

Australian Capital Territory

Civil Law (Wrongs) The Institute of Public Accountants Professional Standards Scheme 2021

Disallowable instrument DI2021-296

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 have their negligence liability for economic loss capped in return for a commitment to higher standards of service delivery, monitored by a professional standards council operating on a national basis.

In 2004, the ACT passed its own PSL, which was incorporated as schedule 4 of the Civil Law (Wrongs) Act 2002 ('the Act'). Schedule 4, section 4.10 of the Act provides that the Attorney-General must give notice of an interstate scheme submitted by the appropriate council for the jurisdiction in which the scheme was prepared.

This instrument gives notice of the ACT Professional Standards Council's endorsement of the Institute of Public Accountants (IPA) Scheme (the Scheme).

The Scheme commences on 1 January 2022 and will remain in force for five years (to 31 December 2026) unless the scheme is revoked, extended, or its operation ceases. It replaces an existing scheme (DI2018-268), which is due to expire on 31 December 2021, after being extended by NI2020-814.

The Scheme limits the occupational liability of members of the Institute of Public Accountants up to monetary ceilings between \$2 million to \$10 million based on the annual turnover of each member. The Scheme also confers discretionary authority on the IPA, on application by a member, to approve a monetary ceiling up to a maximum of \$75 million.

The Scheme has been developed in Victoria under the Professional Standards Act 2003 (Vic) by the IPA, to limit occupational liability of IPA members. The Scheme is also intended to operate by mutual recognition in New South Wales, the ACT, the Northern Territory, Queensland, South Australia, Tasmania, and Western Australia.

All required processes under the Professional Standards Act 2003 (Vic) 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.