

THE INSTITUTE OF ACTUARIES OF AUSTRALIA

REPORT BY THE COUNCIL TO THE MEMBERS

FOR THE YEAR ENDED 30 SEPTEMBER 1997

TO BE PRESENTED AT THE ANNUAL GENERAL MEETING

ON MONDAY, 1 DECEMBER 1997

PRESIDENT'S REPORT

1997, the Centenary Year for our Institute in Australia, was a special, eventful and exciting year.

The main focus of our attention was recognising and celebrating our Centenary in an appropriate manner and at the same time positioning ourselves for our next century.

Our first preparation for our Centenary Year involved the selection of a new, fresh look and feel for our Institute. We selected a new logo and stationery and adopted a theme for the whole year. Instead of looking back on our rich history we chose to look forward. Instead of being reactive we chose to be proactive. Our theme, which served us very well, was "Shaping the Next Century".

One of the most significant initiatives for many years was the appointment of our first Executive Director, Jock Rankin. He brought a new level of professionalism to the organising and running of our Institute affairs and to our promotional activities.

This produced quick and important results. We updated our office computers and selected a new, more standard accounting system. We worked hard at raising the profile of our profession, both in the public eye and with key politicians, public servants, regulators and business people. These efforts produced some good results with considerably increased press and radio coverage. At one stage we were pleased to see a reference by the prominent Sydney journalist, Anne Lampe, to "The **influential** actuarial profession..."

The Centenary celebrations commenced with a series of dinners for members, partners and selected outside guests in Melbourne, Sydney, Brisbane, Adelaide, Perth and Canberra. These dinners were most successful. At the Canberra dinner we launched the special history commemorated for our

Centenary - "The Future-Managers" by Clare Bellis. This provides an excellent and interesting record of actuaries in Australia.

The climax of our Centenary celebrations were the ASTIN and AFIR Colloquia held in Cairns followed by our own Centenary Convention on the Gold Coast in August. The ASTIN and AFIR meetings were a great success. There were approximately 200 participants at each meeting. This was the first time that ASTIN and AFIR were held outside the northern hemisphere and the first time that the two meetings were held back to back with a common day. This format worked extremely well and was considered by those present to be most appropriate given the convergence that is taking place between the insurance of catastrophe risks and finance.

A highlight of the ASTIN and AFIR proceedings was the presentation of our first ever Gold Medal to Doctor Greg Taylor to recognise his prolific and highly regarded national and international contributions to actuarial science.

The following week over 500 people participated in our Centenary Convention. This included over 80 people from overseas. We were honoured by the presence of thirteen Presidents of overseas actuarial bodies.

We also provided the venue for a meeting of the International Forum of Actuarial Associations on the weekend immediately preceding our Convention during which we hosted an International Dinner.

Our meeting was opened in great style by the Honourable Tim Fischer, Deputy Prime Minister. He encouraged actuaries in Australia to speak up on issues where we can contribute to the public debate. We received a wonderful array of gifts from overseas actuarial associations to mark our Centenary.

At the Centenary Dinner, Bob Glading was named as Actuary of the Year and those present were entertained by the eminent US futurist, Professor Chris Seifert. The Professor turned out to be a masterful impersonation by Campbell McComas.

The standard of our scientific sessions was at a very high level and in my President's Plenary session we discussed our first Institute of Actuaries of Australia Strategic Plan. This document aims to set the direction for our Institute in the years ahead. We expect that it will be revised from time to time in response to changing conditions and further discussion by our members.

The Convention was acclaimed as a stunning success and a fitting celebration of our Centenary.

During the year we made a number of contributions in the public policy area.

We became very involved in the Superannuation Surcharge controversy and took the opportunity to suggest to the Prime Minister a radical, simplified approach. We also focused attention on health insurance matters. After criticising the government for lack of action we responded to a challenge from the Minister of Health to produce a discussion paper on unfunded lifetime community rating. This was well received by a wide range of interested parties. It is inevitable that there will be changes in the Australian health system in future years and actuaries are well placed to help shape the changes then participate in the financial control of a new system.

The large attendance of overseas actuaries at our Centenary celebrations was only one aspect of our increasing international involvement during the year. As part of a conscious effort we strengthened our links with our New Zealand colleagues and invited several Kiwis to join some of our committees. We appointed our first Ambassadors to promote our Institute in overseas countries - Rachel Eagleton in Hong Kong, Sai Cheong Foong in Malaysia, Rudy Chan in Singapore and Jenni Sparks in Japan. We ran two more actuarial courses in Indonesia. Senior Vice President, John Trowbridge, visited Asia several times, Vice President, Richard Mitchell, attended the ninth East Asian Actuarial Congress in Bangkok and I attended meetings of Presidents in both Washington and London. We also made significant progress during this period with our campaign to secure mutual recognition for our members so they can operate more freely in various countries. This is part of our longer term push towards a truly global profession.

During the year we began a process of enhancing the status of our Associate qualification. This is likely to be more significant in future years as the actuarial education systems around the world converge. It is possible that our new Associateship, which is awarded now after a student successfully completes the basic subjects in Part I plus Part II, the Actuarial Control Cycle, will become the universal basic international qualification. This would then be supplemented by country and subject specialist exams plus a professionalism course to lead to the Fellowship.

We are keen to reconnect with many of the Associates who are practising in other areas, and add value to them in respect of their Associate qualifications.

A second cohort of students studied the Actuarial Control Cycle during 1997. Feedback from the courses is very good and our approach continues to attract international interest.

The basic work of our Institute continued satisfactorily during the year with attempts to bolster the traditional sessional meetings, another excellent Accident Compensation Seminar, some interesting ET Discussion Groups, several excellent Margin on Services seminars and lots of work by our volunteer committee members. Our Technology Committee made great

progress with the establishment of our web site (<http://www.actuaries.asn.au>) and the new facilities have already transformed the way many of our members communicate with the Institute and with each other.

After a review we confirmed that our approach to funding actuarial education at the universities is robust and we agreed to simplify our accounting and reporting of this important aspect of our operations. The new more transparent approach will make it much easier to monitor and manage this in future.

I would like to thank all the people of the Institute for their support and encouragement during the year. I would also like to record my gratitude to my personal assistant and secretary, Christine Walker and Kirstie Quinn and also to my understanding employer, the National Australia Bank. I feel very honoured and privileged to have been able to lead the actuarial team in Australia during this exciting year.

Our profession continued to grow and prosper during the year with close to 1000 Fellows at year end. The new qualifiers each year are adding enhanced vitality and talent to our profession and exhibiting a new confidence about our future.

Together we can all look forward to Shaping the Next Century.

BRIEF HISTORY

Actuaries were recruited in England and Scotland until examinations were first held in "the Colonies" from 1891. The Actuarial Society of New South Wales was formed on 19 October 1897 and renamed the Actuarial Society of Australasia in 1919. The Victorian Branch was formed in 1920. By 1938, the Federal Government had recognised the Society by seeking its advice on life insurance legislation and the 1945 Act defined "actuary".

The present Institute was incorporated as The Institute of Actuaries of Australia and New Zealand on 27 May 1963 and a New Zealand representative appointed in 1964. Macquarie University started a range of actuarial courses as part of its BA degree in 1967 and these received the immediate acceptance of the London Institute. The Institute held its first Fellowship examinations in 1980.

The Institute became The Institute of Actuaries of Australia on 2 May 1977. A paid secretariat was appointed in 1976, moving to the City of Sydney in July 1985 and to Challis House in May 1994.

MEMBERSHIP

The changes in membership during the year were as follows:

Class	Number at 1.10.96	New Members	Transfer of Class		Deaths	Resig- nations	Number at 30.9.97
			In	Out			
Fellow	921	3	77	-	3	7	991
Accredited	37	1	6	9	-	1	34
Associate	362	8	84	67	-	17	370
Student	423	130	-	91		36	426
Lay	7	-	-	-	-	-	7
	1750	142	167	167	3	61	1828

Council reports with regret the deaths of L B Denby, W K Gratton, G D Smith.

The following Members passed the Fellowship examinations of the Institute, the results of which were announced during the year, and after attendance at the Professionalism Course have been transferred to the Class of Fellow of the Institute:

G M Adams	T B Habel	G J Murray
W S Adams	D N Heath	G Nassios
S G Andersson	J T Hennington	C D O'Hehir
J D Andrews	L Heyman	C M Pollack
J M S Atkinson	K R Hopper	D Raposio
A R Barker	V Hua	N L Rubsztein
M Bishop	A J Huszczo	H B Sarjeant
M W Brazel	P A Ivory	C H Schirmer
A J G Brown	A R Jackson	R Shaw
P W Carson	D B Jobson	L N Simpson
W H R Chan	C P Johns	Z Simpson
J K-W Chan	C J Johnson	M Stevens
T K-S Cheng	A K Kapel	A D Street
P Chun	C R Lamb	S M Szoldra
S Chung Fook Yan	B P Lambert	S C H Tong
T W Clark	A M K Lim	L Tsui
P A Craig	J F Linklater	A J Wallace-Barnett
A R Croft	S S-Y Looi	D B Wickham
I Devadason	C C-J Luk	K K-K Wong
C J Edwards	M J Maguire	M W-K Wong
P D Fallows	S D McCarthy	N L Woof
D W Gorey	C L McLean	Y Zhao
T J Gorst	J A McMahon	

Council congratulates these Members and all other Members who passed one or more of the examinations of their examining body. Other information concerning the membership is set out in Appendix A.

MEETINGS

Sessional Meetings of the Institute are normally held in Sydney and in Melbourne on a regular basis between April and December. Conventions are held every two years. These meetings are usually occupied with the discussion of papers on aspects of actuarial science and kindred matters. Members of other actuarial societies are welcome at Sessional Meetings. Visitors may also be introduced by members of the Institute.

SESSIONAL MEETINGS

The Presidential Address by Trevor Matthews was delivered at the December meetings in Sydney and Melbourne.

During the year the following papers and subjects were discussed at Sessional Meetings of Members held in both Sydney and Melbourne:

Submission to the Australian Financial System Inquiry on the Measurement of Capital Adequacy for Financial Product Providers	A M Coleman & D Shuttleworth
The Relative Capital Requirements Imposed for Providers of Capital Guaranteed Retirement Savings Accounts	C W Thorburn
Life Office Demutualisation in Australia	G W Slater
Friendly Societies - Where to now?	S McGing & J C Polic
Meeting the Challenge of Specialist Education	Education Management Committee
Uses of S I S (Superannuation Investment Simulations)	C R Grenfell

CENTENARY CONVENTION

The Institute's Centenary Convention was held at the Sheraton Mirage, Gold Coast from 17-20 August 1997.

Papers discussed were:

Volume I

Education and Professionalism - Towards a Global Profession	C M Brownfield, P D Caputo, D M Knox, R H S Lyon, J A Shepherd, J W Smit
Models of the world for the next 100 years	J R Cumpston & H B Sarjeant
Extending the Frontiers - Natural Hazard Modelling	W R Gardner
Expanding the Frontiers Actuaries and Energy Markets	B Hinton
The Institute as a Broad Church of Interest and Skills	R C Madden
General Management in the Funds Management Industry	T A L M Wakeling
The Actuary as a Business Owner - a Personal View	P O Whelan
Shaping the Next Century - IAA Strategic Plan	A E Merten, J A Lyon, A C Gale, C B Price, R A Davies, J Smit & J Rankin

Volume II

Finance and Investment Education Topics Workshop	H Panjer & M Sherris
The Actuarial Control Cycle: An Outline	J A Shepherd
Developing Viable Risk Rating Systems for Natural Hazards in Australia	D J Minty
Healthcare Actuaries and their Environment	G M Adams
New Membership Categories in Private Health Insurance	A Brown & A P Gale
Pricing Reform in Private Health Insurance	P M Carroll
An Introduction to Holistic Risk Management	J B Claridge & K B Griffin
Current Risk Classification Developments in Australia	Risk Classification Committee

Volume III

The Development of some Criteria for Equity in National Retirement Income Systems	D M Knox & R Cornish
Communicating Investment Returns & Crediting Rates to Super Fund Members	G S Langton & M A Blair
The Use of Gender-Based Mortality Rates in Australian Superannuation Funds	S D Ferris & D W Welch
Sex Discrimination & Underlying Mortality Differentials	L G Tickle
Inefficiencies in the UK Equity Market and Strategy Investment	R Clarkson
Collective Investment for Individuals	C B Gregor
Superannuation Investment - The Quest for the Holy Grail	J Addison & D A Shaffer

Volume IV

Wallis - The Financial Services Sector and the Actuarial Profession	B E Rafe & I D Burningham
Actuaries in Asia - Developing Financial Services (Financial Services in Asia - Opportunities for Australian Actuaries)	R J Eagleton & M H Baxter
Financial Services Regulation and the Role and Responsibilities of Actuaries	R Brimblecombe
Actuarial Advice on Transfers and Amalgamations of Life Insurance Business	L D James & M E Turner
Risk Discount Rates for Actuarial Appraisal Values of Life Insurance Companies	R P Burrows & J H Lang
Risk Discount Rates for Market Valuation of Life Insurance Business	A L Truslove
Investment Strategy for Annuities	N M Rowley
Current Issues in Disability Insurance	Disability Committee
Current Issues in the Valuation of Disability Business	H T T Bui & R McV Daly

Volume V

Sub-Standard Life Experience Mortality Investment 1990-1994	Mortality Committee
Insured Lives cause of Death Experience 1990-1994	L G Tickle
Australian Population Mortality	G Whittaker
Crisis and TPD Experience in Australia and New Zealand 1994 and 1995	E Collins, S A Howes, L Tsui

COUNCIL MEETINGS

Seven meetings of the 1996/97 Council were held since the last Annual General Meeting.

The following is a record of attendance:

Peter Carroll	7	Trevor Matthews	7*
James Claridge	7	Frank McInerney	7
Tony Coleman	6	Richard Mitchell	7*
Karen Doran	6	Catherine Nance	7
Richard FitzHerbert	7**	Steve Partridge	4
Adrian Gould	6	Jenni Sparks	5
Martin Jilovsky	6	David Torrance	6
David Knox	7	John Trowbridge	7
Richard Lyon	6		

* including one by Proxy
 ** including two by Proxy

EXAMINATIONS

The seventeenth examinations of the Institute were conducted in October 1996 with the following results (1995 results are shown for comparison):

Subject	<u>Sat 1996</u>		<u>Passed 1996</u>		<u>Sat 1995</u>		<u>Passed 1995</u>	
	Ord	Spec	Ord	Spec	Ord	Spec	Ord	Spec
Invest & Finance				46	62	25	30	
Investment Mgmt	17	58	7	30				
Life Insurance	11	58	7	25	29	93	14	45
General Insurance	22	51	9	18	47	54	19	22
Superannuation	28	34	15	15	46	60	20	17
Finance		27		13				
	78	228	38	101	168	269	78	114

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.

The Parker Prize for 1996 was awarded to Mr K B Griffin for his paper "The Retail Banking Industry in Australia".

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.

The Jackson Prize for 1996 was awarded to Mr M Sherris for his book

"Money and Capital Markets: Pricing, Yields and Analysis".

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 1996 examinations were:

Subject 1 Investment Management	A R Jackson
Subject 2 Life Insurance	P D Fallows
Subject 3 General Insurance	R Shaw
Subject 4 Superannuation	No prize awarded
Subject 5 Finance	L Tsui
Merit Prize	L Tsui

THE MELVILLE PRIZE FUND

The Melville Prize 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 Prize and to supplement the existing Prizes awarded by the Institute. A portion of the amount available may be awarded as a prize for research.

The Melville Prize for 1997 was awarded to Mr N Rowley for his paper "Investment Strategy for Annuities".

Council approved supplementation of the 1997 Parker and Jackson Prizes as well as supplementary payments to the 1997 Prescott Prize winners.

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.

Actuary of the Year for 1997 was Mr R G Glading.

COUNCIL

T J Matthews FIAA *President. Born 25/3/52*

Trevor Matthews was elected to Council in 1992

Trevor Matthews is employed as General Manager, Personal Financial Services, National Australia Bank. He was a Tutor in General Insurance 1976-78 and an Examiner 1978-80. He was previously on Council 1980-82 and served as Deputy Chairman of the Congress Finance Committee 1980-84. He was a member of the Accountants Liaison Committee 1982-92, Public Relations Committee 1990-92, Professional Conduct Tribunal 1989-92, Program Committee 1990-94, Council Superannuation Committee 1994, Council Education Committee 1995, Council Budget and Administration Committee 1995-96, Council General Insurance Committee 1996, Council External Committee 1996, Professional Guidance Committee 1996-97. He is the author of "The Valuation of General Insurance Claims Reserves" 1978 and joint author of other papers.

J R Trowbridge FIAA *Senior Vice President, Chairman of Council Budget & Administration Committee, Chairman Council Banking Finance & Investment. Born 25/4/47*

John Trowbridge was elected to Council in 1993

John Trowbridge is Chairman of Trowbridge Consulting. John was previously on Council 1982-84 and has served on the General Insurance Committee 1981-84, Finance & Administration Committee 1982-84, Professional Guidance 1997, Sydney Activities Committee 1981-83, been an Assistant Examiner General Insurance 1982, author "An Alternative to Pensions Funding?", "Analysing Expenses in a General Insurance Company", "Strategic Issues for General Insurers in the 1990's", "Prudential Margins and Claims Reserving Policy in General Insurance".

R S Mitchell FIAA *Vice 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

Richard Mitchell was elected to Council in 1994

Richard Mitchell is Chairman of Mitchell & Co Pty Ltd. Richard 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.

P M Carroll FIAA *Council Member. Born 19/6/46*

Peter Carroll was elected to Council in 1994

Peter Carroll is a self employed consulting actuary. Peter has served on the Health Practice Committee 1997, the Public Relations Committee 1994-97 and the Program Committee 1994-97. Previously he has served as Chairman of the Council External Committee 1995-96, and on the Council Life Insurance Committee 1994-96, the Health Insurance & Friendly Societies Committee 1988-1996, the Publications Committee 1981-87 and the Statex Actuaries Index 1978-80, author "Pricing Reform of Private Health Insurance" 1997, "Health Care in Australia" 1990, "Sex Differences in Morbidity in Australia" 1990, "The Economic Background in Australian Institutional Investment" (Alan Geddes editor) 1980, "ERISA: Regulating Pension Plans in America" (with G Ferguson) 1979, "The Net Premium Method of Valuation" 1974, "Simple Formulae for Valuing Stock Conversion Options" 1974.

J B Claridge FIAA *Council Member. Born 15/10/65*

James Claridge was elected to Council in 1996

James Claridge 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 M Coleman FIAA *Council Member. Member of Council Financial Services Committee & Council Banking Finance & Investment Committee. Born 29/4/54*

Tony Coleman was elected to Council in 1996

Tony Coleman is a Partner of Coopers & Lybrand 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 and 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 1996/97.

K E Doran FIAA *Council Member, Member of Council Financial Services Committee. Born 10/2/63*

Karen Doran was appointed to Council in 1995

Karen Doran is employed by Ernst & Young, ABC. Karen has served on the Superannuation Practice Committee 1989-91, Life Insurance Practice Committee 1995-97, Professional Standards Committee 1997 and been a Tutor in Superannuation 1989-90.

R M FitzHerbert FIAA *Council Member. Born 17/3/47*

Richard FitzHerbert was elected to Council in 1994

Richard FitzHerbert is a director of East Yarra Friendly Society and Mitchell & Co Pty Ltd. Richard has been a Tutor and Examiner in Institutional Investment 1980-83, Tutor UK Fellowship Investment Subject 1977-79, assisted Alan Geddes with Institutional Investment 1980, author of "Blueprint for Investment" 1993, "Actuating for Inflation" 1977, "A Share Market Model and some Actuarial Applications" 1980, "The Assessment of Investment Pools" 1988, "Stochastic Investment Models" 1992, "Investment Education of Actuaries in Australia" 1993, "Update on Stochastic Investment Models" 1994.

A M Gould FIAA *Council Member, Member of Council General Insurance Committee. Born 7/8/62*

Adrian Gould was elected to Council in 1995

Adrian Gould is employed at NZI Insurance Australia Ltd. Adrian has served on the Admissions & Exemptions Committee 1997, General Insurance Practice Committee 1995/97 (Chairman 1996 & 97), been a Tutor and/or Examiner in General Insurance 1990-94 & 1996/97, Superannuation 1988 and 1990.

M M Jilovsky FIAA *Council Member, Member of Council External Committee*

& Council Superannuation Committee. Born 25/2/51
 Martin Jilovsky was elected to Council in 1994

Martin Jilovsky is employed as Manager Research, Colonial Mutual Life Assurance Society. Martin has served on the Superannuation Practice Committee 1994-97, Government Relations Committee 1996, was Chief Examiner Superannuation 1984-85 and has been a Tutor and/or Examiner in Superannuation 1981-83.

D M Knox FIAA *Council Member, Born 28/12/53*
 David Knox was elected to Council in 1996

David Knox is 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.

R H S Lyon FIAA *Council Member, Member of Council Education Committee. Born 5/8/59*
 Richard Lyon was elected to Council in 1995

Richard Lyon is employed as Appointed Actuary & Chief Financial Officer Royal Sun Alliance Life. Richard has served on the Education Management Committee 1990-96, International Relations Committee 1995-97, Life Financial Reporting Sub-Committee 1995-97 and was a Tutor in Life Insurance 1990-94, Examiner General Insurance 1988-90 and author "Margin on Services" 1991, co-author "Continuing Professional Development" 1992, co-author "Actuarial Education for the Next Century" 1994, co-author "A Perfect Match?" 1995, co-author "Education and Professionalism - Towards a Global Profession" 1997.

F M McInerney FIAA *Council Member, Member of Council External Committee, Council Financial Services Committee. Born 20/3/51*

Frank McInerney was elected to Council in 1995

Frank McInerney is employed as Manager Melbourne with Swiss Re Life & Health. Frank has served on the Awards & Prizes Committee 1989-97 (Chairman 1997), Disability Committee 1997, Professionalism Course Committee 1989-95, Professional Standards Committee 1989-96, Taxation and Legislation Sub-Committee of LIPC 1990-95, has been a Tutor for Mathematics of Finance 1985-86, Examiner Life Insurance 1993-94 and Chief Examiner Life Insurance 1995, co-author "Solvency Requirements for Investment Account Business 1989, co-author "Life Insurance Taxation, a Discussion Paper" 1995.

C A Nance FIAA *Council Member, Member of Council Superannuation Committee. Born 10/10/58.*

Catherine was elected to Council in 1996

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

S M Partridge FIAA *Council Member, Member of Council Banking Finance & Investment Committee & Council Superannuation Committee.*

Born 25/2/57

Steve Partridge was elected to Council in 1994

Steve Partridge is employed as Principal, William M Mercer Pty Ltd. Steve has served on the Programme & Research Committee 1991-93, Research Committee 1997, Superannuation Practice Committee 1991-97, has been Examiner in Superannuation 1987 & 1992, Investment 1992 and Tutor Superannuation 1992.

J S Sparks FIAA *Council Member, Member of Council External Committee, Council Financial Services Committee & Council General Insurance Committee.*

Born 28/11/58

Jennifer Sparks was elected to Council in 1995

Jennifer Sparks was employed by the AMP Society until 20 August and thereafter by ERC-Frankona. Jennifer has served on the Convention Committee 1992-95, Programme Committee 1993-95.

D M Torrance FIAA *Council Member, Member of Council Education Committee. Born 27/8/56*

David Torrance was elected to Council in 1996

David Torrance is a director of KPMG Actuaries Pty Ltd. David has served on the Accountants Liaison Committee 1997, Health Practice 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.

COMMITTEES APPOINTED BY THE COUNCIL

Much of the detailed work of the Institute is carried out by committees appointed by Council. All communications to committees should be addressed to the chairman of the committee. Working Committees report to Council through the appropriate Council Committee. The chairman's name is listed first and the secretary is marked (S).

COUNCIL COMMITTEES

Council Committees have been set up -

To enable the full Council to consider more fully major issues and matters of policy.

To speed the Institute's decision-making by facilitating communication between Council and working committees or task forces, particularly in relation to Institute policy.

BUDGET AND ADMINISTRATION

COUNCIL COMMITTEE: J R Trowbridge, M-L Hill,
R S Mitchell, K S Pike,
D G Waples, J Rankin (S)

To be responsible for all matters associated with finance and administration of the Institute, including the preparation of an annual budget, recommendations to Council, annual subscriptions, charges for services and amount of prizes, Institute support for university education, the finance of functions and the investment of Institute funds.

This Committee had an exceptionally busy year. It oversaw the upgrade of the Institute's IT and computer systems, a staff re-structure and the introduction of a modern accounting system. It oversaw the setting up of the Investment Task Force, Membership Task Force, Education Finance Committee and Technology Committee. It also approved new staff appointments, a re-vamp of education funding and an upgrade of the library. The accounts show a surplus for the year, with a capacity to hold membership subscriptions while improving member services.

ACTIVITIES (ADELAIDE): P I Crump

There were no formal meetings during the year, as a result of a general lack of interest from members. The majority of local actuaries are engaged in superannuation practice, and papers or issues outside superannuation do not attract local interest. The President's dinner and associated meeting were the sole activity for the year, and this promoted significant participation from local members. A new chairman of the committee should spark some new interest in local activities.

Special Events

The President's visit to Adelaide in March was a most successful day. The participation of most local actuaries and students in the meeting and open forum with the President resulted in a lively discussion of issues affecting the profession.

The President's Dinner was the social highlight of the year for Adelaide, with over 20 actuaries and their partners being entertained by Clare Bellis's history of the Institute and its chronicling. The participation from the accountancy fraternity ensured that we had a multi-professional dinner, which I am sure opened a few eyes.

As a result of the presence of the local media, it was encouraging to see that our activities were reported on the back pages of the following Sunday Mail, just to prove that actuaries are interesting people.

The President has participated on talk back radio on a number of occasions, which has raised the profile of actuaries locally.

ACTIVITIES (BRISBANE): N G Spencer

Over the last year, there have been several meetings of the Brisbane Activities Group to discuss various papers and draft guidelines. These have been fairly well attended by both Fellows and Students.

On 3 April, Brisbane actuaries joined with our guests from the Institute, Trevor Matthews, John Trowbridge and Clare Bellis in celebrating the Institute Centenary. Special thanks to Margaret O'Halloran for organising this wonderful night for us.

1997 was the year of the conference in Queensland, with the ASTIN and AFIR conferences held in Cairns and the Institute's Centenary Convention held on the Gold Coast. The Institute certainly did well in selecting sunny warm Queensland rather than the cold bleak southern States. The Centenary Conference of the Institute was exceptionally well attended by Australian and international actuaries. Good times and good discussions resulted.

ACTIVITIES (CANBERRA): P C Martin

There were twice as many social gatherings as professional discussions during the past twelve months, which seems about right. The year's highlight occurred at the Canberra version of the Centenary President's Dinner where Ms Bellis presented her book 'The Future Managers' for the first time.

ACTIVITIES (MELBOURNE): G C R Harrex

Sessional meetings were held during the year at the RACV Club, followed by dinner at various locations. At the suggestion of the President, name tags were introduced at sessional meetings to help both members and visitors.

The President's Dinner, the first of the Centenary year, was held by the lake at the Reception Centre at the Royal Botanic Gardens on 13 March with 120 members and their partners attending. In keeping with the spirit of the occasion, the evening included a birthday cake for the profession and dancing after dinner. New Fellows were also presented with facsimiles of their certificates, which they had previously received at the Professionalism Course. Clare Bellis also made a short presentation on her forthcoming history of the profession.

ACTIVITIES (PERTH): C A Nance

In Perth we celebrated the Institute's 100th birthday with a great dinner out and some good media coverage.

The dinner was held in April and for the Perth Institute members and partners, it was a great time to catch up with the President, Trevor Matthews. For the first year we also invited some special guests and the Honourable Max Evans, Minister for Racing Gaming and Finance and the state presidents of the two accounting bodies, the CPA and the Institute of Chartered Accountants, and their wives, also joined us in our celebrations.

Whilst Trevor was in Perth, he was interviewed on the ABC's drive time radio program and participated in a talk back session, mainly on health

related issues."The West" - the local paper also interviewed Trevor. This resulted in an interesting few columns of press coverage in the Saturday paper.

ACTIVITIES (SYDNEY): M Stollwitzer

Sessional Meetings were held throughout the year at the State Library and followed by dinner at a number of restaurants. Attendance at some of the meetings and dinners has been disappointing and suggestions from members on any changes which the committee could make to make them more attractive/useful would be welcomed.

The President's dinner was held on 10 April at the University of Sydney. It was attended by 106 members and guests. Although a fun night was had by all, attendance numbers were disappointing (less than half of last year's attendance).

The Christmas dinner was held in the Dixon Room at the State Library following the Presidential Address.

AWARDS/PRIZES: F M McNerney, J M Atkinson,
C S Bellis, M Davies, M T Thorpe
P E Gover(S)

To call for nominations for "Actuary of the Year", Life Membership and Silver Medal, A M Parker and H M Jackson awards, to review nominations received and to make recommendations to Council.

The main event for the Committee this year was the awarding of the Gold Medal to Greg Taylor. This took place at the joint ASTIN and AFIR Colloquium dinner in Cairns in August 1997. The original proposal was that a silver medal be awarded, but after due consideration this was upgraded to a gold medal. This is the first Gold Medal to be awarded by the Institute.

The 'Actuary of the Year' award, the eleventh, this year was made to Bob Glading. The presentation was made at the Gold Coast Centenary Convention in August 1997.

The Committee was also involved in the Melville Prize Fund. This year the Melville Prize was awarded for the first time to Nick Rowley for his paper 'Investment Strategy for Annuities'. The Melville Prize Fund also makes generous contributions to supplement the Parker, Jackson and Prescott prizes.

**CENTENARY
ORGANISING:**

C M Prime, R A Buchanan, M H Freeman,
G R Harris, T J Matthews, B E Rafe,
J Rankin, M Sherris, G C Taylor,
B R Vincent, J W Smit(S)

To be responsible for all events associated with the Centenary including the AFIR and ASTIN Colloquia and the 1997 Convention.

1997 being the Centenary Year of The Institute, the Centenary Organising Committee has been organising various Centenary events.

The most ambitious of these were the three conferences held in close proximity in August 1997 in Queensland.

*The XXXVIIIth International ASTIN Colloquium in Cairns, 10-13 August;
The 7th International AFIR Colloquium in Cairns, 13-15 August;
Co-ordinating with
The Centenary Convention of The Institute of Actuaries of Australia in the Gold Coast, 17-20 August.*

The ASTIN and AFIR Colloquia are activities of the International Actuarial Association which The Institute successfully sought the right to hold on the occasion of our Centenary.

In association with these major events, the Institute hosted an International Dinner for visiting senior actuaries from some 30 countries on 16 August, and also hosted the Annual Meeting of the International Forum of Actuarial Associations on 17 August.

All events were very well attended and successful from the point of view of scientific programme, social organisation, and financial outcome.

Particular highlights were the universally agreed success of the experimental format for the ASTIN and AFIR Colloquia, where the two colloquia overlapped, with a joint day which the programme concentrated on scientific subjects of interest to both. The large attendance at the Centenary Convention of visiting actuaries from overseas; and the very positive comments on the quality and extent of the Centenary Convention scientific programme from these visitors who had not before experienced our conventions.

PROFESSIONAL GUIDANCE:

G F Burgess, T J Matthews,
J R Trowbridge

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

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

PROFESSIONAL STANDARDS: A G Haintz, K Doran,
P D Francis, A J Goddard,
D W Welch (S)

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.

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 in such terms as "Consulting Actuaries". Some notes describing the due process for the development of Professional Standards have been prepared and circulated to members for comment.

PROGRAMME: M H Freeman, T E Andrews, P M Carroll,
R A M Lipman, H R Martin, E L Ranson,
I N Robinson, J W Smit (S)

To consider the programme for Sessional and other Meetings and Conventions, including invitations to authors to write on specific subjects and to organise the review of all papers for these meetings.

To encourage original research by members of the Institute.

To liaise with the Awards/Prizes Committee on items of original actuarial research.

The first sessional meeting of the year was devoted to the 1997 Presidential Address.

Five sessional meetings were held during 1997. These meetings covered topics relating to

the Wallis Inquiry;
 life office demutualisation;
 friendly societies;
 actuarial education; and
 superannuation investment.

In addition, the Programme Committee played an active role in the co-ordination of the plenary and concurrent sessions at the Biennial Convention. A total of 35 papers were prepared involving some 60 authors, including a number of distinguished authors from overseas. The response to the Convention programme from delegates has been extremely favourable.

Overall, the Committee has had no difficulty in encouraging the presentation of papers at both the Convention and at Sessional Meetings. The quality of papers presented in 1997 has been high.

PUBLICATIONS: G C Martin, C S Bellis, J D Hardy,
 J H Lang, M Sherris, J E Walsh,
 D A Zaman (S)

To prepare and issue the IAA Transactions and the IAA Quarterly Journal.

To provide support to, and a line of reporting for, the Actuary Australia editorial committee which has responsibility for all matters relating to the content and publication of the IAA "Actuary Australia" newsletter.

To prepare and issue other permanent publications of the IAA as appropriate.

The 1995 Transactions (2 volumes) were successfully finalised and issued during the year and work is well progressed on the 1996 Transactions. The Quarterly Journal was successfully issued each quarter and had a large 3 part edition published in December 1996. Actuary Australia was successfully published 6 times over the year, with a change in publishers and enhancement in presentation being successfully implemented during the year.

"The Future Managers - Actuaries in Australia 1853-1997" by Clare Bellis was finalised, published and issued to all members during the year. The Institute should be well pleased with this excellent major work. Thank you and congratulations to Clare on a job very well done.

The ongoing success and relevance of these publications depends on the efforts and consideration of a large number of people. Thank you to the members of the Publications Committee, the Actuary Australia Editorial

Committee and Clare Bellis for their considerable efforts. Thank you to the Institute staff for their invaluable assistance. And thank you to all the IAA members who continue to support these publications with relevant and interesting papers, notes, articles, reports, letters, puzzles and photos.

TECHNOLOGY: M D Schneider, M N M Batliwalla,
F P K Chan, M-L Hill, A C L Liu,
M A Robinson, S G Turner

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

The Technology Committee (successor to the Internet Task Force) was set up in 1996 under the Chairmanship of the late Warren Gratton. Under Warren's chairmanship, the IAA web site (at www.actuaries.asn.au) was set up, mainly by Adrian Liu, Stuart Turner and Fred Chan, with assistance from the other members of the Committee. The service provider was Opennet, then a non-profit training organisation. Opennet has now become a commercial venture and investigations are under way to move the site to another commercial provider.

In early 1997, the role of the Committee was broadened to provide advice on technology matters to the IAA. After the unfortunate death of Warren Gratton in March 1997, chairmanship of the Committee passed to Mark Schneider. Under its new guise, the Committee has worked with Jock Rankin and has advised the IAA on its computers, networks, software and procedures relating to these. Much of the initial advice has now been acted on by Jock, bringing significant improvements to the Institute's computer facilities. These will serve as a solid base for streamlining existing administrative work as well as add the ability to increase the range of services provided to the membership.

The Committee is now working with Tim Duller who was recently hired by the Institute. This should bring about additional significant enhancements to both the web site and the operation of the Institute. Tim has a great deal of experience in these areas and can fill the gaps left as a result of the limited time that can be provided by the committee members.

EDUCATION FINANCE: S P Miles, M J Aa, R H S Lyon,
T J O'Donnell

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

The Committee made recommendations to the August Council meeting. In summary the Institute's current education commitments to Universities can be funded by a continuation of current exemption fees and the current per member amount included in annual subscriptions.

On this basis, there is no need to carry high balances in the AUAF and MUAF.

BANKING FINANCE & INVESTMENT

COUNCIL COMMITTEE: J R Trowbridge, J P Buckeridge,
A M Coleman, C B Gregor, J C Poole,
S M Partridge, I D Burningham (S)

BANKING & FINANCE: B A Edwards, I D Burningham,
A M Coleman, K B Griffin, V Hua,
A J McNamara, E L Ranson,
I N Robinson, C W Thorburn,
G W Walker

(1) To promote to the banking and finance industry the role that actuaries can play in those industries.

(2) To review developments in banking from an actuarial point of view, with particular reference to changes in relevant legislation and regulations, and to initiate such studies as it thinks fit.

(3) To encourage actuarial research on the banking and finance industry and promote better education and knowledge of the industry within the actuarial profession.

(4) To liaise with the Education Management Committee, the Professional Standards Committee, the Accountants Liaison Committee, the Life Insurance Practice Committee and the Finance and Investment Practice Committees so as to further the aims of the Committee.

The Banking and Finance Practice Committee was established at the end of 1996 to promote the role of actuaries to the Banking and Finance industries and to foster interest and research on banking topics within the Institute.

The Committee continues the work of the former Finance Committee and reports to the Council Finance and Investment Committee.

In 1996/97 the Committee organised three main events:

- (1) An IAA sessional meeting on the Wallis Inquiry with two papers by committee members and a presentation by Ms Linda Nicholls, a member of the Wallis Committee.
- (2) A presentation to the Australian Institute of Banking and Finance in Sydney on the use of actuarial methods to analyse mortgage loan default experience.

- (3) A presentation to the ETDG in both Sydney and Melbourne on the role of actuaries in banking.

Current plans include:

- (1) Repeating the Sydney AIBF presentation in Melbourne.
- (2) Research on "Retirement Savings Accounts" and "Bancassurance".
- (3) A possible one or two day seminar, in conjunction with the Investment Committee, on a topic of interest to both senior banking and finance executives and to actuaries.

INVESTMENT PRACTICE: P G Cashman, M M Anderson,
M N M Batliwalla, J P Buckeridge,
M J Hickling, F T Neville, J W S Pascoe,
Y K Ooi (S)

To review developments in investments from an actuarial point of view with particular reference to changes in relevant legislation and regulations and to initiate such studies as it sees fit.

To promote actuarial research and involvement in investments.

To disseminate actuarial knowledge in relation to investments.

To encourage liaison between actuaries or others concerned with investments.

To liaise with the Banking and Finance Committee and Superannuation Practice Committee on matters affecting actuaries advising on investment matters.

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

To liaise with relevant committees and bodies on investment education including the Education Management Committee and the Tuition Committee and assist, as needed, in the review and drafting of the course and textbook for Investment Management.

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

This was the first full year of the committee's operation in its

present form. The committee's membership was further strengthened during the year with the addition of new members with experience in asset consulting, financial planning and quantitative analysis.

The committees have begun reviewing the Investment Management course, to ensure it is integrated with the Actuarial Control Cycle subject and continues to be relevant to the fields in which students might expect ultimately to be employed as actuaries. Liaison with the Securities Institute has continued concerning changes to the SIA's courses. The Investment Performance Working Party set up by the Australian Investment Managers' Association was led by a member of the committee, and has issued a draft of the Australian Investment Performance Measurement and Presentation Standards (AIPMPS). Following this, modifications to Professional Standard PS101 (Investment Performance Measurement and Presentation) were approved by Council in August 1997. Informal meetings were held during the year with members operating in the investment field, and steps were initiated to seek ASC recognition of the Fellowship qualification of the Institute, for licensing purposes.

EDUCATION

COUNCIL COMMITTEE: R H S Lyon, A M Gould, D I C Kerr,
D M Torrance, S P Miles, J W Smit (S)

ADMISSIONS & EXEMPTIONS: M C Evers, S P Britt, A S Geue,
A M Gould, I W Manton-Hall,
D A Westcott, J W Smit (S)
Melbourne Correspondent: D M Knox

To recommend to Council the approval of the eligibility of applicants for membership of the Institute.

By agreement with the Institute of Actuaries (London) and the Faculty of Actuaries (Scotland) to recommend to Council the approval of the eligibility qualifications of applicants for membership of those bodies.

To recommend to Council the granting of exemption from examinations of the Institute for members of The Institute of Actuaries of Australia.

By agreement with the Institute of Actuaries (London) and the Faculty of Actuaries (Scotland) to grant exemption from examinations of those bodies.

The Committee continued to deal with applications for membership and exemptions.

EDUCATION MANAGEMENT: D I C Kerr, M J Aa, C M Brownfield,
J Frazer, T B Habel, D G Hart,
D M Knox, E M Sainty, J A Shepherd,
J W Smit (S)

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 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 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.

1997 saw the Actuarial Control Cycle delivered to students outside Sydney, Melbourne and Canberra by distance education through the use of videos and supplementary lecture notes.

The final changes recommended as part of the "Actuarial Education for the Next Century" paper involving a review of the Part III specialist section were presented to sessional meetings for discussion prior to submission to Council for implementation.

Seeking to capture (earlier than previous years) feedback from students and employers on the delivery and content of the Part III subjects, the EMC conducted two focus group meetings in Sydney and Melbourne in June and July. The outcome was fed into the writing process of the 1998 specialist courses. The EMC secured the services of an educational consultant to assist in the writing process for the 1998 specialist subjects. Significant work has been carried out on the syllabuses in order to document the expected outcomes for each specialist subject. To get the right levels of learning for each subject, a number of reviews were undertaken of each syllabus as well as the transition from Part II to the specialist subject.

EXAMINATIONS: S P Miles, P J Blight, S J Cheetham,
W E Gard, T J Kyng, R W McLeod,
M R E Price, E L Ranson, J W Smit (S)

To be responsible for all matters relating to the conduct of the Institute's examinations, including recommendations to Council concerning awards from the Andrew Prescott Memorial Fund.

The overall pass rate for 1996 was 45% which is a slight increase on the pass rate for the previous year. The Ordinary pass rate increased from

46% to 49%; the Specialist pass rate increased from 42% to 44%. In individual subjects, the pass rates varied from a low of 35% (General Insurance - Specialist) to a high of 64% (Life Insurance - Ordinary).

PROFESSIONALISM: M J Gallagher, K E Boss, J A Collier,
J W Smit (S)

To conduct Professionalism courses each year for recently qualified Fellows and to review the material used for such courses.

The 1997 Professionalism Course was held as a residential course at Meroo Conference Centre, Kurrajong in the Blue Mountains on March 6th and 7th. The course was attended by 79 people who enrolled via the Institute office, largely following the successful completion of the Institute's October exams. The course was followed by a graduation dinner at Curzon Hall, which included family and friends of graduates, at which they were presented with their certificates.

RESEARCH: D I C Kerr, D C M Dickson, R S Fisher,
R A M Lipman, S M Partridge, M Sherris,
M D Schneider (S)

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.

The 1997 grants went to:

- Beyond Expected Utility Models: Risk Measures and Implications for Asset Allocation by Mike Sherris
- Genetic Testing for Insurance: International Developments by Shauna Ferris
- Stochastic Asset Liability Matching for General Insurers by Kaise Stephan

The Practitioner's Award went to Nick Rowley for his work on investment strategy for annuities.

TUITION: M J Aa, P G Barnes, J P Green,
B A Watson, J Frazer (S)

To establish and review annually the Course of Reading for examinations set in Australia having regard to comments from the Board of Examiners and recommendations by the Education Management Committee.

To liaise with the appropriate technical committees and to initiate as required any changes in the correspondence courses and text books used in conjunction with Australian examinations.

To ensure that the administrative arrangements for providing tuition for the Australian examinations are adequate.

To monitor the adequacy of the administrative arrangements for providing tuition for the United Kingdom examinations.

To arrange such discussion classes and other gatherings as are deemed appropriate to supplement the tuition by correspondence for Australian examinations.

Activities:

- Much of the Committee's efforts were spent in consolidating the various recent changes to the education system.
- The usual tutoring activities were carried out in Sydney and Melbourne.
- The Chairman was a member of the Education Finance Committee which examined the funding of actuarial education in Australia, and made recommendations to Council of various principles that the

funding should follow.

- The administrative and financial agreements between the Institute and ActEd Australia for the management of the tuition for UK actuarial courses in Australia and New Zealand were finalised.
- The Committee participated in the Education Management Committee's sessional paper on a review of the teaching and assessment of the Australian specialist (Part III) subjects.
- A further simplification of the *Education Handbook* is planned for the 1998 edition, to make it more useful for students.

EXTERNAL

COUNCIL COMMITTEE:

F M McInerney, A C Gale, M M Jilovsky,
R S Mitchell, C M Prime, J S Sparks,
J F Salamito, P R Muir, J A Atkinson (S)

ACCOUNTANTS LIAISON:

D M Goodsall, G M Atkins,
G S Langton (S), D M Torrance,
G W Slater

To confer with representatives nominated by the Institute of Chartered Accountants in Australia on matters of mutual interest.

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 and its ability to serve the public.

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

The Committee comprises five actuaries whose practice areas include life insurance, general insurance and superannuation. The Committee meets bi-monthly with eight accountants, representing the six major accounting firms, a major life office and the Institute of Chartered Accountants, jointly forming the "Accountants and Actuaries Liaison Committee" (AALC).

The AALC aims to promote discussion and understanding between the accounting and actuarial professions on matters of common interest. While the Institute practice committees take the leading role on specific issues, the Committee plays a co-ordinating role on issues involving several practice areas.

During the year the Committee has considered a number of issues relating to all the practice areas. A submission was made to the Australian Accounting Standards Board regarding ED73 on reporting for Life Offices.

COMMITTEE ON THE FUTURE: J R Cumpston, C O Helenius,
G C Taylor, H B Sarjeant (S)

To review publications about the future of the world, establish links with data sources and researchers; encourage research projects, publications and seminars; help the Institute learn from and contribute to international work; make inferences about Australia from global models; and thus help actuaries carry out their tasks better and increase the areas in which actuaries can work.

The Committee's terms of reference and membership were unchanged during the year. Activities included:

- Preparation of a paper by Richard Cumpston and Hugh Sarjeant titled "Models of the world for the next 100 years" for the Institute's 1997 convention.
- Comparisons of long-term projections from different sources, to be used as part of the convention presentation.
- Extension of a list of national and international contacts. Copies of the convention paper will be sent to around 100 organisations.
- Formal assistance to the CSIRO in relation to its tourism work. Together with Barney Foran and Geoff Bartram of the CSIRO, Richard Cumpston is co-authoring a book titled "Tourism 2020".
- Increased contact with overseas researchers. Richard Cumpston has been invited to spend 7 weeks at the International Institute for Applied Systems Analysis at Laxenburg near Vienna.

The current committee membership and structure has been unchanged since inception in December 1993. The committee intends to review its work plans after the convention.

INTERNATIONAL RELATIONS: C M Prime, G F Burgess, J deG Gribble,
M A Hilder, B Hinton, R H S Lyon,
N H Saunders, J W Smit, K E Bacon (S)

To establish a link with overseas actuarial bodies, particularly in Asia, New Zealand, North America and Europe including the United Kingdom, in order to inform the Council of activities from those bodies that are of interest and/or concern to the Institute.

To provide information to those overseas bodies on the activities of our

Institute.

To research and advise Council of, and to promote, opportunities for expanding the Institute's activities and educational facilities internationally.

To participate in international debates of interest to the actuarial profession.

The Indonesian Education Project

Under this project, members of the Institute ran a series of four courses designed to enhance actuarial skills in Indonesia. The initial program began in 1996 and was completed with two courses in 1997. All courses in that program were well received. Apart from tuition fees payable within Indonesia, the courses were funded by AusAid, corporate sponsorship and the International Actuarial Association. The funding covered all costs and produced a small surplus to be carried forward to future programs.

The Committee plans to run further courses in Indonesia and is seeking similar sponsorship. The Committee is also working with a Canadian representative in Indonesia on this and other educational projects.

Recognition of FIAA in other countries

Recognition of FIAAs in Malaysia for statutory life insurance work has now been finalised. The Committee has continued to pursue recognition of FIAAs in Singapore.

President's overseas visits

The President had meetings with the American Society of Actuaries during the year and attended the Institute of Actuaries' Biennial dinner in London.

The Committee continues to advise the President and the Vice President on actuarial events overseas.

Overseas Ambassadors

The Committee has appointed "overseas ambassadors" to the Institute in Hong Kong (R J Eagleton), Japan (J S Sparks), Malaysia (S C Foong) and Singapore (R T-W Chan). The ambassadors will provide support to the Institute in their country, including promoting the work of the Institute and providing a point of contact for Institute members working in that country. The ambassadors will work closely with the Committee in this role.

The Committee is seeking to appoint ambassadors in other overseas

countries, particularly in New Zealand and Indonesia.

In addition to appointing ambassadors, the Committee has been joined by Murray Hilder as a Committee member in New Zealand. This addition to the Committee emphasises the importance placed on the relationship between the Institute and the New Zealand Society.

The International Forum of Actuarial Associations (IFAA)

The Institute continues to support the global actuarial profession and takes a leading role amongst office bearers in the IFAA. The Institute has representation on the main IFAA committees which relate to the globalisation of the profession, including committees on Education and Accounting Standards.

International Relations in Centenary activities

The Committee organised an International Dinner in conjunction with the Institute's Centenary Convention for overseas visitors to the Convention. Representatives of the Institute who attended the dinner included the President, Vice President, members of Council and a number of past presidents.

PUBLIC RELATIONS:

P R Muir, M D Burt, P M Carroll,
W Hearne, J Lang, B R Mahoney, C Price,
N J Schwerkolt, J A Tregonning,
D Wilkinson, G J Della (S).

To promote greater awareness of the value of actuaries to the community.

The PR Committee operates the public relations framework within which Institute committees promote Institute activities.

With the assistance of FCR, the Institute's public relations consultants, we have produced a number of press releases, public documents and summaries covering numerous practice areas and Institute submissions to public inquiries.

1997 Centenary Convention
Life Accounting/Actuarial Standards
Gold Medal production
Institute's new tie/scarves
Institute clock

Budget press release
 Friendly Society press release
 Health Insurance release
 Super Surcharge press release
 Wallis Report press release
 Capital Adequacy press release
 Demand for Actuaries press release
 New IAA letterhead stationery

Additionally this committee and FCR have assisted with the Presidential marketing programme for the year such as the Presidential Dinners, lunches in Sydney, Canberra and Melbourne for journalists and politicians.

Members of this committee, together with FCR, can assist with all aspects of PR including advice, planning, presentation material, media announcements, introductions brochure or document preparation and so on.

RISK CLASSIFICATION:

D J Minty, D I C Kerr, A S Geue,
 M E Heffron, S Y-T Kwa, C Larmer,
 F M McInerney, R E Pfeifer,
 E Fabrizio (S)

To investigate and prepare submissions on developments in the removal of discriminatory practices which affect or may affect life, general and health insurance and superannuation.

To liaise with the Public Relations Committee for 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.

In July, Council approved the Issues Paper on Genetic Testing for distribution. The paper was published in the Centenary Convention Transactions and was distributed to other actuarial societies, interested government bodies and private sector organisations for comment.

The paper "Actuarial Statistics in Life Insurance" was revised and updated.

The Committee discussed various issues with the NSW Privacy Commissioner and the President of the NSW Anti-Discrimination Board.

Papers prepared by the Association of Superannuation Funds of Australia (ASFA) on sex discrimination were reviewed.

The Committee met quarterly to review developments in risk classification and anti-discrimination on behalf of the Institute and responded to a number of questions from non-members referred by the Institute Secretariat.

STRATEGY, MARKETING & PLANNING: A E Merten, R A Davies, S Y-T Kwa,
J A Lyon, C B Price (S), T A L M Wakeling

The Strategy Marketing and Planning (SMP) Committee is the new name for the Marketing Committee, reflecting its broadened function.

The SMP Committee now has a dual focus:

1. *To support the mission of the Institute by "promoting the profession and creating, expanding and maintaining an environment where the skills of actuaries are widely used and valued".*

2. *To co-ordinate the strategic and planning functions for the Institute.*

The SMP Committee aims to achieve its mission by:

- Preparing a Strategic Plan for the Institute and assisting Council in implementing and updating the Plan.
- Establishing and maintaining a marketing framework for the profession using external research and public relations firms where appropriate.
- Implementing various marketing strategies with the co-operation of the other Institute Committees.
- Reporting and disseminating information on marketing opportunities so that interested parties can utilise this information and help the profession to grow.

Andrew Gale left the Committee in August this year after two and a half years as the founding Chairman. Alan Merten took over as the new Chairman.

1997 Projects

Preparation and Presentation of the IAA Strategic Plan

The Committee presented "Version 1" of a proposed Strategic Plan

for the Institute at the IAA Centenary Convention in August. The paper was titled "Shaping the Next Century - IAA Strategic Plan".

The Committee developed the plan working through Council processes, including a series of Council workshops and meetings with Committees and involving consultations with the President and Vice Presidents and other members.

The Strategic Plan is structured around six key issues:

- Customer Focus of the Institute and the profession
- Market Penetration of existing markets - ie more of our services to existing customers.
- Market Development ("non-traditional employment") - ie applying our services and contribution in a wider range of industries and fields of endeavour.
- "Product Development" - where the actuary is the product, and skill development enhances our marketability.
- Role of the Profession represented by the Institute and its Members.
- Role of the Institute in extending our influence - there are significant public affairs where we have a valuable, and in some cases a unique contribution to make.

Following on from the presentation, the Committee is now preparing a series of workshops to further discuss the Plan with the broader membership.

Communication Skills Audit

Work has commenced on this project which is identified as an action item in the "Product Development" section of the Strategic Plan.

The objective of the audit is to survey and analyse internal and external perceptions of the strengths and weaknesses of the actuarial communications skills set.

The audit is targeted for completion by March 1998.

FINANCIAL SERVICES

COUNCIL COMMITTEE:

R S Mitchell, K E Boss, A M Coleman,
K E Doran, A C Gale, F M McInerney,
J C Poole, G W Slater, J S Sparks,
B Browne (S)

DISABILITY:

Membership:

B P Smith, H T T Bui, R K Cornwell,
J G Hocking, F M McInerney,
M A Robinson, M Swerdlin, K E Boss (S)

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

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 liaise with the Insurance and Superannuation Commission on disability insurance matters.

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.

The Committee carried out an analysis of 1992-95 insured lives experience. The full results are being published in the 1997 Report of the Disability Committee.

The Committee also wrote an issues paper on disability insurance for the Centenary Convention.

The Committee made recommendations to the Life Insurance Practice Committee regarding solvency and capital adequacy standards for disability business.

The Committee consulted with contributors regarding the desirability and practicality of including additional data fields in the future.

1996 data is now being collected in preparation for the analysis of 1993-96 experience.

**FRIENDLY SOCIETIES
PRACTICE:**

C J Stevenson, M J Dwyer, F P Funder,
A L Truslove (S)

To review developments in friendly societies from an actuarial point of view, with particular reference to changes in relevant legislation and regulations, and to initiate such studies as it thinks fit.

To promote actuarial research and involvement in friendly societies.

To disseminate actuarial knowledge in relation to friendly societies.

To encourage liaison between actuaries and others concerned with friendly societies.

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

To liaise with the Accountants Liaison Committee and assist, as needed, in the drafting of Reporting Standards for Friendly Societies.

The Committee has been active in the following areas:

- Liaison with the Australian Financial Institutions Commission on the standards for application to Friendly Societies from the commencement of the proposed national regulation of friendly societies.
- Provision of comment on draft legislation to be introduced into the Victorian Parliament and adopted as template legislation in other States.
- Submission of a draft friendly society professional standard to the Professional Standards Committee.

HEALTH PRACTICE: D M Torrance, G M Adams, C M Brennan,
P M Carroll, T Karp, R C Madden,
R J Paton, C J Stevenson, B W Walker,
D J Walker, J E Walsh, A P Gale (S)

To promote to the health industry the role that actuaries can play in the industry.

To promote to government the role that actuaries can play in the health industry.

To encourage actuarial research on the health industry and promote better education and knowledge of the industry within the actuarial profession.

To review developments in the health industry from an actuarial point of view, with particular reference to changes in relevant legislation and regulations, and to initiate such studies as it thinks fit.

To liaise with the Executive Director, the Marketing Committee, the Public Relations Committee, the Education Management Committee, the Professional Standards Committee and the Superannuation Practice Committee so as to further the aims of the committee

The Committee made two submissions to the Productivity Commission's inquiry into private health insurance and also appeared before the inquiry. In presenting its report the commission recommended the introduction of age at entry unfunded lifetime community rating, a notion that had been raised in the Institute's submission.

Following the release of the report the government stated that it was inclined to support the introduction of unfunded lifetime community rating but that it needed to have a detailed look at how it would work in practice. The government requested the Institute produce a discussion paper on unfunded lifetime community rating for its consideration.

The committee produced a paper within 12 weeks of the request. The paper was sent to the government on 13 August of this year under the authorship of the Health Insurance Task Force. The paper is open for comment by the membership and will be finalised before the end of the year for adoption by the Institute.

The committee consulted widely with industry prior to finalising the

paper. The committee believes that the response was overall very favourable and significantly increased the Institute's profile in the health insurance arena.

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 be working to increase the health knowledge within the profession.

LIFE INSURANCE PRACTICE: R P Mangano, C G Aaron, E J Baker,
T P Chambers, K E Doran, P M Hodgett,
M J Mulcare, K M Prisk, I N Robinson,
B R Vincent, R A Rowlinson (S)

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

To maintain liaison with the Insurance and Superannuation Commission and the Life Insurance Actuarial Standards Board on life insurance matters.

To encourage liaison between actuaries and others concerned with life insurance.

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

To liaise with the Accountants Liaison Committee and assist, as needed, in the drafting of Reporting Standards for life offices.

To review, keep up to date and deliver on behalf of the Education Management Committee a comprehensive study programme and core syllabus for the life insurance course. To recommend names of prospective tutors and examiners to the Education Management Committee.

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.

Financial Reporting: C G Aaron, K E Doran, N J Edwards, R H S Lyon,
G C Martin, G W Slater, P M Swain, B R Vincent

Close liaison was maintained with the LIASB in the finalisation of the Policy Liability Standard. Input was also provided in the development of the ISC's financial reporting formats. This sub-committee has now taken over the functions of the Solvency and Capital Adequacy Sub-Committee after that Committee completed its role of assisting the LIASB in the finalising of the Solvency and Capital Adequacy Standards. The Committee is currently managing a task force of actuaries and accountants working on the development of a Guidance Note on expense apportionments. Following last year's survey of members of the profession to identify training needs and contentious issues under the new Life Insurance Act financial reporting environment, a program of seminars and workshops has been implemented - the seminars have been successful in attracting a wider audience of professionals as well as actuaries, while the more technical workshops have been well attended by actuaries.

Legislation: K M Prisk, A S Geue, P L Gower, G M Lay, B D Robertson, P J Stott, M E Turner

The Sub-Committee has exercised a general watching brief on legislative issues affecting actuaries working in the life insurance industry. Assistance was provided to the LIASB in the development of a Standard in respect of Investment Guarantees for s42 of the Life Insurance Act.

Surrender Values: E J Baker, T J McMahon, F Rowley, N M Rowley, W L Young

The Sub-Committee provided assistance to the LIASB in the development of its Minimum Surrender Value Standard.

Professional Standard 200: I N Robinson, E J Baker, G J Della, D M Goodsall, P M Hodgett

Revisions needed to PS200 in light of the new Life Insurance Act were implemented.

Education: M J Mulcare, B A Browne, J A Collier, G R Einfeld, D P Henning, B Hinton, S J Wood

Course notes and text books were reviewed and updated.

MORTALITY: P R Muir, A Mak, R J Land, F McInerney,
J H Pollard, L G Tickle, G Whittaker,
G Brennan, J Y Wildgoose, P Chan (S)

To carry out investigations into mortality and the permanent disablement of

insured and other lives and to report to Council 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 the ISC and the LISA on underwriting and mortality matters.

The major achievement for this committee in 1996/97 was the production of an investigation of sub-standard lives mortality experience 1990-94 in May 1997 for the Centenary Convention.

This Committee also reviewed the two other convention papers presented at the Mortality concurrent session.

The Committee has also reviewed the specifications for data collection with respect to enlarging the investigation to include all master trust experience.

The Institute's resources located at Macquarie University were expanded by the addition of a new staff member, Linda Owens. Linda will be assisting Jenny Wildgoose handle the enlarged investigations now carried out by this Committee.

UNIT TRUST: K B Griffin, S J Attard, L M Chadwick,
J W S Pascoe, D McNeil, P F Scully,
S Holstein, R Rowlinson, T Cook

To represent the Institute of Actuaries of Australia in preparing contributions and submissions on issues affecting the managed investments industry.

The Committee progressed a number of its projects over the year.

GENERAL INSURANCE

COUNCIL COMMITTEE:

J S Sparks, A M Gould,
D G Hart, G Robinson(S)

**GENERAL INSURANCE
PRACTICE:**

A M Gould, G M Atkins, J B Claridge,
W E Gard, M J Goodwin, B M Nicholls,
C A Priest, G Robinson (S)

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 Insurance and Superannuation Commission 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 Marketing 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.

Much of the work for which the Council and Practice Committees are 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, 1997 were as follows.

**Accident Compensation
Sub-Committee:**

D J Finnis, R A Buchanan, R A Davies,
R D Hoskinson, B M Nicholls, B H Ward,
D A Whittle

Responded to the:

- Heads of Workers' Compensation Authorities' draft report.
- NSW Legislative Standing Committee on Law and Justice's Interim Report on the NSW Motor Accidents Scheme.
- Issues Paper prepared by the Grellman Inquiry into NSW workers' compensation.

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

Development Sub-Committee:

T E Andrews, R A Davies, W E Gard,
R D Hoskinson, B H Ward

Organised actuarial contributions to an Insurance Council of Australia seminar on the NSW Motor Accidents Scheme.

**ASTIN 1997 Scientific
Committee:**

G C Taylor, R A Buchanan,
C J Brigstock, M J Goodwin

Worked on the scientific programme and other arrangements for the highly successful ASTIN colloquium held in Cairns in August, 1997.

(This committee reported to the Centenary Organising Committee but liaised with the Practice Committee.)

**Organising Committee for R A Davies, M J Goodwin, G Robinson
The IAA's 6th Accident
Compensation Seminar:**

This very successful seminar was held in Coolumb in December 1996.

**Organising Committee for the
IAA's 11th General Insurance
Seminar:**

T E Andrews, K E Johnston,
M Stevens, D A Whittle

The seminar will be held on the Gold Coast in November 1997.

Education Sub-Committee:

W E Gard, S J Wilson, B A Watson

Updated general insurance tuition material, including preparation of Learning Guides for students for the first time, and made tuition and examination arrangements for 1997.

**Financial Reporting
Sub-Committee:**J B Claridge, C J Marjoribanks,
P J McCarthy, C J O'Dowd, C A Priest

Established the terms of reference and membership of and provided guidance to the two working groups referred to below.

Assisted with a presentation to the Urgent Issues Group (UIG) on the topic "Measurement of Claims Liability of General Insurers." The UIG is a committee established by the Australian accounting professional organisations and standard - setting bodies to review potentially contentious financial reporting issues. The IAA's presentation by G M Atkins and J B Claridge was well-received and the IAA's presenters were congratulated publicly by the UIG.

Liaised with the ISC.

**Working Group on the
Consistency and Reliability of
Outstanding Claims Provisions:**C J Marjoribanks, C A G Beynon,
P Martin, C J O'Dowd, G Schneider,
A G Scott, A D Smee, Y Zhao

Terms of reference for this working group are:

1. To determine the degree of consistency among insurers which is provided by current practice in the establishment of provisions for outstanding claims, and the reliability, over time, of the provisions so established.
2. To examine whether actuarial estimation of outstanding claims liabilities improves the consistency and reliability of outstanding claims provisions of general insurers.
3. To assess whether material improvements in the levels of consistency and reliability of outstanding claims provisions are necessary, and the extent to which these could be achieved by:
 - (i) alterations to actuarial and /or accounting standards
 - (ii) further requirements on the general insurance industry.

Working Group on the

C J O'Dowd, W Choo, S H Collings,

**Determination of Solvency
Standards for General Insurers:**

D J Finnis, M J Goodwin, C R J Latham,
P Martin, T J Pratt, S J Wilson

Terms of reference for this working group are:

1. To determine appropriate criteria to be applied in the formation of minimum solvency standards for general insurance companies.
2. To determine the extent to which the current minimum solvency standard meets these criteria.
3. To examine alternative solvency standards against the criteria and make recommendations.

Other activities organised by the Practice Committee during the year, for which none of the above bodies were specifically responsible, included:

- Assisting with the IAA's response to the Wallis Inquiry recommendations.
- Arranging for extensive contributions by IAA members to a workshop on general insurance organised by the New Zealand Society of Actuaries held on 30 September, 1997.

SUPERANNUATION

COUNCIL COMMITTEE: M M Jilovsky, R W Champion,
P D Francis, S M Partridge,
C A Nance

**RETIREMENT INCOMES
POLICY:** R W Champion, K G Dance, C R Grenfell,
G Harslett, D M Knox, G P Nunn,
J F M Ross, R J Stevens

In fulfilling the Institute's objective of increasing "the value to the community of the actuarial profession".

To prepare statements of Institute views and policy in relation to long-term issues of Australia's retirement incomes policy.

To explore these views and policies for comment by Council or members of the Institute as appropriate, with a view to publishing an agreed official Institute statement on Retirement Incomes.

To maintain close liaison with the Superannuation Practice Committee and to liaise with the Public Relations Committee in making public the Institute's views.

To provide information and actuarially-based input to the political decision-making process in accordance with agreed policy.

The Committee reviewed its policy with no further change this year.

SUPERANNUATION PRACTICE: P D Francis, G R Grenfell, J Humphreys,
M M Jilovsky, G S Langton, H R Martin,
S M Partridge, J D Ward (S)

To review developments in superannuation from an actuarial point of view, with particular reference to changes in relevant legislation and regulations, and to initiate such studies as it thinks fit.

To maintain liaison with the Insurance and Superannuation Commission, the Australian Taxation Office, Treasury, the Australian Accounting Research Foundation, The Human Rights and Equal Opportunity Commission and other relevant bodies on superannuation matters.

To encourage liaison between actuaries, LISA, 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 Accounts Liaison committee and assist, as needed, in the drafting of Superannuation Reporting Standards.

To liaise with the Education Management Committee and the Tuition Committee and assist, as needed, in the review and drafting of the course and text book for Superannuation.

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

The Committee has been organised into four "Groups", or sub-committees, with each concentrating on one aspect of the Committee's work - corresponding to the four headings. In addition to Committee members, other Institute members have continuing involvement in the Groups. The objective is to have every major employer of actuaries working in superannuation represented in Superannuation Practice Committee work.

Accounting and Investments: G S Langton, M A Blair, K G Dance, C B Gregor, C R Grenfell, B Jeffrey, H R Martin, D J O'Keefe, S M Partridge.

The Group finalised a discussion paper titled "Expensing of Superannuation in Sponsoring Employer Accounts" and circulated copies to relevant accounting, actuarial, government and other superannuation bodies. The Group liaised with accountants on the use of net of tax and gross of tax discount rates in establishing the amount of liabilities to be taken up in company accounts. A draft Guidance Note on Reporting on Superannuation Fund Investment Returns was prepared for discussion at the Centenary Convention.

Regulations: J J Fitzpatrick, M M Jilovsky, A P Leung, S M Partridge, P A Shallue, P D Francis, J D Ward, N Callil

The major focus of the group during the year was the Institute's response to the Government's Superannuation Contributions Tax ("Surcharge") legislation. Included in this work were submissions to the Government and the Senate Select Committee on Superannuation, conducting meetings of the membership in Sydney and Melbourne and the running of a Convention concurrent session. Other tasks were a review of Guidance Notes 451, 452 and 455 and further submissions to Government on small fund lifetime pensions and allocated pensions.

Education Information and Meetings: J Humphreys, J E Burnett, S D Ferris, J M Shead, J Smit, S Cheetham.

The major task during the year was the rewrite of the Superannuation course. The Guidance Note on asset valuation is finalised as is an update of Professional Standard 401. These are due to be released shortly.

Social Issues: H R Martin, T D Boden, P I Crump, S D Ferris, S M Partridge

The Group liaised with ASFA & LISA in relation to the finalisation of a discussion paper on guidelines for the application of age discrimination legislation to superannuation funds and kept a watching brief on other discrimination and family law issues".

COMMITTEES REPORTING DIRECTLY TO COUNCIL

PROFESSIONAL CONDUCT: W H Carter, T C Jenkins, K W McLeod,
W K Roberts, F M Ross, G C Taylor,
G B K Trahair

To carry out such investigations as are required by virtue of complaints received of the conduct of members. A subcommittee appointed by the Chairman may, in relation to such an investigation, require and receive from the member concerned or any other members, and seek and receive from any other person or persons, such information and explanations as it may think proper. This Committee reports directly to Council.

The complaint received by the Committee during the 1996 year was withdrawn by the complainant during the 1997 year. Another complaint was received by the Committee during the 1997 year and was dealt with by the Chairman and the President.

PROFESSIONAL CONDUCT J L Maroney, R W Champion,
TRIBUNAL: R G Glading, S P Miles, D A Service

To receive reports from the Professional Conduct Committee to review them and determine what action should be taken. To hear appeals by members in relation to warnings issued by that Committee.

No matters were referred to the Tribunal during the year.

LIBRARY

A Library is maintained in Sydney. The library includes textbooks for Institute and Institute of Actuaries (London) examinations intended for reference and for short term loans to students, and sets of actuarial journals from many countries.

FINANCIAL STATEMENTS

Copies of the Institute's audited financial statements for the year ended 30 September 1997 are attached.

For and on behalf of the Council

10 November 1997

T J MATTHEWS
President

CLASSES 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.

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.

APPLICATIONS

Application forms for membership may be obtained from the Institute, or its Victorian Representative, Helen Taylor, 447 Collins Street, Melbourne.

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 BEc from Macquarie University in Sydney, a BCom from the University of Melbourne or a BEc from ANU in Canberra may gain exemption from Part I subjects, being A,B,C,D of the Institute of Actuaries (London). Graduates who enrol in the Graduate Programme in actuarial studies at Macquarie University or as a continuing education student in actuarial studies at the University of Melbourne may apply for exemption from the Institute subjects which correspond to 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 first four subjects of the Institute of Actuaries (London). In general such exemptions will be limited to Subject B and paper 1 of Subject C.

Students obtaining passes or exemptions in subjects A,B,C or D of the Institute of Actuaries (London) may obtain exemption from the equivalent Part I subjects. 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 AND SUBSCRIPTIONS

Annual subscriptions for 1996/97 were:

	Resident in Australia	Resident outside Australia
Fellow & Accredited Members	\$725.00	\$500.00
Associates & Advanced Students	\$450.00	\$300.00
Students & Lay	\$240.00	\$240.00
Full-time students	\$65.00	\$65.00

The entrance fee was \$200.00 and for full-time student \$55.00.

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.

KINDRED SOCIETIES

INTERNATIONAL ACTUARIAL ASSOCIATION (International AA)

Friendships resulting from the translation into French of "Life Contingencies" by George King led to holding the International Congress of Actuaries in Brussels in 1895. The 22nd ICA was held in Sydney in 1984. The 25th was held in Brussels in 1995.

Continuity in the arrangements for successive Congresses is achieved by the International Actuarial Association at 48 Rue du Fosse-aux-Loups, B-1000, Brussels.

Correspondence should be forwarded through the Australian National Correspondent, Mr W K Roberts.

The objects of the International Actuarial Association are:

To promote or to conduct work or research of interest to the science or practice of the actuary.

To publish periodically a Bulletin.

To co-operate with the Organizing Committee in preparing the work of International Congresses.

Applications for membership of International AA should be addressed to the Institute Office.

Arrangements are in hand for the 26th Congress in Birmingham in 1998, and it has been decided that the 27th Congress will be held in Mexico in 2002.

ASTIN

The regulations of the International Actuarial Association were amended during the course of the 15th Congress to permit the formation of sections of the Association for the study of special subjects. The first such section, known as ASTIN, was inaugurated at New York in October 1957 for the promotion of mathematical research in non-life insurance. The 38th Colloquium was held in Cairns from 10-13 August.

AFIR

A second special section of the International Actuarial Association, named AFIR (Actuarial Approach to Financial Risks), was established at the time of the Helsinki Congress in 1988. This finance section brings together actuaries concerned with the application of scientific methods to the evaluation and management of financial risks, and aims to promote actuarial research in financial risks and problems. The 1997 Colloquium was held in Cairns from 13-15 August in association with ASTIN and the Institute.

MEMBERSHIP OF ASTIN AND AFIR

Members of the International AA who desire to register as members of either section should send applications to the Institute Office.

IFAA

The third section, the International Forum of Actuarial Associations, was formed at the Brussels Congress in 1995. The Institute is one of 31 Founding Members. Under its objectives the IFAA will provide a focal point for associations on matters relating to professional conduct; professional standards; mutual recognition; education and CPD and relations with international organisations and other international professional bodies. The IFAA met on the Gold Coast during the Institute's Centenary Convention in August 1997.

INTERNATIONAL ASSOCIATION OF CONSULTING ACTUARIES

At the Eighteenth ICA Congress in Munich in 1968 the International Association of Consulting Actuaries (IACA) was established for the purpose of facilitating the exchange of views and information on an international basis between members on matters affecting their professional responsibilities as consulting actuaries. Meetings normally take place every two years. The 1996 meeting was held in Gleneagles, from 23 to 28 June. Australian or New Zealand consulting actuaries who are interested in joining the Association should contact Mr J Newman on (02) 9229 0803.

MEMBERSHIP STATISTICS

Membership figures for the last 10 years:

Year	Fellows	Accredited	Associates	Students
	Lay Members		Total	
1988	527	33	274	11
1989	555	40	307	10
1990	589	40	346	10
1991	647	40	340	10
1992	693	35	333	9
1993	759	30	331	9
1994	810	38	345	8
1995	865	40	363	7
1996	921	37	362	7
1997	991	34	370	7

	Australia	New Zealand	Other Overseas	Total
Life Insurance	259	20	38	317
General Insurance	85	-	7	92
Superannuation	190	12	16	218
Management	57	2	8	67
Health Insurance	4	1	-	5
Education	12	-	1	13
Investment	61	1	12	74
Software	5	-	-	5
Banking	27	-	4	31
Reinsurance	3	-	-	3
Other Business	42	1	4	47
Retired	111	2	6	119
	856	39	96	991

Classification by residence: (1996 figures in brackets)

	Fellows	Accredited	Associates	Students	Lay Members	Total
A C T	14(11)	0(0)	2(4)	6(5)	0(0)	22(20)
N S W	553(516)	15(16)	184(171)	258(253)	6(6)	1016(962)
Queensland	19(18)	0(0)	13(13)	16(16)	0(0)	48(47)
S Australia	15(16)	0(0)	6(6)	3(6)	0(0)	24(28)
Tasmania	2(2)	0(0)	1(1)	1(1)	0(0)	4(4)
Victoria	241(224)	9(11)	88(87)	89(95)	0(0)	427(417)
W Australia	11(13)	0(0)	4(4)	4(6)	0(0)	19(23)
N Territory	0(0)	0(0)	1(1)	0(0)	0(0)	1(1)
New Zealand	39(43)	0(0)	28(26)	10(8)	1(1)	78(78)
Other O'seas	97(78)	10(10)	43(49)	39(33)	0(0)	189(170)
	991(921)	34(37)	370(362)	426(423)	7(7)	1828(1750)

<u>Year of Birth</u>	<u>Fellows</u>	<u>Accredited</u>	<u>Associates</u>	<u>Students</u>	<u>Lay Members</u>
1901-05	1	0	0	0	0
1906-10	2	0	0	0	1
1911-15	11	0	0	1	0
1916-20	12	0	0	0	0
1921-25	14	0	2	0	3
1926-30	17	0	2	0	2
1931-35	28	0	2	0	0
1936-40	50	0	7	0	0
1941-45	88	3	30	4	1
1946-50	135	2	52	12	0
1951-55	134	2	44	17	0
1956-60	120	6	27	40	0
1961-65	149	14	50	48	0
1966-70	164	7	78	107	0
1971-75	65	0	75	138	0
1976-80	0	0	1	59	0
	<u>991</u>	<u>34</u>	<u>370</u>	<u>426</u>	<u>7</u>

THE INSTITUTE OF ACTUARIES OF AUSTRALIA

REPORT OF COUNCIL

Council submits herewith the Balance Sheet at 30 September 1997 and the Profit and Loss Statement of the Institute for the year ended on that date. In order to comply with the provisions of the Corporations Law, the Council reports as follows:

The Institute is limited by guarantee under S383 of the Corporations Law. Council fulfils the role of the Board of Directors.

The names of the Members of Council in office during the year covered by this Report are as follows:

P M CARROLL, BA,FIAA	T J MATTHEWS, MA,FIA,FIAA,ASA
J B CLARIDGE, BEc,FIAA	F M McINERNEY,BA(Hons),FIA,FIAA
A M COLEMAN, BA,MBA,FIA,FIAA	R S MITCHELL, FIA,FIAA,ASA
K E DORAN, BEc,FIAA	S M PARTRIDGE,BSc,MBA,FIA,FIAA,ASIA
R M FITZHERBERT, BSc,FIA,FIAA,ASIA	C A NANCE, BSc,BA,FIAA
A M GOULD, FIA,FIAA	J S SPARKS, BSc(Hons),FIAA
M M JILOVSKY, BSc,FIA,FIAA,FNZSA	D M TORRANCE, BA,FIAA
D M KNOX, BA,PhD,FIA,FIAA	J R TROWBRIDGE, BSc,BE,BA,FIA,FIAA
R H S LYON, MA,FIAA,ASA	

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

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 \$262,649. \$132,133 has been transferred to educational, mortality investigation and prize funds reserves resulting in a surplus after reserve transfers of \$130,516.

Members' funds of \$1,684,030 represent 109% of 1997 expenditure of \$1,545,534 (net of convention expenses of \$1,126,181 for which income of \$1,164,714 was received). Institute policy is to hold funds of one year's expenditure.

No significant change in the state of affairs of the Institute occurred during the financial year not otherwise outlined in the Accounts or the Notes thereto.

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 1997.

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 1997 which need to be brought to your attention.

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 he is a member or with a company in which he has a substantial financial interest for services rendered in connection with the activities of the Institute. No Member of Council had an interest in a contract or proposed contract with the Institute during the year.

Signed in accordance with a resolution of Council made pursuant to Section 310(2) of the Corporations Law.

On behalf of the Council.

J R TROWBRIDGE - Senior Vice President

R S MITCHELL - Vice President

Sydney, 10 November 1997

MEMBERS OF COUNCIL

Left to Right: Martin Jilovsky, Jock Rankin (Secretary), Catherine Nance, David Torrance, Peter Carroll, David Knox, Richard Mitchell (Vice President), Richard Lyon, Jenni Sparks, Trevor Matthews (President), Frank McInerney, John Trowbridge (Senior Vice President), Steve Partridge, Geoff Burgess (Immediate Past President), Adrian Gould, Karen Doran, James Claridge, Richard FitzHerbert.

Absent: Tony Coleman

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

Scope

We have audited the financial statements of The Institute of Actuaries of Australia for the financial year ended 30 September 1997 as set out on pages 75 to 85. The Council of the Institute is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of those financial statements in order to express an opinion on them to the members of the Institute.

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

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

Audit Opinion

In our opinion, the financial statements of The Institute of Actuaries of Australia are properly drawn up:

(a) so as to give a true and fair view of:

(i) the Institute's state of affairs as at 30 September 1997 and of its surplus and cash flows for the financial year ended on that date; and

(ii) the other matters required by Division 4 of Part 3.6 of the Corporations Law to be dealt with in the financial statements;

- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu

N P HULLAH
Partner
Chartered Accountants

Sydney, 10 November 1997

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT BY MEMBERS OF COUNCIL**

We, John Roy Trowbridge and Richard Sampson Mitchell, being two Members of the Council of The Institute of Actuaries of Australia, hereby state, in accordance with a resolution of Council pursuant to Section 303(2) of the Corporations Law that in the opinion of the Council:

(a) the accompanying profit and loss statement is drawn up so as to give a true and fair view of the surplus of The Institute of Actuaries of Australia for the year ended 30 September 1997;

(b) the accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of The Institute of Actuaries of Australia as at 30 September 1997;

and

(c) at the date of this statement there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due.

J R TROWBRIDGE

R S MITCHELL

Sydney, 10 November 1997

ON BEHALF OF COUNCIL

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
PROFIT AND LOSS STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

	<u>Note</u>	<u>1997</u> \$	<u>1996</u> \$
Operating surplus	2	262,649	244,006
Income tax expense		-	-
OPERATING SURPLUS			<hr/>
AFTER INCOME TAX			262,649
244,006			
Transfers from reserves	8	-	-
185,000			
Transfers to reserves	8	(132,133)	
(56,700)			
		<hr/>	
OPERATING SURPLUS AFTER NET TRANSFER			130,516
372,306			
TO RESERVES			
Members' funds at the beginning of the financial year			1,553,514
1,181,208			
		<hr/>	
MEMBERS' FUNDS AT THE END OF THE FINANCIAL YEAR			1,684,030
1,553,514			<hr/> <hr/>

Notes to and forming part of the accounts are included on pages 80 to 85.

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
BALANCE SHEET AS AT 30 SEPTEMBER 1997**

	Note	<u>1997</u>	<u>1996</u>
		\$	\$
CURRENT ASSETS			
Cash			920,226
869,487			
Interest receivable			25,365
15,471			
Investments	3	<u>950,649</u>	
<u>537,197</u>			
TOTAL CURRENT ASSETS		<u>1,896,240</u>	
<u>1,422,155</u>			
NON CURRENT ASSETS			
Investments	4	<u>400,000</u>	
<u>561,070</u>			
TOTAL NON CURRENT ASSETS		<u>400,000</u>	
<u>561,070</u>			
TOTAL ASSETS		<u>2,296,240</u>	
<u>1,983,225</u>			
CURRENT LIABILITIES			
Creditors and borrowings	5	186,712	
126,795			
Provisions	6	100,454	
76,900			
		<hr/>	
TOTAL CURRENT LIABILITIES		<u>287,166</u>	
<u>203,695</u>			
NON CURRENT LIABILITIES			
Provisions	7	<u>-</u>	
<u>33,105</u>			
TOTAL NON CURRENT LIABILITITES		<u>-</u>	
<u>33,105</u>			
TOTAL LIABILITIES		<u>287,166</u>	<u>236,800</u>

NET ASSETS	2,009,074
1,746,425	
	<hr/>
MEMBERS' FUNDS	1,684,0301,553,514
RESERVES	8 <u>325,044</u>
<u>192,911</u>	
TOTAL MEMBERS' FUNDS AND RESERVES	2,009,074
1,746,425	
	<hr/>

Notes to and forming part of the accounts are included on pages 80 to 85.

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

Note	<u>1997</u> \$	<u>1996</u> \$
Cash flows from operating activities		
Receipts - Member Subscriptions		890,829
833,946		
- Education Fees		307,183
292,377		
- Conventions and Seminars		1,469,056
251,941		
- Other Income		568,382
386,827		
Interest received		<u>132,524</u>
<u>133,093</u>		
	3,367,974	1,898,184
Payments - Administration		(847,456)
(547,533)		
- Tuition and Examinations		(112,116)
(98,257)		
- Conventions and Seminars		(1,292,008)
(201,152)		
- Printing	(299,348)	(191,117)
- Other Expenses		(508,589)
(423,819)		
- Transfers to related funds		<u>(4,000)</u>
<u>(185,000)</u>		
	(3,063,517)	
(1,646,878)		
Net cash provided by operating activities	(a)	<u>304,457</u>
<u>251,306</u>		
Cash flows from investing activities		
Proceeds from disposal of Investments		157,000
358,129		
Payment for Investments		<u>(410,718)</u>
<u>(150,000)</u>		
Net cash provided by investing activities		<u>(253,718)</u>
<u>208,129</u>		
Net increase/(decrease) in cash held		50,739

459,435

Cash at the beginning of the financial year
410,052

869,487

Cash at the end of the financial year
869,487

(b) 920,226

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

**(a) RECONCILIATION OF NET CASH PROVIDED BY OPERATING
ACTIVITIES TO OPERATING SURPLUS**

	<u>1997</u>	<u>1996</u>
	\$	\$
Operating surplus		262,649
244,006		
Changes in Assets and Liabilities		
Decrease/(increase) in debtors		(9,894)
67,029		
Increase/(decrease) in sundry creditors	60,183	(47,312)
Increase/(decrease) in provision		
for diminution		1,070
(11,037)		
Increase/(decrease) in provisions		
Annual Leave		7,210
(8,400)		
Long Service Leave		(7,900)
(1,600)		
History of Institute		(25,205)
8,620		
Research Applications		<u>16,344</u>
—		
Net cash provided by operating activities		304,457
251,306		

(b) RECONCILIATION OF CASH

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

Cash	920,226
869,487	

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

1. ACCOUNTING POLICIES

a. General Statement of Accounting Policies Underlying
the Financial Statements

The financial statements are a general purpose financial report that have been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporation Law. The accounts have been prepared using the historical cost convention.

b. Fixed Assets

The Institute capitalises major fixed asset purchases and writes them off against income in the year of purchase.

c. Income Tax

The Institute has been granted an exemption from paying income tax under the Income Tax Assessment Act 1936 and accordingly does not provide for income tax.

d. Leased Assets

Operating lease payments are charged against income as incurred.

e. Investments

Investments are shown at cost.

Investments have been made in semi-government securities, bonds and cash deposits. Any premium arising on purchase is amortised over the life of the investment.

f. Comparatives

The comparative figures have been restated in some cases to conform with current year financial statements presentation and provide a more meaningful comparison.

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

	<u>1997</u>	<u>1996</u>
	\$	\$
2. OPERATING SURPLUS		
The operating surplus includes the following items of disclosable revenue:		
Operating Revenue	3,240,290	
1,689,791		
Interest received	<u>140,460</u>	
<u>136,101</u>		
	3,380,750	1,825,892
	<u><u> </u></u>	
3. CURRENT INVESTMENTS - AT COST		
Cash on deposit	789,549	84,723
Government stocks and bonds - at cost		160,000
451,860		
Less amortisation		-
(3,986)		
Investments - Prize Funds		<u>1,100</u>
<u>4,600</u>		
	950,649	537,197
	<u><u> </u></u>	
4. NON CURRENT INVESTMENTS		
Bank bonds	50,000	50,000
Government stocks and bonds - at cost		351,964
511,964		
Less amortisation		<u>(1,964)</u>
<u>(894)</u>		
	400,000	561,070
	<u><u> </u></u>	
5. CURRENT CREDITORS AND BORROWINGS		
Unsecured:		
Sundry creditors		101,802
45,208		

Unearned income - Tuition and Examination expenses	50,000
60,000	
Accrued Prizes - Prize Funds	27,000
-	
Unexpended monies -	
	Indonesian Project (Note 13)
	<u>7,910</u>
	<u>21,587</u>
	186,712126,795
	<u><u> </u></u>

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

	<u>1997</u> \$	<u>1996</u> \$
6. CURRENT PROVISIONS		
Printing and postage of Transactions	60,000	60,000
Employee entitlements: Annual Leave	24,110	16,900
Research Applications	<u>16,344</u>	<u>-</u>
	100,454	76,900
	<u> </u>	
7. NON CURRENT PROVISIONS		
Employee entitlements: Long Service Leave	-	7,900
Publication of Institute History in 1997	<u>-</u>	<u>25,205</u>
	-	33,105
	<u> </u>	
8. RESERVES		
a. Reserves comprise:		
Prize Funds (Note 12)	44,392	40,432
Education	266,100	125,850
Mortality Investigation	<u>14,552</u>	<u>26,629</u>
	325,044	192,911
	<u> </u>	
Movements in reserves		
b. Education		
Balance at beginning of financial year	125,850	229,850
Transfer from Members' Funds	129,450	66,000
Transfer to Members' Funds in respect of donations to :		
AUAF	-	(185,000)
MUAF	-	-
Interest on Education Reserve	<u>10,800</u>	<u>15,000</u>
Balance at end of financial year	266,100	125,850
	<u> </u>	
c. Mortality Investigation		
Balance at beginning of financial year	26,629	55,623
Donations Received	32,500	14,300
Expenses Incurred	(45,777)	(45,294)
Interest on Mortality Reserve	<u>1,200</u>	<u>2,000</u>
Balance at end of financial year	14,552	26,629
	<u> </u>	

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

	<u>1997</u>	<u>1996</u>
	\$	\$

9. OPERATING LEASE COMMITMENT

Lease rental expense and commitment:

a. Rentals charged to income & expenditure account	64,480	64,413
	<u> </u>	
b. Lease commitment:		
Not later than one year	64,480	65,000
Later than one year and not later than two years	70,680	67,000
Later than two years and not later than five years	226,920	275,000
	<u> </u>	
Total operating lease commitment	362,080	407,000
	<u> </u>	

10. COUNCIL MEMBERS REMUNERATION

The Council Members received no remuneration or other benefits.

11. REMUNERATION OF AUDITORS

Amounts received, or due and receivable by the auditors for:

a. Auditing the accounts of The Institute of Actuaries of Australia		
- Current year	15,000	13,500
- Prior year audit costs not accrued	3,500	4,500
b. Other services	10,000	2,500
- Prior year other services not accrued	<u>6,625</u>	<u> </u>
TOTAL	35,125	20,500
	<u> </u>	

12. PRIZE FUNDS - RESERVES

Council has determined that because it has control over the disposition of the assets of the Prize Funds, it is appropriate that the assets, reserves and surpluses of the Prize Funds should be reflected in its financial statements.

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

12. (Cont'd) PRIZE FUNDS

	<u>1997</u>	<u>1996</u>
	\$	\$
A M PARKER PRIZE FUND		
Balance at 1 October 1996	10,648	10,581
Supplementation from the Melville Prize Fund	3,300	2,920
Add: Interest received	<u>640</u>	<u>748</u>
	14,588	14,249
Less: Prizes paid	1,500	3,600
Bank charges	<u>1</u>	<u>1</u>
Balance at 30 September 1997	<u>13,087</u>	10,648
	<hr/>	
H M JACKSON MEMORIAL PRIZE FUND		
Balance as at 1 October 1996	4,046	3,432
Supplementation from the Melville Prize Fund	3,300	660
Add: Interest received	<u>240</u>	<u>315</u>
	7,586	4,407
Less: Prize paid	1,500	360
Bank charges	<u>1</u>	<u>1</u>
Balance at 30 September 1997	<u>6,085</u>	4,046
	<hr/>	
ANDREW PRESCOTT MEMORIAL FUND		
Balance at 1 October 1996	9,793	9,675
Education Fees forgone	-	460
Add: Interest received	<u>823</u>	<u>662</u>
	10,616	10,797
Less: Prizes paid	1,320	1,000
Bank charges	<u>6</u>	<u>4</u>
Balance at 30 September 1997	<u>9,290</u>	9,793
	<hr/>	
THE MELVILLE PRIZE FUND		
Balance at 1 October 1996	15,945	12,050
Donation from Members Fund	9,000	9,000
Add: Interest received	<u>804</u>	<u>687</u>
	25,749	21,737
Less: Prizes Paid	2,000	2,200
Transfer to Parker Fund	3,300	2,920
Transfer to Jackson Fund	3,300	660
Bank charges	19	12
Melville Lecture	<u>1,200</u>	<u>-</u>
Balance at 30 September 1997	<u>15,930</u>	15,945
	<hr/>	
TOTAL PRIZE FUNDS	<u>44,392</u>	40,432
	<hr/>	

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

13. INDONESIA EDUCATION PROJECT

The Indonesian Project has been set up to enhance actuarial skills and knowledge of participants through the running of short courses/seminars. The Project funding is from Commonwealth Government grants and sponsorship money. As at 30 September 1997, total sponsorship monies received is \$110,143. Total expenses incurred is \$102,233. A net receipt balance of \$7,910 is disclosed as "unexpended monies - Indonesian Project".

FOR THE INFORMATION OF MEMBERS

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

	<u>Budget</u>	
	<u>1998</u>	<u>1997</u>
INCOME	\$	
Actuary Australia	5,000	2,770
Members' Subscriptions	964,360	890,829
Entrance fees	20,000	15,798
Library subscriptions		-
Appointment Circulars	130,000	130,495
Sale of publications	5,000	6,255
Conventions and seminars	200,000	1,313,223
Functions		23,230
Membership exemption fees	92,120	202,000
Interest received	126,000	139,991
Biennial Convention	-	3,500
Professionalism Course	42,000	42,190
Mortality Investigation Account	110,000	32,500
Prize Funds Surplus	11,550	3,960
Education Seminar - Indonesian Project	150,000	110,143
Sundry Income (Inter Sem Income)	50,000	4,410
International Actuarial Association		<u>13,070</u>
		<u>2,934,364</u>

TOTAL INCOME (INCLUDING EDUCATION) - \$3,384,710

TOTAL EXPENDITURE (INCLUDING EDUCATION) - \$3,125,137

LESS EXPENDITURE

Administration

Audit fees:

- auditing the accounts	30,000	18,500
- other		16,625
Accounting Assistance		3,520
Bank charges	25,320	23,502
Computer	38,000	36,646
Courses - General		3,615
Council expenses	2,000	2,346
Insurance	10,845	12,913
Office expenses & staff amenities	33,000	25,041
Library	5,000	
Mail Management	28,000	
Payroll Processing	720	
Photocopying	6,000	
Recruitment Internal	17,000	
Staff Training	15,000	
Postage, freight and telephone	155,000	146,780
Promotional Material		16,920
Purchase of new equipment		12,399
Repairs and maintenance	1,000	304
Rent, electricity and cleaning	75,000	35,843
Salary - other	50,000	5,100
Salary and secretarial	525,000	263,297
Subscription/Membership fees	6,000	1,259
Superannuation contributions	31,500	9,439
Sundry administration (Sub pubs,ETDG,sess meet exp, fees other,gen expenses	21,000	<u>73,635</u>

Carried forward 707,684

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

	<u>Budget</u> <u>1998</u> \$	<u>1997</u> \$
Brought forward		<u>707,684</u>
<u>Printing</u>		
Biennial Convention		1,251
Institute papers	48,000	63,412
Photocopying		3,705
Purchase of new equipment	-	
Stationery	25,000	26,096
Transactions	100,000	34,291
Year Book	4,2000	4,064
Sundry printing	39,860	
Quarterly Journal		29,130
Actuary Australia	25,000	32,531
Institute History Publication		42,923
	<u>277,263</u>	
<u>Other</u>		
Actuarial Education Account Deficit (Note (i))	3,076	
Seminars - Indonesian Project		102,233
Conventions and seminars	294,000	1,294,445
Council of Professions		5,033
International Actuarial Association	15,000	14,007
Donation - Melville Prize Fund		9,000
Prize Fund Deficit	17,746	-
Donation - AUAF	152,000	-
Exempt fees Melb/ANU to AUAF	108,500	
Institute functions	14,000	33,431
Legal fees	29,000	17,171
Professionalism course	40,000	33,848
Public relations		66,086
Travel	50,000	28,073
Education Account	1,158	
Mortality Investigation	60,762	
Education Seminars	-	
Internet Services	5,000	
Subscriptions ACP,CEDA etc	17,000	
Committees	198,200	
Research Award	20,000	<u>18,445</u>
		<u>1,686,768</u>
TOTAL EXPENDITURE		2,671,715
 SURPLUS FOR THE YEAR	 <u>262,649</u>	

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1997**

	<u>Budget</u> <u>1998</u> \$	<u>1997</u> \$
<u>Note</u>		
(i) ACTUARIAL EDUCATION ACCOUNT		
<u>Income</u>		
Tuition fees (Australia)	371,050	305,823
Tuition fees (UK)(Exam Entry fees)	77,000	1,360
Sale of publications	42,000	44,804
Interest	469	
Examination expenditure (Australia)		120
Payments from UK (ActEd Royalties)	15,000	76,840
Ties/Clocks	600	
Exam Reports	1,200	2,000
General Insurance Text Book	<u>14,000</u>	<u>20,930</u>
		450,346
	<hr/>	
<u>Expenditure</u>		
Fellowship Course Development	15,000	11,860
Administration	116,612	
Staff Superannuation contributions	27,198	
Purchase of publications	1,254	
Printing	52,000	42,808
Stationery	16,656	
Rent, electricity and cleaning	35,843	
Postage, freight and telephone	16,000	41,541
Payments to UK	225	
Examiners Honoraria (Australia)	23,000	17,766
Tutors Honoraria (Australia)	18,000	13,410
Tutors Honoraria (UK)	70	
Examination expenditure (Australia)	6,000	7,021
Examination expenditure (UK)	77,000	73,899
Functions	7,000	2,562
GI Text Books	-	
Finance Course pmt to Mac	58,470	
Aust Tuition Fees Refund	8,000	
Miscellaneous (Exam Reports,Ed Projects)	<u>11,200</u> <u>44,697</u>	
		453,422
	<hr/>	
Surplus for the year transferred to Profit & Loss Account		(3,076)
	<hr/>	

**MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 1996**

Board

The members of the Board of the Foundation during 1996 were as follows,

Appointed by The Institute of Actuaries of Australia

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

Appointed by the University Council

Professor J H Pollard BSc, PhD, FIA, FIAA, FASSA
Emeritus Professor G E Roberts BArch, MCD, FRAIA, FRAP
Mr John Whittaker BA, CPA

It is with great sadness that the Board reports Mr Whittaker's death in November 1996.

Four Board Meetings were held during the year (1 April 1996, 21 June 1996, 26 August 1996, 11 November 1996).

Income and Expenditure

An income and expenditure statement for the year and a comparison with the previous year is set out in Attachment A. Comments on the main items are made below. During the year, the funds were invested by the University (as part of a much larger pool) on short-term money market. Interest earnings totalled \$34,875.07.

Members

There were no additions to the list of Members and the number of companies, firms and individuals who have qualified for Membership of the Foundation remains at 126.

Activities

The major expenditure commitment of the Foundation was in respect of market related salary loadings paid to actuarial staff members. The Foundation also underwrote the salary of the staff member appointed to enable the Department to establish the Master of Economics (in Actuarial Studies). The full costs of the latter staff member were in fact met from fees, and there was no net cost to the

Foundation.

The Foundation Board also performed an important role in providing advice to Professor Pollard and the Actuarial Studies Department. Meetings with the actuarial staff took place in conjunction with the Board Meetings on 1 April 1996, 21 June 1996, 26 August 1996 and 11 November 1996.

Developments during 1996

This year saw the first offering of the "Control Cycle" units ACST400 Actuarial Planning and Control I and ACST401 Actuarial Planning and Control II. Approximately 100 students enrolled in each of these two units (25 on campus as part of the normal degree program, and 75 in the city on a non-award basis). Fifty-six students were granted exemption from Part 2 of the examinations of The Institute of Actuaries of Australia.

Retirement of Mr Dan Bieri

At the Board meeting of 11 November 1996, Mr Bieri announced that he would be taking early retirement, and that the November meeting would be his last. The Board of the Foundation wishes to record its gratitude to him for his considerable contribution, as Administrative Co-ordinator, to the success of the Foundation over most of its ten-year history, and wishes him well in his retirement.

Acknowledgements

The Board wishes to acknowledge its sincere appreciation of the work of Professor Pollard who acted as the Executive Officer of the Foundation, its Administrative Co-ordinator, Mr Dan Bieri (of the Registrar and Vice-Principal's Office), Mr Gary Grocott (of the University's Finance Office) and the related University administrative staff who contributed to a most successful year of operation for the Foundation.

R J Atfield
Chairman

**MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION
STATEMENT OF PROFIT AND LOSS
1 JANUARY 1996 TO 31 DECEMBER 1996**

Attachment A

		1996	1995
	\$	\$	\$
Balance Brought Forward		303,043	327,133
<u>Income Received</u>			
Contributions	195,000		172,867
Interest	34,875		
ASFA 1995	22,645		25,208
ASFA 1996	<u>20,684</u>		<u>-</u>
		273,204	198,075
<u>Expenditure</u>			
Personnel			
- Academic Salaries	212,138		197,964
Costs	24,906		24,201
- Non Salary Expenses	<u>398</u>		
		<u>237,442</u>	<u>222,165</u>
Balance Carried Forward		338,805	303,043

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

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

Denise Osmand
Acting Chief Finance Officer and Bursar

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
FOURTH ANNUAL TRUSTEES REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 1997**

The Foundation was established by a Deed of Trust dated 9 April 1992. The objects of the Foundation are to advance and promote the education and study and research into actuarial science at public universities within the Commonwealth of Australia. The Fund shall be applied to provide grants to such public universities as are selected by the Trustees.

The Foundation replaced the Institute of Actuaries Education Trust and the outstanding Fund of the Trust was transferred to the Foundation. In order to achieve the objects the Trustees may invite contributions to the Foundation. During the year donations were made by Mr G L Melville and other members of the Institute of Actuaries of Australia (Institute).

Grants Made

During the year five Faculty members of the Centre for Actuarial Studies at The University of Melbourne received grants totalling \$118,969.

A further \$3,220.59 was paid to Michael Sherris to attend the 1996 AFIR International Colloquium at Nuremberg.

Accounts

The audited accounts for the Foundation are attached. Donations of \$42,500 were received and interest income totalled \$1,848. Expenses were incurred of \$2,714.

The Foundation Fund stood at \$250,115 at 30 September 1997.

Investments

The funds have been invested in accordance with the provisions of the Trust Deed. At 30 September the assets were held 45% in Listed Property Trust Units, 51% in Mortgage Trust Units and 4% Cash at Bank.

The Institute acts as nominee holder for Foundation investments where the investment register is reluctant to register the name of the Foundation, as distinct from individual Trustees. The Foundation thanks the Council and the Institute office for this facility.

Trustees and Officer

The Trustees of the Foundation are Messrs R J Atfield (Chairman), R W Champion, S P Miles, T J O'Donnell and Mrs C M Prime.

Mr J Smit was appointed as Secretary to the Foundation on 1 October 1996.

Chairman's Comments

Because of sponsorship sought by the Institute in other areas, the Committee established last year did not maintain the campaign to attract further donations. The money in the fund decreased dramatically over the year with increased demands from both Melbourne and Macquarie.

I thank the Trustees for their support during the year.

R J ATFIELD
Chairman of Trustees
10 November 1997

**INDEPENDENT AUDIT REPORT TO THE TRUSTEES OF
AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION**

Scope

We have audited the financial report of the Australian Universities Actuarial Foundation for the period ended 30 September 1997 as set out on pages 96 to 99. The Trustees are responsible for the preparation and presentation of the financial report and the information contained therein. We have conducted an independent audit of the financial report in order to express an opinion on it to the Trustees.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to 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 as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with our understanding of the Trust's financial position and the results of its operations.

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

Audit opinion

In our opinion, the financial report presents fairly the financial position of the Australian Universities Actuarial Foundation as at 30 September 1997 and the results of its operations for the year then ended in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu

N P HULLAH
Partner
Chartered Accountants

10 November 1997

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
STATEMENT BY THE TRUSTEES**

In the opinion of the Trustees:

(a) the accompanying income and expenditure statement is drawn up so as to give a true and fair view of the operating results of the Australian Universities Actuarial Foundation for the period to 30 September 1997;

(b) the accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the Australian Universities Actuarial Foundation as at 30 September 1997;

and

(c) at the date of this statement there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

R J ATFIELD

C M PRIME

ON BEHALF OF THE TRUSTEES

Sydney, 10 November 1997

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
PROFIT AND LOSS STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 1997**

	1997 \$	1996 \$
INCOME		
Donations	42,550	194,000
Interest	1,848	13,406
Earnings from Property Trusts	<u>22,128</u>	<u>19,147</u>
	66,526	226,553
LESS EXPENDITURE		
Audit fees & Accounting	2,500	1,500
Bank Charges	120	15
Tax	<u>94</u>	<u>302</u>
	2,714	1,817
Operating surplus	<u>63,812</u>	224,736

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
BALANCE SHEET
AS AT 30 SEPTEMBER 1997**

	<u>1997</u> \$	<u>1996</u> \$
TRUST FUNDS		
Balance at beginning	308,493	583,056
Surplus	63,812	224,736
Less:		
Distribution	<u>(122,190)</u>	<u>(499,299)</u>
	250,115	308,493
REPRESENTED BY:		
Cash at Bank	13,658	111,748
Interest receivable	-	-
Audit Fee payable/Accounting	(4,000)	(1,500)
Grants Payable	-	(27,992)
Investments	<u>240,457</u>	<u>226,237</u>
NET ASSETS	<u>250,115</u>	308,493

Notes to and forming part of the accounts are set out on page 99.

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 1997**

	<u>1997</u> \$	<u>1996</u> \$
Cash Flow from Operating Activities		
Donation	42,550	194,000
Interest received	1,848	13,406
Income from property trusts	22,128	19,147
Payments to suppliers	<u>(214)</u>	<u>(1,817)</u>
Net cash from operating activities (a)	66,312	224,736
Cash Flow from Investing Activities		
Increase in property trusts	<u>(14,220)</u>	<u>(19,147)</u>
	(14,220)	(19,147)
Cash Flow from Financing Activities		
Payments to beneficiaries	<u>(122,190)</u>	<u>(499,299)</u>
Net Change in Cash	(70,098)	(293,710)
Opening balance	<u>83,756</u>	<u>377,466</u>
Net closing balance (b)	13,658	83,756

a. Reconciliation of net cash provided by operating activities to operating surplus

Operating Surplus	63,812	224,736
Increase/(decrease) in Accounting Services payable	<u>2,500</u>	<u>-</u>
	66,312	224,736

b. Reconciliation of cash

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

	1997 \$	1996 \$
National Australia Bank	13,658	111,748

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30 SEPTEMBER 1997**

1. STATEMENT OF ACCOUNTING POLICIES

- (a) The accounts have been prepared in accordance with Accounting Standards issued by the Australian accounting bodies and other mandatory reporting requirements. The accounts have been prepared on the basis of historical cost and do not take into account changing money values or except where stated, current valuations of non-current assets.
- (b) The Australian Universities Actuarial Foundation is a tax exempt entity.

	<u>1997</u>	<u>1996</u>
	\$	\$
2. INVESTMENTS		
At cost		
National Mutual Property Trust	113,014	107,439
ANZ Mortgage Trust	<u>127,443</u>	<u>118,798</u>
	240,457	226,237
	<u>=====</u>	

The realisable value of the above investments at 30 September 1997 was \$309,150.

