



PROFESSIONAL STANDARD 1 : CONTINUING PROFESSIONAL DEVELOPMENT

EXPLANATORY MEMORANDUM

August 2009

A. Background

The Professionalism Review Taskforce ("Taskforce") was formed in April 2008 to review the Institute's Code of Professional Conduct and Professional Standard 1 re Continuing Professional Development ("PS 1").

In 2007, the Institute conducted a review of members' compliance with PS 1. A number of issues arose out of that review which suggested that aspects of the standard should be re-considered. In 2008, it conducted an audit of members' compliance with PS 1.

During April and May 2008, Members were invited to raise issues with PS 1 for consideration by the Taskforce. In June 2008, the Taskforce released an Issues Brief formally inviting member comment on a range of PS 1 issues. The Taskforce received four submissions in response to the Issues Brief.

In November 2008, the Taskforce released a Discussion Draft of proposed amendments to the standard (and accompanying Explanatory Memorandum) which took into account the submissions received in response to the Issues Brief, as well as the report given to Council on the outcomes of the CPD audit conducted earlier in the year of members' compliance with the standard. The Taskforce received three submissions in response to the Discussion Draft.

Based on the submissions received in response to the November 2008 Discussion Draft, a final form of the standard was presented by the Taskforce to both the Professional Standards Committee and Council in August 2009, in accordance with the Due Process for the Development and Amendment of Professional Standards. It was approved for release to members as a final standard and took effect from 25 August 2009.

B. Key changes from the previous standard

Members' attention is drawn to the following key changes from the previous standard:

- ▶ ***amendment of the definition of 'Continuing Professional Development'*** in order to make clearer that CPD activities that are relevant across a Member's professional lifecycle – regardless of whether the Member is engaged in 'actuarial practice' or



not – essentially qualify as CPD activities under the standard. For example, a Member who no longer practises as an actuary but holds a Board appointment, could consider undertaking CPD activities on the topic of director's duties in order to meet their obligations under the standard. The key issue – from both the profession's and community's viewpoint – is that, in whatever field a Member works, s/he is appropriately skilled and current in that field. This is consistent with clause 4.1 of the standard;

- ▶ **clarification of the 40/80 hour rule** : clause 4.3 now provides greater clarity as to the requirement to do either 40 hours in the prior calendar year or 80 hours in aggregate over the prior two calendar years, provided at least 20 hours is completed in each of those calendar years;
- ▶ **the requirements for compliant CPD** : a Member may now undertake CPD activity in a broader range of areas than were allowed under clause 4.2.4 of the previous standard. This reflects both the needs of those members who do not work in traditional actuarial practice, as well as encourages Members to consider undertaking CPD activities in non-technical and professionalism skills that develop the holistic professional. The changes in both clauses 4.4 and 4.5.1(j) also remove much of the ambiguity which surrounded clause 4.2.5 of the previous standard (re commercial activities qualifying as CPD);
- ▶ improved clarity around the rules for seeking an **exemption from compliance** with the standard, particularly in relation to prospective and retrospective applications (refer clause 4.9); and
- ▶ inclusion of a range of **enforcement measures** which provide a more balanced and constructive approach to dealing with the range of breaches of the standard which might occur and which might merely be trivial or fall short of the requirements for Actionable Conduct under the Disciplinary Scheme.

END OF EXPLANATORY MEMORANDUM