Group.

Robert retired from the Councils on 30 June 2017.



## **JULIE CAMERON**

BCom, LLB (Hons), LLM

Julie Cameron is a partner at Corrs Chambers Westgarth in Brisbane and practises predominantly in the areas of insurance, health law and medical malpractice defence, and public and general liability. She also advises and represents clients in investigations by the Health Ombudsman and professional registration boards. Julie is an accredited personal injuries specialist, and a member of the Specialist Accreditation Board of the Queensland Law Society (QLS) and the QLS Accident Compensation Committee. She is a practitioner member of the Queensland Civil and Administrative Tribunal and is Chair (Brisbane) of the Medicare Participation Review Committee. She is also a member of the Human Research Ethics Committee for one of Queensland's major metropolitan hospitals.



## **TERRY EVANS**

LLM, FAICD

Terry Evans is 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. He was the Chief Commercial Counsel for the Crown Solicitor's Office from 1996–04. Before that Terry was a partner with Minter Ellison. Terry holds a number of board positions in the corporate, government, education and not-for-profit sectors.



## **TOM KARP**

BA (ActStud) (Hons)

Tom Karp is an actuary with 18 years experience working with insurers and almost 20 years as a financial regulator, including considerable international regulatory work. He is also a member of the Professional Standards Committee of the Institute of Actuaries of Australia, a Co-Vice Chair of the Actuarial Standards Committee of the International Actuarial Association, a board member of the Australian Reinsurance Pool Corporation, and an independent expert member of the National Disability Insurance Agency Board's Sustainability Committee.

Tom retired from the Councils on 30 June 2017.



## **JO METCALFE**

BLArch (Hons), MBA, GAICD

Jo Metcalfe has worked in the professional services industry for 20 years, and for her current employer, GHD, for more than 10 years. Her role at GHD sees her manage one of Canberra's largest consultancy firms of engineers, scientists, architects and project managers.

Jo has been a member of the Councils for more than 10 years, and also serves on its Finance, Audit and Risk Management Committee and Governance & Policy Advisory Group. She has been involved in professional peak industry bodies including the Property Council of Australia, Australian Institute of Architects and Association of Professional Engineers, Scientists and Managers, Australia (now Professionals Australia) for more than 20 years, and is a member of the University of Canberra Council.



## **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.



## **IAIN SUMMERS**

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

Iain Summers has been a Council member since 2006 and chairs the Finance, Audit and Risk Management Committee. He is a chartered accountant and governance consultant, providing advice and assistance to community services and public sector entities. He is an accredited facilitator for Australian Institute of Company Directors programs, and a board member of Traditional Credit Union Limited and Health Network Northern Territory Limited. Iain also chairs a number of audit and risk committees for government and community services entities, and encourages the alignment of strategy with enterprise wide risk management systems.



## **JOHN VINES OAM**

Dip Civ Eng, BEc, MBA, FAICD

John Vines brings a wealth of experience in governance. He chairs the Innovation and Business Industry Skills Council (IBSA) and the Austbrokers Countrywide Financial Services Group.

He is a Director of Carroll and Richardson and the Premium Plantations Project, and a Fellow of the Australian Institute of Company Directors and Engineers Australia. From 1984–08 he was Chief Executive Officer of the Association of Professional Engineers, Scientists and Managers, Australia (now Professionals 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 also awarded a Centenary of Federation Medal.



## **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 roles of Senior Legal Counsel, Banking and Regulatory with a major financial institution and Practical Legal Training Manager with Curtin University.

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

# Each Professional Standards Council is established under the respective state or territory Professional Standards Legislation.

## Corporate governance

There are eight Councils — one in each state and territory.

Each Council consists of 11 Council members (including the Chair and the Deputy Chair), who are concurrently appointed to each Council by the responsible Minister in the corresponding state or territory.

Council 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, Council members must declare any conflicts of interest at the start of each meeting.

Internal risk management is overseen by the Councils' Finance, Audit and Risk Management Committee. This committee continues to monitor ongoing compliance with the internal risk management program.

Table 08 shows the remuneration of the Council members for 2016–17. The average sitting time of the Council members during 2016–17 was up to four hours per meeting. The remuneration of committees and advisory groups is consistent with the Councils' remuneration arrangements. The Chair was paid an annual retainer of \$2,640, for out-of-session work and related activities.

The Chair was paid \$608 per Council or Committee meeting attended. Other Council members (including the Deputy Chair) were paid \$370 per meeting. These amounts were payable for a standard four-hour meeting.

For longer meetings, the Chair was paid \$128 per extra hour or part thereof, and other Council members were paid \$77 per extra hour or part thereof.

In compliance with Qld, SA, Vic and WA reporting requirements, the Chair and all Council members were concurrently appointed to these Professional Standards Councils for the entire 2016–17 financial year, receiving the remuneration shown in Table 09. As indicated above, the amounts were paid per meeting, except for the Chair's retainer that was paid quarterly.

**Table 08** Council members' remuneration rate and total number of meetings

Role	Standard remuneration	No. meetings held
Chair	\$608.00	6
Council member	\$370.00	6



## The Professional Standards Councils delegate work to a number of committees.

**Table 09** Council members' remuneration and meeting attendance

Name	Role	State representation	Councils' meetings attended	Committee meetings attended	Remuneration	Tenure
Brian Rayment QC	Chair	NSW	6	0	\$8,427.12	2005
Esther Alter	Council member	Vic	4	5	\$4,756.46	2005
Robert Beaton	Council member	NSW	6	2	\$4,723.72	2005
Julie Cameron	Council member	Qld	3	0	\$1,704.92	2010
Terry Evans	Council member	SA	6	5	\$5,871.28	2006
Tom Karp	Council member	Cth	6	2	\$5,011.82	2010
Jo Metcalfe	Council member	ACT	5	4	\$4,320.87	2006
Tiina-Liisa Sexton	Council member	Tas	6	5	\$5,819.71	2012
Iain Summers	Council member	NT	5	3	\$4,639.41	2006
John Vines OAM	Council member	Vic	6	2	\$4,590.24	2016
Rachel Webber	Council member	WA	6	1	\$4,520.05	2013

### NOTES

#### Note 1

- > Standard remuneration rates are based on a meeting of up to four hours.
- > Chair is paid \$128 per hour thereafter and Council members \$77 per hour thereafter.
- > Remuneration values are shown inclusive of additional hours.
- > Remuneration is calculated on amounts receivable for attendance during the financial year ending 30 June 2017.

#### Note 2

- > The Chair receives a retainer of \$2,640.00 per annum.

#### Note 3

- > In addition to standard remuneration, Council members are entitled to Superannuation Guarantee contributions at the rate of 9.50%, subject to the requirement that the Council member earns more than \$450 (before tax) in a calendar month.

#### Note 4

- > Rachel Webber was an invited attendee to a Governance and Policy Advisory Group Planning meeting on 6 January 2017.

## Committees

The Professional Standards Councils delegate work to a number of committees, including the:

- › Finance, Audit and Risk Management Committee.
- › Governance and Operations Advisory Group.
- › Grants Committee.
- › Law Review Working Group.
- › Association Development Advisory Group.

The PSA Chief Executive Officer, Dr Deen Sanders OAM, is the secretary of each committee and advisory group.

### Finance, Audit and Risk Management Committee

This committee oversees risk management, particularly financial, budget management and internal controls.

The members are:

- › Iain Summers (Chair)
- › Esther Alter
- › Jo Metcalfe
- › Tiina-Liisa Sexton

### Governance and Policy Advisory Group

This group advises the Councils on strategic resourcing and activities to prioritise in the Councils' business plan.

The members are:

- › Terry Evans (Chair)
- › Jo Metcalfe
- › Tom Karp
- › John Vines OAM

### Grants Committee

This committee has overseen two grants funding streams that Councils offer, Professional Standards Grants and Research Grants. In 2016 Councils suspended the grants programs. This committee only meets to oversee existing grants.

The members are:

- › Esther Alter (Chair)
- › Terry Evans
- › Tiina-Liisa Sexton
- › Robert Beaton

### Law Review Working Group

This advisory group reviews the Professional Standards Legislation, with a view to providing recommendations to the Councils at future meetings on the potential areas requiring statutory amendment.

The members are:

- › Brian Rayment QC (Chair)
- › Terry Evans
- › Rachel Webber

### Association Development Advisory Group

This group was created to advise Councils on projects and opportunities that encourage associations to improve their professional standards during the life of their scheme.

The members are:

- › Esther Alter (Chair)
- › Terry Evans
- › Tiina-Liisa Sexton
- › Robert Beaton

# Professional Standards Authority

The Professional Standards Authority (PSA) provides support services for the Professional Standards Councils.

It provides services to all state and territory governments and their relevant Councils in accordance with the intergovernmental agreements.

The PSA is a business unit of the Fair Trading Division of the NSW Department of Finance, Services and Innovation.

The PSA supports the Councils in promoting professional standards and consumer protection through thought leadership and education. The PSA provides and obtains expert analysis to assist the Councils' consideration of applications for Professional Standards Schemes, and administration and monitoring of schemes.

The PSA delivers a variety of services to a large and diverse range of stakeholders. During 2016–17, it administered 28 schemes across Australia that covered accountants, valuers, computer professionals, engineers, solicitors and barristers.

The PSA delivers the services to Councils that are set out in Schedule 1 of the Professional Standards Inter-Departmental Service Agreement 2016. These include assisting Councils to approve, renew, amend or revoke schemes; maintaining the Councils' website; monitoring and administering schemes; payment of invoices for Councils' costs; facilitating Council, committee and advisory group meetings; responding to Ministerial directions; managing breaches of Professional Standards Legislation; supporting the information gathering, advisory and educational functions of Councils; and maintaining proper financial records. It also provides services, information and advice to occupational associations and consumers about Professional Standards Schemes on behalf of the eight Councils.

In particular, the PSA's regulatory assurance activities include:

- › Monitoring compliance, including reporting and analysis.
- › Working with associations to improve their professional standards by helping them enhance their integrity systems and risk management.
- › Supporting the administration of Professional Standards Schemes by reviewing the application of integrity systems.
- › When issues arise, liaising with associations and other stakeholders regarding remediation.

The PSA's scheme management activities include:

- › Administering schemes.
- › Supporting schemes by encouraging associations to develop their own professional standards.
- › Developing scheme policies.
- › Analysing schemes, including actuarial and integrity system analytics functions.

## Intergovernmental agreements and the PSA

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:

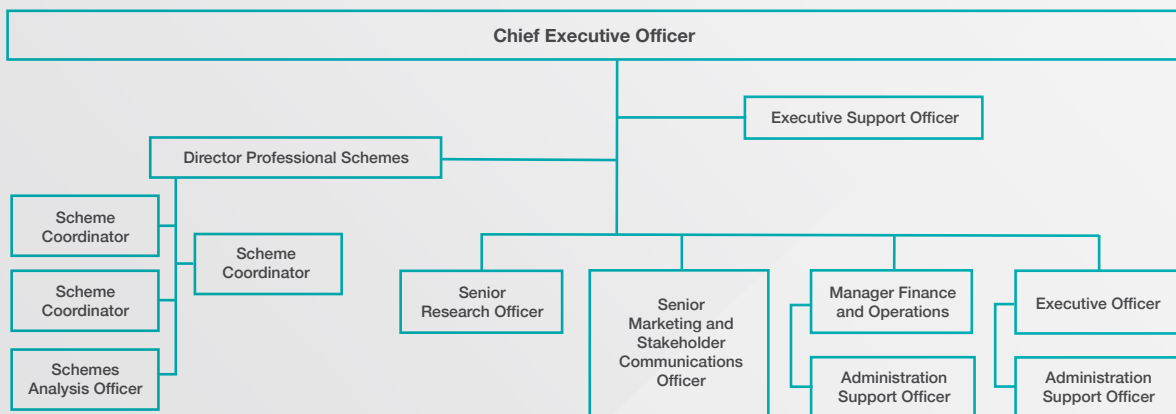
- › The Professional Standards Inter-Departmental Services Agreement 2016, an agreement by which relevant state and territory departments agree that services to the Councils will be provided by NSW; and
- › The Professional Standards Councils and the Departmental Procurement of Services Agreement sets out how the state and territory departments agree to procure the services from NSW using fees and other revenue received by the Councils under Professional Standards Legislation.



# Structure of the Professional Standards Authority

The PSA has a 13 member team of highly qualified and experienced professionals made up of expert legal, regulatory and professional standards personnel with experience across professions, government and the commercial sector. The budget within the Inter-Departmental Services Agreement 2016 sets the capacity for staffing and operational costs within the PSA.

**Figure 08** PSA organisation chart



**Table 10** Staff profile

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

# Financial Performance

## Financial performance of the Professional Standards Councils

**Table 11** Consolidated financial performance statement 2016–17<sup>1</sup>

Summary of Income and Expenses as for year ended 30 June 2017	All states and territories	NSW	QLD	SA	VIC	WA	ACT	NT	TAS
<b>Revenue</b>									
Scheme membership fees <sup>2</sup>	3,442,154	1,813,445	526,803	169,453	667,819	225,397	32,510	6,727	0
Scheme application fees <sup>3</sup>	55,000	40,000	0	5,000	10,000	0	0	0	0
Interest from associations <sup>3</sup>	7,693	124	12	0	7,557	0	0	0	0
Interest on invested funds <sup>4</sup>	88,283	57,262	18,346	0	12,677	(2)	0	0	0
<b>Total revenue<sup>5</sup></b>	<b>3,593,130</b>	<b>1,910,831</b>	<b>545,161</b>	<b>174,453</b>	<b>698,053</b>	<b>225,395</b>	<b>32,510</b>	<b>6,727</b>	<b>0</b>
<b>Expenditure</b> Operating and Councils endorsed national and strategic expenses attributable to states/territories									
Employment costs <sup>6</sup>	1,680,636	893,764	254,991	81,598	326,504	105,426	15,206	3,147	0
Other operating expenses <sup>7</sup>	1,453,334	772,885	220,504	70,562	282,345	91,167	13,150	2,721	0
Councils endorsed national and strategic items (incl. grants/ARC) <sup>8</sup>	172,555	91,765	26,181	8,378	33,523	10,824	1,561	323	0
<b>Total expenditure</b>	<b>3,306,525</b>	<b>1,758,414</b>	<b>501,676</b>	<b>160,538</b>	<b>642,372</b>	<b>207,417</b>	<b>29,917</b>	<b>6,191</b>	<b>0</b>
<b>Less FY2016/17 expenses invoiceable to states/territories<sup>9</sup></b>	<b>3,306,525</b>	<b>1,758,414</b>	<b>501,676</b>	<b>160,538</b>	<b>642,372</b>	<b>207,417</b>	<b>29,917</b>	<b>6,191</b>	<b>0</b>
Actual charges to states/territories <sup>5</sup>	2,379,202	1,274,927	355,828	115,550	459,031	148,244	21,123	4,499	0
Accrued charges to states/territories <sup>5</sup>	927,323	483,487	145,848	44,988	183,341	59,173	8,794	1,692	0
% expenditure recharged/rechargeable <sup>10</sup>	100.00%	53.18%	15.17%	4.85%	19.43%	6.27%	0.91%	0.19%	0.00%

### Notes

**Note 1:** This unaudited statement is derived from the information provided by the New South Wales Department of Finance, Services and Innovation (NSW DFSI) and records kept by the Professional Standards Authority (PSA). NSW DFSI 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 Attorney General of those jurisdictions, for tabling in their respective parliaments.

**Note 2:** Scheme membership 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 and interest payable subject to late payment regulations are recognised on a cash received basis.

**Note 4:** Interest (from financial institutions) is recognised on an accrued, not on a received basis.

**Note 5:** 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 6:** Employment expenses are for the PSA and include contingent workforce. All contingent workforce departed prior to the end of Q2 FY2016–17. There is one officer (male) employed within Senior Executive Band 2 (unchanged from 2015–16) with a remuneration package of \$253,756 and one officer (male) employed within Senior Executive Band 1 with a remuneration package of \$207,700 (2015–16 – nil). Employment expenses are net of Crown assumed liabilities.

**Table 12** Detailed expenditure 2016–17

	All states and territories	NSW	QLD	SA	VIC	WA	ACT	NT	TAS
	100.00%	53.18%	15.17%	4.85%	19.43%	6.27%	0.91%	0.19%	0.00%
<b>Employment expenses</b>									
Employees	1,575,950	838,092	239,108	76,515	306,166	98,859	14,259	2,951	0
Contingent workforce	104,686	55,672	15,883	5,083	20,338	6,567	947	196	0
<b>Total employment expenses</b>	<b>1,680,636</b>	<b>893,764</b>	<b>254,991</b>	<b>81,598</b>	<b>326,504</b>	<b>105,426</b>	<b>15,206</b>	<b>3,147</b>	<b>0</b>
<b>Other operating expenses</b>									
Councils <sup>11</sup>	67,422	35,857	10,229	3,273	13,098	4,229	610	126	0
Occupancy <sup>12</sup>	469,336	249,594	71,209	22,787	91,180	29,441	4,246	879	0
IT	168,743	89,738	25,602	8,193	32,782	10,585	1,527	316	0
Advertising <sup>13</sup>	36,405	19,359	5,524	1,768	7,073	2,284	329	68	0
Administration <sup>14</sup>	157,389	83,699	23,880	7,641	30,577	9,873	1,424	295	0
Communications and marketing <sup>15</sup>	48,166	25,615	7,308	2,339	9,357	3,021	436	90	0
Travel	113,001	60,094	17,145	5,486	21,953	7,089	1,022	212	0
Professional services <sup>16</sup>	65,157	34,651	9,886	3,163	12,658	4,087	590	122	0
Capital usage charges <sup>17</sup>	327,715	174,278	49,721	15,912	63,667	20,558	2,966	613	0
<b>Total other operating expenses</b>	<b>1,453,334</b>	<b>772,885</b>	<b>220,504</b>	<b>70,562</b>	<b>282,345</b>	<b>91,167</b>	<b>13,150</b>	<b>2,721</b>	<b>0</b>
<b>Councils' endorsed national and strategic items</b>									
Professional services and consultants <sup>18</sup>	60,655	32,255	9,203	2,945	11,784	3,805	549	114	0
Grants and ARC <sup>19</sup>	111,900	59,510	16,978	5,433	21,739	7,019	1,012	209	0
<b>Total Councils' endorsed national and strategic items</b>	<b>172,555</b>	<b>91,765</b>	<b>26,181</b>	<b>8,378</b>	<b>33,523</b>	<b>10,824</b>	<b>1,561</b>	<b>323</b>	<b>0</b>
<b>Grand total</b>	<b>3,306,525</b>	<b>1,758,414</b>	<b>501,676</b>	<b>160,538</b>	<b>642,372</b>	<b>207,417</b>	<b>29,917</b>	<b>6,191</b>	<b>0</b>

**Note 7:** Other operating expenses include depreciation/amortisation of assets that were used exclusively by PSA. For a detailed breakdown of other expenses, please refer to Table 12.

**Note 8:** Councils' endorsed national and strategic expenditure is not considered operating expenses. This includes grants and ARC expenditure.

**Note 9:** Expenses chargeable to each state and territory are based on PSA total expenses, for the financial year ending 30 June 2017. These expenses are derived from the financial records of NSW DFSI and are recharged to each Professional Standards Council, per the Professional Standards Inter-Departmental Agreement 2016. Under this agreement, a proportion of PSA's total expenditure is recharged to each Council.

**Note 10:** 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 11:** Allowances paid to Council members were at rates determined by the NSW Attorney General, 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 36. This category also includes the Superannuation Guarantee Levy (9.5%), Payroll Tax and Workers Compensation on-costs, as applicable.

**Note 12:** Includes occupancy of leased premises and associated electricity costs.

**Note 13:** Includes the expenses associated with the public notification and gazettal requirements.

**Note 14:** Includes expenses associated with audit/reviews of all relevant jurisdictions, insurance, property maintenance, staff training, and office stationery.

**Note 15:** Includes costs associated with the publishing of the Annual Report and addendums.

**Note 16:** Professional services included actuarial and legal advice relating to scheme applications and amendments and other non-consulting type activities.

**Note 17:** Represents the annual depreciation/amortisation charges determined by NSW DFSI to recoup prior years' capital expenditure.

**Note 18:** Represents Councils' endorsed strategic and national expenditure for consulting activities for law reform and regulatory pricing reviews. Also includes professional services relating to documenting associational risk management.

**Note 19:** Represents both grants and contribution to Australian Research Council Linkage Grant project '*Professions in the 21st Century: Regulatory Engagement, Design and Strategy*'.

# 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 (ACT) were entitled to attend six meetings for the year. Please refer to page 36 for a summary of meeting attendance.

#### Major legislative changes

No major changes were made to the Professional Standards Legislation (Schedule 4 to the *Civil Law (Wrongs) Act 2002* (ACT)).

#### Fraud

There were no instances of fraud during the reporting period.

#### Risk management and internal audit

Please refer to the Corporate Governance section on page 35.

#### Public interest disclosure

There were no public interest disclosures for the 2016–17 reporting period.

#### Freedom of information

Under the *Freedom of Information Act 1989* (ACT) (sections 7, 8 and 79), the Council must report on freedom of information requests received and handled during the reporting year. Section 7 of the Act requires the Council to publish a statement about the agency's particulars, functions and

powers, as well as certain categories of documents held by each agency and the arrangements for public participation in formulating policy and operations.

The statements are correct as at 30 June 2017.

#### Organisation and function

Please refer to page 28 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

Section 8 of the *Freedom of Information Act*: The Council makes its decisions to approve Professional Standards Schemes by considering relevant legislative criteria. To do this the Councils consider a number of documents, including an association's application, and advice and recommendations provided by the PSA and independent actuarial advice. Associations must provide a large amount of information to the Councils 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.

#### **PSA staff profile**

Please refer to page 39 for the organisational structure of the PSA which provides services and support to the Professional Standards Council of the ACT.

#### **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*. PSA staff are governed by WHS practices of the NSW Department of Finance, Services and Innovation.

#### **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 Professional Standards Council of the ACT is not required to compile financial statements. The PSA is responsible for collecting revenue and operating within budget. Please refer to the Consolidated Financial Performance Statement on page 40 for the Professional Standards Council of the ACT's revenue and expenses for 2016–17.

#### **Reporting on procurement and contracting activities**

No contracts above \$25,000 (in a single engagement) were awarded to a consultant during the financial year.

Total spend on consultancy was \$379.06.

For further details on consultancy spend please refer to Note 18 of the detailed expenditure statement on page 41.

#### **Waste management**

There were no contraventions of the *Waste Minimisation Act 2001* during the reporting year.

### **New South Wales**

#### **Constitution of the Council**

Members of the Professional Standards Council of NSW were entitled to attend six meetings for the year. Please refer to page 36 for a summary of meeting attendance.

#### **Legal changes**

No major changes were made to Professional Standards Legislation during 2016–17.

#### **Risk management and internal audit**

Please refer to the Corporate Governance section on page 35.

#### **Public interest disclosure**

There were no public interest disclosures for the 2016–17 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 Finance, Services and Innovation business units) to respond to requests for information, unless there is an overriding public interest against disclosing the information.

The NSW Department of Finance, Services and Innovation did not receive any 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 Councils, 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 Councils with their views on the proposed scheme during the minimum 28 day period.

During the 2017 reporting year, the following schemes were publicly notified: CA ANZ, SA BA, and the LSSA.

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.

During the 2017 reporting year, one letter, from an individual member of an occupational association regulated by the Councils was received. The association member queried the change in level of minimum cover required by the scheme. The pricing, availability and quality of public indemnity insurance is important to the PSA. On the member's behalf, the concern was raised with the association, and several recommendations made on improvements to information for members on their website about the 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*. PSA staff are governed by WHS policies of the NSW Department of Finance, Services and Innovation.

### **Funds granted to non-government community organisations**

During 2016–17 no grants were awarded. One Professional Standards Grant was completed. Please refer to the Grants section on page 26.

### **Consultants**

Total spend on consultancy was \$22,152.36 derived from a total of two engagements during the financial year.

For further details on consultancy spend refer to Note 18 of the detailed expenditure statement on page 41.

### **Overseas travel**

Council members did not undertake overseas travel in the reporting period.

### **Land disposal**

The Professional Standards Council of NSW and the PSA do not own properties, nor did they acquire or dispose of properties during the reporting period.

### **Risk management and insurance activities**

The risk management and internal audit practices of the Council and the PSA are described on page 35.

### **Privacy obligations**

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

### **Multicultural policies and services programs**

The PSA multicultural policies and service programs are guided by the NSW Department of Finance, Services and Innovation'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. This year the department's reporting themes are: improving outcomes for women, services for humanitarian entrants, KPIs and evaluation results.

### **Financial performance**

The Professional Standards Council of NSW is not required to compile financial statements. The PSA is responsible for collecting revenue and operating within budget.

Please refer to the Consolidated Financial Performance Statement on page 40 for the Professional Standards Council of NSW's revenue and expenses for 2016–17.

### **Social programs**

No social programs were provided by the Professional Standards Council of NSW 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 NSW during the reporting period are set out on page 14–27.

### **Workforce diversity**

The NSW Department of Finance, Services and Innovation's 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 Sector Commission.

### **Disability inclusion action plans**

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

### **Annual Report**

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

The cost to produce the combined Councils' Annual Report and the individual financial addendum is estimated to be \$35,100. 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 (NT) were entitled to attend six meetings for the year. Please refer to page 36 for a summary of meeting attendance.

### **Administered legislation**

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

### **Major legislative changes**

No major changes were made to Professional Standards Legislation during 2016–17.

### **Public interest disclosure**

There were no public interest disclosures for the 2016–17 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 30–34.

### **PSA staff profile**

Please refer to page 39 for the organisational structure of the PSA which provides services and support to the Professional Standards Council of NT.

## 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 Legislations) Act*. PSA staff are governed by WHS practices of the NSW Department of Finance, Services and Innovation.

## Information Act 2002 (NT)

The Council received no requests for information under the *Information Act 2002* (NT) during the reporting period. The PSA 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 PSA.

## 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 NT is not required to compile financial statements. The PSA is responsible for collecting revenue and operating within budget. During the reporting period, the PSA undertook these tasks.

Please refer to the Consolidated Financial Performance Statement on page 40 for the Professional Standards Council of the NT's revenue and expenses for 2016–17.

## Public sector employment and management

The Professional Standards Council of NT 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 (Qld) were entitled to attend six meetings for the year. Please refer to page 36 for a summary of meeting attendance.

### Major legislative changes

The *Court and Civil Legislation Amendment Act 2017* (Qld) was assented to on 5 June 2017. It amended the *Professional Standards Act 2004* (Qld) so that notices under the Act, which are subordinate legislation, are to be published on the Queensland Legislation website rather than in the Gazette and, consistent with other state and territory Professional Standards Legislation, provides for the Minister (rather than the Professional Standards Council of Queensland) to notify the extension of the expiry date of a Professional Standards Scheme.

### Risk management and internal audit

Please refer to the Corporate Governance section on page 35.

### 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](http://psc.gov.au)

Consultation notices for new Professional Standards Schemes are also published on the website and in major newspapers. Once a scheme becomes operational in Queensland, the scheme document and summary is made available on the website for public access.

The Professional Standards Council of Queensland received no requests under the *Right to Information Act 2009* (Qld) in 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 or amendment applications were received.

### **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**

For details of spend on consultancy, please refer to Note 18 of the detailed expenditure statement on page 41.

### **Overseas travel**

Council members did not undertake overseas travel during the reporting period.

### **Public sector employment and management**

The Professional Standards Council of Qld 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 PSA is governed by the NSW Department of Finance, Services and Innovation's Government Resource Efficiency Policy. The Council and the PSA 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 40 for the Professional Standards Council of Queensland's revenue and expenses for 2016–17.

### **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 (SA) were entitled to attend six meetings for the year. Please refer to page 36 for a summary of meeting attendance.

### **Major legislative changes**

No major changes were made to Professional Standards Legislation during 2016–17.

### **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 2017.

### **Organisation and functions**

Please refer to page 28 for the Council's organisational structure and function.

### **Administered legislation**

The Professional Standards Council of SA 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 PSA 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

Total spend on consultancy was \$2,020.29 derived from a total of two engagements during the financial year. These engagements were related to the Regulatory Pricing Review and the Professional Standards Legislation Law Review projects.

For further details on consultancy spend please refer to Note 18 of the detailed expenditure statement on page 41.

## 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)

PSA staff are bound by the *Work Health and Safety Act 2011* under the NSW Department of Finance, Services and Innovation. 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 40 for the Professional Standards Council of South Australia's revenue and expenses for 2016–17.

## 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 SA.

## Tasmania

### Constitution of the Council

Members of the Professional Standards Council of Tasmania were entitled to attend six meetings for the year. Please refer to page 36 for a summary of meeting attendance.

### Major legislative changes

In December 2016, amendments to the *Professional Standards Act* (2005) (Tas) commenced. The amendments addressed two long-term barriers to national harmonisation by repealing subsection 27(c) and inserting mutual recognition provisions into the *Professional Standards Act 2005*. These long-outstanding amendments removed the final impediments to the

approval of Professional Standards Schemes by mutual recognition in Tasmania. The Professional Standards Legislation now provides great uniformity through mutual recognition across all states and territories in Australia.

### **Financial performance**

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

The PSA is responsible for collecting revenue and operating within budget. Please refer to the Consolidated Financial Performance Statement on page 40 for the Professional Standards Council of Tasmania's revenue and expenses for 2016–17.

## **Victoria**

### **Constitution of the Council**

Members of the Professional Standards Council of Victoria were entitled to attend six meetings for the year. Please refer to page 36 for a summary of meeting attendance.

### **Major legislative changes**

No major changes were made to Professional Standards Legislation during 2016–17.

### **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 PSA is governed by the NSW Department of Finance, Services and Innovation's Government Resource Efficiency Policy. The Council and the PSA comply with this policy to limit the impact of their operations on the environment.

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

### **Victorian Industry Participation Policy**

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

### **Freedom of information reporting**

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

### **Compliance with the *Building Act 1993* (Vic)**

The Professional Standards Council of Victoria is not required to report under the *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 2016–17, 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).

### **PSA staff profile**

Please refer to page 39 for the organisational structure of the PSA which provides services and support to the Professional Standards Council of Victoria.

### **Work health and safety (WHS)**

PSA staff are bound by the *Work Health and Safety Act 2011* under the NSW Department of Finance, Services and Innovation. 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 40 for the Professional Standards Council of Victoria's revenue and expenses for 2016–17.

### **Consultants**

Two contracts below \$10,000 were awarded during the financial year.

For further details on consultancy spend please refer to Note 18 of the detailed expenditure statement on page 41 and on the Council's website.

## **Western Australia**

### **Enabling legislation**

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

### **Responsible Minister**

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

### **Organisational structure**

For information regarding Council members and their profiles, please refer to pages 30–34.

### **Mission**

Please refer to page 8 for the Council's mission statement.

### **PSA staff profile**

Please refer to page 39 for the organisational structure of the PSA which provides services and support to the Professional Standards Council of WA.

### **Administered legislation**

The Professional Standards Council of WA assists the Minister in administering the *Professional Standards Act 1997 (WA)*. No major changes were made to Professional Standards Legislation during 2016–17.

### **Shared responsibilities with other agencies**

Please refer to the section on Intergovernmental Agreements and the PSA on page 38.

### **Financial performance**

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

Please refer to page 40 for the Professional Standards Council of WA's revenue and expenses for 2016–17.

### **Compliance with Public Sector Standards and Ethical Codes**

The Professional Standards Council of WA did not have any compliance issues arising from the public sector standards and WA Code of Ethics during the reporting period.

For 2016–17 no breach claims were lodged in relation to either the Public Sector Standards or the WA Public Sector Commission's Code of Conduct.

### **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* and the Professional Standards Regulations 1998, 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 2016–17.

### **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.

### **Significant issues impacting the agency**

The 2016–17 year has seen a number of professional association based issues receive prominent attention. These included a push for changes in the governance and structures of large associations (e.g. CEO changeovers and increasing demand for transparency to members and the public on issues such as remuneration and appointment processes for boards); demands from association members on improved transparency and recognition; and demands by association clients on improved standards and flexibility in services.

As Australia's expert regulatory agency in professional standards our future work program will consider the impact of these changes on professional associations. Our legislation will

act as a catalyst for improvements in regulatory design, to better align the resources of government with those of the professions and deliver economic, community, personal and consumer protection benefits.

### **Workers compensation**

No workers compensation claims were recorded during 2016–17.

### **Substantive equality**

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

### **Contracts with senior officers**

At the date of reporting, no senior officers; or firms of which senior officers are members; or entities in which senior officers have substantive interests; have any interest in existing or proposed contracts with the Professional Standards Council of 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 WA were entitled to attend six meetings for the year. Please refer to page 36 for a summary of meeting attendance.

### **Board and committee remuneration**

Please refer to page 36 for a summary of the remuneration for each board and committee member.



The Councils  
are 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 2016–17 was \$36,405.11\*. Expenditure was incurred in the following areas:

Expenditure	Total	Organisation	Amount
Advertising agencies	\$2,190.04	Zenith Optimedia	\$2,190.04
Market research organisations	Nil		Nil
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	\$92.56	WA Department of the Premier and Cabinet (State Law Publisher)	\$83.04
		Queensland Department of Housing and Public Works (Gazette Advertising)	\$9.52

\*The expenditure shown is the WA Professional Standards Council's share (6.27%) 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 the Attorney General (DotAG) and pursuant to the *State Records Act 2000* (WA).

Staff have completed DotAG's online Record Keeping Awareness training courses. All records are maintained, stored and retrieved in accordance with DotAG's record keeping policies and procedures.

### 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 2016–17 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 13.

**Table 13** Report of annual performance against targets

Measure	Actual results		Results against target	
	2014–15 <sup>1</sup>	2016–17 <sup>2</sup>	Target	Comment on result
Number of fatalities	0	0	0	
Lost time injury and/or disease incidence rate	0	0	0 or 10% reduction	
Lost time injury and/or disease severity rate	0	0	0 or 10% reduction	
Percentage of injured workers returned to work:			(i) 100%	
(i) within 13 weeks	(i) N/A <sup>3</sup>	(i) N/A <sup>3</sup>	(ii) Greater than or equal to 80%	
(ii) within 26 weeks	(ii) N/A <sup>3</sup>	(ii) N/A <sup>3</sup>		
Percentage of managers trained in occupational safety, health and injury management responsibilities		100%	Greater than or equal to 80%	

<sup>1</sup> This is a three year trend, i.e., the year is to be three years prior to the current reporting year, e.g., the current year is 2016–17 and the comparable year is 2014–15.

<sup>2</sup> The current year is 2016–17.

<sup>3</sup> There were no injured workers during this reporting year.

### Other legal requirements – section 40 estimates

In accordance with Treasurer’s Instruction 953, the section 40 estimates for 2017–18, as submitted to the Hon. Attorney General, are shown below. These estimates do not form part of the 2016–17 financial statements and are not subject to audit.

**Table 14** Section 40 estimates 2017–18

	2015–16 actuals \$000	2016–17 estimated actuals \$000	2017–18 section 40 estimates \$000
<b>Statement of comprehensive income</b>			
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Supplies and services	452	281	289
Other expenses	–	–	–
<b>Total cost of services</b>	<b>452</b>	<b>281</b>	<b>289</b>
<b>INCOME</b>			
<b>Income from other than State Government</b>			
Other revenue	216	227	232
<b>Total income from other than State Government</b>	<b>216</b>	<b>227</b>	<b>232</b>
<b>Income from State Government</b>			
Resources received free of charge	38	55	57
<b>Total income from State Government</b>	<b>38</b>	<b>55</b>	<b>57</b>
<b>SURPLUS / (DEFICIT) FOR THE PERIOD</b>	<b>(198)</b>	<b>1</b>	<b>0</b>



	2015-16 actuals \$000	2016-17 estimated actuals \$000	2017-18 section 40 estimates \$000
<b>Statement of financial position</b>			
<b>Current assets</b>			
Cash and cash equivalents	498	358	358
Receivables	30	16	15
<b>Total current assets</b>	<b>528</b>	<b>374</b>	<b>373</b>
<b>TOTAL ASSETS</b>	<b>528</b>	<b>374</b>	<b>373</b>
<b>Current liabilities</b>			
Payables	221	65	64
Revenue received in advance	36	36	36
<b>Total current liabilities</b>	<b>256</b>	<b>101</b>	<b>100</b>
<b>Non-current liabilities</b>			
	-	-	-
	-	-	-
<b>TOTAL LIABILITIES</b>	<b>256</b>	<b>101</b>	<b>100</b>
<b>NET ASSETS</b>	<b>272</b>	<b>273</b>	<b>273</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)	272	273	273
<b>TOTAL EQUITY</b>	<b>272</b>	<b>273</b>	<b>273</b>
<b>Statement of changes in equity</b>			
<b>ACCUMULATED SURPLUS</b>			
Balance at start of period	470	272	273
Total comprehensive income for the period	(198)	1	-
<b>Balance of equity at end of period</b>	<b>272</b>	<b>273</b>	<b>273</b>

	2015-16 actuals \$000	2016-17 estimated actuals \$000	2017-18 section 40 estimates \$000
<b>Statement of cash flows</b>			
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Appropriation	-	-	-
<b>Net cash provided by State Government</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Supplies and services	301	367	233
GST payments on purchases	30	37	23
<b>Receipts</b>			
Other receipts	215	227	232
GST receipts from taxation authority	23	37	24
<b>Net cash provided by/(used in) operating activities</b>	<b>(93)</b>	<b>(140)</b>	<b>-</b>
	(93)	(140)	-
Net increase/(decrease) in cash held	591	498	358
Cash assets at the beginning of the financial year			
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>498</b>	<b>358</b>	<b>358</b>

## Acronyms, abbreviations and definitions

ACT	Australian Capital Territory
ACS	Australian Computer Society
APIV	Australian Property Institute Valuers Limited
ATMA	Association of Taxation & Management Accountants
BAQ	Bar Association of Queensland
CA ANZ	Chartered Accountants Australia and New Zealand
CIRCEA	College of Investigative and Remedial Consulting Engineers of Australia
CTH/Cth	Commonwealth
CPA	CPA Australia Limited
DFSI	NSW Department of Finance, Services and Innovation
EA	Engineers Australia
GIPA	<i>Government Information (Public Access) Act 2009</i>
IPA	Institute of Public Accountants
LSWA	Law Society of Western Australia
LIV	Law Institute of Victoria
LSNSW	Law Society of New South Wales
LSSA	Law Society of South Australia
NSW	New South Wales
NSW Bar	New South Wales Bar Association
NT	Northern Territory
PSA	Professional Standards Authority located within the NSW Department of Finance, Services and Innovation which provides services and support to the Professional Standards Councils
PSIP	Professional Standards Improvement Program
PSLWG	Professional Standards Legislation Working Group
PSOA	Professional Surveyors Occupational Association
Professional association	The terms 'professional association' and 'occupational association' (or 'association') are used interchangeably within this document
QLD/Qld	Queensland
QLS	Queensland Law Society
RICSV	RICS Valuers Ltd
SA	South Australia
SA BA	South Australian Bar Association
Schemes	Professional Standards Schemes approved and gazetted under Professional Standards Legislation
TAS/Tas	Tasmania
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
VIC/Vic	Victoria
Vic Bar	The Victoria Bar Inc
WA	Western Australia
WA BA	Western Australian Bar Association

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**SOUTH**  
AUSTRALIA



State  
Government  
**Victoria**  
Department of  
Justice & Regulation



Tasmanian  
Government



Government of **Western Australia**  
Department of **Justice**

## ANNUAL REPORT 2016–17

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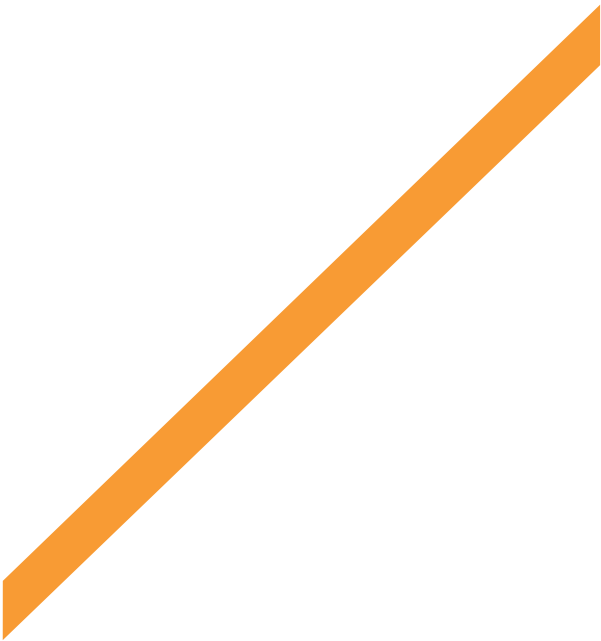
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