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THE INSTITUTE OF ACTUARIES OF AUSTRALIA 1999 ANNUAL REPORT

SECRETARY & TREASURER

J Rankin

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SOLICITORS

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AUDITORS

Haines Norton
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SYDNEY NSW 2000

REPRESENTATIVES:

Adelaide - A R Archer
Brisbane - N G Spencer
Canberra - K E Deeves
Hobart - B E Bendzulla
Melbourne - J Frazer

Perth - D G Balson
Sydney - M J Aa
Wellington - F Jenkins
Hong Kong - S N Hui

AMBASSADORS:

R J Eagleton (Hong Kong)
J S Sparks (Japan)
S C Foong (Malaysia)
R T-W Chan (Singapore)
T J Matthews (Canada)
J Evans (South Africa)
A Fieldus (Thailand)

REPRESENTATION:

Australian Accounting Standards Board
Australian Council of Professions - Australia
Australian Universities Actuarial Foundation

G W Slater

J Rankin

R J Atfield, R W Champion,
S P Miles, T J O'Donnell,
C M Prime

Collective Investments

P F Scully

Financial Services Education Forum

J W Smit

International Actuarial Association

D M Knox, R S Mitchell,

International AA Bulletin, IFAA Contact &
Congress Correspondent

J Rankin

Macquarie University Actuarial Foundation

R J Atfield, R G Glading,
C M Prime, B C A Welland

Securities Industry Liaison Committee – ASC
Victoria

J Rankin

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
A.C.N.000 423 656

MISSION STATEMENT

The Institute represents the actuarial profession in Australia. It is committed to promoting the profession and creating, expanding and maintaining an environment where the skills of actuaries are widely used and valued.

Actuaries produce practical solutions to problems involving risk and finance and the impact of uncertain future events on public or private sector assets, liabilities and/or cash flows.

Actuaries' uniqueness lies in their use of professional judgement and a combination of mathematical, statistical, demographic, economic, financial, analytical and modelling skills.

The profession has particular expertise in life, general and health insurance, superannuation, investment and finance.

The Institute:

- provides education, encourages continuing professional development, promotes research and fosters the advancement of actuarial science;
- sets and enforces professional standards and a code of conduct which embody integrity, expertise and relevance;
- provides professional accreditation for the protection of the public; and
- provides advice on the development and implementation of public policy.

Implications of our Mission:

-
-
- services
- a customer focus for the profession
- improving the Institute's quality of services to members

THE INSTITUTE OF ACTUARIES OF AUSTRALIA

REPORT BY THE COUNCIL TO THE MEMBERS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

TO BE PRESENTED AT THE ANNUAL GENERAL MEETING

MONDAY 6TH DECEMBER 1999

PRESIDENT'S REPORT

The Evolving Actuary

The theme for the year has been "The Evolving Actuary" and focuses on the need for the profession to adapt to the changes in the environment in which the profession operates. This year just passed has seen many changes, some of them far-reaching and their impact will not be known for some time.

As a result, this year has been a particularly busy one for the Institute and its members. The financial sector in general has been affected by a potential recasting of taxation through the Ralph Report on Business Taxation, and all Australians will be affected by the introduction of a goods and services tax next year. These great shifts are taking place at a time when businesses are also having to come to grips with the uncertainty surrounding the impact of the Year 2000 to business systems and the continuing push of globalisation.

The year produced many challenges and a number of them will continue to occupy the profession's attention in the years to come.

The Strategic Plan

At the start of the year, Council reaffirmed the Institute's strategic plan and its six key issues: These were supplemented by certain key activities that were set as objectives for the current year.

- **Customer Focus** of the Institute and the profession.
Aim to assist in implementation of advice.
Member service measure for the Institute.
- **Market Penetration** of our existing markets.
Promotion to employers.
Institute policy on industry/community issues.
- **Market Development** covering a wider range of industries and fields of endeavour.
Define core skills and new target industries.
Promote the actuarial brand.
Overseas recognition of FIAA.

- **Product Development** where the actuary is the product and skill development enhances marketability.
Build skills for new industries.
Upgrade communication skills.
- **Role of the Profession** represented by the Institute and its members.
Develop planning processes.
Review Committee structures and objectives.
- **Role of the Institute** in extending our influence in such matters as public policy issues.
Active involvement with policymakers.
Develop media relations.

An overview of the plan was distributed to members to reinforce its importance to the profession and to help committees focus on the key issues.

It will be apparent that some of the initiatives and achievements outlined in this report cover more than one of the above key issues.

Submissions to Government and Other Authorities

The Institute became more effective in the preparation of submissions by co-ordinating them through the Executive Director, Jock Rankin. He was also in attendance when presentations were made and helped members put forward the Institute's position. For some of the submissions, particularly those covering more than one practice area, Taskforces were established.

Major submissions included:

APRA:	Prudential Regulation, Prudential Supervision of Conglomerates and the Basle Committee Report on Credit risk Modelling.
TREASURY:	CLERP6 and Review of Business Taxation.
ASIC:	External Complaints Resolution Schemes.
DFAT:	General Agreement on Trade in Services.

In addition, two submissions were made to the Department of Health and Aged Care on reinsurance arrangements for private health funds and two submissions were also made to the Senate Community Affairs Committee on the Private Health Insurance Administration Council and Lifetime Health Cover.

New Institute Initiatives

The Institute can get great satisfaction from the fact that the government has broadly adopted its model for private health insurance where premium rates vary according to age and has named it Lifetime Health Cover. However, there are some differences and a number of members in the health practice area have been involved in discussions with the department to make further improvements where these are possible.

The Health Practice Committee ran a very successful health insurance CPD course to improve the skills of actuaries wishing to practice in the area. The General Insurance Practice Committee conducted its 7th Accident Compensation Seminar with a record number of attendees, including a number of non-actuaries.

The Financing the Ageing Taskforce addressed the important issue of retirement incomes into the next century and it provoked a great deal of interest in the press and the community generally. A Simple Super Taskforce was established to investigate the simplification of the superannuation taxation system to make it more understandable, and therefore more attractive to superannuation fund members.

The insurance practice areas are responding to the development of an international accounting standard on insurance through the establishment of the International Accounting Standards Taskforce.

The Committee of the Future is looking at establishing a model to value carbon credits and natural resource projects generally. The Superannuation Practice Committee is establishing a register of practitioners who would be available to assist members on practice issues.

International

The Institute has increased its focus internationally as its response to increased globalisation. The presidents of the major English speaking countries meet twice a year to exchange ideas, co-operate on international projects and generally assist the profession on international matters. I have now attended the two 1999 meetings and have found them stimulating and highly productive.

The August Council meeting approved a policy of mutual recognition between our Institute and other actuarial bodies around the world. This recognition is granted to bodies with education standards at least equivalent to our own and only recognises Fellows who have attained their qualification through examination.

This is the first comprehensive statement of a policy on mutual recognition and the UK and North American actuarial bodies are very supportive of it. The UK already has an unofficial mutual recognition policy with us and a process is now underway where the North American bodies will review our education system and as a prerequisite to our Fellows gaining mutual recognition there.

An example of international co-operation is the establishment of the Actuaries Office in Hong Kong, where our Institute is in partnership with the UK Institute and Faculty, the US Society and the Hong Kong Actuarial Society. We have over 50 members in Hong Kong and this office will help us to give them more immediate service. It is also an important step in having our qualification accepted on the Chinese mainland.

There is also welcome news from Singapore, where after a number of representations to the authorities over the last couple of years, the Monetary Authority of Singapore granted approval for Fellows of our Institute to be a "recognised actuary" under the Insurance Act. This is again an important decision for us and will help our members not only in Singapore but also throughout South East Asia.

The actuarial profession has taken great strides internationally over the last year or two and we are at the leading edge of these developments. There is also a sense of co-operation between the UK and North American actuarial bodies and our Institute. We have each come to the conclusion that the best outcome for our members, and the actuarial profession generally, is to allow free interchange of qualifications while still ensuring no erosion of professional standards.

Convention

The Institute conducted a very successful convention in Darwin in June of this year. There was a significant international representation with five overseas presidents attending. The informal atmosphere and the innovations introduced by the Convention Committee ensured lively Sessional meetings and an enjoyable social program.

Management of the Institute

All members probably will have heard that our Executive Director, Jock Rankin, will be leaving us at the end of this year after he completes his contract with us. He has guided the Institute in its relationships with government and other authorities and has increased the Institute's public profile. I am sure you will join with me in wishing Jock all the best for the future. I have certainly appreciated his assistance during the year. The momentum he has created must be continued and Council is looking to appoint a replacement as soon as possible.

The Institute's delivery of services to members has shown further improvement with the appointment of Catherine Beall as General Manager. The appointment of a talented administrator at a senior level has meant that more senior staff time has been devoted to improving member services.

The Institute

I firstly thank all the members of the Institute who have worked either as a tutor, examiner, course writer, examination marker, committee member and one or more of the other roles that arise during the year. The Institute is indeed fortunate to have such a large number of people who selflessly perform these tasks for their profession.

I also thank Council for their work during the year and in particular, the way in which they have worked as a team in advancing the profession throughout this year.

The Institute is able to report a surplus of \$62,504 for the year and, in the circumstances, can be viewed as being a very satisfactory outcome.

There have been number of very positive developments for the profession during 1999 and this will be a sound platform for even greater progress in both our established fields and the new fields that are opening for us.

Richard S Mitchell
President

EXECUTIVE DIRECTOR'S REPORT

1999 has been another exciting year for the Institute with continued membership growth, a successful internal reorganisation and many positive and dynamic developments in our external relations.

Our membership now stands at 2,239, up 194 on last year. Most pleasing of all is the big increase in full-time student members, up 204, and the result of a very successful recruiting drive. Our challenge now is to meet the needs of our new members, and hopefully keep them with us for life.

This year Council approved a major reorganisation based on a report and recommendations prepared by a consultant and myself. It simply was not possible for one person to do what is in fact two jobs, particularly with the Institute expanding its functions and role so rapidly.

The key change was the creation of the position of General Manager to oversee the internal administration and day to day running of the Institute to give the Executive Director more of a leadership role in the development of strategy, policy, advocacy and representation. It also freed me up to work more directly and closely with committees.

The Organisational Structure Chart and Committee Structure Chart can be found on the following pages.

We have also created a special position for the production of the Australian Actuarial Journal and one other customer service position. We will be upgrading our telephone system, renovating our offices to meet our new needs and rebuilding our Home Page with a view to providing more and better services to members. We are still in the process of entering data in the new fields we have added to our new database.

This year we developed both a Marketing Plan and an Education Business Plan, and the next financial year will see the appointment of an Activities Officer to implement the Institute's program of Continuing Professional Development.

We have also undertaken an extraordinary amount of activity based on the work of our committees. We have produced over twelve major submissions to Government and Regulators, have given evidence regularly before Parliamentary Committees and have literally hundreds of contacts with politicians, regulators and finance industry bodies.

There is no doubt that the recognition, profile and standing of the Institute and the profession has benefited enormously from what has been a highly successful external relations program.

Jock Rankin
Executive Director

INSTITUTE COMMITTEES - 1999

Direct Reporting	CF&A	Education	Strategy & International	Publications & Programmes	Internal Affairs
Membership Task Force	Universities	Education Management	International	Actuary Australia	Best Estim. Task Force
Disciplinary Procedures Task Force	Finance Task Force	Education Finance	Strategy & Planning	Australian Actuarial Journal	Experience Studies
Tax Reform Task Force	Technology	Education Standards	Marketing & Public Relations	Biennial Convention	Mortality
Prudential Regulation Task Force		Fellowship Education	International Accounting Standards	Research Grants Programme	Disability
CLERP6 Task Force		Continuing Professional Development (CPD)	Accountants & Actuaries Liaison	Activities	Risk Classification
Simple Super Task Force		Professionalism Course			Committee the Future
Professional Guidance		Board of Examiners			
Professional Standards					
Awards & Prizes					

MEMBERSHIP

Council reports with regret the death of Fellows: O Barber, J Berclouw, L F Fienieg, M M Jilovsky, D Wai

QUALIFYING AS FELLOW

The following 52 members have passed or been exempted from Parts I, II & III of the Institute of Actuaries of Australia examinations. Following satisfactory completion of the Professionalism Course, and payment of Part II (Actuarial Control Cycle) exemption fees, where appropriate, they will become Fellows of the Institute and will be entitled to use the designation Fellow of The Institute of Actuaries of Australia (FIAA).

Ali, Mozammel	Martin, Andrew Paul
Attard, George Edmond	Moore, Declan Geoffrey
Brown, Ian Ferguson	Morris, Catherine Mary
Chang, Alexander Paul	Nelson, Mark Philip
Cheung, William Y	Nguyen, Dai-Trang Le
Chow, Evelyn Siu Yee	O'Brien, Mark Richard
Chun, May	Osborn, Julie Anne
Cohen, Andrew Saul	Petersen, Ian James
Collins, Philip Anthony	Ragell, Kenneth Mario
Cone, William Edgar	Reif, Thomas Wolfgang
Crouch, Michael Peter	Robertson, Katherine Anne
Demark, Juliette	Sarzin, Zara Inga
Doughty, Jason Andrew	Sarmiento, Luis Ernesto
Finlay, Michelle Therese	Shade, David Charles
Henwood, Nelson Alfred	Siew, Chui Mei
Hickey, James Patrick	Smith, Daniel Anthony
Hitchens, Richard Anthony	Stewart, Mark Anthony
Horton, Guy Stephen	Swayne, Edward Didsbury
Houltram, Andrew David	Sweeney, Saffron Adele
Johnston, Nicole Maree	Tay, Annie Julianne
Johnstone, Donald Anthony	Thornley, Damian Clark
Krajewski, Richard Walter	Wareham, Raymond Allan
Liew, Jonathan	Wong, Ka Wa Steven
Liew, Nora	Worsley, Hamish Caleb
Lubke, Michael James	Yan, Henry Charles
Mather, Shane Andrew	Zoontjens, Peter Anthony

Council congratulates these Members and all other Members who passed one or more of the examinations of their examining body

The increase in membership during the year was as follows:

Class	Number at 30.9.97.	Number at 30.9.98.	Number at 30.9.99.
Fellow	991	1048	1093
Accredited	34	34	29
Associate	370	412	482
Student	426	545	629
Lay	7	6	6
Total	1828	2045	2239

MEETINGS

SESSIONAL MEETINGS

Sessional meetings of the Institute are held regularly in Sydney and Melbourne. These meetings are usually occupied with the discussion of papers on aspects of actuarial science and related areas of research. The Program Committee establishes the program for the meetings and co-ordinates the process of seeking, reviewing and assisting with the preparation of papers. Members of other actuarial societies are welcome at Sessional Meetings and visitors may be introduced by members of the Institute. Sessional Meetings during the period of this report are listed below and included a workshop session by the Simple Super Taskforce in July.

		Sydney State Library	Melbourne Town Hall
1.	Management of Disability Income Claims - John De Ravin	9 Nov	16 Nov 1998
2.	Presidential Address Richard Mitchell	7 Dec	14 Dec 1998
3.	Financing the Ageing - A Time to Act - Steve Somogyi, Andrew Gale, Cary Helenius, David Knox, Hugh Sarjeant, Raymond Stevens	23 Mar	29 Mar 1999
4.	Demystifying GLMS - Nelson Henwood, Daniel Smith, David Whittle, Colin Brigstock	17 May	24 May 1999
5.	The Actuarial Road to Super Tax Reform Simple Super Taskforce	26 July	2 Aug 1999
6.	Fair Value Liability Valuations - Greg Martin, David Tsui	6 Sep	13 Sep 1999

EDUCATIONAL TOPICAL DISCUSSION GROUP MEETINGS

Topics discussed included:	Sydney	Melbourne
1. Actuaries and the Energy Markets	1 Oct	14 Oct 1998
2. Life Insurance Tax Reform or Tax Grab?	24 Mar	15 Apr 1999
3. Discrimination in Insurance	28 Apr	6 May 1999
4. Valuation of Funds Management Companies	25 Aug	26 Aug 1999

MEMBERS OF COUNCIL

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

CLARE BELLIS BA, MA, FIA, FIAA	CHRIS LEWIS BSc (Hons), FAI, FIAA
CHERRY BRENNAN BA, BSc, AIA, FIAA	HELEN MARTIN BA, FIAA
JAMES CLARIDGE BEc, FIAA	RICHARD MITCHELL FIA, ASA, FIAA
TONY COLEMAN BA, MBA, FIA, FIAA	CATHERINE NANCE BSc, BA, FIAA
ANDREW P GALE BSc, ASIA, ASA, FIAA	JOHN NEWMAN BBusSc(Hons), AIA, FIAA
DAVID HART BSc, FIA, FIAA	BARRY RAFE BSc, FIAA
MELINDA HOWES BEc, FIAA	MICHAEL RICE
DAVID KNOX BA, PhD, FIA, FIAA	DAVID TORRANCE BA, FIAA

Left to Right:

Back Row:	Chris Lewis, David Torrance, James Claridge, Andrew Gale, Jock Rankin (Secretary), Michael Rice.
Centre Row:	Helen Martin, Clare Bellis, Barry Rafe, David Knox (Senior Vice President)
Front Row:	John Newman, Cherry Brennan, Catherine Nance, Richard Mitchell (President)
Absent:	Tony Coleman (Junior Vice President), David Hart, Melinda Howes, Richard Morath

EXAMINATIONS

The examinations of the Institute were conducted in October 1998 with the following results (1997 results are shown for comparison):

Subject	Sat '98	Pass '98	%	Sat '97	Pass '97	%
Investment Managment	99	39	39	77	27	35
Life Insurance	66	23	35	52	22	42
General Insurance	54	13	24	49	15	31
Superannuation	21	10	48	23	10	43
Finance	34	15	44	31	14	45
TOTAL	274	100	36	232	88	38

PRIZES

A M PARKER PRIZE FUND

The A M Parker Fund was established in 1963 with a donation from Mr A M Parker, FIA, FSS.

The Council of the Institute may allocate moneys from the income of the Fund:

- (a) to providing a prize for the author or authors of a paper presented to the Institute, or
- (b) to paying a sum towards the expenses incurred by a member or members in undertaking original research of an actuarial nature.

No announcement was made during this period.

H M JACKSON MEMORIAL PRIZE FUND

This Fund was established in 1968 with a donation from Mrs C E Jackson in memory of her late husband, H M Jackson, FIA.

Prizes may be awarded from the income of the Fund to members of the Institute for any published articles other than papers eligible for an award from the A M Parker Fund.

No announcement was made during this period.

ANDREW PRESCOTT MEMORIAL FUND

Friends of the late Andrew W Prescott, BA, FIA established this Fund in 1980 as a memorial to him. Prizes may be awarded from the income of the Fund to members of the Institute for outstanding performance in the Institute examinations.

Subject prizes may be awarded to the person obtaining the highest marks for a subject. A merit prize may be awarded to a person completing the examinations with outstanding overall results.

Prescott Prize winners for October 1998 examinations were:

Subject 1 Investment Management	D P Toohey
Subject 2 Life Insurance	M J Lubke
Subject 3 General Insurance	No prize awarded
Subject 4 Superannuation	N Liew
Subject 5 Finance	R Y O Yan
Merit Prize	J A Osborn

THE MELVILLE PRIZE FUND

The Melville Prize Fund was established in 1994 by Tig Melville in appreciation for the benefits he has received from the profession and as a tribute to his father. Amounts available have been used to support the Melville Practitioners Award, awarded biennially, and to supplement the existing Prizes awarded by the Institute. A portion of the amount available has been set aside to support a Special Biennial Lecture.

1998 MELVILLE LECTURE

On 19th October 1998, the Melville Lecture featured Jim Wolfensohn, President of the World Bank who addressed audiences during a lunchtime event in Sydney, Melbourne and Canberra with videotapes of the lecture being circulated to other states shortly thereafter. Speaking about the financial problems facing the world and the World Bank's view of possible solutions, this special event was well attended and very effective at a time when international economies and financial systems were experiencing turmoil.

ACTUARY OF THE YEAR

This award is for a meritorious and original contribution to the profession or to business, government or the community which brought identifiable credit to the profession.

There was no award for 1999 but instead an Actuary of the Year will be announced in early 2000.

DIRECT REPORTING

MEMBERSHIP TASKFORCE

G F Burgess © , M R Ballantyne, A J Driussi,
R H Lyon, J Rankin (S)

Activities

The Taskforce completed two major assignments this year. Final sign-off was achieved on the new affiliation category of Correspondent that was approved by Council and is available to overseas non-members until the end of the year 2000 for \$150 per annum.

The Committee also completed the policy on Mutual Recognition. This is an important advance for international trade in actuarial services, and one, which puts this profession at the forefront of globalisation.

After a fairly substantial program of reform, the Taskforce is to undergo a change of personnel and a restructure to allow it to move its focus to recruiting past members with whom we have recently lost touch.

DISCIPLINARY PROCEDURES TASKFORCE

J Graham © , C J Brigstock,
P M Hodgett, I N Robinson

Terms of Reference

The Task Force is requested to review the whole of the disciplinary procedures:

- in the maintenance of high ethical standards;
- in the increased codification of standards and their consequences;
- in the procedures which must be reliable, timely and fair; and
- in the penalties with respect to the extent that they are private or public, related to membership or financial.

The Task Force is also requested to consider whether the Institute has a role in the resolution of complaints involving a dispute between a member and client/customer, particularly with respect to securities legislation. In each case the Task Force may draw on experience in other countries or in Australia for other professions. Where the recommendations embrace change the Task Force should also recommend appropriate changes to the Memorandum and Articles of Association.

Activities

The Task Force is continuing with its investigations and will report to Council early next year.

TAX REFORM TASKFORCE

J L Maroney © , R Daly, S E Holstein,
D M Knox, M J Monaghan, C A Nance,
B M Nicholls, J Pooley, M J Rice,
F Rowley, J Rankin, J E Thompson

The main pre-occupation of the taxation committee has been to come to terms with the likely outcomes of the introduction of a GST. This has involved discussions with the Minister assisting the Treasurer and the preparations of suggestions for the taxation of financial services for the consideration of the Minister.

To date no firm proposals have been submitted by us for the appropriate treatment of financial services under a GST regime. However, with the coalition having been re-elected and the overall intention of the Government to introduce GST legislation as a matter of urgency, the committee will be actively seeking ways of expressing a view on behalf of the Institute.

PRUDENTIAL REGULATION TASKFORCE
--

F Rowley © , S H Collings, R A Collins,
K V Griffin, B L Hardy, J M Newman,
S J Wood (S)

Purpose

To formulate and recommend to Council proposals for Institute policy on Prudential Regulation.

Activities

In February 1999, the taskforce submitted a report to APRA making recommendations for the evolution of the regulatory process for financial services companies in Australia. This paper was published as an appendix to Kent Griffin's paper to the Darwin Convention in June. Graeme Thompson (APRA CEO) responded to the recommendations in the paper during the opening session of the Convention.

In March 1999, APRA released a document entitled "Prudential Supervision of Conglomerates" setting out draft policies, and sought comments from interested parties. The taskforce made a detailed submission* in July.

Prior to March 2000, the Taskforce expects to be making a submission to the Basle Committee on their proposals (issued in June 1999) for a new capital adequacy framework.

Each of these submissions is available from the Institute's website.

CLERP 6 TASKFORCE

R L Morath © , A W Doble, A Mutton,
D J O'Keefe, R A Rowlinson, G W Walker,
J Rankin (S)

This Committee submitted a major report in 1998 under the Chairmanship of Tony Coleman. When the Government's implementation plan was made public in a Discussion Paper the group re-convened under the Chairmanship of Richard Morath to respond to the Government's preliminary views. The submission can be found on our Website. Draft legislation is expected early in the year 2000.

SIMPLE SUPER TASKFORCE

C A Nance © , M S Howes, D M Knox,
J L Maroney, H R Martin, T B Williams,
J Rankin (S)

Purpose

To develop a model for simplifying superannuation with the emphasis on reducing the significant complexities, anomalies and inefficiencies of the current taxation system.

Activities

During the year, the taskforce presented discussion papers to the IAA conference as well as to two Sessional meetings held in Sydney and Melbourne. Good feedback was received from members covering a range of views. Our work during the year also received good press coverage in papers and industry magazines. We continue to work on alternative taxation models for consideration by the Government and continue to encourage Government to establish an inquiry to undertake a comprehensive review of the taxation on superannuation savings.

During the year, the taskforce awarded 2 research grants to John Maroney of Trowbridge Consulting. These research projects will assess the cost of the current superannuation taxation concessions and the impact on government revenues of any proposed changes to the superannuation taxation system.

PROFESSIONAL GUIDANCE

D M Knox, R S Mitchell, J R Trowbridge

Purpose

To provide advice to members upon matters relating to professional conduct and ethics.

Activities

Advice was provided to members on matters relating to professional conduct and ethics during the year, as required.

PROFESSIONAL STANDARDS

A G Haintz, M M Thompson

Purpose

To be responsible for the review of the Code of Conduct and the preparation of accompanying guidance notes.

To review and make recommendations to Council in respect of organisations which wish to describe themselves as Consulting Actuaries or Actuaries.

To ensure an orderly process leading to the adoption of professional standards by co-ordinating the activities of the Practice Committees and to ensure consistency in presentation of both the Exposure Draft of such Standards and the resulting Standard.

Activities

A number of Professional Standards and Guidance Notes, at various stages of development, were reviewed prior to circulation to members. Several applications were received from organisations wishing to describe themselves such terms as "Consulting Actuaries". Consideration is being given to the role of senior actuaries as referred to in the Code of Conduct.

COUNCIL FINANCE & ADMINISTRATION

C F & A COUNCIL COMMITTEE

D M Knox ©, A M Coleman, D G Hart,
M-L Hill, C G Lewis, J M Newman,
D B Waples, J Rankin (S) to March,
C A Beall (S) from April

TECHNOLOGY

M D Schneider ©, M N Batliwalla,
F P Chan, J A Farmer, K B Griffin,
M L Hill, A C Lui, M A Robinson,
S G Turner, C A Beall (from April)

Purpose

To review and make recommendations to the Council Finance & Administration Committee on technology and related matters affecting the operations of the Institute and its relationship with its members.

Activities

Having established the Institute's web site in 1996, in April this year the Technology Committee handed over the maintenance of the web site to the Institute's staff. This enabled more regular up-dating of information and some minor improvements to the site. Throughout the year plans were developed for the implementation of a new web site using software that interfaces with the Institute's database program. The new site is expected to go 'live' in early 2000. A major component of this process has been researching the needs of the various Institute committees, reviewing the design and format requirements and addressing the objectives of the Institute's Marketing Plan.

UNIVERSITY FINANCE TASKFORCE

A M Coleman ©, B P Lambert,
H R Martin, J M Newman, J Rankin

This taskforce conducted a review of the manner in which the IAA provides ongoing financial support to Australian Universities in respect of the education of actuarial students. The outcome of this policy review was considered by the IAA Council at its meeting held on 24 June 1999.

The new IAA policy effectively requires a reduction (over the next three years) in the level of funding previously provided to Macquarie University although the total funding provided by the IAA to all universities has not reduced. Nevertheless, Macquarie University will still receive the largest share of the funding expected to be provided to the 3 universities to be supported over the next three years. Whilst the reduction in Macquarie's funding is regrettable, it was felt necessary given the demands upon the IAA's resources generally and the greater capacity of the actuarial programme at Macquarie (compared to other universities) to generate more income from other sources.

Relevant resolutions adopted by Council were:

- to adopt a new IAA policy with respect to financing actuarial education in Australian Universities to replace the existing Policy Statement 12;
- to establish a new Foundation (UNSWAF) (where the IAA maintains the right to appoint the majority of the board of trustees of the Foundation) in consultation with UNSW to provide financial support to the actuarial program within UNSW in a manner consistent with IAA policy from time to time;
- to advise the Trustees of AUAF and MUAF that the IAA considers it appropriate that the AUAF need only support the Melbourne University actuarial program from 30/9/99 onwards and that the IAA will provide funding direct to MUAF after that date;
- to adopt the definition of Centres of Excellence for Actuarial Education (CoE) set out in the Attachment to the revised Policy Statement 12;
- that IAA seek to develop other funding sources for education, including CPD activities;
- IAA review the impact (if any) of the proposed Goods and Services Tax on the arrangements recommended; and
- that the IAA make no further payments to AUAF for education in the year ended 31/12/99 other than those already paid prior to 30/4/99.

Council noted that the projected emerging cost to the IAA of providing this support to education of actuarial students at universities is as summarised below:

Year	1999 \$000	2000 \$000	2001 \$000	2002 \$000
Projected Support	375	375	375	375
Projected Exemption Fees	<u>198</u>	<u>219</u>	<u>262</u>	<u>326</u>
Net IAA Funding Required	177	156	113	49

The new Policy Statement 12 is set out below.

Institute of Actuaries of Australia - Policy Statement 12
IAA Financial Support for Actuarial Education at Universities
(Adopted by Council on 24 June 1999)

The IAA continues to provide financial support to the education of actuarial students and actuaries at Australian universities. Universities receiving such support must continue to meet the IAA's ongoing requirements to be a Centre of Excellence of Actuarial Education (as defined by the IAA from time to time).

The criteria for Centres of Excellence for Actuarial Education (CoE) at the date of adoption of this Policy Statement are set out in the Attachment.

The financial support will be provided to a Foundation established for each approved CoE with a Trustee board comprising a majority of trustees appointed by the IAA and the balance appointed by the relevant University. The Foundation's Trustee board will oversee the application by the CoE of any financial support provided.

The IAA Council Finance and Administration Committee (CF&A) will conduct an annual review of the financial support to be provided to each University when the IAA budget is being prepared by CF&A. However, funding decisions advised to the Foundation associated with each University will not be altered with less than two years notice other than in exceptional circumstances (or unless the CoE fails to meet the required criteria after being previously notified of expected funding). CF&A will have discretion to recommend to Council that CoE requirements are not strictly enforced.

The funding provided by the IAA to MUAF, AUAF and UNSWAF will be as set out below in each of the three years ending 31/12/2002:

Year Ending	MUAF (Macq) (\$000)	AUAF (Melb) (\$000)	UNSWAF (UNSW) (\$000)	Total (\$000)
31/12/2000	180	105	90	375
31/12/2001	150	115	110	375
31/12/2002	125	125	125	375
	<u>455</u>	<u>345</u>	<u>325</u>	<u>1,125</u>

Funding is to be provided to MUAF, AUAF and UNSWAF in two equal instalments for each calendar year on 1 March and 1 September each year.

No formal linkage is to be adopted to link funds provided to universities to member levies and/or exemption fees. In the longer term, the IAA expects that the cost of university actuarial programs should be broadly financially self-sustaining. That is, the IAA financial support provided should be approximately equivalent to the revenue generated from exemption fees payable to the IAA from students emerging from that university. However, a precise link in this regard is not considered to be appropriate.

No other university other than Macquarie University, University of Melbourne and University of NSW is to be eligible for financial assistance from the IAA before 1/1/2002 at the earliest.

All amounts paid by IAA to AUAF, MUAF or UNSWAF are to be drawn from the IAA Education Reserve until that reserve is exhausted.

The criteria to be used to determine the extent of financial support given to a particular university CoE are:

- the degree of maturity of a program (and therefore its capacity to undertake self-sustaining activities);
- the number of students being taught in the CoE program (as measured by Full Time Student Equivalents [FTSE]);
- the extent of teaching of "actuarial" subjects to "non-actuarial" students (and vice-versa) in the CoE program (with greater "cross fertilisation" being encouraged);
- the extent to which the program enhances the reputation of the actuarial profession in both non-academic (government and business) and academic communities; and
- the extent of other financial resources available to the actuarial programme at that University.

Attachment to Policy Statement 12

Centres of Excellence

A Centre of Excellence (CoE) need not be a whole university but will most likely be a school or faculty within a university which maintains an actuarial program designed so that students can meet the full requirements for Parts I and II of the IAA syllabus and examinations. A CoE must:

- (a) be part of an Australian university which is recognised by both the academic and business communities as having:
 - high quality staff;
 - high quality students;
 - graduates who are in demand owing to recognition of their skills and abilities; and
 - a reputation for forward thinking, valuable and relevant research and innovation.

(b) provide an actuarial course which:

- is accredited by the Institute of Actuaries of Australia for IAA examination exemption purposes for all Part I and Part II courses;
- is fully supported by the university and which maintains at least one Professorial Chair in Actuarial Studies;
- maintains a minimum of 3 full time staff with actuarial qualifications of at least Associate level (or equivalent) where at least 2 of these staff are Fellows (or equivalent) and where the Professorial appointment referred to above is an FIAA or equivalent, in each year that it receives supplementation payments;
- encourages learning from a wider field than the actuarial course itself through integration with associated fields of study and research;
- produces graduates who have a range of skills including business skills and awareness, and communication skills;
- is innovative and forward looking;
- contributes to research in fields of interest to practising actuaries; and
- enhances the reputation of the actuarial profession.

EDUCATION

COUNCIL COMMITTEE

D M Torrance ©, R G Glading,
R H S Lyon, H R Martin, J W Smit (S)

EDUCATION MANAGEMENT

R G Glading ©, P D Caputo,
S Carroll, D I C Kerr, S P Miles,
J A Shepherd, S J Wood, J W Smit (S)

Purpose

To manage the overall Australian actuarial education process.

To examine the relevance of all or any part of the examination syllabus; to liaise with the relevant technical committees on the content of the examination syllabus; to recommend new subjects or new topics for current subjects.

To consider the relevance of particular topics or subjects, having regard to the fields in which students might expect ultimately to be employed as Fellows.

To liaise with universities offering actuarial courses.

To consider the possibility of using other courses and tuition facilities, e.g. universities, or of joint activities with any such body.

To review the requirements for Continuing Professional Development.

To liaise with the Research Committee, Practice Committees and Programme Committee regarding the provision of education supporting Continuing Professional Development.

To consider the need for an experience qualification.

To seek evidence and opinions as widely as possible and co-opt appropriate persons to its deliberations.

Structure

At the time of writing, Council was considering a new structure of education committees to facilitate the implementation of the Education Business Plan. The proposed structure is to divide the education process between three committees under the Council Education Committee. The three committees would be Education Standards (dealing with issues relating to Part 1 and 2), Initial Professional Education (dealing with the issues relating to Part 3 and 4, Professionalism Course) and CPD (dealing with issues relating to Part 5).

The proposed structure will have direct involvement of the various practice committees and directly involve the General Manager and the Education Manager.

Activities

The major issues for the year were:

- mutual recognition of actuarial qualifications; and
- Accreditation of universities.

EDUCATION FINANCE

S J Wood ©, M J Aa, R H S Lyon,
J W Smit

Purpose

To review and make recommendations to Council Education Committee on financing the education plans of the Institute of Actuaries of Australia for the next three years.

Activities

The Committee reviewed the level of course enrolment fees for Institute Part III subjects and provided other input on education financing as required.

EDUCATION STANDARDS

S Carroll ©, F P Funder, D G Hart (part),
P C Martin (part), T J McMahon (part),
J S Moss (part)

Reporting Committees and Panels

Admissions and Exemptions	D A Westcott, A S Geue, S P Britt (part)
Syllabus	D G Hart (part), M Sherris, J W Smit, G C Taylor (part)
UNSW Preliminary Review Panel	H Waters, C W Thorburn
UNSW Visiting Panel	D M Torrance, D C Dickson, R W Krajewski, J W Smit, C W Thorburn, G V Trahair

Purpose

To examine the relevance of all or any part of the examination syllabus.

To liaise with the relevant technical committees on the content of the examination syllabus; to recommend new topics for any subject or new subjects.

To consider the relevance of particular topics or subjects, having regard to the fields in which students might expect ultimately to be employed as Fellows.

To maintain and manage the Institute's Part I and II accreditation policy and liaise with universities offering actuarial courses.

Activities

The Committee members supported the accreditation process for the Part II Actuarial Control Cycle examinations for two semesters. It developed an Institute accreditation policy to support the recognition of undergraduate actuarial studies programs at Australian universities.

A review panel and a visiting panel were organised to support the accreditation process for the University of New South Wales.

FELLOWSHIP EDUCATION

P D Caputo ©, M J Aa, J Yuen, J W Smit

Purpose

To coordinate the aspect of Part III actuarial education programmes pertaining to course development, maintenance and delivery.

Activities

The Committee administered the 1998 end-of-course survey. It developed a new style for the unit template for Part III subjects learning material.

Conducted a very successful Education Summit in March 1999.

Supported the development process to establish a new style and format for the 1999 Education Handbook, 1999 Part I Subject Entry Requirement booklet, 1999 Part II Enrolment Booklet.

Associated Task Groups for Fellowship Education

Tuition - Chief Tutors

SYDNEY

Investment Management	A R Croft
Life Insurance	D W Underwood
General Insurance	S J Wilson
Superannuation	M S Howes

MELBOURNE

Investment Management	R L Clarke
Life Insurance	H J Josling
General Insurance	G C R Harrex
Superannuation	W S Adams

Course Writers

Investment Management	R A Lipman, M R Price, B A Riley, M H Nathan, P J Chappell, M N Battliwalla, M J Dermody
Life Insurance	M J Mulcare, S J Wood, D. Tsui, A C Mak, B A Browne

General Insurance

S J Wilson, R P Mayo, D G Gifford,
P J Chappell, A J Driussi, M J Playford,
M Stephens, K E Johnston, C M Pollack,
N L Woof, C Glasby

Superannuation

J Humphreys, A M Sander, G J Humphrys,
W H Buttler, C L Moran, J M Shead,
R Shaw, M E Heffron, P D Francis,
D J O'Keefe, T A Furlan, M S Howes,
K L Maartensz

CONTINUING PROFESSIONAL DEVELOPMENT

D I C Kerr ©, M A Barda, M H Baxter,
S D Ferris, T M Howard, C C J Luk,
C W Thorburn, J W Smit

Purpose

To enhance the competencies of members of the Institute and to improve the quality of actuarial services delivered to the community and to thereby elevate the status of the profession.

To facilitate and coordinate CPD activities initiated by Practice and other committees for further professional development of the members of the Institute.

To facilitate seminars run by the Institute that will increase understanding of actuarial issues in the wider financial community.

To monitor CPD programs in other actuarial bodies and other Australian professional bodies.

To liaise with the Research Committee in the development of appropriate areas of research incidental to the CPD program.

To provide suitable CPD activities for members outside the Sydney and Melbourne CBD areas.

To facilitate the development of graduate conversion programs.

To provide these programs without any net cost to the Institute.

Activities

The Committee conducted a workshop at the Biennial convention in "How to Plan for CPD".

A number of seminars and breakfast briefings were organised by the Committee including Sessional and ETDG meetings listed earlier in this report.

The Committee monitored a large range of CPD activities carried out by the various Practices and other Committees.

Life Insurance Forum

20 & 21 November 1998 - Canberra Hyatt Hotel

Life Company Profits: Focus on the Details: Company Comparisons

R G Glading ©, T Jenkins, P M Hodgett, B Pfeiffer, G A Dunsford, G W Slater

7 October, 1998 - Sydney: 15 October, 1998 - Melbourne:

The Impact of the Proposed Tax Changes on Superannuation Funds and Life Insurance Companies – A breakfast briefing

7 October, 1998 - Menzies Hotel, Sydney: 8 October, 1998 - RACV Melbourne

Future Funding of Healthcare in Australia

25 November 1998 - Sheraton Sydney Airport Hotel

Speakers:

Roger Kilham	– Access Economics
Richard Madden	– Australian Institute of Health and Welfare
Jenny Badham	– Australian Private Hospital Association
Janel Hall	- Associate Professor & Director of the Centre for Health Economics Research and Evaluation, Sydney University
Stephen Duckett	– La Trobe University

7th Accident Compensation Seminar

29 November, 1998 - 2 December, 1998 - Hyatt Regency Hotel Coolom

Actuarial Practice in Health Insurance - residential workshop

6 - 8 November 1998 - Canberra Hyatt Hotel

PROFESSIONALISM COURSE

M J Gallagher, J W Smit

The 1999 Professionalism Course was held at the Novotel Northbeach Hotel at Wollongong on 22 - 24 February 1999. The course was attended by 59 people (50 fellows and 9 fellows of approved overseas bodies).

The graduation dinner was held at the Sheraton Airport Hotel where participants were presented with their certificate by the President of the Institute, Richard Mitchell. 127 people attended the dinner. This included family and friends of graduates as well as members of the Council of the Institute.

BOARD OF EXAMINERS

S P Miles © , D W Gorey, A J Greenfield,
J Gribble, A R Jackson, P W May,
M J Playford, J W Smit (S)

Activities

From 2000, the Investment exam will operate on a new syllabus and will no longer include a SIA requirement.

The overall pass rate for the 1998 exams was 36% compared to 38% in 1997 and 44% the previous year. Pass rates ranged from 24% (General Insurance) to 48% (Superannuation).

It is pleasing to note the new style of syllabus for the Part III subjects.

Students should expect the learning outcomes from each syllabus to be the basis for examination questions.

STRATEGY & INTERNATIONAL

STRATEGY & INTERNATIONAL COUNCIL COMMITTEE

A M Coleman © , M J Gallagher,
A E Merten (part), P R Muir, G C Martin,
J Newman (part), J Rankin

INTERNATIONAL

M J Gallagher © , A M Coleman,
J D Gribble, M A Hilder, B Hinton,
R S Mitchell, C M Prime, J Rankin,
K Roberts, B R Vincent,
K E Bacon (S)

Purpose

To expand the Institute's educational facilities overseas and facilitate assistance on actuarial education to actuarial students and bodies in other countries.

To determine the status of FIAAs in other countries and to further the recognition of FIAAs in other countries.

To advise Council on the activities of the International Forum of Actuarial Associations (IFAA) and International Actuarial Association (IAA) and to provide Institute representation on these bodies.

To build links with actuarial associations in other countries.

Structure

The International Committee reports to the Strategy and International Council Committee, with which the IC can discuss issues, obtain direction and use as an external sounding board when required.

To effectively deal with the many issues facing the committee it was necessary to form four sub-committees which deal with the following:

- Matters relating to IFAA and IAA;
- Matters relating to overseas education;
- Matters relating to FIAA recognition; and
- Links with overseas actuarial associations.

New Appointments

The following appointments were approved by Council and subsequently nominated to the IAA Council:

Richard Mitchell	IAA Delegate
Rod Atfield	Alternate Delegate
David Knox	National Correspondent
Tony Coleman	Liaison Person

The IAAust's nominations to various IAA Committees and Sub-Committees were confirmed as follows:

Catherine Prime	Vice Chairperson of the China Sub-Committee
David Knox	Accreditation Committee
Kerry Roberts	Advice and Assistance Committee
Clare Bellis	Education Committee
Tom Karp	Insurance Regulations Committee
Rod Atfield	Public Statements Committee
Craig Thorburn	Social Securities committee

Mark Gallagher was nominated to the Supranational Relations Committee of the IAA.

Catherine Prime will be President of the IAA for 2000.

FIAA Recognition

The Monetary Authority of Singapore confirmed FIAA recognition in Singapore in September.

The Institute's Council signed off on a Mutual Recognition Policy. This should establish a faster process for establishing mutual recognition with actuarial bodies going into the future. So far it has been well received in the UK, the US and Canada. The Membership Taskforce is continuing to pursue mutual recognition with other societies, initially through Canada.

Ambassador Program

The Ambassador Program provides local representation of the Institute in overseas countries. Currently there are ambassadors in Hong Kong, Malaysia, Singapore, Japan, Canada, Thailand, UK and USA, with nominations for Ambassadors proposed for South Africa, Poland and Russia / Eastern Europe. There are also overseas representatives for Indonesia, India and China.

STRATEGY & PLANNING

J M Newman ©, R A Davies, C B Price,
A Wakeling

During the year the Institute's Strategic Plan was reviewed by Richard Morath and recommendations were put to Council and adopted to focus the reputation and image of the profession as implementers as well as providers of practical advice. This culminated in a four-page summary of the Institute's updated strategy to be distributed to members in association with the Darwin Convention held in May 1999.

MARKETING & PUBLIC RELATIONS

P R Muir ©, M D Burt, A G Dillon,
J H Lang, J Rankin, N J Schwerkolt,
D E Wilkinson, G J Della (S)

Purpose

To promote and manage the marketing and public relations components of the Institute's Strategic Plans and in doing so promote a greater awareness of the skills and value of actuaries to the community, to promote the profession to employers, members and potential members.

The Committee manages the public relations framework for Institute committees to promote Institute activities and interests.

Our role has been assisted by the Institute's marketing consultant, Ms Deanna Lane, especially in the establishment of a proactive marketing plan as well as managing the issue of press releases, public documents and reports covering numerous practice areas and Institute submissions to public inquiries. This function is now largely in-house.

1999 activities included:

- Engagement of a new marketing consultant;
- Establishment of the 1999 Marketing Plan;
- May 1999 Convention media opportunities;
- New media spokespeople procedures;

This committee has been involved with the presidential marketing programme for the year that included the Presidential Dinners, lunches for journalists, politicians and senior business leaders and the production of a marketing brochure. Members of this committee and our consultant can assist with all aspects of PR including advice, planning, presentation material, media releases, information brochures or distribution list preparations and so on.

INTERNATIONAL ACCOUNTING STANDARDS

G C Martin ©, C G Aaron, G M Atkins,
R P Mangano, D Rippon, P C Martin,
K E Doran (S)

Purpose

To monitor progress on the development of International Accounting Standards (IASs) referred to the IASTF and report back to relevant groups within the IAA.

To obtain input from other relevant groups within the IAA on the IASs.

To proactively explain and promote the IAAs view on IASs and influence the development of IASs in a matter consistent with IAA objectives and beliefs.

To support IAA representatives on the International Actuarial Committees concerned with IASs.

To liaise with relevant bodies outside the IAA, including the LIASB, APRA, and NZSoA, ARFA and AASB.

Activities

The IASTF came into existence in March 1999. The initial focus of the IASTF has been on the current IASC Insurance Project that aims to develop an international accounting standard for insurance (life and general) over the next few years. The IASTF has supported Clive Aaron, the current IAA member on the International Actuarial Association Sub-Committee advising the IASC Insurance Project Steering Committee, in preparing papers and responses to papers being discussed within the Sub-Committee. Most recently, the IASTF has commenced reviewing draft discussion papers from the IASC Steering Committee and drafting a preliminary IAA response to the IASC Insurance Discussion Paper expected to be released in late 1999.

ACCOUNTANTS & ACTUARIES LIAISON

Current IAA members:	G M Atkins, D M Goodsall, C A Jared, G S Langton, G C Martin (S)
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Current ICA Members:	D Findlater(C), B Bartlett, N Hullah, A O'Driscoll, I Plater, K Reilly, G Richardson, J Skinner
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Retired During Year:	L Draney, D Harricks, G Slater
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(Chair and secretary roles rotate between accountants and actuaries annually)

Purpose

To confer with representatives nominated by the Institute of Chartered Accountants in Australia on matters of mutual interest and to maintain liaison with the accounting profession and to take such action in connection therewith as may be necessary to maintain and improve the standing of the actuarial profession.

To participate in the development of reporting standards on the financial status of friendly societies, general insurance companies, life insurance companies and superannuation funds, and to liaise with the relevant technical committees in relation to such standards.

Activities

The Committee comprises five actuaries whose practice areas include life insurance, general insurance and superannuation, and eight accountants drawn from the major accounting firms, life and general insurance companies and the Institute of Chartered Accountants. The Committee meets bi-monthly to discuss issues of common interest.

Discussion during the year was wide ranging and covered issues such as IAA guidance notes on life and health, IAA CROC and DSSGI papers, impact of GST and RBT, review of AAS25 and IAS19, and APRA issues involving review of life standards, the expense standard, friendly society standards and general insurance solvency. Liaison was also had with APRA and AARF representatives. A special meeting was held on the impact of GST on outstanding claims provision of general insurers, which resulted in a recommended accounting treatment being proposed by the Committee.

PUBLICATIONS & PROGRAMMES

ACTUARY AUSTRALIA

J H Lang (Editor), M J Dwyer,
C C Ringstad, B G Thomson.

Purpose

Actuary Australia is published six times a year, with the committee being responsible for its publication. Advision is engaged to do the layout and liaise with printers. The magazine publishes Institute news, comments on actuarial matters and general information about the profession.

AUSTRALIAN ACTUARIAL JOURNAL

C S Bellis (Editor), M E Beer,
R W Krajewski, J P Hickey,
I N Robinson, S A Sweeney,
D A Zaman

Purpose

To oversee the preparation and issue of the Australian Actuarial Journal.

Activities

The journal is published quarterly and is free to members of the Institute. The desk top publishing of the journal papers and the transcription of discussion from Sessional meetings is handled by Patricia Melville the Publications Officer employed by the Institute.

All papers which appear in the Feature Article section of the journal, with the exception of the presidential address, are assessed by two independent reviewers. Submissions to government are published in the Position Papers section and other papers, which are reviewed by members of the editorial team, appear in the Notes section.

BIENNIAL CONVENTION DARWIN

B E Rafe ©, R S Mitchell, J A Lyon,
B R Vincent

Purpose

To be responsible for organising the 1999 Biennial Convention in Darwin. The committee is responsible for all aspects of the convention with the exception of the professional program. To work with the Program Committee to ensure that the professional program fits within the theme of the convention.

Activities

The 1999 Biennial Convention was held at the Carlton Hotel in Darwin from June 13th to 16th. Entitled "The Evolving Actuary" the Convention provided an important opportunity for participants to explore ideas for the next century through five plenary sessions and over twenty concurrent workshop sessions.

With 265 delegates and over 60 accompanying persons we were fortunate to also have a number of international guests including the President of the UK Institute - Paul Thornton, President of the UK Faculty - Fraser Low, President-Elect of the US Society - Norm Chowder, President of the South African Society - Blibnout Gouws and the President of the NZ Society - Ed Robinson.

There were many highlights at the Convention including the plenary session on prudential regulation with an address by Graeme Thompson, CEO of APRA and the keynote speaker Phil Ruthven who gave the audience an excellent overview of the current state of the world and some insights into his view of the future. The final session "The Profession in the Year 2025" gave some 29 participants an opportunity to share their vision for the future in what was an enjoyable and stimulating series of presentations.

We took the opportunity to invite to the Convention representatives from the Assistant Treasurer's Office, the Australian Taxation Office, the Department of Health, ASFA and the Securities Institute, thus enhancing the communication process between the Institute's members and government and industry bodies.

BIENNIAL CONVENTION PAPERS

International Accounting Standards -

Clive Aaron, Greg Martin, Peter Martin, Steve Partridge.

Prudential Regulation - Plenary, The Continuing Evolution of Financial Services Regulation and The Role of the Actuarial Profession – Kent Griffin

EDUCATION

An Outline of the Background to an investigation of Australian Actuaries' Preferred Learning Styles -John Shepherd

SUPERANNUATION

Actuaries and communicating investment return and risk to members of superannuation funds - Glenn Langton

Superannuation Tax Reform and Simplification - Simple Super Task Force

WIDER FIELDS

Natural Resource Valuation - Committee for the Future

INVESTMENT

Non-Expected Utility Risk Measures and Implications for Asset Allocation - Michael Sherris, and John van der Hoek.

Some Thoughts on Systemic Risk - Michael Barker.

LIFE INSURANCE

Long Term Care Insurance Products, Pricing and Actuarial Management - David Alexander and Frank McNerney

Medical Limits for Life Insurance Risk Assessment - Warwick Young.

The Value of Value and On the Meaning of Value - Simple Super Task Force
Towards Holistic Financial Reporting - Geoff Dunsford

Unlocking the Embedded Value - Financing Reinsurance and Securitisation - Patricia Berry and Richard Rae.

BANKING AND FINANCE

Credit Risk in Bank Lending - Andrew McNamara

Draft Guidance Note - Banking and Finance Practice Committee

FINANCIAL SERVICES

Customer Value Management - Tim Williams

Financial Management and Evolving Actuary - Alan Merten and Paul Swinhoe.

Internet Strategies for Financial Services Companies - Sean McGing.

HEALTH

Actuarial Education in Health Financing - Health Practice Committee

Collection and Analysis of Health Insurance Experience - Alan Brown and Andrew Gale

Contemporary issues in Private Health Insurance Workshop - Health Practice Committee

Proposed Reforms to the Health Insurance Industry - Barry Rafe and Bruce Howe.

RESEARCH

D I C Kerr ©, R A M Lipman, S M Partridge,
M Sherris, M D Schneider (S),

Purpose

To encourage original research of both a theoretical (pure) and practical (applied) nature by members of the Institute.

To identify specific areas of research and to promote, co-ordinate and monitor research in these areas.

To recommend to Council an annual amount of funding for competitive research grants, to assess applications for such grants (including any initiated by the Committee) against guidelines established by the Committee and to review and manage research grants approved by Council on the recommendation of the Committee.

To co-ordinate and monitor research activities initiated by Practice Committees.

To disseminate the results of research and to co-ordinate and arrange this through the Programme Committee and the Activities Committee.

To keep informed of research activities in actuarial science and related areas in the actuarial schools at the Universities, by other actuarial bodies and in industry.

Activities

The Committee continued to monitor prior year research grants.

The following research was supported by Institute financial grants in 1999.

“Executive Stock Options and Subsequent Share Performance” by Dr Daya Dayananda at Griffith University.

“Is there a Distinctive Actuarial Learning Style” by John Shepherd at Macquarie University.

“Realistic Risk Theory” by Daniel Dufresne at Melbourne University.

The Institute also funded research initiated by the Council Superannuation Committee into the alleged costs to the revenue base of tax breaks for superannuation.”

PROGRAMME

D A Whittle ©, C A Beall (from April),
 R A Lipman (to April), H R Martin,
 E L Ranson, J Smit, D Tsui, A G Scott (S)

By far the major area of work for the Programme Committee this year has been organising the program of sessions for the Institute's Biennial Convention in Darwin. The Darwin program consisted of 5 plenary sessions and 6 concurrent sessions with a choice of 5 different papers at each concurrent session. Not surprisingly, organising this many sessions required a considerable amount of work on the part of the Committee!

The Convention was very well attended and the feedback about the sessions was overwhelmingly positive.

The Committee's other main area of responsibility is organising Sessional meetings. At the time of writing four Sessional meetings have been held in 1999 with two more planned before the end of the year.

It is probably fair to say that attendance at Sessional Meetings is an issue for the Institute, and certainly our Committee will be doing its utmost to ensure that the content and format of Sessional Meetings in 2000 makes them relevant to as many members as possible.

In addition we are trying to make access to Sessional Meeting content as easy as possible, and are looking into the best way to facilitate access by having videotapes of meetings available, and also by putting relevant material on the Institute's Web site.

ACTIVITIES - ADELAIDE

L McMahon

As part of the visit by the President, Richard Mitchell, a Sessional Meeting was held to discuss current issues. This was followed by a successful President's Dinner at the Nediz Tu restaurant where the President presented a prize to David Tuohy for his examination achievement.

ACTIVITIES - BRISBANE

N G Spencer

Organising valuable professional activities for a relatively small group of actuaries and students can be difficult - the absence of authors of Sessional papers is a hindrance. During the past year the Brisbane Actuarial Group benefited from, and was grateful for, a visit by John de Ravin. John was able to lead discussion on his paper on management of disability claims. Meetings to discuss other papers proceeded, often with lively debate, on the basis of a local actuary with relevant expertise summarising and leading discussion.

The video recording of Sydney/Melbourne Sessional meetings, as trialled this year, may facilitate discussion of Sessional meetings in Brisbane in the future. Although attended by a relatively small group, Richard Mitchell's visit for a Brisbane Presidential Dinner was appreciated. In particular, the meeting before the dinner was a good opportunity for communication between the Institute and Brisbane members.

Neil Spencer passed on the role of convening the Group during the last year. Neil's contribution over several years has been greatly appreciated.

ACTIVITIES - CANBERRA

P C Martin

The clear highlight was the President's Dinner in April. A wealth of home grown actuarial and semi actuarial talent ensured the success of the night. We farewelled Rick Shaw (dinner organiser extraordinaire) this year, so will be actively recruiting for the new millennium.

ACTIVITIES - MELBOURNE

G C R Harrex

Sessional meetings were held during the year at the Melbourne Town Hall followed by dinner at various locations.

The President's Dinner was held in March at the Terrace TeaRooms in the Royal Botanic Gardens with 100 members and their partners attending. New Fellows were presented with their certificates. Entertainment was provided by the Flagstaff Ensemble led by Jason Bunn, a Fellow who has recently branched out into the world of professional musicianship.

ACTIVITIES PERTH

C A Nance

The annual President's Dinner was held in March at the Ville D'este Italian restaurant to welcome the President, Richard Mitchell to Perth. A well-attended Sessional meeting was held during the year to discuss the Financing the Ageing Paper.

ACTIVITIES SYDNEY

R H Garrett

A successful annual President's Dinner was held at the American Club during August with attendance by 90 members and guests.

INTERNAL AFFAIRS

INTERNAL AFFAIRS COUNCIL COMMITTEE

D G Hart © , A J Brown, C G Lewis,
P J Palte, K S Pike, N M Rowley

BEST ESTIMATES TASKFORCE

B J Palte © , M A Blair, S J Dixon, M H Fry,
C O Helenius, J S Moss, D A Shaffer

Purpose

To identify any material differences in approach used by actuaries in different practice areas when setting best estimate assumptions.

To seek to understand and clarify the causes for any differences.

To review existing Actuarial Standards and Guidance Notes for consistency.

To propose processes for the profession to resolve or manage any perceived inconsistencies.

To prepare a short paper on the broad principles to apply when selecting best estimates.

Activities

The Task Force was constituted to include representatives from a wide range of practice areas, including Superannuation, General Insurance, Banking, Corporate Finance, Life Insurance and Stockbroking.

The Task Force has reviewed current practice in the above areas and identified areas of similarity and difference. From this initial analysis, a draft paper has been developed.

This paper sets out a number of core principles, which the Taskforce feels are applicable to all best estimate assumption setting. The paper also sets out examples of how particular assumptions are set in various practice areas, and considers how different approaches are influenced by the assumption setting process. A series of miscellaneous practical issues is also covered.

The Chairman will shortly discuss the draft paper with the President of the Institute to agree the best way for exposing the issues raised in the paper. It is intended that the paper will be forwarded to the Heads of each Practice committee for comment before further exposure.

EXPERIENCE STUDIES

K S Pike ©, E Fabrizio, D G Hart,
C G Lewis, F M McInerney, P R Muir,
J H Pollard, B P Smith

The Committee has overseen the activities of the three "working" committees - Risk Classification, Mortality and Disability.

The disappointment for the Committee during the year was the lack of response by the life insurance industry to the proposed joint funding into statistics that support risk classification.

MORTALITY

P R Muir ©, C M Brennan, A P Gale,
A T W Mak, C D Murphy, L G Tickle,
G Whittaker, J Y Wildgoose, P Chan (S)

Purpose

To carry out investigations into mortality, major trauma and lump sum permanent disablement of insured and other lives and to report to the Experience Studies Committee thereon.

To carry out projections on future mortality trends, including the impact of AIDS.

To liaise with the Education Management Committee and the Tuition Committee and assist in the review and drafting of underwriting and mortality sections of Institute courses and text books.

To liaise with Institute Committees on matters affecting underwriting and mortality. Special importance is placed on liaison with the Risk Classification Committee.

To liaise with external bodies, including APRA and IFSA on underwriting and mortality matters.

Activities

The major work undertaken by this committee in 1998/99 was the work associated with the production of the Mortality Investigation for the years 1995-97. This investigation includes for the first time analysis of the total and permanent disablement and major trauma rider benefit experience. The results of the investigation were discussed at the Darwin Biennial Convention. It is intended to produce a graduated Standard Mortality Table early in 2000.

Work is also continuing on the production of a second Investigation of Industry Fund Experience covering the years 1994-95. Initial results were discussed at the November 1998 Life Forum with the full investigation being published early in 2000.

For data collection and analysis the Committee relies on the Institute's resources of one fulltime (Jenny Wildgoose) and casual/part-time staff members located at Macquarie University.

DISABILITY

B P Smith ©, W Brazel, H T T Bui, R Daly,
J G Hocking, D R Stevens (S)

Purpose

To carry out investigations into the morbidity of insured lives and to report to Council thereon.

To liaise with the Life Insurance Actuarial Standards Board on disability insurance matters.

To liaise with Institute Committees on matters affecting disability insurance. Special importance is placed on liaison with the Life Insurance Practice Committee.

To liaise with the Education Management Committee and the Tuition Committee and assist in the review and drafting of disability sections of Institute courses and text books.

To review developments in disability insurance with particular reference to changes in relevant legislation and market practice.

To catalogue and disseminate papers and other material of assistance to actuaries practising in the disability field.

To investigate and comment on any aspect of disability insurance.

Activities

The Committee carried out an analysis of 1993-96 insured lives experience. The results were included in the 1998 Interim Report of the Disability Committee, which was released at the Canberra Life Insurance Forum.

The Committee provided certain information to the Life Insurance Actuarial Standards Board on industry claims experience. This was reflected in a proposed change to AS2.01 Solvency Standard.

The Committee is currently reviewing ongoing data processing arrangements for the disability investigation with a view to putting them on a commercial footing.

RISK CLASSIFICATION

E Fabrizio ©, T A Furlan, D I C Kerr,
A M Gould, J M Hancock, C R Lamb,
D M Watson

Purpose

To investigate and prepare submissions on developments in the removal of discriminatory practices, or developments which impact the right to underwrite, which affect or may affect life, general and health insurance and superannuation. To liaise with the Public Relations Committee for the more effective communication of the Risk Classification process in all relevant practice areas.

To co-ordinate research into mortality and morbidity levels, as may be needed to develop "reasonable data" for purposes of discrimination legislation.

To liaise with other Institute committees and industry and regulatory bodies, as necessary to carry out these duties.

1999 Objectives

- Run an ETDG session on discrimination issues in insurance - Completed
- Update Actuarial Statistics for Life Insurance by 30/6/1999 - Completed
- Monitor, and respond where appropriate, to risk classification issues - Ongoing
- Revise IAA Risk Classification Policy by 31/12/1999 - Commenced
- Update Government anti-discrimination bodies on latest IAA statistics
- Organise a voluntary actuarial advisory service for Government anti-discrimination bodies.

COMMITTEE FOR THE FUTURE

A J G Brown ©, C S Bellis, W E Cone,
W H Dowsley, J P Green, A P Leung,
J Rankin, H B Sarjeant, M J Watt

Purpose

To conduct research and publish papers into areas of potential future development for actuaries.

To review publications about the future of the world.

Establish links with data sources, researchers and futurists.

Encourage research projects and publications.

Activities

The areas the Committee intends to focus on in the next two years are:

- Valuation of Natural Resources
- Biodiversity
- Carbon Emissions
- Development of accounting methods recognising natural resources, carbon credits etc (e.g. alternatives to GDP)
- Ethical Investments
- Develop a page on the IAA website, with links to related sites (e.g. natural resources, data sources, futurists etc), papers prepared by the committee, book reviews.

FINANCIAL SERVICES

FINANCIAL SERVICES COUNCIL COMMITTEE

M J Rice ©, B A Edwards, R P Mangano,
M J Monaghan, F T Neville,
C J Stevenson, B A Watson

Purpose

To review developments in the Banking, Funds Management, General Insurance, Life Insurance, Investment and Friendly Societies industries.

To prepare for Council appropriate submissions to Government and regulators in this regard.

To make contributions to these industries.

To demonstrate the role actuaries can play in their development.

The Financial Services Committee has a number of Committees. They are:

Committee

Banking & Finance
Friendly Societies
Funds Management
General Insurance
Investment Practice
Life Insurance

Chairman

Bruce Edwards
Carl Stevenson
Mike Monaghan
Bruce Watson
Frederick Neville
Rocco Mangano

Council Member

John Newman
Andrew Gale
Melinda Howes
James Claridge
Catherine Nance
Andrew Gale

BANKING & FINANCE

B A Edwards ©, P Dolan, K B Griffin,
T J Kyng, J A McMahon, A J McNamara,
E L Ranson, C W Thorburn, D E Wilkinson

The committee aims to promote actuarial profession to the banking and finance industries and to promote an interest in banking and finance subjects among Institute members.

The major areas of activity during 1999 were:

- Development of a high level IAA-sponsored seminar aimed at senior executives of the funds management industry;
- Establishing a study of mortgage prepayment rates to assist the banking industry and to promote the institute;

- Building a list of actuaries interested in banking and finance and organising a meeting to listen to their views on how the IAA can be more relevant to them;
- Organising two presentations to the Australian Institute of Banking & Finance;
- Management control of the IAA finance examination;
- Drafting of a professional guidance note on risk management in banking and preparation of a response to the Basle committee report on credit risk modeling.

FRIENDLY SOCIETIES

C J Stevenson ©, M J Dwyer,
R M Fitzherbert, F P Funder, A P Gale,
A L Truslove

Ongoing work in regard to all Friendly Societies issues: Prudential Control, Risk Management, and Taxation.

The Committee's main focus has been the transition from the Australian Financial Institutions Commission (AFIC) and its associated State bodies regulatory regime to APRA from 1 July 1999 and the incorporation of Friendly Societies into the Life Act. Issues relating to this transition will continue to be the main focus for the coming year.

FUNDS MANAGEMENT

M J Monaghan ©, P A Carrett, A J Cook,
S E Holstein, M S Howes, D G McNeil,
J W Pascoe, P F Scully, D B Warren

Objectives

To raise the awareness of Funds Management issues in the actuarial profession.

To establish a presence for actuaries and the profession in the Funds Management industry.

The Committee focused on regulatory issues throughout the year with submissions on the Managed Investments Act, participation in the Institute's CLERP 6 Taskforce and developmental work in relation to alignment of the Prudential regulation of unit trusts with other financial instruments.

Committee members also participated in the Institute's Reform of Business Taxation Committee. Most of the issues raised by the Institute (and some industry bodies) were reflected appropriately in the Government's announcements in September 1999.

A project has begun to survey the membership of the Institute to reach members working in the Funds Management Industry, to understand their roles/jobs and to garner support from them for a more focused approach by the Committee to industry issues.

To this end the Committee has now established a number of sub-committees covering tax, regulation, Australia as a global financial services centre, membership and profile, financial management in the funds management industry and innovation.

GENERAL INSURANCE

B A Watson ©, J B Claridge, A M Gould,
C J Marjoribanks, B M Nicholls, G V Trahair,
B H Ward, G Robinson (to June), C Glasby
(from July)

Purpose

To promote actuarial involvement in general insurance and the benefits to the insurance industry of actuarial involvement.

To review developments in general insurance from an actuarial point of view, including changes in relevant legislation and regulations, and to initiate such studies as it thinks fit.

To promote actuarial research in general insurance.

To disseminate actuarial knowledge in relation to general insurance.

To maintain and develop liaison with the Australian Prudential Regulatory Authority on general insurance matters.

To liaise with the Professional Standards Committee and assist with the drafting of professional standards and guidance notes.

To monitor, keep up to date and deliver on behalf of the Education Management Committee an appropriate core syllabus and study programme for the general insurance course.

To recommend names of prospective tutors and examiners to the Education Management Committee.

To liaise with the External, Public Relations and Strategy, Marketing and Planning Committees to obtain appropriate publicity for the general insurance work of the Institute and to assist with the development and implementation of the Institute's Strategic Plan.

Activities

Much of the work for which the Practice committee is responsible is undertaken by sub-committees, working groups and organising committees.

The membership and main activities of these bodies during the year ended 30 September 1999 were as follows.

**Accident Compensation
Sub-Committee:**

B H Ward ©, R A Buchanan, C Glasby,
R D Hoskinson, B M Nicholls, M J Playford,
K A Whittred

Responded to:

Legislative impacts on NSW CTP filing guidelines.

Request from NSW Workers' Compensation Advisory Council for commentary on scheme data.

Consultation phase of the development of the Motor Accident Compensation Act in NSW.

Monitored developments in motor accident and workers' compensation schemes in each Australian jurisdiction and liaised with the organisations responsible for those schemes.

Education Sub-Committee:

A J Greenfield ©, D J Gifford,
G C Harrex, G V Trahair, S J Wilson

Made tuition and examination arrangements for 1999.

Continued to review the syllabus and planned new assignment questions for 2000.

No further action has been taken on the editorial review of the course textbook, although work has been undertaken to convert it into a format that is easier to maintain and review.

**Financial Reporting
Sub-Committee:**

C J Marjoribanks ©, V S Baker,
C O Dowd, H G Onions, I J Petersen

The major activity of the Sub-Committee was bringing to completion the two working groups on the Consistency and Reliability of Outstanding Claims and the Determination of Solvency Standards for General Insurers. Discussion papers were completed by both groups in early 1999, and were presented at an APRA seminar on General Insurance Solvency in March. Meetings were also held in December 1998 and May 1999 respectively, to discuss the papers amongst the profession. The working groups are now complete, and the next major activity of the FRSC will be to oversee the Institute's response to the APRA policy papers on prudential supervisory requirements for general insurers, released in September 1999.

**NSW Workers
Compensation Premium
Rate Guidance Note
Working Group:**

G V Trahair ©, G M Atkins, A M Gould,
B M Nicholls, C J Marjoribanks

Developed a draft mandatory Guidance Note for the proposed commencement of private underwriting of workers compensation in New South Wales.

**Organising Committee for
the IAA's 12th General
Insurance Seminar:**

K E Johnston, A Smith, N L Woof

Organised the seminar to be held at Sanctuary Cove in November 1999.

**Organising Committee for
the IAA's 7th Accident
Compensation Seminar:**

R A Davies, R D Hoskinson,
C J Marjoribanks

Organised the Seminar held at Coolumb in December 1998.

Other Activities:

Responded to the New Zealand Society of Actuaries on draft actuarial and accounting standards for outstanding claims;

Prepared a paper to the NSW District Court Judges' Conference on costs of the NSW CTP Scheme;

Responded to the Superannuation Practice Committee's draft response to the Human Rights Commission on age discrimination;

Provided input to the Institute's Tax Reform Task Force;

Liaised with the accounting profession, particularly in relation to accounting for GST liability on outstanding claims provisions;

Provided a panel of potential arbiters for self-insurance disputes under Queensland WorkCover legislation.

INVESTMENT PRACTICE

F T Neville ©, D W Gorey, G R Harris,
M J Hickling, A R Jackson, M R Price,
Y K Ooi (S). Retired during 1999:
M N Batliwalla, R A M Lipman

The activities for the committee this year have been focused on two key areas:

- Re-write of the investment management course which until recently was very effectively spearheaded by Robin Lipman who unfortunately in July found that personal demands made it necessary to resign because of the impact the workload was having on his consultancy.

The committee has inspected an advance version of the new course. Whilst a lot of work of a refinement nature needs to be done, the core material is exceptionally good and all goes well for a very effective new study.

Jac Smit has engaged the services of Mike Barker to assist him with the final stages of fine tuning the material. There will be another meeting of the IPC in October to review the further stage reached, but overall there is good reason to expect the course will be available for the year 2000.

- Training of actuaries to work in the financial planning field. Jac Smit has led a major effort in conjunction with the IPC to represent the interests of members in discussions and focus groups with ASIC to ensure that full awareness of the actuarial qualification is accommodated in the new guidelines under CLERP 6 which become effective in two years time.

These guidelines have not yet been finalised but we are reasonably confident that the Institute curriculum will be recognised in its fullest to meet the qualification requirements to satisfy proper authority holder status under these new guidelines.

Further, there is a good possibility in due course that the Institute in itself will be recognised as an authorising body for recognition of the course in terms of the guidelines.

LIFE INSURANCE PRACTICE

R P Mangano ©, C G Aaron, A P Gale, C Hett (NZ), D G Hotchkies, C G Lewis, G C Martin, F Rowley, C J Stevenson, R A Rowlinson (S). Retired during 1999: K E Doran, M J Mulcare, I New (NZ)

To review developments in life insurance from an actuarial point of view, with particular reference to changes in relevant legislation and regulations, and provide input to the process as appropriate.

To maintain liaison on life insurance matters with the Australian Prudential Regulation Authority (APRA), Life Insurance Actuarial Standards Board (LIASB), Australian Accounting Research Foundation (AARF), Australian Accounting Standards Board (AASB), and Accountants Liaison Committee, and assist, as needed, in resolving of issues and drafting of Reporting Standards for life offices.

To encourage liaison between actuaries and others concerned with life insurance, and in particular, to build knowledge and credibility of margin on services with journalists, analysts and other non-actuarial professionals.

To liaise with the Professional Standards Committee and assist with the drafting of professional standards, practice notes and guidelines.

To remain abreast of developments concerning international reporting standards for life offices and provide input to the process as appropriate.

To liaise with the Public Relations and External Committees to obtain appropriate publicity for the life insurance work of the Institute.

The Committee has continued to be active over a wide field with a great deal of its work being done through sub-committees and task forces. The Institute and the New Zealand Society of Actuaries decided on the inclusion of a New Zealand member to help achieve broad consistency between reporting standards in Australia and New Zealand.

**Financial Reporting
Sub-Committee:**

G C Martin ©, K F Allport, N J Edwards,
P K Mehta, N M Rowley, B R Vincent,
P M Swain (S). Retired During 1999:
C G Aaron, K E Doran, G W Slater

Close liaison was maintained with the LIASB with input being provided on a range of issues. Guidance Notes on Volatility of Results, Investment Earnings & Discount Rates and Intra Office Year Valuations were finalised and released during the year. Submissions and advice were provided to LIASB, APRA and AARF on the review of AS1.02, AS2.02, AS3.02, PR35 and development of AASB1038. Current work includes further LIASB advice on resilience reserves for AS2.02 and AS3.02, continuing development of a Guidance Note on Disability Income Valuation, and issues related to implementing premium and claim splitting under AASB1038.

**Tax & Legislation
Sub-Committee:**

F Rowley ©, R K Cornwell, R M Daly,
P L Gower, N J Rivett, B D Robertson,
W L Young. Retired During 1999:
P M Hodgett, I N Robinson

The sub-committee has exercised a general watching brief on legislative issues affecting actuaries working in the life insurance industry. It contributed to submissions to Treasury by the Tax Reform Working Group in the first half, following issue of the RBT consultative documents. This work is being followed up by further submissions following release of the Treasury's tax reform proposals in September. A short submission on GST was also provided in response to the Treasury's consultative paper.

Education Sub-Committee:

D G Hotchkies ©, A Liu, M J Lubke,
S M Szoldra, D A Ticehurst, D Tsui,
W L Young

This sub-committee has continued to review the course notes, assignments and textbook, with a particular focus on updating the material in line with the 'Control Cycle' format of the syllabus, and keeping the course material up to date from a regulatory point of view.

RETIREMENT & HEALTH

RETIREMENT & HEALTH COUNCIL COMMITTEE

H R Martin ©, G S Langton, S Somogyi,
D M Torrance

Purpose

To review developments in superannuation, health and related areas and, where appropriate, assist with and/or co-ordinate preparation of submissions to Government and regulators in this regard.

To propose and formulate the IAA's stance on superannuation, health and related policy issues for consideration by Council.

To ensure that Council's policy in regard to superannuation, health and related areas is communicated to working committees.

To ensure the communication of relevant Council policy to IAA members.

To develop and extend the role of actuaries on superannuation, health and related matters, and develop the profile of actuaries in these areas.

Activities

During this year the Committee's major focus has been on liaising between Council and the Committees that report to the R&HCC to ensure achievement of the purpose outlined above.

Further information in relation to the activities with which the R&HCC has been involved are set out in the following reports from the various working committees that report to the R&HCC.

SUPERANNUATION PRACTICE

G S Langton ©, N C Callil, J J Fitzpatrick,
J Humphreys, H R Martin, D J O'Keefe,
J M Newman, S M Partridge,
J M Walton (S)

Purpose

To review developments in superannuation from an actuarial point of view, with particular reference to changes in relevant legislation and regulations.

To maintain, in consultation with the R&HCC and Council, liaison with Government bodies that are responsible for the supervision of superannuation, the Australian Taxation Office, Treasury, the Australian Accounting Research Foundation and other relevant bodies on superannuation matters.

To encourage liaison between actuaries, IFSA, ASFA and others concerned with superannuation matters.

To liaise with the Professional Standards Committee and assist with the drafting of Professional Standards, Guidance Notes and Practice Notes.

To liaise with the Accountants Liaison Committee and assist, as needed, in the drafting of superannuation reporting standards and the like.

To liaise with relevant Education Committees and assist, as needed, in the review and drafting of the course for Superannuation and Other Employee Benefits.

To recommend names of prospective tutors and examiners to the relevant Education Committee.

Activities

During this year the Committee's major focus was on the issues arising from the amendments to the surcharge legislation, the introduction of SIS Modification Declaration 23 (which relates to actuarial certification for complying pensions), CLERP6 and choice of funds.

The Committee made numerous submissions on these and other issues (eg. Age Discrimination and Property & Family Law) and participated in many meetings with representatives from Government, the Australian Taxation Office and Treasury.

The Committee has three sub-committees and the work undertaken by these sub-committees during the year is outlined in the reports that follow.

Accounting and Investments Sub-Committee:

D J O'Keefe ©, K G Dance, C R Grenfell,
G S Langton, S M Partridge, J Walton,
D Wickham

Because of the importance that the Practice Committee attached to investment disclosure issues, the Accounting and Investments sub-committee took responsibility for all IAA "Choice of Superannuation Fund" matters.

During 1999, the group has continued their extensive involvement in Choice of Fund discussions in their liaisons with APRA and ASFA, and is currently drafting a Policy Statement on Choice of Fund disclosure.

Other work carried out by the Sub-Committee during 1999 included:

- The drafting of a note on the use of "gross" Vs "net" discount rates;
- A Guidance Note for long service leave liabilities;
- A note on ASIC PS123 to be forwarded to Senior Actuaries;
- A review of the Superannuation Course notes;
- Involvement in the IAA Taskforce for CLERP6;
- A presentation at the Darwin Convention;
- Accounting for Directors' Remuneration; and
- A review of various Australian accounting standards.

**Education Information &
Meetings Sub-Committee:**

J Humphreys ©, J E Burnett, S D Ferris,
M S Howes, G J Humphrys, A M Sander,
J M Shead

The major focus of the Education sub-committee during the year was:

- The complete rewriting of the Superannuation and other Employee Benefits Part III course;
- Development of a marketing plan to ensure students and others are fully informed about superannuation as a career; and
- Finalisation of Guidance Note 463 (asset valuation) and revised Professional Standard 401 for issue to members.

**Regulations
Sub-Committee:**

J J Fitzpatrick ©, A P Leung, D J McNeice,
S M Partridge, P A Shallue, J D Ward

During the year the Regulations sub-committee was involved in ongoing work on the Surcharge matters, particularly in relation to the amending legislation introduced to parliament in mid-year. The other major area of activity was in relation to the SIS actuarial certification requirements for defined benefit pension funds that were introduced during the year. The sub-committee participated in discussions with government officials on this matter and produced a draft guidance note.

HEALTH PRACTICE

D M Torrance ©, C M Brennan, P M Carroll,
A P Gale, W E Gard, B A Howe, R C Madden,
B W Walker, D Walker, J E Walsh,
D M Watson, R J Paton (S)

To extend and promote the use of actuarial skills in the health sector.

To achieve this mission the Health Practice Committee will:

- Develop educational standards;
- Provide education;
- Conduct research;
- Develop new skills;
- Promote the profession; and
- Contribute to the development of public policy.

The Health Practice Committee has been focussing its efforts on developing the skills of, and opportunities for, actuaries in the health arena. The committee has been active over a wide field with a great deal of its work being done through sub-committees.

Education Sub-Committee:	D J Walker ©, P M Carroll, W E Gard, J W Smit, J E Walsh, D M Watson
Professional Standards & Legislation Sub-Committee: Long Term Care Sub-Committee:	A P Gale, B A Howe, D A Lempert, B W Walker, J E Walsh, D M Watson J E Walsh, R C Madden, H B Sarjeant, D J Walker, N L Woof
Wider Field Sub-Committee:	B A Howe, D A Lempert, J W De Ravin
Experience Studies Sub-Committee:	W E Gard, A P Gale, C J Stevenson, D M Watson
Activity & Public Relations Sub-Committee:	R J Paton, C M Brennan, P M Carroll, T Gervasi, G F Thorburn

The Health Practice Committee has continued to raise both the profile and interest of actuaries in the health sector.

At the Institute's Darwin Convention, considerable interest was generated in the health sector through lively debate of the four health papers in the workshop sessions. If we include the Financing the Ageing plenary session and the Long-Term Care workshop, both of which have a strong health element, then it is reasonable to conclude that health was a major topic of interest at Darwin.

The committee has made a number of submissions/representations to government and the Department of Health and Aged Care. These have included issues such as Lifetime Health Cover, Reinsurance and Privacy.

The committee has continued to develop the CPD course 'Actuarial Practice in Health Insurance' with another course planned for early 2000. The course provides actuaries with the knowledge and understanding of the operation of health insurers and provides a basic skill set as a foundation for the future provision of actuarial advice to health insurers. Following on from the initial success of this course, the committee put forward a draft syllabus for a Part III Health Financing course. This concept will be developed further following a favourable reception at Darwin.

A guidance note on 'Actuarial Reports and Advice on Provision of Outstanding Claims in Health Insurance' was issued to members and circulated to all health funds. The Committee is working on further guidance notes in respect of pricing and solvency and is also working towards a compendium of regulation affecting private health insurance business.

In order to promote discussion on the issues facing the industry and to raise the profile of actuaries within the industry, the Health Practice Committee invited a number of guests from the health industry to meet with actuaries who have an interest in the health sector. The purpose of these meetings is to provide an avenue for actuaries to gain a wider understanding of the health industry, and for the guests to become familiar with actuaries and with our work. The Committee met with Gayle Ginnane (PHIAC), Graham Rodgers (PHIAC Board), Francis Sullivan (Catholic Health Australia), Jenny Macklin (Federal Opposition Spokesperson on Health) and Jenny Doggett (advisor to Meg Lees, Democrats).

A regular newsletter 'Private Health Insurance News of Interest to Actuaries' continues to be produced and circulated to actuaries and non-actuaries with an interest in the health sector. This newsletter is widely read and has significantly increased the profile of actuaries in the health sector.

The committee will continue to address issues where we believe we can add value and raise the profile of actuaries in the health industry. We will also continue to work to increase the health knowledge within the profession.

FINANCING THE AGEING

S Somogyi ©, C O Helenius, D M Knox,
M J Rice, H B Sarjeant, R J Stevens,
A P Gale (S)

Purpose

The purpose of this Committee is to assist Council to develop Institute policies to finance Australia's long term needs for retirement income, health care and other care for its aged persons. The Committee is also seeking to promote the role of the Institute in community discussion of these issues.

Activities

The Committee wrote a discussion paper for the March Sessional Meetings to seek the views of Institute members. After consideration of these views and further research and external discussions, a position paper setting out suggested options was presented for discussion at the Darwin Convention in June. This has been used as a springboard for further policy development by the Health Practice Committee, as well as considering the possibility of conducting a widely publicised external Seminar in 2000.

CATEGORIES OF MEMBERS

1. **Fellows**

The requirements for admission as a Fellow of the Institute of Actuaries of Australia are:

- (i) Exemption from Part I subjects;
- (ii) Exemption from Part II subject (Actuarial Control Cycle);
- (iii) Completion of the examinations at Specialist Level in two (2) Part III subjects.

As a transitional arrangement, passes in Fellowship examinations before 1990 are allowed as exemptions from the examination in the subject at the Specialist level.

It is also necessary for Australian residents to attend the Institute's Professionalism Course and for overseas residents to attend a similar approved course.

2. **Accredited Members**

Fellows of some overseas actuarial bodies who have been working in Australia for a period of at least six months, have had appropriate actuarial experience during that period and have attended the Institute's Professionalism Course, may be admitted as Accredited Members (or transferred to that class if they are already Associates). After three years' practice in Australia, Accredited Members may apply to become Fellows.

Note: New rules for bilateral recognition of fellowships are being developed.

3. **Associates**

Student members who have been exempted from all Part I and Part II subjects are eligible to become Associates (AIAA).

4. **Students**

Student members must satisfy the entry standards laid down by Council.

5. **Lay Members**

The Actuarial Society of Australasia admitted as Lay Members persons who were interested in actuarial discussions but no new Lay Members have been admitted since 1963.

6. **Voting Members**

Only Fellows of the Institute are eligible to be voting Members subject to six months residence in Australia or New Zealand.

6. **Correspondent**

Only for overseas residents who are either a member of another actuarial institute, faculty or organisation which has concluded a Mutual Recognition Agreement with the Institute or who are members of an organisation that is a member of the International Actuarial Association.

ENTRY STANDARDS

(a) **Graduates:**

Graduates from Australian or New Zealand universities must have a degree at pass level with mathematics as a major subject, or at an honours level in a non-mathematical subject provided that a sufficiently high standard of mathematics has been demonstrated during the university course or at school.

(b) **School Leavers:**

NEW SOUTH WALES: At least four subjects in the Higher School Certificate Examination including English and 4 unit Mathematics together with a Tertiary Entrance Rank (TER) in excess of 92.

VICTORIA: Four passes in the Victorian Certificate of Education Examination including English, Specialist Mathematics and Maths Methods with a tertiary entrance ranking in excess of 92.

QUEENSLAND: Four passes in the Senior Examination including English, Mathematics B & C; the passes in the two mathematical subjects being at least at the "HA" level.

SOUTH AUSTRALIA: Four satisfactory subject achievement scores at Stage 2 including English, Mathematics 1 and 2; the achievements in Mathematics 1 and 2 need to be at the 'A' grade level.

TASMANIA: Four passes in the Tasmanian Certificate of Education Examination including English, Mathematics (12 MT843 C Maths Stage 3, the passes in the mathematical subjects being at "HA" level.

WESTERN AUSTRALIA: Completion of four Year 12 Tertiary Entrance Examination subjects including English or English Literature and Applicable Mathematics. The level of achievement required in Applicable Mathematics being Grade A and at least Grade B in the other subjects.

NEW ZEALAND: Four passes in the University Bursaries Examination or the Entrance Scholarships Examination including English, Mathematics and Additional Mathematics; the passes in the two Mathematical subjects averaging 75% for the Universities Bursaries Examination or 60% for the Entrance Scholarships Examination.

Equivalent standards will be required in the case of graduates or school leavers from other countries.

- (c) Members of the Institute of Actuaries (London) or students of the Faculty of Actuaries (Scotland):

Applicants who are members of the Institute of Actuaries (London), or students of the Faculty of Actuaries (Scotland) are qualified to be student members of The Institute of Actuaries of Australia.

EXEMPTIONS

Graduates majoring in actuarial studies with a BCom from Macquarie University or the University of New South Wales in Sydney, a BCom from the University of Melbourne or a BEc from the Australian National University in Canberra may gain exemption from the Part I subjects. Graduates enrolling as continuing education students in actuarial studies at Macquarie University or the University of Melbourne may apply for exemption from the Institute subjects which correspond to the completed university units.

Graduates from other universities who have achieved a sufficiently high standard in appropriate papers of degree examinations may be granted exemption from some of the Part I subjects. In general, such exemptions will be limited to Subject B (Economics and Accounting) and Subject C1 (Mathematical Statistics). Students obtaining passes or exemptions in any of the subjects A, B, C, D of the joint examinations of the Institute of Actuaries (London) and the Faculty of Actuaries (Edinburgh) will be exempt from the equivalent Part I subject. Enquiries about exemptions should be referred to the Institute office.

OVERSEAS ACTUARIES

While actuarial advice in Australia should normally be given only by Fellows or Accredited Members of the Institute, occasionally actuaries with overseas qualifications (but who are not members of the Institute) visit Australia for short periods for the purpose of actuarial work on projects where their special relevant skills and experience overseas are of value.

Such overseas actuaries are, of course, subject to the Codes of Professional Conduct of their own countries but they are also strongly encouraged to adhere to the Institute's Code of Professional Conduct while they are working in Australia. If there is any doubt as to how they should act in specific circumstances, they should contact the Institute's President.

FEES & SUBSCRIPTIONS

Annual subscriptions for 1998/99 were

	Resident in Australia	Resident outside Australia
Fellow & Accredited Members	\$750.00	\$500.00
Associates & Advanced Students	\$475.00	\$325.00
Students & Lay	\$260.00	
Full Time University Students	\$ 75.00	

The entrance fee for all categories of membership was \$200.00, except for full time students which was \$75.00.

Members who have largely ceased gainful employment and are no longer practising professionally and members who, for a minimum period of four months, have been on unpaid parental leave or unemployed and are actively seeking work may pay a reduced annual subscription on application. Life Members and Retired Members over age 70 pay no subscription. Subscriptions, which are payable in advance, fall due on 31 January in each year.

INTERNATIONAL

INTERNATIONAL ACTUARIAL ASSOCIATION (shown below as IAA). This association has been completely re-constituted on the occasion of its 26th International Congress of Actuaries held in Birmingham in June 1998.

Voting members of the IAA are now national actuarial associations. The Institute of Actuaries of Australia is a member. By virtue of this membership, all Fellows and Accredited members of The Institute of Actuaries of Australia are members of the IAA.

The Secretariat of the IAA provides continuity of communication. This Secretariat is currently at: 360 Albert Street Suite 820 Ottawa Ontario CANADA K1R 7X7; Tel: (1) 613 236 0886 Fax: (1) 613 236 1386 E-mail: secretariat@actuaries.org

The aims of the IAA are to:

1. develop the role and enhance the reputation and recognition of the actuarial profession and individual actuaries throughout the world;
2. promote high standards of professionalism among actuarial associations and among actuaries throughout the world to ensure that the public interest is served;
3. advance the body of knowledge of actuarial science and its applications; and
4. further the personal professional development of actuarial throughout the world.

Arrangements are in hand for the 27th Congress of Actuaries to be held in Cancun Mexico in 2002.

MEMBERSHIP STATISTICS

**MEMBERSHIP FIGURES FOR THE LAST 10 YEARS
1990 - 1999**

	Fellows	Accredited Associates	Students	Lay	TOTAL	
1990	589	40	346	306	10	1291
1991	647	40	340	332	10	1369
1992	693	35	333	400	9	1470
1993	759	30	331	436	9	1565
1994	810	38	345	433	8	1634
1995	865	40	363	422	7	1697
1996	921	37	362	423	7	1750
1997	991	34	370	426	7	1828
1998	1048	34	412	545	6	2045
1999	1093	29	482	629	6	2239

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
REPORT OF COUNCIL
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

Council submits herewith its report on the Institute for the year ended 30 September 1999. In order to comply with the provisions of the Corporations Law, the Council reports as follows:

The Institute is a company limited by guarantee and is licensed under Section 383 of the Corporations Law to be incorporated without the word "Limited" in its name.

Council fulfils the role of the Board of Directors.

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

R S MITCHELL FIA, ASA, FIAA - *President, Member of Council Budget & Administration Committee, Council Financial Services, Council External Committee and is the Institute's representative on the Australian Council of Professions. Born 3/9/41. Elected to Council in 1994.*

Richard is Chairman of Mitchell & Co Pty Ltd. He has served on the Council Superannuation Practice Committee 1994-95, Council Finance & Investment Committee 1995-96, Superannuation Practice Committee 1987-95, Retirement Incomes Policy Committee 1990-92, was a Tutor for Life Contingencies 1969-72 and has published as co-author "RIP Committee on Retirement Income Policy Statement" 1992, and "Australian National Report for IACA" 1994.

D M KNOX BA, PhD, FIA, FIAA - *Senior Vice President, Council Member, Member of Simple Super Taskforce, Council Finance & Administration Committee, Professional Guidance Committee, Financing the Ageing Committee. Born 28/12/53. Elected to Council in 1996.*

David is Director, Actuarial Consulting Services, PricewaterhouseCoopers. He was previously Professor of Actuarial Studies, University of Melbourne. David was previously on Council 1985-88 and has served on Education Policy Committee 1988-91, Education Management Committee 1991-96, Retirement Income Policy Committee 1993-97, Membership Committee 1985-91, Resources Planning and Recruitment 1986-89, assisted in preparation of "Readings in Institutional Investment (with M Sherris) 1987, published "Index Linked Government Securities" 1984, "Unifying Fundamentals of Actuarial Science" (with others) 1996, "Education and Professionalism - Towards a Global Profession" (with others) 1997, co-author "The Development of some Criteria for Equity in National Retirement Income Systems", 1997, many superannuation related papers. He was Actuary of the Year in 1996. In 1998 David was appointed to the Board of APRA.

A M COLEMAN BA, MBA, FIA, FIAA - *Junior Vice President, Council Member, Member of Council Strategy & International Committee, Council Finance & Administration Committee, University Finance Taskforce. Born 29/4/54. Elected to Council in 1996.*

Tony is a Partner of PricewaterhouseCoopers specialising in Corporate Finance and Financial Services Consulting. Tony has served on the Investment Practice Committee 1993-96, Life Insurance Financial Reporting Sub-Committee 1993-94, been a Tutor in Investment in 1981. He published "Analysis an Optimisation of Leveraged Leases" 1981, was co- author "Valuation of Life Insurance Companies" 1992, developed "Success Stories" - presentation material on actuarial profession in 1995 and co-authored "Measurement of Capital Adequacy for Financial Product Providers - A Submission to the Australian Financial System Inquiry" in 1997/97.

C S BELLIS BA, MA, FIA, FIAA – *Council Member, Awards & Prizes Committee and Publications Committee. Born 6/8/54. Elected to Council in 1997.*

Clare is a Senior Lecturer in Actuarial Studies at Macquarie University. Clare has served on the Resources and Planning Committee 1990, the Education Management Committee 1995-96, the Awards and Prizes Committee 1997-99 and the Publications Committee 1996-1999. She is co-author of "The Education of Australian Actuaries: improving the quality of learning" 1993, author of "The Future Managers: Actuaries in Australia 1853-1997" 1997, and joint editor of the Transactions of the Institute of Actuaries 1997. She is currently the Editor of the Australian Actuarial Journal

C M BRENNAN BA, BSc, AIA, FIAA - *Council Member, Member of Health Practice Committee, Member of Mortality Committee. Born 15/5/53. Elected to Council in 1998.*

Cherry is employed as corporate actuary at Swiss Re Life and Health. Prior to 1991, for a number of years, Cherry has helped redraft superannuation course notes and has been a superannuation tutor and examiner.

J B CLARIDGE BEc, FIAA - *Council Member, Member of General Insurance Committee. Born 15/10/65. Elected to Council in 1996.*

James is a Consultant with Tillinghast-Towers Perrin. James has served on the Financial Reporting (General Insurance) Sub-Committee 1996-97, General Insurance Practice Committee 1997, been a Chief Tutor in General Insurance 1995 & 1996, leader of Long-Tail Working Group, marking assignments and exams, co-author "An Introduction to Holistic Risk Management", 1997.

A P GALE BSc, ASIA, ASA, FIAA - *Council Member. Born 16/9/64. Elected to Council in 1997.*

Andrew is employed as Senior Product Services Actuary, National Mutual Financial Services. Andrew has served on the Health Practice Committee 1997-99, Financing the Ageing Committee 1998 - 1999, Council Financial Services Committee 1997, Life Insurance Practice Committee 1999, Mortality Committee 1999. He has been an Examiner, General Insurance 1991- 19992 & 1996, Examiner Life Insurance 1998 and co-author "Model of a Private Health Insurance Fund" 1996, co-author "New Membership Categories in Private Health Insurance" 1997, co-author "Collection and Analysis of Health Insurance Experience 1999".

D G HART BSc, FIA, FIAA - *Council Member, Member of Council Finance & Administration Committee, Experience Studies Committee and Internal Affairs Committee. Born 7/7/46. Elected to Council in 1998.*

David has operated his own consulting practice since 1991. Prior to this he worked for Tillinghast and AMP. He is co-author of "Actuarial Practice of General Insurance". He has written several papers on General Insurance topics and was co-author of the Education Management Committee Paper "Meeting the Challenge of Specialist Education" 1997.

David was a member of Council from 1987 - 1989, a member of the General Insurance Practice Committee (1982 - 1995) and Chairman of the Board of Examiners (1992 - 1995).

M S HOWES BEc, FIAA - *Council Member, Member of Funds Management Practice Committee, Simple Super Taskforce and Member of the Education & Information Sub-Committee. Born 2/9/68. Elected to Council in August 1999.*

Melinda has been employed by BT Funds Management Ltd since 1993. Prior to this she was with Prudential. She assisted with the re-writing of the Superannuation course in 1998.

C G LEWIS BSc (Hons), FIA, FIAA – *Council Member. Member of the Council Finance and Administration Committee and the Experience Studies Committee. Born on 30/3/51. Elected to Council in 1997.*

Chris is currently employed as Senior Actuary, Group Tax by AMP Limited. He has served on the Institute's Tax Reform Task Force.

H R MARTIN BA, FIAA - *Council Member, Chairman of Council Retirement & Health Committee, Council Education Committee, University Finance Taskforce. Born 30/11/61. Elected to Council in 1997 and as Junior Vice President for 1999/2000.*

Helen is a Principal of Towers Perrin and their Senior Actuary. Helen has served on the Superannuation Practice Committee 1991-1999, Programme Committee 1996 –99, Chief Tutor for Superannuation 1989 – 1991, a tutor and marker for Superannuation 1992 – 1995 and the Superannuation Course Coordinator 1991 – 1992.

C A NANCE BSc, BA, FIAA - *Council Member, Chair of the Simple Super (Tax Reform) Taskforce. Born 10/10/58. Elected to Council in 1996.*

Catherine is a Director of PricewaterhouseCoopers. She has served on Activities Committee, Perth, is co-author of "Management of an Australian Terrestrial Resource - "The Kangaroo" & "The Kangaroo Keepers - Conservation".

J M NEWMAN BBusSc (Hons), AIA, FIAA - *Council Member, Council Strategy & International Committee, Member of Council Superannuation Practice Committee, Prudential Regulation Taskforce, University Finance Taskforce. Born 7/12/52. Elected to Council in 1998.*

Presently Executive Director of William M Mercer John was previously a Partner in E S Knight & Co. He was a tutor in Superannuation for a number of years and currently is a member of the Committee of the International Association of Consulting Actuaries.

B E RAFF BSc, FIAA - *Council Member, Member of Programme Committee and the Convention Committee. Born 13/9/57. Elected to Council in 1998.*

Barry is a Principal of Trowbridge Consulting and is the Author of "Wallis - Financial Services Sector and the Actuarial Profession" and "Developments in Health Insurance".

M J RICE FIAA - *Council Member, Member of Tax Reform Taskforce, Financial Services Committee, Financing the Ageing Committee. Born 5/11/58. Elected to Council in 1998.*

Michael is a Director of Rice Kachor Research and Managing Director of Phillips Fox, Actuaries. He is the author of "Industry Superannuation in Australia (with Lally & Newman), The Age Pension (Our Unstable Pillar). He has also hosted a workshop on Retirement Incomes Policy.

D M TORRANCE BA, FIAA - *Council Member, Member of Council Education Committee, Chairman of Council Retirement & Health Committee. Born 27/8/56. Elected to Council in 1996.*

David is a director of KPMG Actuaries Pty Ltd. David has served on the Health Practice Committee 1997- 1999, Accountants Liaison Committee 1997, Marketing Committee 1995-96, Public Relations Committee 1996, member Organising Committee for 1996 Life Insurance Forum, LIPC Sub-Committee to develop GN252 Actuarial Appraisals of Life Insurance Business 1993, LIPC Capital Adequacy Sub-Committee 1991, was Chief Tutor Life Insurance 1993-94, author "Group Life Mortality Study" 1991, co-author "Maintainable Earnings and Actuarial Methods for Valuing Life Insurance Companies" 1992.

Seven meetings of the 1998/99 Council were held since the last Annual General Meeting. The following is a record of attendance.

Meeting Attended : Number of Meetings

Clare Bellis	6 : 7	Richard Lyon#	1 : 1
Cherry Brennan	6 : 7	Helen Martin	6 : 7
James Claridge	5 : 7	Frank McInerney#	1 : 1
Tony Coleman	7 : 7	Richard Mitchell	7 : 7
Karen Doran #	- : 1	Richard Morath+	4 : 4
Andrew C Gale	- : 1	Catherine Nance	6 : 8
Andrew P Gale	6 : 7	John Newman	5 : 5
Adrian Gould #	1 : 1	Barry Rafe	4 : 5
David Hart	5 : 6	Michael Rice	5 : 5
Melinda Howes	1 : 1	David Torrance	6 : 7
David Knox	7 : 7	John Trowbridge#	2 : 2
Chris Lewis	7 : 7	Trevor McMahon*	1 : 1

Retired 7.12.98

+ Retired 13.6.99.

* Alternate

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 \$62,504. A net amount of \$21,447 has been transferred out of educational, mortality investigation and prize funds reserves.

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 1999.

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 1999 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 11 to the Financial Statements. No Member of Council had an interest in such a contract with the Institute during the year.

During the financial year, the Institute paid a premium in respect of a contract insuring the Council Members (as named above), and all Executive Officers of the Institute against a liability incurred as such Council Members or Executive Officers to the extent permitted by the Corporations Law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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.

R S MITCHELL
President

D M KNOX
Senior Vice President

Sydney, 8 November 1999.

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 1999. 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 and 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 their operations and their 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 Law, including:
 - (i) giving a true and fair view of the Institute's financial position as at 30 September 1999 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Haines Norton
Chartered Accountants

F Giannuzzi
Partner

Sydney, 8 November 1999

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
DECLARATION BY MEMBERS OF COUNCIL
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

The members of Council of the Institute declare that:

- (a) the accompanying financial statements and notes thereto give a true and fair view of the financial position of the Institute as at 30 September 1999 and its performance for the year then ended;
- (b) at the date of this declaration, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due; and
- (c) the attached Financial Statements and notes thereto have been made out in accordance with applicable Accounting Standards and are in accordance with the Corporations Law.

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

R S MITCHELL
President

D M KNOX
Senior Vice President

Sydney, 8 November 1999

