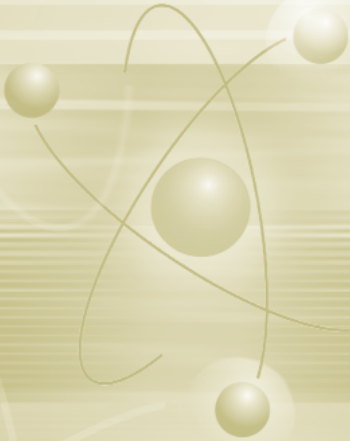


**ANNUAL
REPORT**

2005



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**.

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President's Report

Andrew Gale



Key areas of focus for the Institute, Council and the Executive Committee during 2005 have been:

- The quality of professional advice and reputation management;
- Implementation of the new Part III Education program and an independent review of our Part III Education program;
- Sound financial management of the Institute;
- A review of the effectiveness of Council and associated internal governance issues;
- Strategic initiatives – including Member Services, Banking & Finance, Risk Management, Research (especially the Actuarial Research Centre of Australia or ARCA) and international involvement and leadership.

In this report I will highlight the position and key issues and initiatives in these areas. Greater detail appears in both the Chief Executive's Report and elsewhere in this Annual Report.

Quality of Professional Advice and Reputation Management

Our greatest asset as a profession is our strong reputation, built on trust and integrity. This applies to both mandated statutory responsibilities and to broader actuarial advice.

2005 has witnessed the most comprehensive review of the Institute's governance and self-regulatory framework in the Institute's history.

It is instructive to reflect on the impetus for this review. It is certainly the case that the lessons from the Equitable, HIH and James Hardie challenge the profession to upgrade its standards and governance. Of equal importance is the simple but vital imperative that collectively as a profession we must do everything possible to assure high quality actuarial advice in the market.

We effectively operate in a co-regulatory environment with statutory functions mandated and defined by relevant legislation and regulators (especially APRA and PHIAC) and with all actuarial professional affairs governed by the Institute's self-regulatory governance structure.

A key consideration is the relative balance in this co-regulatory model. The guiding principle adopted by Council is that we should lead in managing our own governance and assuring the highest possible standards of actuarial advice rather than waiting for regulatory fiat – i.e. to be proactive rather than reactive. In this way we manage our own destiny. This is particularly important when much actuarial advice is provided outside statutorily defined roles.

That said, the Institute maintains a very constructive relationship and dialogue with the key regulators which has ensured a strong level of consistency in the twin streams of the co-regulatory framework.

There are important and sometimes subtle interlinkages between key components in our

governance structure, especially the Code of Professional Conduct, our Professional Standards and the Disciplinary Scheme. Whilst the complexity of our Governance & Regulatory Review was increased significantly by reviewing these various instruments concurrently, these interlinkages mean that the review of each instrument is all the more robust for the fact that these elements have been reviewed concurrently.

To all the people involved, the Institute owes a huge debt of gratitude for their extraordinary efforts in engaging the profession in significant consultation and navigating the review of each component to a quality outcome. Catherine Baldwin deserves special mention for her superb project management and input into what has been a vitally important, complex and resource intensive review process.

Implementation of the new Part III Education Program and Independent Review of our Part III Education Program

The Institute's education framework is widely acclaimed as being amongst world's best practice for the profession. This is apparent from unsolicited recognition from international colleagues, and our education framework received positive acknowledgement in the Morris Report.

The new Part III education framework was implemented in 2005 with the aim of strengthening the quality of our education processes even further. The medium term aspiration is to increase pass rates without diminishing standards. Aims of the new Part III Education framework include being contemporary, recognition of actuarial specialisations and enhancing understanding of the commercial context in which actuarial advice is provided.

Implementation of the new Part III has been a major exercise and, in large measure, a great success. There were some teething issues in Semester 1 and these have been or are being addressed. Again the design and implementation of the new Part III reflects the extraordinary efforts of many dedicated professionals to whom we owe a great vote of thanks.

Even before the implementation of the new Part III, Council resolved to commission an independent review of our Part III program, with a particular focus on identifying the issues which needed to be addressed to increase pass rates (without diminishing standards).

Professor Tony Baker's Report on this review was received by Council at its August 31 meeting. In summary, it concluded that the program was strong in its syllabus and assessment process but needed strengthening in its pedagogy (teaching and learning).

Professor Baker's full report is on the Institute website and contains 29 recommendations. An implementation plan has been prepared in response to these recommendations, with many of the recommendations already implemented.

Our greatest asset as a profession is our strong reputation, built on trust and integrity.

Financial Management

The 04/05 Institute Budget provided for an operating deficit of \$518,000. This planned deficit arose from the confluence in one year of the following initiatives which constitute medium term operating investments:

- Initial development costs associated with the new Part III Education program;
- Expansion of the Institute's premises (non capitalised expenditure, and increased rent and depreciation);
- Development of the Institute website; and
- Proposed seed funding for the establishment of the Actuarial Research Centre of Australia (ARCA).

This planned operating deficit was exacerbated by Semester 1 Part III enrolments being less than the forecast increase.

The response to this financial challenge was:

- A major review of expenditure priorities and substantially tightening the Institute's financial management; and
- Development of a Capital Management Plan for the Institute with a target operating surplus equal to 2-3% of revenue each year.

The final result for the 04/05 Financial Year was an operating surplus of \$225,364 principally reflecting fiscal restraint but also surpluses from higher than planned attendances at the highly successful Convention and greater rigour regarding collection of exemption fees. These results are testament to the superb efforts of Catherine Baldwin and her team.

Review of Effectiveness of Council and Internal Governance

At its July and August Council meetings, Council reflected on the effectiveness of our own internal corporate governance processes. These sessions were facilitated by Lynn Ralph of Cameron Ralph, and included:

- A review of effectiveness of Council and its deliberations, including a focus on how we ensure Council meetings are best devoted to key strategic and governance issues;
- The respective roles and interaction between Council, management, the Executive Committee, and the roles of President and Chief Executive.

The review concluded that our internal governance processes are essentially sound, but that the following initiatives should be investigated or implemented to ensure an even higher level of effectiveness:

- Annual induction program for incoming Councillors;
- Governance initiatives – including review of President's term of office and how to best utilise the President's term in office; clarification of delegations to the Executive Committee, CEO and Primary Committees; focus on the decision making processes of Council including a continued

emphasis on structuring Council agendas around the 'big' issues, tracking of the 'big' issues, and clarity on the decisions/resolutions required by Council;

- Development of a one-page document "The way we do things".

Council also discussed the importance of attracting high calibre new Councillors who exhibited great professionalism, a strong service and volunteer ethic, and are regarded as leaders by their peers. I am delighted to say that the new Councillors certainly demonstrate these attributes.

Strategic Initiatives

An overview of all initiatives appears throughout this Annual Report. I will limit my comments to some of the highlights mentioned below:

• **Banking & Finance:** Over the last 12 months, the Banking Finance & Investments (BF&I) Taskforce, led by Meredith Brooks, developed a blueprint for the profession's greater contribution to these industry sectors in the future. The Taskforce recommends that we leverage our understanding of risk, utilise our financial modelling capabilities, and build from a focussed base comprising:

1. Enterprise wide risk analysis in financial institutions, including Basel 2 implementation.
2. Capital management and allocation in financial institutions
3. Credit risk analysis and credit derivatives
4. Derivatives structuring, and buy side analysis and execution
5. Structured finance (eg hybrids and securitisation)

The Taskforce recommends a range of strategies to increase our relevance in the BF&I sectors including development of our profile with industry and employers, clearer communication with students regarding areas of career opportunity, and education and CPD enhancements. This blueprint now forms part of the Terms of Reference for a revitalised Banking & Finance Practice Committee.

• **Risk Management:** Understanding of risk is a particular strength of actuaries, and a major opportunity for the profession to make a greater contribution in the future. A Risk Management Taskforce was established this year to more clearly identify these opportunities and the best strategies for the Institute to pursue. It is essential that we engage in strategic partnering in developing Risk Analysis and Management opportunities. An education and accreditation framework has been identified which, inter alia, will likely involve a Part III Risk specialisation subject in the medium term.

Our Institute also became one of the foundation members in the establishment of the Enterprise Risk Management Institute International (ERMII) during 2005, in association with an initial network of 14 universities globally. ERMII is dedicated to the evolution of recognised risk professionals through education and research. The importance of our Risk focus and these initiatives is reflected in our decision

Understanding of risk is a particular strength of actuaries, and a major opportunity for the profession to make a greater contribution in the future.

President's Report

to form a fully constituted Risk Management Practice Committee with similar Terms of Reference to our other Practice Committees.

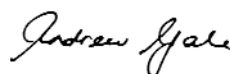
- **Research and ARCA:** An active research orientation and robust and progressive new thought leadership is the hallmark of any great profession. In addition to the active research program which already exists in the profession, both in industry and academia, in August 2004 Council approved, in principle, the establishment of an Actuarial Research Centre of Australia (ARCA), subject to a business feasibility assessment that this would be a viable strategy for the Institute. It was envisaged that ARCA's purpose would be "to arrange and make accessible high quality, independent research that applies actuarial science to relevant issues of public significance." The values that will drive ARCA are the *quality, independence and relevance* of the research it arranges. There is a particular focus on research with potential strong commercial benefits in either the private or public sector. The establishment of ARCA is now at an advanced stage, with its formation anticipated by the end of 2005, or very early in the New Year.

- **International Contribution and Leadership:** The Institute has continued to make a leading contribution internationally, especially under the auspices of the International Actuarial Association (IAA), and especially in the areas of education, insurance accounting and solvency. In response to our offer to the IAA, a small group of our leading 'international' actuaries are

making recommendations to the IAA on governance and strategy enhancements as part of the IAA's focus on being an even more effective international body for the actuarial profession.

Acknowledgements

As always, the success of our Institute is due to the extraordinary efforts of the many members who make a fantastic voluntary contribution – through Council, committees, our education and examination processes, research, presentation of papers, and so on. The Institute's Chief Executive, Catherine Baldwin has made an outstanding contribution during 2005, with highlights among many notable achievements being leadership provided to the Governance and Regulatory Review and the Institute's financial management results. As our profession and Institute have expanded over the years, there has been an increasing reliance on having high quality staffing in the Institute's secretariat. The team have really delivered the goods this year, particularly in the light of a tight fiscal environment which places greater pressure on the team. On your behalf, I thank all these people – volunteers and staff – for their great efforts and contribution.



Andrew Gale
President

An active research orientation and robust and progressive new thought leadership is the hallmark of any great profession.

Institute Council



Institute of Actuaries of Australia Council Members 2005. Council Meeting held on 31 August 2005 at the Institute, Martin Place, Sydney.

Front Row (L to R): Fred Rowley (Vice President), Andrew Gale (President), Catherine Baldwin (Chief Executive), Martin Stevenson (Senior Vice President) **Middle Row** (L to R): Robyn Bateup, David Goodsall, Pauline Blight **Back Row** (L to R): Steve Schubert, Trevor Thompson, Anthony Cook, Rowan Ward, Greg Martin, Rodney Hoskinson, Mozammel Ali **Side** (Top down): Ian Burningham, Nathan Rivett, Helen McLeod

Chief Executive

Catherine Baldwin

Director, Professional Education

Ken Guthrie

Program Manager

Katrina McFadyen

Director, Practice Development

Darren Davis

Events Coordinator

Kandis Taylor

Finance Manager

Peter McBride

Membership Manager

Julian Buckell

Receptionist

May Ting

Personal Assistant to Chief Executive

Michael O'Rourke

Education Manager

Brett O'Neill

Education Officer

Carmen Joseph

Professional Development Manager

Sarah Hodgkinson

Director Public Affairs

Vicki Mullen (Maternity leave from April)

Finance & Administration Officer

George Zorbas

Membership Officer

Linh Luong (Maternity leave until June)

Executive Assistant

Liz Kimber

Actuary of the Year

Rod Lester BSc, MBA, FIA, FIAA

Rod Lester was awarded Actuary of the Year for 2005. The award was made in recognition of Rod's outstanding contribution to the profession, business and the community, particularly the world's poorer nations.

Rod is currently the Lead Specialist and Head, Capital and Risk Markets Group, Operations and Policy Department, Financial Sector at the World Bank in Washington. In this capacity, he is responsible for risk management of the Bank's financial sector activities.

Since joining the World Bank in 1998, Rod has held key positions such as Lead Insurance Specialist where his role included operational activities in pensions and insurance industry supervisory reform and resolution work, development of private pensions mechanisms and an emphasis on natural disasters funding. He has also taken on directorial positions on behalf of the International Finance Corporation, a member of the World Bank Group of institutions. Much of this work was in poorer countries and emerging economies.

Rod has been engaged in over 50 Financial Sector Assessment Programs (FSAP), joint IMF/World Bank Missions as the mission insurance expert. He was significantly involved in ensuring the joint continuation of the Bank with the International Association of Insurance Supervisors (IAIS) and the Financial Stability Institute (FSI) for the Core Curriculum for Insurance Supervisors, a major four year undertaking to provide basic and advanced modules for the Insurance Core Principles of the IAIS. His work is highly regarded

within the Bank and has been greatly appreciated within the many countries visited.

Rod has written several Policy Research Working Papers often with a World Bank senior economist as co-author. Topics have included 'Rapid onset natural disasters: the role of financing in effective risk management', 'Developing rainfall-based index insurance in Morocco', and 'Managing disaster risk in Mexico: market incentives for mitigation investment'.

His earlier career included Managing Director positions at Australian Eagle Insurance Co. Ltd, Lumley Corporation and AMP General Insurance Ltd during the 1990's. Rod has been an active contributor to the Institute, presenting papers at several of the early General Insurance Seminars in the 1980's and has participated at several international forums such as the IAA Symposium both in Sydney and elsewhere.

By his role and work at the World Bank, Rod has greatly assisted the development and improvement of the fundamentals for the sound development of the insurance industry and its supervisory function in a great many of the poorer and developing countries. His particular role connected with natural disasters is worthy of note.

Rod has consistently demonstrated and promoted the value that the actuarial profession can bring to wider areas, particularly international aid work. His success in these roles demonstrates the versatility of actuaries and brings significant credit to the Australian profession.



Rod Lester

Chief Executive's Report

Major Initiatives

2005 has been a year of change and renewal for the Institute. The new Part III Education Program commenced in January in a new two semester format and with two new courses being delivered in new and innovative formats. We also embarked on a fundamental review of the documents that inform our governance and regulation of the profession with concurrent reviews of the Code of Professional Conduct, the Disciplinary Scheme, the way in which we set and regulate Professional Standards, and the requirements for Continuing Professional Development (CPD).

The operations of the Institute cover five distinct areas: Professional Education, Continuing Education, Professional Standards, Research and Public Policy. Whilst there has been a concentration of effort on Professional Education and Professional Standards in 2005, there has also been significant development in other areas including the new Insights series of seminars and workshops that provide diversity and accessibility of CPD activities, and the feasibility study and establishment work on the research initiative – the Actuarial Research Centre of Australia (ARCA).

Financial Crisis

With recurrent revenue from annual subscriptions of \$1.7m (30%), the balance of revenue is reliant on attendances at CPD activities \$1.04m (19 %) and student enrolments \$1.46m (26 %). For both events and education programs the majority of costs are committed well in advance of income received with the balance of costs incurred on a variable basis related to registrations or enrolments as the case may be.

Going into 2005 there were new recurrent costs on rental and depreciation arising from the expanded and renovated premises at Challis House. There was also a commitment to the implementation of the new Part III education program with a financial investment of \$350,000 in new course development, delivery mechanisms (on-line and residential respectively for the two compulsory courses) and the employment of Course Leaders. Council approved funds of \$180,000 towards the re-development of the Institute's website to improve this important aspect of member services, and set aside a seeding grant of up to \$300,000 to be applied as and when the ARCA initiative became a reality.

It was going to be a tough year for financial management given the combined impact of each of these initiatives which generated opportunities for the Institute, and also considerable risk. However, five months into the financial year and following the enrolment period for Part III semester 1, it became clear that the model used by the Taskforce in formulating the enrolment projections for the new Part III program had significantly overestimated enrolments.

This serious situation demanded immediate action and through a rigorous process of cost-saving and

revenue generation, we managed to turnaround a budget deficit of around \$1m to finish the financial year with a \$255,364 operating surplus.

Strength of the Secretariat

The dedication and hard work of the sixteen professional staff comprising the Secretariat, responsible for the operation of the Institute, has been outstanding. A new Education team was appointed towards the end of 2004 on the eve of the new Part III implementation. Being new to the Institute they had a steep learning curve and under the leadership of Ken Guthrie, Director Professional Education, the team has demonstrated high levels of professionalism throughout the year.

An enhanced CPD program has also provided a challenge for the Events Team under the leadership of Darren Davis, Director Practice Development. From the one-off international actuarial colloquium for five days last November, to a highly successful Biennial Convention in May, a one-day Research Conference, and the implementation of the new Insights program, the team has produced a series of very professional events.

The backbone of the Secretariat is its finance and administrative staff who have worked diligently to identify cost savings and improve the efficiency and delivery of IT, finance and administration systems to ensure the Institute meets its corporate governance and self-regulatory requirements.

Given the Institute's funding pressures, all of our public policy work as well as the project management of the Governance & Regulatory Review reverted to me and my loyal assistant Michael O'Rourke. The workload has been unrelenting and yet by working together as a team and with our sense of humour intact we have successfully met our goals for the year.

Membership Involvement

One of the great strengths of the Institute is its volunteer workforce of some 530 members performing 800 roles, who contribute on a regular basis throughout the year to the 80 or so committees and taskforces, and to every aspect of the Part III education program. This is an outstanding level of participation that says a great deal about the dedication actuaries have to their profession. In the nearly seven years I have been with the Institute, the involvement of members has grown and been strengthened through streamlined reporting and governance processes.

This wealth of actuarial input to the work of the Institute is a significant asset and certainly the self-regulatory functions and the education program, in particular, would be at risk without it. However, reliance on such large numbers of volunteers, each of them busy professionals in their own right, poses a potential threat to some of the core activities of the Institute. This dynamic environment needs to be nurtured and carefully managed going forward.

One of the great strengths of the Institute is its volunteer workforce of some 530 members performing 800 roles.

Self-Regulation

In the context of the Morris Review of the UK actuarial profession and the recommendations of our Corporate Governance Taskforce following the collapse of HIH, the Institute has taken a long hard look at its ability and capacity to regulate on behalf of the profession. Fortunately there have been no specific external challenges to the Institute's right to regulate, but during the year there were circumstances that challenged our thinking as to how best to do so.

Working in close liaison with the prudential regulator – the Australian Prudential Regulation Authority (APRA), the Institute has been able to negotiate a strong position for itself in setting the rules for professional practice for actuaries in statutory roles in general insurance. The new APRA prudential standards will specifically refer to the Institute's Professional Standards for Financial Condition Reports and External Peer Review rather than having the detail articulated by the regulator through its Guidance Notes.

Governance & Regulatory Review

The Institute took the lead early in the year and established a framework in which Professional Standards, especially those for statutory work, would be more robust and enforceable. The committee structure for the setting of standards by the Institute will be revised and clear guidelines about the purpose of standards and guidance, including the use of terminology will be established. Coordinating the various elements of the Governance & Regulatory Review this year has been a major exercise in project management. All key documents have been reviewed, issued for consultation to members and in some cases has required a second exposure stage.

It has been critical to ensure alignment between key documents such as the Code of Professional Conduct, the Disciplinary Scheme, and the standards for CPD and External Peer Review, and for this purpose, in June, I facilitated a co-ordination workshop which brought together twenty or so of our senior members representing the various taskforces. It was rewarding to witness the rigorous debate and to see such positive outcomes achieved for the Governance & Regulatory Review.

Risk Management

This year I set myself the objective of contributing to the positioning of the actuarial profession in risk management. As a result I chaired a one-day Enterprise Risk Management seminar in May organized by a commercial outfit with a strong line up of local and international keynote speakers, including one actuary. I was commissioned to write an opinion piece for Risk Management magazine, and contributed on a number of occasions on the subject of Risk to the Actuary Australia magazine. In September, I traveled to New York to participate in the inaugural two-day board meeting of the Enterprise Risk Management Institute International (ERMII) in which the Institute is a founding member.

Recognition

Notwithstanding the significant leadership and governance role of the Council and the Executive, the component parts that make up the whole of the Institute are what fuels its success. Each of these components relies on the professionalism of the staff in combination with the valuable volunteer contributions of the members. It would be impossible to identify each of the members who have contributed to this year's achievements however, I have been most grateful for the special contribution and leadership of: Chris White, Tim Jenkins & Graham Ellis to the Governance & Regulatory Review; Barry Rafe to Actuary Australia and the Biennial Convention; Tim Jenkins, Chris White and Barry Rafe to the Professionalism Course; Trevor Thompson to Education and EPR; Trevor McMahon to the Board of Examiners; Ken McLeod to the new Commercial Actuarial Practice Course; John Trowbridge, Graham Rogers and Tim Jenkins to ARCA; Tony Coleman to ERMII and IASB; Meredith Brooks to the Banking & Finance Taskforce; and Tim Jenkins, John Newman and Martin Spry to the Disciplinary Scheme.

I would also like to take this opportunity to thank all staff of the Secretariat for their commitment and support during what has been a challenging and rewarding year.

Catherine Baldwin

Catherine Baldwin
Chief Executive

Catherine Baldwin



The Institute has taken a long hard look at its ability and capacity to regulate on behalf of the profession.

Disciplinary Scheme Report

Council is required to make an annual report to members on disciplinary matters but is not able, under the rules of the current Disciplinary Scheme, to publish the names of either the Complainants or Respondents, unless there has been a determination that a Respondent should be reprimanded, suspended or expelled.

In last year's annual report information was provided about the complaints arising from the HIH Royal Commission. At that time, five of the seven matters had been concluded and details of the determinations were provided. The other two matters have now been finalized:

- One member was found to have committed or been engaged in actionable conduct and it was determined that this member be given a warning in relation to such conduct (Rule 34c). The warning was given to the member by the Convenor of the Professional Conduct Committee.
- David Julian Slee was found to have committed or been engaged in actionable conduct and it was determined that he should be suspended for two years from membership of the Institute. A notice giving details of the determination was published on the Institute's website, via email to members and in the Australian Financial Review on 23rd February 2005.

The investigation of a complaint made by a member of the public, as noted in last year's annual report, was finalized this year. The determination of the Investigating Sub-Committee was that there was no actionable conduct in relation to the matter. The Complainant appealed this determination and the complaint was referred to the Professional Conduct Tribunal. The Tribunal determined that there had been no actionable conduct but decided to express some concerns to the member in relation to the matter.

Following the NSW Special Commission of Inquiry into the Medical and Research Compensation Foundation, there were four Complaints raised and referred to an Investigating Sub-Committee during the year. One of these matters has been finalised and the determination of the Investigating Sub-Committee was that there was no actionable conduct in relation to the matter. The other three complaints remain under consideration by the Investigating Sub-Committee.

Governance & Regulatory Review

As foreshadowed in the 2004 Annual Report, the Institute embarked in 2005 on a review of the core documents that serve the self-regulation of the profession. The Code of Professional Conduct and the Disciplinary Scheme have been subject to extensive consultation with members and relevant regulators and have been substantially reviewed with implementation expected in early 2006.

In response to the Institute's Corporate Governance Taskforce's recommendations, and taking into account the initial findings of the Morris Review into the UK actuarial profession, a Standards Regulation Review Taskforce was established to review the structure and process in place in Australia for setting of actuarial standards by the Institute.

A new Guide for Drafting Standards was developed early in 2005 as a working document for the writing of new standards and the revision of existing standards required as part of the Governance & Regulatory Review. This Guide is based on the Institute's Professional Standards being mandatory and anticipated that existing standards would be revised with guidelines for use of terminology to ensure that the Professional Standards are robust and enforceable.

Revision of the Institute's standard covering Continuing Professional Development (CPD) has also been undertaken with proposed mandatory requirements for all members as to the type and the amount of CDP and record-keeping requirements. There is also a proposal for the introduction of regular audits of members' CPD records which will be effective from 2006.

To ensure the Institute's Professional Standards covering statutory work for actuaries were current, and as a means of road-testing the new Guide to Drafting Standards there has also been a revision of PS 200 for Life Insurance and PS 300 for General Insurance reporting. As mentioned earlier new Professional Standards for Financial Condition Reports in General Insurance and for External Peer Review have also been part of this Governance & Regulatory Review.

In June, a Co-ordination Workshop was conducted by the Institute for representatives of each of the taskforces and committees contributing to the Governance & Regulatory Review. The discussion enabled cross referencing of key issues affecting the development of each of the revised and new documents, and identified issues for resolution by Council. At the conclusion of this Governance & Regulatory Review process in early 2006 there will be a comprehensive CPD program including specific written guidance to support members in their understanding and implementation of these new and revised Professional Standards, and in particular the new Code of Professional Conduct and Disciplinary Scheme.

The Institute embarked on a review of the core documents that serve the self-regulation of the profession.

The Institute has demonstrated its commitment to the development of workable social and economic policy solutions in the national interest. Public policy priorities are established by the Institute in areas where the profession can contribute analysis and advice on future financial outcomes.

Technical and Practice Issues

Through the work of the various practice committees and special interest taskforces the Institute makes submissions to governments and public authorities in response to proposed legislative and regulatory initiatives. During the last year, there were twenty four submissions on topics including Superannuation regulations in the lead up to the introduction of Choice of Fund, developments in International Accounting Standards, and prudential reforms in General Insurance.

Superannuation Choice of Fund

The Institute made numerous detailed submissions in the lead up to the introduction of Choice of Fund on 1st July 2005. Provision of Pensions in Small Superannuation Funds, Transition to Retirement, Disclosure of Fees and Costs, and Portability Regulations were some of the areas addressed in these submissions.

Having issued a new Guidance Note for the actuarial profession on Projected Benefit Illustrations, the Institute took the initiative early in 2005 to identify concerns with on-line benefit calculators. This led to a review of calculators by the Australian Securities & Investment Commission (ASIC). The Institute is continuing to work closely with ASIC and industry to improve the quality of projections in general, and on-line calculators in particular, and to ensure there are appropriate warnings about the need for regular review of projections. The Institute has advocated for the use of standard assumptions in calculators, to enable consumers to make meaningful comparisons and to ensure the projections are robust.

International Accounting Standards

The International Accounting Standards Committee has been particularly active during this year with the introduction of International Financial Reporting Standards (IFRS) from 2005. The Committee provided support for Tony Coleman who was appointed to the International Insurance Working Group of the International Accounting Standards Board. IFSR for both Life and General Insurance are due to be implemented from 2007. The development of new international standards reflects the considerable influence of Australian actuarial methodology in modern financial reporting.

General Insurance Reforms

Prudential reform in General Insurance has been intensive over the last three years. In response to the collapse of HIH the introduction of a new statutory role of Approved Actuary in General Insurance was accelerated. Following the introduction in 2002 of the requirement for the Approved Actuary to provide advice on the Liability Valuation, the Australian Prudential Regulation Authority (APRA) has over the last year extended the role of the Approved Actuary to include the production of an annual Financial Condition Report (FCR) as part of its Risk and Financial Management initiatives. Working closely with the regulator, the Institute has successfully demonstrated its capacity to self-regulate through the development of a Professional Standard for FCRs that will be referenced within the new APRA prudential standards, due for implementation in early 2006.

External Peer Review

The Independent Peer Review Taskforce was established in 2003 as an initiative of the Institute in response to recommendations from its Corporate Governance Taskforce and the Institute's general concern to ensure actuarial practice meets the highest standards. The journey this Taskforce has taken over the last three years is testament to the dynamic nature of debate on corporate governance, independence and, indeed, the role of professions.

Finally, this year APRA included in its draft prudential standards for General Insurance the requirement for peer review of the liability valuation produced by the Approved Actuary. This step aligns with Council's policy direction towards encouraging external peer review of statutory work. With the introduction of peer review in the new prudential standards, the Institute has now produced a Professional Standards for External Peer Review for statutory work in Life and General Insurance. Additionally, the Taskforce is assisting with the development of a Council policy statement that promotes the value of external peer review for all significant actuarial advice.

Public Policy Initiatives

The Institute made a Pre-Budget Submission to the Federal Government, that addressed many of the areas in which the profession has an active interest and can make a valuable contribution to public policy. The Public Policy Council Committee has focused its effort this year on intergenerational issues, retirement incomes policy, sustainable futures and financial reporting. These areas of focus are reflected in the Institute's Public Policy Plan, which includes an active program of liaison with key stakeholders including government (ministers and advisers), public policy makers, media, other relevant industry and professional bodies, and senior industry representatives.

The Institute has demonstrated its commitment to the development of workable social and economic policy solutions in the national interest.

In anticipation of the Federal Government's preparation of its next Intergenerational Report in 2007-08, the Institute's Retirement Incomes Taskforces were restructured into two groups to address policy issues and research needs. Three new taskforces were recently established to address Equity Release (reverse mortgages), Reform of Taxation in Superannuation and Future Scenarios. The work of each of these taskforces will enhance the Institute's public policy program in 2006.

Research and Development

ARCA .. research will be independent, published in full and distinctive in its application of actuarial skills to topics of public interest.

Some fifty papers were presented to the Biennial Convention held in Cairns in May 2005, providing the Institute with a significant platform for new methodologies in actuarial practice, options for public policy development, and advancement of actuarial science. Together with the papers and presentations from the other major professional conferences and meetings organised by the Institute, the members have contributed significantly to the intellectual capital of the profession. All papers and presentations are now published on the Institute's website which provides an important platform for the leadership of actuarial thought worldwide.

Whilst acknowledging the volume of papers and presentations produced by members, the Institute has taken the initiative this year to undertake a feasibility study for the establishment of the Actuarial Research Centre of Australia (ARCA). The ARCA Steering Committee has, to date, identified a number of potential research projects, including possible sources of funding. It is envisaged that ARCA will facilitate significant research conducted by multi-disciplinary partners from industry, the professions and academia and that the research will be independent, published in full and distinctive in its application of actuarial skills to topics of public interest.

Submissions

October 2004

- Submission to the Superannuation, Retirement and Savings Division, Treasury on the Review of the Provision of Pensions in Small Superannuation Funds

November 2004

- Submission to APRA on Draft Modification Declaration 24 concerning Small Defined Benefit Funds

December 2004

- Submission to the Superannuation, Retirement and Savings Division, Treasury on the Choice of Superannuation Fund Regulations Consultation Paper
- Submission to Treasury on Transition to Retirement Consultation Paper
- Submission to the International Accounting Standards Board on IAS 39 – ED7 on Fair Value Option – Alternative Proposals

January 2005

- Submission to the Parliamentary Secretary to The Treasurer on Disclosure of Superannuation Fees & Costs
- Submission to the IAA Committee of Insurance Accounting on Exposure Drafts of IAA Standards on IFRS Actuarial Practice, Measurement and Current Estimates
- Submission to the Life Insurance Actuarial Standards Board on Issues Paper on Adoption of International Financial Reporting Standards - Prudential Implications for Life Insurers and Friendly Societies

February 2005

- Pre-Budget Submission
- Response to Interim Assessment of Morris Review
- Submission to The Treasury on Choice of Superannuation Funds

March 2005

- Response to IAA on Exposure Drafts
- Submission to the Treasury on Review of Provisions of Pensions in Small Superannuation Funds

April 2005

- Submission to the AASB on Invitation to Comment on Liability Adequacy Test in AASB 1023 General Insurance Contracts Response to IAA on Exposure Drafts
- Submission to Comcare on Prudential Conditions for Self Insurers – Terrorism Risks and Reinsurance
- Submission to International Association of Insurance Supervisors (IAIS) regarding Comments on the IAIS Draft *Cornerstones* Paper
- Submission to the Treasury on Proposed Amendment to Superannuation Portability Regulations
- Submission to the Treasury on Review of Draft *Additional Information for Defined Benefit Members Note*
- Submission to the Treasury on Amendments to the Choice of Fund Legislation: Draft Bill and Explanatory Material for Consultation

July 2005

- Submission to the Life Insurance Actuarial Standards Board on LIASB Discussion Drafts of Revised Actuarial Standards

August 2005

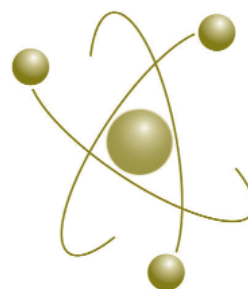
- Submission to APRA on Discussion Draft on Professional Standard 305 – Financial Condition Reports for General Insurance
- Submission to APRA's General Insurance Stage 2 Reforms

September 2005

- Submission to Motor Accident Authority on Lifetime Care and Support (LTCS)
- Submission to ASIC on ASIC Consultation Paper on Online Calculators

The 2005 Biennial Convention was held in Cairns from 8 – 11 May with over 300 actuaries and other professionals participating which ensured it was an outstanding success. As the premier event of the Institute, the Convention brings together a wide range of professionals from Australia and overseas to be informed about, and to contribute to, developments in professional practice. Entitled ‘Sustain...Ability – Actuaries and the Future’ the Convention provided an important opportunity for participants to:

- Explore ideas to contribute to the growth of sustainable financial services organisations;
- Identify the value that actuaries can add to our social, environmental and economic systems; and
- Understand what actuaries must do to maximize the future value of the profession.



Plenary Sessions – Adam Spencer (Moderator)

- **Corporate Sustainability:**
Chris Caton (BT Financial Group); Steve Taylor-Gooby (Tillinghast Worldwide); John English (Promina)
- **Sustainable Futures:**
Barney Foran (CSIRO Resource Futures); Paul Gilding (Ecos Corporation); Ronnie Lim (Morley FM)
- **Sustainability and the Profession:**
Tom Fenton (PricewaterhouseCoopers); Chris White (Actuary); Jennifer Lang (Trowbridge Deloitte); Graham Ellis (Barrister)

Concurrent Sessions

- **Resilience Reserve Task Taskforce (2005) Draft Recommendations** – Anthony Asher and Life Insurance Practice Committee Members
- **A Practitioner's Guide to the Advanced Measurement Approach to Operational Risk under Basel II** – Tim Jenkins, Jason Slade & Arthur Street
- **What Price Health? Private Health Insurance Product Pricing and Cost Pressures** – Andrew P. Gale
- **Australian Investment Performance 1960 to 2005 (and Investment Assumptions for Stochastic Models)** – Colin Grenfell
- **A Generalised Theory of Investment Risk With Application to Absolute Return Funds, Asset Allocation & Sustainability of Defined Benefits Fund** – Les Balzer & Luke Hartman
- **Solvency Measurement and Capital Management for Insurers** – Helen Martin & David Rush
- **Evaluating Wealth Management Businesses** – An Investor's Perspective – Mark Stewart & Anton Kapel
- **Contemporary Issues Institute's Risk Management Group** – Jason Slade, Mark Young & Members of the Risk Management Group
- **Educating Professionals – Can You Teach Judgment?** – David Service & Chris Trevitt
- **Modelling Risk: Right Plan + Wrong Doing = Wrong Answer** – Jules Gribble & Sean McGing
- **Managing an Australian Life Insurer/Wealth Manager in an IFRS World** – Caroline Bennet & Scott Mitchell
- **Determinants of Claim Frequency in CTP Schemes** – Raewin Davies
- **Initial Findings of Taskforce on the Positioning of the Actuarial Profession in Banking, Finance and Investments** – Greg Vaughan and the Banking Finance Investment Taskforce
- **Valuing the Wilds and Fields – Techniques for valuing Ecosystem Goods and Services** – Naomi Edwards, Jill Green and the Energy & Environment Sub-committee Members
- **Substandard Lives / Experience Investigations, Genetics and Other Issues – Update from LRIC** – Leonie Tickle / Life Risk Insurance Committee
- **The Growing Need for Effective Operational Risk Management for Wealth Management Companies** – Rob Daly & Dion Russell
- **Contemporary Issues in Superannuation – Choice of Fund and Fee Disclosure – Comparing Apples to Oranges** – Superannuation & Employee Benefits Practice Committee
- **Environmental Finance: the Rise of Environmental Markets and opportunities for actuaries** – Stewart McCarthy & Elayne Grace
- **Extending the Lee-Carter Method of Mortality Projection and Application to Australian Mortality Data** – Piet de Jong & Leonie Tickle
- **Contemporary Issues – Private Health Insurance – Workshop** – Andrew P Gale and the Health Practice Committee
- **New Developments in Part III Actuarial Education – an Update – Education Council Committee** – Helen Martin & David Service
- **Life Insurance Business – Impact of IFRS and Changes to LIASB Standards** – Valuation Standards Review Task Force
- **A new look at Valuation and the Actuarial Profession** – Aruna Pavithran
- **FCRs in General Insurance – The Latest Steps** – Elaine Collins
- **A Long Term Stochastic Asset Model For Actuarial Use** – Jie Felix Sun & David Service
- **New Zealand – A review of Current Topical Issues** – Peter Davies & Richard Geisler
- **The Major Actuarial Challenges: a Partly Idiosyncratic View** – Anthony Asher
- **IFRS – A Prospective View** – Tony Coleman & Greg Martin
- **Retirement Income Policy Taskforce Report – Adequacy and Integration Issues** – Steve Schubert & Cathy Nance
- **Applying the Actuarial Control Cycle in Private Health Insurance** – Ben Ooi
- **Insurance Applications of Fuzzy Logic** – Arnold Shapiro
- **Revision of PS500 Continuing Professional Development, A Discussion Paper** – CPD Council Committee
- **The Eighth Habit of Highly Effective Actuaries** – Andrew Brown
- **The Code of Conduct Review – Issues, Considerations and Direction** – Tim Jenkins & Catherine Baldwin
- **Non-Insurance Valuations in Practice** – Martin Hall
- **Contemporary Issues – General Insurance** – Alan Smee & General Insurance Practice Committee Members
- **The Future, According to (the Oracle) Actuaries...** – Don Johnstone & Futurism Committee Committee Members
- **Retirement Income Policy Taskforce Report** – Intergenerational Issues – David Service
- **The evolving role of the actuary in health insurance** – Peter Lurie
- **Risk Management and Financial Condition Reporting for General Insurers** – Steve Somogyi & Robert Thomson
- **The end of the Transition Period for Life Insurance Tax** – Paul Swinhoe & Camille Lagunzad
- **Using Actuarial Techniques to Model Media Effectiveness** – Adam Driussi
- **Capital Management and Frictional Costs in Insurance** – Michael Sherris & Victor Chandra
- **Hurdling or Learning? An Evaluation of the Qualification Process for Actuaries in Australia** – John Shepherd
- **Contemporary Issues in Life Insurance** – Greg Martin & David Rush

Practice Committees

Life Insurance and Wealth Management Practice Committee

- Monitored and influenced international developments such as International Financial Reporting Standards
- Liaised with Life Insurance Committee of the New Zealand Society of Actuaries.
- Fostered communication with APRA on areas of joint interest, including meeting with APRA representatives
- Life Risk Insurance Committee furthered work on mortality and morbidity experience investigations
- Resilience Reserve Taskforce drafted a submission to LIASB regarding possible changes to resilience reserve factors. The Committee also ran several education and discussion sessions around these.
- Assisted in the delivery of the revised Part III Life Insurance Course to fit with new Part III examination structure
- Valuation Standard Review Taskforce reviewed certain proposed IAA guidance notes and prepared a submission to LIASB regarding suggested changes to AS1.03 as a result of International Financial Reporting Standards
- At its August 31, 2005 meeting, Council approved a name change to the Life Insurance and Wealth Management Practice Committee to reflect the scope of this practice committee's focus and functions.

General Insurance Practice Committee

- Submission to APRA on the Stage 2 reforms regarding risk and financial management, including the role of the Reviewing Actuary.
- Organisation of the Accident Compensation Seminar in November 2004.
- Working with APRA to finalise a Professional Standard regarding preparation of Financial Condition Reports.
- Established APRA liaison group which meets with APRA on a regular basis.
- Submission to Australian Accounting Standards Board on Liability Adequacy Test.
- Wrote to ComCare commenting on prudential conditions for self insurers in relation to terrorism risks.
- Provided informal advice to convener of Medical Indemnity – Competitive Neutrality Review.
- Proposed guidelines for CAS Accreditation of pre-1985 Actuaries.
- Established liaison with General Insurance Committee of New Zealand Society of Actuaries.

Superannuation & Employee Benefits Practice Committee

- Conducted Insights in Melbourne and Sydney on Choice of Fund issues for Actuaries.
- Drafted guidance for actuaries on certification of surplus for Choice of Fund exemptions.
- Contributed to Part III and Part IV education courses.
- Contributed to the development of guidance on the harmonisation of international accounting standards, particularly AASB 119.
- Continued to review all relevant Professional Standards and Guidance Notes to ensure that they remain up to date.
- Commenced drafting a Guidance Note on self-insurance.
- Developed a plan for enhanced recognition of actuaries involved in financial planning.
- Contributed to the work of the Independent Peer Review Implementation Taskforce.
- Issued GN 466 regarding benefit projections and contributed to various discussions with ASIC.
- Advised members of various legislation changes.
- Made numerous submissions to Treasury and APRA on:
 - Choice of Fund legislation and regulations
 - Transition to retirement proposals
 - MD24 regarding small defined benefit funds
 - Pension benefits from small funds
 - Proposed changed to Portability
 - Self-Insurance for RSEs

Health Practice Committee

- The focus during 2005 was on the Private Health Insurance (PHI) industry.
- All PHI funds are now required to have an Appointed Actuary with an involvement in a range of issues including:
 - Preparation of an FCR
 - Pricing
 - New Product Development
- A workshop for all Appointed Actuaries and their teams was held during the year which provided the opportunity for discussion on a range of issues involved with the Appointed Actuary role.
- The Practice Committee worked with industry bodies on the application of AASB1023 to PHI funds.
- Prepared material on the drivers of PHI premium increases and the role of the profession in pricing which was utilised for public affairs activity.
- Presented papers and held a workshop on PHI at the Biennial Convention.
- Developed a plan to support the profession with appropriate education in health insurance.

Banking and Finance Practice Committee

- Formed in October 2004, the Banking Finance & Investments (BF&I) Taskforce produced a strategic directions paper, which was discussed at the Biennial Convention and subsequent Insights meetings.
- The report recommended a two-pronged approach: to focus on education and recruitment in specific banking and finance fields where the profession can gain critical mass; and, to work with the wider profession to establish a strong presence in risk management across the broad financial sector.
- Responsibility for progressing the recommendations in the strategic directions paper have been assigned to a newly constituted Banking & Finance Practice Committee.

Risk Management Practice Committee

- Formed in early 2004, the Risk Management Group has featured regular articles on Risk in Actuary Australia magazine and established links with other industry risk organisations.
- In August 2005, Council approved the formation of the Risk Management Practice Committee (RMPC), with the formative work of the Risk Management Group transitioning to this new practice committee.
- The Terms of Reference of the RMPC are similar to other practice committees, and include a focus on education, CPD, technical issues (including Asset Liability Management), public policy, and member services and communications pertaining to the risk management domain.
- The practice committee will also have a particular focus on strategic partnering issues as the Institute develops its risk management focus.

Two new Practice Committees have been established in Banking and Finance and Risk Management

MEMBERSHIP BY PRACTICE AREA

Primary Practice	Total	Management	
Banking & Finance	160	Not Working	17
Education	41	Other Business	86
Environment & Energy	7	Reinsurance	61
General Insurance	421	Retired	154
Health	45	Student	340
Investment	196	Superannuation	321
Information Technology	48	Not known	500
Life Insurance	545	Grand Total	2988

International

The international activities of the Institute of Actuaries of Australia are important to all members of the Australian actuarial profession whether they practice in general insurance in Australia, life insurance in Hong Kong or Shanghai or in pensions in the UK or USA.

Mutual Recognition

The Institute now has Mutual Recognition Agreements (MRA) with UK, USA, Canada, Japan, India, South Africa, and our qualifications are recognised by a number of regulatory authorities in Asia including China, Hong Kong and Singapore. This provides our members with global employment opportunities

During the year a new Mutual Recognition Agreement was signed with the Institute of Actuaries of Japan, and MRAs were renewed with the Society of Actuaries in Ireland and the Faculty of Actuaries in Scotland. A new MRA has been drafted with the Casualty Actuarial Society (US).

International Actuarial Association

The Institute plays an important role in the affairs of the International Actuarial Association (IAA), in particular in establishing Risk Management as part of our professional activities and as a major player in the actuarial response to International Accounting Standards.

All of this reflects that the Australian actuarial profession is numerically in the top 10 actuarial professions in the world today and is regarded as one of the leading actuarial professions.

During the year IAA meetings were held in Washington (November 2004) and Rome (June 2005). Eleven members attended the Rome meetings as members of the various committees. This includes Helen Martin who chairs the Professionalism Committee, Tony Coleman and Graham Rogers who are vice chairs of Financial Risks and Supranational respectively, Fred Rowley who is Secretary of Actuaries Without Frontiers, Chris Lewis who is an official representative of Accreditation, Leonie Tickle for Education, Martin Stevenson for Pensions & Benefits and PBSS, David Finnis for Actuarial Standards, Richard Madden for Social Security, Tom Karp for Insurance Regulation and Jules Gribble for Supranational.

Andrew Gale and Catherine Baldwin also attended the Presidents' Forum which is the newly formed meeting of all IAA Presidents and Catherine Baldwin participated in the inaugural Chief Staff Officers' Forum.

Key outcomes from the Rome meetings include the approval of seven non binding Practice Guidelines flowing on from the introduction of International Accounting Standards, the accreditation of the Institute education program, a number of agreements in relation to Insurance Accounting and Solvency, and the endorsement of the IAA's Strategic Plan.

International Representation

Outside of the IAA meetings there was considerable other international activity including Presidential Dinners for Andrew Gale in Hong Kong, Singapore, Auckland and Wellington and presentations by Graham Rogers to the CAS Conference in Montreal in November 2004 and to an IAA international Pensions seminar in Taipei in June 2005. During September, Tony Coleman and Catherine Baldwin attended the Inaugural board meeting of the Enterprise Risk Management Institute International in New York; Martin Stevenson attended the East Asian Actuarial Conference in Bali; and Fred Rowley continued the dialogue between the Institute and the Society of Actuaries of China.



Actuarial Education Program

The Institute's actuarial education program has undergone many changes in 2005. A revised Part I syllabus was introduced at the beginning of 2005, with all accredited universities having a two year transition period to ensure their programs align with the Institute's new Part I subjects. A new Part III program was also introduced in 2005 and Course Leaders were employed to assist in its implementation. The Part I and III education programs have been revised in response to the developments in the profession and changes in employer needs. The Institute has successfully implemented these changes whilst maintaining the high quality standards required by the profession.

The Institute continues to monitor accredited universities that 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 (AIAA). The Institute 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 (FIAA).

In an effort to improve the quality of the Part III education program and to address concerns about low student pass rates, a comprehensive review of the Part III Education program was undertaken by an independent education specialist during the year. The specialist's report made several recommendations leading to a prioritised implementation plan being put in place for 2006.

Part III Education Program

In 2005 the Institute introduced the new Part III Education Program. The changes to the program included the introduction of:

- assessable assignments worth 20% of the students overall grade
- twice yearly courses and examinations
- new compulsory subjects in Investments and Commercial Actuarial Practice
- specialist subjects being split into A and B components
- employment of Course Leaders to develop assignments and exams, as well as manage the tutorials and the discussion forums

With Part III subjects now being offered twice each year the demand on members has increased. This year over 250 members voluntarily gave their time to support the education programs – as examiners, markers, scrutineers, tutors, course writers and course reviewers.

Tutorials were held for Part III subjects in Sydney, and where numbers and staffing permitted in Melbourne and Singapore. This year the Sydney tutorials were audio recorded and made available on the website for all students to access. The Web-based discussion forums, managed by the Course Leaders, were widely used in most subjects and proved to be an effective way for students to raise, questions and share their knowledge and experiences.

Part III examinations of the Institute (old system) were conducted in October 2004 with the following results (2003 results shown for comparison):

Examinations						
Subject	Sat '04	Pass '04	%	Sat '03	Pass '03	%
Investment Management	136	39	29	110	44	40
Life Insurance	118	21	18	111	31	28
General Insurance	91	23	25	89	330	37
Superannuation	25	6	24	26	6	23
Finance	62	22	39	74	31	42
Total	432	111	26	410	145	35

The New Part III examinations of the Institute are conducted twice yearly (May and October/November). The following results are for the May examinations:

Subject	Sat May '05	Pass May '05	%
Investments	187	45	24
Life Insurance 2A	61	14	23
Life Insurance 2B	22	11	50
General Insurance 3A	68	19	28
General Insurance 3B	18	9	50
Superannuation & Planned Savings 4A	19	8	42
Superannuation & Planned Savings 4B	5	4	80
Investment Management & Finance 5A	20	7	35
Investment Management & Finance 5B	10	4	40
Total	410	121	30

University Relationships

Four Australian universities currently have full accreditation from the Institute for 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 the Australian National University and a mid-term review at the University of New South Wales. 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 Australian National University which are overseen by Institute/University Actuarial Foundations. The Institute contributed to Actuarial Students Societies information days at Melbourne and Macquarie Universities, was 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 2005.

International Education Developments

The contribution of the Institute to international discussions on actuarial education has continued throughout 2005. In particular, the Society of Actuaries and the Casualty Actuarial Society both in the US have adopted the Actuarial Control Cycle concept into their Associate level courses from 2006 which, incidentally, has led to increased sales of the Institute's text book "Understanding Actuarial Management: the actuarial control cycle" published in 2001. Throughout 2005, members and staff gave presentations on the Australian education system at conferences and meetings in Sydney, Melbourne, Cairns, Bali, and the United States. The Institute was represented on international education committees, including the IAA Joint International Education Taskforce.

Professionalism Course

The Professionalism Course, which is the final step to becoming an FIAA, was successfully completed in March by 55 participants and then for the first time in August by a further 13 participants. The course provides 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's Code of Conduct and its practical applications, the ethical requirements of being an actuary and the dilemmas likely to be faced in practice as well as strengthening the professional network of those attending. Following the completion of the course, participants attended Presidential Dinners in Sydney or Melbourne, where the new Fellows were awarded their Fellowship Certificates by the President of the Institute.

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.

Board of Examiners, Chief Examiners and Assistant Examiners for October 2004 and May 2005.

Robert Baillie	Kim Cossart	Timothy Kyng	David Ticehurst
Ashutosh Bhalerao	Phillip Everett	Trevor McMahon	David Wong
Wesley Caine	Kevin Francis	Philip Pepe	Noeline Woof
Paul Carrett	John Hancock	Craig Price	Owen Wormald
Philip Chappell	Bozena Hinton	Kaise Stephan	Kumaran Yogaranandan
Timothy Clark	Stephen Jackman	Mark Stewart	

Exam Markers, Scrutineers, and Exam Supervisors for October 2004 and May 2005.

Catherine Ajaka	Matthew Finney	Angelina Matrippolito	Jessica Sum
Jennifer Andrews	Kevin Francis	Charles McAlpine	Edward Swayne
Puvanandran Arulampalam	Paul Francis	Peter McCourt	Paul Swinhoe
James Atkinson	David Gifford	Andrea McDonnell	Loo Hai Teh
Robert Baillie	Matthew Gold	David McNab	Mark Thompson
Shikha Bajpai	Justin Gray	David McNeil	Leon Tisdell
Mark Barda	Charmaine Green	John Melville	Chris Tseng
Andrew Barker	John Hancock	Graeme Miller	Edmond U
Peter Barnes	Gillian Harrex	Robert Milohanic	Rodney Venn
Stephen Britt	Andrew Harrex	Jo-Anne Morgan	Judy Wang
Philip Brown	Bruce Harris	Stuart Mules	Byron Watkins
Alan Bulbeck	Mark Henderson	Mark Nelson	David Whittle
Robert Butler	Jonathon Holbrook	Paul Newfield	Peter Wilmshurst
Wesley Caine	David Hole	Christian Olsen	Sylvia Wong
Nicholas Callil	Sally Hopwood	Laurence O'Neill	Stephen Woods
Mireille Campbell	Susan Howes	Julie Osborn	Owen Wormald
Louise Campbell	Mark Hurst	Michael O'Sullivan	Rayman Yan
Andy Chan	Andrew Huszczo	Weyland Oun	Elaine Yang
Joshua Chang	Stephen Jackman	Adam Payne	Guy Yeung
Jeffrey Chee	Christopher Johnson	Grant Peters	Kumaran Yogaranandan
Anne Cheng	Janice Jones	James Pettifer	Yan Zhao
Susan Clarke	Alisha Jones	Adam Pike	
Andrew Cohen	Anthony Kench	David Pitt	
Brett Cohen	Poh Chee Kok	Nicole Raffin	
Susan Cowell	Laurel Kong	Scott Reeves	
Peter Crump	Sam Kouroupidis	Maarten Romijn	
Briallen Cummings	Pat Kum	Andrew Sach	
Kathryn Daniels	Timothy Kyng	Richard Saggars	
Anna Dayton	Peter Larsen	Luis Sarmiento	
Jason Doughty	David Lau	Stuart Seddon	
Warren Dresner	Tony Lei	David Service	
Deborah Driussi	Ignazio Lo Castro	David Shade	
Sophia Dyson	Raymond Loudon	Leo Shum	
Peter Eben	Catherine Luk	Pararajasingam Sivakumaran	
Natalie Eckersall	Kathryn Maartensz	Andrew Smith	
Phillip Everett	Darryl Mackay	Daniel Smith	
Shane Ewen	Lindsay Mann	Diane Somerville	
Christine Farmer	Jason Marler	Kaise Stephan	
John Ferraro	Catherine Marquis	Peta Stevenson	

Education Program

Assignment Markers and Tutors for May 2005

Guan Ang	Richard Cumpston	Hun Kim	Kathryn Staff
Mark Arnott	Andrew Cunanan	Jasmine Lee	Kaise Stephan
Ken Atchison	Anna Dayton	Andrew Leung	Adam Stolz
Razman Azmir	Juliette Demark	Jackie Li	Ka Tan
Mark Barda	Scott Denzel	Dorothy Lisha	Joanne Taylor
Peter Barnes	Adam Driussi	Bronwyn Loong	Bruce Thomson
Michael Bartram	Rachel Eagleton	Yee-Chuin Lu	Jeffrey Thorpe
Ty Birkett	Phillip Everett	Catherine Marquis	Leon Tisdell
Michael Blayney	Peter Fallows	Stephen Milburn-Pyle	Stuart Turner
Anne Blayney	Steven Faulkes	Declan Moore	Greg Vaughan
Stephen Britt	John Ferraro	Martin Mulcare	Judy Wang
Matthew Burgess	Matthew Finney	Gary Musgrave	Byron Watkins
Paul Carrett	Paul Francis	Mark Nelson	Joan Wong
David Chamberlain	Rona Grogan	Paul Newfield	Johnson Wong
Prudence Chan	Chin Ha	David O'Keefe	Agnes Wong
Andy Chan	Martin Hall	Estelle Pearson	Isaac Wong
Eugene Cheah	Andrew Harrex	Geoff Peck	Stephen Woods
Jeffrey Chee	Bruce Harris	Colin Priest	Noeline Woof
William Cheong	David Hole	Scott Reeves	Grace Yan
Gourav Choudhary	Kent Hopper	David Scott	Elaine Yang
Anita Chui	Graham Horrocks	Christopher Seddon	
James Collier	Andrew Houltran	Lisa Simpson	
Julie Cook	Susan Howes	Andy Siu	
Peter Crump	Melinda Howes	Pararajasingam Sivakumaran	

Course Writers/Reviewers for October/November 2004.

Marcus Arena	James Fitzpatrick	Bill Konstantinidis	Gavin Rogers
Rashi Bansal	Paul Francis	Andrew Leung	Anne Sander
Mark Barda	Tim Furlan	Stephen Lim	Paul Scully
Michael Barker	David Gifford	Adrian Liu	Stuart Seddon
George Barnfather	Paul Gilbert	Alston Liu	David Shade
Uma Baska	Matthew Gold	Yee-Chuin Lu	Paul Shallue
Andrew Boal	Jethro Goodchild	Kathryn Maartensz	Rick Shaw
Stephen Britt	Bruce Gregor	Richard Mayo	Jonathon Shead
Michael Burt	Colin Grenfell	Peter McCourt	Mike Sherris
Bill Buttler	Paul Guthrie	Paul Melling	Tony Snoyman
Wesley Caine	Martin Hall	Christine Moran	Diane Somerville
Paul Carrett	John Hancock	Shams Munir	Ray Stevens
John Carroll	Meg Heffron	Mark Nelson	Saffron Sweeney
Philip Chappell	James Hickey	Fred Neville	Susanne Szoldra
Jeffrey Chee	Vanessa Ho	Trang Nguyen	Cheryl Tibbits
Sheila Colls	Stephen Hopkins	Loan-Anh Nguyen	David Ticehurst
Brialen Cummings	Christine Hopper	Margaret O'Halloran	Stuart Turner
Lindsay Cutler	Graham Horrocks	David O'Keefe	Greg Vaughan
Ken Dance	David Hotchkies	Martin Paino	Peter Vere
John Dodsworth	Susan Howes	Siddharth Parameswaran	John Ward
Deborah Driussi	Melinda Howes	Steve Partridge	Ray Wareham
Adam Driussi	Jeff Humphreys	Adam Payne	Patrick Whelan
Jennifer Druce	Graeme Humphrys	Howard Pitts	Stephen Wilson
Doug Drysdale	Stephen Hungerford	Jackie Randall	Bernard Wong
David Edwards	David Jenkins	Michael Rice	Noeline Woof
Phillip Everett	Tony Jones	Brett Riley	Yee Lin Yang
Shauna Ferris	Janice Jones	Catherine Robertson-	Eng Yeoh
Richard Fitzherbert	Laurel Kong	Hodder	

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 2005.

Anu Rajan Agarwal
Catherine Ajaka
Razman Aziz Azmir
Christopher Francis Brown
Adam James Butt
Chi Sum Simon Chan
Kwok Wai Wesley Chan
Joshua Daniel Chang
Keith Yu Kee Chong
Yik-Lin Chong
Anita Wan-Man Chui
Brett David Cohen
Andrew Scott Cunanan
Warren Neil Dresner
James Fitzpatrick
Adam Fusca
Justin Paul Gray
Timothy Sean Higgins
Jimmy Kai-Chung Ho
Kitty Ka Ying Ho
Samantha Ko-Shan Hu
Queenie Kin Ling Hui
Alisha Maree Jones
Hugh Anthony Karp
Benjamin Allan Knight
Sam Kouroupidis
David Lamm
Andrew Edmond Lau

Tzer-Han Lim
Yee Yan Lo
Bronwyn Wing Ling Loong
John Low
Iris Hoi-Yan Lun
Sam Maitra
Neil Major
Gráinne McGuire
Jeremy Alan Menzies
Eunice Ka Pik Mok
Dennis Mosolov
Louise Annabell Oakley
Laurence Alexander O'Neill
James Simonds Pettifer
Lynden Polonsky
Mitchell Luke Prevett
Jim Qin
Adam Reid
Dimitrios Repanis
Angela Tatarow
Sulyn Teh
Andrew Bruce Thomson
Vivian Wing Yan Tse
Kirk Jason Wilks
Melissa Oi Man Wong
Yan Kee Johnson Wong
Grace Yun Shum Yan
Peter John Yeates

Congratulations to the following members who, having been accredited members and completed the residential and experience requirements and having attended a recognized Professionalism Course, became a Fellow of the Institute of Actuaries of Australia in 2005.

Anthony Asher
David Anthony Cutting
Neil Donlevy
Jefferson Robert Gibbs
James Edward Goodchild
Michael Fowlds
Andrew Michael Harford
Andrew Hulme
Benjamin Kwai
Benoit Laganieri

Daniel Martin Levy
Arthur Leslie Owen
Mark Prichard
Matthew David Ralph
Nicholas John Ranson
Dion Crawford Russell
James Frederick Sach
Andrew Keith Toone
Shiri Unger
Michelle Van den Berg

Prizes & Awards

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 \$2,600. For 2004 the AM Parker Prize of \$3,000 (shared) was awarded to **Pauline Blight, Anthony Bice & Anton Kapel** for their paper *Market-Consistent Economic Valuations for the Wealth Management Industry*, presented at the 2003 Biennial Convention

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 \$2,600. For 2004, the H M Jackson Prize of \$2,800 was awarded to **Michael Sherris** for his paper *Contingent Claim Pricing Using Probability Distortion Operators: Methods from Insurance Risk Pricing and their Relationship to Financial Theory*. The paper was co-authored by **Mahmoud Hamada** and published in *Applied Mathematical Finance*, 10, 1, 9-47

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 the October 2004 examinations were awarded to:

- **Marc David Pillemer** – \$950 for Subject 1 Investment Management
- **Brett David Cohen** – \$950 for Subject 2 Life Insurance
- **Tomasz Dudek** – \$950 for Subject 5, Finance
- **Brett David Cohen** – \$950 awarded a merit prize for outstanding performance in the Fellowship Examinations

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

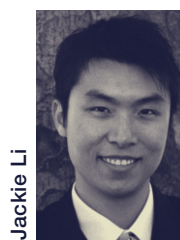
The supplementation from the Melville Prize Fund for the Prescott Prizes totals \$3,600.

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 2004 Katherine Robertson prize of \$950 was awarded to **James Simonds Pettifer**.

A H POLLARD PhD SCHOLARSHIP



Jackie Li

The Council of the Institute of Actuaries of Australia founded the scholarship in 2002 in honour of the late Professor Alfred Hurlstone Pollard, who is widely acknowledged as one of Australia's most outstanding actuaries, having made particularly important contributions in the field of actuarial education. Recognising

the financial hardship that Professor Pollard had to endure in order to gain his own PhD, 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 monetary value of the scholarship is \$8,000.

The 2005 A H Pollard Scholarship was awarded to **Jackie Li** for his PhD project *Uncertainty of Outstanding Claims Liabilities* through the Centre for Actuarial Studies at Melbourne University.

GOLD MEDAL WINNER

Greg Clive Taylor 1997
BA, PhD, FIA, FIMA, MACS

SILVER MEDAL WINNERS

John Hurlstone Pollard 2001
BSc, PhD, FSS, FIA, FASSA, FIAA

Garth Cowan Ward 1987
MSc, FIA, ASA, FIAA

Peter Charles Wickens 1987
OBE, MA, LL.M, FIA, FIAA

LIFE MEMBERS

Robert Andrew Buchanan 2004
BSc, FIA, ASA, FIAA

Timothy Charles Jenkins 2004
FIA, FIAA

Catherine Prime 2002
BSc, DipLaw, ASA, FIA, FIAA

Warwick John Easton 1993
FIA, ANZIIF (Fellow), FIAA

Galfrid Leslie (Tig) Melville 1990
BA, FIA, ASA, FIAA

Leslie George Oxbey 1987
FIA, ASA, FIAA

Owen Francis Roach 1984
MA, FIA, ASA, FIAA

Colin James Steven 1984
FIA, ASA, FIAA

Lawrence Julius Cohn 1984
FFA, ASA, ANZIIF (Fellow), FIAA

The Continuing Professional Development (CPD) program provided members with a wide range of events covering various content areas, locations and formats. The three major events were the IACA/PBSS/IAAust Colloquium, the Accident Compensation Seminar and the Institute's premier event, the Biennial Convention.

International Colloquium

The Colloquium of the International Association of Consulting Actuaries (IACA), the Pensions and Social Security Section (PBSS) of the International Actuarial Association and the Institute of Actuaries of Australia was held in Sydney over five days in early November and was attended by almost 250 local and overseas actuaries, academics and other industry professionals. The IACA program focussed on professional consulting opportunities, threats and rewards. The PBSS program concentrated on major pensions and social security issues confronting actuaries and the threats and opportunities emerging from demographic change. The Institute component of the program was devoted to international health issues, particularly trends in demographic and medical technologies. Overall, the event provided an excellent opportunity for networking and discussion on a range of topics relevant to professional actuarial practice and public policy development.

Accident Compensation Seminar

The Accident Compensation Seminar was held on the Gold Coast in November and was attended by over 250 actuaries and industry representatives. Topics and its issues discussed at the Accident Compensation Seminar included private versus public underwriting, non - financial aspects of accident compensation, recent developments in long term care, governance and prudential regulation, asbestos and latent risks, self insurance, scheme design and comparisons, risk margins and a case study on work flow and imaging practices. Three different concurrent streams were offered to delegates to choose from; one relating to CTP issues, another on workers' compensation and the third covering current issues. The Seminar also featured a number of debates on topical accident compensation issues.

Biennial Convention 2005

Entitled '*Sustain...Ability-Actuaries and the Future*', the 2005 Biennial Convention was held in Cairns in May and the participation of 300 actuaries and other professionals ensured the event was an outstanding success. Over fifty plenary and concurrent presentations were given by industry leaders, CEOs, economists, corporate governance experts, environmentalists and actuaries. As the premier event on the Institute's calendar, the Convention brings together a wide range of professionals from Australia and overseas to be informed about, and to contribute to, developments in professional practice. This year's Convention was professionally facilitated by Adam Spencer, who is a mathematician, scientist and stand-up comedian. (*Details of sessions and papers on p11*)

Research Conference

Over 100 actuaries, economists, academics, researchers and other professionals attended a one day Research Conference titled "New Developments in the Quantitative Modelling of Insurance and Financial Risk". The Conference was held in honour of Dr Greg Taylor to recognise his research contributions to actuarial science. Leading industry practitioners and professors from Australia and overseas provided participants with their latest research on important modelling issues and other actuarial techniques. Bringing "town and gown" together provided an excellent opportunity for interaction between practitioners and researchers. The focus of the Conference was on insurance and financial risk and topics covered included risk margins, loss reserving, option pricing, modelling dependency and insurance pricing.

Horizons and Insights Series

Horizons meetings held in Melbourne and Sydney each month covered a variety of regulatory, practice development, professional and corporate governance issues. The meetings also provided an excellent forum for consultation with members on important issues affecting the profession such as financial condition reports, independent peer review, professional conduct and continuing professional development.

This year, the Insights series was introduced as a new CPD activity using the refurbished premises at Challis House as a seminar venue catering for up to ninety people. Insights sessions were conducted in Sydney on sixteen occasions and in Melbourne on ten occasions with over 900 attendances during the initial six months of this program. Insights take the form of spontaneous forums and workshops created by members for their actuarial peers and associated professionals. Topics covered a wide range of issues affecting business, the economy and society more generally. All of these presentations and discussions were audio recorded for the benefit of members residing outside Sydney and Melbourne and made available on the Institute's website. All papers and presentations produced for Institute events are recorded and made available via the Institute's website for the benefit of the CPD of all members.

INSIGHTS		
Date	Topic	Authors/Presenters
3 March 2005 (Sydney)	With Mathematics Against Financial Crises	Professor Claudia Klüppelberg
3 March 2005 (Sydney) 19 April 2005 (Sydney) 28 April 2005 (Sydney)	IFRS Implementation Workshop for Actuaries Practicing in the Life Insurance Industry	Life Insurance Practice Committee and IAS39 Taskforce
18 May 2005 (Melbourne) 19 May 2005 (Sydney)	Workshop on Choice of Fund	Superannuation and Employee Benefits Practice Committee
26 May 2005 (Sydney)	LIPC Briefing Session	Life Insurance Practice Committee
1 June 2005 (Sydney)	Disclosure of Intangibles – Problems and Opportunities	Professor Göran Roos
27 June 2005 (Sydney) 5 July 2005 (Melbourne)	Workshop on Resilience Reserve	Life Insurance Practice Committee's Resilience Reserve Taskforce
11 July 2005 (Sydney) 12 July 2005 (Melbourne) 14 July 2005 (Hong Kong) 14 July 2005 (Singapore)	Education Update: Student Feedback and the Plan for Semester II	Education Council Committee
21 July 2005 (Sydney)	What Will the World Be Like in 20 Years? A Delphi Study	Futurism Committee
27 July 2005 (Sydney)	Solvency Measurement & Capital Management for Insurers	Helen Martin and David Rush
2 August 2005 (Sydney)	Current Developments in Genetic Tests	Professor Sandy Raeburn
22 August 2005 (Sydney) 7 September 2005 (Melbourne)	Initial Findings of Taskforce on the Positioning of the Actuarial Profession in Banking, Finance and Investment	Banking Finance and Investment Taskforce
24 August 2005 (Sydney)	A Practitioner's Guide to the Advanced Measurement Approach to Operational Risk under Basel II	Jason Slade and Tim Jenkins
25 August 2005 (Sydney) 14 September 2005 (Melbourne)	An Actuarial Approach to Measuring Mode Media Effectiveness	David Isaacs and Adam Driussi
30 August 2005 (Melbourne) 2 September 2005 (Sydney)	The Eighth Habit of Highly Effective Actuaries	Andrew Brown
5 September 2005 (Melbourne) 9 September 2005 (Sydney)	The Growing Need of Effective Operational Risk Management for Wealth Management Companies	Rob Daly and Dion Russell
28 September 2005 (Melbourne) 30 September 2005 (Sydney)	Managing an Australian Life Insurer / Wealth Manager in an IFRS World	Caroline Bennet and Scott Mitchell

HORIZONS		
Date	Topic	Authors/Presenters
18 October 2004 (Melb) 20 October 2004 (Syd)	Climate Change – Solutions for Australia	Tony Coleman and Elayne Grace
15 November 2004 (Melb) 17 November 2004 (Syd)	Corporate Sustainability – An Investor Perspective. The Mays Report.	Amanda McCluskey
13 December 2004 (Melb) 15 December 2004 (Syd)	Presidential Address 2005 – Leadership: The Courage to Commit	Andrew Gale
21 February 2005 (Melb) 23 February 2005 (Syd)	Discussion of Draft Independent Peer Review Guidance Note 505	Independent Peer Review Taskforce
21 March 2005 (Melb) 23 March 2005 (Syd)	Discussion of Draft PS305/N 355 on Financial Condition Reports in General Insurance	Financial Condition Reports Taskforce
18 April 2005 (Melb) 20 April 2005 (Syd)	A New Superannuation Model?	Geoff Dunsford
16 May 2005 (Melb) 18 May 2005 (Syd)	Review of Institute's Code of Professional Conduct	Code of Professional Conduct Taskforce
20 June 2005 (Melb) 22 June 2005 (Syd)	Review of APRA's May 2005 Discussion Paper: Prudential Supervision of General Insurance Stage 2 Reforms: Risk and Financial Management	Financial Condition Reports Taskforce, Independent Peer Review Taskforce and Sub-Committee, General Insurance Practice Committee
18 July 2005 (Melb) 20 July 2005 (Syd)	Optimal Investment Strategies	Richard Bruynel
15 August 2005 (Melb) 17 August 2005 (Syd)	Emerging Ideas: Presentations by Actuarial Research Students	Guto Carneiro, Jeff Chen, Sam Killmier, Yuriy Krvavych, Claymore Marshall, Aaron McGovern and Dumaria R. Tampubolon
19 September 2005 (Melb) 21 September 2005 (Syd)	Revision of PS500 Continuing Professional Development	Continuing Professional Development Council Committee

2004-2005 Seminars & Conferences		
Date	City	Event
31 October – 5 November 2004	Sydney	IACA, PBSS & IAAUST Colloquium – 21st Century Risks & Rewards for Actuaries
28 November – 1 December 2004	Gold Coast	Xth Accident Compensation Seminar
25 February 2005	Canberra	Canberra Actuarial Seminar Series – Presidential Address
8 – 11 May 2005	Cairns	Biennial Convention 2005 - Sustain...Ability: Actuaries and the Future
20 May 2005	Melbourne	Seminar Series - Valuing Liabilities with Embedded Options – Dr Howard Waters
5 August 2005	Sydney	Research Conference: New Developments in the Quantitative Modelling of Insurance and Financial Risk

Member Services

A member survey was conducted in the last quarter of 2004 to obtain feedback on the issues members regard as important for the profession and the services they value from the Institute. Key areas of investigation included:

- Benefits provided by the Institute
- Communication channels utilised by members
- Member participation and employer support
- Actuarial industry perceptions

The same survey questions were asked in 2001 providing a strong basis for comparative analysis. This comparison revealed that overall satisfaction with the provision of Institute benefits and services rose 7% between 2001 and 2004 to 84%. The benefits and services provided by the Institute that members rated as most important were:

- Keeping up to date with changes in professional practice
- Providing professional accreditation and certification
- Providing continuing professional education
- Learning opportunities through publications such as the Australian Actuarial Journal
- Contribution to reform and development of legislation and government policy

Members also ranked the promotion of high professional and ethical standards in professional practice as being important and the Institute's performance in this regard as strong.

Publications

The survey revealed that readership of *Actuary Australia*, the Institute's monthly full colour magazine, remained high with around 90% of survey respondents being regular readers. This year, the magazine featured a wide range of articles including a series of articles on Enterprise Risk Management, a burgeoning field for actuarial contribution. Other feature articles covered the main practice areas such as health, superannuation, general insurance, life insurance and banking & finance. Many of these articles stemmed from the valuable papers presented at the 2005 Biennial Convention. Recognising the work of actuaries in wider fields, regular "Green Fields" articles were again a feature of the magazine covering topics such as environmental finance, biodiversity valuation and climate change. Barry Rafe took up the role as Editor for this year and provided lively and provocative editorial guidance for the magazine.

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

A series of Fact Sheets providing information on the role of actuaries in various fields of work was produced with the assistance of members during the year. The eleven Fact Sheets cover topics such as capital & risk management, financial reporting & performance management, valuations and product pricing, design & distribution. Other Fact Sheets convey information about the involvement of actuaries in various practice areas such as banking & finance, health, energy & environment, investments & asset management and financial planning. The Fact Sheets have been published on the Institute's website and address a range of audiences from members to students to government officials and anyone who is interested in the activities of the Institute and the actuarial profession.

Communications

During the second half of this year, there has been a major development project for the creation of a new Institute website. Key aspects of the new site will be a more powerful and effective search facility for easy access to the extensive body of knowledge published by the Institute, personalisation of information for members to cater for their individual usage and a secure and user-friendly interface between the website and the Institute's database for member access only.

Another development during the year has been the production of newsletters for practice areas within the Institute. The Health Practice Committee has for many years produced a comprehensive and regular electronic newsletter and now this initiative has been taken up by the General Insurance Practice Committee, with other practice areas being encouraged to follow suit. The Institute knows from the results of its membership surveys that this form of communication amongst members, especially in conveying the work of the Institute, is highly regarded by the membership at large.

As part of its strategy for closer contact with segments of the membership, especially individuals who would not normally participate in Institute activities, there has been a continuation of President's lunches held throughout the year in Sydney and Melbourne. In the early part of the year Presidential Dinners were conducted in six Australian and four overseas locations with increasing attendances at each of these events.

MEMBERSHIP FIGURES FOR THE LAST 10 YEARS						
	Fellows	Accredited	Associates	Students	Affiliate	Total
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
2004	1332	19	635	872	27	2885
2005	1378	15	693	875	27	2988

CLASSIFICATION BY RESIDENCE												
	Fellows		Accredited		Associates		Students		Affiliates		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
ACT	18	16	0	0	11	7	17	25	2	2	48	50
NSW	734	701	7	14	367	320	492	523	16	15	1616	1573
NT	0	0	0	0	1	1	0	0	0	0	1	1
QLD	30	30	0	0	14	14	34	29	0	0	78	73
SA	10	13	0	0	3	2	12	13	0	0	25	28
TAS	4	4	0	0	0	1	3	3	0	0	7	8
VIC	264	256	3	2	112	114	151	144	5	4	535	520
WA	16	16	1	0	5	5	20	17	1	2	43	40
Total Australia	1076	1036	11	16	513	464	729	754	24	23	2353	2293
New Zealand	51	48	0	0	24	25	21	16	1	1	97	90
Total Aust & NZ	1127	1084	11	16	537	489	750	770	25	24	2450	2383
Other Overseas	251	248	4	3	156	146	125	102	2	3	538	502
GRAND TOTAL	1378	1332	15	19	693	635	875	872	27	27	2988	2885

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
Bermuda	3		1			4	Kenya			1			1	Singapore	24		24	23		71
Canada	3	1		2	1	7	Macau			1	2		3	South Africa	1		1			2
Cayman Islands				1		1	Malawi				1		1	South Korea	4		2	3		9
China	4		3	2		9	Malaysia	5		11	21		37	Spain	3		1			4
France	6		2			8	Mauritius	1		1			2	Sri Lanka			1			1
Germany	1			1		2	Netherlands	3			2		5	Sweden				1		1
Hong Kong	59		43	42	1	145	New Zealand	51		24	21	1	97	Switzerland	5					5
India	3		1			4	Norway			1			1	Taiwan	2		2	2		6
Indonesia	2			2		4	Pakistan			1			1	Thailand	5		1	1		7
Ireland	1		1			2	Philippines				1		1	UK	83	2	45	13		143
Israel	1					1	Poland	1					1	USA	19		10			29
Italy	1	1				2	Romania	1					1	Vietnam	1					1
Japan	8		2	5		15	Russia	1					1	TOTAL	302	4	180	146	3	635

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

FEES AND SUBSCRIPTIONS		
Annual Subscriptions for 2003/2004 were:	Resident in Australia	Resident outside Australia
Fellows and Accredited	\$1,100.00	\$670.00
Associates	\$690.00	\$420.00
Students	\$420.00	\$250.00
Full Time University Students	\$110.00	N/A
Affiliates	\$420.00	\$250.00
Standard entrance fee for membership was \$280.00 if living in Australia and \$250.00 if overseas. Other entrance fees were \$70.00 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 \$145.00 if in Australia and \$130.00 if overseas.		

INSTITUTE MEMBERSHIP INCREASES			
The increase in membership during the year was as follows:			
Class	Number at 30.09.03	Number at 30.09.04	Number at 30.09.05
Fellow	1277	1332	1378
Accredited	19	19	15
Associate	600	635	693
Student	596	638	670
Full Time Student	258	234	205
Affiliate	21	27	27
Total	2771	2885	2988

Council, Committees & Taskforces

COUNCIL

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Andrew Gale
Senior Vice President
Martin Stevenson
Vice President
Fred Rowley
Councillors
Mozammel Ali
Robyn Bateup
Pauline Blight
Ian Burningham
Anthony Cook
Andrew Dillon (to 5/05)
David Goodsall
Rodney Hoskinson
Greg Martin
Helen McLeod
Nathan Rivett
Graham Rogers
Steve Schubert (fr 5/05)
Trevor Thompson
Rowan Ward
Secretary
Catherine Baldwin

REPORTING TO COUNCIL

EXECUTIVE COUNCIL COMMITTEE

Andrew Gale (Con)
Catherine Baldwin (Sec)
Fred Rowley
Martin Stevenson

Disciplinary Scheme Professional Conduct Committee

Tim Jenkins (Con)
Geoff Burgess
Jock Chappell (to 12/04)
Richard Cumpston
David Finnis
Ken McLeod
John Pollard
Owen Roach
Kerry Roberts (to 1/05)
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
John Newman

Appeal Board Panel

Rod Atfield (Con)
Richard Mitchell
Iain Ross
Ted Rudge
Chris White

Professional Standards Committee

Graham Slater (Con)
Darren Davis (Sec)
Chris Latham
Geoff Walker

Professional Standards Scheme Taskforce

David Minty (Con)
Darren Davis
David Hart
Mark Henderson
Ben Knight
Keith Martland

Professional Indemnity Insurance Committee

David Hart (Con)
Catherine Baldwin
L. Frank Earl

Independent Peer Review Implementation Taskforce

Chris White (Con)
Elayne Collins
Alan Doble
David Goodsall
Steve Schubert
Trevor Thompson
Denis Wilkinson

Investment Committee

Mike Barker (Con)
Graham Horrocks
Geoff Walker

Convention Committee

Barry Rafe (Con)
Catherine Baldwin
Elayne Grace
Sarah Hodgkinson (Sec)
Jason Slade
Angela Tatarow
Kandis Taylor
Win-Li Toh

Financial Services Organising Committee

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Andrew Boal
Darren Davis
Jamie Sach
Mike Sherris
Alex Stitt

Standards Regulation Review Taskforce

Fred Rowley (Con)
Susan Ley
Graham Rogers
Graham Slater
Mark Turner

Code of Conduct Review Taskforce

Tim Jenkinsn (Con)
Catherine Baldwin (Sec)
Chris Latham
John Newman
Sharanjit Paddam

Disciplinary Scheme Review Taskforce

Chris Lewis (Con)
Catherine Baldwin (Sec)
Graham Ellis
Duncan Rawlinson

ARCA Steering Committee

John Trowbridge (Con)
Catherine Baldwin
Naomi Edwards
Mark Gallagher
Elayne Grace (Sec)
Warwick Hearne
Tim Jenkins
David Knox
Richard Madden
Graham Rogers

AUDIT COUNCIL COMMITTEE

David Goodsall (Con)
Peter McBride (Sec)
Tony Cook
Wayne Loneragan
Steve Somogyi

EDUCATION COUNCIL COMMITTEE

Helen Martin (Con)
Susan Antcliff
Ken Boag
Paul Carrett
Ken Guthrie (Sec)
Trevor McMahon
Brett O'Neill
Tim Spicer
Kaise Stephan
Martin Stevenson
Leonie Tickle
Trevor Thompson (to 7/05)
Mark Young

University Accreditation Panel

Trevor Thompson
(Con to 7/05)
Ken Boag
(Con from 8/05)
Anthony Carey
Ken Guthrie (Sec)
Robert Milohanic
Tim Spicer
Kaise Stephan
Robert Thomson
Win-Li Toh

Admissions & Exemptions Committee

Jim Farmer
Andrew Geue
Carmen Joseph (Sec)
Bernard Wong

Part II External Examiners Committee

Trevor Thompson
(Con to 7/05)
Susan Antcliff
Anthony Carey
Martin Fry

Kaise Stephan
Robert Thomson

Investments/Finance Faculty

Greg Vaughan (Con)
Mike Barker
Steve Britt
Paul Carrett
Ken Guthrie (Sec)
Mike Sherris

Commercial Actuarial Practice Faculty

Ken McLeod (Con)
Andrew Brown
Kent Griffin
David Knox
Ken Guthrie (Sec)
Donna Walker

Life Insurance Faculty

Alex Stitt (Con)
Sue Howes
Stephen Hungerford
Brett O'Neill
Martin Paino
Susanne Szoldra
Stuart Turner
Yee Lin Yang
Eng Yeoh

General Insurance Faculty

Deborah Driussi (Con)
Philip Chappell
Anna Dayton
Brett O'Neill
Mitchell Prevett
Colin Priest
Kaise Stephan
David Whittle

Superannuation Faculty

Jeff Hunphreys (Con)
Jeffrey Chee
Shauna Ferris
Brett O'Neill
Saffron Sweeney

Student Consultative Group

Razman Azmir (Con)
Penelope Butler
Yew Wei Chai
Bob Leung (Sec)
Ramona Meyricke

Board of Examiners

Bozena Hinton
(Con-Sem 1)
Trevor McMahon
(Con-Sem 2)
Puvan Arulampalam
Ashutosh Bhalerao
Wesley Caine
Philip Chappell
Kim Cossart
Philip Everett
John Hancock
Stephen Jackman
Denis Mosolov

Philip Pepe
Craig Price
Kaise Stephan
Mark Stewart
David Ticehurst
David Wong
Owen Wormald
Kumaran Yogaranandan

INTERNATIONAL COUNCIL COMMITTEE

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Katrina Bacon (Sec)
Minoo Batliwalla
Robert Chen
Tony Coleman
Andrew Gale
Jules Gribble
Ken Guthrie
Chris Lewis
Helen McLeod
Fred Rowley
Bruce Vincent
Mark Weaver

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Sim Ng
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Mike Wood
Indonesia
Graham Forbes
Japan
Michael Freeman
Malaysia
Loo Hai Teh
Singapore
Lindsay Mann
United Kingdom
Steve Marsh
United States
Marina Batliwalla
Vietnam
Khang Hyunh

REPRESENTATIVES

Korea
Simon Chong
Contact for Taiwan
Chui Mei Siew

IAA COMMITTEE REPRESENTATIVES

Accreditation
Chris Lewis
Actuarial Standards
David Finnis
Actuaries without Frontiers
Fred Rowley
Advice & Assistance
Graham Rogers
China Sub-committee

Fred Rowley
Education
Leonie Tickle
Financial Risk
Tony Coleman
Insurance Accounting
Clive Aaron
Insurance Regulation
Tom Karp
Nominations
Helen Martin
Pensions & Employee Benefits
Martin Stevenson
PBSS
Martin Stevenson
Professionalism
Helen Martin
Social Security
Richard Madden
Solvency
Tony Coleman
Supranational Committee
Jules Gribble

CPD COUNCIL COMMITTEE

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Susan Antcliff
Robyn Bateup
Darren Davis (Sec)
David Goodsall
Sue Howes

PUBLIC POLICY COUNCIL COMMITTEE

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Catherine Baldwin (Sec)
Andrew Gale
David Goodsall
Martin Hickling
Richard Madden
John Maroney
Henry Onions
Stuart Rodger
Steve Somogyi
Martin Stevenson

Energy & Environment Committee

Elayne Grace (Con)
Andrew Burge
Pauline Durant
Bill Dwyer
Michael Eabry
Naomi Edwards
Jill Green
Alan Greenfield
Martin Hickling
Don Johnstone
John Marshall
Kaise Stephan
Jen Thompson (Sec)

Futurism Committee

Don Johnstone (Con)
James Fitzpatrick
Erasmus Gerigk
Elayne Grace
Jill Green

Senthooan Nagarajan
Siddardth 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)
Adam Butt
James Collier
Brad Jeffrey
Monique Ledden (AASB)
David McNeil
Catherine Nance
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
Alan Merton
Paul Scully
Darren Wickham

Retirement Incomes Policy – Intergenerational Taskforce

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

Reform of Tax in Super Taskforce

John Trowbridge (Con)
Geoff Dunsford
Mark Nelson
Darren Wickham

MEMBER SERVICES COUNCIL COMMITTEE

Helen McLeod (Con)
Rohan Best
Cherry Brennan
Darren Davis (Sec)
Bronwyn Hardy
Paul Goswamy
Chris Johnson
Jenny Lyon
Paul Newfield

AAJ Editorial Committee

Andrew Leung (Editor)
Sue Clarke
Kath Daniels
Richard Fitzherbert
Adrian Liu
Katrina McFadyen (Sec)
Geoff Morley
Emily Papworth
Leonie Tickle

Actuary Australia Editorial Committee

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Darren Davis
Warren Dresner
Katrina McFadyen (Sec)
Simon Palmer
Vivian Tse
Catherine Watson
Stephen Woods

Research & Prizes Committee

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David Kerr
David Pitt
John Pollard

Small Actuarial Enterprises Committee

David Hart (Con)
Doug Drysdale
Graham Horrocks
Geoff Walker

Special Awards Committee

Bob Glading (Con)
Geoff Burgess
Kerry Roberts
Jenny Lyon

PRACTICE COMMITTEES GENERAL INSURANCE PRACTICE COMMITTEE

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Clive Amery
Robyn Bateup
Rodney Hoskinson
Andrew Huszczo
Ada Lui (Sec)
Henry Onions
Scott Reeves
Nathan Rivett
Lisa Simpson
Alan Smee
David Whittle

Council, Committees & Taskforces

Accident Compensation Sub-Committee

Daniel Smith (Con)
Clive Amery
Bob Buchanan
Philip Chappell
Julie Evans
Craig Price
Andrew Thomson

Accident Compensation Seminar Organising Committee

Nathan Rivett (Con)
Darren Davis
Paul Driessen
Peter Grigallunas
Kandis Taylor (Sec)
Rosie Winn

Financial Condition Report Taskforce

Chris Latham (Con)
Bob Buchanan
Alan Bulbeck
Elaine Collins
John De Ravin
Adrian Gould
Andrew Huszczo
Peter McCarthy
Estelle Pearson
Robert Thomson (APRA)
Brett Ward

General Insurance Seminar

Organising Committee
Bill Konstantinidis (Con)
Sarah Hodgkinson (Sec)
Charles McAlpine
Grainne McGuire
Anjali Napoli
Scott Reeves

Long Term Care Taskforce

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Aaron Cutter
Anna Dayton
Greg Moran
Gavin Pearce
Ian Reed
John Walsh

HEALTH PRACTICE COMMITTEE

Stuart Rodger
(Con from 9/05)
Kirsten Armstrong
Ian Burningham
(Con to 8/05)
Sophia Dyson
Andrew P Gale
Tory Gervasi
Ben Ooi (Sec)
Rob Paton
Brent Walker

Activities & Public Relations Sub-Committee

Sophie Dyson (Con)
Gayle Adams
Dimity Wall

Education Sub-Committee

Stuart Rodger (Con)
Ian Burningham
Martin Edwards
Bronwyn Hardy (on leave)
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

Kirsten Armstrong (Con)
Sophie Dyson
James Purvis
Graham Rogers
Steve Somogyi

SUPERANNUATION & EMPLOYEE BENEFITS PRACTICE COMMITTEE

Steve Schubert (Con)
Andrew Boal
Nick Callil
Meg Heffron
Jeff Humphreys
Glenn Langton
Mark Nelson
Howard Pitts
Paul Shallue
Jenifer Walton (Sec)

Legislation

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

Financial Planning Sub-Committee

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

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
Warren King
Christine Moran
Jason Ridley (Sec)
Allen Truslove
deLancey Worthington

Benefit Projections Taskforce

John Burnett (Con)
Colin Grenfell
Ray Stevens
Darren Wickham

LIFE INSURANCE PRACTICE COMMITTEE

Pauline Blight (Con)
Clive Aaron
Anthony Brien
Christine Brownfield (Sec)
Sue Howes
Eric Judd
Greg Martin
Grant Peters
David Rush
Bernard Smith
Alex Stitt
Allen Truslove

Friendly Societies Sub-Committee

Allen Truslove (Con)
Carl Stevenson
Guy Thorburn

Genetics Reference Group

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

Life Financial Reporting, Tax & Legislation Sub-Committee

Grant Peters (Con)
Anthony Asher
Caroline Bennet
Greg Bird
Michael Dermody (Sec)
Rob Desoisa
Kent Hopper
Paul Ivory
Bernard Smith
Mark Stewart

Life Risk Insurance Committee

Anthony Brien (Con)
Greg Barn
Patricia Berry
Frank Burgess
Patrick Chan
Sue Clarke
Brialen Cummings
Mark Henderson
John Hocking
Robin Knight
Adrian Mak
Joanne Taylor
Rodney Scott
David Service
Stuart Turner
Graham Whittaker

Valuation Standards Review Taskforce

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

BANKING, FINANCE & INVESTMENT TASKFORCE

Meredith Brooks (Con)
Mozammel Ali
Sarosh Batliwalla
Paul Carrett
Darren Davis (Sec)
Andrew Gale
Vincent Hua
Jarrod Martin
Greg Vaughan
Alex Stitt

RISK MANAGEMENT GROUP

Jason Slade (Con)
Catherine Baldwin
Caroline Bennet
James Collier
Darren Davis
Jules Gribble
Chris Keech
Angie Mastrippolito
Nick Ranson (Sec)
Geoff Walker
Mark Young

RESILIENCE RESERVE TASKFORCE

Anthony Asher (Con)
Colin Grenfell
Anton Kapel
Martin Paino
Ken Ragell
Prof Michael Sherris
James Wang

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 30 SEPTEMBER 2005

Council submits herewith its report on the Institute for the year ended 30 September 2005. 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:

A C GALE BA, FIA, MBA, FIAA – *President, Council Member, Chair of the Executive Committee, Member of Public Policy Council Committee, Banking, Finance and Investments Review Taskforce, International Council Committee. 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-lead the development of the Institute's Strategic Plan for 2004 – 2007.

M A STEVENSON BSc, FIA, FIAA – *Senior Vice President, Council Member, Member of Executive Council Committee, Member of Public Policy Council Committee, Chair of 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'.

F ROWLEY MA, FIA, FASI, FIAA – *Vice President, Council Member, Chair of Public Policy Council Committee, Member of Executive Committee and International Council Committee. Chair of Standards Regulation Review Taskforce Born 18/02/50. Elected to Council in 2003.*

Currently Senior Actuary of MetLife Insurance Ltd, Fred has served as Chair of the Life Insurance Practice Committee and the Prudential Regulation Taskforce. He previously served on Council

2000-2002, and is co-author of several Institute submissions to government and financial regulators, including Australian Tax Office, APRA, and the Basel Committee. He is Secretary of recently formed 'Actuaries without Frontiers' Section of the IAA. He has a particular interest in broader risk management, with emphasis on financial risks and corporate finance.

M ALI BEc (Hons), FIAA – *Council Member, Member of Banking, Finance & Investments Taskforce. Born 26/10/73. Elected to Council in 2004.*

Mozammel is a Vice President within the investment banking team at Deutsche Bank in Sydney where he specialises in mergers and acquisitions and capital management for financial institutions. Mozammel has ten years experience working in the financial services industry, with advisory roles in Australia, UK, Europe and South Africa. Prior to joining Deutsche Bank in early 2003, Mozammel was an Associate with Schroder Salomon Smith Barney in London where he focussed primarily on European insurance mergers and acquisitions and capital management. Previously Mozammel was a financial services consultant with Tillinghast-Towers Perrin.

R J BATEUP BSc, FIAA – *Council Member, Member of General Insurance Practice Committee, CPD Council Committee and Medical Indemnity Taskforce. 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 MEc, FIAA, FNZSA, ASIA – *Council Member, Chair of Life Insurance Practice Committee. Born 30/12/70. Elected to Council in 2002.*

Pauline is Chief Financial Officer at Asteron, and Appointed Actuary of Asteron Life Limited. Prior to joining Asteron, 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 has previously been a member of the Economic Valuations Taskforce, Convenor of the GN252 Review Taskforce and a member of Education Council Committee.

I D BURNINGHAM BSc, FIAA – *Council Member, Member of Health Practice Committee, Member of Health Insurance Practice Subcommittee and member of Health Faculty. 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 is currently Convenor of health Practice Committee. He also was a presenter of the Code of Conduct for the Professionalism Course (2001-2003).

A J COOK FIA, FIAA – *Council Member, Member of Audit Council Committee, Born 12/09/65. Elected to Council in 2004.*

Tony currently runs his own consulting business. He has performed a range of roles in both New Zealand and Australia

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
REPORT OF COUNCIL FOR THE YEAR ENDED
30 SEPTEMBER 2005 (cont'd)**

including product management, compliance management, project management, Finance and Chief and Appointed Actuary roles. He has worked for Royal Life, Sun Alliance, Colonial and CBA, and most recently was CFO for Comminsure.

D M GOODSALL BA, AIA, FIAA – Council Member. Chair of Audit Council Committee and Research & Prizes Committee. Member of Public Policy Council Committee, CPD Council Committee, and 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 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).

R D HOSKINSON BAppSc, FIAA – Council Member, Member of General Insurance Practice Committee. Born 25/08/68. Elected to Council in 2004.

Rodney is Actuarial Manager, Australia at QBE Insurance Group. Prior to joining QBE he worked in several consulting and corporate positions at Towers Perrin, Trowbridge Consulting, and FAI Insurance. Rodney co-authored 'Workers' Compensation Rating Systems' (Accident Compensation Seminar 1994). He was a member of the Communications Committee (2001 and 2002), the Accident Compensation Subcommittee and a member of the organising committee for several Institute Accident Compensation Seminars.

G C MARTIN BA, FIAA, ASIA – Council Member, Chair of the International Accounting Standards Committee, Member of the Life Insurance Practice Committee, Member of IAS39 and IAS19 Taskforces. Born 29/6/61. Elected to Council in 2003.

Greg is the Managing Director of KPMG Actuaries Pty Limited. He specialises in insurance, funds management and general financial valuation and modelling. He currently has 4 appointed actuary roles and has 4 former roles. He is a member of the Life Insurance Actuarial Standards Board and has advised groups such as the AASB on Australian and international accounting standards related to insurance business. Greg has been a member of number of IAAust committees and taskforces including the IAS39 Taskforce (2003-2005), Unsatisfactory Financial Position Taskforce (2003), Accountants and Actuaries Liaison Committee (1998-2003) and Discount Rates Taskforce (2001). Greg has authored or co-authored a number of Institute 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. Chair of Member 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.

N J RIVETT BSc, FIA, FIAA – Council Member, Member of General Insurance Practice Committee and Member of Accident Compensation Seminar Organising Committee. Born 26/03/62. Elected to Council in 2004.

Nathan currently manages a CTP Research Team at IAG. Previously he was the Appointed Actuary at Tower and FAI Life. During his eight years at AMP before that he held positions in product areas, Group Office and Superannuation, including the role of scheme actuary for defined benefit superannuation funds. He was a member of the Life Insurance Practice Committee and its Tax and Legislation subcommittee from 1999 to 2001.

S J SCHUBERT BSc, FIAA – Council Member, Chair of Superannuation & Employee Benefits Practice Committee, Chair of Retirement Incomes Policy Adequacy Taskforce and Member of Independent Peer Review Implementation Taskforce. Born 31/10/57. Elected to Council in 2005.

Steve is Director of Actuarial & Benefits Consulting at Russell Investment Group, having previously been a Principal of Towers Perrin before Russell's acquisition of Towers Perrin Australia. Steve has specialised in superannuation consulting for over 25 years and is the Senior Actuary at Russell. He has advised a wide range of large private sector and public sector employers and funds. Most recently he has taken a strong interest in raising the awareness of factors affecting the ability to achieve adequate retirement incomes, particularly longevity risk.

T J THOMPSON FIAA, BA(Econ) – Council Member. Member of Education Council Committee and Chair of the Accreditation Committee, External Examiner for UNSW and Macquarie University, Member of University Accreditation Panel, and Independent Peer Review Implementation Taskforce. Born 12/09/45. Elected 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), member of the Corporate Governance Taskforce (2003), member of Penrose/Morris Inquiry Taskforce (2004) and 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).

R T WARD BSc, FIAA – Council Member. Born 23/0/55. Elected in 2004.

Rowan is Chief Actuary for the Suncorp Group with responsibility for actuarial advice relating to its General Insurance, Life Insurance and Banking businesses. He is appointed Actuary for its Life Company and is a director of a number of subsidiaries of the group. During his career at Suncorp, he has worked in various management and technical roles across the Group and prior to that with National Mutual.

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

Seven Meetings of the 2004/2005 Council were held since the last Annual General Meeting. The following is a record of attendance. (Meetings Attended: No. of Meetings eligible to attend)

M Ali**	3:5	H C McLeod	4:7
C E Amery*	2:2	M Playford*	1:2
R J Bateup	3:7	N J Rivett**	4:5
P J Blight	7:7	G E N Rogers*	2:2
I D Burningham	3:7	F Rowley	5:7
A J Cook**	3:5	S J Schubert	4:4
A G Dillon***	1:3	D A Service*	2:2
A C Gale	7:7	S Somogyi*	2:2
D M Goodsall	5:7	M A Stevenson	7:7
R D Hoskinson**	5:5	T J Thompson	7:7
G C Martin	7:7	R T Ward**	4:5

* Members Eligible to attend a total of 2 meetings, 20 October and 15 December 2004 due to Term of Office completion at December 2004.

** Members elected in December 2004, therefore eligible to attend total of 5 meetings: 2 March, 2 May, 4 July, 18 July and 31 August 2005.

*** Resigned May 2005.

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 \$225,364.

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 2005.

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 2005 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.



A C Gale
President



M A Stevenson
Senior Vice President
Sydney, 31 October 2005

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 2005, as set out on pages 32 to 38. 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.

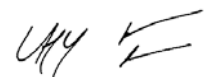
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial 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 2005 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.



UHY HAINES NORTON
Chartered Accountants



F. GIANNUZZI
Partner
Sydney, 31 October 2005

THE INSTITUTE OF ACTUARIES OF AUSTRALIA DECLARATION BY MEMBERS OF COUNCIL FOR THE YEAR ENDED 30 SEPTEMBER 2005

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 2005 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:



A C Gale
President



M A Stevenson
Senior Vice President
Sydney, 31 October 2005

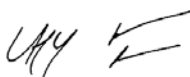
AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE COUNCILLORS OF THE INSTITUTE OF ACTUARIES OF AUSTRALIA

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2005 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



F. GIANNUZZI
Partner



UHY HAINES NORTON
Chartered Accountants

Sydney, 31 October 2005

THE INSTITUTE OF ACTUARIES OF AUSTRALIA STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Note	2005 \$	2004 \$
Administration Revenues		2,080,329	1,965,756
Professional Development Revenues		1,044,386	689,201
Education Revenues		2,241,032	1,529,151
Member Services Revenues		196,155	193,339
Total Revenue		5,561,902	4,377,447
Administration Costs		(712,229)	(673,434)
Employment Costs		(1,583,677)	(1,381,342)
Professional Development Costs		(763,276)	(399,385)
University Foundation Grants		(355,000)	(378,750)
Education Costs		(941,665)	(471,156)
Member Services Costs		(805,764)	(604,333)
Public Affairs Costs		(106,936)	(94,102)
Strategic Projects		(67,991)	-
Total Expenditure		(5,336,538)	(4,002,502)

Surplus from ordinary activities attributable to members of the Institute **225,364 374,945**

Income tax expense **1(c)** - -

Surplus from ordinary activities after income tax expense attributable to members of the Institute **2 225,364 374,945**

Total revenues, expenses and adjustments attributable to members of the Institute recognised directly in equity **3 225,364 374,945**

The accompanying notes form part of these financial statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash	4	387,102	555,645
Receivables	5	251,822	252,426
Other financial assets	6	3,164,255	2,341,384
Total current assets		3,803,179	3,149,455
NON CURRENT ASSETS			
Other financial assets	7	77,894	77,894
Plant and equipment	8	841,826	928,391
Total non current assets		919,720	1,006,285
TOTAL ASSETS		4,722,899	4,155,740
CURRENT LIABILITIES			
Accounts payable	9	1,275,080	960,312
Provisions	10	90,204	63,177
Total current liabilities		1,365,284	1,023,489
TOTAL LIABILITIES		1,365,284	1,023,489
NET ASSETS		3,357,615	3,132,251
MEMBERS' FUNDS			
Accumulated funds	3	3,357,615	3,132,251
TOTAL MEMBERS' FUNDS		3,357,615	3,132,251

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2005

	Note	2005 \$	2004 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others	5,343,444	4,103,172	
Interest received	164,199	146,903	
Trust distributions	38,408	72,725	
Payments to suppliers and employees	(4,871,029)	(3,648,973)	
Net cash provided by operating activities	14(b)	675,022	673,827
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments	876,909	1,096,366	
Payments for investments	(1,673,403)	(863,923)	
Proceeds from disposal of property, plant & equipment	-	1,018	
Purchase of property, plant and equipment	(47,071)	(859,968)	
Net cash used in investing activities	(843,565)	(626,507)	
Net increase in cash held	(168,543)	47,320	
Cash at the beginning of year		555,645	508,325
Cash at the end of year	14(a)	387,102	555,645

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 2005

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 except where otherwise stated. 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.

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

33

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.

j. Revenue

Revenue from the rendering of services is recognised upon delivery of the service to the customer. Receipts received before year end in relation to future services to be provided is deferred as a liability (note 9).

Interest revenue is recorded on an Accruals basis and trust distributions are recognised on a Receipt basis.

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

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 SEPTEMBER 2005 (cont'd)**

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

1. Web Site Costs

Costs in relation to the website is expensed in the period in which they are incurred.

m. 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.

	2005	2004
	\$	\$

2. OPERATING SURPLUS

The operating surplus has been determined after:

(a) Crediting as Income

Operating Activities		
Interest received	162,062	152,597
Trust distributions received	38,408	72,725
Market value fluctuations of investments	26,377	37,169
Realised gains on sale of investments	13,325	60,502
Income from sale of other goods and services	5,321,732	4,054,454
	5,561,902	4,377,447

(b) Charging as Expense

Amortisation and Depreciation of assets		
Leasehold improvements	80,825	6,934
Office equipment	41,608	37,099
Furniture and fittings	2,946	3,483
Loss on Disposal of Depreciable Assets	8,257	1,088
	133,636	48,604

Movements in provisions		
Leave entitlements (see note 10)	27,027	10,645
Doubtful debts	-	2,500
	27,027	13,145

Rental expenses on operating leases	244,836	170,313
-------------------------------------	---------	---------

Remuneration of the auditors		
Auditing the accounts	13,000	12,700
Other services	14,371	14,900
	27,371	27,600

3. ACCUMULATED FUNDS

Accumulated funds at the beginning of the financial year	3,132,251	2,757,306
Net surplus	225,364	374,945
Accumulated funds at the end of the financial year	3,357,615	3,132,251

4. CASH

Cash at bank	386,702	555,245
Cash on Hand	400	400
	387,102	555,645

	Note	2005	2004
		\$	\$
5. RECEIVABLES			
Interest receivable		9,531	11,668
Income receivable		81,319	49,392
Less: Provision for doubtful debts		(7,376)	(7,376)
Prepaid expenses		129,553	119,633
Receivable from Taxation Office		38,795	79,109
		251,822	252,426

6. OTHER CURRENT FINANCIAL ASSETS

Listed securities at market value	815,051	608,730
Unit trusts at market value	675,732	1,119,800
Cash on deposit	1,596,747	539,271
	3,087,530	2,267,801

Prize fund balances

H M Jackson prize fund	6,432	6,363
A M Parker prize fund	12,025	11,845
Andrew Prescott Memorial prize fund	9,242	8,653
Melville prize fund	26,453	25,987
Katherine Robertson prize fund	22,573	20,735
	76,725	73,583
	3,164,255	2,341,384

7. OTHER NON-CURRENT FINANCIAL ASSETS

Cash on deposit	(a)	77,894	77,894
		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	877,474	871,845
Less: accumulated amortisation	148,805	67,980
	728,669	803,865

Computer equipment, at cost	232,468	208,224
Less: accumulated depreciation	125,883	95,533
	106,585	112,691

Furniture and fittings, at cost	13,097	27,747
Less: accumulated depreciation	6,525	15,912
	6,572	11,835
	841,826	928,391

(a) Movements in the Carrying Amounts

Balance at the beginning of the year	\$
Leasehold Improvements	803,865
Computer Equipment	112,691
Furniture & Fittings	11,835
Total	928,391

Additions

Leasehold Improvements	5,629
Computer Equipment	38,442
Furniture & Fittings	3,000
Total	47,071

Disposals

Leasehold Improvements	-
Computer Equipment	2,940
Furniture & Fittings	5,317
Total	8,257

Depreciation Expense

Leasehold Improvements	80,825
Computer Equipment	41,608
Furniture & Fittings	2,946
Total	125,379

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 SEPTEMBER 2005 (cont'd)**

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Carrying amount at the end of the year	\$
Leashold Improvements	728,669
Computer Equipment	106,585
Furniture & Fittings	6,572
Total	841,826

Note	2005	2004
	\$	\$

9. ACCOUNTS PAYABLE

Unsecured:

Sundry creditors and accruals	676,946	610,914
Registration fees for conferences and seminars received in advance	384,051	259,398
Lease Incentive (Note 1d)	214,083	90,000
Total	1,275,080	960,312

10. CURRENT PROVISIONS

Employee entitlements - annual and long service leave	90,204	63,177
Total	90,204	63,177

(a) Aggregate employee entitlement liability	90,204	63,177
(b) Number of employees at year end	16	15

11. COMMITMENTS

Operating Leases

Lease rental expense and commitments:		
Rentals charged to statement of financial performance	244,836	170,313

Lease commitments:		
Not later than one year	307,737	129,721
Later than one year and not later than two years	320,046	294,948
Later than two years and not later than five years	1,039,017	743,495
Total operating lease commitments	1,666,800	1,168,164

Other Commitments

Capital and other expenditure commitments contracted for		
Website costs	58,000	-
General insurance textbook	80,000	-
Payable within twelve months	138,000	-

12. RELATED PARTY TRANSACTIONS

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

M Ali (From Dec 04)	H C McLeod
C E Amery (To Dec 04)	M Playford (To Dec 04)
R J Bateup	N J Rivett (From Dec 04)
P J Blight	G E N Rogers (To Dec 04)
I D Burningham	F Rowley
A J Cook (From Dec 04)	S J Schubert (From May 05)
A G Dillon (Resigned May 05)	D A Service (To Dec 04)
A C Gale	S Somogyi (To Dec 04)
D M Goodsall	M A Stevenson
R D Hoskinson (From Dec 04)	T J Thompson
G C Martin	R T Ward (From Dec 04)

(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 \$7,500.(2004 \$16,500).

There was a contract with Russell Employee Benefits, which is related to S J Schubert, in relation to Part III course leader fees. The amount incurred during the year was \$55,000.

There was a contract with 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 to his departure in Dec 04 was Nil (2004 \$6,600).

(c) Donations were made during the year to the University of Melbourne Actuarial Foundation for \$122,500, the Macquarie University Actuarial Foundation for \$110,000, and the University of NSW Actuarial Foundation for \$122,500.

(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	2005	2004
	%	%
Cash at Banks	4.99	3.61
Cash on Deposit	5.45	4.71

Floating Interest Rate:

Financial Assets	2005	2004
	\$	\$
Cash at Banks	441,253	599,840
Cash on Deposit	-	-
Total Financial Assets	441,253	599,840

Fixed Interest Rate Maturing Within 1 Year:	2005	2004
Financial Assets	\$	\$
Cash at Banks	-	-
Cash on Deposit	1,596,747	539,271
Total Financial Assets	1,596,747	539,271

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 SEPTEMBER 2005 (cont'd)**

	2005	2004
Fixed Interest Rate Maturing Within 1-5 Years:	\$	\$
Financial Assets		
Cash at Banks	-	-
Cash on Deposit	77,894	77,894
Total Financial Assets	77,894	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

	2005	2004
	\$	\$
(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	378,102	555,645
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(b) Reconciliation of Cash Flow from Operations to Operating Surplus/(Deficit)

	2005	2004
	\$	\$
Operating surplus	225,364	374,945
Non-Cash Flows in Operating Profit		
Depreciation and amortisation	125,379	47,516
Loss on disposal of assets	8,257	1,088

	2005	2004
	\$	\$
Changes in Assets and Liabilities		
Decrease/(increase) in interest receivable	2,137	(5,694)
Decrease/(increase) in income receivable	(31,927)	21,474
Increase/(decrease) in doubtful debts	-	2,500
Decrease/(increase) in deferred expenses	(9,920)	(102,983)
Decrease/(increase) in GST receivable	40,314	(35,758)
Increase/(decrease) in sundry creditors	190,115	334,666
Increase/(decrease) in income in advance	124,653	62,597
Decrease/(increase) in market value of investments	(26,377)	(37,169)
Increase/(decrease) in provisions		
Annual leave & long service leave	27,027	10,645

Net cash provided by operating activities	675,022	673,827
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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 3,023 (2004: 2,885).

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

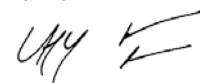
The additional financial data presented on page 37 to 38 is in accordance with the books and records of the Institute which have been subjected to the auditing procedures applied in our statutory audit of the Institute of Actuaries of Australia for the year ended 30 September 2005.

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



UHY HAINES NORTON
Chartered Accountants
Sydney, 31 October 2005

**PRIVATE INFORMATION FOR THE MEMBERS
PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 30 SEPTEMBER 2005**

	2005	2004
	\$	\$
INCOME		
Administration		
Interest	158,822	150,320
Trust Distributions	38,408	72,725
Market Value Fluctuations on Investments	26,377	37,169
Realised Gains on Sale of Investments	13,325	60,502
Profits on Foreign Exchange Gains	-	54,357
Members' Subscriptions	1,697,525	1,549,188
Entrance Fees	55,695	41,495
Events' Administration Fees	90,178	-
	<u>2,080,329</u>	<u>1,965,756</u>

Professional Development		
Seminars & Programs	1,044,386	689,201
	<u>1,044,386</u>	<u>689,201</u>

Education		
Examination Services (UK) course fees	399,907	6,000
Less UK Exam Costs	(336,042)	-
	<u>63,865</u>	<u>6,000</u>
ActEd Royalties	23,487	20,279
Professionalism Course	101,291	84,614
Sale of Course Material	125,118	101,708
Part III Course Fees	1,240,622	945,124
Commercial Actuarial Practice Course Fees	120,445	-
Exemption Fees	566,204	371,426
	<u>2,241,032</u>	<u>1,529,151</u>

Member Services		
Advertising	126,150	100,079
Sales of Publications	391	1,340
Functions & Meetings	35,979	38,104
FSR Kit	-	1,000
GI Study Program	-	14,564
Prize Funds Income	3,239	2,277
Prize Funds Donations	8,129	7,853
Donations by Markers and Tutors	-	4,322
Research & Reports	18,000	23,800
Other	4,267	-
	<u>196,155</u>	<u>193,339</u>
TOTAL INCOME	<u>5,561,902</u>	<u>4,377,447</u>

LESS EXPENDITURE

Administration		
Auditors Remuneration	27,371	27,600
Legal Fees	29,350	21,622
General	(20)	5,318
Staff Amenities & Travel	17,689	26,551
Insurances	22,347	36,494
Merchant Expenses & Bank Charges	28,770	60,807
Premises	276,725	215,559
Depreciation & Amortisation	125,379	47,516
Provision for Doubtful Debts	-	2,500
Loss on Disposal of Depreciable Assets	8,257	1,088
Computer & Telecommunications	84,575	133,640
Stationery, Subs & Couriers	53,607	52,804
Printing & Distribution	30,701	34,738
Council	7,478	7,197
	<u>712,229</u>	<u>673,434</u>

	Notes	2005 \$	2004 \$
Employment			
Salaries & Superannuation		1,495,941	1,287,666
On-Costs		72,580	46,403
Fringe Benefits Tax		3,790	1,876
Recruitment		3,189	33,128
Staff Training		8,177	12,269
		<u>1,583,677</u>	<u>1,381,342</u>

Professional Development			
Seminar & Program		252,313	389,648
Convention 2005		289,070	7,602
IACA Conference		221,893	-
Other		-	2,135
		<u>763,276</u>	<u>399,385</u>

University Foundation Grants			
University of Melbourne Actuarial Foundation		122,500	122,500
Macquarie University Actuarial Foundation		110,000	78,750
University of NSW Actuarial Foundation (a)		122,500	177,500
		<u>355,000</u>	<u>378,750</u>

(a) Includes a contribution of \$55,000 to the Australian National University in 2004

Education			
Part III Course Development		113,040	137,175
Part III Course Materials		216,091	125,480
Part III Course Leaders		207,000	-
Part III Expenses		166,368	121,555
Commercial Actuarial Practice		148,386	-
Professionalism Course		79,780	75,946
University Prizes & Scholarships		11,000	11,000
		<u>941,665</u>	<u>471,156</u>

Member Services			
Functions & Meetings		137,831	133,696
Actuary Australia, AAJ & Other Publications		224,738	218,065
FSR Kit		-	5,902
Circulars to Members		32,077	2,879
Prizes Paid & Bank Charges		9,417	12,557
Research & Reports		83,591	36,216
International Actuarial Associations (incl HK office)		41,303	21,224
Committees		44,541	32,626
International Representation		114,158	107,219
Disciplinary Scheme		30,952	33,949
Website Costs		87,156	-
		<u>805,764</u>	<u>604,333</u>

Public Affairs			
Functions		1,651	9,556
Consultants' Fees		84,262	50,318
Promotional Materials		380	-
Subscriptions		13,114	12,578
Travel & Other		-	2,890
Training		-	4,450
Representation		7,529	14,310
		<u>106,936</u>	<u>94,102</u>

Strategic Projects			
Professional Standards Review		27,262	-
ARCA		40,729	-
		<u>67,991</u>	<u>-</u>

TOTAL EXPENSES		<u>5,336,538</u>	<u>4,002,502</u>
SURPLUS REPORTED		<u>225,364</u>	<u>374,945</u>

PRIVATE INFORMATION FOR THE MEMBERS
PRIZE FUND MOVEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2005

	2005	2004
	\$	\$
Receipts into and payments from the prize funds has been reflected in the Institutes financial performance as follows:		
Interest Received	3,239	2,277
Donations Received	8,129	7,853
Melville Lecture Expenses	-	-
Prizes Paid & Bank Charges	(9,417)	(12,557)
	<u>1,952</u>	<u>(2,427)</u>

The detailed movements in each account are as follows:

H M Jackson Prize Fund

Balance at beginning of year	6,363	6,362
Supplementation from Melville Prize Fund	2,600	1,600
Interest Received	269	201
Prize Paid	(2,800)	(1,800)
Balance at end of year	<u>6,432</u>	<u>6,363</u>

A M Parker Prize Fund

Balance at beginning of year	11,845	12,284
Supplementation from Melville Prize Fund	2,600	1,600
Donation of Prize Received	-	-
Interest Received	580	361
Prize Paid	(3,000)	(2,400)
Balance at end of year	<u>12,025</u>	<u>11,845</u>

Andrew Prescott Memorial Prize Fund

Balance at beginning of year	8,653	9,603
Supplementation from Melville Prize Fund	4,050	2,800
Interest Received	339	250
Prizes Paid	(3,800)	(4,000)
Balance at end of year	<u>9,242</u>	<u>8,653</u>

Melville Prize Fund

Balance at Beginning of Year	25,987	24,508
Donations Received	8,129	7,853
Interest Received	1,588	751
Supplementation to other Prize Funds	(9,250)	(6,000)
Melville Practitioners Award paid	-	(1,125)
Balance at end of year	<u>26,453</u>	<u>25,987</u>

Katherine Robertson Prize Fund

Balance at Beginning of Year	20,735	20,559
Increase in Market Value	2,324	245
Interest Received	464	731
Prize Paid	(950)	(800)
Balance at end of year	<u>22,573</u>	<u>20,735</u>

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 2005 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, 31 October 2005

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

SCOPE

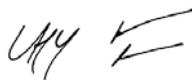
We have audited the financial report of the University of New South Wales Actuarial Foundation for the year ended 30 September 2005, as set out on pages 39 to 40. The Council Members are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of 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 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 2005, and the results of its operation and its cash flows for the year then ended.



UHY HAINES NORTON
Chartered Accountants



F. GIANNUZZI
Partner
Sydney, 31 October 2005

UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2005

	2005 \$	2004 \$
INCOME		
Donations Received	122,500	193,206
Interest Received	276	-
	<u>122,776</u>	<u>193,206</u>
LESS EXPENDITURE		
Bank Charges	117	139
Melville Prize Fund and Melville Lecture	-	15,706
Donation: ANU Centre for Actuarial Research	-	55,000
Donation: University of NSW	122,500	122,500
	<u>122,617</u>	<u>193,345</u>
Operating surplus/(deficit)	<u>159</u>	<u>(139)</u>

UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2005

	2005 \$	2004 \$
TRUST FUNDS		
Balance at beginning of the year	790	929
Surplus /(Deficit)	159	(139)
	<u>949</u>	<u>790</u>
REPRESENTED BY:		
Cash at Bank/(Overdraft)	949	15,068
GST Refundable/(Payable)	-	1,428
Accounts Payable	-	(15,706)
NET ASSETS	<u>949</u>	<u>790</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 2005**

	Note	2005 \$	2004 \$
Cash Flows from Operating Activities			
Donations Received		122,500	193,206
Interest Received		276	-
Net GST Received/(Paid)		1,428	(1,428)
Payments to Suppliers and Donations Paid		(138,323)	(177,639)
Net Cash from Operating Activities	(a)	(14,119)	14,139
Cash Flows from Investing Activities			
Proceeds from Disposal of Investments		-	-
Purchase of Investments		-	-
Net Cash Inflows from Investing Activities		-	-
Net Change in Cash		(14,119)	14,139
Opening Balance		15,068	929
Net Closing Balance	(b)	949	15,068

a. Reconciliation of Net Cash provided by Operating Activities to Operating Surplus (Loss)

Operating Surplus/(loss)	159	(139)
Increase/(Decrease) in GST Liability	1,428	(1,428)
Increase/(Decrease) in Accounts Payable	(15,706)	15,706
Cash Flows from Operations	(14,119)	14,139

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	949	15,068
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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 2005**

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) \$122,500 (2004: \$193,206) 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 2005 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, 31 October 2005

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 2005, as set out on pages 41 to 42. 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 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 2005, and the results of its operation and its cash flows for the year then ended.

UHY HAINES NORTON
Chartered Accountants

F. GIANNUZZI

Partner

Sydney, 31 October 2005

UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2005

	2005 \$	2004 \$
INCOME		
Donations	122,500	122,500
Interest	452	566
	<u>122,952</u>	<u>123,066</u>
LESS EXPENDITURE		
Audit Fees and Accounting Fees	20	-
Bank Charges	203	267
Donation – University of Melbourne	122,500	122,500
	<u>122,723</u>	<u>122,767</u>
Operating surplus/(deficit)	<u>229</u>	<u>299</u>

UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2005

	2005 \$	2004 \$
TRUST FUNDS		
Balance at Beginning of the Year	26,208	25,909
Surplus/(Deficit)	229	299
	<u>26,437</u>	<u>26,208</u>
REPRESENTED BY:		
Cash at Bank	26,437	23,379
GST Refundable/(Payable)	-	2,829
Other Debtors	-	67,375
Accounts Payable	-	(67,375)
NET ASSETS	<u>26,437</u>	<u>26,208</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 2005**

	Note	2005 \$	2004 \$
Cash Flows from Operating Activities			
Donations Received	122,500	122,500	
Interest Received	452	566	
Nett GST Received (Paid)	2,829	(2,829)	
Payments to Suppliers & Donations Paid (122,723)		(122,767)	
Net cash from Operating Activities (a)		3,058	(2,530)
Cash Flows from Investing Activities			
Proceeds from Disposal of Investments	-	-	
Purchase of Investments	-	-	
Net Cash Inflows from Investing Activities-		-	-
Net Change in Cash		3,058	(2,530)
Opening Balance		23,379	25,909
Net Closing Balance (b)		26,437	23,379
a. Reconciliation of net cash provided by operating activities to operating surplus			
Operating Surplus	229	299	
Increase/(decrease) in GST liability	2,829	(2,829)	
Cash Flows from Operation		3,058	(2,530)
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		26,437	23,379

**UNIVERSITY OF MELBOURNE ACTUARIAL
FOUNDATION NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 SEPTEMBER 2005**

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.
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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 (2004: \$122,500) 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

MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION EIGHTEENTH ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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Board

The members of the Board of the Foundation during 2004 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

Mr F Rowley, MA, FIA, FASI, FIAA

Ms P J Blight, MEd, FIAA, ASIA

Appointed by the University Council:

Dr M G Irving, AM, BCom, HonDLitt, FAICD, FCPA, FSIA

Professor E M Davis, MA PGCE MEd PhD

Professor J H Loxton, MSc PhD

Four Board Meetings were held during the year (9 February 2004, 10 May 2004, 12 August 2004, 8 November 2004). Mr Fred Rowley and Ms Pauline Blight joined the board during the year.

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 Foundation remains the same.

Income and expenditure

An income and expenditure statement for the year is given in Attachment A, with 2003 results shown for comparison.

The Foundation gratefully acknowledges contributions totalling \$110,000 from The Institute of Actuaries of Australia (IAAust).

Activities

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 \$33,460 to scholarship holders. The balance in the account reduced from \$134,290 to \$88,747 over the year.

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

Developments during 2004

During 2004 the Department continued to attract record numbers of undergraduate students with superb credentials, from both within Australia and overseas. Entrance standards continued to creep higher. The Department continued to deliver the three-year B Com-Actuarial Studies program, along with six double-degree programs in association with:

- Economics
- Statistics
- Finance
- Law
- Mathematics
- Computer Science

At postgraduate level, the Department offered units in superannuation, corporate and structured finance, options, futures, and derivatives and the actuarial control cycle, all of which can be counted towards an Actuarial Studies major in the Master of Commerce in Business. Over the year we developed and put forward additional postgraduate courses in Insurance and Financial Institutions management and regulation. The department has also put forward a Masters of Commerce – Actuarial Studies program to be started in 2006.

Existing courses continued to be evolved reflecting advances in actuarial education, actuarial science and delivery methods, and changing professional exemption requirements. For example all courses are continually being adapted to for example incorporate web based delivery methods, quizzes, discussion groups, peer assisted

learning, and so on. More emphasis is being placed on communication and presentation skills of students and understanding the context in which they will be working. The text "Understanding Actuarial Management - the actuarial control cycle" edited and largely written by members of the Department, forming the basis of Part II of the professional exemptions, continues to be well received and has formed a benchmark for consideration by actuarial bodies in the UK and North America. Staff continue to play a very active role in various professional actuarial committees both within Australia and overseas including:

- IAAust Life Risk Insurance Committee
- IAAust Exemptions Committee
- Associate Editor, Australian Actuarial Journal
- Task force overseeing IFSA survey of life offices re genetic testing
- Chief Examiner in Finance
- Finance Practice Committee
- Future specialist finance courses discussion group
- International Actuarial Association: Australian representative
- International Actuarial Association: Assessment Working Group member
- IAAust Education Council Committee member
- IAAust Exemption recommendations

We were reconfirmed as one of three actuarial "Centres of Excellence" by the Institute of Australian Actuaries and our courses continue to be fully accredited. Exit surveys of our graduates indicate continued strong demand with excellent starting salaries.

The department is increasing its focus on research and related activities such as seminars, visitors and cultivating research links to the profession and business. Research areas covered include claims reserving, genetics, mortality and population forecasting, insured lives mortality, actuarial finance, underwriting and solvency issues, actuaries' learning styles and life insurance. Members of the Department were active on the international research scene with invited or other papers at conferences such as the yearly ASTIN conference in Norway, the IME conferences in Rome, the Population conference in Washington DC, and at the International Symposium in Forecasting as well as local professional meetings. Example topics, titles, publications and presentations by members of department include:

- *Review of Mind over data: UK Actuaries in the spotlight*
- *Forecasting General Insurance Liabilities* Insurance, Mathematics & Economics conference, Rome
- *Assessing the costs of adverse selection* ASTIN Conference
- *The ARIMA model in state space form.*
- *Extending the Lee-Carter methodology of mortality projection* International Symposium on Forecasting
- *Real Options* Sydney University Financial Math Colloquium
- *Actuaries: A narrow profession?* NZ Actuarial Conference
- *Evaluation of the variants of the Lee-Carter method of forecasting mortality* International Symposium on Forecasting, Sydney
- Population Association of America Conference
- *Causes of death among Australian insured lives* Institute of Actuaries & Underwriting conference
- *Approximating the bias and variance of Chain Ladder estimates under a compound Poisson model* Horizon meeting and Journal of Actuarial Practice.
- *Causes of Death among Australian insured lives* Australian Actuarial Journal
- *Beyond three score years and ten* People and Place
- *Term Insurance in Australia*
- *Term Insurance Disclosure Issues*

Many of the above papers can be downloaded from the actuarial department website at http://www.actuary.mq.edu.au/research_papers/index.shtml

The department hosted an active seminar series attracting a variety of speakers from within the department, the profession, and other university departments both in Australia and overseas.

- Adam Druissi, Quantum *Actuaries in marketing*
- Duma Tampubolan *Measuring the robustness of different claim reserving methods*
- Anthony Asher, APRA *The big challenges in actuarial work*
- Timothy Jang, UNSW *Measuring capital charge for a credit loan portfolio: VaR and TCE*
- David Pitt ANU *Modelling the experience of Disability Income Insurance policyholders*
- Sam Cox, Georgia State
- Robert L Brown, Waterloo University, Ontario, Canada
- Greg Taylor, Director, Taylor Fry *Some perspectives on the Actuarial Control Cycle*
- David Finis, NRMA *The use of Dynamic Financial Analysis Techniques in the management of a general insurer*
- Scott Yin *Using actuarial techniques in determining customer lifetime value*
- Frank Ashe, MAF *Comments on Asset/Liability Management from the Virgule's Point of View*
- Glen Barnett *A fast, simple approach to bivariate simulation*

The department held a very successful Alumni function. This was the first ever for the Department. Around 300 alumni attended attesting to the strength, goodwill and lasting reputation of the department as the first fully accredited actuarial department in Australia if not the English speaking world. Our alumni occupy positions at all levels of the Australian and overseas actuarial profession. We aim to follow up the hugely successful meeting with more activities aimed at cultivating lasting and professionally important links to the profession and former students.

The promotions of Shauna Ferris to Senior Lecturer and Leonie Tickle to Associate Professor took effect at the beginning of the year. Emeritus Professor John Pollard continued his strong research and teaching links with the Department. John Shepherd was awarded an outstanding community service award by the University. Despite continued efforts we were not able to fill the teaching vacancy. Two Visiting Fellows were appointed in 2004, Anthony Asher and Glen Barnett. David Pitt from ANU visited us for 3 months.

Acknowledgments

The Board wishes to acknowledge its sincere appreciation of the work of Mr Gary Grocott and the University administrative staff who contributed to a most successful year of operation for the Foundation. The Board also wishes to thank the Executive Officer and academic staff of the Actuarial Studies Department for their contributions.



R J Atfield Chair

MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION STATEMENT OF PROFIT AND LOSS 1 JANUARY 2004 TO 31 DECEMBER 2004

	2004	2003
	\$	\$
BALANCE BROUGHT FORWARD	134,290	138,008

INCOME RECEIVED

Institute of Actuaries of Australia	110,000	93,750
Scholarship Donations	-	54,500
Departmental Contribution to Scholarships	-	11,649
Interest	8,899	8,433
	253,189	306,340

EXPENDITURE

Personnel		
Academic Salaries	115,741	115,741
Salary on Costs	9,259	9,259
Scholarship Payments	33,460	47,050
Non Salary Expenses	5,982	-
	164,442	172,050
BALANCE CARRIED FORWARD	88,747	134,290

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
15 April 2005

■ END



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