

Australian Capital Territory

Civil Law (Wrongs) Institute of Public Accountants Professional Standards Scheme 2017

Disallowable instrument DI2017-254

made under the

Civil Law (Wrongs) Act 2002, schedule 4, section 4.10 (Schemes are subject to disallowance)

EXPLANATORY STATEMENT

Professional Standards Legislation (PSL) was developed on a national basis following the insurance crisis of 2002.

PSL, which has been passed by all states and territories, involves a trade-off whereby professionals' occupational liability for negligence is limited in return for commitments to higher standards of service delivery and insurance. These standards are monitored by a professional standards council operating on a national basis (i.e. the ACT Professional Standards Council).

In 2004, the ACT passed its own PSL, which was incorporated as schedule 4 of the *Civil Law (Wrongs) Act 2002* (the Act). Where an interstate scheme is intended to operate in the ACT, schedule 4, section 4.10 of the Act requires the Attorney-General to give notice that the scheme has been approved by the professional standards council for the jurisdiction in which the scheme was prepared. Notice of an interstate scheme is pre-requisite to its operation by mutual recognition in the ACT and renders the scheme subject to disallowance in the ACT Legislative Assembly.

This instrument gives notice of the New South Wales (NSW) Professional Standards Council's approval of the Institute of Public Accountants (IPA) Professional Standards Scheme (the Scheme).

The IPA is an occupational association, and serves as a professional accounting body that sets professional and ethical requirements for its members. Members hold a current public practice certificate issued by the IPA, and carry the requisite professional indemnity insurance.

The Scheme commences in the ACT on the day after notification and will remain in force until 31 December 2018 unless the scheme is revoked, extended, or its operation ceases. The Scheme is intended to operate by mutual recognition in all states and

territories. The Scheme only existed and operated in NSW before being amended to operate in all other states and territories.

The amended scheme extends the existing scheme to members of the Institute of Public Accountants who practice in the ACT and other Australian jurisdictions.

The terms of the Scheme limit a member's occupational liability for damages arising from a single cause of action founded on an act or omission occurring in the provision of accounting services. The IPA scheme applies to all IPA members. There are approximately 30 IPA members in the ACT. The limitation of liability under this scheme is \$1 million, with a discretionary authority for the IPA to approve up to \$20 million.

All required processes under the *Professional Standards Act 2004* (NSW) and the Act, including the prescribed period of public notification and submission by the ACT Professional Standards Council to the ACT Attorney-General, were observed in the development of the Scheme.