

# ANNUAL REPORT 2004



Institute of Actuaries of Australia



The **Institute of Actuaries of Australia** represents the actuarial profession by creating, expanding and maintaining an environment where the skills of **actuaries are widely used and valued**. The Institute > establishes and maintains **professional standards** for the protection of the public > provides pre-qualification and continuing professional education > creates forums for discussion about **contemporary and relevant issues** > promotes research and the development of actuarial science and > contributes to and informs the **debate on public policy**. The vision of the Institute is to position the profession so that wherever there is uncertainty of future financial outcomes, actuaries are sought after for their **valued advice and authoritative comment**.

During 2004, the actuarial profession came into the spotlight and under more public scrutiny both in Australia and internationally than it has ever done so previously.

The scrutiny came from the failure of the Equitable in the UK and the demise of HIH in Australia. And it has also come from the recent focus on the actuarial involvement in the James Hardie asbestos issue. At the same time there has been an increasing realisation of the value that the actuarial profession can add in many areas of corporate and public life.

In this report I want to highlight the position and initiatives in each of these areas.

## The Quality of Professional Advice

The scrutiny arising from the Equitable, HIH and Hardie issues has challenged the profession to substantially upgrade its professional standards and its standard setting processes and to recognise that there is a need for input from outside the profession in both of these.

The Corporate Governance Taskforce building on the initial work carried out by the HIH Task force made 14 recommendations to Council, all of which were adopted. The most important of these were:

- The introduction of Independent Peer Review as best practice for all statutory work.
- The review of our Standards of Practice and Code of Conduct and the ongoing review of these on a regular basis.
- The strengthening of CPD and the introduction of corporate governance and ethics into Part III.
- The establishment of mentors for Part III students and panels of senior actuaries to be available to members to discuss professional issues.
- Guidance on whistleblowing.

The Corporate Governance Taskforce lead by Chris White then turned its attention to the implications of the report by Lord Penrose into the Equitable and to the subsequent inquiry into the UK profession by Sir Derek Morris and has made further recommendations to Council. The most important of these has been the recommendation to substantially rethink our approach to standard setting in the review of our standards.

There are a further series of recommendations arising from the Asbestos Inquiry Taskforce which will inform aspects of the review of the Code of Conduct. The out working of these recommendations will substantially enhance the way in which we practice and our professional quality control procedures.

The simple message from all of these is that there is a strong public expectation that we should govern ourselves much more rigorously especially in areas where there can be significant public ramifications from professional failure or inadequacy.

The work of upgrading our standards and of implementing all the changes is substantial and will impact heavily on the professional staff and particularly on the Practice Committees.

## Education

2005 will see the introduction of the new Part III education program, an initiative commenced some three years ago. During the year a great deal of the preparatory work has taken place. Existing courses have been revised and new courses in investments and finance developed including e-learning components delivered via the internet.

The introduction of the one week residential Course Commercial Actuarial Practice will mark another innovation in Australian actuarial education.

With the completion of the new Part III program, the focus will need to turn much more to the upgrading of our CPD. Strong professional capability these days requires that practitioners must keep up to date and the requirements of professional quality means the Institute must demand more of practitioners.

This is an essential development for Australia as it is in all parts of the international actuarial world.

## Research

A learned profession will not continue to thrive for long if it does not continually refresh its intellectual capacities. With the pressures of modern commercial life it is not sufficient to rely on voluntary research work by actuaries. Some of this gap is being taken up by the universities, but this has still left a gap in research especially related to public policy and to applied actuarial science.

2004 saw the Council take the historic step of agreeing in principle to the establishment of ARCA – the Actuarial Research Centre of Australia.

The key objective of the Centre is to arrange, endorse, protect and conserve high quality independent research that applies actuarial science to relevant issues of public significance.

The Research Centre will have a full time director whose primary tasks will be to both package research and to develop funding sources and an experienced board of both actuaries and others who can strengthen the development of the Centre. The Institute is committed to contributing an initial amount of \$300,000 provided that matching funds can be raised by the steering committee. A steering committee headed by John Trowbridge is now working through the practical steps of establishing the Centre.

## Membership

During the year, we continued the President's Lunch series started by Helen Martin when she was President in 2002. These informal lunches with small groups of members provide valuable insights into the needs of our members and now seem a well established part of our regular contact with members.

Member services are the heart of the work of the Institute, yet surprisingly until this year it has not had a recognised organisational focus in our committee structure or in the Executive of the Institute.

This has been rectified as a result of the internal

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## President's Report (continued)

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governance review commenced in the latter part of 2003 and concluded earlier this year. A new Member Services Council Committee was established in June of this year and in addition, a senior staff appointment was made to support these initiatives.

Member services has many challenges:

- How to connect with those actuaries practicing outside traditional areas particularly in banking, finance and investment and ensure that the Institute provides them with relevant and valuable services.
- How to ensure that the rapidly growing number of students in our actuarial schools know what the profession has to offer them and to draw them into the profession and maintain continuing contact after they graduate, including those who graduate but do not progress to fellowship exams.
- How to ensure that we provide full and effective services to the many Australian actuaries who live and work outside of Sydney and Melbourne.
- How to support all of our members in the much more challenging professional climate which we face now and in the future.

A critical part of member services is also the support by the secretariat of the practice committees, council committees and taskforces. Especially over the next period as we focus on the further building of our professional quality through upgraded standards, continuing education and other member services, the practice committees in particular will face increased challenges which will in turn put greater demands on our secretariat resources.

### Internal Governance

In the second half of 2003, a review of the internal governance of the Institute was commenced under a taskforce headed by Denis Wilkinson. The aim of the taskforce was to clearly identify the responsibilities of each of the major components of the system of governance used by the Institute and to ensure as far as possible that we did not have excessive overlaps of responsibility. The review established clear responsibilities for each of the main components including the Council, President and Chief Executive.

At the same time, it formalised the Executive Committee as comprising the President, the two Vice Presidents and the Chief Executive and again established clear responsibilities. The Executive Committee took over some of the key functions of the Finance and Administration Committee and the remaining functions, essentially audit, have been delegated to a newly formed Audit Committee.

The review also established two new committees – Member Services and CPD recognising the critical importance of these issues in the future.

These changes have been important in clarifying the governance of the Institute and in establishing clear lines of responsibility which I hope will serve us well as we enter a future which places much more focus on the governance of the profession.

### Secretariat

A modern profession cannot run itself effectively without the services of a highly professional Secretariat. They have coped with ambitious projects, multiple demands, competing priorities and often limited resources. We are indebted to our Chief Executive Catherine Baldwin and her team for their tireless and unstinting effort to ensure that the profession achieves its ambitions including educating its students, servicing its members and providing advice to the Government.

### Service to the Institute

The Institute would not function without the voluntary contribution of more than 660 Fellows which represents 50% of our total Fellows membership.

To all these members, I express my thanks and those of the Vice Presidents and of the Council for your contribution. In particular, I would like to thank all the Council, practice committee and taskforce chairs for their service and in particular to note the contribution of the following chairs who are stepping down:

- David Knox from the Education Council Committee.
- Michael Playford from the General Insurance Practice Committee.
- John Maroney from the Superannuation and Employee Benefits Practice Committee.

Graham Rogers  
President



Graham Rogers





**Institute of Actuaries of Australia Council Members 2004. Council Meeting held on 20 October 2004 at the Institute, Martin Place, Sydney**

Front Row (L to R): Chris Lewis (Past President), Martin Stevenson (Vice President), Graham Rogers (President), Andrew Gale (Senior Vice President), Fred Rowley

Middle Row: (L to R): Helen McLeod, Pauline Blight, Clive Amery, Steve Somogyi, Catherine Baldwin

Back Row (L to R): Trevor Thompson, David Service, Greg Martin, Andrew Dillon, David Goodsall

Side (Top down): Ian Burningham, Robyn Bateup, Michael Playford

## Actuary of the Year

**Tony Coleman** BA, MBA, FIA, FIAA

The Actuary of the Year Award for 2004 was presented to Tony Coleman at the October Horizons meeting. The award was made in recognition of Tony's outstanding contribution to the profession, business, and the community. This is particularly so for Tony's contribution to the Institute and the Australian actuarial profession, and for his leading work in the fields of risk management in the general insurance industry, climate change and corporate governance.

In his role as Chief Risk Officer and Group Actuary of the Insurance Australia Group (IAG), Tony is responsible for the overall risk management function which includes insurance product pricing, reserving for claims liabilities, R&D, operating risk monitoring, control of fraud and security risk and the compliance function.

Throughout his career, Tony has played a very active role in the actuarial profession. In 2001 he was President of the Institute and presented an important paper entitled 'Beyond Uncertainty, Turning Risk into Value'. Tony's knowledge and experience of general insurance and his professional standing were invaluable in steering a steady course for the profession at that time with the collapse of HIH, the significant reforms in the industry and with the attention of governments, regulators and the community focused on the actuarial profession.

Tony was appointed Chairman of the Institute's HIH Royal Commission Taskforce and also served as a member of the Institute's Corporate Governance Taskforce established in 2002.

He is currently Chairman of the Institute's Taskforce on the Special Commission of Inquiry into the Medical Research and Compensation Foundation.

On the international front, Tony is Vice-President of the Financial Risks Committee of the International Actuarial Association (IAA) and is a member of the IAA Insurer Solvency Subcommittee. He is a member of the Institute's International Accounting Standards Committee and was recently appointed to the IAS Board's Insurance Working Group as the only Australian representative and one of two actuaries internationally.

This year, Tony has been instrumental in the formation of the Australian Climate Group (ACG) which includes eight eminent scientists. The ACG has worked with the World Wildlife Fund to promote a better understanding of global warming and climate change in the community.

Through his commitment to national and international committees, his thought leadership and his significant media and public profile, Tony has brought recognition and credit to the actuarial profession.

**The award was made in recognition of Tony's outstanding contribution to the profession, business, and the community.**

**Tony Coleman**



# Chief Executive's Report

**The Strategic Plan also identifies new opportunities for actuaries in 'domain' rather than 'practice' areas which will have the effect of expanding the application of actuarial skills and expertise...**

Managing reputational risk has been a key agenda item during 2004 with the legacy of the HIH Royal Commission which provided some positive opportunities for the actuarial profession, as well as some important lessons. Also this year there has been the Special Commission of Inquiry into the Medical Research & Compensation Foundation essentially investigating the actions of James Hardie Ltd and its obligations to victims of asbestos-related diseases. The Commissioner's report was released in September and prompted a taskforce established by the Institute to identify issues of relevance to the actuarial profession and guidance for actuaries in their professional conduct.

The Disciplinary Scheme introduced in 2001 has become fully operational this year with a number of Complaints, some of which have been tested at all three levels of the Scheme. We are satisfied that we have a robust framework and process, but have been concerned about the time taken to conclude some of the Complaints. In part, this is due to the fundamental requirement to ensure there is natural justice for the actuaries concerned, but there has also been a significant time commitment from members at the investigation stage who have worked tirelessly in a voluntary capacity to examine all of the material required to reach a determination. There will be a review of the Scheme with the expectation that with some adjustment and additional resources the process can be more timely.

The business community worldwide has had to take steps to improve its corporate governance and inevitably the spotlight has been turned on the actuarial profession in relation to the key role it plays in ensuring the sustainability of financial institutions. The Institute has taken an active role in influencing developments in International Accounting Standards and continues to provide leadership in areas where actuaries can add value such as risk management, valuations and improved financial reporting.

A significant Australian initiative has been the introduction of Financial Condition Reports (FCR) prepared by actuaries in General Insurance, building on the long term FCR responsibility in Life Insurance and the more recent requirement for FCRs for Private Health Funds and Medical Defence Organisations. The Institute has undertaken a range of programs and activities to specifically support actuaries taking on these new statutory responsibilities.

Many areas requiring support for actuaries were identified by the Institute's Corporate Governance Taskforce and the Asbestos Inquiry Taskforce. The Penrose / Morris Taskforce reviewing inquiries conducted in the UK also identified key risk management strategies for the profession. The Institute will substantially address these findings through a comprehensive review of the Code of Conduct and all of the Professional Standards. This will be a major project for the new financial year and is one of the core strategic projects identified in the Strategic Plan 2004-07 which was issued for exposure and discussion during this year and has now been finalised and published by the Council.

The other core projects are the successful implementation of the new Part III Education Program commencing in January 2005 which has been a couple of years in the planning; improved and more robust programs and requirements in continuing professional

education; and enhanced research capabilities across the profession.

The Strategic Plan also identifies new opportunities for actuaries in 'domain' rather than 'practice' areas which will have the effect of expanding the application of actuarial skills and expertise beyond the silos of particular industry sectors. Over time, this domain approach will influence our education programs, CPD, public policy involvement and our broader promotion of the capabilities of the profession, thus reinforcing and building opportunities for actuaries.

In 2004, there has been a growing level of participation in Institute activities by members of the profession. It is gratifying to witness this continued high level of loyalty and commitment by actuaries to their profession. The Secretariat of professional staff has also grown during this year with the introduction of two new senior roles in Operations and Practice Development. This brings the senior management team to four Directors who between them cover the Institute's key business units and programs and provide strategic support for the primary practice and council committees.

The Council made the commitment this year to invest financial resources in the development of the new Part III Education Program. Some of these costs have been deferred until the new financial year as we move to a new business model for our Education Program. The new Education Program continues to run on what has always been a breakeven basis, although with the new format activity is almost doubled, resources have been increased and there is increased financial risk. The Institute's financial performance for 2004 saw a turn around from a budgeted deficit to a reasonable operating surplus. Better than expected investment returns, increased student enrollments and successful CPD events contributed to this positive outcome.

With significantly increased demand for the use of the Institute's meeting room and the pressure on space in the back office, the timing of the end of lease at Challis House motivated a search for new premises. Despite the application of considerable amounts of shoe leather, there was no better place than Challis House itself, once another tenant had vacated the other half of our floor. So, as we reached the end of our 2003-04 financial year, we entered a new environment with refurbished and expanded premises. Whilst we are still putting the finishing touches to it, the response from members so far has been enthusiastic. We now have three meeting rooms, a seminar area and comfortable office accommodation, giving us more productive and accessible facilities.

There will be a major redevelopment of the Institute's website as we commence the new financial year aimed at improving accessibility of information, research papers, library search facilities, discussion groups and contact directories. This initiative, together with our new premises, will give us a greater capability to respond to the wealth of ideas and initiatives generated by members for activities in education, professional development, practice improvement, public policy and networking.

From a public affairs perspective, the Institute has had a full calendar of discussions, meetings and social functions involving political advisors, Ministers from Government and Opposition, government departments, professional and industry bodies, regulators, business leaders and international visitors. The Institute

generally takes a more long term view of public policy which is where its contribution is most appreciated and in this respect we were pleased to be approached during this year on a range of issues and asked to provide balanced and non-partisan commentary.

Members through a range of Institute committees and taskforces continue to influence regulatory change, public policy debate and actuarial practice. Similarly, there are an extraordinary number of members who voluntarily contribute to the Institute's education and CPD programs. In so doing, hundreds of members give generously of their time and intellectual capital for the benefit of the profession and we applaud them for their most valuable contribution.

Finally, I would like to acknowledge the dedication and support of the staff of the Institute's Secretariat. All sixteen members of the team are focused and energized by their involvement in the Institute as evidenced through our staff development and strategic planning workshops during the year. They are a team who constantly rise to meet the endless and diverse challenges given to them.

From where I sit, it's been a challenging and rewarding year for the Institute. We've faced the tough issues of professional education, practice development and professional standards in a pro-active manner with programs that will continue well into 2005 and beyond.

*Catherine Baldwin*

Catherine Baldwin  
Chief Executive



Catherine Baldwin

## Disciplinary Scheme Report

The Institute's Disciplinary Scheme provides that Council should report annually to members information it considers to be appropriate in relation to the activities of the Professional Conduct Committee and any proceedings before any Tribunal or Board during the year.

In June 2003, the President of the Institute, in accordance with the recommendations of the Institute's HIH Royal Commission Taskforce and having regard to the interests of the public and the profession of actuaries made Complaints against seven members of the Institute.

During the last 12 months, these Complaints have been referred to investigating sub-committees established by the Professional Conduct Committee and dealt with in accordance with the Scheme.

Five of the seven Complaints have been finalised with the following determinations:

- ☐ Two members were found to have not committed or been engaged in Actionable Conduct (Rule 34a).
- ☐ One member was found to have not committed or been engaged in Actionable Conduct, but it was determined that concern be expressed in relation to the conduct of the Respondent (Rule 34b). Concern has been expressed to the member by the Convenor of the Professional Conduct Committee.
- ☐ Two members were found to have committed or been engaged in Actionable Conduct and it was determined that these members be given a warning in relation to such conduct (Rule 34c). The warnings were given to these members by the Convenor of the Professional Conduct Committee.

Two of the Complaints have not yet been finalised:

- ☐ One of these Complaints has been through the Tribunal stage of the Scheme and is currently the subject of an appeal to the Appeal Board of the Scheme. The determination in this matter by the Investigating Sub-Committee was that the Respondent had committed or been engaged in Actionable Conduct and a Report was made to the Tribunal in respect of such conduct (Rule 34d).
- ☐ One Complaint is still subject to a final determination of the Investigating Sub-Committee.

In the last 12 months, one Complaint made by a member of the public has been investigated in accordance with the Scheme and is still subject to a final determination.

In considering this report, members are asked to note the publicity provisions (Rules 84-87) of the Scheme. These provisions only enable publication by Council of full details of Complaints in very specific and limited circumstances. Publicity to government agencies (including regulators) and the media cannot occur unless the Respondent is reprimanded, suspended or expelled in accordance with the Scheme (Rule 87).

# Public Policy

This year, the Institute's submissions to Government and public inquiries have been concerned with international accounting standards, retirement incomes policy, superannuation regulation, and general insurance reforms.

Key policy initiatives have continued to be a focus for the public policy program.

## Corporate Governance

With the release this year of the Penrose report into the collapse of the Equitable (commissioned by the UK Government), the announcement of the Morris inquiry in the UK into the actuarial profession and the NSW Special Commission of Inquiry into the Medical Research & Compensation Foundation (Hardie Asbestos Inquiry), corporate governance issues for the profession remain squarely on the current agenda and will do so for some time.

In response to relevant government inquiries, the Institute follows the practice of establishing high level taskforces to review and make recommendations to Council to ensure the actuarial profession monitors and responds constructively to the findings of these inquiries. Consequently, numerous issues and recommendations have been identified through the Institute's investigative processes, namely the work of the HIH Royal Commission Taskforce in 2002, the Corporate Governance Taskforce in 2003 and the Penrose / Morris Inquiry Taskforce and more recently the Asbestos Inquiry Taskforce in 2004.

### Independent Peer Review

In October 2003, the Institute's Council adopted the 14 final recommendations of the Corporate Governance Taskforce. The Independent Peer Review Implementation Taskforce (IPRIT) was established to implement one of the key recommendations that independent peer review be adopted as best practice for certain classes of statutory work of actuaries.

Throughout 2004, IPRIT has been working on the detail of implementation for statutory work for life and general insurance companies and for actuarial advisers in respect of the financial status of superannuation funds. The approach has been to produce a 'generic' independent peer review Guidance Note (to apply to all practice areas) and then produce a number of practice-specific appendices to specify the detailed application in the particular practice area. Members of the relevant Practice Committees have been directly involved in assisting IPRIT with guidance in the specific practice areas. The draft Guidance Note and its appendices are expected to be ready for exposure to members by the end of 2004.

### Financial Condition Reports

Various recommendations of the HIH Royal Commission report are in the process of being implemented across the financial services sector. A key recommendation for the Institute has been the proposal that actuaries prepare a Financial Condition Report (FCR) for General Insurance companies. In May 2004, the Institute conducted a half day FCR seminar which was attended by 100 members and other industry representatives.

APRA has now stated that it is committed to the implementation of FCRs for general insurers which will be supported by a prudential standard. The Institute's FCR Taskforce is in the process of finalising a Professional Standard and Guidance Note to support this forthcoming requirement.

In promoting this most important role for actuaries, the Institute has prepared a strategic communication plan to ensure there is greater understanding of the purpose and importance of the FCR together with the central role of actuaries. The plan encompasses professional development seminars and industry briefings.

Financial Condition Reports will also be required to be prepared by appointed actuaries for Private Health Funds and Medical Defence Organisations.

### Penrose Report, and Morris Review of the Actuarial Profession (UK)

A Taskforce has been established this year to conduct a critical analysis of the Penrose report of the Equitable Life inquiry and the Morris Review, and the threats and opportunities for the Australian profession. The Penrose report was released in March 2004 and was critical of aspects of the actuarial profession in the UK, most particularly the standards of the profession. At the same time, the UK Government announced a review of the actuarial profession to be conducted by Sir Derek Morris. The terms of reference for the review which commenced in May 2004, are very wide-ranging.

The Institute's Penrose/Morris Taskforce undertook a comprehensive 'SWOT' analysis of the Penrose report. The key findings of this analysis were presented to the Institute's Council meeting in August this year and included the view that Australia is not as exposed to problems afflicting the Equitable. Nevertheless, the Taskforce has made recommendations to Council concerning the corporate governance and standards of the profession in Australia and several of these recommendations reinforce certain recommendations from the Corporate Governance Taskforce. The Taskforce also recommended a more formal risk management process be developed by the profession.

In September 2004, the Institute also made a substantial submission to the Morris review covering details of key

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activities and duties of the Institute and the governance of the Australian actuarial profession. This submission noted areas such as our education program, where the Australian profession can be differentiated from the profession in other countries.

A key focus of the Morris review is on how best to modernise the UK profession and see that high standards are delivered in a more open, challenging and accountable professional culture. The Institute will closely watch the progress of the Morris review in the UK and the UK Government's response when the final recommendations of the review are made in 2005.

### **'Fit and Proper' Requirements for Responsible Persons**

In May 2004, the Institute made a submission to APRA on its proposals for 'fit and proper' requirements for responsible persons, and the draft prudential standards. The Institute supported the development of consistent 'fit and proper' standards across the regulated financial sector for people working at a senior management level and above. This included appointed actuaries in life companies and approved actuaries in general insurance companies. The Institute specifically commented on details of the application of the proposed standards to actuaries.

### **ASX Corporate Governance Council**

The Institute is a member of the ASX Corporate Governance Council which in March 2003 released its report 'Principles of Good Corporate Governance and Best Practice Recommendations'. In mid-2003, the Council established the Implementation Review Group (IRG) to provide an independent review of the response to date to the Council's report. On 31 March 2004, the IRG released its review report which reflected strong support for the Council's ten core corporate governance principles and recommended some changes to the Council's document to provide clearer guidance to companies. The Institute was very pleased that Ian Pollard was appointed a member of the IRG.

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## **Financial Reporting**

With the introduction in 2005 of International Accounting Standards, certain members of the Institute have been extremely busy drafting submissions to the International Accounting Standards Board (IASB) and the Australian Accounting Standards Board (AASB).

During July 2004, the AASB finalised its suite of Australian accounting standards that will implement international financial reporting standards (IFRS) in Australia for reporting years starting from 1 January 2005. The Institute has continued to be significantly involved in this process including making submissions to the IASB and AASB on these standards and the basis of their introduction to Australia, submissions to the Financial Reporting Council, the AASB and IASB on proposed changes to these standards, providing input to the International Actuarial Association (IAA) on the development of international actuarial guidance on the IFRS and the development of local actuarial guidance on IFRS (eg, Discussion Draft on GN560 released in August 2004).

The short term focus of the International Accounting Standards Committee of the Institute (and its taskforces) is:

- Developing guidance for members with respect to AASB119 (IAS19) and AASB139/AASB118 (IAS39/IAS18).
- Liaising with members, industry, international groups (eg, IASB and IAA) and other key stakeholders (eg, AASB and auditing firms) on clarifying interpretation of the standards.
- Considering how and in what form the IAA guidance on IFRS may be implemented by the Institute.

The longer term focus is on contributing to the IASB Insurance Phase II Working Group considering the development of a IFRS on insurance, supporting various IAA initiatives such as developing guidance on using and reporting on stochastic models and continuing to promote the role and contribution of actuaries in financial reporting generally. We were delighted that our nominee, Tony Coleman, was appointed to the IASB Insurance Working Group as only one of two actuaries and the only Australian representative.

## **Intergenerational Issues**

Since the issue by the Federal Treasury of its Intergenerational Report 2002-03, the Institute has maintained a focus on the critical field of intergenerational issues.

In March 2004, CEDA released a collection of papers titled 'Australia's Ageing Population: Fiscal, Labour Market and Social Implications'. This publication was well received and the Institute was pleased to contribute Chapter 3: 'Official forecasts of the fiscal impact of an ageing population: a critique'. This Chapter assessed the projections underlying the Intergenerational Report and proposed a way forward for future Intergenerational Reports to be more robust, with the addition of feedback loops and reality checks and the addition of projections for State Governments.

## Public Policy (continued)

The Institute believes that the skills and experience of actuaries could directly assist to improve future versions of the Intergenerational Report. In order to promote the involvement of actuaries in this field, three Retirement Incomes Policy Taskforces have been established by the Institute to develop policy based on rigorous research and analysis. The details of these taskforces are set out further below. One of the taskforces will specifically consider intergenerational issues arising under retirement incomes policy.

The Institute has continued to advocate the potential benefits of the release of the Commonwealth's Retirement Incomes Modelling data for strategic modelling of policy scenarios using a range of assumptions.

### Energy & Sustainability

The growing interest in environmental and social sustainability issues within the actuarial profession has continued this year.

A highlight of the year for the profession has been the membership of Tony Coleman of the Australian Climate Group, along with eight eminent scientists. This Group has worked with the World Wildlife Fund to promote a better understanding of global warming and climate change in the community. In July 2004, the Australian Climate Group released a report focusing on the significant impacts of climate change over the coming years and decades and the report and Tony's involvement have received widespread coverage in the media.

The Institute has an Energy & Environment Committee and Futurism Committee. The members of these committees are active in their contribution of articles to *Actuary Australia* and their advocacy for the value of actuarial input on a range of environment, resources and infrastructure issues.

### Health Financing

The Institute conducted the second Health Financing in Australia course in March 2004 in conjunction with the Health Leaders Network which was attended by 35 delegates.

The Institute's Health Financing Taskforce continues to oversee research in partnership with other bodies to cover the following areas:

- The better matching of supply and demand for labour in the health sector.
- The rigorous evaluation of capital projects in the health sector to ensure a ready supply of capital where needed.
- Alternatives for the structure of Australia's health system in terms of the allocation of funding and service delivery between Commonwealth, State and local governments and the private sector.

### Retirement Incomes Policy

In the wake of key policy announcements earlier this year by both the Government and the Federal Opposition on retirement incomes policy, the Institute held a panel discussion in Parliament House in March 2004. The aim of the session was to contribute to thinking on key issues in this debate and provide interested parties with ideas as to how retirement incomes policy may be better integrated between superannuation, taxation and social security to deliver improved outcomes for government and the public. It was an important opportunity for politicians, senior bureaucrats, academics and Institute members to meet and discuss various issues with senior actuaries practising in this field.

The Institute became involved in the industry coalition on retirement incomes which produced an agreed Framework Principles in 2001 and which was re-convened to review and up-date this work. On 28 April 2004, the 'Call for Super Action' Coalition released a document calling on Government to implement four key policies to improve the living standards of retired Australians.

The Institute has now directly embraced the need for research-based input in the field of retirement incomes policy. The Institute has established three Retirement Incomes Policy Taskforces to consider adequacy, integration and intergenerational issues. These taskforces report to the Public Policy Council Committee. Senior and experienced members of the Institute will lead the development of research based policy in these fields. In this regard, the Institute aims to make a significant contribution to the recently announced research study by the Productivity Commission into the economic and fiscal implications of the future ageing of Australia's population. The work of these taskforces will also be invaluable in enabling the Institute to make a significant contribution in the lead up to the 2007 Intergenerational Report.

Members of the Superannuation and Employee Benefits Practice Committee have been very busy again this year. Key policy issues for superannuation this year have included superannuation contributions splitting, fee disclosure,

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benefit projections, the commencement of the 'Safety in Super' provisions of the Superannuation Industry (Supervision) Act 1993, the introduction of complying market linked income streams, and new rules for superannuation funds under the Superannuation Industry (Supervision) Amendment Regulations 2004 (No.2), as gazetted on 12 May 2004. These Regulations were referred to the Senate Economics Legislation Committee for inquiry and in July 2004, John Ward and Paul Shallue represented the Institute at the public hearings in Melbourne.

### Insurance

The outworkings from the HIH Royal Commission inquiry and report have continued in the last year.

In February 2004, the General Insurance Practice Committee made a submission to APRA providing comments on recommendations of the HIH Royal Commission report of specific relevance to the Institute and the profession.

In March 2004, the General Insurance Practice Committee also made a substantial submission to APRA on its Discussion Paper on Prudential Supervision of General Insurance – Stage 2 Reforms. This submission included detailed consideration of proposals for reform to prudential standards and disclosure.

Throughout the year, there has been significant cooperation between the Institute and APRA on the issue of Financial Condition Reports. The Institute's FCR Taskforce has a representative from APRA and this close consultation has been invaluable in developing a draft FCR Professional Standard and Guidance Note for general insurance actuaries.

The Institute also made representations to APRA concerning uncertainties with the scope and nature of the 'whistleblowing' provisions of the Insurance Act 1973 (sections 49-49C). The Institute has been pleased to receive a reply from APRA that they are considering our representations in the context of a review of corresponding provisions of other legislation administered by APRA.

The Health Practice Committee of the Institute has worked cooperatively with the private health insurance regulator, PHIAC, on the development of Financial Condition Reports and the introduction of the role of Appointed Actuary for private health funds. Early in 2004 the Institute hosted a seminar for health funds on these issues and then later in the year conducted a workshop for members working as appointed actuaries to enable exchange of expertise and experience. Considerable work was undertaken by the HPC to develop Guidance Note 670 'Financial Condition Reports for Projections for Health Insurers' which was released to members in July 2004.

The Life Insurance Practice Committee has been busy in the past year with the development and finalisation by a taskforce of Guidance Note 252 – Economic Valuations of Life Insurance Business, issued to members in July 2004.

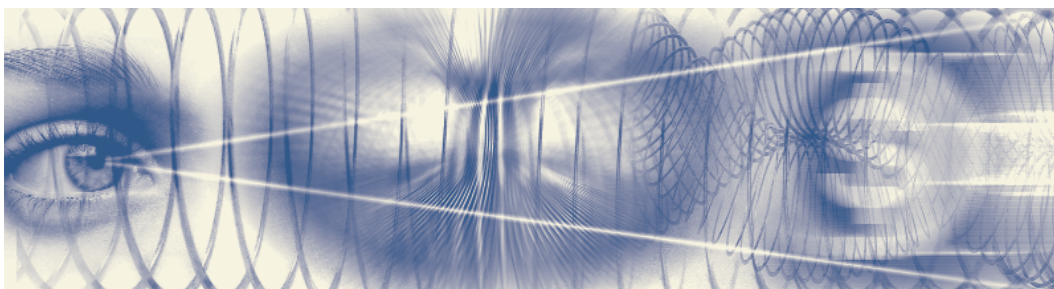
GN 252 has been issued as a supplement to Guidance Note 552 – Economic Valuations, also issued to members in July 2004.

These two Guidance Notes now provide substantial guidance to members working in traditional and new fields of actuarial work.

The Institute's Genetics Reference Group (GRG) has continued its work this year with the IFSA Genetics Testing Survey Project. Overall, seven reports have now been prepared for this project and the GRG has recently submitted to IFSA a substantial Project Review Report designed to improve the usefulness and accessibility of the reports prepared under the project.

In the last year, responsibility for the Institute's Disability and Mortality projects have been taken on by the new Life Risk Insurance Committee which reports to the Life Insurance Practice Committee. The Life Risk Committee has recently completed the Report on the Lump Sum Experience Investigation 1998-99.

**The Institute also made representations to APRA concerning uncertainties with the scope and nature of the 'whistleblowing' provisions of the Insurance Act 1973.**



# Practice Committees

## Life Insurance Practice Committee

- Monitored and influenced international developments such as International Financial Reporting Standards
- Liaised with Life Insurance Committee of NZSA.
- Fostered communication with APRA on areas of joint interest, including meeting with APRA representatives.
- Established a Life Risk Insurance Committee incorporating responsibilities of the previous Mortality and Disability Committees.
- Completed a review of GN252 (Economic Valuations of Life Insurance Business) and published an updated Guidance Note.
- Revised Part III Life Insurance Course to fit with the new Part III examination structure.
- Developed a three year strategic plan for the LIPC, consistent with the Institute's Strategic Plan and commenced implementation of key initiatives to support the plan.
- Established a Valuation Standard Review Taskforce to review certain proposed IAA guidance notes and prepare a submission to the LIASB regarding suggested changes to AS1.03 as a result of International Financial Reporting Standards.
- Published a discussion note on AS6.02, Management Capital Standard.
- Contributed presenters and papers to the Financial Services Forum.

## Health Practice Committee

- The second Health Financing in Australia course was successfully held in March 2004, attracting 35 attendees from varied backgrounds.
- PHIAC circular 04/09 released on 2 June 2004 requiring all health insurers to have an Appointed Actuary for pricing, new product development and pricing, solvency and capital adequacy standards, Australian accounting standards and Annual Financial Condition Report.
- Guidance Note 670 - Financial Condition Reports for Health Insurers was completed in July.
- The Education Subcommittee organised for a private health insurance Appointed Actuary workshop in September 2004.
- The HPC drafted a letter to PHIAC with guidance to some extent on the selection criteria of an Appointed Actuary for health insurers.
- Several issues have been raised regarding implementation of international accounting standards and the HPC has arranged for increased industry feedback to the AASB.
- Institute / PHIAC Seminar held in October 2003 on the introduction of the Appointed Actuary regime.
- Through the efforts of David Watson, a number of regular publications and circulars relating to health and health insurance issues are shared within members of the profession and the industry at large.
- Responded to the Institute's Strategic Plan.

## Investment and Funds Management Practice Committee

- The Committee has been actively involved in all aspects of the Part III Investment education program.
- Once again, considerable success was achieved with respect to having investment professionals speak at tutorials for the Investment subject during 2004.
- Significant contributions were made by committee members in respect of the re-design and re-writing of the Part III Investment and Finance course material.
- Contributed presenters and papers to the Institute's Financial Services Forum in July 2004.

## Banking and Finance Practice Committee

- The primary focus of the Committee has been education issues.
- The strategic direction for this practice area and for the investments area (and their respective practice committees) is currently the subject of a review by the Banking, Finance & Investments Review Taskforce.
- The Taskforce has identified key opportunity areas for actuaries in banking and finance and key issues to be addressed and its membership has been strongly resourced with practitioners in the Banking, Finance and Investments sectors.
- Contributed papers to the Financial Services Forum.

Members through a range of Institute committees and taskforces continue to influence regulatory change, public policy debate and actuarial practice.



### Superannuation and Employee Benefits Practice Committee

- Continuing to review all relevant Professional Standards and Guidance Notes to ensure that they remain up to date.
- Contributed to the development of a submission on the Government's Superannuation Safety proposals.
- Contributed to the work of the Independent Peer Review Implementation Taskforce.
- Responded to APRA's proposal on self-insurance.
- Re-invigoration of the Financial Planning Sub-Committee with the appointment of a new convenor.
- Responded to the Government's proposals on growth pension income streams and superannuation splitting.
- Contributed to various discussions with ASIC on benefit projections and share based payments.
- Contributed to discussions with APRA regarding their concerns with websites being used as data collection tools in the actuarial certification process.
- Advised members of various legislation changes.
- Commenced work on strategic and operational plans.
- Contributed papers and sessions at the Financial Services Forum.
- Attended Senate Committee hearings on the various 'integrity' measures announced in the Federal Budget.

In 2004, there has been a growing level of participation in Institute activities by members of the profession.

### General Insurance Practice Committee

- Submission to APRA on the 2nd Round Discussion Paper on prudential supervision of general insurance companies.
- Organisation of the General Insurance Seminar in November 2003.
- Wrote to Comcare commenting on the proposed self-insurance licensing arrangements.
- Financial Condition Report Taskforce continued the development of a draft Professional Standard and Guidance Note.
- Initiated a seminar attended by over 200 actuaries and other professionals on The Economic Theory of Profit Margins in July 2004.
- Establishment of a Premium Liability Issues Taskforce.
- Wrote to APRA concerning S49 of the Insurance Act 1973 on whistleblowing and responsibilities for actuaries.
- Revised GN351 – Premium Rate Certification for the NSW Motor Accidents Scheme.
- APRA announced its intention to create a new Prudential Standard under the Insurance Act that would require an Approved Actuary to prepare a Financial Condition Report.
- Contributed speakers to a seminar on the preparation of Financial Condition Reports for general insurance companies.

### Secretariat

**Chief Executive**  
Catherine Baldwin

**Director, Professional Education**  
Carolyn MacLulich (to 09/04)

**Director Public Affairs**  
Vicki Mullen

**Director, Operations**  
Stephen Burke (from 03/04)

**Director, Practice Development**  
Darren Davis (from 04/04)

**Education Manager**  
Michelle Aspery

**Professional Development Manager**  
Sarah Hodgkinson (from 05/04)

**Administration Manager**  
Katrina McFadyen

**Membership Officer**  
Julian Buckell

**Personal Assistant to Chief Executive**  
Michael O'Rourke

**Executive Assistant**  
Liz Kimber

**Education Officer**  
Linh Luu

**Events Coordinator**  
Clare Tapp

**Administration Assistant**  
Dina Nigro

**Receptionist**  
May Ting

**Finance Officer**  
Greg Frederic (to 08/04)

# International Program

International actuarial activity has continued to grow in breadth and importance this year with the Institute and its members continuing to play a significant role in the International Actuarial Association (IAA) and through liaison with other international bodies.

There are twenty two representative positions in the various IAA committees, sections and taskforces that are filled by representatives of the Institute. This includes Craig Thorburn and Tony Coleman who hold Vice-Chair positions on the IAA Social Security Committee and the IAA Financial Risks Committee respectively. Graham Rogers will shortly become Vice Chair of the Supranational Committee. Brent Walker is chair of the International Association of Consulting Actuaries (IACA) Section.

Institute representatives were active at the two most recent half yearly meetings of the IAA, with twelve members attending the Berlin meeting in November 2003 and eight attending Stockholm in June 2004. In addition, there have been two half yearly meetings of the Presidents' Forum – in November 2003 in Johannesburg attended by Graham Rogers, Chris Lewis, Helen Martin and Catherine Baldwin and in May this year in London attended by Andrew Gale.

A major area of activity for the IAA during this year has been the continuing development of standards and guidance notes to support the introduction of new international insurance accounting standards being developed by the IASB. These IAA standards will in most cases be issued as practice guidelines, with some to be elevated in time to become standards of recommended practice. Institute members have been active in this process. This process marks a change in the role and importance of the IAA which is now becoming more involved in laying out international standards and guidance notes. Similar activity has taken place or is expected to in the areas of social security and accounting for employee benefits. The IAA standards and guidelines will generally apply unless a local association has in place its own standards or guidelines which have a prior or higher level of standing for the actuary doing work in the area.

The IAA has also continued its work in the area of insurer solvency, working with the International Association of Insurance Supervisors (IAIS). In addition, at its Berlin meeting the IAA established a new Pensions, Benefits and Social Security Section (with Helen Martin representing the Institute as Vice Chair of the provisional committee). At Stockholm, a new Actuaries without Frontiers Section was established, with Fred Rowley representing the Institute and becoming Secretary.

There have been many other international meetings and conferences attended by representatives of the Institute. Graham Rogers, Chris Lewis and Catherine Baldwin attended the annual conference of the Actuarial Society of South Africa in November 2003. Graham Rogers visited the Institute of Actuaries and the International Accounting Standards Board in London in November 2003. Andrew Gale represented the Institute at the May International Seminar in London.

Last year, activity in Asia was curtailed slightly by SARS. This year there has been an increased level of activity, with the Institute's Asian Education Strategy Taskforce continuing its work. In particular, educational committees have been established in Hong Kong and Singapore to tutor local Part III students. Dialogue continued over possible accreditation of universities in Hong Kong and Singapore and the development of the profession in China. In February and March this year, Graham Rogers visited Hong Kong, Shanghai, Beijing and Singapore. Following the visit to China, the Joint Australia-China Actuarial Committee was established. With joint membership from the Institute and the Society of Actuaries of China, its focus is to continue development of relationships particularly on the education front and establish a pathway to mutual recognition.

Chris Lewis represented the President at the 6th Global Conference of Actuaries in New Delhi in February. The Institute also participated in the Sectoral Conference on Retirement Incomes in Hanoi in April. Graham Rogers held dinners in Hong Kong and Singapore in August and the Institute hosted a delegation from the non-life section of the Chinese Regulatory Authority which was followed up by two Sino-Australia International Actuarial Seminars on General Insurance in China (sponsored by IAG). Graham Rogers and Fred Rowley also attended the 2nd International Conference of the Society of Actuaries, China in September.

Discussions have continued between the Institute and the New Zealand Society of Actuaries (NZSOA) on ways to develop closer relations between the two bodies. This has included continuing investigation into ways of enabling New Zealand actuaries who are not members of our Institute to join and increasing the number of New Zealand members on some of our committees. Graham Rogers attended the August meeting of the Council of the NZSOA as well as meeting New Zealand actuaries at dinners in Auckland and Wellington.

Mutual Recognition and Mutual Recognition Agreements (MRAs) have been an area of ongoing activity during the year. At the Presidents' Forum level, there is a taskforce examining certain key questions and philosophies underling MRAs (and the possibility of these being supported by 'mutual discipline' agreements). In February, a new MRA was signed with the Actuarial Society of India and the MRA with the Canadian Institute of Actuaries was updated and renewed.

The Institute continues to monitor and update its formal representation in overseas countries and there are currently Ambassadors and Representatives of the Institute appointed across eighteen countries. During the year, a new Ambassador appointment was made for the first time in Vietnam. A full list of Ambassadors and Representatives is set out later in this Report.

There are twenty two representative positions in the various IAA committees, sections and taskforces that are filled by representatives of the Institute.

## Public Affairs

In the last 12 months, the Institute has developed a targeted public affairs program aimed at communications with government, regulators, industry and the media.

Key focus areas in the last year have been corporate governance, risk management, international accounting standards, intergenerational issues, retirement incomes policy, health financing and sustainability.

The program has included a series of lunches, dinners and meetings with senior members of the Institute and key politicians, regulators and representatives of industry associations.

The main focus of the public affairs program has been to raise awareness with external parties of the key roles of actuaries and the critical contribution they make in the sustainability of financial institutions and to improvements in social and economic policy.

The Executive, together with groups of senior members of the profession, have hosted numerous roundtable discussions on a wide range of issues with Government and Opposition leaders, political advisors and senior public servants.

The Institute has maintained a program of regular meetings with APRA on key issues affecting the profession such as Financial Condition Reports, Independent Peer Review and whistleblowing duties for the profession.

On an on-going basis, the Institute maintains working relationships on a range of issues with key industry and professional associations including the Australian Institute of Company Directors, Committee for Economic Development in Australia, Insurance Council of Australia, Investment & Financial Services Association, Association of Superannuation Funds of Australia, Financial Planning Association, Securities Institute of Australia, Business Council of Australia, Law Council of Australia, Institute of Chartered Accountants of Australia, Certified Practising Accountants, Australian Banking Association and Group 100. The Institute has also been represented through Catherine Baldwin's membership of the ASX Corporate Governance Council.

Senior members of the Institute's Superannuation and Employee Benefits Practice Committee have again represented the Institute at public hearings of various Senate Committees.

In the wake of key policy announcements earlier this year by both the Government and the Federal Opposition on retirement incomes policy, the Institute held a panel discussion in Parliament House on 23 March hosted by Senator John Watson. The aim of the session was to contribute to thinking on key issues in this debate and provide interested parties with ideas as to how retirement incomes policy may be better integrated between superannuation, taxation and social security to deliver improved outcomes for government and the public. It was an important opportunity for politicians, senior bureaucrats, academics and Institute members to meet and discuss various issues with senior actuaries practising in this field.

On 22 March, the Institute held a cocktail function at Parliament House as part of the 2004 Health Financing Course and then on 23 June, returned to Canberra for its annual cocktail evening also in Parliament House. Approximately 60 people attended, including Ministers & Senators from the Government and Opposition, ministerial advisers, senior bureaucrats, Treasury officials, Institute Council members, Canberra based members and Institute staff. The Institute's President, Graham Rogers delivered an address titled 'The Power to Inform – Risk, Actuaries and Public Policy'. This address discussed areas where work by actuaries has already made a significant contribution to effective public policy and remaining areas of public policy that would benefit from actuarial contributions. The cocktail function was followed by dinner at The Lobby restaurant.

The Institute's Financial Services Forum held in Canberra in August provided a further opportunity to have politicians, advisors and representatives of national associations join the Executive and senior members for dinner. The Institute gained significant coverage for the Financial Services Forum with the publication of four articles in *Investor Weekly*, *IFA* magazine and *Master Funds Quarterly*.

In April and August 2004, the Institute held informal lunches with senior financial journalists, including Lisa Murray (*AFR*), Alan Kohler (*Age/SMH*), Barrie Dunstan (*AFR*) and Robert Skeffington (*BRW*).

Buchan Communications has continued to assist the Institute in making contact and arranging meetings with key journalists and providing media training services and media advice.

## Member Services

The monthly magazine, *Actuary Australia*, contains information of current and topical interest for members. This year, feature articles have addressed issues across the financial services spectrum. A welcome addition to the magazine has been the regular 'Green Fields' articles which focus on the environment and sustainability. Other features have included 'Actuary Unearthed' featuring individual actuaries and a 'postcard' from actuaries working overseas. Darren Wickam has continued to provide stimulating and sometimes controversial editorial guidance for the magazine ensuring its place as a 'must read'.

**The main focus of the public affairs program has been to raise awareness with external parties of the key roles of actuaries and the critical contribution they make in the sustainability of financial institutions and to improvements in social and economic policy.**

## Communications (continued)

The *Australian Actuarial Journal* continued to be an important reference source for actuarial research and recent developments. The Journal is published quarterly by the Institute and is edited by David McNiece and a strong editorial team of members in Australia and Hong Kong.

In May, the Institute established a new Member Services Council Committee. The primary aim of the Committee is to provide ongoing strategic advice on ways of enhancing existing services to members and improving communications. To date, the Committee has focused on providing advice to the Secretariat on further improving the Institute website which is a project of major strategic importance to all members regardless of their location.

President's Lunches with various cohorts of members were held in Melbourne and Sydney during the year and provided a valuable forum for members to discuss issues affecting them as practicing professionals. A key message which emerged during the forums was the need for the Institute to constantly promote the significant value actuaries add to businesses. The feedback received from the forums will be used for future planning.

**In September 2004, the Institute also made a submission to the Morris review...**

### Submissions

#### October 2003

- Submission to the Senate Economics Legislation Committee Inquiry into the Taxation Laws Amendment (Superannuation Contributions Splitting) Bill 2003
- Submission to Safety Rehabilitation and Compensation Commission on Workers Compensation
- Submission to Australian Accounting Standards Board (AASB) on Exposure Draft ED 122

#### November 2003

- 2004 Pre-Budget Submission to the Commonwealth Government
- Submission to the Productivity Commission Interim Report on National Workers' Compensation & Occupational Health and Safety Frameworks
- Submission to Treasury on the Draft Superannuation Splitting Regulations
- Submission to IASB on Exposure Draft ED 5

#### January 2004

- Consultation on the Superannuation Safety Amendment Bill 2003
- Submission to Australian Accounting Standards Board (AASB) on ED122A & ED122B
- Consultation on Taxation of Overseas Superannuation Transfers

#### February 2004

- Submission to APRA on HIH Royal Commission Recommendations
- Submission to Treasury on Proposed Drafting Instructions for Regulations & Operating Standards under the Superannuation Safety Amendment Bill

#### March 2004

- Submission to APRA – Discussion Paper on Prudential Supervision of General Insurance – Stage 2 Reforms

#### April 2004

- Submission to Treasury on Complying Market Linked Income Streams

#### May 2004

- Submission to APRA on “Fit and Proper” Standards and Draft Prudential Standards

#### June 2004

- Submission to Australian Accounting Standards Board on Exposure Draft (ED 131) of Proposed Amendments to IAS 19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures
- Submission to International Accounting Standards Board on Exposure Draft of Proposed Amendments to IAS 19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures
- Submission to Australian Accounting Standards Board on Discount Rates under AASB 1038 (and 1023) and AASB 119
- Submission to Treasury on Draft Superannuation Splitting Regulations
- Submission to Senator Coonan on SIS Amendment Regulations 2004 (No 2) & CGT Rollover Relief for Superannuation Funds

#### July 2004

- Submission to International Accounting Standards Board on ED Proposed Amendment to IAS 39 – The Fair Value Option
- Submission to Senate Economics Legislation Committee on the Inquiry into the Superannuation Industry (Supervision) Amendment Regulations (No 2)
- Submission to Australian Accounting Standards Board on IASB ED 132 Proposed Amendments to IAS 139 – The Fair Value Option
- Submission to APRA – Registrable Superannuation Entities – Risk Management Plans

#### August 2004

- Submission to Minister for Revenue & Assistant Treasurer on the Calculation of Notional Surchargeable Contributions

#### September 2004

- Submission to the Morris Review of the UK Actuarial Profession – Background on the Australian Actuarial Profession



# Education & Professional Development

## Actuarial Education Programs

The Institute continued to maintain the high standards of the actuarial education program in 2004. The educational process which includes four parts comprises a combination of university courses and courses conducted by practising actuaries through the Institute. To ensure the appropriateness of the education process for professionally qualifying as an actuary, the Institute has responsibility for the continuous review and improvement of the syllabus and delivery of all programs.

The Institute has a rigorous process of accrediting universities to teach Part I and Part II (Actuarial Control Cycle) of the actuarial education program, leading to the professional qualification of Associate of the Institute of Actuaries of Australia. The Institute itself develops, delivers and manages the final stages of the actuarial education program (Part III specialist subjects and Part IV Professionalism Course), leading to the professional qualification of Fellow of the Institute of Actuaries of Australia.

During the year, a review of Education policies was undertaken and a revised set of policies produced. This process ensures that education processes are underpinned by relevant policies.

## Part III Education Program

This year, over 250 members voluntarily gave their time to support the education programs – as examiners, markers, scrutineers, tutors, course writers and reviewers.

Numbers of student enrolments in Part III courses increased by 11% to 486 this year, from the previous year's enrolments of 439. Tutorials were held for most Part III subjects in Melbourne, Sydney, Hong Kong and Singapore. This year, CDVs of the Sydney tutorials in Investment Management, Life Insurance and General Insurance were made available to all students internationally. The Web-based discussion forums, managed by Chief Tutors, continued to be a well-used facility this year.

In 2004, a new Mentor program was added to the Practical Experience Requirement providing a structured framework to assist new Part III students to gain mentored practical experience while completing their studies.

The Part III examinations of the Institute were conducted in October 2003 with the following results (2002 results are shown for comparison):

Examinations						
Subject	Sat '03	Pass '03	%	Sat '02	Pass '02	%
Investment Management	110	44	40	80	29	36
Life Insurance	111	31	28	86	33	38
General Insurance	89	330	37	73	26	36
Superannuation	26	6	23	26	8	31
Finance	74	31	42	68	21	35
Total	410	145	35	333	117	35

## Part III Education Review

To keep pace with the degree of change within the profession and to incorporate developments within the international actuarial community, the Institute conducted a major review of its Part III education program in 2003/2004. Establishing best practice for post-graduate professional education and equipping graduates with actuarial and business skills to meet the demands of the changing commercial environment were the main concerns of this review. The resulting Part III program will be more flexible, with one semester options and on-line components. The new program provides grounding in Investments for all students and equips students with training in commercial applications and business communications.

From 2005 the Part III program will consist of a compulsory Investment Management subject, a choice of one subject from Life Insurance, General Insurance, Superannuation & Planned Savings, or Investment Management & Finance and a compulsory six day residential course Commercial Actuarial Practice. Assisting actuaries to develop a business orientation is a common concern throughout the world and is being addressed by many actuarial professional bodies internationally. The new Commercial Actuarial Practice course developed by the Institute, in conjunction with the Australian National University, will focus on contextualising actuarial skills and approaches in the wider commercial environment, on increasing communication skills and on the applications of ethical concepts, corporate governance requirements and actuarial professional standards.

**In 2004, a new Mentor program was added to the Practical Experience Requirement...**

**The resulting Part III program will be more flexible, with one-semester options and on-line components.**

During 2004, two Faculties of members were established to oversee new Part III syllabi and course development. Actuaries have been contracted to produce course materials and on-line components are being trialled. Actuaries will also be contracted in new roles as 'Course Leaders' for 2005 to manage course reviews and drafting of assignments and examinations with Faculties and Practice Committees.

#### **University Relationships**

Four Australian universities currently have full accreditation from the Institute to teach Part I and Part II of the actuarial education program: Australian National University, Macquarie University, University of Melbourne and University of New South Wales. They are reviewed on a four-year cycle, with a mid-term review conducted every two years. During the year, a full review was conducted of the actuarial education program at University of New South Wales and mid-term reviews at Macquarie University and University of Melbourne. Applications for accreditation of Part I programs were also received and assessed from other universities in Australia and Asia.

The Institute provided financial support for Centres of Excellence in actuarial education at Macquarie University, University of Melbourne, University of New South Wales and most recently Australian National University which are overseen by Institute/University Actuarial Foundations. The Institute contributed to Open Days at the four accredited universities and at the Hong Kong Careers fair this year, providing information about actuarial careers and the Institute and giving presentations. The Institute was also the major sponsor of the Joint Actuarial Students Society's Ball in Sydney and sponsored actuarial subject prizes at University of Melbourne and University of New South Wales in 2004.

#### **International Education Developments**

The contribution of the Institute to international discussions on actuarial education has continued throughout 2004. In particular, the Actuarial Control Cycle concept has continued to influence the education reviews of other international bodies. Throughout the year, members and staff gave presentations on the Australian education system at conferences and meetings in Sydney, Japan, Hong Kong, China and New Zealand. The Institute was represented on international education committees, including the Institute and Faculty of Actuaries (UK) education working party and the IAA Joint International Education Taskforce.

#### **Professionalism Course**

The Professionalism Course, the final step to becoming an FIAA, was successfully completed by 63 members in February this year. The aim of this course is to provide participants with an opportunity to reflect on what it means to be a professional and to facilitate knowledge of the obligations, risks and the legal responsibilities of being a member of the actuarial profession. The course focuses on the Institute Code of Conduct and its practical applications, the ethical requirements of being an actuary and the dilemmas likely to be faced in practice. The three-day residential course also strengthens the professional network of those attending. After the completion of the course, participants attended Presidential Dinners in Sydney or Melbourne, where the new Fellows were given their Fellowship Certificates by the Institute President.

#### **Continuing Professional Development**

A diverse range of Continuing Professional Development (CPD) events were conducted in 2004. The two major events were the General Insurance Seminar held in Canberra in November 2003 which was attended by over 220 actuaries and industry representatives and the Financial Services Forum also held in Canberra in August 2004 with attendance of 270 actuaries and other professionals.

Topics discussed at the General Insurance Seminar included pricing and the impact of tort reform, APRA's general insurance reforms, Financial Condition Reports and the role of the Approved Actuary, developments in international accounting standards, an analyst's perspective to valuing general insurers, the risk of climate change and likely future developments for the general insurance industry.

The success of this year's Financial Services Forum was due to the continued growth in this area, a stimulating program and high calibre speakers. Plenary sessions were held on corporate governance, insurance company analysis and rating, international accounting standards and developments and trends in superannuation, banking and wealth management.

The second Health Financing in Australia course was held in Canberra in March in conjunction with the Health Leaders Network. Topics included health care expenditure and data, contracting in the health care system and economics analysis for health and attracted some 35 participating actuaries and health professionals over the six day residential program.

Over 200 actuaries, economists and other professionals attended a one day seminar on The Economic Theory of Profit Margins held in July in Sydney. The seminar imparted valuable knowledge on topics including insurance pricing, economics valuation methods and profit margins. The Institute hosted a PHIAC Seminar in October on the new regulatory requirements for private health insurance including the introduction of the Appointed Actuary role.

Seminars were also convened on new regulatory requirements for actuaries, including a workshop on the Appointed Actuary role in private health insurance in September 2004 and the proposed new requirement for

Approved Actuaries to prepare a Financial Condition Report for general insurance companies in May 2004. Both events provided a valuable forum to share information and exchange views.

Horizon Series held in Melbourne and Sydney each month covered a variety of current regulatory, practice development and professional issues. The meetings were also used as consultative and discussion forums and attracted a wide spectrum of practicing professionals. All Horizon meetings are video recorded and distributed Australia-wide and internationally thereby making the presentations accessible to members who cannot attend the live events. A new initiative this year was the Canberra Actuarial Seminar Series hosted by ANU which enabled Canberra based members to hear first hand several of the Horizon Series presentations.

The Institute, in collaboration with the China Insurance Regulatory Commission (CIRC), hosted its very first seminar series on general insurance in China. The successful series attracted 100 participants in Beijing and 80 in Shanghai. The impressive list of speakers included a majority of FIAs. All presentations can be found on the Institute's website as can presentations from other major events. CD Roms of all major events are also distributed to all delegates.

The Institute continued to offer the Part III General Insurance and Life Insurance courses as self-study programs to support the CPD of members of the Institute. Course notes, readings, textbooks, attendance at face to face or videoed tutorials, web-based discussion forums and assignment marking services were provided as part of the self-study program.

The Institute's Life Insurance Practice Committee conducted a briefing session for members working in financial services and life insurance in particular. The session provided an opportunity for members to keep up to date with developments in their practice area and contribute to the work of the Life Insurance Practice Committee.

**Seminars were also convened on the new regulatory requirements for actuaries...**

Horizon Series			
Date		Topic	Authors/Presenters
27 October 2003 29 October 2003	(Melb) (Syd)	Scenario Planning – A Tool for Actuaries	Barry Rafe
24 November 2003 26 November 2003 28 December 2003	(Melb) (Syd) (Bris)	Financial Economics for Actuaries	Anton Kapel, Tony Day & Greg Taylor
15 December 2003 17 December 2003	(Melb) (Syd)	Presidential Address – The Actuarial Profession – Making a Difference	Graham Rogers
16 February 2004 18 February 2004	(Melb) (Syd)	Retirement Incomes Integration: Superannuation/Social Security/Taxation	Geoff Dunsford & Michael Rice
15 March 2004 17 March 2004	(Melb) (Syd)	Insurer Solvency Assessment: Towards a Global Framework	Tony Coleman, Dave Finnis, Helen Martin, Brent Walker & Bernard Smith
19 April 2004 21 April 2004	(Melb) (Syd)	Discussion of Draft GN 252/552	Pauline Blight & Bruce Edwards
17 May 2004 19 May 2004	(Melb) (Syd)	Modelling Credit Risk for Australian Fixed Interest Investments	Paul Carrett
21 June 2004 23 June 2004	(Melb) (Syd)	Target Surplus: Developing an Industry Approach	Kent Griffin & Robert Baillie
19 July 2004 21 July 2004	(Melb) (Syd)	The Institute's Strategic Direction in the Global Actuarial Environment	Graham Rogers, Andrew Gale & Martin Stevenson
16 August 2004 18 August 2004	(Syd) (Melb)	Emerging Ideas: Presentations by Actuarial Research Students	Flora Chan, Tomasz Dudek, Jie Felix Sun, Guto Carneiro, Christian Sutherland-Wong, Scott Yin & Janagan Yoganpan
20 September 2004 22 September 2004	(Melb) (Syd)	Causes of Death Among Australian Insured Lives	Leonie Tickle



The success of this year's Financial Services Forum was due to the continued growth in this area, a stimulating program and high calibre speakers.

Forums Seminars & Discussions		
22 October 2003	Sydney	Institute / PHIAC Seminar: New Regulatory Requirements for Private Health Insurance
9 – 12 November 2003	Canberra	General Insurance Seminar
9 February 2004	Melbourne	Actuarial and Financial Applications of the Concept of Comonotonicity – Professor Jan Dhaene
1 and 8 March 2004	Melbourne and Sydney	Implementation of IAS 19 in Australia – Accounting for Employee Benefits
20 – 25 March 2004	Canberra	Health Financing in Australia Course
26 May 2004	Sydney	Financial Condition Reports for General Insurance
17 June 2004	Sydney	Securitisation of Mortality Risk – Professor Samuel Cox
28 June – 9 July 2004	Asia	Joint Regional Seminar Series on Risk Management
20 July 2004	Sydney	The Economic Theory of Profit Margins Seminar
26 July 2004	Canberra	Canberra Actuarial Seminar Series – Target Surplus: Developing an Industry Approach – Robert Baillie
27 July 2004	Melbourne	Institute / University of Melbourne Seminar Series: A Multiple State Model for Pricing and Reserving Private Long Term Insurance Contracts in Australia – Eddie Leung
26 – 27 August 2004	Canberra	Financial Services Forum
30 – 31 August 2004 2 – 3 September 2004	Beijing and Shanghai	General Insurance Seminar Series: Insights from Australia
29 September 2004	Sydney	Private Health Insurance Appointed Actuary Workshop

## Obituary

**Catherine Mary Prime BSc, DipLaw, ASA, FIA, FIAA**  
30 September 1942 to 11 February 2004



It was with sadness that the Institute learnt in February 2004 of the passing of Catherine Prime. Catherine was well known in both international and academic circles for her tireless energy and commitment to the actuarial profession.

Catherine enjoyed an outstanding career as an actuary qualifying in 1971 and was later admitted as a barrister in 1983. She held senior roles for MLC and was a partner at PTOW, an Australian consulting firm subsequently acquired by Towers Perrin. In 1987 she started a successful consulting practice, Catherine Prime and Associates where much of her consulting involved advising foreign governments on insurance and pension policy. An intrepid traveler, she relished the opportunity this provided to work in and experience countries such as Indonesia, the Pacific Islands, China and Bulgaria.

Catherine was awarded the Institute of Actuaries in Australia's 'Actuary of the Year' in 1988 and in 1991 became President of the Institute, the first female to achieve either accolade and the first person to achieve both. In 2000, Catherine was also appointed President of the International Actuarial Association.

Throughout her career, Catherine served on a number of boards for both Government and private organisations. Despite her extraordinary achievements and distinguished career, Catherine always achieved a healthy balance between her professional and personal life. She was a devoted wife and mother.



## A M PARKER PRIZE

The AM Parker Prize is awarded to the author or authors of a paper presented to the Institute of Actuaries of Australia. The supplementation from the Melville Prize fund for this prize is \$1,600. For 2003 the AM Parker Prize of \$2,400 (shared) was awarded to **Paul Carrett** and **Bernard Wong** for their paper titled '*Executive Options: Valuation and Projection Methodologies*'.

## H M JACKSON MEMORIAL PRIZE

The H M Jackson Memorial Prize is awarded for any published articles other than papers eligible for an award from the H M Jackson Fund. The supplementation from the Melville Prize Fund for this prize is \$1,600. For 2003, the H M Jackson Prize of \$1,800 was awarded to **Greg Taylor** for his paper titled '*Stochastic Control of Funding Systems*'.

## ANDREW PRESCOTT MEMORIAL PRIZE

The Andrew Prescott Memorial Prize may be awarded to the person(s) obtaining the highest marks for Part III subjects, provided that a certain minimum standard is attained. A merit prize may be awarded to a person completing the examinations with outstanding overall results.

The Andrew Prescott Memorial Prizes for October 2003 examinations were awarded to:

- **Grace Yan** - \$800 for Subject 1, Investment Management.
- **Angela Tatarow** - \$800 for Subject 2, Life Insurance.
- **Anna Dayton** - \$800 for Subject 5, Finance
- **Caroline Breipohl** and **Anna Dayton** - \$800 each, both awarded a Merit Prize.

There was no prize awarded for Subject 4, Superannuation & Planned Savings.

The supplementation from the Melville Prize Fund for the Prescott Prizes totals \$2,800.

## KATHERINE ROBERTSON PRIZE

The Katherine Robertson Prize is awarded to the person obtaining the highest marks in the General Insurance Part III subject, provided that a certain minimum standard is attained.

The 2003 Katherine Robertson prize of \$800 was awarded to **Caroline Breipohl**.

## MELVILLE PRIZE FOR PRACTITIONERS

The Melville Prize for Practitioners was established in 1997 with funds from the Melville Prize Fund. The

prize is awarded to actuarial practitioners in recognition of considerable research undertaken by members of the Institute in non-academic work, and it encourages the publication of research undertaken in pursuing normal professional practice that has practical application.

The Melville Prize for Practitioners is supported by the Melville Prize Fund which was established in 1994 in appreciation for the benefits Tig Melville has received from the profession and as a tribute to his father Sir Leslie Melville.

The monetary value of the prize is \$2,250 which includes a 50% supplementation from the Institute.

For 2003 the Melville Practitioners' Prize was awarded to **Ian New** for his work on a joint paper with Linda Caradus: '*NZ Margin on Services in Action (Marginally Useful, or a Great Service?)*'.

## A H POLLARD PhD SCHOLARSHIP

In 2002 the Council of the Institute of Actuaries of Australia founded a scholarship in honour of the late Professor Alfred Hurlstone Pollard. The scholarship is intended to provide assistance to a member of the Institute who is studying for a PhD degree at a recognised university in an actuarial or related field. The 2004 recipient of this scholarship was **Edward Leung**, who was also the recipient in 2003, for his PhD project *Long Term Care in Australia*, through the Centre for Actuarial Studies at the University of Melbourne.



Edward Leung

## LIFE MEMBERS

<b>Catherine Prime</b> BSc, DipLaw, ASA, FIA, FIAA	<b>2002</b>
<b>Warwick John Easton</b> FIA, ANZIIF (Fellow), FIAA	<b>1993</b>
<b>Galfrid Leslie (Tig) Melville</b> BA, FIA, ASA, FIAA	<b>1990</b>
<b>Leslie George Oxby</b> FIA, ASA, FIAA	<b>1987</b>
<b>Owen Francis Roach</b> MA, FIA, ASA, FIAA	<b>1984</b>
<b>Colin James Steven</b> FIA, ASA, FIAA	<b>1984</b>
<b>Lawrence Julius Cohn</b> FFA, ASA, ANZIIF (Fellow), FIAA	<b>1984</b>

## SILVER MEDAL WINNERS

<b>John Hurlstone Pollard</b> BSc, PhD, FSS, FIA, FASSA, FIAA	<b>2001</b>
<b>Garth Cowan Ward</b> MSc, FIA, ASA, FIAA	<b>1987</b>

## GOLD MEDAL WINNER

<b>Greg Clive Taylor</b> BA, PhD, FIA, FIMA, MACS	<b>1997</b>
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# New Fellows

Congratulations to the following members who, having passed or been exempted from Parts I, II and III of the Institute's education program, satisfied the Professional Experience Requirement and attended the Professionalism Course, became Fellows of the Institute of Actuaries of Australia in 2004.

<b>Guan Beng Ang</b>	<b>Carol Lok-Toh Lee</b>
<b>Mark Robert Arnott</b>	<b>Wen Yee Lee</b>
<b>Hadyn Roger Bernau</b>	<b>Hye-Sun Lim</b>
<b>Roderick James Berry</b>	<b>Alston Chen-Chung Liu</b>
<b>Derek John Bilney</b>	<b>Yee-Chuin Lu</b>
<b>Caroline Breipohl</b>	<b>Sanchit Maini</b>
<b>Wesley Eugene Caine</b>	<b>Catherine Maree Marquis</b>
<b>Prudence Hei Ling Chan</b>	<b>Charles Richard Barbour McAlpine</b>
<b>Kieren Joseph Chidgey</b>	<b>Adrian McGarva</b>
<b>Jung Hoon Cho</b>	<b>Brett James McGee</b>
<b>Queenie Choi</b>	<b>David James McNab</b>
<b>Gourav Choudhary</b>	<b>Tania Isabel Muller</b>
<b>Anne Co</b>	<b>Paul Newfield</b>
<b>Aaron Dean Cutter</b>	<b>Weyland Wei Lun Oun</b>
<b>Michael Charles Davis</b>	<b>Chul Ho Park</b>
<b>Anna Dayton</b>	<b>Richard Gordon Sagers</b>
<b>Shane Peter Ewen</b>	<b>Kathryn Ann Staff</b>
<b>Darryl Neil Frank</b>	<b>Yee June Sum</b>
<b>Chin Kean Ha</b>	<b>Eugene Yi Jin Tan</b>
<b>Bruce Andrew Harris</b>	<b>Ka Sun Tan</b>
<b>Richard Yiu Wai Ho</b>	<b>Joanne Caryn Taylor</b>
<b>Su Lin Hoh</b>	<b>Jeffrey Douglas Thorpe</b>
<b>Stephen Andrew Hungerford</b>	<b>Kelly Kiet Trinh</b>
<b>Khang Huu Huynh</b>	<b>Chris Chung-Yu Tseng</b>
<b>Jamie Lloyd Kernot</b>	<b>Agnes Kit Yu Wong</b>
<b>Camille Lagunzad</b>	<b>Joan Wei-Chung Wong</b>
<b>Phillip Lance</b>	<b>Elaine Yang</b>
<b>Jeremy Yuo Wei Law</b>	

Congratulations to the following members who, having been Accredited members and completed the residential and experience requirement and having attended a recognised Professionalism Course, became a Fellow of the Institute of Actuaries of Australia in 2004.

<b>Clive Allison</b>	<b>Craig Schafner</b>
<b>Chendam Param Esvaran</b>	<b>Steven Wayne Underwood</b>
<b>Paul Goswamy</b>	<b>Emiliano Andres Valdez</b>
<b>Adrian McGarva</b>	<b>Senthamangalam Ganesan Venkatramani</b>
<b>Sharanjit Singh Paddam</b>	<b>Richard Wilkinson</b>
<b>Francois Michael Rademeyer</b>	

MEMBERSHIP FIGURES FOR THE LAST 10 YEARS						
	Fellows	Accredited	Associates	Students	Affiliate	Total
1995	865	40	363	422	7	1697
1996	921	37	362	423	7	1750
1997	991	34	370	426	7	1828
1998	1048	34	412	545	6	2045
1999	1093	29	482	629	6	2239
2000	1158	19	517	657	5	2356
2001	1212	15	533	770	5	2535
2002	1237	21	565	822	9	2654
2003	1277	19	600	854	21	2771
<b>2004</b>	<b>1332</b>	<b>19</b>	<b>635</b>	<b>872</b>	<b>27</b>	<b>2885</b>

CLASSIFICATION BY RESIDENCE												
	Fellows		Accredited		Associates		Students		Affiliates		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
ACT	16	14	0	0	7	5	25	39	2	2	50	60
NSW	701	675	14	10	320	290	523	518	15	11	1573	1504
NT	0	0	0	0	1	1	0	0	0	0	1	1
QLD	30	26	0	1	14	13	29	25	0	0	73	65
SA	13	12	0	0	2	2	13	9	0	0	28	23
TAS	4	4	0	0	1	1	3	3	0	0	8	8
VIC	256	240	2	3	114	124	144	144	4	2	520	513
WA	16	16	0	0	5	3	17	14	2	2	40	35
Total Australia	1036	987	16	14	464	439	754	752	23	17	2293	2209
New Zealand	48	49	0	0	25	24	16	7	1	1	90	81
Total Oz & NZ	1084	1036	16	14	489	463	770	759	24	18	2383	2290
Other O'seas	248	241	3	5	146	137	102	95	3	3	502	481
Total	1332	1277	19	19	635	600	872	854	27	21	2885	2771

OVERSEAS INSTITUTE MEMBERS BY COUNTRY																				
Country	Fel	Acc	Asc	Std	Afl	Tot	Country	Fel	Acc	Asc	Std	Afl	Tot	Country	Fel	Acc	Asc	Std	Afl	Tot
Belgium	1			1		2	Kenya	1			2		3	Singapore	17		22	20		59
Bermuda	3		1			4	Macau			1	2	3		South Africa	1		2			3
Canada	4	1			1	7	Malawi				1		1	South Korea	2		1	3		6
China	6			1		7	Malaysia	4		6	14		24	Spain	1		1			2
France	5		1			6	Mauritius	1		1			2	Sri Lanka				1		1
Germany	3		1	1		5	New Zealand	48		25	17		90	Switzerland	6					6
Hong Kong	56		48	31	1	136	Norway				1		1	Taiwan	5		1	3		9
India	4		1			5	Pakistan				1		1	Thailand	3					3
Indonesia	1		1	2		4	Philippines				1		1	The Netherlands	2		1	2		5
Ireland	1					1	Poland	1					1	UK	81	1	43	6	1	132
Israel	1			1		2	Romania	1					1	USA	24		9	3	1	37
Italy	1	1				2	Russia	1					1	Vietnam	1					1
Japan	8		3	5		16	Scotland	2					2	TOTAL	296	3	171	118	4	592

Key: Fel – Fellow; Acc – Accredited; Asc – Associate; Std – Student; Afl – Affiliated

FEES AND SUBSCRIPTIONS		
Annual Subscriptions for 2003/04 were :	Resident in Australia (Incl. GST)	Resident outside Australia
Fellows and Accredited	\$1,040.00	\$640.00
Associates	\$655.00	\$400.00
Students	\$400.00	\$240.00
Full Time University Students	\$105.00	N/A
Affiliates	\$400.00	\$240.00
Standard entrance fee for membership was \$265.00 if living in Australia and \$240.00 if overseas. • Other entrance fees were \$65.00 for Full Time Students and gratis for Affiliates. • Members joining from June 1 paid 50% subscription rate. • Qualified Members not working paid reduced renewal rates of \$140.00 if in Australia and \$125.00 if overseas.		

INSTITUTE MEMBERSHIP INCREASES			
The increase in membership during the year was as follows:			
Class	Number at 30.09.02	Number at 30.09.03	Number at 30.09.04
Fellow	1237	1277	1332
Accredited	21	19	19
Associate	565	600	635
Student	822	854	872
Affiliate	9	21	27
<b>Total</b>	<b>2654</b>	<b>2771</b>	<b>2885</b>

The review also established two new committees – Member Services and CPD recognising the critical importance of these two issues in the future.

# Education Program

The Institute has a continuing commitment to providing quality in tuition and examination support for the education program and is indebted to the members listed below who have contributed their time, energy and expertise on a voluntary basis, to ensure the success of the education program.

## Chief Examiners, Assistant Examiner, Exam Markers, Scrutineers and Exam Supervisors for October 2003.

Marcus Arena	Mark Hurst	Adam Pike
Puvanandran Arulampalam	Andrew Huszczo	David Pitt
Robert Baillie	David Isaacs	Tracy Polldore
Shikha Bajpai	Paul Ivory	Nicole Raffin
Rashi Bansal	Stephen Jackman	Scott Reeves
Mark Barda	Chris Johnson	Luis Sarmiento
Greg Bird	Donald Johnstone	Rodney Scott
Michael Blayney	Janice Jones	Chris Seddon
Anthony Brien	Henry Josling	Stuart Seddon
Richard Brookes	Wayne Kenafacke	David Service
Louise Campbell	Anthony Kench	David Shade
Paul Carrett	Greg Kiddle	Leo Shum
Lisa Chadwick	Laurel Kong	Lisa Simpson
Andy Chan	Bill Konstantinidis	Pararajasingam Sivakumaran
Philip Chappell	David Koob	Andrew Smith
Eugene Cheah	Tim Kyng	Daniel Smith
Jeffrey Chee	Peter Larsen	Diane Somerville
Aimee Cheung	Jasmine Lee	Jason Sommer
Peter Chun	Barry Leung	Neale Spencer
Andrew Cohen	Jackie Li	Kaise Stephan
William Cone	Ezio Lo Castro	Edward Swayne
Stuart Crockett	Mike Lubke	Loo Hai Teh
Michael Crouch	Catherine Luk	Mark Thompson
Jennifer Dean	Kate Maartensz	David Ticehurst
Inbam Devadason	Lindsay Mann	Leon Tisdell
Stephen Dixon	Jason Marler	David Toohey
Paul Driessen	Andrew Martin	Lawrence Tsui
Paul Drysdale	Angelina Mastrippolito	John Tucci
Sophia Dyson	Shane Mather	Stuart Turner
Natalie Eckersall	Richard Mayo	Andrew Vallner
Phillip Everett	Peter McCourt	Rodney Venn
John Ferraro	Andrea McDonnell	Judy Wang
Matthew Finney	David McNeil	Byron Watkins
Kevin Francis	Andrew Mead	David Whittle
Paul Francis	Steve Miles	Stephen Wilson
David Gifford	Graeme Miller	Isaac Wong
Matthew Gold	James Miller	Trevor Woo
Charmaine Green	Robert Milohanic	Stephen Woods
Peter Grigaliunas	Jo-Anne Morgan	Noeline Woof
John Hancock	Stuart Mules	Peter Worcester
Lawrence Heyman	Greg Murray	Owen Wormald
Richard Hitchens	Mark Nelson	Rayman Yan
Vanessa Ho	John Nicholls	David Yang
David Hole	Julie Osborn	Kumaran Yogaranandan
Sally Hopwood	Phillip Patterson	Warwick Young
Graham Horrocks	Adam Payne	Vicki Younis
Sue Howes	Philip Pepe	Yan Zhao
Graeme Humphrys	Paul Pesavento	

**This year, over 250 members voluntarily gave their time to support the education programs – as examiners, markers, scrutineers, tutors, course writers and reviewers.**

## Chief Tutors, Assignment Markers, Tutorial Support and Course Writers/Reviewers in 2004.

Wayne Adams	Kent Griffin	Weyland Oun
Brian Ang	Chin Ha	Martin Paino
John Apthorp	Andrew Harrex	Chul Ho Park
John Archer	Gillian Harrex	Adam Payne
Marcus Arena	Bruce Harris	Grant Peters
Shikha Bajpai	Glen Harris	Tracy Polldore
Greg Baker	Cary Helenius	Colin Priest
Mark Barda	Lawrence Heyman	Colette Reid
Andrew Barker	James Hickey	Susan Roberts
Mike Barker	Christine Hopper	Catherine Robertson-Hodder
Peter Barnes	Kent Hopper	Gae Robinson
Michael Bartram	Sally Hopwood	Christopher Seddon
Derek Bilney	Andrew Houltram	Mike Sherris
Anne Blayney	Sue Howes	Andy Siu
Michael Blayney	Jeff Humphreys	Bernard Smith
Stephen Britt	Stephen Hungerford	Diane Somerville
Andrew Brown	Mark Hurst	Tim Spicer
Matthew Burgess	Andrew Huszczo	Kathryn Staff
Wesley Caine	Belinda Isaacs	Kaise Stephan
Yusuf Cakan	Paul Ivory	Anthony Street
Paul Carrett	David Jenkins	Susanne Szoldra
Paul Cassidy	Chris Johnson	Joanne Taylor
David Chamberlain	Janice Jones	Ying Teoh
Dennis Chan	Greg Kiddle	Kevin Thadanabath
Fred Chan	Hun Kim	Hean Peng Thniah
Prudence Chan	Andrew Kirk	Bruce Thomson
Robert Chan	Robin Knight	Jeffrey Thorpe
Eugene Cheah	David Knox	David Ticehurst
Jeffrey Chee	Phillip Lance	Leon Tisdell
Robert Chen	Peter Larsen	Lawrence Tsui
William Cheong	Jeremy Law	John Tucci
Aimee Cheung	Betty Lee	Scott Tully
Gourav Choudhary	Wen Yee Lee	Stuart Turner
Andrew Cohen	Tony Lei	Greg Vaughan
Julie Cook	Barry Leung	Donna Walker
Stuart Crockett	Andrew Leung	Jeremy Wall
Anna Dayton	Ken Liow	Marianne Watt
Jason Doughty	Alston Liu	Agnes Wong
Adam Driussi	Yee-Chuin Lu	Isaac Wong
Deborah Driussi	Nghiep Luu	Joan Wong
Simon Eagleton	Lindsay Mann	Sylvia Wong
Julie Evans	Cathy Marquis	Agnes Wong
Phillip Everett	Peter May	Bernard Wong
Shane Ewen	Charles McAlpine	Trevor Woo
Peter Fallows	Ken McLeod	Melissa Yan
Steven Faulkes	Alissa Merlo	Andy Yang
John Ferraro	Graeme Miller	David Yang
Paul Francis	Chris Murphy	Yee Lin Yang
David Frazer	Gary Musgrave	Colin Yellowlees
Richard Gay	Senthooan Nagarajan	Eng Yeoh
Corinne Glasby	Chris O'Hehir	Guy Yeung
Jethro Goodchild	Henry Onions	Lynda Young
Bruce Gregor	Julie Osborn	Warwick Young

Numbers of student enrolments in Part III courses increased by 11% to 486 this year.



# Council, Committees & Taskforces

## COUNCIL

### President

Graham Rogers

### Senior Vice President

Andrew Gale

### Vice President

Martin Stevenson

### Councillors

Clive Amery

Robyn Bateup

Pauline Blight

Ian Burningham

Andrew Dillon

David Goodsall

Greg Martin

Helen McLeod

Blair Nicholls (to 08/04)

Michael Playford

Fred Rowley

David Service

Steve Somogyi

Trevor Thompson

### Secretary

Catherine Baldwin (to 04/04)

Stephen Burke (from 04/04)

## REPORTING TO COUNCIL

### Executive Council Committee

Graham Rogers (Con)

Catherine Baldwin

Andrew Gale

Michael O'Rourke (Sec)

Martin Stevenson

### Disciplinary Scheme Professional Conduct Committee

Tim Jenkins (Con)

Geoff Burgess

Jock Chappell

Richard Cumpston

David Finnis

Ken McLeod

Vicki Mullen (Sec)

John Pollard

Owen Roach

Kerry Roberts

Fiona Ross

Martin Spry

Carl Stevenson

### Professional Conduct Tribunal Panel

Mike Barker (Con)

Clive Aaron

Ron Champion

Warwick Easton

David Hart

Mike Hughes

David Knox

Vicki Mullen (Sec)

John Newman

### Appeal Board Panel

Rod Atfield

Richard Mitchell

Vicki Mullen (Sec)

Iain Ross

Ted Rudge

Chris White

### Professional Standards Committee

Graham Slater (Con)

Stephen Burke (Sec)

Chris Latham

Geoff Walker

### Professional Standards Scheme Taskforce

David Minty (Con)

David Hart

Keith Martland

Vicki Mullen (Sec)

### Independent Peer Review Implementation Taskforce

Chris White (Con)

Robyn Bateup

Elaine Collins

Alan Doble

David Goodsall

Vicki Mullen (Sec)

Steve Schubert

Trevor Thompson

Denis Wilkinson

### Penrose Inquiry Taskforce

Chris White (Con)

Fred Rowley

Trevor Thompson

Mark Turner

### Asbestos Inquiry Taskforce

Tony Coleman (Con)

Catherine Baldwin

John Newman

Conor O'Dowd

Sylvia Wong

## COUNCIL COMMITTEES

### CPD COUNCIL COMMITTEE

David Service (Con)

Catherine Baldwin

Robyn Bateup

Darren Davis (Sec)

David Goodsall

### EDUCATION COUNCIL COMMITTEE

David Knox (Con)

Michelle Aspery

Catherine Baldwin

Andrew Brown

Carolyn MacLulich (Sec)

Trevor McMahon

Martin Stevenson

Trevor Thompson

Donna Walker

### University Financing Taskforce

Andrew Dillon (Con)

Carolyn MacLulich (Sec)

Helen Martin

Kaise Stephan

### University Accreditation Panel

Trevor Thompson (Con)

Anthony Carey

Carolyn MacLulich (Sec)

Robert Milohanic

Tania Muller

Robert Thomson (APRA)

Win-Li Toh

### Admissions & Exemptions Committee

Jim Farmer

Andrew Geue

Linh Luu (Sec)

Emil Valdez

### Part II External Examiners

Trevor Thompson (Con)

Susan Antcliffe

Anthony Carey

Martin Fry

### Investments/Finance Faculty

Greg Vaughan (Con)

Mike Barker

Steve Britt

Paul Carrett

Stuart Crockett

Bruce Gregor

Andrew Kirk

Carolyn MacLulich (Sec)

Mike Sherris

### Module 4 Faculty

Ken McLeod (Con)

Andrew Brown

Kent Griffin

David Knox

Carolyn MacLulich (Sec)

Donna Walker

### Student Consultative Group

Razman Azmir (Con)

Penelope Butler

Michael Gardner

Yew Wei Chai

Bob Leung (Sec)

Ramona Meyricke

Geetha Singam

Jaimee Trang

### FINANCE & COMPLIANCE COUNCIL COMMITTEE

Alan Doble (Con)

Michael Barker

Catherine Baldwin

Stephen Burke (Sec)

Wayne Lonergan

Andrew Smith

Trevor Thompson

Denis Wilkinson

### Investment Committee

Mike Barker (Con)

Graham Horrocks

Geoff Walker

### Governance Review Taskforce

Denis Wilkinson (Con)

Mike Barker

Catherine Baldwin (Sec)

Alan Doble

### MEMBER SERVICES COUNCIL COMMITTEE

Blair Nicholls (Con) (to 08/04)

Catherine Baldwin

Rohan Best

Cherry Brennan

Ian Burningham

Darren Davis (Sec)

Bronwyn Hardy

Helen McLeod

Paul Newfield

### AAJ Editorial Committee

David McNeice (Editor)

Megan Beer

Sue Clarke

Kath Daniels

Richard Fitzherbert

Adrian Liu

Carolyn MacLulich (Sec)

Katrina McFadyen

Geoff Morley

Emily Papworth

Ian Robinson

Leonie Tickle

### Actuary Australia Committee

Darren Wickham (Editor)

Darren Davis

Katrina McFadyen (Sec)

Melinda Howes

Catherine Watson

Stephen Woods

### Professional Indemnity Insurance Committee

David Hart (Con)

Catherine Baldwin

L. Frank Earl

### Research & Prizes Committee

David Goodsall (Con)

David Kerr

David Pitt

John Pollard

### Small Actuarial Enterprises Committee

David Hart (Con)

Doug Drysdale

Graham Horrocks

Vicki Mullen (Sec)

Geoff Walker

The Institute would not function without the voluntary contribution of more than 660 Fellows which represents 50% of our total Fellows membership.

## Special Awards Committee

Bob Glading (Con)  
Geoff Burgess  
Kerry Roberts  
Jenny Lyon

## PUBLIC POLICY COUNCIL COMMITTEE

Martin Stevenson (Con)  
Catherine Baldwin  
Paul Carrett  
Andrew Gale  
David Goodsall  
Elayne Grace  
Richard Madden  
John Maroney  
Vicki Mullen (Sec)  
Stuart Rodger  
Fred Rowley  
Steve Somogyi

## Actuaries & Accountants Liaison Committee

Bruce Watson (Con)  
Michael Dermody  
Tim Furlan  
David Hotchkies  
Lesley Mamelok  
Caithlin McCabe  
Blair Nicholls  
Anne O'Driscoll  
Pebbles Punia  
Keith Reilly  
Kim Smith (Sec)  
Andries Terblanche

## Economic Valuations (GN 552) Taskforce

Bruce Edwards (Con)  
Pauline Blight  
Robert Clark  
David Minty  
Ian Robinson  
David Rush  
Alex Stitt

## Energy & Environment Sub-committee

Elayne Grace (Con)  
Andrew Burge  
John Carroll  
Richard Cumpston  
Pauline Durant  
Naomi Edwards  
Jill Green  
Alan Greenfield  
Martin Hickling  
Don Johnstone  
Siddarth Parameswaran  
Gae Robinson  
Kaise Stephan

## Futurism Committee

Don Johnstone (Con)  
Pauline Durant  
James Fitzpatrick  
Erasmus Gerigk  
Elayne Grace  
Jill Green  
Susie Halverson

Senthooran Nagarajan  
Siddarth Parameswaran

## International Accounting Standards Committee

Greg Martin (Con)  
Clive Aaron  
Megan Beer  
Bob Buchanan  
Tony Coleman  
David Finnis  
David Rush  
Lisa Simpson

## IAS 39 Taskforce

David Rush (Con)  
Clive Aaron  
Kevin Allport  
Christine Brownfield  
Christina Habal (AASB)  
Greg Martin  
Angus Thomson (AASB)  
Michael Thornton

## IAS 19 Taskforce

Tim Furlan (Con)  
Brad Jeffrey  
David Knox  
Monique Ledden (AASB)  
David McNeil  
Greg Martin  
Mark Nelson

## Retirement Incomes Policy – Integration Taskforce

Catherine Nance (Con)  
Geoff Baars  
Tim Furlan  
Jim O'Donnell  
Howard Pitts  
Tracy Polldore

## Retirement Incomes Policy – Adequacy Taskforce

Steve Schubert (Con)  
Brad Jeffrey  
Peter Larsen  
Paul Scully  
Darren Wickham

## Retirement Incomes Policy – Intergenerational Taskforce

Michael Rice (Con)  
Richard Cumpston  
Geoff Dunsford  
Richard Madden  
Tony Snoyman

## INTERNATIONAL COUNCIL COMMITTEE

Chris Lewis (Con)  
Katrina Bacon (Sec)  
Catherine Baldwin  
Minoo Batliwalla  
Robert Chen  
Tony Coleman  
Darren Davis  
Jules Gribble  
Helen Martin

Helen McLeod  
Graham Rogers  
Fred Rowley  
Bruce Vincent  
Mark Weaver

## Asian Education Strategy Taskforce

Fred Rowley (Con)  
Woh Choo  
Tuan Chua  
Carolyn MacLulich (Sec)  
Helen McLeod  
Steve Miles  
Sim Ng  
Ying Teoh

## AMBASSADORS

**Bermuda**  
Rick Shaw  
**Brazil**  
Guy Horton  
**Canada**  
Shams Munir  
**China**  
Chua Tuan Miang  
**France**  
Christopher Johns  
**Hong Kong**  
Sim Ng  
**India**  
Graham Forbes  
**Indonesia**  
Kelvin Prisk  
**Japan**  
Michael Freeman  
**Malaysia**  
Edwin Peh  
**Poland**  
Zbigniew Andrzejewski  
**Singapore**  
Lindsay Mann  
**Switzerland**  
Susan Looi  
**Thailand**  
Alan Fieldus  
**United Kingdom**  
Steve Marsh  
**United States**  
Craig Thorburn  
**Vietnam**  
Khang Hyunh

## REPRESENTATIVES

**Korea**  
Simon Chong  
**Contact for Taiwan**  
David Waples

## IAA COMMITTEE REPRESENTATIVES

**Accreditation**  
Chris Lewis  
**Advice & Assistance**  
Graham Rogers  
**Actuaries without Frontiers**  
Craig Thorburn  
**China Sub-committee**  
Fred Rowley

## Education

Leonie Tickle  
**Financial Risk**  
Tony Coleman  
**Public Statements**  
Rod Atfield  
**Pensions & Employee Benefits**  
Helen Martin  
**Insurance Accounting**  
Clive Aaron  
**Actuarial Standards Sub-committee**  
David Finnis  
**Insurance Regulation**  
Tom Karp  
**Professionalism**  
Helen Martin  
**Social Security**  
Craig Thorburn (Vice Chair)  
Richard Madden  
**Provisional Committee of PBSSS**  
Helen Martin

## PRACTICE COMMITTEES

## GENERAL INSURANCE PRACTICE COMMITTEE

Michael Playford (Con)  
Clive Amery  
Tim Andrews  
Robyn Bateup  
John De Ravin  
Elayne Grace  
Rodney Hoskinson (Sec)  
Andrew Huszczo  
Lisa Simpson  
Stephen Wilson

## Accident Compensation Sub-committee

Daniel Smith (Con)  
Clive Amery  
Bob Buchanan  
Philip Chappell  
Paul Driessen  
Julie Evans  
Craig Price

## Accident Compensation Seminar Organising Committee

Nathan Rivett (Con)  
Darren Davis  
Paul Driessen  
Peter Grigaliunas  
Clare Tapp (Sec)  
Rosie Winn

## Financial Condition Report Taskforce

Chris Latham (Con)  
Bob Buchanan  
Alan Bulbeck  
Tim Clark  
Elaine Collins  
Darren Davis (Sec)  
John De Ravin  
Adrian Gould

Members through a range of Institute committees and taskforces continue to influence regulatory change, public policy debate and actuarial practice.

## Council, Committees & Taskforces (continued)

Andrew Huszczo  
Peter McCarthy  
Estelle Pearson  
Robert Thomson (APRA)  
Brett Ward

### Education Sub-Committee

Deborah Driussi (Con)  
David Gifford  
Matthew Gold  
David Jenkins  
Laurel Kong  
Bill Konstantinidis  
Loan-Anh Nguyen  
Adam Payne

### General Insurance Seminar Organising Committee

Andrew Huszczo (Con)  
Bill Konstantinidis  
Stephen Wilson

### Long Term Care Taskforce

Clive Amery (Con)  
Chris Cuff (PwC)  
Aaron Cutter  
Anna Dayton  
David Gifford  
David Heath  
Greg Moran  
John Walsh  
Bruce Watson

### Medical Indemnity Taskforce

Geoff Atkins (Con)  
Clive Amery  
Robyn Bateup  
Warrick Gard  
Peter Martin  
Estelle Pearson  
Michael Playford  
David Whittle

### HEALTH PRACTICE COMMITTEE

Ian Burningham (Con)  
Andrew P Gale  
Tory Gervasi  
Bronwyn Hardy  
Ben Ooi (Sec)  
Rob Paton  
Stuart Rodger  
Daniel Tess  
Brent Walker

### Activities & Public Relations Sub-committee

Sophie Dyson (Con)  
Gayle Adams  
Dimitry Wall

### Education Sub-committee

Stuart Rodger (Con)  
Ian Burningham  
Martin Edwards  
Bronwyn Hardy  
Rob Paton

### Health Insurance Practice Sub-committee

Andrew P Gale (Con)  
Gayle Adams  
Mark Bishop  
Ian Burningham  
Bevan Damm  
Raewin Davies  
Themmy Flaracos  
Tory Gervasi  
Stuart Rodger  
Brent Walker

### Health Financing Taskforce

Daniel Tess (Con)  
Catherine Baldwin  
Sophie Dyson  
James Purvis  
Graham Rogers  
Steve Somogyi

### SUPERANNUATION & EMPLOYEE BENEFITS PRACTICE COMMITTEE

John Maroney (Con)  
John Burnett  
Nick Callil  
Andrew Dillon  
Jeff Humphreys  
Glenn Langton  
Mark Nelson  
Paul Shallue  
Jenifer Walton (Sec)  
Cohen Watson

### Legislation Sub-committee

Paul Shallue (Con)  
Warren King  
Andrew Leung  
David McNeice  
Christine Moran  
Mike Murphy  
David Quinn-Watson  
Michelle van den Berg  
John Ward

### Education Sub-committee

Jeff Humphreys (Con)  
Shauna Ferris  
Margaret O'Halloran  
Jeffrey Chee

### Financial Planning Sub-committee

Howard Pitts (Con)  
Mark Berry  
Sheila Colls  
David Edwards  
Meg Heffron  
Graham Horrocks  
Paul Melling  
Alan Merten  
Nicole Raffin

### Share-Based Payment Taskforce

Nick Callil (Con)  
Paul Carrett  
Jeffrey Chee  
Esther Conway  
Keith Martland  
Peter Grigaliunas

### Benefit Projections Taskforce

John Burnett (Con)  
Colin Grenfell  
Ray Stevens  
Darren Wickham

### Employee Entitlements Taskforce

Glenn Langton (Con)  
Chris Latham  
Janet Linklater  
Colin Westman  
Darren Wickham

### Self Managed Superannuation Funds Sub-committee

Cohen Watson (Con)  
Peter Crump  
Meg Heffron  
Jeff Humphreys  
Warren King  
Christine Moran  
Allen Truslove  
deLancey Worthington

### LIFE INSURANCE PRACTICE COMMITTEE

Pauline Blight (Con)  
Clive Aaron  
Christine Brownfield  
Sean Carroll  
Greg Einfeld (Sec)  
Sue Howes  
Eric Judd  
Greg Martin  
David Rush  
Bernard Smith  
Alex Stitt  
Allen Truslove

### Education Sub-committee

Sue Howes (Con)  
Michelle Aspery  
Wesley Caine  
Stephen Hungerford  
Alston Liu  
Yee-Chuin Lu  
Martin Paino  
Catherine Robertson-Hodder  
Susanne Szoldra  
Stuart Turner  
Yee Lin Yang  
Eng Yeoh

### Friendly Societies Sub-committee

Allen Truslove (Con)  
Carl Stevenson  
Guy Thorburn

### GN252 Taskforce

Pauline Blight (Con)  
Tony Cook  
James Hickey  
Grant Peters (Sec)  
Grant Robinson  
Bruce Vincent

### Genetics Reference Group

Graham Whittaker (Con)  
Shauna Ferris  
Sue Khor  
John Leonard (MLC)  
Vicki Mullen (Sec)  
Debra Pitcher (AXA)  
Emeritus Prof Sandy  
Raeburn (Genetics Adviser)

### Life Financial Reporting, Tax & Legislation Sub-committee

Bernard Smith (Con)  
Caroline Bennet  
Michael Dermody (Sec)  
Rob DeSoisa  
Grant Peters  
Mark Stewart  
Mike Thornton

### Life Risk Insurance Committee

Anthony Brien (Con)  
Greg Barn  
Patricia Berry  
Hoa Bui  
Frank Burgess  
Patrick Chan  
Sue Clarke  
Cynthia Hui  
Robin Knight  
Daniel Longden  
Adrian Mak  
David Service  
Stuart Turner  
Graham Whittaker

### Valuation Standard Review Taskforce

Megan Beer (Con)  
Caroline Bennet  
Rob DeSoisa  
Daniel Longden  
Paul Nuttal  
Jaimie Sach  
Mark Stewart

### Financial Services Seminar Organising Committee

Martin Stevenson (Con)  
Paul Carrett  
Darren Davis  
Andrew Gale  
Jeff Humphreys  
Jamie Sach  
Clare Tapp (Sec)

## THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 30 SEPTEMBER 2004

Council submits herewith its report on the Institute for the year ended 30 September 2004. In order to comply with the provisions of the Corporations Act 2001, the Council reports as follows:

The Institute is a company limited by guarantee and is licensed under Section 150 of the Corporations Act 2001 to be incorporated without the word 'Limited' in its name.

Council fulfils the role of Board of Directors.

The Members of Council in office at the date of this report are as follows:

**G E N ROGERS FIA, FIAA** – *President, Born 5/10/40. Elected to Council in 2000.*

Graham is an independent Company Director and Chairman. His current board responsibilities include Chairman of SMF Funds Management Ltd, Director of RACV Financial Services and Deputy Commissioner of PHIAC. In the not for profit sector he is Chairman of the University of Melbourne Actuarial Foundation. Prior to this he has held a number of Chief Executive positions in the financial service industry including Equitable Life and General, Jacques Martin Group and Colonial Investment Management.

**A C GALE BA, FIA, MBA, FIAA** – *Senior Vice President, Council Member, Member of the Executive Committee and of Public Affairs Council Committee. Chairman of the Banking, Finance and Investments Review Taskforce. Chairman of the Vision 2007 Taskforce. Born 16/10/56. Elected to Council in 2000.*

Andrew is a Partner in Deloitte and Practice Leader for the Australian Financial Services practice for Trowbridge Deloitte. He also leads the Wealth Management Industry sector for Deloitte. Prior to Trowbridge, Andrew had senior positions at MLC, AMP, Optus and Accenture. He was Convenor of the Marketing, Strategy and Planning Committee (1995-97) and the Futurism Committee (2000-02). Andrew was also a member of the International and Public Relations Committees (1995-97) and a member of Council in 1998. He was co-author with the Marketing & Strategy Committee of a 'Marketing Audit of the Profession' (1995 Convention), 'The Future of the Profession' (1996 Sessional) and 'Shaping the Next Century – IAA Strategic Plan' (1997 Centenary Convention). Andrew has co-led the development of the Institute's Strategic Plan for 2004 – 2007.

**M A STEVENSON BSc, FIA, FIAA** – *Vice President, Council Member, Chairman of Public Policy Council Committee, Chairman Financial Services Forum Organising Committee. Member of Council Education Committee. Born 3/3/47. Elected to Council 2001.*

Martin is a Principal and Executive Director of Mercer Human Resource Pty Ltd and was formerly the Managing Partner of E S Knight & Co. An Actuary specialising in superannuation for over twenty-five years, he is now Mercer's Senior Actuary. Martin was Chief Examiner, Superannuation for three years up to 1992 and was Chairman of the Board of Examiners in 1995 and 1996. He has co-authored two papers to the Institute of Actuaries of Australia: 'Some current aspects of Superannuation funding' and 'The Statex – Actuaries Accumulation Index'.

**C E AMERY BSc (Hons), FIAA** – *Council Member, Member of General Insurance Practice Committee, Medical Indemnity Task*

*Force, Long Term Care Subcommittee and Accident Compensation Subcommittee. Born 15/11/57. Elected to Council in 2001.*

Clive is a founding partner of am actuaries, a new actuarial firm specialising in general insurance. Prior to this Clive held various positions with Taylor Fry, Trowbridge Consulting, Coopers & Lybrand and National Mutual.

**R J BATEUP BSc, FIAA** – *Council Member, Member of General Insurance Practice Committee, CPD Council Committee, Medical Indemnity Task Force, Independent Peer Review Implementation Task Force. Born 17/7/63. Elected to Council in 2003.*

Robyn founded Bateup Actuarial + Consulting Services Pty Ltd in 2003, an actuarial consulting firm specialising in general insurance. Prior to this Robyn was a Principal and the Australian General Insurance Sector Leader with Tillinghast – Towers Perrin. Robyn was co-author of "Research and Data Analysis Relevant to the Development of Standards and Guidelines on Liability Valuation for General Insurance", presented to the IAA in 2001.

**P J BLIGHT MEd, FIAA, FNZSA, ASIA** – *Council Member, Convenor of Life Insurance Practice Committee. Born 30/12/70. Elected to Council in 2002*

Pauline Blight is General Manager – Actuarial, Risk and Compliance at Asteron, and Appointed Actuary of Asteron Life Limited. Prior to this position, Pauline was a Director in Tillinghast – Towers Perrin's life insurance practice and has held positions in life insurance at MLC and investment banking at Morgan Stanley. Pauline has been active in the development of economic valuation techniques for life insurance business and during 2004 was a member of the Economic Valuations Taskforce and convenor of the GN252 Review Taskforce.

**I D BURNINGHAM BSc, FIAA** – *Council Member, Chairman of Health Practice Committee, Born 19/11/66. Elected to Council in 2003.*

Ian is Group Executive Risk Management and Treasury for MBF Australia and Group Actuary. He was a member of the Banking and Financing Committee and a member of the Professionalism Course Committee (2001-2003). He also was a presenter of the Code of Conduct for the Professionalism Course.

**A G DILLON FIA, FIAA** – *Council Member, Member of Superannuation and Employee Benefit Practice Committee, Born 11/08/47. Elected to Council in 2002.*

Andrew has retired from work. He has held a variety of roles within large and small organisations, life offices and consulting firms including AMP, National Mutual Life, Mercer and Watson Wyatt Australia Pty Ltd.

He was a Tutor for Compound Interest (1977 – 78), Superannuation (1980 – 81), assisted with preparation of Superannuation education material (1980 – 81). He is author of 'Retrenchment Benefits from Superannuation Plans' (1982; winner of HM Jackson Prize).

**D M GOODSALL BA, AIA, FIAA** – *Council Member, Chairman of Institute Audit Committee, Member of Public Affairs Council Committee, Member of CPD Council Committee, Member of Independent Peer Review Implementation Taskforce. Born 18/5/55. Elected to Council in 2002.*

David is a Partner and Director of Actuarial Services in Oceania for Ernst & Young. He was a member of the Accountants & Actuaries Liaison Committee (1994 – 2000) and the Appraisal Value Subcommittee (1992-93). David was a Visiting Fellow at



## THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 30 SEPTEMBER 2004 (cont'd)

Macquarie University in 1994 and 1995 and Tutored Subject A4 from 1996 to 1998. He was a joint author of 'Solvency & Capital', IAA Convention (1993).

**G C MARTIN BA, FIAA, ASIA** – Council Member, Convenor of the International Accounting Standards Committee, Member of the Life Insurance Practice Committee, Member of various Institute Taskforces. Born 29/6/61. Elected to Council in 2003.

Greg Martin is the Managing Director of KPMG Actuaries Pty Limited. He specialises in insurance, funds management and general financial valuation and modelling, and he is a member of the Life Insurance Actuarial Standards Board. Greg has been a member of number of Institute committees and taskforces including the Unsatisfactory Financial Position Taskforce (2003), Accountants and Actuaries Liaison Committee (1998-2003), Discount Rates Taskforce (2001). Greg has authored or co-authored a number of IAAust papers including Capital Reserving for Credit Risk for Insurers (Life & GI) and Other Institutions (2003), Fair Value Liability Valuations (1999) and Judicial Management (1994).

**H C McLEOD BA, FIA, FIAA** – Council Member, Member of International Council Committee. Convenor of Membership Services Council Committee. Born 6/5/56. Elected to Council in 2002.

Helen is the Regional Actuary, Pacific Rim, for AIG. In Australia, she is the Approved Actuary for American Home Assurance Company. Prior to joining AIG, Helen worked for a number of different consulting firms in several different countries. She has been a Tutor for Statistics and Superannuation, and assisted with marking in Life Insurance, General Insurance and Superannuation.

**M J PLAYFORD MEc FIAA** – Council Member, Chairman of the General Insurance Practice Committee, Member of Medical Indemnity Taskforce. Born 14/7/70. Elected to Council 2002.

Michael is a Partner of PricewaterhouseCoopers Actuarial where he has been employed since 1997. Michael has twelve years experience working in General Insurance and is the author of several papers on general insurance topics. His particular area of interest is accident compensation, in particular worker compensation and long term care. Michael was a member of the Accident Compensation Subcommittee (1999 – 2001) and was Deputy Chair of the Institute Board of Examiners for Part III Exams (1998 – 2001).

**F ROWLEY MA, FIA, FASI, FIAA** – Council Member, Member of Public Policy Council Committee, Member of International Council Committee. Born 18/02/50. Elected to Council in 2003.

Formerly Corporate Chief Actuary of AMP Ltd, Fred has served as Chair of the Life Insurance Practice Committee and the Prudential Regulation Taskforce, and currently chairs the Asian Development Taskforce. He previously served on Council 2000-2002, and is co-author of several Institute submissions to government and financial regulators, including the Australian Tax Office, APRA, and the Basel Committee. He has a particular interest in broader risk management, with emphasis on financial risks and corporate finance.

**D A SERVICE FIAA** – Committee, Disability Investigation Subcommittee, Part III Implementation Taskforce. Born 18/9/48. Elected to Council in 2001.

David is currently Director of the Centre for Actuarial Research at the Australian National University. He was previously a Principal at Trowbridge Consulting. He is co-author of several recent papers including 'Disability Experience and Economic Correlations' (2001), 'Disability Claims – Does anyone Recover?' (2002) and 'A New Mathematical Model of Australian Disability Experience' (2003). He is the Institute's Canberra representative.

**S SOMOGYI MSc, FIA, ASA, FIAA** – Council Member. Chairman of the Banking & Finance Practice Committee. Council Liaison for Investment & Funds Management Practice Committee. Born 7/4/54. Appointed to Council in 2001.

Steve is a Member of the Australian Prudential Regulation Authority. Steve served as Chairman of the Institute's Financing the Ageing Committee in 1998/99, which presented a position paper on this topic to the Convention in Darwin in 1999.

**T J THOMPSON BA(Econ), FIAA** – Council Member, Member of Council Education Committee and Convenor of the Accreditation Committee, External Examiner for UNSW and Macquarie University, Member of the Corporate Governance Task Force, Independent Peer Review Implementation Task Force and Penrose/Morris Task Force. Born 12/09/45. Appointed to Council in 2003.

Trevor is retired, having served his full career with AMP, mainly in a variety of functional and general management roles both in Australia and the UK. Positions in more recent years include Marketing Manager for Australia, General Manager Superannuation for Australia, managing AMP's demutualisation, Corporate Treasurer AMP Limited, and subsequently in the UK, Chief Executive of NPI, and finally Sales Director for AMP(UK).

Trevor was a Council Member (1982-1984) and previously served as Assistant Examiner for Superannuation (1978-1983), as a member of the Council Education Policy Committee (late 1970s), the Professional Conduct Committee (late 1970s).

All Members of Council are Fellows of the Institute of Actuaries of Australia.

Six Meetings if the 2003 / 2004 Council were held since the last Annual General Meeting. The following is a record of attendance (Meetings Attended : No. of Meetings eligible to attend)

Clive Amery	5:6	Helen McLeod	5:6
Robyn Bateup**	4:5	Blair Nicholls***	4:6
Pauline Blight	5:6	Michael Playford	6:6
Ian Burningham**	4:5	Graham Rogers	6:6
Andrew Dillon	5:6	Fred Rowley**	4:5
Alan Doble*	1:1	David Service	3:6
Andrew Gale	6:6	Steve Somogyi	5:6
David Goodsall	6:6	Martin Stevenson	6:6
Christopher Lewis*	1:1	Trevor Thompson**	5:5
Greg Martin**	5:5	Peter Worcester*	1:1

\*Members Eligible to attend a total of 1 meeting, 29 October 2003 due to Term of Office completion at December 2003.

\*\*Members elected in December 2003, therefore eligible to attend total of 5 meetings: 16 December 2003, 18 February 2004, 21 April 2004, 23 June 2004, 16 August 2004.

\*\*\* Resigned 10 August 2004.

The principal activities of the Institute in the course of the financial year comprised encouraging the study of actuarial science, statistics and other subjects and conducting examinations in relation thereto. The Institute also undertook promotional and administrative activities in relation to the actuarial profession, including the



preparation of professional standards. During the year there was no significant change in the nature of those activities.

Operating surplus for the year amounts to \$374,945.

No significant change in the state of affairs of the Institute occurred during the financial year not otherwise outlined in the accounts or notes thereto. The operations of the Institute for the year, were similar to that of the previous year.

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in the financial year subsequent to 30 September 2004.

The Members of Council believe that there are no likely developments in the operations of the Institute and the expected results of those operations in the financial years subsequent to 30 September 2004 which need to be brought to your attention.

Council members receive no remuneration or other benefits. No Member of Council, since the end of the previous financial year, has received or become entitled to receive a benefit by reason of a contract made by the Institute with a Member of Council or with a firm of which s/he is a member or with a company in which s/he has a substantial financial interest for services rendered in connection with the activities of the Institute, except as disclosed in Note 12 to the Financial Statements.

During the financial year, the Institute paid a premium in respect of a contract insuring the Office Bearers (as defined including any past, present or future Director, Secretary, Officer, Trustee, Committee member or employee of the Institute or any other natural person acting on behalf of the Institute at the direction of an Officer or Board of Directors or Committee of Management of the Institute) against a liability incurred as such Office Bearer to the extent permitted by law.

The Institute has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Institute against a liability incurred as such an officer or auditor.

Signed in accordance with a resolution of Council.

On behalf of the Council.



**G E N ROGERS**  
President



**A C GALE**  
Senior Vice President  
Sydney, 29 October 2004

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE INSTITUTE OF ACTUARIES OF AUSTRALIA

### SCOPE

We have audited the financial report of the Institute of Actuaries of Australia for the year ended 30 September 2004, as set out on pages 30 to 33. The Council Members are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Institute.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the

evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Institute's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### AUDIT OPINION

In our opinion, the financial report of the Institute of Actuaries of Australia is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Institute's financial position as at 30 September 2004 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.



**HAINES NORTON**  
Chartered Accountants



**F. GIANNUZZI**  
Partner  
Sydney, 29 October 2004

## THE INSTITUTE OF ACTUARIES OF AUSTRALIA DECLARATION BY MEMBERS OF COUNCIL FOR THE YEAR ENDED 30 SEPTEMBER 2004

The members of Council of the Institute declare that:

1. the financial statements and notes thereto, are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 September 2004 and of the performance for the year then ended on that date of the Institute.
2. in the Council's opinion, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Council and is signed for and on behalf of the members of Council by:



**G E N ROGERS**  
President



**A C GALE**  
Senior Vice President  
Sydney, 29 October 2004

## THE INSTITUTE OF ACTUARIES OF AUSTRALIA STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Note	2004 \$	2003 \$
Administration Revenues		1,965,756	1,749,331
Professional Development Revenues		689,201	827,399
Education Revenues		1,529,151	1,407,199
Member Services Revenues		193,339	251,596
<b>Total Revenue</b>		<b>4,377,447</b>	<b>4,235,525</b>
Administration Costs		(673,434)	(649,987)
Employment Costs		(1,381,342)	(1,119,196)
Professional Development Costs		(399,385)	(567,837)
Univeristy Foundation Grants		(378,750)	(375,000)
Education Costs		(471,156)	(388,371)
Member Services Costs		(604,333)	(602,397)
Public Affairs Costs		(94,102)	(104,171)
<b>Total Expenditure</b>		<b>(4,002,502)</b>	<b>(3,806,959)</b>
<b>Surplus from ordinary activities attributable to members of the Institute</b>		<b>374,945</b>	<b>428,566</b>
Income tax expense	1(c)	-	-
<b>Surplus from ordinary activities after income tax expense attributable to members of the Institute</b>	<b>2</b>	<b>374,945</b>	<b>428,566</b>
<b>Total revenues, expenses and adjustments attributable to members of the Institute recognised directly in equity</b>	<b>3</b>	<b>374,945</b>	<b>428,566</b>

The accompanying notes form part of these financial statements

## THE INSTITUTE OF ACTUARIES OF AUSTRALIA STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2004

	Note	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash	4	555,645	508,325
Receivables	5	252,426	131,965
Other financial assets	6	2,341,384	2,614,552
<b>Total current assets</b>		<b>3,149,455</b>	<b>3,254,842</b>
<b>NON CURRENT ASSETS</b>			
Other financial assets	7	77,894	-
Plant and equipment	8	928,391	118,045
<b>Total non current assets</b>		<b>1,006,285</b>	<b>118,045</b>
<b>TOTAL ASSETS</b>		<b>4,155,740</b>	<b>3,372,887</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	960,312	563,049
Provisions	10	63,177	52,532
<b>Total current liabilities</b>		<b>1,023,489</b>	<b>615,581</b>
<b>TOTAL LIABILITIES</b>		<b>1,023,489</b>	<b>615,581</b>
<b>NET ASSETS</b>		<b>3,132,251</b>	<b>2,757,306</b>
<b>MEMBERS' FUNDS</b>			
Accumulated funds	3	3,132,251	2,757,306
<b>TOTAL MEMBERS' FUNDS</b>		<b>3,132,251</b>	<b>2,757,306</b>

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004

	Note	2004 \$	2003 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from members and others		4,103,172	3,922,305
Interest received		146,903	119,315
Trust distributions		72,725	35,146
Payments to suppliers and employees		(3,648,973)	(3,692,482)
<b>Net cash provided by operating activities</b>	<b>14(b)</b>	<b>673,827</b>	<b>384,284</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of investments		1,096,366	2,256,556
Payments for investments		(863,923)	(2,377,359)
Proceeds from disposal of property, plant & equipment		1,018	3,319
Purchase of property, plant and equipment		(859,968)	(57,976)
<b>Net cash used in investing activities</b>		<b>(626,507)</b>	<b>(175,460)</b>
<b>Net increase in cash held</b>		<b>47,320</b>	<b>208,824</b>
Cash at the beginning of year		508,325	299,501
<b>Cash at the end of year</b>	<b>14(a)</b>	<b>555,645</b>	<b>508,325</b>

The accompanying notes form part of these financial statements

## THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a. General Statement of Accounting Policies Underlying the Financial Statements

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001. The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

#### b. Property Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by Council to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the useful lives to the Institute commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. There is no amortisation expense in respect of the new lease fit-out as it was not completed by the end of the financial year.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Equipment	30%
Furniture & Fittings	20%
Leasehold Improvements	the period of the lease and lease option

#### c. Income Tax

The Institute has been granted an exemption from paying income tax under the Income Tax Assessment Act and accordingly does not provide for income tax.

#### d. Leased Assets

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. The incentive, which represents a rent free period, will be reduced proportionately over the remaining term of the lease which expires on 1 May 2009.

#### e. Other Financial Assets

Investments in unit trusts and listed securities are valued at market value at balance date. The gains or losses, whether realised or unrealised, are included in the operating results. All other investments are shown at cost.

#### f. Other receivables

Other receivables are recorded at amounts due less any provision for doubtful debts.

#### g. Accounts Payable

Trade payables and other accounts payable are recognised when the Institute becomes obliged to make future payments resulting from the purchase of goods and services.

#### h. Employee Benefits

Provision is made for the Institute's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from long service leave, wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Contributions are made by the Institute to employee superannuation funds and are charged as expenses when incurred.

#### i. Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

#### j. Revenue

Revenue from the rendering of services is recognised upon delivery of the service to the customer.

#### k. Exchange Rate

The Institute's exchange rate policy in relation to setting enrolment fees for UK exams is that the fee set by the UK Institute is converted on the basis of the average exchange rate

for the previous month plus a 10% margin for exchange rate variations rounded to the nearest five dollars (\$5).

#### 1. International Financial Reporting Standards (IFRS)

The Institute will be required to prepare financial statements using Accounting Standards that comply with IFRS when it reports for the year ending 30 September 2006.

Following a review of the IFRS standards it is not expected that its introduction will significantly affect the Institute's reported financial position or performance. A project team is monitoring IFRS developments to ensure adequate planning and preparation for its introduction.

	2004	2003
	\$	\$

#### 2. OPERATING SURPLUS

The operating surplus has been determined after:

##### (a) Crediting as Income

Operating Activities		
Interest received	152,597	122,612
Trust distributions received	72,725	35,146
Market value fluctuations of investments	37,169	79,001
Realised gains on sale of investments	60,502	17,460
Income from sale of other goods and services	4,054,454	3,981,306
	<u>4,377,447</u>	<u>4,235,525</u>

##### (b) Charging as Expense

Amortisation and Depreciation of assets		
Leasehold improvements	6,934	20,503
Office equipment	37,099	25,679
Furniture and fittings	3,483	3,688
Loss on Disposal of Depreciable Assets	1,088	6,011
	<u>48,604</u>	<u>55,881</u>

##### Movements in provisions

Leave entitlements (see note 10)	10,645	(18,263)
Doubtful debts	2,500	-
	<u>13,145</u>	<u>(18,263)</u>

Rental expenses on operating leases	170,313	131,775
-------------------------------------	---------	---------

##### Remuneration of the auditors

Auditing the accounts	12,700	12,360
Other services	14,900	11,655
	<u>27,600</u>	<u>24,015</u>

##### (c) Significant Revenue Item

The following revenue item is relevant in explaining the financial performance:

Donation received to establish the Katherine Robertson Prize Fund:	-	20,000
--------------------------------------------------------------------	---	--------

#### 3. ACCUMULATED FUNDS

Accumulated funds at the beginning of the financial year	2,757,306	2,328,740
Net surplus	374,945	428,566
Accumulated funds at the end of the financial year	<u>3,132,251</u>	<u>2,757,306</u>

#### 4. CASH

Cash at bank	555,245	507,925
Cash on Hand	400	400
	<u>555,645</u>	<u>508,325</u>

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA  
NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 30 SEPTEMBER 2004 (cont'd)**

	Note	2004 \$	2003 \$
<b>5. RECEIVABLES</b>			
Interest receivable	11,668	5,974	
Income receivable	49,392	70,866	
Less: Provision for doubtful debts	(7,376)	(4,876)	
Prepaid expenses	119,633	16,650	
Receivable from Taxation Office	79,109	43,351	
	252,426	131,965	

**6. OTHER CURRENT FINANCIAL ASSETS**

Listed securities at market value	608,730	535,227	
Unit trusts at market value	1,119,800	1,193,937	
Cash on deposit	539,271	812,072	
	2,267,801	2,541,236	

**Prize fund balances**

H M Jackson prize fund	6,363	6,362	
A M Parker prize fund	11,845	12,284	
Andrew Prescott Memorial prize fund	8,653	9,603	
Melville prize fund	25,987	24,508	
Katherine Robertson prize fund	20,735	20,559	
	73,583	73,316	
	2,341,384	2,614,552	

**7. OTHER NON-CURRENT FINANCIAL ASSETS**

Cash on deposit	(a)	77,894	-
		77,894	-

(a) The cash on deposit of \$77,984 has been offered as security in place of a rental bond.

**8. PROPERTY, PLANT AND EQUIPMENT**

Leasehold improvements, at cost	803,865	69,347	
Less: accumulated amortisation	-	61,046	
	803,865	8,301	

Computer equipment, at cost	208,224	150,754	
Less: accumulated depreciation	95,533	58,434	
	112,691	92,320	

Furniture and fittings, at cost	27,747	34,174	
Less: accumulated depreciation	15,912	16,750	
	11,835	17,424	
	928,391	118,045	

**9. ACCOUNTS PAYABLE**

**Unsecured:**

Sundry creditors and accruals	610,914	366,248	
Registration fees for conferences and seminars received in advance	259,398	196,801	
Lease Incentive (Note 1d)	90,000	-	
	960,312	563,049	

**10. CURRENT PROVISIONS**

Employee entitlements - annual and long service leave	63,177	52,532	
	63,177	52,532	

(a) Aggregate employee entitlement liability	63,177	52,532	
(b) Number of employees at year end	15	12	

2004  
\$

2003  
\$

**11. OPERATING LEASE COMMITMENTS**

Lease rental expense and commitments:

Rentals charged to statement of financial performance	170,313	131,775
-------------------------------------------------------	---------	---------

Lease commitments:

Not later than one year	129,721	98,352
Later than one year and not later than two years	294,948	-
Later than two years and not later than five years	743,495	-
Total operating lease commitments	1,168,164	98,352

**12. RELATED PARTY TRANSACTIONS**

(a) The names of the Council Members who held office during the financial year are:

C E Amery	H C McLeod
P J Blight	B M Nicholls (Resigned Aug 04)
A J Bateup (From Dec 03)	M Playford
I D Burringham (From Dec 03)	G E N Rogers
A G Dillon	F Rowley (From Dec 03)
A W Doble (To Dec 03)	D A Service
A C Gale	S Somogyi
D M Goodsall	M A Stevenson
C G Lewis (To Dec 03)	T J Thompson (From Dec 03)
H R Martin (From Dec 03)	P A Worcester

(b) During the year the Institute had contracts with various entities which had officers or employees who were Council Members of the Institute. These transactions are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There was a contract with Trowbridge Deloitte, which is related to A C Gale, in relation to the IFSA genetic testing database project. The amount spent during the year was \$16,500.

There was a contract with the Australian National University, which is related to D A Service, in relation to the management, processing and analysis of insured disability income experience data. The amount spent during the year was \$6,600.

Council members also marked exam papers and received remuneration in this capacity, being P A Worcester (\$201).

(c) Donations were made during the year to the University of Melbourne Actuarial Foundation for \$122,500, the Macquarie University Actuarial Foundation for \$78,750, and the University of NSW Actuarial Foundation for \$177,500.

(d) There were no other transactions with related parties during the year.

**13. FINANCIAL INSTRUMENTS**

**(a) Significant Accounting Policies**

Details of the significant accounting policies and methods adopted in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

**(b) Interest Rate Risk**

The Institute's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those financial assets and financial liabilities is set out in the following table:

**Weighted Average Effective Interest Rate:**

Financial Assets	2004	2003
	%	%
Cash at Banks	3.61	3.61
Cash on Deposit	4.71	4.65

**Floating Interest Rate:**

Financial Assets	2004	2003
	\$	\$
Cash at Banks	599,840	561,082
Cash on Deposit	-	-
Total Financial Assets	599,840	561,082

Fixed Interest Rate Maturing Within 1 Year:	2004	2003
Financial Assets	\$	\$
Cash at Banks	-	-
Cash on Deposit	539,271	812,072
Total Financial Assets	539,271	812,072

Fixed Interest Rate Maturing Within 1-5 Years:	2004	2003
Financial Assets	\$	\$
Cash at Banks	-	-
Cash on Deposit	77,894	-
Total Financial Assets	77,894	-

**Financial Liabilities**

The Institute has no interest bearing liabilities.

**(c) Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Institute. The Institute has adopted a policy of only dealing with credit worthy counter parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

**(d) Net Fair Values**

The net fair value of listed investments have been taken at market value at balance date. For other assets and liabilities, the net fair value approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**14. CASH FLOW INFORMATION**

	2004	2003
	\$	\$

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	555,645	508,325
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**(b) Reconciliation of Cash Flow from Operations to Operating Surplus/(Deficit)**

	2004	2003
	\$	\$
Operating surplus	374,945	428,566
Non-Cash Flows in Operating Profit		
Depreciation and amortisation	47,516	49,870
Loss on disposal of assets	1,088	6,011
Changes in Assets and Liabilities		
Decrease/(increase) in interest receivable	(5,694)	(3,297)
Decrease/(increase) in income receivable	21,474	(50,539)
Increase/(decrease) in doubtful debts	2,500	4,876
Decrease/(increase) in deferred expenses	(102,983)	51,675
Decrease/(increase) in GST receivable	(35,758)	(30,798)
Increase/(decrease) in sundry creditors	334,666	17,294
Increase/(decrease) in income in advance	62,597	(20,435)
Decrease/(increase) in market value of investments	(37,169)	(79,001)
Increase/(decrease) in provisions		
Annual leave & long service leave	10,645	10,062
Net cash provided by operating activities	673,827	384,284

**15. MEMBERS' GUARANTEE**

The Institute is a company limited by guarantee and holds a licence under the Corporations Act 2001 which allows it to exclude the word 'Limited' from its name.

Each member of the Institute guarantees its liabilities to the extent of \$20. The number of members at year end was 2,885 (2003: 2,771).

**16. SEGMENT INFORMATION**

The Institute operates in Australia to provide members of the actuarial profession with education, continuing professional development, public representation and other services.

**DISCLAIMER**

The additional financial data presented on page 34 to page 35 is in accordance with the books and records of the Institute which have been subjected to the auditing procedures applied in our statutory audit of the Institute of Actuaries of Australia for the year ended 30 September 2004.

It will be appreciated that our audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

In accordance with our Firm policy, we advise that neither the Firm nor any members or employee of the Firm undertakes responsibility in any way whatsoever to any person (other than the Institute of Actuaries of Australia) in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.


**F. GIANNUZZI**

Partner


**HAINES NORTON**

Chartered Accountants

Sydney, 29 October 2004



**PRIVATE INFORMATION FOR THE MEMBERS  
PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED 30 SEPTEMBER 2004**

	2004	2003
	\$	\$
<b>INCOME</b>		
<b>Administration</b>		
Interest	150,320	120,033
Trust Distributions	72,725	35,146
Market Value Fluctuations on Investments	37,169	79,001
Realised Gains on Sale of Investments	60,502	17,460
Profits on Foreign Exchange Gains	54,357	39,511
Members' Subscriptions	1,549,188	1,415,652
Entrance Fees	41,495	42,528
	<u>1,965,756</u>	<u>1,749,331</u>

<b>Professional Development</b>		
Seminars & Programs	689,201	827,399
	<u>689,201</u>	<u>827,399</u>

<b>Education</b>		
ActEd Royalties	20,279	21,084
Tuition Service (UK)	6,000	15,259
Professionalism Course	84,614	87,409
Sale of Course Material	101,708	119,692
Tuition Fees (Australia)	945,124	822,615
Exemption Fees	371,426	341,140
	<u>1,529,151</u>	<u>1,407,199</u>

<b>Member Services</b>		
Advertising	100,079	102,836
Sales of Publications	1,340	4,400
Functions & Meetings	38,104	31,143
FSR Kit	1,000	40,909
GI Study Program	14,564	7,680
Prize Funds Interest	2,277	2,579
Prize Funds Donations	7,853	8,662
Donations by Markers and Tutors	4,322	3,440
Research & Reports	23,800	47,700
Other	-	2,247
	<u>193,339</u>	<u>251,596</u>
<b>TOTAL INCOME</b>	<u>4,377,477</u>	<u>4,235,525</u>

	2004	2003
	\$	\$
<b>LESS EXPENDITURE</b>		
<b>Administration</b>		
Auditors Remuneration	27,600	24,015
Legal Fees	21,622	14,016
General	5,318	8,777
Staff Amenities & Travel	26,551	26,760
Insurances	36,494	20,286
Merchant Expenses & Bank Charges	60,807	71,251
Premises	215,559	206,926
Depreciation & Amortisation	47,516	49,870
Provision for Doubtful Debts	2,500	4,876
Loss on Disposal of Depreciable Assets	1,088	6,011
Computer & Telecommunications	133,640	125,948
Stationery, Subs & Couriers	52,804	53,387
Printing & Distribution	34,738	33,130
Council	7,197	4,734
	<u>673,434</u>	<u>649,987</u>

	Notes	2004	2003
		\$	\$
<b>Employment</b>			
Salaries & Superannuation		1,287,666	1,070,868
On-Costs		46,403	32,068
Fringe Benefits Tax		1,876	2,442
Recruitment		33,128	8,234
Staff Training		12,269	5,584
		<u>1,381,342</u>	<u>1,119,196</u>

<b>Professional Development</b>		
Seminar & Program	389,648	223,824
Convention	7,602	343,306
Other	2,135	707
	<u>399,385</u>	<u>567,837</u>

<b>University Foundation Grants</b>		
University of Melbourne Actuarial Foundation	122,500	125,000
Macquarie University Actuarial Foundation	78,750	125,000
University of NSW Actuarial Foundation	(a)177,500	125,000
	<u>378,750</u>	<u>375,000</u>

(a) Includes a contribution of \$55,000 to the Australian National University.

<b>Education</b>		
Course Development	137,175	54,090
Course Materials	125,480	124,373
Australian Exams	121,555	125,719
Professionalism Course	75,946	77,189
University Prizes & Scholarships	11,000	7,000
	<u>471,156</u>	<u>388,371</u>

<b>Member Services</b>		
Functions & Meetings	133,696	140,672
Actuary Australia, AAJ & Other Publications	218,065	210,611
FSR Kit	5,902	47,598
Circulars to Members	2,879	43,367
Prizes Paid & Bank Charges	12,557	5,800
Research & Reports	36,216	43,000
International Actuarial Associations (incl HK office)	21,224	35,688
Committees & International Representation	139,845	75,661
Disciplinary Scheme	33,949	-
	<u>604,333</u>	<u>602,397</u>

<b>Public Affairs</b>		
Functions	9,556	814
Consultants' Fees	50,318	70,529
Subscriptions	12,578	14,746
Travel & Other	2,890	7,528
Training	4,450	-
Representation	14,310	10,554
	<u>94,102</u>	<u>104,171</u>

<b>TOTAL EXPENSES</b>	<u>4,002,502</u>	<u>3,806,959</u>
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<b>SURPLUS REPORTED</b>	<u>374,945</u>	<u>428,566</u>
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**PRIVATE INFORMATION FOR THE MEMBERS  
PRIZE FUND MOVEMENTS FOR THE YEAR ENDED  
30 SEPTEMBER 2004**

	2004	2003
	\$	\$
<b>Receipts into and payments from the prize funds has been reflected in the Institutes financial performance as follows:</b>		
Interest Received	2,277	2,579
Donations Received	7,853	8,662
Melville Lecture Expenses	-	-
Prizes Paid & Bank Charges	(12,557)	(5,800)
	(2,427)	5,441

The detailed movements in each account are as follows:

**H M Jackson Prize Fund**

Balance at beginning of year	6,362	6,324
Supplementation from Melville Prize Fund	1,600	1,600
Interest received	201	238
Prize paid	(1,800)	(1,800)
Balance at end of year	6,363	6,362

**A M Parker Prize Fund**

Balance at beginning of year	12,284	11,439
Supplementation from Melville Prize Fund	1,600	1,600
Donation of Prize Received	-	1,200
Interest received	361	445
Prize paid	(2,400)	(2,400)
Balance at end of year	11,845	12,284

**Andrew Prescott Memorial Prize Fund**

Balance at beginning of year	9,603	9,441
Supplementation from Melville Prize Fund	2,800	1,400
Interest received	250	362
Prizes paid	(4,000)	(1,600)
Balance at end of year	8,653	9,603

**Melville Prize Fund**

Balance at Beginning of Year	24,508	20,913
Donations received	7,853	7,462
Interest received	751	733
Supplementation to other prize funds	(6,000)	(4,600)
Melville Practitioners Award paid	(1,125)	-
Balance at end of year	25,987	24,508

**Katherine Robertson Prize Fund**

Balance at Beginning of Year	20,559	19,759
Increase in Market Value	245	16
Interest received	731	784
Prize Paid	(800)	-
Balance at end of year	20,735	20,559

**END**

## UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT BY THE TRUSTEES

The Trustees declare that:

- (a) the financial statements and notes thereto present fairly the Foundation's financial position as at 30 September 2004 and its performance for year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
- (b) in the Trustees opinion there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due

Signed on behalf of the Trustees:



**C.G. LEWIS**



**J.M. NEWMAN**

Sydney, 29 October 2004

## INDEPENDENT AUDIT REPORT TO THE TRUSTEES OF THE UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION

### SCOPE

We have audited the financial report of the University of New South Wales Actuarial Foundation for the year ended 30 September 2004, as set out on pages 36 to 37. The Trustee's are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the trustees.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Foundation's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### AUDIT OPINION

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards and other professional reporting requirements the financial position of the Foundation as at 30 September 2004, and the results of its operations and its cash flows for the year then ended.



**HAINES NORTON**

Chartered Accountants



**F. GIANNUZZI**

Partner

Sydney, 29 October 2004

## UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2004

	2004 \$	2003 \$
<b>INCOME</b>		
Donations	193,206	125,000
	<u>193,206</u>	<u>125,000</u>
<b>LESS EXPENDITURE</b>		
Bank Charges	139	90
Melville Prize Fund and Melville Lecture	15,706	-
Donation: ANU Centre for Actuarial Research	55,000	-
Donation: University of NSW	122,500	125,000
	<u>193,345</u>	<u>125,090</u>
Operating surplus/(deficit)	<u>(139)</u>	<u>(90)</u>

## UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2004

	2004 \$	2003 \$
<b>TRUST FUNDS</b>		
Balance at beginning of the year	929	1,019
Deficit	(139)	(90)
	<u>790</u>	<u>929</u>
<b>REPRESENTED BY:</b>		
Cash at Bank/(Overdraft)	15,068	929
GST Refundable/(Payable)	1,428	-
Accounts Payable	(15,706)	-
<b>NET ASSETS</b>	<u>790</u>	<u>929</u>

The accompanying notes form part of these financial statements.

## UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Note	2004 \$	2003 \$
Cash Flows from Operating Activities			
Donations received	193,206	125,000	
Net GST Received/(Paid)	(1,428)	1,290	
Payments to suppliers and donations paid	(177,639)	(125,090)	
Net cash from operating activities	(a) 14,139	1,200	
Cash Flows from Investing Activities			
Proceeds from disposal of investments	-	-	
Purchase of investments	-	-	
Net cash inflows from investing activities	-	-	
Net Change in Cash	14,139	1,200	
Opening balance	929	(271)	
Net closing balance	(b) 15,068	929	

### a. Reconciliation of net cash provided by operating activities to operating surplus (loss)

Operating surplus/(loss)	(139)	(90)
Increase/(decrease) in GST liability	(1,428)	1,290
Increase/(decrease) in Accounts Payable	15,706	-
Cash Flows from Operations	14,139	1,200

### b. Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

National Australia Bank	15,068	929
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## UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

37

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- (a) The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.
- (b) The Foundation has been granted an exemption from paying income tax under the Income Tax Assessment Act and accordingly does not provide for income tax.

### 2. FINANCIAL INSTRUMENTS

- (a) Interest Rate Risk  
The Foundation's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Foundation had no interest bearing assets or liabilities at balance date.
- (b) Credit Risk  
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.
- The Foundation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.
- (c) Net Fair Values  
The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Foundation approximate their carrying value.

### 3. RELATED PARTIES

- (a) \$177,500 (2003 \$125,000) was received in donations from the Institute. The Institute acts as nominee holder of Foundation investments.
- (b) Trustees of the Foundation at the date of the report are:

C G Lewis  
M D Barker  
C R Latham  
J M Newman  
Prof. G.R.Whittred

## UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION STATEMENT BY THE TRUSTEES

The Trustees declare that:

- (a) the financial statements and notes thereto present fairly the Foundation's financial position as at 30 September 2004 and its performance for year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
- (b) in the Trustees opinion there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due

Signed on behalf of the Trustees:



**G.E. ROGERS**



**M. H. Fry**

Sydney, 29 October 2004

## INDEPENDENT AUDIT REPORT TO THE TRUSTEES OF THE UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION

### SCOPE

We have audited the financial report of the University of Melbourne Actuarial Foundation for the year ended 30 September 2004, as set out on pages 38 to 39. The Trustee's are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the trustees.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Foundation's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### AUDIT OPINION

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards and other professional reporting requirements the financial position of the Foundation as at 30 September 2004, and the results of its operations and its cash flows for the year then ended.



**HAINES NORTON**

Chartered Accountants



**F. GIANNUZZI**

Partner

Sydney, 29 October 2004

## UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2004

	2004 \$	2003 \$
<b>INCOME</b>		
Donations	122,500	125,000
Interest	566	464
	<u>123,066</u>	<u>125,464</u>
<b>LESS EXPENDITURE</b>		
Bank Charges	267	81
Donation – University of Melbourne	122,500	125,600
	<u>122,767</u>	<u>125,681</u>
Operating surplus/(deficit)	299	(217)

## UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2004

	2004 \$	2003 \$
<b>TRUST FUNDS</b>		
Balance at beginning of the year	25,909	26,126
Surplus/(deficit)	299	(217)
	<u>26,208</u>	<u>25,909</u>
<b>REPRESENTED BY:</b>		
Cash at Bank	23,379	25,909
GST Refundable/(Payable)	2,829	-
Other Debtors	67,375	-
Accounts Payable	(67,375)	-
<b>NET ASSETS</b>	<u>26,208</u>	<u>25,909</u>



The accompanying notes form part of these financial statements.

## UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Note	2004 \$	2003 \$
<b>Cash Flows from Operating Activities</b>			
Donations received	122,500	125,000	
Interest received	566	464	
GST Collected	51,171	12,500	
GST Paid	(54,000)	(12,500)	
Payments to suppliers & donations paid	(122,767)	(125,681)	
<b>Net cash from operating activities</b>	<b>(a)</b>	<b>(2,530)</b>	<b>(217)</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from disposal of investments	-	-	
Purchase of investments	-	-	
<b>Net cash inflows from investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Cash</b>		<b>(2,530)</b>	<b>(217)</b>
Opening balance		25,909	26,126
<b>Net closing balance</b>	<b>(b)</b>	<b>23,379</b>	<b>25,909</b>
<b>a. Reconciliation of net cash provided by operating activities to operating surplus</b>			
Operating surplus	299	(217)	
Increase/(decrease) in GST liability	(2,829)	-	
<b>Cash Flows from Operation</b>		<b>(2,530)</b>	<b>(217)</b>
<b>b. Reconciliation of cash</b>			
For the purpose of the statement of cash flows, cash includes cash on hand and in banks and net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:			
National Australia Bank		23,379	25,909

## UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

39

### 1. STATEMENT OF ACCOUNTING POLICIES

- (a) The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Law 2001. The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.
- (b) The Foundation has been granted an exemption from paying income tax under the Income Tax Assessment Act and accordingly does not provide for income tax.

### 2. FINANCIAL INSTRUMENTS

- (a) **Interest Rate Risk**  
The Foundation's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Foundation had no interest bearing assets or liabilities at balance date.
- (b) **Credit Risk**  
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.
- The foundation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.
- (c) **Net Fair Values**  
The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Foundation approximate their carrying value.

### 3. RELATED PARTIES

- (a) \$122,500 (2003 \$125,000) was received in donations from the Institute. The Institute acts as nominee holder of Foundation investments.
- (b) Trustees of the Foundation at the date of this report are:

G E Rogers  
R S Mitchell  
M H Fry  
W E Walker  
R Williams

## MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION SEVENTEENTH ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

### Board

The members of the Board of the Foundation during 2003 were as follows:

Appointed by The Institute of Actuaries of Australia:

Mr R J Atfield FIA, FIAA (Chair)  
Mr R G Glading BSc, FIA, FIAA  
Mrs C M Prime BSc, DipLaw, FIA, FIAA, ASA  
Mr B C A Welland FIA, FIAA

Appointed by the University Council:

Dr M G Irving AM, BCom, HonDLitt, FAICD, FCPA, FSIA  
Mr M J Webster M Com, FCPA (until May 2003)  
Professor E M Davis MA PGCE MEd PhD (from June 2003)  
Professor J H Loxton MSc PhD (from June 2003)

Mr Barry Welland announced his resignation from the Board at end of 2003.

Four Board Meetings were held during the year:

12 February 2003      5 May 2003  
25 August 2003      24 November 2003.

### Members

There were no additions to the list of Members, and the number of companies, firms and individuals who have qualified for Membership of the Foundations remains the same.

### Income and expenditure

An income and expenditure statement for the year is given in Attachment A, with 2002 results shown for comparison.

The Foundation gratefully acknowledges contributions totalling \$93,750.00 from The Institute of Actuaries of Australia (IAAust). This amount included a full payment of \$62,500 in the first half of the year, and a 50% payment of \$31,250 in the second half of the year.

There were also contributions of \$66,149 from scholarships donors, and \$8,433 in interest.

### Activities

The Board resolved to target a corpus of approximately \$135,000 in the Foundation. The major expenditure commitment of the Foundation in 2003 was in respect of market-related salary loadings paid to actuarial academic staff. There were also payments of \$47,050 to scholarship holders. The balance in the account reduced slightly from \$138,008 to \$134,290 over the year.

The Foundation Board performed an important role in providing advice to the Department of Actuarial Studies.

### Developments during 2003

Professor Piet de Jong was appointed to the Chair of Actuarial Studies in August. Piet de Jong's research and consulting are recognised internationally. Continuing growth has necessitated the appointment of an additional academic, which will bring total full-time academic staff to ten. Two Visiting Fellows were appointed in 2003, Anthony Asher and Glen Barnett. Shauna Ferris was promoted to Senior Lecturer and Leonie Tickle was promoted to Associate Professor. Emeritus Professor John Pollard continued his strong research and teaching links with the Department.

Macquarie continues to be an innovator in actuarial education on the global stage. In 2003 the book *Understanding Actuarial Management: the actuarial control cycle*, edited by Macquarie's Clare Bellis and John Shepherd, together with Richard Lyon, was published by the Institute of Actuaries of Australia. Other members of the Department, as part of an international team of authors, contributed to this volume which has been adopted as a textbook in Australia and has attracted interest in the UK and North America.

The Department's excellent collaboration with the Association of Superannuation Funds of Australia in providing the ASFA Superannuation

Management Distance Education Program was recognised by a Business-Higher Education Round Table (BHERT) Award in 2003. This is Macquarie University's first prestigious BHERT award.

Record numbers of students with superb credentials, from both within Australia and overseas, chose to enrol in Actuarial Studies programs. Entrance standards are as high as ever and are the envy of other departments and universities.

Research in the Department covered claims reserving, genetics, mortality forecasting, population projections, insured lives mortality and underwriting, actuaries' learning styles and life insurance. The Department hosted a successful research seminar series, which included both internal and external (including international) speakers. During the year, staff members presented research at Renmin University (Beijing), The Dynamic Processes of Ageing Symposium (ANU), The National Symposium on Ageing Research (ANU), the University of Melbourne research seminar series, the ANU Actuarial Studies seminar series, and at a meeting of the Actuarial Society of Hong Kong. Department members also taught short courses in Actuarial Studies in Kazakhstan and Hong Kong, and in genetics and public health at the University of Sydney.

The Department's 2003 honours student, Katelyn Priester, received first class honours and the AXA Asia Pacific Huntly Walker Prize for Actuarial Studies. Her supervisors were Shauna Ferris and Piet de Jong.

### Acknowledgments

The Board wishes to acknowledge its sincere appreciation of the work of Mr Barry Welland, Mr Mike Webster, Mr Jim Farmer, Ms Leonie Tickle, Mr Gary Grocott and the University administrative staff who contributed to a most successful year of operation for the Foundation.



R J Atfield Chair

## MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION STATEMENT OF PROFIT AND LOSS 1 JANUARY 2003 TO 31 DECEMBER 2003

	2003 \$	2002 \$
<b>BALANCE BROUGHT FORWARD</b>	138,008	12,843
<b>INCOME RECEIVED</b>		
Institute of Actuaries of Australia	93,750	122,051
Scholarship Donations	54,500	57,300
Departmental Contribution to Scholarships	11,649	-
Interest	8,433	2,797
	306,340	194,991
<b>EXPENDITURE</b>		
Personnel		
-Academic Salaries	115,741	-
-Salary on Costs	9,259	-
Scholarship Payments	47,050	56,906
Non Salary Expenses	-	78
	172,050	56,983
<b>BALANCE CARRIED FORWARD</b>	134,290	138,008

I certify that the expenditure itemised above has been incurred solely for the purposes of this project.

I also certify that salary rates paid to persons employed on this project accord with the rates applicable to persons of similar status and responsibility employed by the University.



Denise Osmand FCPA Chief Finance Officer and Deputy Director  
19 March 2004

■ END



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JANUARY 1990	BUTTERFLY	100	10-22
DECEMBER 1989	BUTTERFLY	100	05-08
GREEN	STRIP		
FRONT-8	STRIP		
220	STRIP		01

14140	MARKET TALK: NOT HIGH-GROWTH ACTION		
14141	MARKET TALK: FOCUS ON THE KEY		
14142	BRITAIN'S THREAT: NOT A BIG DEAL		
14143	VENTURE CAPITAL: INVESTING IN THE FUTURE		
14144	THREATS SLIP - IS THE ARMY FOR THE		
14145	NATIONAL FUEL ONE COULD - IS THE		