

Professional Standards Council of
Western Australia

Annual Report 2008-2009



TABLE OF CONTENTS

LIST OF TABLES	2
LIST OF FIGURES	2
LETTER TO THE MINISTER	3
THE EVOLUTION OF THE PROFESSIONAL STANDARDS COUNCILS	4
THE PROFESSIONAL STANDARDS COUNCIL'S MAJOR ACHIEVEMENTS 2008-2009	6
THE PROFESSIONAL STANDARDS COUNCIL'S VISION, MISSION, OBJECTIVES AND STRATEGIES	7
CHAIRMAN'S REPORT	11
OPSC	12
ORGANISATIONAL STRUCTURE	14
Appointments to the Council	14
Membership	16
THE OPERATIONS OF THE PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA	20
Research and development	20
Exchanging knowledge	21
Corporate governance	21
Financial performance of the Council	21
AUDIT COMMITTEE MEMBERSHIP AND ROLE	22
MEASURABLE ACHIEVEMENTS	23
Co-operation among Professional Standards Councils	23
Legislative change	23
Commonwealth co-operation	24
COVER OF EXCELLENCE® SCHEMES	25
Current Schemes in Western Australia	25
Summary of <i>Cover of Excellence</i> ® Schemes	26
SCHEMES IN FOCUS 2008-2009	28
Annual Risk Management Reports	28
Risk Management Reports from Western Australia	30
PERFORMANCE INDICATORS	32
Statement of Certification	32
Indicators	33

AUDITOR GENERAL AUDITOR OPINION ON PERFORMANCE INDICATORS	36
FINANCIAL STATEMENTS AND NOTES	38
Financial Report of the Professional Standards Council of Western Australia	38
APPENDIX	53
GLOSSARY	54
DIRECTORY	55

LIST OF TABLES

Timeline: The Evolution of the Professional Standards Councils	4
Table 1: Remuneration of Council members	15
Table 2: Meetings of the Professional Standards Council of Western Australia	15
Table 3: ARMC meetings	22
Table 4: <i>Cover of Excellence</i> [®] Schemes in Western Australia	25
Table 5: <i>Cover of Excellence</i> [®] Schemes by jurisdiction	26
Table 6: <i>Cover of Excellence</i> [®] Scheme participation by jurisdiction	26
Table 7: <i>Cover of Excellence</i> [®] Scheme participation by occupational/professional association and year	27
Table 8: Summary of Risk Management Reporting Obligations for Associations by State	29
Table 9: Association Reporting Categories 2008	29
Table 10: CPA Australia (Western Australia) Claims and Insurance Monitoring	30
Table 11: CPA Australia (Western Australia) Complaints and Discipline	30
Table 12: CPA Australia (Western Australia) Continuing Occupational Education	30
Table 13: CPA Australia (Western Australia) Compliance with Disclosure and <i>Cover of Excellence</i> [®] Logo Requirements	30
Table 14: ICAA (Western Australia) Claims and Insurance Monitoring	31
Table 15: ICAA (Western Australia) Complaints and Discipline	31
Table 16: ICAA (Western Australia) Continuing Occupational Education	31
Table 17: ICAA (Western Australia) Compliance with Disclosure and <i>Cover of Excellence</i> [®] Logo Requirements	31
Table 18: Staffing	53

LIST OF FIGURES

Figure 1: Number of professionals covered by a scheme 2001-2009	27
---	----

LETTER TO THE MINISTER

The Hon C Porter BA (Hons), BEc, LLB
Attorney General

Dear Minister,

We are pleased to present the Professional Standards Council's Annual Report for the period ending 30 June 2009. The report is produced pursuant to section 17(2) of the *Professional Standards Act 1997 (WA)* and in accordance with the *Financial Management Act 2006 (WA)* and the *Financial Management Regulations 2007 (WA)*.



Brian Rayment QC
Chairman
Professional Standards Council

THE EVOLUTION OF THE PROFESSIONAL STANDARDS COUNCILS

Year	Action
	Insurance market crisis of the late 1980's
1994	New South Wales enacts the <i>Professional Standards Act 1994</i> (NSW)
1995	The Professional Standards Council of NSW is constituted The first meeting of the Professional Standards Council of NSW is convened NSW enacts the Professional Standards Regulation (NSW)
1996	The first <i>Cover of Excellence</i> ® Schemes are approved for the CIRCEA and the LSNSW on 5 December 1996
1997	Western Australia enacts the <i>Professional Standards Act 1997</i> (WA) The Professional Standards Council of WA is constituted
1998	The first meeting of the Professional Standards Council of WA is convened Western Australia enacts the Professional Standards Regulation 1998 (WA)
2000	The first <i>Cover of Excellence</i> ® Schemes are renewed for the LSNSW (22 November 2000) and the CIRCEA (5 December 2000)
2001	HIH Insurance collapses
2003	Victoria enacts the <i>Professional Standards Act 2003</i> (Vic)
2004	Queensland enacts the <i>Professional Standards Act 2004</i> (Qld) South Australia enacts the <i>Professional Standards Act 2004</i> (SA) The Northern Territory enacts the <i>Professional Standards Act 2004</i> (NT) The Commonwealth government enacts the <i>Treasury Legislation Amendment (Professional Standards) Act 2004</i> (Cth) The Australian Capital Territory enacts the <i>Civil Law (Wrongs) Act 2002</i> (ACT) as amended by the <i>Civil Wrongs (Proportionate Liability and Professional Standards Act) 2004</i> (ACT) (commencing in March 2005)
2005	Tasmania enacts the <i>Professional Standards Act 2005</i> (Tas) The Professional Standards Council of Victoria is constituted

Year	Action
2006	<p>South Australia enacts the Professional Standards Regulation 2006 (SA)</p> <p>The Professional Standards Council of the NT is constituted</p> <p>The Professional Standards Council of SA is constituted</p> <p>The Professional Standards Council of Tasmania is constituted</p> <p>The NSW Bar <i>Cover of Excellence</i>[®] Scheme becomes the first Scheme to be prescribed by the Commonwealth of Australia under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth), the <i>Corporations Act 2001</i> (Cth) and the <i>Trade Practices Act 1974</i> (Cth)</p>
2007	<p>The Professional Standards Council of the ACT is constituted</p> <p>Queensland enacts the Professional Standards Regulation 2007 (Qld)</p> <p>Victoria enacts the Professional Standards Regulation 2007 (Vic)</p> <p>The Professional Standards Council of Queensland is constituted</p> <p>New South Wales enacts mutual recognition legislation under the <i>Professional Standards Amendment (Mutual Recognition) Act 2007</i> (NSW)</p> <p>ICAA (NSW and WA), CPA Australia (NSW), EA (NSW), LSNSW (NSW), CIRCEA (NSW) and AVI (NSW) <i>Cover of Excellence</i>[®] Schemes are prescribed under the <i>Trade Practices Act 1974</i> (Cth)</p>
2008	<p>The Northern Territory enacts mutual recognition legislation under the <i>Professional Standards Amendment (Mutual Recognition) Act 2008</i> (NT)</p> <p>13 <i>Cover of Excellence</i>[®] Schemes are prescribed by the Commonwealth operating in several States and Territories: ICAA (Vic, SA, NT, ACT, Qld), CPA Australia (Vic, SA, WA, NT, ACT, Qld), VIC Bar (Vic) and the PSOA (NSW)</p> <p>The ACT enacts mutual recognition legislation under the <i>Justice and Community Safety Legislation Amendment Act 2008</i> (ACT)</p> <p>Queensland enacts mutual recognition legislation under the <i>Justice and Other Legislation Amendment Act 2008</i> (Qld)</p> <p>Retirement of the inaugural Commonwealth representative on the Professional Standards Councils – Mr Warwick Wilkinson, AO.</p>
2009	<p>Commonwealth prescription under the <i>Trade Practices Act 1974</i> for EA NSW, ACT, WA, NT, Qld; CPA Australia Limited NT, SA, ACT, Qld, Vic, WA; ICAA ACT, NT, Qld, SA, Vic; PSOA; and VIC Bar until June 2011</p> <p>First <i>Cover of Excellence</i>[®] Scheme commenced in Tasmania on 1 June 2009.</p> <p><i>Cover of Excellence</i>[®] Schemes present in all States and Territories of Australia</p> <p>Appointment of new Commonwealth representative to the Professional Standards Councils</p> <p>Over 38,000 professionals covered, Australia wide, by <i>Cover of Excellence</i>[®] Schemes</p>

THE PROFESSIONAL STANDARDS COUNCIL'S MAJOR ACHIEVEMENTS 2008-2009

- The Engineers Australia *Cover of Excellence*[®] Scheme commenced on 1 January 2009 in Western Australia making a total of three schemes in the state.
- The Professional Standards Council of Western Australia worked in co-operation with the Commonwealth Treasury regarding the prescription of *Cover of Excellence*[®] Schemes under the *Trade Practices Act 1974* (Cth).
- Of the 27 *Cover of Excellence*[®] Schemes nationwide, 24 have been prescribed by the Commonwealth Treasury, including the following 18 Schemes prescribed this year under the *Trade Practices Act 1974* (Cth) until June 2011:
 - » The Victorian Bar Incorporated (VIC Bar),
 - » The Professional Surveyors Occupational Association's (PSOA),
 - » The Engineers Australia in the Australian Capital Territory, New South Wales, the Northern Territory, Queensland and Western Australia
 - » The ICAA in the Australian Capital Territory, Queensland, the Northern Territory, South Australia and Victoria
 - » CPA Australia in the Australian Capital Territory, Queensland, the Northern Territory, South Australia, Victoria and Western Australia.
- There are now over 2,726 professionals participating in *Cover of Excellence*[®] Schemes in Western Australia with 38,000 professionals participating in *Cover of Excellence*[®] Schemes Australia-wide.
- The Professional Standards Council of Western Australia has continued to raise its profile and to promote the self-regulation of professionals, with stakeholder information events in Sydney, Hobart and Perth.
- The Professional Standards Councils and all State and Territory justice departments agreed to renew the service level agreements between the Councils, the departments and the NSW Attorney General's Department for the 2008-09 financial year. These agreements ensure effective secretariat support will be provided to all Councils by the Office of the Professional Standards Councils (OPSC), located within the NSW Attorney General's Department.
- The Professional Standards Council of Western Australia continued to monitor the implementation of risk management strategies of all occupational associations that enjoy the benefit of a *Cover of Excellence*[®] Scheme. Significant improvements have been made in presenting associations' annual risk management reports as part of the multi-jurisdictional annual statutory reporting of the Council.

THE PROFESSIONAL STANDARDS COUNCIL'S VISION, MISSION, OBJECTIVES AND STRATEGIES



OUR VISION:

PROFESSIONAL EXCELLENCE – CONSUMER PROTECTION

OUR MISSION:

The Professional Standards Council's mission is to promote consumer protection and excellence in professional standards by encouraging the self-regulation of occupational groups through the implementation of *Cover of Excellence*[®] Schemes.

Cover of Excellence[®] Schemes operate for participating members of occupational associations, and:

- recognise those who implement robust risk management strategies such as complaints and discipline systems, codes of ethics, and continuing occupational education,
- limit occupational liability for members of occupational associations who carry professional indemnity insurance and/or business assets to the limitation of liability amount, and
- entitle members of the occupational association to enjoy the reputation of the *Cover of Excellence*[®] badge.

The objective and strategies for achieving this mission are:

1. The adoption and implementation of professional standards legislation in all jurisdictions by:

- supporting the adoption of uniform national professional standards legislation, and
- establishing guidelines and policies for the Professional Standards Councils in each jurisdiction.

2. Encouraging occupational associations to adopt best practice professional standards by:

- developing best practice guidelines on risk management strategies and professional standards for occupational associations through research and consultation, and

- establishing rigorous practical guidance for occupational associations to apply for and administer *Cover of Excellence*[®] Schemes.

3. Ensuring the integrity of professional standards Schemes by:

- developing policies and procedures to ensure rigorous assessment and evaluation of applications for *Cover of Excellence*[®] Schemes and annual reporting requirements, and
- developing policies and procedures to ensure meaningful annual risk management reporting by participating occupational associations.

4. Building community awareness and demand for Schemes by:

- developing and promoting the use of the Council's trademark by professionals and others enjoying the benefit of a *Cover of Excellence*[®] Scheme, and
- improving consumer awareness among professionals and others who want to enjoy the benefit of a *Cover of Excellence*[®] Scheme.

5. Contributing to law reform to improve professional standards and consumer protection by:

- participating in groups responsible for the national implementation of professional standards legislation to identify and recommend necessary legislative amendments.

History and Profile of the Professional Standards Councils

The Professional Standards Council of Western Australia is an independent statutory body established and administered under section 8 of the *Professional Standards Act 1997* (WA). It was created to help professional and other occupational associations to improve the regulation of their members so that consumers of their services are better protected. The Professional Standards Council of Western Australia approves and monitors *Cover of Excellence*[®] Schemes that aim to improve professional standards, protect consumers, and limit the civil liability of professional and other occupational groups in certain circumstances.

The Professional Standards Council of Western Australia was established in 1997. There were no members of the Western Australian Council between 3 July 2004 and 26 June 2005. Members were appointed to the Council in 2006, and Council positions have been filled henceforth.

Similar Professional Standards Councils were created in other Australian jurisdictions. The Professional Standards Council of New South Wales was established in 1995 under

section 39 of the *Professional Standards Act 1994* (NSW). In 2005, the Professional Standards Council of Victoria was established, while the Tasmanian, the Northern Territory and South Australian Councils were formed in 2006, and the Professional Standards Council of Queensland was formed in 2007. The Professional Standards Council of the Australian Capital Territory was formed this financial year under Schedule 4, section 4.36 of the *Civil Law (Wrongs) Act 2002* (ACT).

The Attorneys General of each of the States and Territories (SCAG), the Commonwealth Minister for Revenue, and the Commonwealth Assistant Treasurer signed the Professional Standards Agreement in October 2005. Under this agreement, all States and Territories have agreed to appoint the same members to each of the eight Professional Standards Councils. There are 11 members in total. New South Wales and Victoria have nominated two members each; the other States and Territories and the Commonwealth have nominated one member each.

Under the supervision of the Professional Standards Council of Western Australia, the Office of the Professional Standards Councils (OPSC) monitors occupational associations in the preparation of Scheme applications, administers the annual risk management reporting of occupational associations and, on occasion, conducts research and forums to facilitate the improvement of professional standards of associations.

It is the continued intention of all jurisdictions that the Councils will be self-funding, with revenue to be derived from application and annual fees. The Councils have been self-funding for the last two financial years. Seed funding, which was available to those jurisdictions that did not generate sufficient income to cover operational expenses, ceased to be available at the end of 2008-09. Seed funds, provided by Tasmania and the Northern Territory justice departments, were returned to these departments during the 2008-09 financial year.

Cover of Excellence® Schemes

The Professional Standards Council of Western Australia is responsible for approving and monitoring associations' *Cover of Excellence®* Schemes. Schemes limit the civil liability of members of associations that have the benefit of an insurance policy and/or business assets to the level of the limitation of liability. Participating associations are also required to meet a range of criteria, including implementing and monitoring codes of ethics, codes of conduct, and complaints and disciplinary mechanisms. In addition, each association has a standard of insurance with which its members must comply. Annual risk management reporting is also required of associations with *Cover of Excellence®* Schemes.

Approving Cover of Excellence® Schemes

Before approving a *Cover of Excellence®* Scheme, the Professional Standards Council of Western Australia must consider:

- the position of consumers who may be affected by limiting the occupational liability of members of the association,
- the nature and level of claims relating to occupational liability made against members of the association seeking a *Cover of Excellence®* Scheme,
- the association's standards of insurance,
- the cost and availability of insurance,
- the association's risk management strategies and how those strategies are intended to be implemented, and
- public comments and submissions made in response to the public notification of a proposed *Cover of Excellence®* Scheme.

Determining limits of liability

The Professional Standards Council of Western Australia is responsible for determining the limitation of liability under *Cover of Excellence®* Schemes. When doing so, the Council must consider the nature and level of claims made against members of the association and the need to adequately protect consumers, that is, the risk that consumers may have to bear as a result of a certain level of capped liability being approved.

Monitoring associations' risk management strategies

Associations must demonstrate that they have the capacity to implement risk management strategies and to administer their *Cover of Excellence®* Schemes for the benefit of consumer protection. Participating associations must report annually to the Council about the mechanisms used to implement their risk management strategies as well as the effectiveness of such strategies in improving the professional standards of individual practitioners.

Improving professional standards

The Professional Standards Council of Western Australia works together with associations to develop self-regulation mechanisms in order to improve their professional standards. The Council conducts research, develops policies and guidelines, and organises events to promote debate and change, in the areas of professional standards, codes of ethics and conduct, and risk management, in order to improve the standard of services received by consumers.

Protecting consumers

The Council's goals are to continue to strengthen and extend professionalism of individuals within occupational associations, promote self-regulation across occupational groups, and protect consumers by demanding high levels of professional standards and practices of those occupational associations seeking to gain limited liability, as well as by expanding the number of *Cover of Excellence*[®] Schemes in operation. Once a particular *Cover of Excellence*[®] Scheme is approved, the Council allows members of the association to use the *Cover of Excellence*[®] logo as a mark of the quality standards and practices that consumers can expect to receive. Each *Cover of Excellence*[®] Scheme has a maximum duration of 5 years, after which time a new application must be submitted for a new Scheme. The limited duration of a *Cover of Excellence*[®] Scheme helps ensure robust mechanisms are in place to protect consumers and meet evolving higher standards of professionalism.

Co-operation with the Commonwealth

The *Treasury Legislation Amendment (Professional Standards) Act 2004* (Cth) permits the Commonwealth to prescribe *Cover of Excellence*[®] Schemes so as to limit the liabilities of occupational associations under the *Trade Practices Act 1974* (Cth), the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth).

The New South Wales Bar Association (NSW Bar) *Cover of Excellence*[®] Scheme was the first Scheme to be prescribed under the *Australian Securities and Investments Commission Act 2001* (Cth), the *Corporations Act 2001* (Cth) and the *Treasury Legislation Amendment (Professional Standards) Act 2004* (Cth) in May 2006.

The Engineers Australia (EA) New South Wales *Cover of Excellence*[®] Scheme was prescribed in April 2007, followed by CIRCEA in July 07, the Australian Valuers Institute (AVI) New South Wales Scheme effective from 5 October 2007. The ICAA New South Wales and Western Australian Schemes' and the CPA Australia New South Wales Scheme, effective from 25 October 2007. All of the above Schemes were prescribed for a period of 5 years. A further 13 Schemes were prescribed for a period of twelve months during the 2007-08 financial year.

In the 2008-09 financial year prescription was renewed for 18 *Cover of Excellence*[®] Schemes by the Commonwealth under the *Treasury Legislation Amendment (Professional Standards) Act 2004* (Cth), until June 2011. Four Engineers Australia *Cover of Excellence*[®] Schemes were prescribed for the first time, including the Western Australian Scheme.

CHAIRMAN'S REPORT



Back (L to R): Robert Beaton, Warwick Wilkinson, Madeleine Ogilvie, Steven Cole, Iain Summers, Terry Evans
Front (L to R): Joanne Metcalfe, Esther Alter, Brian Rayment, Philippa Seagrave, Ronald Farrell
Missing from the photo is Council member Justin Harper.

Dear Mr Attorney,

The Professional Standards Councils had a very successful year in 2008-2009. Not only have the Councils carried out their mandate under each piece of professional standards legislation for the creation of professional standards Schemes, the Councils have also monitored Schemes in all States and Territories in Australia, with the first Scheme gazetted in Tasmania for Engineers Australia.

The Professional Standards Councils have worked in conjunction with the Commonwealth, which prescribed 18 *Cover of Excellence*[®] Schemes to June 2011. Of the *Cover of Excellence*[®] Schemes prescribed, four Engineers Australia schemes were prescribed for the first time including the Western Australian Scheme. This demonstrates the marked increase in demand for *Cover of Excellence*[®] Schemes and continued Commonwealth support for professional standards legislation.

The Commonwealth has also provided additional information regarding a review of professional standards legislation. The review is expected to commence in 2010. The Council of Western Australia has developed a framework to research and document the impacts of professional standards legislation that will facilitate this review.

The Professional Standards Council of Western Australia was saddened by the retirement of Warwick Wilkinson, the inaugural Chair of the Professional Standards Council of New South Wales and member of the Professional Standards Council of Western Australia (1995-2008).

His contribution since the inception of Professional Standards Council in New South Wales, in 1995, has been instrumental in the evolution of the Professional Standards Councils' framework, and reflects his ongoing commitment to improving professional standards and protecting consumers.

The Professional Standards Council of Western Australia was much assisted by the hard and diligent work of the secretariat under the leadership of Ms Philippa Seagrave, who remains as acting Executive Officer. Ms Seagrave and her team have made an outstanding contribution, particularly in complying with the complex financial and audit requirements in various States and Territories of the Councils. Ms Seagrave will continue to lead the secretariat while Dr Kate Sainsbury remains on extended leave.

I am pleased to submit the attached Council's Annual Report to you, which contains full details of the above.

Yours faithfully,

Brian Rayment QC

OFFICE OF THE PROFESSIONAL STANDARDS COUNCILS REPORT



OPSC staff at heritage listed Brislington House located in the Parramatta Justice Precinct. Back (L to R): Philippa Seagrave, Robert Lawson
Front (L to R): Hau Wong, Naomi Degabriele, Elizabeth Rysiok, Nicole Maxwell. Absent: Mary McCrudden and Mary Abi-Younes.

The focus of the Office of the Professional Standards Councils (OPSC) during 2008-09 has been on processing Scheme applications for new and existing clients.

The OPSC also finalised the development and implementation of new *Application Guidelines* to assist associations to meet Council's application requirements in a multi-jurisdictional environment.

The OPSC has undertaken significant work in building stakeholder relationships through increased face-to-face meetings. Council meetings and forums were arranged in New South Wales, Tasmania and Western Australia, to meet existing and prospective stakeholders.

Structure and staffing within the OPSC

The OPSC now has six full time officers and one part-time (0.4) officer.

The OPSC continued to participate in the NSW Attorney General's Department Graduate Program in its final year, under which it gained the services of Ms Elizabeth Rysiok.

The Executive Officer remains on leave, with acting arrangements extended for up to another 24 months.

Two new Legal/Policy Officer positions were filled in the first half of the 2008-09 financial year. The Marketing/Communications Officer position remains vacant.

Additionally, a number of positions have been identified as necessary to support the statutory functions of the Professional Standards Council: a Senior Legal Policy Advisor, a Financial Specialist, and a Research Officer. A recruitment 'freeze', effective from June 2009 across the NSW public sector,

may continue to delay necessary recruitment action.

Co-operation with the Professional Standards Legislation Working Group (PSLWG)

PSLWG has met to discuss the extension of the service agreements between the Councils, the justice departments in each jurisdiction and the NSW Attorney General's Department. These agreements expired on 30 June 2009. All parties have agreed to extend them to 30 June 2010, at which point new agreements will be signed. The agreements allow for the management of inter-jurisdictional financial and administrative arrangements.

This continuing co-operation has also led to amendments to professional standards legislation across all States and Territories such that:

- Costs-inclusive insurance policies can be used to limit the liability of professionals,
- Mutual recognition of *Cover of Excellence*[®] Schemes is established across jurisdictions, and
- A fee structure can be implemented to ensure that the Professional Standards Councils are funded in the most appropriate manner across jurisdictions and associations.

Policy development

The OPSC conducted research and worked with clients to assist the Professional Standards Council of Western Australia to review and develop a number of its policies to better achieve the aims of professional standards legislation and to meet its clients' needs more effectively.

A new *Policy Statement on Complaints, Compliments and Queries* was developed by the OPSC and endorsed by the Council in February 2009. The policy prescribes mechanisms for dealing with feedback received by the OPSC, or by the Council or its members. The *Policy Statement on Complaints, Compliments and Queries* is an essential element of the Council's ongoing commitment to quality and risk management, and protection of consumers.

The Council's *Application Guidelines* have been significantly revised to take into account State/Territory-specific requirements. The *Application Guidelines* can be found on the Professional Standards Council's website.

The Council also endorsed a *Framework for the Assessment of the Impact of Professional Standards Legislation* in December 2008. The purpose of this project is to provide a means to conceptualise and then measure the achievement of the objects of professional standards legislation, in particular, that the Council and the Schemes it administers is able to:

- facilitate the improvement of occupational standards of professionals and others, and
- protect consumers of the services provided by professionals and others.

In February 2009 the Council endorsed the development of a stakeholder survey as an initial step in seeking measurable benchmarks for the impact of professional standards legislation.

In May 2009 the Council endorsed an initial data gathering strategy, based on analysing information already collected by the Council in the course of receiving, considering and approving Schemes.

The recruitment of a Research Officer to the OPSC is critical to the continuation of this project. Council has established this recruitment activity as a high priority for early in 2009-10.

A review of the annual reporting requirements for associations will be completed early in the 2009-2010 financial year. The focus of the review is on compliance with best practice risk management systems, the ability to collect information over the life of a Scheme, and

streamlined reporting for associations with Schemes in multiple States.

A consultancy on fees modelling was completed in June 2009, the recommendations of which will be used to inform the development of the Council's policy on the levying of annual fees for associations.

Plans for 2009-10

Key initiatives for the OPSC during the year ahead include:

- Mapping the *Cover of Excellence*[®] Scheme application process in order to identify priority areas for improvement,
- Completing the review of associations' annual reporting guidelines,
- Developing and implementing guidelines on insurance claims data,
- Conducting a baseline survey of stakeholders as part of the *Framework for the Assessment of the Impact of Professional Standards Legislation*,
- Conducting a research project that provides baseline measurements for the assessment of the impact of professional standards legislation,
- Forums and information sessions to be held in at least two States to meet existing and prospective stakeholders,
- Implementation of an integrated Customer Relationship Management database to facilitate positive and timely interactions with stakeholders,
- Implementation of the Marketing Strategy and the Website Strategy which were endorsed by the Council in 2006-07,
- Identifying and working with associations and professions who do not have Schemes and/or professional standards, and
- Office accommodation refit to meet resource and recruitment needs.

Philippa Seagrave
Acting Executive Officer

ORGANISATIONAL STRUCTURE



APPOINTMENTS TO THE COUNCIL

The Attorneys General of each State and Territory appoint members to the Professional Standards Council of Western Australia who have the skills, qualifications, experience and ability to contribute to the work of the Council. The current Council members provide a solid base of experience in the fields of law, insurance, consumer affairs, corporate governance, auditing and architecture.

All States and Territories have agreed to appoint the same members to each Council. The *Professional Standards Agreement 2005* allows each State and Territory (other than New South Wales and Victoria) and the Commonwealth to nominate one member. New South Wales and Victoria are entitled to nominate two members each to the Councils. The *Professional Standards Agreement 2005* also entitles New South Wales and Victoria to nominate the Chairman and Deputy Chairman on an alternating basis.

Terms of office and remuneration

Council members of the Professional Standards Council of Western Australia are appointed for a term of up to three years and are eligible for re-appointment at the expiration of their term.

In the 2008-2009 financial year, Mr Justin Harper, who was nominated by the Queensland Attorney General resigned from the Council and a new member has yet to be nominated.

Mr Warwick Wilkinson, the Commonwealth representative and founding Chairman of the Professional Standards Council of NSW, retired from the Professional Standards Council of Western Australia on 31 December 2008. Mr Wilkinson was appointed Chairman of the Professional Standards Council of New South Wales from 1 March 1995 to February 2005 and was then appointed to all Councils as they became operational in each State and Territory.



Farewell Mr Warwick Wilkinson (L to R): Warwick Wilkinson, Philippa Seagrave, Brian Rayment

A new Commonwealth representative, Ms Lisa Hunt has been nominated, and State specific processes are being followed to ensure appointment to the Council as set out under the *Professional Standards Agreement 2005*. The Commonwealth nominated representative's appointment to the Professional Standards Council of Western Australia is expected to be confirmed in the 2009-2010 financial year.

All State and Territory Council members whose term of office expired on 30 June 2008 have been reappointed for a further term, and it is expected that the accumulated expertise will enable the Professional Standards Council

of Western Australia to further fulfil the professional standards legislative mandate.

An allowance/sitting fee for Council members is paid for attendance at Council, Working Party and Committee meetings.

The remuneration of Council members comprises the following:

Table 1: Remuneration of Council members

Council member	Meetings up to 4 hours	Each hour thereafter
Chairman	\$593.00	\$125.00
Members	\$361.00	\$75.00

The Chairman is also paid a retainer of \$2,575.00 per annum for out-of-session work and Council related expenses.

The average sitting time of Council meetings during the period was approximately 3 hours and 19 minutes.

Constitution of Council

The members of the Professional Standards Council of Western Australia are as follows: Esther Alter, Robert Beaton, Steven Cole, Terry Evans, Ronald Farrell, Justin Harper (resigned May 2009), Joanne Metcalfe, Madeleine Ogilvie, Brian Rayment, Iain Summers and Warwick Wilkinson (retired December 2008).

Major legislative changes

There are no legislative changes to report for the Western Australian jurisdiction.

Meetings of the Professional Standards Council of Western Australia

The Council met six times during the 2008-2009 financial year. The table below shows Council members' attendance during the period.

Table 2: Meetings of the Professional Standards Council of Western Australia

Members	Council meetings entitled to attend	Council meetings attended
Esther Alter	6	6
Robert Beaton	6	4
Steven Cole	6	6
Terry Evans	6	6
Ronald Farrell	6	6
Justin Harper	6	3
Joanne Metcalfe	6	5
Madeleine Ogilvie/ delegate	6	6
Brian Rayment	6	6
Iain Summers	6	6
Warwick Wilkinson	4	4

Note: Ms Ogilvie was entitled to attend all 6 meetings, however was on approved leave from the Professional Standards Council of Western Australia on four occasions at which times her delegate attended on her behalf.

Procedures

Procedures for meetings of the Professional Standards Council of Western Australia are governed by the provisions set out in Schedule 2 of the *Professional Standards Act 1997 (WA)*. Policies developed since the Council was established provide additional guidance for the operation of meetings.

A *Members' Handbook* has been developed to further assist Council members. It contains information about the procedures and policies of the Council, copies of current *Cover of Excellence*® Schemes, a comparative table of professional standards legislation, and the terms and conditions of members' appointments. The *Members' Handbook* is currently being updated. When completed, it will refer to relevant legislation and policies and procedures across the eight jurisdictions.



Brian Rayment



Esther Alter



Robert Beaton

MEMBERSHIP

Brian Rayment QC, BA, LLB: Chairman (nominated by New South Wales)

Brian Rayment was admitted to the NSW Bar in 1970 and practises throughout Australia, specialising in insurance, transport and general commercial law. From 1972 to 1974, he lectured in law (part-time) at the University of Sydney. Brian has also served as a member and Honorary Treasurer of the NSW Bar Council, Chairman of the Legal Aid Commission of New South Wales and a member of the NSW Legal Services Tribunal.

Esther Alter BEd, LLB, MBA, MAICD (nominated by Victoria)

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 a range of 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. Previously, Esther has held the position of Board member of the Osteopaths Registration Board of Victoria. She is currently a Board member of the Chiropractor Registration Board of Victoria and the Pharmacy Board of Victoria.

Robert Beaton LLB, BArch (Hons), BSc (Arch), RAlA, ANZIIF (Senior Associate) (nominated by New South Wales)

Robert Beaton is currently the National Product & Underwriting Manager at CGU Professional Risks Insurance and has been dealing with professional indemnity insurance since 1976. He is also Chairman of the Professional Indemnity Committee of the Insurance Council of Australia (ICA), and has been involved with several other ad hoc committees and task forces set up by ICA in respect to amendments to the *Insurance Contracts Act 1984* (Cth) and by the Australian Prudential Regulation Authority (APRA) in respect of the National Claims and Policies Database.



Steven Cole



Terry Evans



Ronald Farrell

Steven Cole LLB (Hons), FAICD: Deputy Chairman (nominated by Western Australia)

Steven Cole is a non-executive independent director and corporate consultant. He holds appointments as Chairman and Deputy Chairman on a number of ASX, private and not-for-profit Boards. Until recently, Steven was a Senior Partner of Allens Arthur Robinson Lawyers. His experience includes corporate and strategic management within professional and general industry environments. Steven is also active in professional, business and community affairs, including the Australian Institute of Company Directors, the Chamber of Commerce & Industry (WA) and not-for-profit community-based organisations.

Terry Evans LLB, LLM (nominated by South Australia)

Terry Evans is engaged as Special Counsel for Minter Ellison Adelaide. Prior to that, he was the Deputy Chief Executive and then Acting Chief Executive for the Justice Department and South Australian Attorney General's Department (2004-06). He was the Chief Commercial Counsel for the Crown Solicitor's Office from 1996-2004. Before that Terry was a Partner with Minter Ellison. Terry holds a number of Board positions in the corporate, government and not-for-profit sectors.

Ronald Farrell (nominated by Victoria)

Ronald Farrell provides professional advice to both the public and private sectors. Ronald's current positions include: Board member of the Victorian Managed Insurance Authority, member of the Municipal Association of Victoria Insurance Committee of Management, and Australian Securities & Investments Commission (ASIC) 'Responsible Officer' for MAV Financial Services Licence. He has been a member of the Metropolitan Fire and Emergency Services Board and its Audit and Remuneration Committees (1994-2003). His 38-year insurance career culminated as General Manager of the Australian Eagle Insurance Group (General Division) until 1992, including directorship of subsidiary companies. During that time he was also involved in various industry committees. He was involved in the ground up establishment of a rural industry Occupational Superannuation Fund.



Justin Harper



Joanne Metcalfe



Madeleine Ogilvie

Justin Harper BA, LLB (nominated by Queensland) (Resigned May 2009)

Justin Harper is a barrister and a member of the Queensland Bar Association. He specialises in the areas of personal injuries, insurance, administrative law and defamation. He was counsel representing the Bundaberg Patient Support Group at the Queensland Public Hospitals Commission of Inquiry. He has worked as a senior policy advisor to the Queensland Attorney General, and as a policy officer and legal officer in a number of government departments.

Joanne Metcalfe BLArch (Hons), MBA (nominated by the Australian Capital Territory)

Joanne Metcalfe is the Canberra Business Group Manager for Buildings and Property of GHD Pty Ltd. She co-ordinates the architectural services of the professional services company GHD Pty Ltd. She has been an active member of the property industry in the Canberra region for the past 10 years, currently holding the position of Vice-President of the Property Council of Australia, ACT. She has formerly worked in landscape architecture with Team Design Australia and as a Principal at the architectural firm peckvonhartel (formerly Robert Peckvonhartel Trethowan). She has also served in the National Communications Unit and as State Manager of the ACT branch of the Royal Australian Institute of Architects.

Madeleine Ogilvie BA LLB, Grad Certificate of Business (AGSM), MAICD (nominated by Tasmania)

Madeleine Ogilvie is a Tasmanian based barrister. Madeleine has a wide range of professional experience in Australia and internationally including the provision of legal and strategic management advice to key private and public sector organisations. She has held senior roles in business, general management and the legal profession. Madeleine has particular expertise in infrastructure and major commercial contracts. Her key areas of professional interest are in the fields of telecommunications, the arts and intellectual property commercialisation. Madeleine is the Deputy Chair of the Tasmanian Council of Professional Bodies, member and Company Secretary of the Tasmanian Community Foundation, Chair of the Infrastructure Panel of the Tasmanian Arts Advisory Board, Director of the Salamanca Arts Centre Ltd, member of the Board of Kidsafe (Tas), Founder of Early Years Parents & Friends (Tas), member and Deputy Chair of Taskforce on Care Costs, member of the Tasmanian Symphony Orchestra Ball Committee, member of Eat Well Inc Board and provides pro-bono support to a range of Tasmanian not-for-profit and arts organisations.



Iain Summers



Warwick Wilkinson



Lisa Hunt

Iain Summers BComm, LLB (Hons), Grad Diploma Management Psychology, FCA FCPA FAICD FAIM (nominated by the Northern Territory)

Iain Summers provides governance and management advice and assistance to community services, public sector entities, and small to medium-sized commercial enterprises. He was a partner of the chartered accountancy firm Pannell Kerr Forster in Darwin from 1982-92, and the General Manager of Corporate Services for the Northern Territory Tourist Commission from 1993-94. From 1995 to 2002 he was the Northern Territory Auditor-General. He is a company director of commercial and community sector entities and a member of audit committees for private and public sector entities.

Warwick Wilkinson AO, RFD ED (Hons), M Pharm, FPS (nominated by the Commonwealth) (Retired 31 December 2008)

Warwick Wilkinson is an Officer of the Order of Australia. He has been an Associate Commissioner of the Australian Competition and Consumer Commission and Director of the Australian Institute of Political Science. He was a Director at Merck Sharp and Dohme for 11 years. He is a past President of both the Australian Council of Professions and the NSW Council of Professions, and past National President of the Pharmaceutical Society of Australia. He is also an Independent Expert

on the Commonwealth Professional Programs and Services Advisory Committee and a lay member of the disciplinary committee of CPA Australia.

Lisa Hunt (nominated by the Commonwealth)

Lisa Hunt has a background in law and 12 years experience in infrastructure development and operations. She has advised Australian governments at the highest levels on regulatory policy, project development and delivery, and risk management. She has developed strong executive management skills as a former executive with one of Australia's top 40 Australian Stock Exchange listed companies. She is an experienced director who has served on government and private sector boards.

THE OPERATIONS OF THE PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA



RESEARCH AND DEVELOPMENT

Long Term Impact of Professional Standards Legislation

As part of the Council's own risk management processes, the Council has identified the need to document and describe the impact of professional standards legislation in a complex and changing economic, insurance and legislative framework. This year, the Council endorsed a *Framework for the Assessment of the Impact of Professional Standards Legislation* to underpin a long-term in-depth research project. The assessment of the impact of professional standards legislation is an ongoing project, which will evolve as information is collected and collated. A benchmark survey of stakeholders will be undertaken in 2009-10. Recruitment of a Research Officer has been identified as critical for the success of this project.

Guidelines for Associations' Annual Reporting

The Professional Standards Council of Western Australia is concluding a major review of associations' annual reporting requirements, incorporating risk management reporting. The revised reporting guidelines will ensure compliance with Risk Management Standard AS/NZS 4360:2004, and facilitate the creation of time-series data to compare against the associations' initial 5-year risk management plans. Revised risk reporting guidelines will be incorporated into the

Council's publication, *A Framework for Compliance under Professional Standards Legislation*.

As part of this review there have been significant changes to the way in which the Council reports associations' risk management activities, as described in the "Schemes in Focus" section of this Annual Report. The changes reflect the multi-jurisdictional nature of a number of the *Cover of Excellence*® Schemes and a focus on life-of-scheme risk management.

Star Initiative Grants Program: Providing associations with assistance

Historically, the Professional Standards Council offered grants to association members, who enjoy the benefit of a Scheme, to undertake activities and research that contribute to the improvement of professional standards and consumer protection. The grants were awarded on a merits basis for risk management strategies, research, seminars or other initiatives that support the principles of professional standards legislation.

Star Initiative Grants were not offered in 2008-09. The Council will re-evaluate the objectives of the Star Initiative Grants program once funding parameters have been resolved. It is anticipated that a Star Initiative Grants program could recommence in 2011.

EXCHANGING KNOWLEDGE

The Professional Standards Council's website www.psc.gov.au

Information about the Professional Standards Council of Western Australia is disseminated through its website, which publishes all current *Cover of Excellence*[®] Schemes. The website also contains information about the Council's policies, as well as links to current and historical copies of publications, including Annual Reports and consultative papers.

The current Website Strategy, which was developed in 2006-07, has been partially implemented during 2007-08 and 2008-09. A more succinct website address (www.psc.gov.au) has recently replaced www.professionalstandardscouncil.gov.au and active promotion of the new address will occur in 2009-2010. The existing domain name will continue to operate until it expires in 2010.

Meeting with stakeholders

The OPSC meets regularly with the Council's stakeholder associations, both those who have Schemes in place, and also those who may benefit from the development of a Scheme for their association in the future.

Three information seminars about the work of the Professional Standards Council and *Cover of Excellence*[®] Schemes were held in 2008-09 in Sydney, Hobart and Perth.

CORPORATE GOVERNANCE

The Professional Standards Council of Western Australia is committed to implementing sound principles of corporate governance.

Risk Management Program

The Professional Standards Council of Western Australia has implemented an Internal Risk Management Program (IRMP), based on the Risk Management Standard AS/NZS 4360:2004. The current IRMP expired on 30 June 2009. The IRMP assists the Professional Standards Council to identify and resolve diverse risks, such as commercial and legal risks, corporate knowledge management, and financial administration and audit arrangements. The Council, the Audit and Risk Management Committee (ARMC) and the OPSC have developed the IRMP for 2009-2011, which will be finalised in September 2009.

FINANCIAL PERFORMANCE OF THE COUNCIL

All Professional Standards Councils operated with the assistance of the OPSC, provided by the NSW Attorney General's Department. The financial performance report of the Professional Standards Council of Western Australia can be found in the Financial Reports section of this annual report.

AUDIT COMMITTEE MEMBERSHIP AND ROLE



Audit and Risk Management Committee
 Back (L to R): Iain Summers, Ronald Farrell
 Middle (L to R): Steven Cole, Esther Alter
 Front: Philippa Seagrave

The Professional Standards Council of Western Australia can establish committees to assist it in its work. During the 2008-2009 financial year, the Audit and Risk Management Committee (ARMC), which was established during 2006-07 pursuant to section 14 of the *Professional Standards Act 1997 (WA)*, continued to meet in order to discuss the operations and risk management issues facing the Professional Standards Council of Western Australia.

The objectives of the ARMC are to:

- assist the Council to manage its natural risks and develop risk management strategies
- inform the Council about the departmental audit requirements, and
- advise the Council on the financial position, budget management and internal controls and business plans.

Like the Professional Standards Council of Western Australia, the ARMC has common membership across all State and Territory jurisdictions. The members of the ARMC during the 2008-2009 financial year were:

- Steven Cole (Chairman)
- Esther Alter
- Iain Summers, and
- Ronald Farrell.

The Executive Officer of the Secretariat, Ms Philippa Seagrave, attends these meetings as a visitor.

Appointment to the ARMC is on an annual basis. Members may also be re-appointed. It is anticipated that the above members will have their membership renewed.

The ARMC met four times during the 2008-2009 financial year. The table below shows ARMC members' attendance during the reporting period.

Table 3: ARMC Meetings

Members	ARMC meetings entitled to attend	ARMC meetings attended
Esther Alter	4	4
Steven Cole	4	4
Ronald Farrell	4	3
Iain Summers	4	4

MEASURABLE ACHIEVEMENTS



CO-OPERATION AMONG PROFESSIONAL STANDARDS COUNCILS

Inter-governmental agreement

The *Professional Standards Agreement 2005* was endorsed and executed by the Standing Committee of Attorneys General (SCAG). The Agreement allows common membership of all State and Territory Professional Standards Councils, and the use by each Council of common secretariat support, provided by the NSW Attorney General's Department. During 2008-09, there was continued support for the *Professional Standards Agreement 2005*.

Inter-departmental service agreements

During the 2007-08 financial year, all States and Territories became signatories to service agreements with the Councils and the NSW Attorney General's Department. These agreements enable co-operation between the State and Territories by ensuring that the expenditure incurred pertaining to the operation of the OPSC and the Councils is allocated and borne by the jurisdictions in an equitable manner. The agreements expired on 30 June 2009. However, there are provisions for extension of the agreements and all parties have agreed to extend them until 30 June 2010, at which time new agreements will be implemented.

LEGISLATIVE CHANGE

The Professional Standards Council of Western Australia is responsible for giving advice to the Attorney General, on the operation of professional standards legislation. The Council has taken an active role in this regard during 2008-09. Key areas that the Council has considered are costs-inclusive insurance policies, mutual recognition of interstate *Cover of Excellence*[®] Schemes and the consistency of Schemes across jurisdictions.

Costs-inclusive insurance amendment

The Attorney General was informed by the Council of advice it had received that professional standards legislation may not allow a person to whom a Scheme applies to rely on a costs-inclusive policy. Many professionals who had the benefit of a Scheme typically held the more readily available costs-inclusive cover.

An amendment was requested to clarify that both costs-inclusive and costs-in-addition insurance policies could be used for the purposes of limiting liability under professional standards legislation. Amendments to the legislation were adopted in Victoria on 11 October 2006, in New South Wales on 27 October 2006, in Tasmania on 18 December 2006, in South Australia on 18 January 2007, in the Northern Territory on 4 April 2007, and in the Australian Capital Territory on 6 May 2008. Amendments to Western Australia legislation remain outstanding.



L to R: Brian Rayment (Chairman)
Steven Cole (Deputy Chairman)

Mutual recognition of Schemes

The Council identified the need for an amendment to professional standards legislation to allow mutual recognition of Schemes across jurisdictions. Such an amendment would acknowledge that professionals may work across borders and enable the legislation to operate efficiently at a national level. Amendments commenced in New South Wales on 15 June 2007, in the Northern Territory on 1 April 2008, in the Australian Capital Territory on 18 May 2008, in Queensland on 25 November 2008 and in Victoria on 11 December 2008. Similar amendments are expected to be made in the remaining jurisdictions in due course.

Regulations

The Council responded to associations' concerns about the timing of quarterly annual fee payments by requesting an amendment to the Regulations to allow fees to be paid at the end of a calendar quarter, rather than quarterly, based on the anniversary of the commencement of a Scheme.

Regulations incorporating the Council's proposals commenced in South Australia on 1 October 2006, in New South Wales on 8 December 2006, in Western Australia on 29 December 2006, in Victoria on 7 November 2007, in Queensland on 9 February 2007, in the Northern Territory on 1 January 2008, and in the Australian Capital Territory on 1 July 2008.

The NSW Regulation is currently under statutory review.

COMMONWEALTH CO-OPERATION

A vacancy on the Professional Standards Council was created for the Commonwealth representative with the retirement of the inaugural Commonwealth representative, Mr Warwick Wilkinson. Mr Wilkinson was previously the Chairman of the Professional Standards Council of New South Wales. A new Commonwealth representative is being appointed to the Council.

Ongoing co-operation has paved the way for a number of Schemes to be prescribed under the *Trade Practices Act 1974* (Cth) for an additional 2 years to 16 June 2011, including:

- ICAA Schemes in the Australian Capital Territory, the Northern Territory, Queensland, South Australia and Victoria,
- CPA Australia Schemes in the Australian Capital Territory, the Northern Territory, Queensland, South Australia, Victoria and Western Australia,
- PSOA New South Wales Scheme,
- The VIC Bar Scheme, and
- Engineers Australia Schemes for the Australian Capital Territory, New South Wales, Northern Territory, Queensland and Western Australia.

COVER OF EXCELLENCE[®] SCHEMES



CURRENT COVER OF EXCELLENCE[®] SCHEMES IN WESTERN AUSTRALIA

There are currently three *Cover of Excellence*[®] Schemes in operation in Western Australia, covering three occupational associations and two occupations.

During 2008–09, one *Cover of Excellence*[®] Scheme commenced in Western Australia, for Engineers Australia (WA).

Two *Cover of Excellence*[®] Schemes had commenced in 2007-2008: CPA Australia and the ICAA.

Table 4 sets out the persons to whom each Scheme applies, the limitation of liability, and the start and expiry date of the Scheme.

Table 4 *Cover of Excellence*[®] Schemes in Western Australia

Association	To whom Scheme applies	Limitation of liability	Start date	Expiry date
CPA Australia (WA)	All members of CPA Australia ordinarily resident in Western Australia who hold a current Public Practice Certificate and who have not been exempted	\$750,000 to \$75million. Reasonable charge of services x 10	1 Apr 2008	31 Mar 2013
ICAA (WA)	All members of ICAA ordinarily resident in Western Australia who hold a current Certificate of Public Practice and who have not been exempted	\$750,000 to \$75million. Reasonable charge of services x 10	8 Oct 2007	7 Oct 2012
EA (WA)	Members of EA also members of Engineering Science and Technology Professional Standards Society	\$1.5million, \$4million, \$8 million or \$20million depending on total annual fee income of partnership, corporation or sole trader. Up to \$20million on application to Engineers Australia by a member of the Scheme	1 January 2009	31 December 2013

The Professional Standards Council of Western Australia has approved Schemes under the *Professional Standards Act 1997 (WA)*. The first annual Risk Management Reports for Schemes approved in 2007-08 were due on 31 March 2009. Information regarding the risk management strategies under these Schemes is included in this Annual Report for the first time in the “Schemes in Focus” section.

SUMMARY OF COVER OF EXCELLENCE® SCHEMES

With the commencement of the Engineers Australia Scheme in Tasmania, there are now *Cover of Excellence*® Schemes in all States and Territories. Table 5 sets out occupational associations and the jurisdictions under which there are Schemes.

Table 5 *Cover of Excellence*® Schemes by Jurisdiction

Occupational Association	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
AVI		✓						
CIRCEA		✓						
CPA Australia	✓	✓	✓	✓	✓		✓	✓
EA	✓	✓	✓	✓		✓		✓
ICAA	✓	✓	✓	✓	✓		✓	✓
LSNSW		✓						
NIA		✓						
NSW Bar		✓						
PSOA		✓						
VIC Bar							✓	

Table 6 sets out the number of members of associations to whom a *Cover of Excellence*® Scheme applied in all jurisdictions for the 2008-09 financial year as at 30 June 2009.

Table 6 *Cover of Excellence*® Scheme Participation by Jurisdiction

Scheme	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
AVI		18						
CIRCEA		27						
CPA Australia	79	1413	26	1039	241		1978	743
EA	0	1	0	0		0		0
ICAA	481	8416	110	3257	1490		5398	1983
LSNSW		7898						
NIA		1030						
NSW Bar		1971						
PSOA		34						
VIC Bar							527	

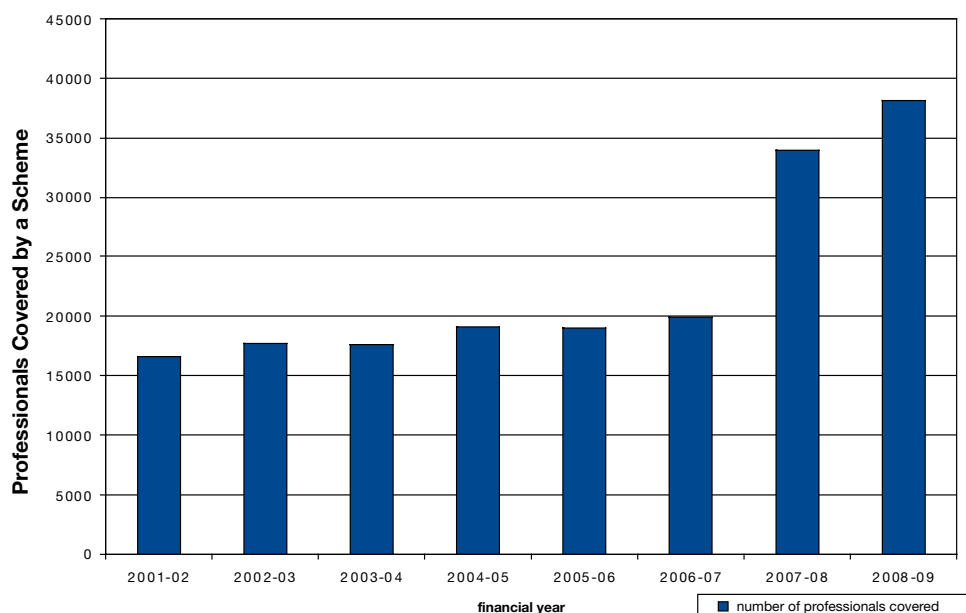
Table 7 sets out the number of members of participating associations to whom a *Cover of Excellence*[®] Scheme applied for 2008-09 and previous years. From 2001-07, *Cover of Excellence*[®] Schemes did not operate in States or Territories other than New South Wales. The 2007-08 figures are inclusive of all mainland States and Territories. The 2008-09 figures are inclusive of all States and Territories in Australia.

Table 7 Historical and current *Cover of Excellence*[®] Scheme Participation by Professional Association and Year

Scheme	Administrator	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Accountants Schemes	CPA Australia	5,519	5,322	1,350	1,337	1,278	1,262	1,135	1,114
	ICAA	21,135	17,650	7,370	7,326	7,320	6,830	6,715	6,752
	NIA	1,030	975	961	874	773	710	633	n/a
Barristers Schemes	NSW Bar	1,971	1,968	1,982	1,978	2,000	n/a	n/a	n/a
	VIC Bar	527							
Law Society Schemes	LSNSW	7,898	7,962	8,097	7,309	7,505	8,618	9,079	8,547
Engineers Schemes	EA	1	0	0					
College for Investigative and Remedial Engineers (NSW) Scheme	CIRCEA	27	25	25	13	13	13	14	14
Professional Surveyors Scheme	PSOA	34	18	67	67	89	102	101	94
Valuers Schemes	AVI	18	33	45	48	85	85	64	57
	Total	38,160	33,953	19,897	18,952	19,063	17,620	17,741	16,578

Figure 1 demonstrates the rapid growth in the number of professionals covered by a *Cover of Excellence*[®] Scheme, particularly since the commencement of Professional Standards Schemes in all mainland States and Territories in 2007-08.

Figure 1 Number of Professionals Covered by a Scheme 2001-2009



SCHEMES IN FOCUS 2008-2009

ANNUAL RISK MANAGEMENT REPORTS

Occupational associations with *Cover of Excellence*[®] Schemes are required to report annually to their State/Territory-based Council on the implementation of the five-year risk management plan that formed part of their original application for a Scheme, detailing the effect of their strategies in mitigating risks, improving standards and enhancing consumer protection. The reporting period for *Cover of Excellence*[®] Schemes is 1 January to 31 December, with the report required to be submitted to the Professional Standards Council of Western Australia by 31 March the following year. The Professional Standards Council of Western Australia reports on the performance of the participating associations in relation to such risks each year in the Council's Annual Report.

Reporting ensures that an occupational association makes constant and timely improvements to its practices, to the benefit of consumers of its services. The obligation to report is a statutory requirement and is fundamental to the monitoring role of the Professional Standards Council of Western Australia. Examining the strategies and risks of professional associations allows the Council to further consider whether a limitation on occupational liability requires adjustment, as a consequence of changes in risks faced or undertaken by members of an association. It also provides the Council with the opportunity to assess the long-term impact of professional standards legislation from the perspective of its stakeholder associations.

The Professional Standards Council of Western Australia is developing guidelines for annual risk management reporting by participating associations, which will facilitate reporting by associations that have Schemes in multiple jurisdictions. The guidelines will reflect the AS/NZS 4360:2004 Risk Management Standard, and will build stronger links with the initial five-year risk management plan that each association submits to the Council as part of their application for a *Cover of Excellence*[®] Scheme. This will assist the Council and the participating associations to measure performance in an objective and meaningful manner, as well as adhering to best practice risk management.

Who reports where?

The 2008-09 financial year represents the first year in which there have been reporting obligations in all mainland jurisdictions. Table 8 identifies the reporting obligations on a State/Territory basis for the 2008 reporting year.

Table 8 Summary of Risk Management Reporting Obligations for Associations by State

Occupational Association	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
AVI		✓						
CIRCEA		✓						
CPA Australia	✓	✓	✓	✓	✓		✓	✓
EA		✓						
ICAA	✓	✓	✓	✓	✓		✓	✓
LSNSW		✓						
NIA		✓						
NSW Bar		✓						
PSOA		✓						
VIC Bar							✓	

Who reports on what?

Professional standards legislation mandates that an association report annually on the implementation and monitoring of its risk management strategies, the effect of those strategies, and any changes made (or proposed to be made) to them. Regardless of the strategies adopted and reported on, the Council requires that all associations must report each year on their claims and insurance monitoring, complaints and discipline, and continuing occupational education, together with compliance with disclosure of limited liability and use of the Council's trade mark. Table 9 summarises compliance with the compulsory risk management reporting categories for the 2008 reporting year by all occupational associations.

Table 9 Association Reporting Categories 2008

Association	Compulsory Reporting Categories			
	Claims and Insurance Monitoring	Complaints and Discipline	Continuing Occupational Education	Compliance with Disclosure and use of trade mark
AVI	✓	✓	✓	✓
CIRCEA	✓	✓	✓	Not submitted
CPA Australia	✓	✓	✓	✓
EA	✓	✓	✓	✓
ICAA	✓	✓	✓	✓
NIA	✓	✓	✓	✓
NSW Bar	✓	✓	✓	✓
LSNSW	✓	✓	✓	Not submitted
PSOA	✓	✓	✓	Not submitted
VIC Bar	✓	✓	✓	✓

There are non-compulsory categories of reporting, which are occupation specific; these are not included in this section.

Finally, for the 2008 reporting year occupational associations were asked to focus on the relationships between claims, complaints and continuing education, and how these relationships are captured in the risk management process.

Refer to the 2008-09 Annual Report of the Professional Standards Councils (Consolidated) for an analysis of *Cover of Excellence*® Schemes in other jurisdictions.

RISK MANAGEMENT REPORTS FROM WESTERN AUSTRALIA

CPA Australia Risk Management Report

This is the first time that CPA Australia has been required to submit a Risk Management Report in Western Australia.

Table 10 CPA Australia (Western Australia) Claims and Insurance Monitoring

Year	Action/Outcome
2008	<p>Outcome: There were 3 insurance claim notifications in the reporting period for Western Australia covered by their Scheme.</p> <p>During the reporting period the market remained stable but increasingly competitive.</p> <p>There are in excess of 27 underwriters willing to provide Professional Indemnity Insurance for CPA Australia accountants.</p>

Table 11 CPA Australia (Western Australia) Complaints and Discipline

Year	Tactic/Strategy	Action/Outcome
2008	Continual improvements in investigation and disciplinary processes.	<p>Action: An external independent reviewer reviewed all aspects of the disciplinary process and made recommendations.</p> <p>Outcome: In 2008, there were 163 externally initiated complaints investigated across Australia along with previous complaints carried over from 2007.</p> <p>Outcome: 42 members appeared before a disciplinary tribunal, with the outcomes reported on the website. 5 members were from Western Australia.</p>

Table 12 CPA Australia (Western Australia) Continuing Occupational Education

Year	Tactic/Strategy	Action/Outcome
2008	<p>Continuation of CPA Program.</p> <p>Development of new educational pathway for membership development.</p>	<p>Action: The Education Advisory Committee meets 4 times a year to provide strategic oversight and quality assurance for the CPA Program.</p> <p>Outcome: Eight-unit conversion courses are now able to be accredited. The first course was accredited in late 2008.</p> <p>Action: In 2010, CPA Australia will also launch a series of 8 Foundation Exams designed to access the core knowledge as an alternative pathway to commencing the CPA program.</p>

Table 13 CPA Australia (Western Australia) Compliance with Disclosure and *Cover of Excellence*[®] Logo Requirements

Year	Action/Outcome
2008	<p>Action: CPA Australia provided a quality review framework for implementing and assessing compliance with disclosure of limited liability and <i>Cover of Excellence</i>[®] logo requirements.</p> <p>Action: There is a 5-year (i.e. 20% annually) review cycle as part of the quality assurance program.</p> <p>Action: Audit includes review of letterhead, company structures, and quality control and risk management.</p>

ICAA Risk Management Report

This is the first time that ICAA has been required to submit a Risk Management Report in Western Australia.

Table 14 ICAA (Western Australia) Claims and Insurance Monitoring

Year	Action/Outcome
2008	<p>The Institute does not recommend, mandate or limit broker choice for members seeking PII cover.</p> <p>Action: Members were asked to identify the broker who had arranged their PII. 67.21% of brokers nominated by members have undertaken to comply with the Institute's PII Regulations.</p> <p>Action: The Institute sought information regarding any formal claim in excess of \$500,000 lodged against members or firms in the 2007 or 2008 calendar year.</p> <p>Outcome: For Western Australia there was 1 reported claim.</p> <p>Feedback from brokers and insurers indicates that after several years of soft market for insurance, Australia is likely to see a hardening of the PII market. One of the key factors is expected to be an increase in claims arising from losses incurred as part of the Global Financial Crisis.</p>

Table 15 ICAA (Western Australia) Complaints and Discipline

Year	Tactic/Strategy	Action/Outcome
2008	Ongoing compliance with Statement of Membership Obligations (SMO 6): Investigation and Discipline.	<p>Outcome: During the 2007-08 financial year the Professional Conduct team initiated investigations into 259 formal complaints nationally. This was a decrease from 317 the previous year.</p> <p>Action: Professional Conduct Tribunal outcomes published on Institute website or Charter publication.</p>

Table 16 ICAA (Western Australia) Continuing Occupational Education

Year	Tactic/Strategy	Action/Outcome
2008	Ongoing development of and revision of training products and services to ensure value to members.	<p>Action: Training and development primarily focused on delivering training across Tax, Accounting, Audit and Superannuation topics. Issues and topics are selected on the basis of member requirements identified by Institute and member technical specialists as well as feedback from external regulators.</p> <p>Action: Audit training was delivered to 445 attendees Australia wide to support the Audit Manual and Toolkit which was launched in July 2008.</p> <p>Outcome: Continued rapid expansion of the Institute's in-house training service. Nationally a total of 221 clients and 3,493 hours of inhouse training delivered in 2008.</p> <p>Outcome: Live on-line training available to all members. 1,300 members Australia wide participated to 31 December 2008.</p> <p>Outcome: Quality review processes identified 14% of practices Australia wide had not completed the minimum training requirements. Appropriate follow-up was arranged.</p>

Table 17 ICAA (Western Australia) Compliance with disclosure and *Cover of Excellence*® Logo Requirements

Year	Action/Outcome
2008	<p>Action: All members practices were requested to confirm that they are complying with the disclosure of their limitation of liability in accordance with the requirements of the professional standards legislation and regulation.</p> <p>Outcome: In Western Australia, 79.49% respondents to a members' survey confirmed compliance with disclosure requirements.</p> <p>Outcome: 1.83% of respondents confirmed that there were using the optional <i>Cover of Excellence</i>® logo.</p> <p>Action: ICAA will target communications to raise awareness of the disclosure requirements in those States/Territories which have new Schemes.</p>

PERFORMANCE INDICATORS


The Professional Standards Council of Western Australia is required to report on performance indicators as outlined in the *Financial Management Act 2006 (WA)* and its associated Regulations. The Treasurer and the Minister may change the performance indicators.

Statement of Certification

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Standards Council's performance, and fairly represent the performance of the Professional Standards Council of Western Australia for the financial year ending 30 June 2009.



Brian Rayment QC
Chairman
18 September 2009



Steven Cole
Council Member
18 September 2009

INDICATORS

It was noted in the 2007-08 Annual Report for the Professional Standards Council of Western Australia that though there were two schemes approved during the reporting period the efficiency indicators for *Cover of Excellence*® Schemes could not be determined as the Schemes began part way through the period. There were three *Cover of Excellence*® Schemes approved in Western Australian for the reporting period as follows:

- The Institute of Chartered Accountants in Australia (Western Australia) Scheme (ICAA Scheme) which commenced on 8 October 2009 (*Gazette* 28 September 2007, No. 204);
- The CPA Australia (Western Australia) Scheme (CPA Australia Scheme) which commenced on 1 February 2008 (*Gazette* 1 February 2008, No. 17); and
- The Engineers Australia Western Australia Scheme which commenced on 1 January 2009 (*Gazette* 9 December 2008, No. 207).

Key output/service

Outcome	<i>Cover of Excellence</i> ® Schemes limiting the civil liability of the members of occupational associations.
Output	<i>Cover of Excellence</i> ® Schemes limiting the liability of occupational associations together with approved compulsory insurance, risk management strategies and appropriate provisions for complaints and disciplinary matters in relation to those associations for the protection of consumers of the services produced by the associations.
Description	<p><i>Cover of Excellence</i>® Schemes are considered and approved by the Professional Standards Council of Western Australia and gazetted by the Minister. A Scheme becomes effective two months after gazettal and thereby limits the civil liability of members of the occupational association. Schemes, once approved, may continue for a period of up to five years. Annual fees on a per member basis are payable by the occupational association to the Council.</p> <p>Consumers are protected by a requirement that persons under a Scheme have insurance or assets to the approved level; that members engage in appropriate risk management strategies; and by an approved complaints and disciplinary process.</p>

Effectiveness	<p>The three associations with <i>Cover of Excellence</i>[®] Schemes provided reports to the Western Australia Professional Standards Council for the financial year ending 30 June 2009. There were no members in the Engineers Australia Western Australia Scheme as at 30 June 2009, however, there were members in the other two schemes. Accordingly, most of the details provided have been extracted from information provided by the other two Schemes.</p> <p><i>Cover of Excellence</i>[®] Schemes aim to increase consumer protection by the improved standards of professionals who belong to occupational associations that are approved to administer such schemes. Members of such occupational associations are required to comply with required codes of ethics, codes of practice, and to engage in risk management and continuing occupational education. Awareness and active response to these issues can lower the incidence of civil liability claims against such professionals and thereby achieve the objectives associated with the <i>Cover of Excellence</i>[®] Schemes.</p> <p>As a further measure of consumer protection, in accordance with <i>Cover of Excellence</i>[®] Schemes, such professionals are also required to hold significant business assets and/or professional indemnity insurance.</p> <p>The following information was sought from relevant associations in order to establish that the objectives of <i>Cover of Excellence</i>[®] Schemes are being achieved.</p> <ul style="list-style-type: none"> • The impact of <i>Cover of Excellence</i>[®] Schemes based on the number of civil liability cases / claims brought against members of occupational associations, and • The effectiveness of Schemes on the occupational associations' perceptions of cost and availability of insurance for members of occupational associations with Schemes. This will include: <ol style="list-style-type: none"> 1. Cost of Insurance (decreasing premium or increasing at a slower than market rate) and/or 2. Better value insurance for same premium prices 3. Available insurance
----------------------	---

	ICAA Scheme	CPA Australia Scheme
The <i>Cover of Excellence</i> ® Schemes has lowered the incidence of civil liability claims.	Due to the “long tail” nature of claims it is difficult to ascertain the impact of the ICAA Scheme at present.	Due to the “long tail” nature of claims it is difficult to ascertain the impact of the CPA Australia Scheme at present.
Cost of insurance (decreasing premium or increasing at a slower than market rate).	Higher than market rate.	Cost has remained stable for year.
Better value insurance for same premium prices.	Yes.	Yes.
Available insurance	Yes.	Yes.
Efficiency	<p>As indicated in the Income Statement for the year ended 30 June 2009, the total cost of the Western Australian Professional Standards Council for the financial year ending 30 June 2009 was \$91,330.</p> <p>The Institute of Chartered Accountants in Australia and CPA Australia have each indicated that during the reporting period the professional indemnity insurance market has stabilised and that with increasing competition they have been able to hold insurance costs in check.</p>	



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PROFESSIONAL STANDARDS COUNCIL FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Professional Standards Council.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Council's Responsibility for the Financial Statements and Key Performance Indicators

The Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf.

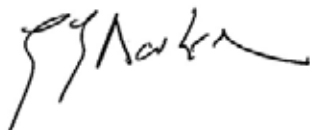
An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Professional Standards Council
Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Professional Standards Council at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Council provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Council are relevant and appropriate to help users assess the Council's performance and fairly represent the indicated performance for the year ended 30 June 2009.



GLEN CLARKE
ACTING AUDITOR GENERAL
22 September 2009

FINANCIAL STATEMENTS AND NOTES

THE PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA

Certification of Financial Statements

The accompanying financial statements of the Professional Standards Council of Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006 (WA)* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2009 and the financial position as at 30 June 2009.

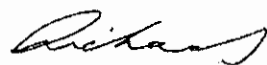
At the date of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Brian Rayment QC
Chairman
18 September 2009



Steven Cole
Council Member
18 September 2009



Peter Richards
Principal Accounting Officer
18 September 2009

PROFESSIONAL STANDARDS COUNCIL INCOME STATEMENT

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
COST OF SERVICES			
Expenses			
Supplies and services	4	91,330	162,348
Other expenses	5	0	12,648
Total cost of services		91,330	174,996
Income			
<i>Revenue</i>			
User charges and fees	6	140,899	86,708
Total income other than income from State Government		140,899	86,708
NET COST OF SERVICES		(49,569)	88,288
INCOME FROM STATE GOVERNMENT			
Resources received free of charge	7	15,520	11,860
Total income from State Government		15,520	11,860
SURPLUS/(DEFICIT) FOR THE PERIOD		65,089	(76,428)

The Income Statement should be read in conjunction with the accompanying notes.

PROFESSIONAL STANDARDS COUNCIL BALANCE SHEET

As at 30 June 2009

	Note	2009 \$	2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents	12	208,420	324,032
Receivables	8	15,028	-
Total Current Assets		223,448	324,032
TOTAL ASSETS		223,448	324,032
LIABILITIES			
Current Liabilities			
Payables	9	18,655	160,980
Unearned revenue	10	26,594	49,942
Total Current Liabilities		45,249	210,922
TOTAL LIABILITIES		45,249	210,922
NET ASSETS		178,199	113,110
EQUITY			
Accumulated surplus/(deficit)	11	178,199	113,110
TOTAL EQUITY		178,199	113,110

The Balance Sheet should be read in conjunction with the accompanying notes.

PROFESSIONAL STANDARDS COUNCIL STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
BALANCE OF EQUITY AT START OF PERIOD		113,110	189,538
ACCUMULATED SURPLUS	11		
Balance at start of period		113,110	189,538
Surplus/(deficit) or profit/(loss) for the period		65,089	(76,428)
Balance at end of period		178,199	113,110
Balance of equity at end of period		178,199	113,110
Total income and expense for the period (a)		65,089	(76,428)

(a) The aggregate net amount attributable to each category of equity is: surplus of \$65,089 (2008: deficit \$76,428)

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PROFESSIONAL STANDARDS COUNCIL CASH FLOW STATEMENT

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to members and suppliers		(229,767)	(2,156)
GST Payments		(6,196)	-
Receipts			
User charges and fees		117,551	136,650
GST Receipts		2,800	-
Net cash provided by/(used in) operating activities	12	(115,612)	134,494
Net increase/(decrease) in cash and cash equivalents			
		(115,612)	134,494
Cash and cash equivalents at the beginning of period		324,032	189,538
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	12	208,420	324,032

The Cash Flow Statement should be read in conjunction with the accompanying notes.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1 Australian Equivalents to International Financial Reporting Standards

General

The financial statements for the Professional Standards Council (the "Council" for the purpose of these notes) for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Council has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

Early Adoption of Standards

The Council cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Council for the annual reporting period ended 30 June 2009.

2 Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's instructions to vary the application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

(c) Reporting Entity

The reporting entity comprises the Council and no other related bodies.

(d) Unearned revenue

Unearned revenue represents the portion of schemes received or receivable not earned and relate to periods of the scheme subsequent to balance date.

Subsequent to the 2008 statements being finalised, the NSW Audit Office undertook procedures to review the records of the unearned revenue. The audit findings identified some variations with the revenue which used months instead of days to determine the figures. In addition, the quarterly adjustment payments made by associations for new members during the quarter, are to be treated as annual fees.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(e) Income

Revenue recognition

Revenue is recognised in the income statement when it has been earned and is calculated from the commencement date over the period of the scheme. The pattern of recognition over the policy period is based on time.

(f) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents include restricted cash and cash equivalents.

(g) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Council will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(h) Payables

Payables are recognised at the amounts payable when the Council becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(i) Resources Received Free of Charge

Resources received free of charge that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

(j) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

3 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Council has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Council:

Review of AAS 29 'Financial Reporting by Government Departments' and AAS 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';
AASB 1050 'Administered Items';
AASB 1051 'Land Under Roads';
AASB 1052 'Disaggregated Disclosures';
AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]; and
Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. The new and revised Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise there is no financial impact.

Future Impact of Australian Accounting Standards not yet operative

The Council cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Council has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Council but are not yet effective. Where applicable, the Council plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]'. This Standard amends AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Authority where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Authority does not expect any financial impact when the Standard is first applied prospectively.	1 July 2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	2009 \$	2008 \$
4	Supplies and services	
	-	74,000
	-	21,622
	63,510	52,184
	-	2,682
	15,520	11,860
	12,300	-
	91,330	162,348
	(a) Payment of annual fees from 2003 and 2004 which were subject to dispute and resolved in June 2008.	
5	Other expenses	
	-	50
	-	2,106
	-	10,492
	-	12,648
6	User charges and fees	
	140,899	86,708
	140,899	86,708
7	Income from State Government	
	Resources received free of charge (a)	
	Determined on the basis of the following estimates provided by agencies:	
	15,520	11,860
	- accounting, human resources and information technology services	
	15,520	11,860
	(a) Where services have been received free of charge or for nominal cost, the Council recognises revenues equivalent to the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Commission makes an adjustment direct to equity.	

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

		2009 \$	2008 \$
8	Receivables		
	GST receivable	3,397	-
	Receivables	11,631	-
		15,028	-
9	Payables		
	Accrued Expenses	16,973	21,622
	Secretarial Services	-	89,346
	Annual Fees	-	50,012
	Other Payables	1,682	-
		18,655	160,980
10	Unearned revenue		
	Unearned Revenue (a)	26,594	49,942
		26,594	49,942
	(a) Membership subscriptions in advance.		
11	Equity		
	Equity represents the residual interest in the net assets of the Council. The Government holds the equity interest in the Council on behalf of the community.		
	Accumulated surplus		
	Balance at start of year	113,110	189,538
	Result for the period	65,089	(76,428)
	Balance at end of year	178,199	113,110

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	2009 \$	2008 \$
12		
Notes to the Cash Flow Statement		
<i>Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	208,420	324,032
	208,420	324,032
<i>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</i>		
Net cost of services	49,569	(88,288)
Resources received free of charge	15,520	11,860
(Increase)/decrease in assets:		
Receivables	(15,028)	-
Increase/(decrease) in liabilities:		
Current Payables	(142,325)	160,980
Other current liabilities	(23,348)	49,942
Net cash provided by/(used in) operating activities	(115,612)	134,494

13 **Commitments**

There were no commitments as at 30 June 2009. (2008-nil)

14 **Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at 30 June 2009. (2008-nil)

15 **Events occurring after the balance sheet date**

There were no significant events occurring after the balance sheet date.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

16 Explanatory statements

Significant variations between estimate and actual results for income and expense are shown below. Significant variations are considered to be those greater than \$3,500.

Significant variances between actual results for 2008 and 2009.

Income	2009 \$	2008 \$	Variance \$
User charges and fees	140,899	86,708	54,191
Expenses			
Other expenses	-	12,648	(12,648)
Supplies and services	91,330	162,348	(71,018)

Income

The variance is attributable to the increase in the number of members from 2008 to 2009 and also, to the number of quarters that the Certified Practising Accountant (CPA) and the Institute of Chartered Accountants in Australia (ICAA) Western Australian schemes were in operation. The CPA scheme had 725 members at the end of June 2008 and the scheme was only in operation for one quarter. In 2009, the number of members increased to 743 and, the ICAA scheme had 1773 members at the end of June 2008 and the scheme operated for just under three quarters of the year. In 2009, the number of ICAA members increased to 1983.

Other expenses, supplies and services

The reduction in expenses was due to several setup costs that were incurred in 2008. These included the repayment of a loan to the Victorian Professional Standards Council which was provided over 2005 to 2007 and the payment of annual fees from 2003 and 2004 which were subject to dispute and resolved in June 2008.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

17

Financial Instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Council are cash and cash equivalents, receivables, and payables. The Council has limited exposure to financial risks. The Council's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Council's receivables defaulting on their contractual obligations resulting in financial loss to the Council. The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 17(c) 'Financial Instruments Disclosures' and Note 8 'Receivables'.

Credit risk associated with the Council's financial assets is minimal because the main receivable is the amount receivable for services holding account). For receivables other than government, the Council trades only with recognised, creditworthy third parties. The Council has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Council's exposure to bad debts is minimal. At the balance sheet date there were no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk arises when the Council is unable to meet its financial obligations as they fall due. The Council is exposed to liquidity risk through its trading in the normal course of business.

The Council has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market Risk

The Council does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity price changes). The Council has no exposure to market risk for changes in interest rates as it does not currently have long-term debt obligations or borrowings. The Council is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing and the Council has no borrowings.

(b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2009	2008
	\$	\$
Financial Assets		
Cash and cash equivalents	208,420	324,032
Receivables (a)	11,631	-
	208,420	324,032
Financial Liabilities		
Financial liabilities measured at amortised cost	45,249	210,922
	45,249	210,922

(a) The amount of receivables excludes GST recoverable from the ATO.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

(c) Financial Instrument Disclosures

Credit Risk and Interest rate Exposures

The following table disclose the Council's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Council's maximum exposure to credit risk at the balance sheet date is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Council.

The Council does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Council does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets

	Interest rate exposure				Past due but not impaired							
	Weighted average interest rate	Carrying Amount	Variable Interest Rate	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Impaired financial assets
Financial assets	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2009												
Cash and cash equivalent assets		208,420		208,420								
Receivables (a)		11,631		11,631								
Total financial assets		220,051	-	220,051	-	-	-	-	-	-	-	-
2008												
Cash and cash equivalent assets		324,032		324,032								
Receivables (a)		-		-								
Total financial assets		324,032	-	324,032	-	-	-	-	-	-	-	-

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and ageing analysis of financial liabilities

	Interest rate exposure				Maturity dates							
	Weighted average interest rate	Carrying Amount	Variable Interest Rate	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Impaired financial assets
Financial liabilities	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2009												
Payables		18,655		18,655								
Unearned revenue		26,594	-	26,594	-	-	-	-	-	-	-	-
Total financial liabilities		45,249	-	45,249	-	-	-	-	-	-	-	-
2008												
Payables		160,980		160,980								
Unearned revenue		49,942		49,942								
Total financial liabilities		210,922	-	210,922	-	-	-	-	-	-	-	-

(a) The amount of receivables excludes GST recoverable from the ATO.

Notes: The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities

Net Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

18 Remuneration of Members of the Council

Remuneration

The number of members of the Council, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands, are:

\$	2009	2008
0 - 10,000	12	10
Total remuneration of members of the Council:	-	-

19 Remuneration of Auditor

Remuneration payable to the Auditor General for the financial year is as follows:

	2009 \$	2008 \$
Auditing the accounts, financial statements and performance indicators	8,200	7,900

20 Related bodies

The Council had no related bodies as at 30 June 2009.

21 Affiliated bodies

The Council had no affiliated bodies as at 30 June 2009.

22 Special Purpose Accounts

Nil.

23 Supplementary financial information

Nil.

APPENDIX

Cost of Annual Report

The Annual Report of the Professional Standards Council of Western Australia was produced in-house with an external graphic designer and printer. A downloadable version can be found on the Councils' website at www.psc.gov.au.

Nine copies of the report were produced. The estimated cost of production is \$1,710.00.

Overseas travel

Nil.

Professional standards legislation

- Australian Capital Territory — *Civil Law (Wrongs) Act 2002* (ACT) (commenced 9 March 2005; amended 7 May 2008)
- New South Wales — *Professional Standards Act 1994* (NSW) (commenced 1 May 1995; amended in 1998, 2000, 2004, 2006, 2007 and 2008)
- Northern Territory — *Professional Standards Act 2004* (NT) (commenced 1 January 2006; amended in 2007 and 2008)
- Queensland — *Professional Standards Act 2004* (QLD) (commenced 1 July 2005; amended 2007 and 2008)
- South Australia — *Professional Standards Act 2004* (SA) (commenced 1 October 2006)
- Tasmania — *Professional Standards Act 2005* (TAS) (commenced 1 August 2005; amended in 2006 and 2007)
- Victoria — *Professional Standards Act 2003* (VIC) (commenced 8 June 2004; amended in 2007 and 2008)
- Western Australia — *Professional Standards Act 1997* (WA) (commenced 18 April 1998; amended in 2003, 2004, 2006)
- Commonwealth — *Treasury Legislation Amendment (Professional Standards) Act 2004* (Cth) (commenced 13 July 2004).

Staffing

OPSC staff are employed by the NSW Attorney General's Department, which is an equal opportunity employer and encourages flexible working practices, including part-time work. It values social and cultural diversity and is committed to providing a safe and harassment free workplace for all employees. It encourages staff to undertake training that will contribute to the work of the Council, and actively supports staff by providing study leave for this purpose.

Table 18 Staffing of the Office of the Professional Standards Councils

Position grade	Number of positions	Male employees	Female employees
Clerk Grade 3–4	1	0	1
Departmental Professional Officers Grade 3–4	5	2	3
Clerk Grade 10–12	1	0	1

GLOSSARY

ACT	Australian Capital Territory
ARMC	Audit and Risk Management Committee
APRA	Australian Prudential Regulation Authority
AVI	Australian Valuers Institute (formerly Institute of Consulting Valuers)
CIRCEA	College of Investigative and Remedial Consulting Engineers of Australia
COE	Continuing Occupational Education
CPA AUSTRALIA	Certified Practising Accountants Australia
CPD	Continuing Professional Development
EA	The Institution of Engineers Australia
ICAA	Institute of Chartered Accountants in Australia
IRMP	Internal Risk Management Plan
LSNSW	The Law Society of New South Wales
NIA	National Institute of Accountants
NSW	New South Wales
NSW Bar	New South Wales Bar Association
NT	Northern Territory
OPSC	The Office of the Professional Standards Councils – the operational headquarters of the Professional Standards Councils, located in the Parramatta Justice Precinct, NSW
PSOA	Professional Surveyors' Occupational Association
Professional Association	The terms professional association and occupation association are used interchangeably in this document
Qld	Queensland
RMP	Risk Management Plan
SA	South Australia
Schemes	<i>Cover of Excellence</i> [®] Schemes approved and gazetted under professional standards legislation
SCAG	Standing Committee of Attorneys General
Secretariat	The staff of the Office of the Professional Standards Councils, within the NSW Attorney General's Department
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	Victoria
VIC Bar	The Victorian Bar Incorporated
WA	Western Australia

DIRECTORY

CHAIRMAN

Brian Rayment QC

DEPUTY CHAIRMAN

Steven Cole

SECRETARIAT

Philippa Seagrave (Acting Executive Officer)

Naomi Degabriele (Policy Officer)

Rob Lawson (Policy Officer)

Mary McCrudden (Policy Officer)

Nicole Maxwell (Policy Officer)

Hau Wong (Policy Officer)

Mary Abi-Younes (Administrative Officer)

CONTACT THE PROFESSIONAL STANDARDS COUNCIL

By Mail:

Locked Bag 5111
PARRAMATTA NSW 2124

By Phone:

(02) 8688 8060
1300 555 772 Free call Australia wide

By Facsimile:

(02) 8688 9675

By Email:

psc_excellence@agd.nsw.gov.au

In Person:

Parramatta Justice Precinct Building
160 Marsden Street, PARRAMATTA NSW

On the Net:

www.psc.gov.au

© 2009 Professional Standards Council of Western Australia.

You may copy, distribute, display, download and otherwise freely deal with this work for any purpose, provided that you attribute the Professional Standards Council of Western Australia as the owner. However, you must obtain permission from the Professional Standards Councils of Western Australia if you wish to (a) charge others for access to the work (other than at cost), (b) include the work in advertising or a product for sale, or (c) modify the work.

This document has been prepared by the Professional Standards Council of Western Australia for general information purposes, and while every care has been taken in relation to its accuracy, no warrant is given or implied. Further, recipients should obtain their own independent advice before making any decisions that rely on this information.

ISSN 1447-168X (Print)
ISSN 1836-7127 (Electronic)

Photographs by Alastair Bett. Photograph of the Secretariat by Scott Wajun.

Published in September 2009 by the Office of the Professional Standards Councils.

GPO Box F317 Perth WA 6841, Phone (08) 9264 1076, Fax (08) 9481 6299
Locked Bag 5111 Parramatta NSW 2124, 1300 555 772 free call Australia Wide

Email: psc_excellence@agd.nsw.gov.au

This information can be provided in alternative formats such as Braille, audiotape, large print or computer disk. Please contact the Diversity Services business centre of the NSW Attorney General's Department on (02) 8688 7507 (voice), (02) 8688 7733 (TTY – for people who are deaf or have a speech impairment) or diversity_services@agd.nsw.gov.au.

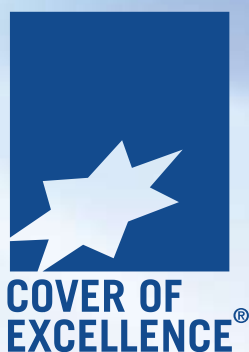
Department of the Attorney General
Level 16, 141 St Georges Terrace PERTH 6000

Telephone: 13 67 57
Website: www.justice.wa.gov.au

© 2009. The State of Western Australia.
Published by the Department of the Attorney General.
Not to be reproduced without the consent of the Department.



Government of Western Australia
Department of the Attorney General



What is the *Cover of Excellence*®?

The *Cover of Excellence*® is a trademark of the Professional Standards Councils. Occupational associations and professional associations with a *Cover of Excellence*® Scheme encourage professionals to adopt practical risk management strategies to achieve quality of service and to create a culture of excellence and responsibility. That culture supports qualified, proficient practitioners to serve the best interests of clients and provide a proper cover of protection. The *Cover of Excellence*® logo is easily recognisable, and may be used by members of occupational associations and professional associations who enjoy the benefit of a *Cover of Excellence*® Scheme. Participants adopting the logo convey to consumers that they are committed to protecting and caring for consumers, improving standards, and reducing risk.