



Professional standards regulation

Presentation to the Accounting Professional & Ethical Standards Board

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Chair

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Three pillars of professional standards legislation



Consumers

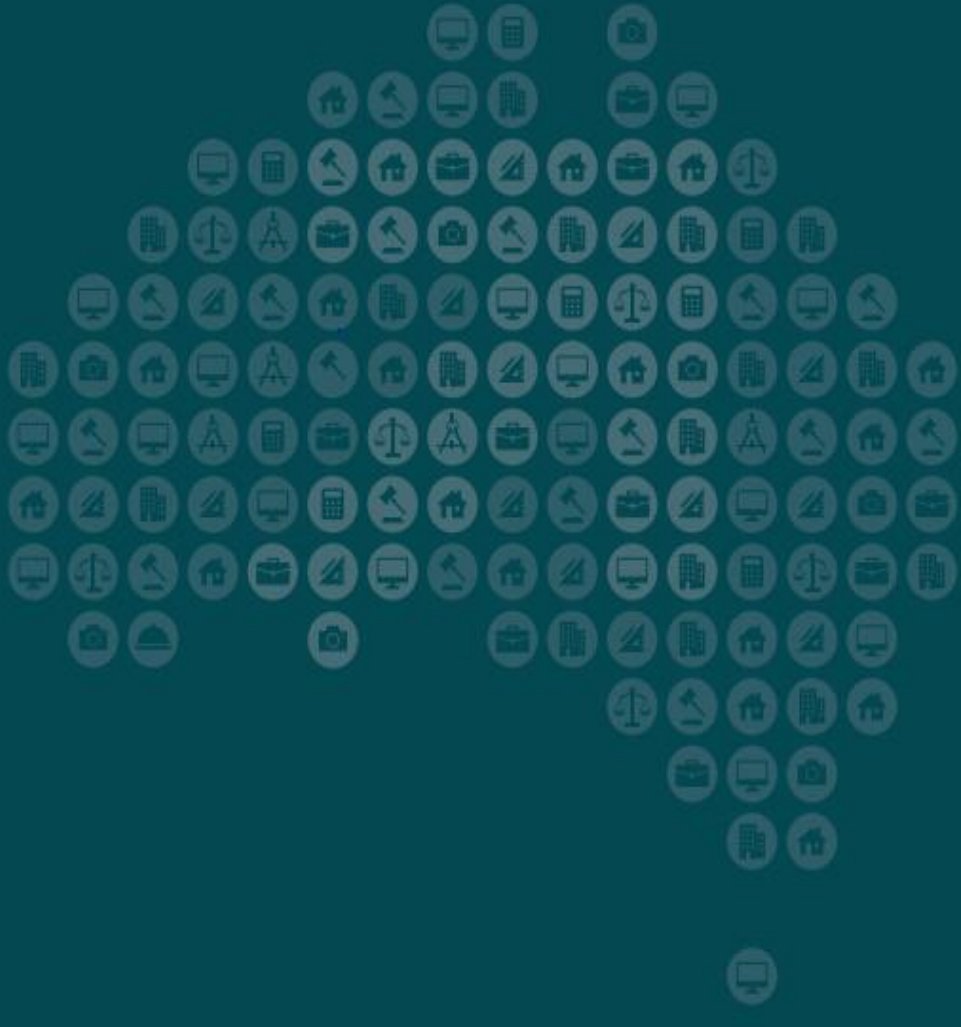


Professional Standards



Associations





A nationally harmonised regulatory system

- Origins in professional indemnity insurance crises
- State & territory based legislation and Councils
- Voluntary participation by associations
- Offers limitation of liability
- Supports & strengthens associations' regulation of members' competence and conduct, for the benefit of consumers
- Schemes seen as indicators of effective self-regulation





Objects of Professional Standards Acts

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

➤ *Professional standards legislation exists in each state and territory.*

➤ *The effect of schemes made under professional standards legislation is recognised in Commonwealth Treasury laws.*



Growth of professional standards schemes

- National, harmonised framework
- Responsive regulation focused on continuous improvements in professional standards and consumer protections
- Data-driven risk management and liability caps
- Improving access to professional indemnity insurance

A growing number of schemes covering a growing number of members since 1994...

17,741
participants

2003

33,193
participants

2008

55,513
participants

2012

93,000
participants

2022



Public policy purpose

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

“There will be considerable benefits to consumers from choosing to deal with a professional who is part of a scheme under the legislation... It is unique in the way in which it combines, in an effective scheme, a range of priorities concerned with the provision of professional services.”

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





Professional Standards Councils

The Councils' regulatory role is to:

- approve Professional Standards Schemes
- encourage and assist self-regulation by occupational associations through schemes
- encourage and assist the improvement of occupational and professional standards
- monitor standards of professionals and compliance



John Vines OAM,
Victoria
Chair



Andrew Lumsden,
NSW
Deputy Chair

The regulatory support agency of the Councils is the Professional Standards Authority.



Professional standards schemes

What are schemes?

Time-limited legal instruments made under professional standards legislation

- may be pleaded in court to limit civil liability
- intended to raise occupational standards and protect consumers
- may operate in a single jurisdiction or in multiple jurisdictions
- may limit liability for misleading or deceptive conduct under CCA, ASIC and Corporations laws

What is an “occupational association”?

An entity that is a body corporate

- must have members who are mainly from the same occupational group (or, in some jurisdictions, related occupational groups)
- must represent the interests of those members
- an “occupational group” includes a professional group and a trade group



More about schemes....

What is the responsibility of the association?

To regulate its members' conduct and to continuously improve their occupational standards, with a focus on consumer protection, and to report on these things annually to the Councils.

What do schemes offer?

For participating occupational associations:

- provision of limited liability
- enhanced reputation through improved standards of professionalism.

For consumers:

- benefits from continuously improved standards of practitioners
- confidence of knowing that the association's self-regulation is monitored by an independent statutory body
- access to financial compensation, for successful claims



Our ongoing engagement with accounting bodies

- Early advocacy by Liability Reform Steering Group, of which CPA Australia, the ICAA and the NIA were members - Councils' co-operative relationship via LRSG Secretary Jim Malins (KPMG, ICAA) as legislation was being implemented nationally.
- The Accountants Scheme (ICAA & CPAA), gazetted in NSW 5 October 2001, commenced 8 October 2001.
- The National Institute of Accountants Scheme, gazetted in NSW 29 November 2002, commenced 29 January 2003.
- Consideration of adoption of APES 230



Compliance reporting by associations

Annual Professional Standards Report (APSR)

- implementation of professional risk management strategies, including consumer protection and improved occupational standards
- compliance with the professional standards legislation
- provides a framework for continuous improvement
- ensures occupational standards remain for purpose – enhancing professional conduct, growing trust, and preventing consumer harms



Strategy 2025

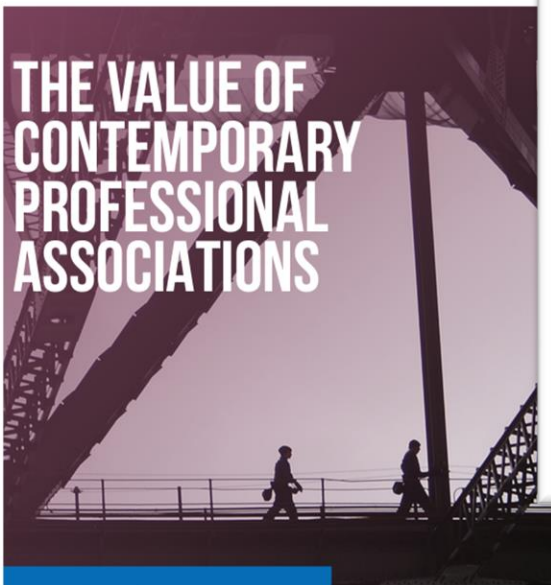
Our strategic goals aim to:

- enhance the Councils' efforts as a rigorous and effective regulator
- strengthen the protection of Australian consumers promote the benefits of professional standards improvement and limitation of liability
- strengthen the effectiveness and accessibility of the regulatory regime.

➤ By 2025, the benefits of schemes will be more widely recognised, and diverse professions and occupations - established and emerging - will participate in the national system, delivering better outcomes for consumers.

➤ [Click here](#) to view the full strategy.

Resources



Report researched and written by Dr Justine Rogers and Deborah Hartstein
UNSW Law

SCHEME
TIONS

SCHEME APPLICATION
FRAMEWORK

RESEARCH LIBRARY
MODERN PROFESSIONALISM

Research Library

Home > Research Library

The Professional Standards Councils work with a range of professional associations to improve their professional standards. The PSC Research Library provides a range of topics related to professions, professionalism and professionalisation to help improve standards and professionalise.

In the research library you will find several types of resources:

Professional Standards Forums

Professional Standards Forums, hosted by the Professional Standards Councils, provide occupational associations in developing their regulatory capacity and standards schemes.

Details for the next Professional Standards Forum will be posted on the website.

View resources and recordings from previous Forums below.

Innovation in complaints systems

This Forum featured presentations from an expert panel on the topic of 'Innovation in complaints systems: your lever to innovation, leadership and change'.

[Read more](#)

20 October 2022

Responding to risk – insurance and improvement

This Professional Standards Forum provided the opportunity for an expert panel on the topic of 'Responding to risk – insurance and professionalisation'.

[Read more](#)



Thank you

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