

23 February 2023

Mr. Peter Achterstraat AM
NSW Productivity Commissioner
NSW Treasury
52 Martin Place
Sydney NSW 2000
Australia

By email: productivityfeedback@treasury.nsw.gov.au

Dear Peter

NSW Productivity Commission's New thinking on continual professional development discussion paper

CPA Australia represents the diverse interests of more than 170,000 members working in over a 100 jurisdictions and regions. We provide this feedback on behalf of our members and in the broader public interest.

We note in your discussion paper that the data on professionals across Australia who have ongoing continuing professional development (CPD) obligations did not include accountants who are members of a professional body. Within our membership we have approximately 120,000 members in Australia. The demographics of our members is provided on our [website](#).

CPD requirements for CPA Australia members

As a professional accounting body, we are members of the International Federation of Accountants (IFAC). IFAC member bodies are required to ensure professional accountants undertake and record relevant CPD that develops and maintains the professional competence necessary to perform their role as a professional accountant. Establishing ongoing CPD obligations for our members and monitoring members adherence to these obligations is also an important component of our Professional Standards Scheme with the Professional Standards Councils.

Maintaining professional competency benefits our members but it also safeguards the integrity of the accounting profession and protects the public interest.

We establish CPD requirements for our members through our By-Laws. Every member (excluding life members, honorary members, and members on the retired membership list) must in each triennium, undertake at least 120 hours of continuing professional development, of which at least 20 hours must be undertaken in each year of the triennium.

Members are required to maintain appropriate records of the CPD undertaken. Where members hold any statutory registrations such as, without limitation, company, or self-managed superannuation fund (SMSF) auditor, company liquidator, tax, or BAS agent, trustee in bankruptcy, financial service licensee, credit licensee or representatives, appropriate CPD must be undertaken in the speciality areas and the member must meet any prescribed minimum CPD requirements required to maintain such registrations. Each year we review a sample of our members compliance with their CPD obligations.

Responses to the discussion questions

1. What is the role of CPD: skill maintenance or upskilling?

We believe CPD has an important role to play in both skill maintenance and upskilling. The accounting profession faces constant regulatory and professional standards change, and accountants need to maintain up to date knowledge to provide the best possible services to their clients. In addition to remaining up to date, CPD also provides members the opportunity to gain skills that help them achieve their development and career goals, build their knowledge to excel in a competitive business environment, and increase their value to their organisation and/or clients. CPA Australia's value

proposition for CPD is to ensure members are engaging in life-long learning so to future proof their careers in the environment of rapid changes in the profession.

2. *What is the right balance between initial education requirements and CPD? How could CPD be used to facilitate progression through graduated occupational licencing?*

We believe it is important to ensure that initial entry requirements are accessible, attracting professionals from other disciplines without compromising the essence and integrity of the designation. Similarly, as indicated in the paper, it is important that initial education requirements are not so arduous and lengthy that interested parties turn away from the profession.

While recognising that minimum mandatory requirements set for professions ensures professionals are armed with the right skills, experience, and professional competency to execute their roles, we are supportive of striking a balance between initial education requirements and those that can be acquired on the job and through further professional development. Our current CPA Program supports an applicant's early career journey into the profession and offers a staggered and supported pathway to full qualification. Associate members participating in the CPA Program undertake a combination of formal and informal training including, program qualification subjects, practical experience, and CPD obligations to meet membership requirements and progress to fully qualified status.

3. *How can CPD be used to enable upskilling and improve labour market flexibility? What barriers must be overcome?*

We believe that a combination or hybrid approach (refer to the [International Education Standard \(IES\) 7](#) input and output method) to measuring CPD activity, which requires professionals to focus more on outcomes when measuring CPD outputs, can enable upskilling and improve labour market flexibility. As indicated in the paper we concur that an outcomes focussed approach places more focus on addressing skills gaps in current roles and/or between current roles and future career aspirations which in turn supports a more flexible and mobile labour market through the development of broader ranging skills. A focus on CPD outcomes rather than inputs directs professionals to concentrate on what is being realised from their learning opportunities through goal setting, reflection, and application in the workplace, this further enhances skills formation. This approach also lends itself to recognising on-the-job learning and, on the job, cross-training as CPD which is more easily accessible acknowledging that a large proportion of learning activity transpires on the job. However, a considerable challenge to achieving this is the regulatory burden faced by many professionals which mandates and prescribes the type and nature of CPD to be undertaken. In order to overcome these barriers we need to understand the minimum mandatory required CPD obligations for professionals and look at ways to ease regulatory burden by striking the right balance between mandatory/prescriptive CPD and non-mandatory/non-prescriptive CPD if we are to improve labour market flexibility.

4. *How can digital technology be better used to facilitate and deliver CPD?*

We are of the view that digital technology can be better used to facilitate and deliver CPD. Some of the ways digital technology is leveraged by CPA Australia to deliver CPD include:

- online learning which facilitates delivering high quality training to large and location diverse cohorts economically e.g., recorded webinars and eLearning.
- career support and analysis tools which identify learning gaps to recommend and deliver relevant content to professionals
- data analysis of profiles such as employment sector and insights into behaviour, including the level and type of engagement to deliver tailored CPD offerings to professionals.

5. *Does the framework appropriately guide regulators as to whether mandatory CPD is the right policy?*

As outlined in the beginning of our response CPA Australia has mandatory obligations as an IFAC member body to set and monitor compliance with mandatory CPD requirements for our members. Therefore, we would not use the framework to guide our CPD policy.

6. *What design features should be included in the framework to ensure CPD is well designed and maximises net benefits?*

The framework could factor in the following design features to ensure CPD is well designed and maximises net benefits:

- CPD activities should be varied and include a combination of formal and informal learning including on the job learning to accommodate the current ways of working and make CPD easily accessible.
- CPD undertaken should be relevant to current role and/or career aspirations to maintain and develop professional competence for a professional's current role, as well as fostering career growth.
- A post implementation and periodic review of the CPD monitoring process should be undertaken to ensure it realises benefits and remains fit for purpose.
- Capability should be built in to meet minimum mandatory CPD requirements as well as foster upskilling/cross skilling and career growth.
- Guidance on what is an appropriate "exemption" or "on-hold" policy for professionals on extended leave, career break etc.
- Promotion of intuitive and dynamic online platforms to record CPD requirements easily and integrate with other platforms, thus minimising administrative burden.
- Consideration of what is the appropriate timeframe for a review cycle e.g., annual versus triennium, and factoring in risk and the rate of change in the business environment such as movement in roles, changes to legislation and regulation etc.
- Promotion of a hybrid or outcomes focused approach to measuring CPD to better enhance skills formation by undertaking CPD where there are knowledge gaps, as well as reflection on and the application of learnings.

If you have any queries about this submission, please don't hesitate to contact Ms. Melissa Read, Senior Manager, Professional Standards, Professional Standards and Business Support on melissa.read@cpaaustralia.com.au or +61 (0) 481 476 275 or me on gary.pflugrath@cpaaustralia.com.au or +613 9606 9941.

Yours sincerely,

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