

Professional Standards Council of
Western Australia

Annual Report 2009-10



PROFESSIONAL
STANDARDS
COUNCILS

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ACRONYMS, ABBREVIATIONS AND DEFINITIONS

ACT	Australian Capital Territory
ACS	Australian Computer Society
ARMC	Audit and Risk Management Committee
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
AVI	Australian Valuers Institute (formerly Institute of Consulting Valuers)
CIRCEA	College of Investigative and Remedial Consulting Engineers of Australia
COAG	Council of Australian Governments
COE	continuing occupational education
CPA Australia	Certified Practising Accountants Australia
CPD	continuing professional development
Cth	Commonwealth
EA	The Institution of Engineers Australia
FARMC	Finance, Audit and Risk Management Committee
FOI	Freedom of Information legislation
ICA	Insurance Council of Australia
ICAA	Institute of Chartered Accountants in Australia
IRMP	Internal Risk Management Plan
LIV	Law Institute of Victoria
LRSG	Liability Reform Steering Group
LSC	Legal Services Commissioner
LSNSW	The Law Society of New South Wales
NIA	National Institute of Accountants
NSW	New South Wales
NSW Bar	New South Wales Bar Association
NSW DJAG	New South Wales Department of Justice and Attorney General
NT	Northern Territory
OHS	occupational health and safety
OPSC	Office of the Professional Standards Councils – the operational headquarters of the Professional Standards Councils, providing Secretariat services to the Councils.
PII	Professional Indemnity Insurance
PPP	Public Practice Program
PSC	Professional Standards Council
PSL	Professional Standards Legislation
PSLWG	Professional Standards Legislation Working Group
PSOA	Professional Surveyors' Occupational Association
Professional Association	The terms professional association and occupational association (or simply “association”) are used interchangeably in this document

Qld	Queensland
QLS	Queensland Law Society
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 DJAG
SIGC	Star Initiative Grant Committee
Tas	Tasmania
The Council	The Professional Standards Council of Western Australia
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
VCAT	Victorian Civil and Administrative Tribunal
Vic	Victoria
Vic Bar	The Victorian Bar Incorporated
WA	Western Australia

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 2010. 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 of Western Australia

EVOLUTION OF THE PROFESSIONAL STANDARDS COUNCILS

Year	Event
	Insurance market crisis of the late 1980s
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 <i>Professional Standards Regulation 1995</i> (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 <i>Professional Standards Regulation 1998</i> (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
2006	South Australia enacts the <i>Professional Standards Act 2006</i> (SA) The Professional Standards Council of the NT is constituted The Professional Standards Council of SA is constituted The Professional Standards Council of Tasmania is constituted 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)

EVOLUTION OF THE PROFESSIONAL STANDARDS COUNCILS *continued*

Year	Event
2007	<p>The Professional Standards Council of the ACT is constituted</p> <p>Queensland enacts the <i>Professional Standards Regulation 2007</i> (Qld)</p> <p>Victoria enacts the <i>Professional Standards Regulation 2007</i> (Vic)</p> <p>The Northern Territory enacts the <i>Professional Standards Regulation 2007</i> (NT)</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 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> (Cth) for Engineers Australia (NSW, ACT, WA, NT, Qld); CPA Australia (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. <i>Cover of Excellence</i>[®] Schemes present in all States and Territories of Australia</p> <p>Appointment (and departure) 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> <p>Western Australia conducts consultation process for the review of the <i>Professional Standards Act 1997</i> (WA)</p> <p>The PSOA Scheme is amended to be mutually recognised in Vic, NT, ACT and Qld</p> <p>The <i>Professional Standards Regulation 1995</i> (NSW) is replaced by the <i>Professional Standards Regulation 2009</i> (NSW), commencing on 1 September</p> <p>Deputy Chairman and Council member Mr Steven Cole retires from the PSCs</p> <p>Development of new Communications and Marketing Strategy 2009-10 for the PSCs</p>

Year	Event
2010	<p>The PSCs' new five year Strategic Plan begins, focusing on demonstrating the impact of schemes, leadership in professional standards and an expanded role for the PSCs</p> <p>The PSCs' Comprehensive Research Strategy: Assessment of the Impacts of Professional Standards Legislation, is developed and commences</p> <p>The Star Initiative Grants Committee is re-constituted, with a redefined mandate and new members</p> <p>Mutual Recognition amendments are passed in Western Australia through the <i>Professional Standards Amendment Act 2010 (WA)</i>, commencing on 8 April</p> <p>Establishment of an Operations Committee within the Professional Standards Councils</p> <p>The inaugural Stakeholder Survey is conducted</p> <p>The Professional Standards Councils Inter-Departmental Service Agreement between NSW DJAG and the Departments of Justice/Attorney General in the eight States and Territories is renegotiated and set to commence on 1 July</p> <p>The Professional Standards Councils and Departmental Procurement of Services Agreement between the Professional Standards Councils and the Departments of Justice/Attorney General in the eight States and Territories is renegotiated and set to commence on 1 July</p> <p>The Vic Bar Scheme is amended to be mutually recognised in NSW, NT, ACT and Qld</p> <p>The ACS Scheme commences in NSW 1 January, and is mutually recognised in Vic, NT, ACT and Qld</p> <p>The QLS Scheme is approved to commence in Qld on 1 July</p> <p>The NSW Bar Scheme is amended to be mutually recognised in Vic, NT, ACT, WA and Qld, to commence 1 July</p> <p>The LIV Scheme is approved to commence in Vic on 1 July</p>

EXECUTIVE SUMMARY

This 2009-10 annual report covers the operations and work of the Professional Standards Council of Western Australia. It includes information about the objectives and strategies for the Council for the year, its significant achievements and the issues impacting it. It also details the Council's organisational structure and governance as well as detailing the financial performance of the Council through audited financial statements.

The Council is responsible for the promotion of consumer protection and excellence in professional standards by encouraging the self-regulation of occupational groups through the implementation of *Cover of Excellence*[®] Schemes. Members of occupational associations who carry professional indemnity insurance and/or business assets, and who implement robust risk management strategies are entitled to participate in Schemes that limit their occupational civil liability. In addition, the Schemes entitle members of the occupational association to enjoy the reputation of the *Cover of Excellence*[®] logo, while encouraging better risk management practices, for the benefit of consumers.

Associations that have *Cover of Excellence*[®] Schemes are required to submit annual risk management reports to the Council, outlining their performance over the previous calendar year. These assist the Council to monitor the effectiveness of the association's self-regulation. Extracts of risk management and compliance reports of associations with Schemes are included in the "Schemes in Focus 2009" section of this report.

The Council had a successful year during 2009-10, despite significant issues impacting its work. The Council operated in an environment of global economic downturn and uncertainty in the insurance markets, recruitment constraints within the public sector, challenges with regards to the ongoing prescription of Schemes, and significant resistance in introducing Schemes to smaller associations. Against this environment the Council was able to assist in legislative reform to the professional standards regime in Western Australia with the amendment of the *Professional Standards Act 1997* (WA), streamlining the WA legislation to be consistent with most other PSL nationally. Another noteworthy achievement was the commencement of an ambitious project to collect research to measure the impacts of the professional standards legislation – the "Comprehensive Research Strategy: Assessment of the Impacts of Professional Standards Legislation".

The 2009-10 year saw the Council lay further ground work for its future success in providing Schemes, through the adoption of a new five-year Strategic Plan, Communications and Marketing Plan and participation in consultation and public debate concerning matters affecting professional standards involving key stakeholders. These activities highlight the Council's efforts to improve the professional standards regime, enhance consumer protection and strengthen partnerships with associations under the meta-regulatory framework.

MAJOR ACHIEVEMENTS OF THE PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA FOR 2009-10

The 2009-10 financial year saw positive advances in the work of the Professional Standards Council of Western Australia, even though the Council was operating in a tightened insurance market, and a less than favourable economic environment.

Mutual Recognition:

Of major significance during 2009-10 was the take-up of mutual recognition opportunities, with 17 Schemes now operating across the country by way of mutual recognition legislation.

In Western Australia, one *Cover of Excellence*[®] Scheme by way of mutual recognition commenced: The NSW Bar Association (Vic, WA, NT, ACT and Qld).

The Council believes that amendments to professional standards legislation (PSL) to encompass mutual recognition of Schemes in other jurisdictions in Australia is a positive step towards reducing inefficiencies in achieving the objects of the legislation nationally. Western Australia became the sixth State to implement mutual recognition amendments to the *Professional Standards Act 1997* (WA) in April 2010.

Co-operation Amongst Jurisdictions:

The Professional Standards Council of Western Australia continued to work in co-operation with the Commonwealth Treasury regarding the prescription of *Cover of Excellence*[®] Schemes under the *Trade Practices Act 1974* (Cth). The following Schemes were most recently prescribed by the Commonwealth, on 8 June 2010:

- Law Institute of Victoria (Vic);
- Engineers Australia (Vic, SA, Tas);
- Australian Computer Society (NSW); and
- Professional Surveyors Occupational Association (NSW).

In consultation with all State and Territory Justice Departments, all the Councils prepared new service agreements – the “Professional Standards Councils Inter-Departmental Service Agreement” and the “Professional Standards Councils and Departmental Procurement of Services Agreement 2010”. These new service agreements were considered and approved by the Councils and all the State and Territory Justice Departments, and will commence on 1 July 2010 for a two-year period.

Both agreements include amended provisions to ensure that effective secretariat support is provided to the Councils, and that the Councils’ resources are properly managed and protected.

Legislative Amendments

Continual improvement of the legislative framework is important to ensure effective administration of Schemes and the monitoring of participating occupational associations’ professional standards and risk management regimes. Legislative amendments also ensure that PSL is consistent across all jurisdictions.

The major legislative amendment that occurred this year was the amendment of the *Professional Standards Act 1997 (WA)*. The amendments introduced a suite of improvements to the Act in order to make the WA legislation consistent with most other PSL nationally – these included the introduction of mutual recognition, the removal of the restriction placed on legal practitioners working on personal injury matters, and clarification that a defence-costs inclusive insurance policy is an acceptable policy for the purpose of the legislation.

Significant Projects

Another major achievement for the Council during the period was the ambitious development and commencement of the “Comprehensive Research Strategy: Assessment of the Impacts of Professional Standards Legislation”. This research will be carried out over a period of three years and aims to collect evidence and measure the impact of PSL. It is hoped that this research will stimulate further research into aspects of the Australian tort law reforms. Phases 1 and 2 of the 10-stage research project are now complete, coinciding with the inaugural Annual Stakeholder Survey conducted by the Office of the Professional Standards Councils (OPSC).

Policy and Engagement

The Council also raised awareness of professional standards and *Cover of Excellence*[®] Schemes by engaging in public debate through submissions to the Australian Prudential and Regulation Authority (APRA) and the Council of Australian Governments (COAG), as well as preparing submissions for the review of PSL in Western Australia and Victoria. Similarly, the Council continued to raise its profile and promote the self-regulation of professionals, with stakeholder information events in Adelaide and Sydney.

Risk Management

Improvements were made to the annual risk management and compliance reporting process for associations with Schemes, during the 2008-09 period. In 2009-10 the Council saw the benefit of these improvements through clearer reporting by associations with Schemes, and the enhanced ability to monitor risk management strategies of associations with multi-jurisdictional Schemes.

SIGNIFICANT ISSUES IMPACTING THE PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA

This is the first year that the Professional Standards Council of Western Australia has included commentary on external issues affecting its performance. There are now Councils constituted in each of the States and Territories, all of which have achieved financial independence. *Cover of Excellence*[®] Schemes are now present in each State and Territory, and a number of these Schemes are mutually recognised across multiple jurisdictions. These factors combined have increased both the reporting obligations of associations and the volume of these reporting obligations. It is anticipated that in future years, the Council will continue to review the reporting methods for associations in order to ensure that the Council can most effectively monitor an association's compliance with their statutory obligations.

Economic Downturn and Insurance Markets

The continuing economic downturn, although stabilising in the latter part of the financial year, remained a constant factor affecting the work of the Council. As a result, activity in insurance markets was of importance to the Council during the period as it was anticipated that professional indemnity insurance (PII) premiums would rise, while the number of underwriters offering PII would decrease. This was also the expectation of most professionals and insurance providers. It was reported in the media that in some professional sectors, such as financial planners, PII premiums increased significantly. However, as the risk management reports of associations indicate, those associations with Schemes were still able to readily access PII providers.

Nonetheless, this period did provide an opportunity for the Council to scrutinise Scheme applications to consider whether those proposed by applicants were suitable given the economic and insurance markets. Further, such a period allows a more robust testing of risk management strategies of associations with Schemes.

Operating within a Public Sector Framework

Due to the unfavourable economic climate, recruitment of specialists to the Office of the Professional Standards Councils (OPSC), which provides crucial support to the operations of the Council, continued to be restricted. The NSW Government placed a freeze on public sector employment, which made it difficult for the OPSC to appoint suitable employees and offer competitive employment packages during 2009-10. As a provisional solution, temporary positions were advertised for the Communications and Marketing Officer, Research Officer and Senior Legal Officer. By the end of the financial year, these positions were again vacant. The impact of this situation is that projects have stalled while recruitment for permanent employees in these positions takes place, delaying important work of the Council. Consultation with the NSW Department of Justice and Attorney General (DJAG) which provides human resources services to the Council, will enable these recruitment issues to be resolved.

Commonwealth Policy

Cover of Excellence[®] Schemes can be prescribed by the Commonwealth under the *Trade Practices Act 1974* (Cth), the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth). The effect of such prescription allows associations to have limited civil liability under certain provisions in these Acts. Associations with Schemes consider Commonwealth prescription to be highly beneficial.

There are currently 30 Schemes, across all States and Territories, and three Schemes in Western Australia, which have been prescribed under the *Trade Practices Act 1974* (Cth). However, during 2009-10, the Commonwealth expressed caution in relation to prescription of Schemes under the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth). The Council anticipates that this will present challenges for some participating associations, and has expressed concern that this will have an impact on the take-up of Schemes by some associations.

Emerging Issues for the Professional Standards Council

The Council recognises that the presently operating Schemes are from large established associations. The Council sees that there is now an interest in Schemes being expressed by smaller, specialist or newly emerging occupational associations. The Council considers this to be a positive opportunity to extend the current reach of Schemes beyond the occupational groups conventionally understood to be professional; for this reason, developments in the interpretation of what is a “professional/occupational association” will play an important part in future growth.

The Council hopes to see all States and Territories enact mutual recognition legislation in the coming years. At present there remain only two jurisdictions that do not have mutual recognition provisions in their professional standards legislation: South Australia and

Tasmania. Further, and because the current legislation provides some limitations to a number of interested associations, the Council will seek improvements in the legislation, where necessary, through consultation with the Professional Standards Legislation Working Group (PSLWG) in order to facilitate the achievement of the objects of the legislation.

The major research project, begun during this period, to measure the impact of professional standards legislation, is expected to provide the Council with valuable information about the nature and impact of Schemes. The Council hopes to use this information to improve processes and systems, to inform decisions about capping liability, to streamline the monitoring of associations with Schemes, and to enliven public debate in this area.

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



Back (L to R): Robert Beaton, Warwick Wilkinson (retired Dec 08), 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 are Council members Hugh Plaistowe and Lisa Hunt (resigned Oct 09)

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*® logo.

The objectives 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 Council

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 Council 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. The Professional Standards Councils of the Australian Capital Territory and Queensland were formed in 2007.

The Attorneys General of each of the States and Territories, through the Standing Committee of Attorneys General (SCAG), the Commonwealth Minister for Revenue and the Commonwealth Assistant Treasurer signed the *Professional Standards Agreement 2005* 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.

Each of the Councils are represented by 11 members in total – these being the same members for each jurisdiction. 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.

The Council has been self-funded for the last three financial years, with revenue derived from application fees and annual fees paid by associations in respect of their members to whom Schemes apply. 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. The finances of the Councils have been separated from the NSW Department of Justice and Attorney General (DJAG) early in the 2009-10 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. Finally, annual risk management and compliance reporting is required of associations with *Cover of Excellence®* Schemes, for the life of the Scheme.

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 with associations to develop self-regulation mechanisms in order that they improve the standard of service received by consumers. 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 the new five-year Strategic Plan of the Council, a further goal of the Council is to be a thought-leader in the field of professional standards. In doing so, the Council hopes to continue to engage public debate and awareness regarding professional standards and limitation of liability schemes, as well as the *Cover of Excellence®* logo and consumer protection. During the reporting period, the Council has had representatives present at an Ethics Forum, various CPD events, and prepared submissions on important policy issues affecting professional standards and the operations of Council.

Protecting Consumers

The Council's goals are to protect consumers by demanding high levels of professional standards and practices from members of occupational associations that have Schemes, and to promote self-regulation across occupational groups.

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 five 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 the evolving higher standards expected of professionals.

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 *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 NSW *Cover of Excellence*[®] Scheme was prescribed under the *Trade Practices Act 1974* (Cth) in April 2007, followed by Schemes for the NSW Law Society and the College of Investigative and Remedial Consulting Engineers of Australia

(CIRCEA) in July 2007, and the Australian Valuers Institute (AVI), the Institute of Chartered Accountants Australia (ICAA) NSW and WA, and Certified Practising Accountants Australia (CPA Australia) NSW in October 2007. All of these Schemes were prescribed for a period of five years.

A further 13 Schemes were prescribed in 2008, and in 2009 prescription was renewed for 18 *Cover of Excellence*[®] Schemes until June 2011, including two Western Australian Schemes – CPA Australia and Engineers Australia. As at 30 June 2010, regulations were in place prescribing 30 Schemes under the *Trade Practices Act 1974* (Cth) – including a Scheme for the Law Institute of Victoria (LIV), which is due to commence on 1 July 2010 and the three Western Australian Schemes.

CHAIRMAN'S REPORT



Brian Rayment

Dear Minister,

All Professional Standards Councils have continued to thrive, making 2009-10 one of the most positive years for the Councils to date.

In carrying out our mandate of promoting consumer protection and excellence in professional standards, the Professional Standards Council of Western Australia has embarked upon several exciting projects throughout the year that will be of benefit to occupational associations with Schemes, future scheme holders, and consumers.

The most significant of these projects was the commencement of the "Comprehensive Research Strategy: Assessment of the Impacts of Professional Standards Legislation". This research recognises that, to date, there has been no quantitative evaluation of the effect of Schemes on professionals, consumers, or insurers, and it seeks to address this by collecting evidence over a number of years in order to measure the impact of professional standards legislation. It is the first of its kind nationally – and internationally – so the Council is eagerly anticipating the possibilities that this research will provide to enrich *Cover of Excellence*[®] Schemes and promote further scholarship in tort law reform. Likewise, the Council envisages that this research will be of benefit to SCAG when it undertakes its review of the professional standards regime. At the time of writing, the initial two phases of the 10-phase research strategy have been completed.

The compact between all the Councils and the Commonwealth regarding Commonwealth prescription of Schemes continued this year, with a further six applications for prescription under the *Trade Practices Act 1974* (Cth) being processed. However, the Commonwealth's recent caution in relation to prescription of Schemes under the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth) will present challenges for some participating associations, and the Councils will seek to discuss this aspect of prescription with the Commonwealth.

Importantly, 2009-10 demonstrated the benefits of mutual recognition of *Cover of Excellence*[®] Schemes, with 17 new Schemes across Australia operating by way of the mutual recognition provisions of the legislation. Western Australia became the sixth State to implement mutual recognition amendments, in its *Professional Standards Act 1997* (WA), in April 2010. This is a positive step towards a more seamless national system of professional standards legislation, and it will doubtless encourage the take-up of Schemes.

The Professional Standards Council of Western Australia was saddened by the retirement of Mr Steven Cole, the Deputy Chair of the Professional Standards Council of Western Australia, Council member (1997-2009) and Chairman of the Audit and Risk Management Committee of Western Australia (2004-09). His contributions were instrumental to the art and science of determining liability

caps and assisting the Council achieve financial viability. Mr Hugh Plaistowe, who has a wealth of experience in auditing and financial consulting and has played a prominent role in CPA Australia, replaced Mr Cole as the Western Australian representative.

The Council hopes to receive nominations for the office of Deputy Chairperson, and the Commonwealth and Queensland representatives from the relevant Ministers in the coming year.

As in previous years, the Professional Standards Council of Western Australia was assisted by the diligent efforts of its Secretariat, under the leadership of Ms Philippa Seagrave, who remains as Acting Executive Officer.

Ms Seagrave and her team continue to make outstanding contributions, particularly in light of NSW public sector staffing constraints, complex financial requirements, gazettal processes and legislative differences between jurisdictions. 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
Chairman of the Professional Standards
Council of Western Australia

OFFICE OF THE PROFESSIONAL STANDARDS COUNCILS REPORT



OPSC staff (L to R): Robert Lawson, Hau Wong, Elizabeth Rysiok, Philippa Seagrave and Seniz Salih. Missing: Mary Abi-Younes, Mary McCrudden, Paul Murton, Nicole Maxwell, Naomi Degabriele

During 2009-10 the Office of the Professional Standards Councils (OPSC) has focused on processing Scheme applications for new and existing clients, and implementing the Council's Comprehensive Research Strategy. The OPSC also finalised the "Framework for Compliance under Professional Standards Legislation".

The OPSC has undertaken significant work in building stakeholder relationships through increased face-to-face meetings and this has coincided with the employment of a specialised Marketing and Communications Officer to the OPSC. Council meetings and forums were arranged in Adelaide, Sydney and Melbourne to meet existing and prospective stakeholders.

Structure and Staffing within the OPSC

The OPSC is managed by an Executive Officer who has dual reporting lines to both the NSW Department of Justice and Attorney General (NSW DJAG), as well as the Professional Standards Council of Western Australia. The Executive Officer is supported by a team of 4.4 Policy Officers, a part-time Senior Legal Officer, part-time Assistant Legal Officer, Research Officer, Marketing and Communications Officer and Administrative support. The OPSC continued to participate in the NSW DJAG's Graduate Program for part of the year.

During 2009-10 the Executive Officer remained on extended leave, with Acting Executive Officer arrangements continuing. Two Policy officers went on maternity leave. An Assistant Research Officer position has been created to support the Research Officer, and advertising for this position will begin in the latter part of 2010. The recruitment "freeze", effective from June 2009 across the NSW public sector, did affect the time within which the new positions could be filled and, as a consequence, these positions were filled by temporary employees. As a result, by June 2010 the Marketing and Communications Officer, Research Officer and Senior Legal Officer positions were vacant. To avoid unnecessary turnover, the positions will be advertised again during August 2010 as permanent employment positions.

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

The PSLWG met with representatives of the OPSC to discuss the re-negotiation and development of new Service Agreements between all the Councils, the Justice Departments in each jurisdiction and the NSW DJAG. The extension of the former agreements expired on 30 June 2010. The new "Professional Standards Councils and Departmental Procurement of Services Agreement", and the "Professional Standards Councils Inter-departmental Service Agreement" will begin on 1 July 2010 for a period of two years.

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 the legislation and to meet its clients' needs more effectively. As a result, the "Framework for Compliance under Professional Standards Legislation" was extensively revised. This policy document outlines a compliance program designed to assist associations to meet their reporting obligations. Compliance programs are important elements of corporate governance in Australia, providing an opportunity to, not only improve an organisation's performance, but also to reduce the cost of failing to meet legal and other obligations.

The consultancy work on the fees modelling policy, completed in June 2009, required further review and development in order to properly consider fee structures that are appropriate to the necessary growth of the Council, in order to meet its full functional mandate. This work will inform a future proposal for consistent national regulatory amendment.

With the assistance of the Communications and Marketing Officer, a New Business Strategy was developed to assist the Council identify prospective professionals and associations that may benefit from *Cover of Excellence*[®] Schemes. The plan includes strategies for stakeholder engagement and management. This plan is also linked to the Communications and Marketing Strategy which includes better use of the website, and development of brochures and newsletters.

Plans for 2010-11

Key initiatives for the OPSC during the year ahead include:

- Continuation of the Research Strategy for the assessment of the impact of professional standards legislation;
- Forums and information sessions to be held in at least two States/Territories to meet existing and prospective stakeholders;
- Implementation of the Communications and Marketing Strategy;
- Identifying and working with associations and professions who do not have Schemes and/or professional standards;
- Office accommodation refit to meet resource and recruitment needs; and
- Finalisation of outstanding recruitment.



Philippa Seagrave

Acting Executive Officer

ORGANISATIONAL STRUCTURE AND GOVERNANCE

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, accounting, insurance, consumer affairs, corporate governance, auditing and architecture.

All States and Territories have agreed to appoint the same 11 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 Chairperson and Deputy Chairperson on an alternating basis.

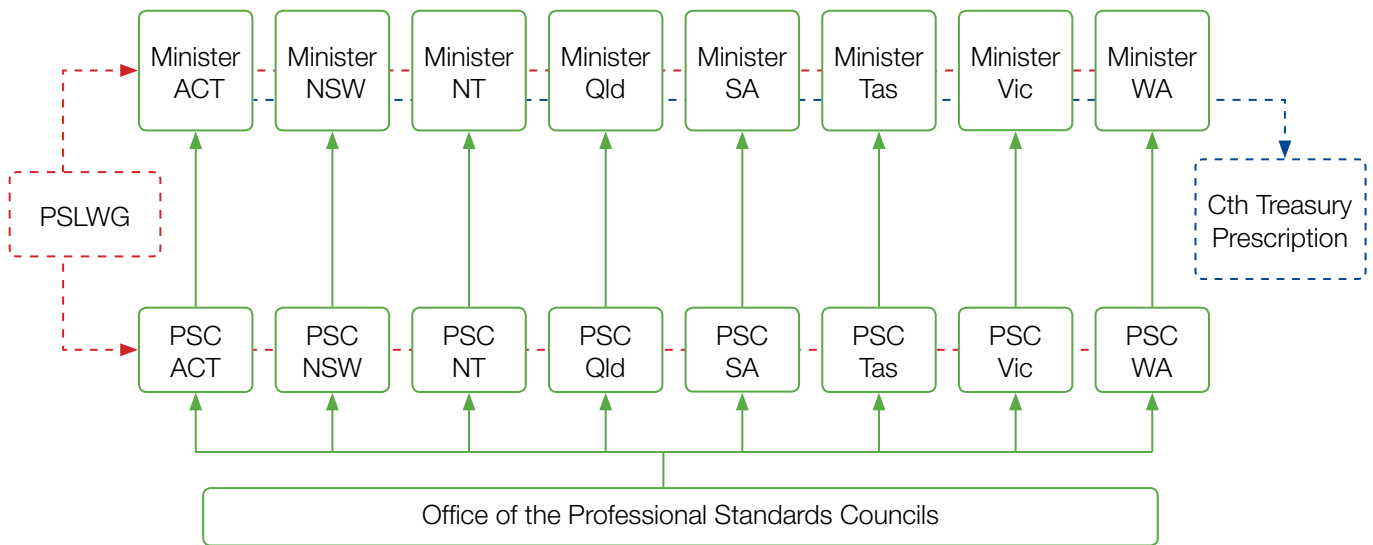
ORGANISATIONAL STRUCTURE

The structure and reporting lines of the Professional Standards Councils Australia wide is represented in Figure 1. This shows the Office of the Professional Standards Councils (OPSC) receiving *Cover of Excellence*[®] Scheme applications on behalf of the Councils and providing secretariat support to each of the eight Councils. Once a Council makes a decision to recommend or amend a Scheme the relevant Minister is informed. With the authorisation of the Minister, an approved Scheme is then published in the Government Gazette.

If an association seeks Commonwealth prescription of its Scheme, under the *Trade Practices Act 1974* (Cth), *Corporations Act 2001* (Cth) or the *Australian Securities and Investments Commission Act 2001* (Cth), then the Council will make a recommendation in this respect, to the relevant Minister. The Minister will then seek Commonwealth prescription.

The PSLWG consists of policy officers in each of the State and Territory Departments of Justice/Attorney General where a Professional Standards Council is constituted. The PSLWG communicates to each of the Councils and to the relevant State and Territory Ministers about professional standards legislation reform, review and Scheme issues.

Figure 1: Organisational Structure and Reporting Lines on National Level



Internal Structure of the Professional Standards Councils

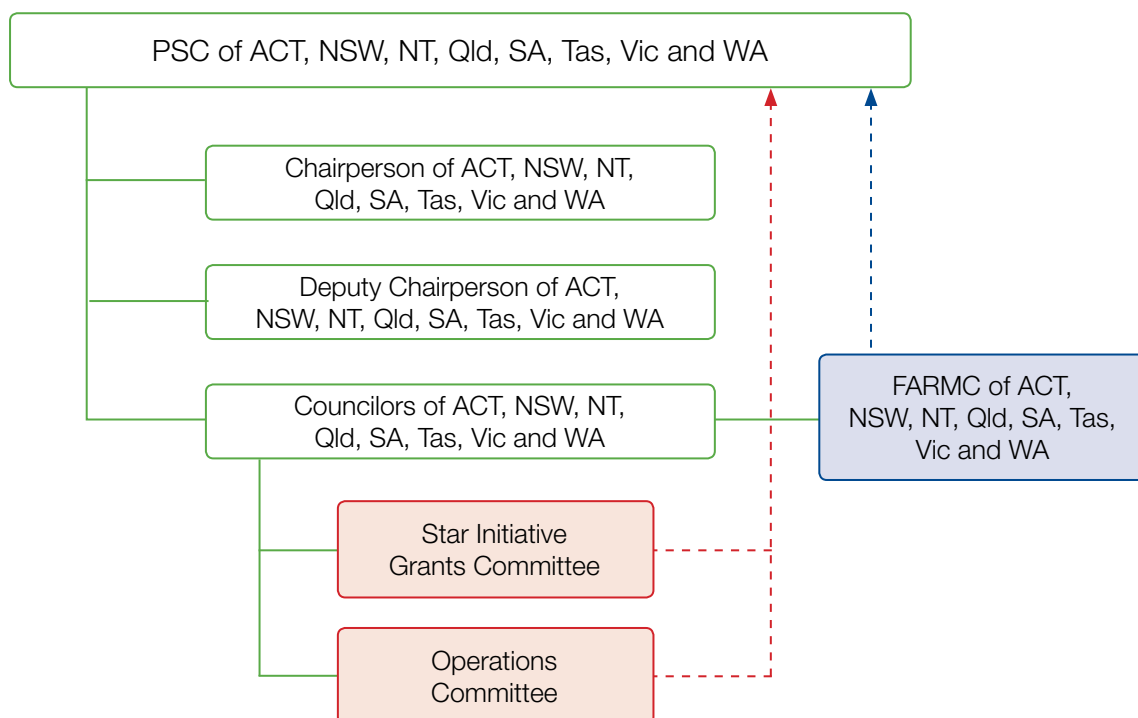
The internal structure of each of the eight Professional Standards Councils is represented in Figure 2. Figure 2 shows that each of the Professional Standards Councils has a Chairperson, Deputy Chairperson and Councilors (see Terms of Office and Remuneration for more information about these offices).

Each of the eight Councils has a Finance, Audit and Risk Management Committee

(FARMC) constituted of Council members. The FARMCs are answerable to each of the Councils.

Two new committees were formed during 2009-10: the Star Initiative Grants Committee (SIGC) and the Operations Committee. These committees are constituted of Council members, but unlike the FARMCs, there is only one SIGC and one Operations Committee which make recommendations to all eight Professional Standards Councils.

Figure 2: Internal Organisational Structure of the Professional Standards Councils



CORPORATE GOVERNANCE

Terms of Office and Remuneration

The Professional Standards Council of Western Australia's members are appointed for a term of up to three years, and are eligible for reappointment at the expiration of their term. In October 2009 Ms Lisa Hunt, nominated as the Commonwealth representative resigned from the Council and in December 2009 Mr Steven Cole (Deputy Chair of the Council, Chair of ARMC and Councilor for Western Australian) retired from the Council. The position of Commonwealth representative currently remains vacant, as do the positions of Queensland Council member and Deputy Chairperson of the Professional Standards Council of Western Australia.

Mr Hugh Plaistowe was appointed as Council member for Western Australia from 1 January 2010 to 31 December 2012. All remaining State and Territory Council members have been nominated for office until 31 December 2011.

An allowance/sitting fee for Council members is paid for attendance at Council, advisory group and committee meetings. This sitting fee is based on the NSW Premier's Department *Guidelines for NSW Board and Committee Members*. The remuneration of Council members consists of the following:

Table 1: Remuneration of Council Members

	Meetings up to 4 hrs	Each hour thereafter
Chairperson	\$593.00	\$125.00
Council Member	\$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 activities.

The average sitting time of Council meetings during the period was approximately 3.72 hours. The Council also undertook 1.5 hours of training during 2009-10.

Constitution of the WA Council

The members of the Professional Standards Council of Western Australia were:

Esther Alter, Robert Beaton, Steven Cole (retired 31 December 2009), Terry Evans, Ronald Farrell, Joanne Metcalfe, Madeleine Ogilvie, Hugh Plaistowe (appointed on 1 January 2010), Brian Rayment, and Iain Summers. Martyn Hagan was appointed to the Council as delegate in the absence of Madeleine Ogilvie, representative of Tasmania. (See "Membership of the Councils" for biographies of each Council member.)

Meetings of the WA Council

The Council met six times during the 2009-10 financial year. The table 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	3
Robert Beaton	6	6
*Steven Cole	3	3
Terry Evans	6	6
Ronald Farrell	6	5
Martyn Hagan	2	2
Joanne Metcalfe	6	6
Madeleine Ogilvie	6	4
Hugh Plaistowe	3	2
Brian Rayment	6	6
Iain Summers	6	6

* Steven Cole retired in December 2009.

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

Committees

The Professional Standards Council of Western Australia can establish committees to assist the Council in its work.

The Finance Audit and Risk Management Committee (FARMC)

During the 2009-10 financial year, the Financial Audit and Risk Management Committee (FARMC) (previously known as the 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 operations and risk management issues facing the Professional Standards Council.

The objectives of the FARMC 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 its financial position and budget management.

Specifically, the FARMC considers the Professional Standards Council's financial position, budget management, risk management strategies, internal controls, and business plans.

Like the Professional Standards Council, the FARMC has common membership across all States and Territories. The members of the FARMCs during the 2009-10 financial year were:

- Steven Cole (Chairman to 31 December 2009)
- Iain Summers (Chairman from 1 January 2010)
- Esther Alter
- Ronald Farrell, and
- Joanne Metcalfe (from 1 January 2010).

The Executive Officer is secretary of the committee.

Appointment to the FARMC is on an annual basis, and members may be re-appointed. The retirement of Mr Steven Cole resulted in new appointments to the committee. The average sitting time of FARMC meetings during the period was approximately 2.33 hours.

Table 3: Meetings of the Finance Audit and Risk Management Committee of Western Australia

Members	FARMC meetings entitled to attend	FARMC meetings attended
Esther Alter	3	3
*Steven Cole	2	2
Ronald Farrell	3	3
Joanne Metcalfe	1	1
Iain Summers	3	3

* Steven Cole retired in December 2009.

Other Committees

Two additional committees were established during 2009-10. The Star Initiative Grants Committee (SIGC), which manages the Council's grants program, and the Operations Committee, whose purpose is to ensure consistency with strategic direction of resourcing and prioritisation of the Council's business plan. Both these committees will hold their first meetings in the latter part of 2010.

Membership of the SIGC consists of:

- Madeleine Ogilvie (Chairperson)
- Joanne Metcalfe and
- Hugh Plaistowe.

The Executive Officer is secretary of the committee.

Membership of the Operations Committee consists of:

- Terry Evans (Chairman)
- Joanne Metcalfe.

The Executive Officer is secretary of the committee.



Brian Rayment



Esther Alter

Procedures

Provisions in PSL in each jurisdiction guide procedures for Council meetings. Policies developed since the Council was established provide additional guidance for the operation of meetings. Policies include: Roles of Visitors, Declaration of Conflicts of Interest (declared at each meeting), and procedural arrangements to ensure dissemination of information in sufficient time for consideration of the meeting material.

Major Legislative Changes

The *Professional Standards Act 1997* (WA) was amended by the *Professional Standards Amendment Act 2010* (WA), which commenced on 8 April 2010.

The amendments introduced a suite of improvements to the Act in order to make the Western Australian legislation consistent with most other PSL nationally – these included the introduction of mutual recognition and the removal of the restriction placed on legal practitioners from enjoying the benefit of a scheme if working on personal injury matters; as well as the inclusion of defence costs in the amount payable under an insurance policy.

MEMBERSHIP OF THE COUNCILS

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 BEc, 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, the Pharmacy Board of Victoria and the Chiropractors Board of Australia.



Robert Beaton



Steven Cole



Terry Evans



Ronald Farrell

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

Robert Beaton retired from a career in insurance in mid 2010, following more than 34 years involvement with professional indemnity insurance. Before he retired, Robert was the National Product and Underwriting Manager at CGU Professional Risks Insurance. Also, for many years, Robert was the chairman of the Professional Indemnity Committee of the Insurance Council of Australia (ICA), and was 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 also by the Australian Prudential Regulation Authority (APRA) in respect of the National Claims and Policies Database.

Steven Cole LLB (Hons), FAICD: Deputy Chairman (nominated by Western Australia) (Retired December 2009)

Steven Cole is a non-executive independent director and corporate consultant. He holds appointments as Chairman and Deputy Chairman on a number of the Australian Stock Exchange, private and not-for-profit Boards. Until recently, Steven was a Senior Partner of international law firm Allens Arthur Robinson. 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 and Industry (WA) and not-for-profit community-based organisations.

Terry Evans 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 Member of the Municipal Association of Victoria Insurance Committee of Management, and is an Australian Securities and Investments Commission (ASIC) 'Responsible Officer' for MAV Financial Services Licence. He was a Board member of the Victorian Managed Insurance Authority including the Risk and Audit Committee 1996-2008, Metropolitan Fire and Emergency Services Board and Audit and Remuneration Committees 1994-2003. Various other insurance activities and board positions have been undertaken. He was General Manager of the Australian Eagle Insurance Group (General Division) until 1992, including directorships of subsidiary companies. During a 38-year professional career in the insurance industry he was also involved in various Insurance industry committees and the establishment of a rural industry Occupational Superannuation Fund.



Joanne Metcalfe



Madeleine Ogilvie



Hugh Plaistowe

**Joanne Metcalfe BLArch (Hons), MBA,
Grad Dip Asset Mgt
(nominated by The Australian
Capital Territory)**

Joanne Metcalfe is the Business Group Manager for Management and Property of GHD's Canberra office. Joanne 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 represents the Property Council on government-industry bodies such as the Industry Monitoring and the Industry Reference Groups in the ACT. She has formerly worked in landscape architecture with Team Design Australia and was a Managing Principal at the architectural firm peckvonthartel (formerly Robert Peckvonthartel Trethowan). She has also served in the National Communications Unit and as State Manager of the ACT branch of the 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.

**Hugh Plaistowe, FCPA AICA
(Nominated by Western Australia)**

Hugh Plaistowe has been a partner of Owen and Plaistowe Certified Practising Accountants for the past 33 years. A registered tax agent and a registered company auditor, Hugh's professional memberships include a Fellow of the CPA Australia, an Associate of the Institute of Chartered Accountants and a Fellow of the Taxation Institute of Australia. Hugh's extensive involvement in CPA Australia includes being a past State President of the Association, past member of the National Council of the Association, and past Chairman of the various committees of the Association. Hugh has presented papers in practice management, budgeting, ethical and professional standards, for CPA Australia and at professional seminars. Hugh is also an avid sportsman and a member of the Board of Trustees, Fremantle Sailing Club. He is also the Chairman of the Bright Water Group Audit and Risk Management Committee.



Iain Summers



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.

**Lisa Hunt BA LLB
(nominated by the Commonwealth)
(Resigned October 2009)**

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.

OPERATIONS OF THE PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA



RESEARCH AND DEVELOPMENT

Long Term Impacts 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 environment. This year, the Council endorsed the "Comprehensive Research Strategy: Assessment of the Impacts of Professional Standards Legislation" to underpin a 10-phase in-depth qualitative and quantitative research project. The assessment of the impact of professional standards legislation is an ongoing long-term project to provide evidence by effective data collection, analysis and benchmarking. The first two phases of the research strategy have been implemented along with the inaugural survey to stakeholders which took place in 2010. Recruitment of a permanent Research Officer has been identified as critical for the success of this project.

Guidelines for Associations' Annual Reporting

2009-10 was the second year that associations were required to report using the revised reporting guidelines that were introduced in 2008-09. These annual reporting requirements incorporate risk management reporting and ensure compliance with Risk Management Standard AS/NZ/ISO 31000:2009. The reports facilitate the creation of time-series data so that the Council and the associations themselves can use this to compare against each association's initial five-year risk management plans.

The revised risk reporting guidelines are now incorporated into the Council's publication, "A Framework for Compliance under Professional Standards Legislation", which was published by the Council in September 2009. The changes reflect the multi-jurisdictional nature of a number of the Schemes (through mutual recognition) and focus on 'life of scheme risk management'.

To date, the Council has found that the use of the revised reporting guidelines has been positive and has assisted both the Council and associations to better monitor and track performance and Scheme maintenance.

Star Initiative Grants Program: Providing Associations with Financial Assistance

Historically (2002-05), the Professional Standards Council of New South Wales offered grants to associations in NSW with Schemes, and their members, to undertake activities and research that contributed to the improvement of professional standards and consumer protection. Grants were awarded under the Star Initiative Grants Program.

Grants were not offered between 2005-09 while PSL was being implemented nationally.

In 2009-10, the Council approved the re-commencement of the Star Initiative Grants Program for the 2010-11 financial year. An internal Council committee – The Star Initiative Grants Committee (SIGC), manages the Star Initiative Grants Program. The Committee was established in May 2010 with a revised mandate and vision. The first meeting of the SIGC is expected to be held in July 2010.

Through the Star Initiative Grants Program, all members of associations who are covered by Schemes have the opportunity to develop a proposal for programs that improve professional standards and the protection of consumers – be it within their own associations or across professions. The Committee will assess the proposals and determine the successful applications.

For the 2010-11 financial year, an initial sum of \$50,000 has been allocated for grants.

EXCHANGING KNOWLEDGE

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

Information about the Professional Standards Council 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 more succinct website address (www.psc.gov.au) replaced www.professionalstandardscouncil.gov.au in 2008-09, and active promotion of the new address occurred in 2009-10. The existing domain name will continue to operate until it expires in September 2010.

During the reporting period, the former Website Strategy was reviewed and expanded upon in the Professional Standards Council's Communication and Marketing Plan. The Plan includes a number of proposed activities relating to the content, structure and design of the website, each of which links into the broader goals of improving and maintaining awareness among professions, consumers, industry and government agencies about *Cover of Excellence*[®] Schemes. Likewise website development is linked to outcomes in the Professional Standards Council's Strategic Plan 2010-15.

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. One information session, focused on the research strategy to be implemented by the Professional Standards Council was held in Sydney in 2010. Also, several meetings were convened with stakeholder associations throughout the year to discuss how they could better report on their risk management strategies and encourage membership take-up.

The Professional Standards Council hosted information events in Adelaide and Sydney where current and potential stakeholder associations were invited to learn about the work of the Council and *Cover of Excellence*[®] Schemes. The Council also has regular meetings with the Liability Reform Steering Group (LRSNG) to discuss how professional standards legislation can assist with tort liability reform. The OPSC is developing a number of stakeholder information forums to be held in 2010-11.

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/NZ/ISO 31000:2009. The new IRMP was finalised in September 2009 by the Council, the FARMC and the OPSC.

The IRMP assists the Council to identify and resolve diverse risks, such as commercial and legal risks, corporate knowledge management, financial administration and audit arrangements.

FINANCIAL PERFORMANCE OF THE COUNCIL

The Professional Standards Council of Western Australia operated with the assistance of the OPSC, a business unit within the NSW DJAG. The financial performance report of the Professional Standards Council of Western Australia can be found in the Financial Reports section of this Annual Report.

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 Office of the Professional Standards Councils (OPSC) within the NSW Department of Justice and Attorney General (NSW DJAG). During 2009-10, there was continued support for the *Professional Standards Agreement 2005*. There will be consideration in any review of this Agreement of the new "Professional Standards Councils and Departmental Procurement of Services Agreement", and the "Professional Standards Councils Inter-Departmental Service Agreement 2010" which both come into effect from 1 July 2010. (See below for further detail).

Inter-Departmental Service Agreements

During the 2009-10 financial year, all States and Territories were signatories to the above mentioned service agreements with all the Councils and the NSW DJAG. These agreements enable co-operation between the States 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 current agreements expire on 30 June 2010 and the new agreements (the "Professional Standards Councils and Departmental Procurement of Services Agreement" and the "Professional

Standards Councils Inter-Departmental Service Agreement 2010") will take effect from 1 July 2010.

LEGISLATIVE CHANGE

The Professional Standards Council is responsible for giving advice on the operation of PSL to the Attorney General. The Council has taken an active role in promoting consistency in PSL across Australia. In particular, the Council was closely involved with the amendment of the *Professional Standards Act 1997 (WA)*, to address the matters of legislative amendments to provide for defence-costs inclusive insurance arrangements, and mutual recognition of schemes across jurisdictions.

Professional Standards Act 1997 (WA)

The *Professional Standards Act 1997 (WA)* was amended by the *Professional Standards Amendment Act 2010 (WA)*, which commenced on 8 April 2010. The amendments introduced a suite of improvements to the Act in order to make the Western Australian legislation consistent with most other PSL nationally – these included the introduction of mutual recognition and the removal of the restriction placed on legal practitioners from enjoying the benefit of a Scheme if working on personal injury matters; as well as the inclusion of defence costs in the amount payable under an insurance policy.

Defence-Costs Inclusive Insurance Amendment

In 2004-05, the Attorneys General were informed by the Councils of advice they had received that PSL may not allow a person to whom a Scheme applies to rely on a defence-costs inclusive insurance 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, in Queensland on 27 August 2007, in the Australian Capital Territory on 6 May 2008, and in Western Australia on 8 April 2010.

Mutual Recognition of Schemes

In acknowledgement of the fact that professionals may work across borders, all the Councils identified the need for an amendment to professional standards legislation to allow mutual recognition of Schemes between jurisdictions. This amendment was intended to facilitate the efficient operation of the legislation 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, in Victoria on 11 December 2008, and in Western Australia on 8 April 2010. Similar amendments are expected to be made in South Australia and Tasmania in due course.

COMMONWEALTH CO-OPERATION

On 5 April 2009 the Honourable Chris Bowen MP, Assistant Treasurer and Minister for Competition Policy and Consumer Affairs nominated Ms Lisa Hunt to be the Commonwealth representative on the Western Australian Professional Standards Council. The position had been vacant since the retirement of Mr Warwick Wilkinson in December 2008. Ms Hunt was subsequently appointed to the Council. Ms Hunt advised of her intention to resign her position at the Council meeting of 30 October 2009. A new Commonwealth representative is yet to be nominated.



L to R: Brian Rayment (Chairman)
Steven Cole (Deputy Chairman – retired
Dec 09)

Once a Scheme is approved by the Council and gazetted by Western Australia, the OPSC asks the Commonwealth to make regulations as required under the *Trade Practices Act 1974* (Cth), the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth), if requested to do so by an occupational association. The purpose of Commonwealth prescription is to prevent the liability caps approved by the States and Territories being circumvented by alternative actions under Commonwealth law.

The Commonwealth has advised that it will no longer prescribe schemes under the *Australian Securities and Investments Commission Act 2001* (Cth) or *Corporations Act 2001* (Cth), as a result of a perceived conflict between the aims of these Acts and PSL.

The current Commonwealth regulations under the *Trade Practices Act 1974* (Cth) prescribe 30 Schemes – most recently (from 8 June 2010) for the Australian Computer Society, the South Australian, Tasmanian and Victorian Schemes for Engineers Australia, and the Law Institute of Victoria (to commence on 1 July 2010). While the Commonwealth has identified its intention to no longer prescribe Schemes under the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth), prescription under the *Trade Practices Act 1974* (Cth) is still an important initiative for the proper effect and administration of Schemes.

Pending a review of the professional standards regime, to be undertaken by the Standing Committee of Attorneys General in the near future, Schemes have been prescribed for a period of two years.

COVER OF EXCELLENCE[®] SCHEMES



CURRENT SCHEMES IN WESTERN AUSTRALIA

There are currently three Schemes in operation in Western Australia, covering three occupational associations and two occupations.

During 2008–09, one Scheme commenced for Engineers Australia (Western Australia). Two Schemes had commenced in 2007-08: 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 dates of the Schemes.

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

Association	Scheme applies to:	Limit of liability	Start	Finish
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	\$1 million to \$75 million. Reasonable charge of services x 10	01/04/2008	31/03/2013
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	\$1 million to \$75 million. Reasonable charge of services x 10	08/10/2007	07/10/2012
Engineers Australia (WA)	Members of Engineers Australia who are also members of Engineering Science and Technology Professional Standards Society	\$1.5 million to \$20 million	01/01/2009	31/12/2013

The Professional Standards Council of Western Australia has approved Schemes under the *Professional Standards Act 1997 (WA)*. The first annual risk management and compliance reports for Schemes approved in 2007-08 were due on 31 March 2009. The first report for Engineers Australia was due on 31 March 2010. Information regarding the risk management strategies under these Schemes is included in this Annual Report 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 the occupational associations and the jurisdictions under which there were Schemes in operation during 2009-10.

Table 5: *Cover of Excellence*® Schemes by Jurisdiction

Scheme	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Accountants								
ICAA	x	x	x	x	x		x	x
	0	0	0	0	0		0	0
CPA Australia	x	x	x	x	x		x	x
	0	0	0	0	0		0	0
NIA		x						
Barristers								
NSW Bar Assoc	*	x	*	*			*	*
		0						
Vic Bar Inc	*	*	*	*			x	
							0	
Lawyers								
NSW Law Society		x						
		0						
Law Institute of Victoria							x	
							0	
Queensland Law Society				x				
				+				
Engineers								
Engineers Australia	x	x	x	x	x	x	x	x
	0	0	0	0	0	0	0	0
CIRCEA		x						
		0						
IT Professionals								
ACS	*	x	*	*			*	
		0						

Table 5: *Cover of Excellence*® Schemes by Jurisdiction

Scheme	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Surveyors								
PSOA	*	x	*	*			*	
		0						
Valuers								
AVI		x						
		0						

Table 6 shows the number of members of associations to whom a Scheme applied in all jurisdictions for the 2009-10 financial year as at 30 June 2009.

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

Association	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
ACS (Australian Computer Society)	n/a	0	n/a	n/a	n/a	n/a	n/a	n/a
AVI (Australian Valuers Institute)	n/a	23	n/a	n/a	n/a	n/a	n/a	n/a
CIRCEA (College of Investigative and Remedial Engineers of Australia)	n/a	28	n/a	n/a	n/a	n/a	n/a	n/a
CPA Australia (Certified Practising Accountants Australia)	82	1,474	26	1,077	245	n/a	2,046	743
EA (Engineers Australia)	0	1	0	2	0	0	1	1
ICAA (Institute of Chartered Accountants in Australia)	513	8,990	121	3,463	1,563	n/a	5,785	2,144
LSNSW (Law Society of NSW)	n/a	7,708	n/a	n/a	n/a	n/a	n/a	n/a
NIA (National Institute of Accountants)	n/a	1,087	n/a	n/a	n/a	n/a	n/a	n/a
NSW Bar (NSW Bar Association)	n/a	2,007	n/a	n/a	n/a	n/a	n/a	n/a
PSOA (Professional Surveyors Occupational Association)	n/a	34	n/a	n/a	n/a	n/a	n/a	n/a
Vic Bar (The Victoria Bar)	n/a	n/a	n/a	n/a	n/a	n/a	568	n/a

Table 7 sets out the total number of members of participating associations to whom a Scheme applied for 2009-10 and previous years.

Table 7: Historical and Current *Cover of Excellence*® Scheme Participation by Association and Year

Association	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
ACS	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
AVI	23	18	27	45	48	85	85	64	57
CIRCEA	28	27	25	25	13	13	13	14	14
CPA Australia	5,693	5,519	5,337	1,350	1,337	1,278	1,262	1,135	1,114
Engineers Australia	5	1	0	0	n/a	n/a	n/a	n/a	n/a
ICAA	22,579	21,135	18,146	7,370	7,326	7,320	6,830	6,715	6,752
LSNSW	7,708	7,898	7,962	8,097	7,309	7,505	8,618	9,079	8,547
NIA	1,087	1,030	975	961	874	773	710	633	n/a
NSW Bar	2,007	1,971	1,968	1,982	1,978	2,000	n/a	n/a	n/a
PSOA	34	34	18	67	67	89	102	101	94
Vic Bar	581	527	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	39,745	38,160	34,458	19,897	18,952	19,063	17,620	17,741	16,578

Note that until September 2007, Schemes were in force in New South Wales only. From 2007-08, the figures in Table 7 are inclusive of all States and Territories in Australia. Note also that from 2008-09, the Councils were prepared to consider applications from firm-only occupational associations, which resulted in the PSOA Scheme amendment. As can be seen this had the effect of decreasing the number of recorded members participating in the PSOA Scheme.

Figure 3 demonstrates the rapid growth in the number of professionals covered by a Scheme, particularly since the commencement of Schemes in all mainland States and Territories.

Figure 3: Number of Professionals Covered by a Scheme 2001-10

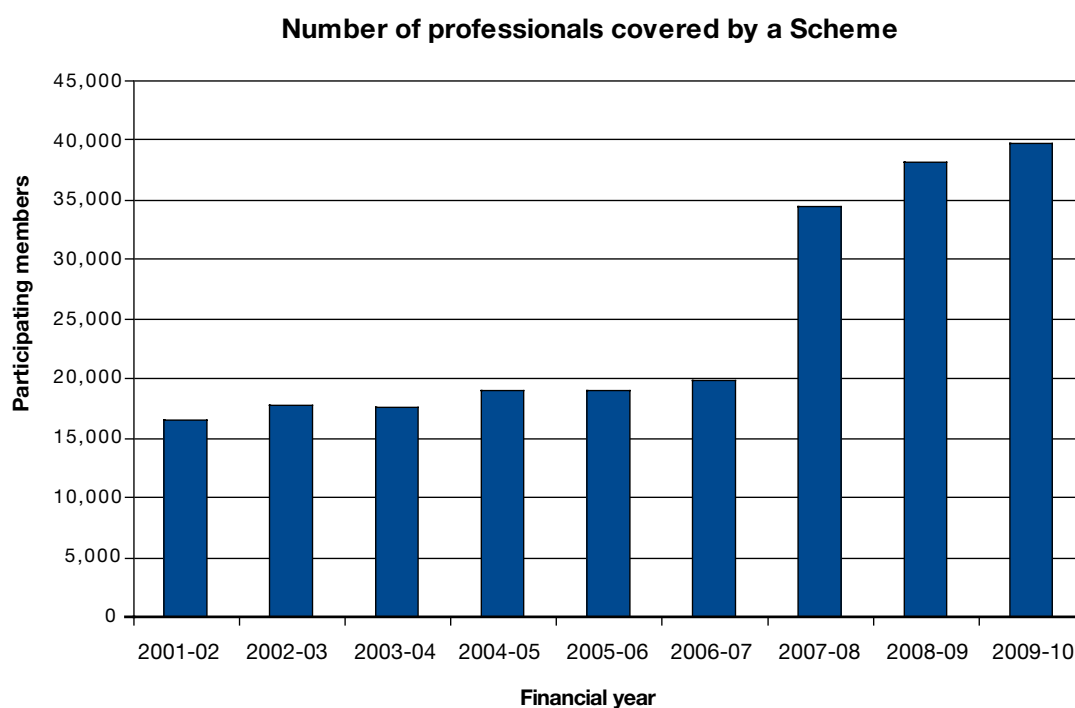
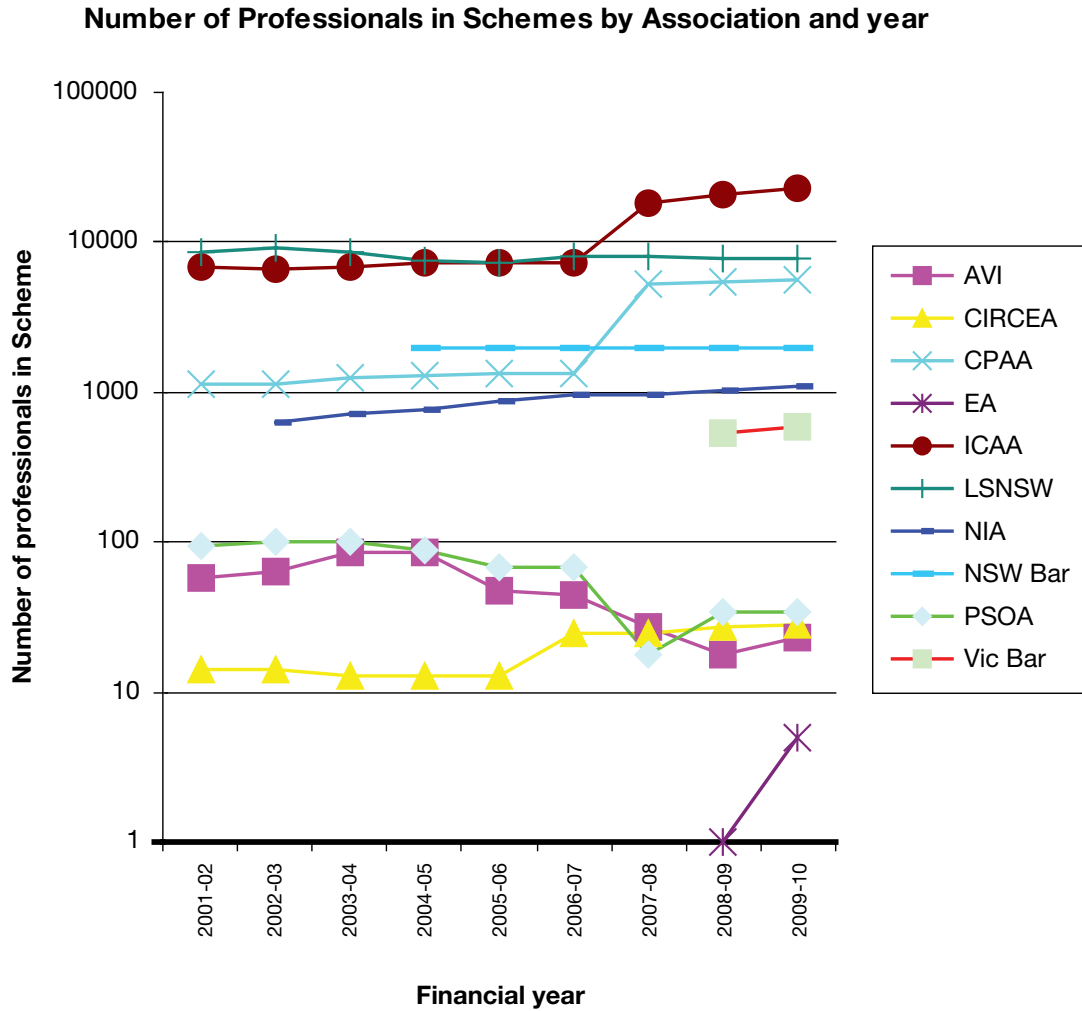


Figure 4 shows the number of professionals covered by Schemes in each association over time. (Note that ACS does not currently have any members in its Scheme and does not appear in Figure 4).

Figure 4: Number of Professionals Covered by a Scheme by Association 2001-2010



SCHEMES IN FOCUS 2009

ANNUAL RISK MANAGEMENT AND COMPLIANCE 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 effects of their strategies in mitigating risks, improving standards, and enhancing consumer protection. The reporting period for 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. Therefore, the reporting period covered in this report is 1 January 2009 to 31 December 2009. 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 improvement to its practices, for the benefit of consumers of its services. The obligation to report is a statutory requirement and is fundamental to the role of the Professional Standards Council of Western Australia. Examining the strategies and risks of professional associations allows the Council to consider whether a limitation on occupational liability requires adjustment, as a consequence of changes in risks faced by members of an association. It also provides the Council with the opportunity to assess the long-term impact of PSL from the perspective of its stakeholder associations.

In September 2009, the Professional Standards Council of Western Australia published *A Framework for Compliance under Professional Standards Legislation* as a resource for Scheme Administrators. This document provides details of all statutory obligations, including annual risk management reporting and claims monitoring, together with suggested formats for reporting to the Councils. The *Framework for Compliance* is available on the Professional Standards Council's website <http://www.psc.gov.au/>.

Who Reports Where?

The 2009 reporting year represents the second year in which there have been reporting obligations in all jurisdictions. Table 8 identifies the reporting obligations on a State/Territory basis for the 2009 reporting year.

Table 8: Summary of Risk Management and Compliance Reporting Obligations by Jurisdiction.

Association	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
ACS* (Australian Computer Society)		✓						
AVI (Australian Valuers Institute)		✓						
CIRCEA (College of Investigative and Remedial Engineers of Australia)		✓						
CPA Australia (Certified Practising Accountants Australia)	✓	✓	✓	✓	✓		✓	✓
Engineers Australia **	✓	✓	✓	✓	✓	✓	✓	✓
ICAA (Institute of Chartered Accountants in Australia)	✓	✓	✓	✓	✓		✓	
LSNSW (Law Society of NSW)		✓						
NIA (National Institute of Accountants)		✓						
NSW Bar (NSW Bar Association)		✓						
PSOA (Professional Surveyors Occupational Association)		✓						
Vic Bar (The Victorian Bar)							✓	

* Note that because the ACS Scheme only commenced on 18 December 2009, there were no reporting obligations for the 2009 reporting year.

** Note that because the Engineers Australia Scheme (Vic) only commenced on 19 January 2010, there were no reporting obligations for the 2009 reporting year.

Who Reports on What?

Professional standards legislation mandates that an association report annually on the implementation and monitoring of their risk management strategies, the effect of those strategies, and any changes made (or proposed to be made) to them. Regardless of the particular strategies adopted and reported on, the Council's policy position requires that associations report each year on their claims and insurance monitoring, complaints and discipline, and continuing occupational education, together with compliance with disclosure of limitation of liability and use of the Council's trade mark.

Table 9 summarises compliance with the compulsory risk management reporting categories for the 2009 reporting year by all occupational associations.

Table 9: Association Reporting Categories 2009

Association	Compulsory Reporting Categories			
	Claims and Insurance Monitoring	Complaints and Discipline	Continuing Occupational Education	Compliance with Disclosure and use of Trade Mark
AVI	✓	✓	✓	✓
CIRCEA	✓	✓	✓	✓
CPA Australia	✓	✓	✓	✓
Engineers Australia	✓	✓	✓	✓
ICAA	✓	✓	✓	✓
NIA	✓	✓	✓	✓
NSW Bar	✓	✓	✓	✓
LSNSW	✓	✓	✓	✓
PSOA	✓	✓	✓	✓
Vic Bar	✓	✓	✓	✓

Each association also provides to the Council additional information about non-compulsory categories of risk management reporting based on the associations' five-year risk management plans submitted as part of the original application process. The information is noted and reviewed by the Professional Standards Council but, for the sake of brevity, these additional categories are not included in this section.

Refer to the 2009-10 Annual Report of the Professional Standards Councils (Consolidated) for an analysis of *Cover of Excellence*[®] Schemes in other jurisdictions.

REPORTS FROM ASSOCIATIONS WITH SCHEMES IN WESTERN AUSTRALIA

There are three Schemes being reported against by the following associations in Western Australia:

- Certified Practising Accountants Australia (CPA Australia)
- Engineers Australia and
- The Institute of Chartered Accountants in Australia (ICAA).

There were three Schemes operating in Western Australia during the reporting period.

CPA Australia Risk Management and Compliance Report

Table 10: CPA Australia (Western Australia) Claims and Insurance Monitoring 2008-09

Year	Commentary
2009	<ul style="list-style-type: none"> • The minimum PII, required by members and available to consumers has doubled to \$1 million from the amount required at the commencement of the Scheme. • There were 0 insurance claims and 3 claim notifications in the reporting period for Western Australia. • The availability of insurance underwriters has drastically increased over the last 12 months and the market is competitive resulting in a reduction in the cost of premiums. There are in excess of 35 underwriters willing to provide PII for CPA Australia accountants.
2008	<ul style="list-style-type: none"> • There were 3 insurance claim notifications in the reporting period for WA. • During the reporting period the market remained stable but increasingly competitive. • There are in excess of 27 underwriters willing to provide PII for CPA Australia accountants.

Table 11: CPA Australia (Western Australia) Complaints and Discipline 2008-09

Year	Strategy	Effects of Strategy
2009	Continual improvement in the investigation and disciplinary process.	Action: The outcome of any complaint referred to a disciplinary tribunal is published on the CPA Australia website.
2008	Continual improvements in investigation and disciplinary processes.	<p>Action: An external independent reviewer examined all aspects of the disciplinary process and made recommendations.</p> <p>Outcome: 42 members appeared before a disciplinary tribunal, with outcomes reported on the website. 5 members were from WA.</p>

Table 12: CPA Australia (Western Australia) Continuing Occupational Education 2008-09

Year	Strategy	Effects of Strategy
2009	Continual revision and improvement of <i>CPA Program</i> .	<p>Action: <i>CPA Program, Public Practice Program and Public Practice Program Residential</i> reviewed and revised regularly (at least twice yearly) to enhance learning outcomes.</p> <p>Action: Development of a new <i>Practical Experience Requirement (PER)</i> to replace the existing <i>Mentor Program</i> from Jan 1 2010, based on member and participant feedback.</p> <p>Action: Ongoing development of solutions for training to meet member needs (webinars, social networking etc).</p>
2008	Continuation of <i>CPA Program</i> .	<p>Action: The Education Advisory Committee meets 4 times a year to provide strategic oversight and quality assurance for the <i>CPA Program</i>.</p> <p>Outcome: Eight-unit conversion courses now available 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 <i>Foundations Exams</i> to access core knowledge as an alternative pathway to commencing the <i>CPA Program</i>.</p>

Table 13: CPA Australia (Western Australia) Compliance with Disclosure and *Cover of Excellence*® Logo Requirements 2008-09

Year	Commentary
2009	<ul style="list-style-type: none"> CPA Australia has provided a quality review framework for implementing and assessing compliance with disclosure of limited liability and <i>Cover of Excellence</i>® logo requirements. There is a 5-year (ie 20% annually) review cycle as part of the quality assurance program. Audit includes a review of letterhead, company structures, quality control and risk management.
2008	<ul style="list-style-type: none"> CPA Australia has provided a quality review framework for implementing and assessing compliance with disclosure of limited liability and <i>Cover of Excellence</i>® logo requirements. There is a 5-year (ie 20% annually) review cycle as part of the quality assurance program. Audit includes a review of letterhead, company structures, quality control and risk management.

Engineers Australia Risk Management and Compliance Report

Table 14: Engineers Australia (Western Australia) Claims and Insurance Monitoring 2009

Year	Commentary
2009	<ul style="list-style-type: none"> Insufficient members of EA participating in the Scheme to supply meaningful data at this stage.

Table 15: Engineers Australia (Western Australia) Complaints and Discipline 2009

Year	Strategy	Effects of Strategy
2009	Improve efficiency of complaints handling and disciplinary system	<p>Action: Code of Ethics and Disciplinary Regulations under review.</p> <p>Action: Consultation draft revised Code of Ethics being validated by broad cross-section of engineering and ethics experts for approval by National Congress July 2010.</p> <p>Outcome: Regular review of complaints handling policy and procedures.</p> <p>Outcome: 10 new complaints (nationally) against members. Complaints continue to be primarily about domestic housing projects.</p> <p>Action: Ethics awareness program under development.</p>

Table 16: Engineers Australia (Western Australia) Continuing Occupational Education 2009

Year	Strategy	Effects of Strategy
2009	To expand avenues available to members for education and learning throughout their careers.	<p>Outcome: New website launched in September 2009 with enhanced events, course and publication search facilities for members.</p> <p>Action: Target continuing professional development programs in accordance with the new national priorities for all career stages.</p> <p>Action: Develop an annual schedule of national publications and courses available to members.</p> <p>Outcome: In Western Australia, some 240 events were provided. Take-up rate was nearly 20,000 CPD hours by more than 10,000 attendees.</p> <p>Outcome: Improved CPD delivery/participation rates.</p>

Table 17: Engineers Australia (Western Australia) Compliance with Disclosure and *Cover of Excellence*® Logo Requirements 2009

Year	Commentary
2009	<ul style="list-style-type: none"> • Provide educational material to members on PSC compliance requirements through Engineers Australia magazine and with renewal applications. • Require members to complete a self-assessment form regarding compliance disclosure requirements. • No report available as annual renewals not within reporting period.

ICAA (Western Australia) Risk Management and Compliance Report

Table 18: ICAA (Western Australia) Claims and Insurance Monitoring 2008-09

Year	Commentary
2009	<ul style="list-style-type: none"> • Minimum PII cover requirements increased in 2009 for the second consecutive year. • Annual survey of members reported a relatively soft market for PII with no sustained pressure on premiums and excesses. Survey evidence suggests the quality and level of cover held by members continues to improve, which provides better protection to consumers. • The Institute sought information regarding any formal claim in excess of \$500,000 lodged against members or firms in the 2009 calendar year. • For WA there were 4 reported claims over the \$500,000 threshold.
2008	<ul style="list-style-type: none"> • The Institute does not recommend, mandate, or limit broker choice for members seeking PII cover. • 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. • 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. • For WA there was 1 reported claim. • 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.

SCHEMES IN FOCUS 2009 *continued*

Table 19: ICAA (Western Australia) Complaints and Discipline 2008-09

Year	Strategy	Effects of Strategy
2009	Discipline of members under the Institute's Supplemental Charter, by-laws and Regulations. Regulation 9/1220 requires members in practice to have complaints handling policies and processes in place.	Action: Professional Conduct Tribunal outcomes published on the Institute's website or in Charter publication. Action: During 2009 calendar year the Professional Conduct team conducted 290 investigations. There were 13 national tribunal hearings. The most frequent issues were related to the Global Financial Crisis. This trend is likely to continue due to lag effects of referral from courts and regulators.
2008	Ongoing compliance with Statement of Membership Obligation (SMO 6): Investigation and Discipline.	Action: During the 2007-08 financial year the Professional Conduct team initiated investigations into 259 formal complaints nationally. This was a decrease from 317 in the previous year. Action: Professional Conduct Tribunal outcomes published on the Institute's website or in Charter publication. Outcome: 42 members appeared before a disciplinary tribunal, with the outcomes reported on the website. 5 members were from WA.

Table 20: ICAA (Western Australia) Continuing Occupational Education 2008-09

Year	Strategy	Effects of Strategy
2009	The Institute requires 120 hours per triennium training and development.	Action: <i>Public Practice Program</i> (PPP) content and syllabus reviewed annually including Ethics modules. Outcome: New PPP launched in March 2009. Action: Annual Training and Development audit conducted nationally. All non-compliance is followed up and resolved.
2008	Ongoing development and revision of training products and services to ensure value for members.	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. Action: Audit training was delivered to attendees Australia-wide.

Table 21: ICAA (Western Australia) Compliance with Disclosure and *Cover of Excellence*® Logo Requirements 2008-09

Year	Commentary
2009	<ul style="list-style-type: none"> All member 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. In WA 83.53% of respondents to a members' survey confirmed compliance with disclosure requirements. 2.41% of respondents confirmed that they were using the optional <i>Cover of Excellence</i>® logo.
2008	<ul style="list-style-type: none"> All member 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. In WA 79.49% of respondents to a members' survey confirmed compliance with disclosure requirements. 1.83% of respondents confirmed that they were using the optional <i>Cover of Excellence</i>® logo. ICAA will target communications to raise awareness of the disclosure requirements in those States/Territories which have new Schemes.

KEY PERFORMANCE INDICATORS

Certification of Key Performance Indicators for the Year Ending 30 June 2010.

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.

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 of Western Australia's performance, and fairly represent the performance of the Professional Standards Council of Western Australia for the financial year ended 30 June 2010.



Brian Rayment QC
Chairman
18 August 2010



Hugh Plaistowe
Council Member
18 August 2010

KEY PERFORMANCE INDICATORS

The Professional Standards Council of Western Australia is responsible for approving *Cover of Excellence*[®] Schemes. The Schemes become effective on a day specified in the gazetted Scheme or two months after gazettal by the Minister.

Cover of Excellence[®] Schemes aim to increase consumer protection by improving the standards of professionals who belong to occupational associations that are approved by the Professional Standards Council 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 an active response to these issues can lower the incidence of civil liability claims against participating members, thereby achieving the objectives associated with the *Cover of Excellence*[®] Schemes.

As a further measure of consumer protection, members of occupational associations that participate in Schemes are also required to hold significant business assets and/or professional indemnity insurance.

There were three *Cover of Excellence*[®] Schemes operating in Western Australia during 2009-2010:

- The Institute of Chartered Accountants in Australia (Western Australia) Scheme (ICAA WA Scheme) which commenced on 8 October 2007 (*Gazette* 28 September 2007, No. 204);
- The CPA Australia Ltd (Western Australia) Scheme (CPA Scheme) which commenced on 1 April 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 provided by the associations.
Description	A <i>Cover of Excellence</i> [®] Scheme limits the civil liability of members of the occupational association. Once approved, Schemes 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. 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.

EFFECTIVENESS

The three associations with *Cover of Excellence*[®] Schemes were invited by the Professional Standards Council of Western Australia to respond to a survey that sought their comments on the Council's effectiveness indicators as at 30 June 2010. During the reporting period there was only one member of the Engineers Australia Western Australia Scheme, while the Schemes of the ICAA and CPA have a combined membership of more than 2,800 professionals.

To assist in determining the extent to which the objectives of the *Cover of Excellence*[®] Schemes are being achieved, the associations were asked to comment on the following:

1. The impact of *Cover of Excellence*[®] Schemes based on the number of claims and cases brought against members;
2. The effectiveness of schemes on the association's perceptions of cost and availability of insurance for scheme members, taking into account:
 - » Cost of insurance (decreasing premium or increasing at a slower than market rate);
 - » Better value insurance for the same premium prices; and
 - » Availability of insurance.

Effectiveness Indicators ^{(1) (2)}

Indicator	2008-2009 ⁽³⁾	2009-2010	Target ⁽⁴⁾
<i>Cover of Excellence</i> [®] Schemes have lowered the incidence of civil liability claims.	Two associations were unable to determine. ⁽⁵⁾	Two associations disagreed. One association did not comment. ⁽⁶⁾	Lower incidence of civil liability claims as a result of <i>Cover of Excellence</i> [®] Schemes.
Cost of insurance (decreasing premium or increasing at a slower than market rate).	Two associations disagreed.	One association agreed. Two associations disagreed. ⁽⁷⁾	Decreasing cost of insurance.
Better value insurance for same premium prices.	Two associations agreed.	Two associations agreed. One association did not comment.	Better value insurance.
Availability of insurance.	Two associations agreed.	Two associations agreed. One association disagreed.	Better availability of insurance.

1. Associations have not been individually identified to protect the confidentiality of the information supplied.
2. Survey information from the associations was received in late April 2010 (1 association) and May 2010 (2 associations). Two associations responded with data relating to calendar years. Additional information to clarify responses was sought from these associations in May and June.
3. For 2008-2009 there were three associations with *Cover of Excellence*[®] schemes. However, as one association had only been operating for six months and did not have any members in its scheme, the responses were drawn from the other two associations.
4. Targets are derived from the stated objectives of the *Professional Standards Act 1997* (WA) as outlined in the second reading speech in Parliament on 25 June 1997 (Hansard, page 4569)
5. Both associations were unable to provide a definitive response due to the 'long tail' nature of claims.
6. While one association reported a decrease in the dollar amount of claims paid in 2009, claim numbers were higher than in 2008. Another association reported that the number of claims nationally was slightly lower in 2009, although claim numbers were slightly higher in 2 jurisdictions, including WA. A third association did not have sufficient data to comment.
7. One association noted a marked decrease in costs when compared to insurance costs for members in 2008-09. Another association reported no significant increase in the cost of premiums. A third association attributed the plateauing of premium prices to current market forces.

EFFICIENCY

Indicator	2008-2009 ⁽¹⁾	2009-2010	Target ⁽²⁾
Cost per scheme	\$30,443	\$35,581	\$34,199

1. The result for 2008-2009 was incorrect and has been changed to reflect the cost per scheme rather than the total cost of the Professional Standards Council.
2. Target based on Professional Standards Council Consolidated Budget as at 1/5/2008 (Western Australia \$86,610 or 5.7% of consolidated total) plus Resources Free of Charge (2008-09 actual plus 3% CPI = \$15,986).



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 2010

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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. This document is available on the OAG website under "How We Audit".


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 2010

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 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.



GLEN CLARKE
ACTING AUDITOR GENERAL
14 September 2010

FINANCIAL STATEMENTS AND NOTES

FINANCIAL REPORT OF THE PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA

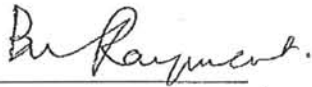
PROFESSIONAL STANDARDS COUNCIL

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

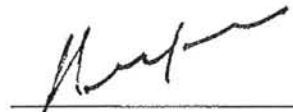
The accompanying financial statements of the Professional Standards Council have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2010 and the financial position as at 30 June 2010.

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



B Rayment QC
Chairman

25/08/2010



H Plaistowe
Council Member

31 August 2010



A Andersson
Chief Finance Officer

2/09/2010

PROFESSIONAL STANDARDS COUNCIL STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
COST OF SERVICES			
Expenses			
Supplies and services	4	106,736	91,330
Other expenses	5	7	-
Total cost of services		106,743	91,330
Income			
<i>Revenue</i>			
User charges and fees	6	150,549	140,899
Total income other than income from State Government		150,549	140,899
NET COST OF SERVICES		(43,806)	(49,569)
INCOME FROM STATE GOVERNMENT			
Resources received free of charge	7	26,023	15,520
Total income from State Government		26,023	15,520
SURPLUS/(DEFICIT) FOR THE PERIOD		69,829	65,089
OTHER COMPREHENSIVE INCOME			
Gains/losses recognised directly in equity		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		69,829	65,089

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

PROFESSIONAL STANDARDS COUNCIL STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	12	280,452	208,420
Receivables	8	14,306	15,028
Total Current Assets		294,758	223,448
TOTAL ASSETS		294,758	223,448
LIABILITIES			
Current Liabilities			
Payables	9	18,576	18,655
Unearned revenue	10	28,154	26,594
Total Current Liabilities		46,730	45,249
TOTAL LIABILITIES		46,730	45,249
NET ASSETS		248,028	178,199
EQUITY			
Accumulated surplus/(deficit)	11	248,028	178,199
TOTAL EQUITY		248,028	178,199

The Statement of Financial Position should be read in conjunction with the accompanying notes.

PROFESSIONAL STANDARDS COUNCIL STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Note	Contributed equity \$	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at 1 July 2008	15	–	113,110	113,110
Total comprehensive income for the year		–	65,089	65,089
Transactions with owners in their capacity as owners				
Capital contributions		–	–	–
Other contributions by owners		–	–	–
Distributions to owners		–	–	–
Total		–	–	–
Balance at 30 June 2009		–	178,199	178,199
Balance at 1 July 2009		–	178,199	178,199
Total comprehensive income for the year		–	69,829	69,829
Transactions with owners in their capacity as owners:				
Capital appropriations		–	–	–
Other contributions by owners		–	–	–
Distributions to owners		–	–	–
Total		–	69,829	–
Balance at 30 June 2010		–	248,028	248,028

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

PROFESSIONAL STANDARDS COUNCIL STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to members and suppliers		(69,168)	(229,767)
GST Payments		(8,088)	(6,196)
Receipts			
User charges and fees		139,570	117,551
GST Receipts		9,718	2,800
Net cash provided by/(used in) operating activities	12	72,032	(115,612)
Net increase/(decrease) in cash and cash equivalents		72,032	(115,612)
Cash and cash equivalents at the beginning of period		208,420	324,032
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	12	280,452	208,420

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

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

1 Australian Accounting Standards

General

The Professional Standards Council's (the "Council" for the purpose of these notes) financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Council has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Council cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended but are not operative have been early adopted by the Council for the annual reporting period ended 30 June 2010.

2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with the 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 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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) Mission

The Professional Standards Council is concerned with the regulation and education of members of occupational associations to improve service standards, and to assist and promote the self-regulation of those associations. The objective of the program is to ensure that the community receives professional services that are affordable, accountable and of a high standard, and provide safeguards regarding professional liability commitment.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

(e) Unearned revenue

Unearned revenue represents the portion of Schemes received or receivable not earned and relates to periods of the Scheme subsequent to the end of the reporting period.

Subsequent to the 2009 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.

(f) Income

Revenue recognition

Revenue is recognised in the Statement of Comprehensive Income 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.

(g) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets include restricted cash and cash equivalents.

(h) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any 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.

(i) 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.

(j) Resources received free of charge or for nominal cost

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

(k) 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 2010

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 effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Council.

AASB 101

Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10

Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

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 Non-current 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. The Professional Standards Council does not expect any financial impact when the Standard is first applied prospectively.

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. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

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

Title	Operative for reporting periods beginning on/after
<p>AASB 2009-11</p> <p>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</p>	1 January 2013
<p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Council does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

	2010 \$	2009 \$
4	Supplies and services	
	80,713	63,510
	26,023	15,520
	-	12,300
	106,736	91,330
5	Other expenses	
	7	-
	7	-
6	User charges and fees	
	150,549	140,899
	150,549	140,899
7	Income from State Government	
	Resources received free of charge (a)	
	Determined on the basis of the following estimates provided by agencies:	
	26,023	15,520
	- accounting, human resources and information technology services	
	26,023	15,520
	(a) Where services have been received free of charge or for nominal cost, the Council recognises revenue 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. Where the contribution of services is in the nature of contributions by owners, the Council makes an adjustment direct to equity.	
8	Receivables	
	1,767	3,397
	12,539	11,631
	14,306	15,028
9	Payables	
	16,314	16,973

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

	2010 \$	2009 \$
Other payables	2,262	1,682
	18,576	18,655
10 Unearned revenue		
Unearned revenue (a)	28,154	26,594
	28,154	26,594
(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 period	178,199	113,110
Result for the period	69,829	65,089
Balance at end of period	248,028	178,199
12 Notes to the Statement of Cash Flows		
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	280,452	208,420
	280,452	208,420
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	43,806	49,569
Resources received free of charge	26,023	15,520
(Increase)/decrease in assets:		
Receivables	722	(15,028)
Increase/(decrease) in liabilities:		
Current payables	(79)	(142,325)
Other current liabilities	1,560	(23,348)
Net cash provided by/(used in) operating activities	72,032	(115,612)

13 Commitments

There were no commitments as at 30 June 2010 (2009-nil).

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

14 Explanatory statements

Significant variations between estimates and actual results for income and expense are shown below. Significant variations are considered to be those greater than 5% or \$7,000.

Significant variances between actual results for 2009 and 2010.

	2010 \$	2009 \$	Variance \$
Income			
User charges and fees	150,549	140,899	9,650
Expenses			
Other expenses	7	-	7
Supplies and services	106,736	91,330	15,406

Income

The additional revenue is attributable to an increase in the number of members in the applicable schemes covered by the Professional Standards Council.

Other expenses, supplies and services

The increase in expenditure was due to the increase in costs of the Council, particularly in relation to three new staff positions and expenditure for audits and consultancies.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

15 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 the end of the reporting period 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'.

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. 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 end of the reporting period are as follows:

	2010 \$	2009 \$
Financial Assets		
Cash and cash equivalents	280,452	208,420
Receivables (a)	12,539	11,631
	292,991	220,051
Financial Liabilities		
Financial liabilities measured at amortised cost	46,730	45,249
	46,730	45,249

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office.

PROFESSIONAL STANDARDS COUNCIL NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

(c) Financial instrument disclosures

Credit risk and interest rate exposures

The following table discloses 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 end of the reporting period 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

	Weighted average interest rate	Interest rate exposure					Past due but not impaired					More than 5 years	Impaired financial assets
		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			
Financial assets	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2010													
Cash and cash equivalent assets		280,452		280,452									
Receivables (a)		12,539		12,539									
Total financial assets		292,991	-	292,991	-	-	-	-	-	-	-	-	
2009													
Cash and cash equivalent assets		208,420		208,420									
Receivables (a)		11,631		11,631									
Total financial assets		220,051	-	220,051	-	-	-	-	-	-	-	-	

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office.

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 end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and ageing analysis of financial liabilities

	Weighted average interest rate	Interest rate exposure					Maturity dates					More than 5 years	Impaired financial assets
		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			
Financial liabilities	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2010													
Payables		18,576		18,576									
Unearned revenue		28,154		28,154	-	-	-	-	-	-	-	-	
Total financial liabilities		46,730	-	46,730									
2009													
Payables		18,655		18,655									
Unearned revenue		26,594		26,594									
Total financial liabilities		45,249	-	45,249	-	-	-	-	-	-	-	-	

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 Statement of Financial Position, 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 2010

16 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:

\$	2010	2009
0 – 10,000	12	12
Total remuneration of members of the Council:	\$27,575	\$27,997

17 Remuneration of Auditor

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

	2010 \$	2009 \$
Auditing the accounts, financial statements and performance indicators	8,600	8,200

18 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2010 (2009 nil).

19 Events occurring after the end of the reporting period

There were no significant events occurring after the end of the reporting period.

20 Related bodies

The Council had no related bodies as at 30 June 2010 (2009: Nil).

21 Affiliated bodies

The Council had no affiliated bodies as at 30 June 2010 (2009: Nil).

22 Special Purpose Accounts

Nil.

23 Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2009: nil).

There were no write offs of public money or other public property during the financial year (2009: nil).

There were no gifts of public property during the financial year (2009: nil).

APPENDIX

Cost of Annual Report

The Professional Standards Council of Western Australia Annual Report was produced in-house with an external graphic designer and printer. A downloadable version can be found on the Council's website at www.psc.gov.au. 16 hard copies were initially produced to meet Parliamentary tabling requirements. The estimated cost of production is \$2,700.

Advertising

The Professional Standards Council of Western Australia did not incur advertising expenditure under the *Electoral Act 1907* (WA).

Public Sector Standards and Ethical Codes

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

Record Keeping Plans

Sound record keeping practices underpin good governance. The Council has a system in place that ensures the accurate storage, capture and retrieval of documents.

Occupational Health and Safety

There were no work related injuries during the reporting period nor illnesses and prosecutions. The OPSC staff are governed by the OHS policies and practices of the NSW DJAG.

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.
- *Professional Standards Regulation 2009* (NSW). Commenced 1 September 2009, repealing the *Professional Standards Regulation 2004* (NSW).

Northern Territory

- *Professional Standards Act 2004* (NT). Commenced 1 January 2006.
- *Professional Standards Regulation 2007* (NT). Commenced 1 January 2008.

Queensland

- *Professional Standards Act 2004* (Qld). Commenced 1 July 2005.
- *Professional Standards Regulation 2007* (Qld). Commenced 9 February 2007.

South Australia

- *Professional Standards Act 2004 (SA)*. Commenced 1 October 2006.
- *Professional Standards Regulation 2006 (SA)*. Commenced 1 October 2006.

Tasmania

- *Professional Standards Act 2005 (Tas)*. Commenced 1 August 2005.

Victoria

- *Professional Standards Act 2003 (Vic)*. Commenced 8 June 2004.
- *Professional Standards Regulation 2007 (Vic)*. Commenced 7 November 2007.

Western Australia

- *Professional Standards Act 1997 (WA)*. Commenced 18 April 1998.
- *Professional Standards Regulation 1998 (WA)*. Commenced 18 April 1998.

Commonwealth

- *Treasury Legislation Amendment (Professional Standards) Act 2004 (Cth)* Commenced 13 July 2004.

Publications and Promotion

The Professional Standards Council of Western Australia produces a variety of publications to facilitate improvements in the professions and to support consumer protection. Publications produced during 2009-10 are:

- Professional Standards Council: Combined Annual Report 2008–09.
- Professional Standards Council of Western Australia Annual Report 2008-09.
- Framework for Compliance under Professional Standards Legislation.

Staffing Profile

OPSC staff are employed by the NSW DJAG, 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 22: Staffing of the Office of the Professional Standards Councils – permanent

Position Grade	No. of positions	No. of males	No. of females
Clerk Grade 3-4	1	0	1
Departmental Professional Officers Grade 3-4	5	2	3
Clerk Grade 7-8	1	1	0
Clerk Grade 11-12	1	0	1

Table 23: Staffing of the Office of the Professional Standards Councils – temporary

Position Grade	No. of positions	No. of males	No. of females
Departmental Professional Officer Grade 1	1	0	1
Clerk Grade 7-8	1	0	1
Legal Officer Grade 5-6	1	0	1

DIRECTORY AND CONTACT DETAILS

Chairman

Brian Rayment QC

Deputy Chairman

Steven Cole (retired 31 December 2009)

Office of the Professional Standards Councils

Philippa Seagrave (Acting Executive Officer)

Naomi Degabriele (Policy Officer)

Robert Lawson (Policy Officer)

Mary McCrudden (Policy Officer)

Nicole Maxwell (Policy Officer)

Elizabeth Rysiok (Assistant Legal Officer)

Hau Wong (Policy Officer)

Mary Abi-Younes (Administrative Officer)

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