

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

MISSION STATEMENT

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

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

In these, and increasingly in other fields, actuaries produce practical solutions to problems involving the impact of uncertain events, often in the distant future, on assets, liabilities or revenue flows.

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

The Institute:

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

THE INSTITUTE OF ACTUARIES OF AUSTRALIA

1996 ANNUAL REPORT

SECRETARY & TREASURER

R V Carey, MA,FIA,FIAA,ASA

OFFICES

Level 7, Challis House,
4 Martin Place
SYDNEY NSW 2000
Phone: (02) 9233 3466
Fax: (02) 9233 3446

Plaza Level, National Mutual
447 Collins Street
MELBOURNE VIC 3000
Phone: (03) 9629 1998
Fax: (03) 9649 7258

SOLICITORS

Middletons Moore & Bevins
7 Macquarie Place
SYDNEY NSW 2000

AUDITORS

Deloitte Touche Tohmatsu
225 George Street
SYDNEY NSW 2000

REPRESENTATIVES:

Adelaide - P I Crump
Brisbane - N G Spencer
Canberra - T Karp
Hobart - B E Bendzulla
Melbourne - R Tender

Perth - C A Nance
Sydney - R V Carey
Wellington - F Jenkins
Auckland - R H Garrett
Hong Kong - W H Dowsley

REPRESENTATION:

Australian Accounting Standards Board

G W Slater

Australian Council of Professions - Australia

R V Carey

Australian Council of Professions - Victoria

R S Mitchell

Australian Universities Actuarial Foundation:

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

Collective Investments

P F Scully

Financial Services Education Forum

R V Carey

International Actuarial Association:

R J Atfield, C M Prime (IFAA Representative), W K Roberts

International AA Bulletin, IFAA Contact & Congress Correspondent

R V Carey

Macquarie University Actuarial Foundation:

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

Securities Industry Liaison Committee - ASC Victoria

M J Hickling

University of Melbourne

G Harslett

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA

REPORT BY THE COUNCIL TO THE MEMBERS

FOR THE YEAR ENDED 30 SEPTEMBER 1996

TO BE PRESENTED AT THE ANNUAL GENERAL MEETING

ON MONDAY, 25 NOVEMBER 1996

PRESIDENT'S REPORT

During 1996, the Institute has endeavoured to be externally rather than internally focussed and to be pro-active rather than reactive.

The Marketing Committee built on their excellent marketing audit of the profession (discussed at the Coolum Convention last year) in preparing a draft marketing plan for discussion by members of the Institute. This plan was generally supported at Sessional Meetings in both Melbourne and Sydney. The majority view was that we should concentrate on trying to increase the demand for actuarial services and should not seek to limit supply (although our commitment to provide financial support for university actuarial education should not be regarded as limitless). The marketing plan provided valuable input for members of Council who devoted a large part of the August Council meeting to developing a draft strategic plan for the Institute. This draft strategic plan was subsequently discussed by Committee Convenors at a half day session in early September and some very practical ideas for achieving our objectives were discussed and agreed.

One of the key objectives identified is to ensure that the "product" we produce meets the needs of the marketplace and is sufficiently adaptable to continue to meet those needs as they change.

The offering for the first time this year of the Actuarial Control Cycle and the new Specialist Finance and Specialist Investment Management subjects is an important step in ensuring that our product at the new Fellow level will be able to meet the market's needs. The Actuarial Control Cycle aims to teach students that actuarial techniques are not confined in their usefulness to narrow practice areas but can readily be adapted for use in many areas beyond life insurance, general insurance and superannuation where they are currently well entrenched.

The splitting of the old specialist Finance & Investment subject into two separate subjects now enables those students wishing to pursue a career in the finance world to choose subjects for their Fellowship exams which are likely to be of more immediate relevance to them in their employment and to study them in greater depth than before. (Lest it be thought that such students may qualify as actuaries without ever passing a “liability” subject, the syllabus for the Actuarial Control Cycle - which is compulsory - includes a substantial component of asset/liability management.)

Of course, the need to possess relevant skills and keep up-to-date does not end at the point of becoming a Fellow. The role of the Institute’s Education Manager was created specifically to address the issues of post qualification education. Jac Smit has been in that job for just over a year and we are beginning to see the positive benefits of his appointment.

This year, each of the Institute’s practice areas has been active in organising Continuing Professional Development activities. A very successful Life Insurance Forum was held in Canberra in September and, at the time of writing, the Life Insurance Practice Committee is finalising details of two one-day conferences to be held in Sydney and Melbourne on the topical subject of Margin on Services. The Finance, Investment Management, Superannuation and General Insurance Practice Committees have all held seminars or conferences during the year.

The new ET Discussion Groups introduced by the Program Committee have proved to be a valuable addition to our activities by encouraging discussion of topical subjects on a less formal basis than sessional meetings. However, the attendance at sessional meetings continues to be disappointing, particularly in Sydney.

In addition to having the right product, we need to market it intelligently. Here our objective is to ensure that the contribution actuaries can make in “non-traditional” areas is understood and valued by those who are responsible for recruiting staff and for purchasing consulting services. The banking and finance industry, the health industry and the public sector have been identified as the three highest priority areas to target.

During September, the Institute made a submission to the Wallis Committee which is inquiring into the financial system. We argued that the “freedom with disclosure” model of supervision was the only model sufficiently flexible to handle the rapidly changing nature of financial institutions and their products. Further, our submission proposed the wider adoption by financial institutions of capital adequacy benchmarks based on the “risk of ruin” to assist consumers to understand the value of the financial guarantees offered.

A Banking Committee under the convenorship of Bruce Edwards has been established to explore and promote opportunities for actuarial involvement in the banking industry. Kent Griffin's recent sessional paper on "The Retail Banking Industry in Australia" has generated considerable interest and provided a good background against which the new Committee can develop its plans.

In the health area, the mood of the community and many areas of government seems at last to be receptive to suggestions for major change. The Institute has recently made a submission to the Productivity Commission's Inquiry into the Private Health Insurance Industry. Any significant deregulation of the health insurance area will provide an opportunity to expand actuarial involvement in the health area.

The Institute's document "A Better Retirement Income Strategy for Australia", setting out the transitional arrangements for achieving our proposed retirement income model was released in July in a submission to the Senate Select Committee on Superannuation. Our retirement income proposals have kept the Institute at the forefront of debate on retirement income policy (although the superannuation changes announced in the August Budget, driven largely by the Government's short term revenue requirements, have somewhat overshadowed the need for a rational longer term policy).

As well as targeting areas within Australia where actuaries are not greatly involved at the moment, the Institute has been looking to support our members resident overseas, particularly in Asia. There has been some success in achieving statutory recognition of the qualification of Fellow of the Institute of Actuaries of Australia. The Life Insurance Bill currently before the Malaysian Parliament includes FIAA in its definition of an actuary. We are also hopeful of achieving statutory recognition in Singapore in the next year or so. The fact that FIAAs who have been resident in the United Kingdom for 12 months may now be admitted as Fellows of the London Institute has not only been to the benefit of our members practising in the UK, it has also helped our case for recognition in Asia.

This year, two "Actuarial Education Update" courses for Indonesian actuarial students have been held in Jakarta in conjunction with the Society of Actuaries of Indonesia. These courses are supported financially by AusAid and commercial sponsors. Two more courses are scheduled to be held as part of this inaugural series.

In September, I and my Indonesian counterpart, Kasir Iskandar, signed a Memorandum of Understanding in Canberra as part of a broader agreement between the Australian and Indonesian Governments. Over the last 12 months, we have developed very good relations with both the Indonesian actuarial profession

and Indonesian officials and I am optimistic we can extend our joint activities for the mutual benefit of the actuarial profession of both countries.

When I travelled to Jakarta to take part in the opening ceremony for the first of the Actuarial Education Update courses, I had the opportunity to meet some of our members living in Jakarta. On the same trip, I visited Kuala Lumpur and Singapore and met FIAAs resident there. It is clear from my discussions that there is a need to provide better support for those students living in Asian countries who have graduated from the Melbourne and Macquarie actuarial programs. To this end, we intend to upgrade the role of the Institute's overseas representatives and provide them with greater support from Australia, particularly in the area of tuition. In this way, we hope to assist these students to qualify as FIAAs and retain them as members of our Institute, rather than force them to look to other actuarial bodies for their Fellowship qualification.

At the end of October, I attended the very successful New Zealand Society of Actuaries' Conference at Wairakei, along with a good number of other Australian actuaries including our incoming President, Trevor Matthews. Whilst at the conference, Trevor and I had discussions with the President of the New Zealand Society about strengthening the links between our two professional bodies which seemed to have weakened in recent years.

A number of Professional Standards and Guidance Notes were approved and issued during the year. Most notably, PS101 (Measurement of Investment Performance) and GN151 (Provision of Investment Advice) were approved, not without a degree of controversy, as the first Professional Standard and Guidance Note in the investment area. The Institute needs to monitor the operation of PS101 and GN151 closely to ensure they enhance the position of actuaries practising in the investment area rather than hinder them. A revised Code of Conduct was also approved during the year.

The International Forum of Actuarial Associations, an offshoot of the International Actuarial Association, started full operation during 1996. Its two main projects at the moment are the development of a common code of conduct for member associations and a core education syllabus which may well include the Actuarial Control Cycle. It is hoped that satisfactory completion of this syllabus will lead to an intermediate qualification which would be accepted by all member organisations, thus making actuaries the first really global profession. David Knox is a member of the Education Sub-Committee of the IFAA.

I thank the many members of the Institute who have contributed so generously of their time over the last year. Without this support, the Institute would have to restrict its activities severely. I also extend my thanks to the Institute staff, particularly Janet Grassl, Jan Heath and Helen Taylor. They have kept the back

office working smoothly, despite a number of changes amongst other staff over the year. Robin Carey retired as Secretary, Treasurer and Chief Executive of the Institute in September. During my period on Council, and in particular during my period as President, I have appreciated Robin's advice and quiet efficiency. I am grateful to Jac Smit for agreeing to take over as Acting Chief Executive following Robin's departure.

Our Mission Statement commits us to "creating, expanding and maintaining an environment where the skills of actuaries are widely used and valued". As we approach our centenary year, the Institute is striving actively to meet this challenge. I am confident that under Trevor Matthews as our President for 1997 we will make major strides towards achieving this goal.

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 1.10.95	New Members	Transfer of Class		Deaths	Resig- nations	Number at 30.9.96
			In	Out			
Fellow	865	1	63	-	3	5	921
Accredited	40		5	7	-	1	37
Associate	363	9	49	52	-	7	362
Student	422	99	-	58	2	38	423
Lay	7	-	-	-	-	-	7
	1697	109	117	117	5	51	1750

Council reports with regret the deaths of N T P W Malley, F Ross, J G Sant, W R Warburton, L Welsh.

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:

K L Armstrong	D S Harris	D J O'Keefe
M N M Batliwalla	A E Harrison	D A Pellarini
C J Bennet	R C Hartigan	B L Phillipps
C A G Beynon	J Hotz	J K Rawsthorne
A J Bice	C P Hughes	J C S Rees
T C Birkett	J R Hughes	C A Reid
A R Bulbeck	E T Lawson	I N Richards
J A Bunn	S D Lewis	M H Rose
I D Burningham	A C-F Liu	E S Siau
A J Carey	A T-W Mak	M D Smith
R L Clarke	E Mak	D R Stevens
M E Cole	P C Martin	D B Warren
J A DiBella	A J McNamara	K Wong
S M Eagleton	D J McNeice	G O Wymer
G R Einfeld	M D Mewton	R S Yee
D Grundy	M S Munir	S M Zlamal
P D Hardy		

The following Member, having completed all requirements, became a Fellow after being granted exemptions and attending a Professionalism Course:

M D Eabry

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 each month from April to 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 Geoff Burgess 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:

The application of stochastic asset liability modelling to resilience reserving in life insurance	Progress Report by the Resilience Working Group of the Life Insurance Practice Committee
The Future of the Profession	The Marketing Committee
Managing Profits in a MoS Environment	N Edwards and P Swinhoe
An Actuarial Approach to Determining Long Service Leave Liabilities Under AAS30 & AASB 1028	G B K Trahair
Post Qualification Education	Education Management Committee
Is our Super System Good or Bad?	M J Rice
The Retail Banking Industry in Australia	K Griffin
Outstanding Claims Provisions for Long-Tail Classes	Long-Tail Working Group

COUNCIL MEETINGS

Five meetings of the 1995/96 Council were held since the last Annual General Meeting.

The following is a record of attendance:

Geoff Burgess	5	Frank McInerney	5*
Peter Carroll	4	Richard Mitchell	4
Karen Doran	3***	Steve Partridge	4
Richard FitzHerbert	4	John Poole	3
Adrian Gould	4	Mike Sherris Resigned 9.9.96	2
Warren Gratton	5	Graham Slater	4
Martin Jilovsky	5	Jenni Sparks	4
Richard Lyon	5	John Trowbridge	5
Trevor Matthews	5**		

* including one by Proxy

** including two by Proxy

*** eligible to attend four meetings

EXAMINATIONS

EXAMINATIONS

The sixteenth examinations of the Institute were conducted in October 1995 with the following results (1994 results are shown for comparison):

Subject	<u>Sat 1995</u>		<u>Passed 1995</u>		<u>Sat 1994</u>		<u>Passed 1994</u>	
	Ord	Spec	Ord	Spec	Ord	Spec	Ord	Spec
Investment	46	62	25	30	49	69	29	28
Life Insurance	29	93	14	45	36	79	11	40
General Insurance	47	54	19	22	66	78	20	36
Superannuation	46	60	20	17	56	67	24	34
	168	269	78	114	207	293	84	138

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 1995 was awarded to Messrs J Walsh & J W De Ravin for their paper "Long Term Care - Disability and Ageing".

H M JACKSON MEMORIAL PRIZE FUND

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

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

No Jackson Prize for 1995 was awarded.

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 1995 examinations were:

Subject 1	Investment & Finance	No prize awarded
Subject 2	Life Insurance	C J Bennet
Subject 3	General Insurance	R A J Morson
Subject 4	Superannuation	No price awarded
Merit Prize		C P Hughes

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 are used primarily to supplement the existing Prizes awarded by the Institute. A portion of the amount available may be awarded as a prize for research.

Council approved supplementation of the 1995 Parker Prizes as well as supplementary payments to the 1995 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 1996 was David Montgomery Knox.

COUNCIL

G F Burgess FIAA *President, Member of Council Superannuation Committee.*
Born 8/8/52

Geoffrey Burgess was elected to Council in 1990

Geoffrey Burgess is employed as Principal Towers Perrin. Geoffrey has served on the Tuition Committee 1980-83, Examinations Committee 1985-87, been a Tutor in General Insurance 1980-83, Assistant Examiner General Insurance 1984-85, Examiner General Insurance 1986-87, and published "Actuarial Practice of Small Superannuation Schemes" (jointly with J L Crocker) 1983.

T J Matthews FIAA *Senior Vice President, Member of Council Budget & Administration Committee, Council External Committee and Council General Insurance Committee.* *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. Trevor was previously on Council 1980-82 and has served as Deputy Chairman Congress Finance Committee 1980-84, Accountants Liaison Committee 1982-92, Public Relations Committee 1990-92, Professional Conduct Tribunal 1989-92, been a Tutor in General Insurance 1976-78 and Examiner in General Insurance 1978-80 and published "The Valuation of General Insurance Claims Reserves" 1978.

J R Trowbridge FIAA *Vice President, Member of Council Budget & Administration Committee, Council Education Committee, Council Investment & Finance Committee & Council General Insurance Committee.* *Born 25/4/47*

John Trowbridge was elected to Council in 1993

John Trowbridge is Managing Principal Trowbridge Consulting. John was previously on Council 1982-84 and has served on the General Insurance Committee 1981-84, Finance & Administration Committee 1982-84, Sydney Activities Committee 1981-83, been an Assistant Examiner General Insurance 1982 and published "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".

P M Carroll FIAA *Council Member, Member of Council External Committee & Council Life Insurance Committee. Born 19/6/46*

Peter Carroll was elected to Council in 1994

Peter is a self employed consulting actuary. Peter has served on the Health Insurance & Friendly Societies Committee 1988-Present, Publications Committee 1981-87, Statex Actuaries Index 1978-80 and published "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.

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

Karen Doran was elected to Council in 1995

Karen Doran is employed by the Insurance & Superannuation Commission. Karen has served on the Superannuation Practice Committee 1989-91, Life Insurance Practice Committee 1995-96, been a Tutor in Superannuation 1989-90.

R M FitzHerbert FIAA *Council Member, Member of Council Investment & Finance Committee. 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 and published "Blueprint for Investment" 1993, "Actuaring 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 Education Committee & Council General Insurance Committee. Born 7/8/62*

Adrian Gould was elected to Council in 1995

Adrian Gould is employed as a Partner with Coopers & Lybrand. Adrian has served on the General Insurance Practice Committee 1995 & 1996 (Convenor 1996), been a Tutor and/or Examiner in General Insurance 1990-94 & 1996, Superannuation 1988 and 1990.

W K Gratton FIAA *Council Member, Member of Council Education Committee & Council Life Insurance Committee. Born 19/2/48*

Warren Gratton was elected to Council in 1993

Warren Gratton is Assistant General Manager Cologne Life Reinsurance Co of Australia. Warren has served on the Mortality Committee 1993-96, Health Insurance & Friendly Societies 1992-96, Overseas Life Insurance Actuarial Literature Sub-Committee 1992-96, Disability Committee 1994-96, Health Insurance Task Force 1995, Life Insurance Practice Committee 1994-96, Life Insurance Forum Organising Committee 1994, Internet Committee 1996, has been a Tutor in Life Insurance 1983-85 and published "Immediate Annuity Business in Australia" 1985, "Underwriting the AIDS Risk for Life Insurance" 1991, "Immediate Annuity Mortality" 1993, co-author "Pricing Dread Disease Insurance" 1994.

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 Principal Consultant Jacques Martin Hewitt. Martin has served on the Superannuation Practice Committee 1994-96, Government Relations Committee 1996, was Chief Examiner Superannuation 1984-85 and has been a Tutor and/or Examiner in Superannuation 1981-83.

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 Sun Alliance Life Assurance. Richard has served on the Education Management Committee 1990-96, International Relations Committee 1995-96, Life Financial Reporting Sub-Committee 1995-96 and was a Tutor in Life Insurance 1990-94, Examiner General Insurance 1988-90 and published "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.

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

Frank McInerney was elected to Council in 1995

Frank McInerney is employed as Chief Actuary Swiss Re Australia Ltd. Frank has served on the Awards & Prizes Committee 1989-96, 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 and published as co-author "Solvency Requirements for Investment Account Business 1989, co-author "Life Insurance Taxation, a Discussion Paper" 1995.

R S Mitchell FIAA *Council Member, Member of Council Budget & Administration Committee & Council Investment & Finance Committee. Born 3/9/41*

Richard Mitchell was elected to Council in 1994

Richard Mitchell is employed as Director Mitchell & Co Pty Ltd. Richard has served on the Superannuation Practice Committee 1987-96, Retirement Incomes 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, "Australian National Report for International Association of Consulting Actuaries" 1994.

S M Partridge FIAA *Council Member, Member of 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 Superannuation Practice Committee 1991-96, Programme & Research Committee 1991-93, has been Examiner in Superannuation 1987 & 1992, Investment 1992 and Tutor Superannuation 1992.

J C Poole FIAA *Council Member, Member of Council Life Insurance Committee & Council Investment & Finance Committee. Born 8/8/47*

John Poole was elected to Council in 1993

John Poole is employed by AMP Society. John has served on the Life Insurance Practice Committee 1991-93, Capital Adequacy Sub-Committee 1991-93, has been Tutor in Mortality and other Demographic Statistics 1978-81 and has published "Benefit Illustrations for Individual Policies" 1987.

M Sherris FIAA *Council Member, Member of Council Education Committee. Born 24/7/56*

Mike Sherris was elected to Council in 1993. (Resigned 9/9/96)

Mike Sherris is employed as Associate Professor at Macquarie University. Mike has served on the Investment Practice Committee 1991-96, Programme Committee 1987-96, Publications Committee 1987-96, Sydney Activities Committee 1981-85, has been Chief Examiner Investment & Finance 1990-91 and has published various investment course material including text "Money and Capital Markets", 3 papers in the Journal of Institute of Actuaries (London), 3 papers in transactions of the Institute of Actuaries of Australia and papers in a number of other journal and conference proceedings.

G W Slater FIAA *Council Member, Member of Council External Committee & Council Life Insurance Committee. Born 11/8/48*

Graham Slater was elected to Council in 1993

Graham Slater is employed as Senior Actuary National Mutual Life. Graham has served on the Disability Committee 1990-93, Professional Standards Committee 1994-96, Life Insurance Practice Committee 1995-96, Accountants Liaison Committee 1995-96, Life Financial Reporting Sub-Committee 1993-96, has been Examiner Superannuation 1986-87 and Assistant Chief Examiner Superannuation 1988.

J S Sparks FIAA *Council Member, Member of Council External Committee, Council Life Insurance Committee & Council General insurance Committee. Born 28/11/58*

Jennifer Sparks was elected to Council in 1995

Jennifer Sparks is employed by AMP Society. Jennifer has served on the Convention Committee 1992-95, Programme Committee 1993-95.

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 convenor of the committee. Working Committees report to Council through the appropriate Council Committee. The convenor'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:

T J Matthews, R S Mitchell,
T J O'Donnell, K S Pike, J R Trowbridge,
R V Carey (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.

The Institute office has had a busy year with the volume of material distributed to members escalating rapidly. Sub-Committees were appointed which are continuing to address the use of the Internet and problems associated with the computer systems. The accounts show a further surplus for the year with budgeted expenditure on enhancements not being required.

ALL ACTIVITIES COMMITTEES

To organise meetings on subjects of particular interest to members in each city.

To arrange social and sporting functions and to arrange hospitality for visiting actuaries.

A range of activities were undertaken in the various employment centres.

In Sydney, sessional meetings were held throughout the year at the State Library 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 29 March at the Wentworth Hotel. It was attended by 218 members and guests. Dr John Southwick, President of the Australian Council of Professions addressed the dinner and Fellowship certificates were presented to recently qualified Fellows.

The Christmas dinner was held in the Dixon Room at the State Library following the Presidential Address. An additional sessional meeting to discuss the Presidential address of the UK President, Duncan Ferguson, is arranged for November 1996 to be followed by a cocktail party.

In Melbourne, sessional meetings were held throughout the year at the RACV Club, followed by dinner at various locations. The President's Dinner was held at The Lakeside at the Zoo on 22 March 1996 and was attended by 92 members and guests. A seven piece band provided music for dancing after the dinner and Fellowship certificates were presented to 10 recently qualified Fellows.

An additional sessional meeting to discuss the Presidential address of the UK President, Duncan Ferguson, is arranged for November 1996 to be followed by a cocktail party.

There were several meetings of the Brisbane Activities Group to discuss papers prepared by Institute members. These have been fairly well attended by both Fellows and Students. John de Ravin and Paul Swinhoe were each able to attend meetings in Brisbane to discuss their respective papers with us.

ACTIVITIES (ADELAIDE): P I Crump

Meetings are organised to discuss papers which are of general interest. Interstate actuaries who visit often provide a catalyst to meet to discuss topical issues. Visiting actuaries are encouraged to advise of their travels, so that we can receive wider input and discussion.

ACTIVITIES (BRISBANE): N G Spencer

Over the last year, there have been several meetings of the Brisbane Activities Group to discuss papers prepared by Institute members. These have been fairly well attended by both Fellows and Students. We were pleased that John de Ravin and Paul Swinhoe were each able to attend one of our meetings to discuss their respective papers with us.

Our only social activities have been two dinners held after our meetings.

ACTIVITIES (CANBERRA): T Karp

Only two meetings have been held to discuss sessional papers of interest to local members and both meetings were followed by dinners.

ACTIVITIES (MELBOURNE): W G McRobert, G C R Harrex,
J F Salamito, D A Scott

To arrange a President's Dinner each year.

Sessional meetings were held throughout the year at the RACV Club, followed by dinner at various locations. The President's Dinner was held at The Lakeside at the Zoo on 22 March 1996 and was attended by 92 members and guests. A seven piece band provided music for dancing after the dinner and Fellowship certificates were presented to 10 recently qualified Fellows.

An additional sessional meeting to discuss the Presidential Address of the UK President, Duncan Ferguson, is arranged for November 1996 to be followed by a cocktail party.

ACTIVITIES (PERTH): C A Nance

Perth actuaries met a few times during the year. An interesting meeting was held to discuss the Exposure Draft Standard 100 Investment Advice document which generated much discussion. On the social side, actuaries, students and partners enjoyed a lovely dinner with the President, Mr Geoff Burgess, and a morning tea was also organised where Mr Kim James presented the President with an etching of Staple Inn Hall which had been in Mr James' family for many years.

ACTIVITIES (SYDNEY): J A Lyon, M Bishop, E Fabrizio,
J McQ Lipman

To arrange a President's Dinner each year.

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 29 March at the Wentworth Hotel. It was attended by 218 members and guests. Dr John Southwick, President of the Australian Council of Professions addressed the dinner and the Fellowship certificates were presented to recently qualified Fellows.

The Christmas dinner was held in the Dixon Room at the State Library following the Presidential Address. An additional sessional meeting to discuss the Presidential Address of the UK President, Duncan Ferguson, is arranged for November 1996 to be followed by a cocktail party.

**ACTUARY AUSTRALIA
EDITORIAL:**

H A Greenrod, M J Dwyer, J H Lang
C C Ringstad, B G Thomson

To deal with all matters relating to the content and publication (six times yearly) of the Institute's Newsletter "Actuary Australia".

The Committee has endeavoured to make "Actuary Australia" an informative, readable and timely means of providing information to members about, and facilitating comment upon, the activities of the Institute and its members. The aim is to complement, not compete with, the Institute's Quarterly Bulletin, Transactions, Circulars etc.

The Committee expresses its thanks to the many members who contributed articles, reports, letters, puzzles, photos, etc and to the Institute staff for their help. In addition, it expresses its sincere thanks to the publisher, Pat Halliday, for her outstanding work.

AWARDS/PRIZES:

F M McInerney, K G Dance, R E Deane,
M J Dwyer, P E Gover, D M Knox,
M T Thorpe, S Willcock

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 Committee recommended the awards noted in this report.

**CENTENARY
ORGANISING:**

C M Prime, R A Buchanan, R V Carey,
T J Matthews, M Sherris, G C Taylor
B R Vincent

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

This year has seen detailed planning for the three major conventions we are holding in our centenary year - the ASTIN Colloquium overlapping with the AFIR Colloquium in Cairns 10-15 August 1997, and the Centenary Convention in the Gold Coast 17-20 August 1997. For all three conventions the programme is in the course of preparation, sponsorship is being sought and promotion is proceeding vigorously.

We are urging international participation at all these, and expect a considerable number of overseas visitors. For the Centenary Convention, a large number of overseas participants will be a deviation from the usual pattern. Special attention is being given to designing a suitable programme in view of this. The Centenary Convention has been promoted to overseas participants as offering a strong life insurance and pensions content, with sessions on actuarial education and a focus on professionalism. Also, it has been promoted as a discussion on global issues, with particular attention to the Asian region, and a good forum for meeting actuarial contacts from Asian countries.

The Scientific Committees for both ASTIN and AFIR are well advanced with programme preparation. A joint 'first announcement' has now been circulated world wide.

The Committee is now addressing other functions to be held in the Centenary year. At this stage, a series of special dinners is planned.

PROFESSIONAL GUIDANCE: G F Burgess, T J Matthews, S P Miles

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, D S P Dunham, P D Francis,
A J Goddard, F M McInerney,
G W Slater, D W Welch

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.

The review of the Code of Conduct and Guidance Note 1 was completed in December 1995, and a number of other 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".

PROGRAMME: G A Dunsford, T E Andrews,
G I Campbell, P M Carroll,
J Humphreys, M Sherris, J 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.

Once again, the papers presented to Sessional Meetings covered a wide range of subjects.

The members of the Committee are keen to ensure that the Sessional Meetings remain the premier forum for the presentation and discussion of actuarial papers in Australia.

The ET(Educational and Topical) Discussion Group was established at the beginning of the year.

A subcommittee comprising G A Dunsford (Convenor), Jon Carter, Moz Ali, John Scaramuzza and Jac Smit was established to develop the group. Members of the Activities Committees in Sydney and Melbourne assisted with organisation of suitable venues.

Four meetings were held during the year in each of Sydney and Melbourne. They were all well attended and addressed a range of issues.

PUBLICATIONS:

G C Martin, C S Bellis, H A Greenrod (to August 1996), J H Lang (from August 1996), J D Hardy, M Sherris, J E Walsh, D A Zaman

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 1994 Transactions were successfully finalised and issued during the year. Work is well progressed on the 1995 Transactions. The Quarterly Journal continues to be successfully issued each quarter. The Committee has put forward a proposal to combine these two publications into one modern quarterly publication. The proposal is currently under review.

Actuary Australia continues to be successfully published 6 times each year.

A special one-off publication covering the history of actuaries in Australia is currently under construction and is intended to be released in 1997 for the IAA centenary. The project is currently at final edit/preliminary publication stage.

The ongoing success and relevance of these publications depends on the efforts and consideration of a large number of people. Special thanks are expressed to the members of the Publications and Actuary Australia Committees for their considerable efforts and inputs during the year, the Institute staff for their assistance, and all the IAA members who continue to support these publications with relevant and interesting papers, notes, articles, reports, letters, puzzles, photos.

EDUCATION

COUNCIL COMMITTEE:

R H S Lyon, M J Aa, A M Gould,
W K Gratton, D I C Kerr, M Sherris,
M A Stevenson, J R Trowbridge,
J W Smit (S)

ADMISSIONS & EXEMPTIONS:

M C Evers, S P Britt, R V Carey,
A S Geue, A M Gould, D M Knox,
I W Manton-Hall, D A Westcott

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, J Carter,
J Frazer(from 6 August), D G Hart,
D M Knox, R H S Lyon, E M Sainty,
J A Shepherd, R Tender(to 6 August),
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.

1996 was a year of consolidation for the Institute's education process.

The Actuarial Control Cycle was taught and examined for the first time. Plans have been put in place for extending this course to non Sydney/Melbourne students in 1997.

The outsourcing of Finance and Investment courses to Macquarie University and the Securities Institute of Australia also took place for the first time.

The process of requesting feedback from all our education processes continued. Changes as a result of this feedback are underway.

1996 also saw the first year for our Education Manager who brought an outsider's view to the education process and helped facilitate many of the Committee's activities.

EXAMINATIONS:

M A Stevenson, P J Blight, T P Chambers,
S D Ferris, D J Finnis, P R Hughes,
T J Kyng, E L Ranson, A Yang,
R V Carey (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 1995 was 44% which was also the pass rate for the previous year. The Ordinary pass rate increased from 41% to 46%; the Specialist pass rate reduced from 47% to 42%. In individual subjects, the pass rates varied from a low of 28% (Superannuation - Specialist) to a high of 54% (Investment - Ordinary).

PROFESSIONALISM:

M J Gallagher, K E Boss, J A Collier

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

The 1996 Professionalism Course was held as a residential course at Craigieburn, Bowral on February 8th and 9th. The course was attended by 62 people who enrolled via the Institute office, largely following the successful completion of the Institute's October exams.

RESEARCH:

D I C Kerr, D C M Dickson, R S Fisher,
R A M Lipman, S M Partridge, M Sherris

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 Committee broadened the scope of its grants this year by awarding the initial Practitioner's Award and a grant towards post graduate study.

The 1995 grants all resulted in the applicants publishing papers.

The 1996 grants went to:

- The Economic and Financial Implications of Australian Retirees and Superannuation Funds in the Next 30 Years by Professor David Knox.

- Prudential Margins for Outstanding General Insurance Claims Liabilities by Professor Ben Zehnworth.
- Genetic Algorithms and Asset Allocation for Insurance and Superannuation Funds by Andrew Jackson.

The Practitioner's Award went to Ted Rudge for his work on floating and demutualising a life office.

TUITION:

M J Aa, P G Barnes, J B Claridge,
M J Hickling, R Tender

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:

- The Tuition Committee again participated in the Sydney and Melbourne Student Forums.
- Questionnaires were again included in the course notes, although the response rates are lower than last year's.
- Minor improvements were made to the assignment tracking system in Sydney to make it easier to get better turnaround from markers.
- Much of the Committee's efforts were spent in bedding down the new arrangements for the Investment Management and Finance courses.

- The Tuition Committee is also engaged (with others) in a project to enhance the techniques used in budgeting for the Institute's education income and outgo, and in understanding the financial interactions between the various participants in the education system (students, users of actuarial services, the Institute, the actuarial universities, the Federal Government).
- A rewrite of the *Education Handbook* is planned for the 1997 edition, to make it easier for students to use.

EXTERNAL

COUNCIL COMMITTEE:

P M Carroll, A C Gale, M M Jilovsky,
T Karp, T J Matthews, C M Prime,
G W Slater, J S Sparks, S Y Kwa (S)

ACCOUNTANTS LIAISON:

D M Goodsall, G M Atkins, B A Edwards,
G S Langton, 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 play a co-ordinating role on issues involving several practice areas.

During 1996 the Committee has considered a number of issues relating to all the practice areas. Submissions were made to the LIASB regarding draft standards for Solvency and Capital Adequacy and AARF relating to proposed changes to AASB1023.

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

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:

- Visits to the Food and Agricultural Organizations in Rome, the United Nations in Geneva, the CSIRO Resources Futures Program in Canberra, the National Centre for Development Studies at the Australian National university, the International Institute of Applied Systems Analysis in Laxenberg and the RIVM group in Bilthoven.
- Compilation of a data base containing population, GDP and state of government estimates for 207 countries for each year from 1945 to 1995.
- Presentation of the Giblin lecture, titled "Models of the world for the next 50 years", to the Australian and New Zealand Association for the Advancement of Science.
- Distribution of this paper to 55 persons, of which 19 were overseas.
- Extension of the state of government transition model in the paper to allow for religious composition.
- Purchase of the FAO world soil data base, and of a world weather data base.
- Informal consultancy to help Monsanto Australia with their long-term planning.

At a meeting on 16/8/96, the Committee agreed that

- If the Institute wanted us, we would be happy to remain as a committee for another year.

- The FUGI global model 7.0, although the most ambitious global model we have been able to find, is suffering from its econometric origins and inadequate funding.
- We should continue to develop our own models of the world, as this can give us expertise and credibility.
- We should look for model structures which deal reasonably with all the issues we think are relevant.
- We would offer to make a presentation at the Institute's 1997 convention, containing projections of the world for the next 50 years, with some emphasis on issues possibly relevant to actuaries (such as interest rates, employment, inflation and currency stability).

**FRIENDLY SOCIETIES
PRACTICE:**

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

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.

GOVERNMENT RELATIONS

T Karp, R W Champion, M M Jilovsky,
R C Madden, J L Maroney, C M Prime

To promote greater awareness in the Australian government system (including politicians of all parties, public servants and ministerial staff) of the potential value of actuaries to Government and the community generally.

To encourage the involvement of the actuarial profession in the development and implementation of public policy and the use of actuarial skills in all areas where the knowledge, training, experience and objectivity of actuaries can be of value.

To work actively with other committees of the Institute to achieve these objectives.

Apart from organising a list of

Government contacts this Committee
has not been active during the year.

INTERNATIONAL RELATIONS:

C M Prime, V S Baker(S), R V Carey,
P S Carr, J L Crocker, M J Gallagher,
J deG Gribble, B Hinton, R H S Lyon,
N H Saunders

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 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.

This Committee's activities this year have been in several main areas:

The Indonesian Education Project. This project is designed to enhance actuarial skills available within Indonesia in all four practice areas current in Australia. It is funded by AusAid, corporate sponsorship, the International Actuarial Association, with a minor part of funding coming from a tuition fee payable within Indonesia. The project is now under way with two of the four courses having been conducted. Detailed plans for the third and fourth courses are currently being prepared. Reception of the programme within Indonesia has been good. A number of organisational difficulties are being overcome as we proceed.

Recognition of FIAA in other countries: As regards Asian countries, this recognition is now effective in Hong Kong and Malaysia for statutory life insurance work. Discussions in Singapore lead us to believe that recognition here will follow. To some extent we will be assisted by the role of the new IFAA in pursuing globally recognised actuarial qualifications.

President's overseas visit: The President this year made overseas visits to several countries with the benefit of briefing from the Committee. This more structured programme for Presidential visits is expected to produce benefits in our relationships with actuarial associations in other countries.

Representatives in other countries: For some time now we have had a representative in Hong Kong. There are now suitable FIAA's working in Singapore and Malaysia, and we are proceeding to discuss with them formal representation of the IAA in these countries.

The International Forum of Actuarial Associations (IFAA): The IAA has subscribed to this new organisation of actuarial associations, currently constituted as a Section of the International Actuarial Association. We are taking a leading role with representatives on Education, Accounting Standards and Advice and Assistance Sub-Committees. The 1997 IFAA Annual Meeting is to be held on 17 August 1997 in conjunction with our Centenary Convention.

MARKETING:

A C Gale, M R Ballantyne, R A Davies,
J A Lyon, A E Merten, J W Smit,
D M Torrance, C B Price(S)

The Marketing Committee is committed to facilitating the mission statement of the Institute in "promoting the profession and creating, expanding and maintaining an environment where the skills of actuaries are widely used and valued".

The Marketing Committee aims to achieve its mission by:

- Establishing and maintaining a marketing framework for the profession
- Steering and monitoring the marketing process with the assistance of external research and public relations firms
- 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.

In its second year of existence, the Marketing Committee completed the following key projects:

Sessional Paper: The Future of the Profession

At the April/May sessional meetings the Marketing Committee presented a paper entitled "The Future of the Profession". The paper was based on a similar analysis presented to the UK Institute and the Faculty of Actuaries.

The paper considered the employment environment for Australian actuaries over the next 10 years. The Committee modelled the supply/demand situation and concluded that there would be a significant oversupply of actuaries generated over this time frame.

The paper provided a summary of the industry prognosis for each area of actuarial involvement, and went on to recommend some strategies to increase actuarial demand, under the categories of market development (new areas of involvement), product development (ie education and training) and promotion and publicity.

Sessional Meeting Debate: The Future of the Profession

The Committee chaired the "Future of the Profession" sessional meetings, where the following proposition was debated:

"Whether the Institute should seek to manage the supply of actuaries to meet expected demand (supply/demand optimisation), or to continue to attract as many students to the profession as possible (supply driven strategy)."

A crude poll conducted after each debate showed that the clear majority of attendees supported the supply driven strategy. There was broad agreement that the Institute should manage the "quality" of the students coming through the education system, rather than seeking to manage the supply. Lively discussions were generated at both meetings.

IAA Marketing Plan

Following on from the 1995 Marketing Audit, liaison with the practice committees and the sessional meetings, the Marketing Committee produced its marketing plan for the IAA. The Plan detailed the current environment for actuaries and identified the key strategies that need to be adopted by the profession to maximise its presence in the financial community.

The practice committees had a key role in the development of this Plan. Each committee developed its own marketing plan and this material was drawn upon to compile the consolidated Institute plan.

In July, the Marketing Committee met with a Council sub-group to discuss the strategic issues that had arisen out of the analysis contained in the marketing plan. Following this in August the Committee assisted Council in setting out the framework for developing a draft Institute Strategic Plan. This plan consisted of a series of objectives plus strategies for achieving those objectives and was based on the marketing plan.

The next stage of the planning process was a half-day meeting of committee convenors in early September. This meeting reviewed Council's draft plan for the Institute.

PUBLIC RELATIONS:

P R Muir, M D Burt, P M Carroll,
W J Hearne, N J Schwerkolt,
D M Torrance, 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.

Some specific issues promoted were:

- Short termism
- Long Service Leave Liabilities
- Disability Newsletter Issues
- Long Term Care
- Stochastic Discussion group
- Catastrophe Risks
- CTP
- RIP (Senate Select Committee)

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 I C Kerr, M E Beer, A S Geue,
M E Heffron, C Larmer, F M McInerney,
D J Minty, R E Pfeifer

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.

The Institute's draft Genetic Testing Policy was discussed at Risk Workshops held in Sydney and Melbourne.

A submission on behalf of the Institute was made to the Commonwealth Department of Health's review of the Insurance HIV/AIDS Code of Practice.

The Committee has discussed issues with the Federal Disability Discrimination Commissioner, the NSW Privacy Commissioner and the President of the NSW Anti-Discrimination Board.

We have also corresponded with the New Zealand Society on the New Zealand anti-discrimination legislation.

INVESTMENT & FINANCE

COUNCIL COMMITTEE:	R S Mitchell, J P Buckeridge, A M Coleman, R M FitzHerbert, C B Gregor, J C Poole, J R Trowbridge
COMMITTEE TO MAY 1996:	A M Coleman, M M Anderson, J P Buckeridge, P G Cashman, C B Gregor, J W S Pascoe, M Sherris
INVESTMENT COMMITTEE FROM MAY 1996:	C B Gregor, M M Anderson, J P Buckeridge, A M Coleman, P G Cashman, M J Hickling, J W Pascoe
FINANCE COMMITTEE FROM MAY 1996:	A M Coleman, C B Gregor, J C Poole, E L Ranson, M Sherris

To review developments in finance or 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 finance or investments.

To disseminate actuarial knowledge in relation to finance or investments.

To encourage liaison between actuaries or others concerned within finance and investments.

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

To liaise with the Education Management Committee, the relevant Practice Committee and the Tuition Committee and assist, as needed, in the review and drafting of the course and textbook for Investment or Finance.

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

A single committee operated until May 1996 when separate practice committees were established covering investment and finance. In late 1996 planning was in progress to extend the Finance Committee to include Banking and to rename the Committee as the Banking and Finance Practice

Committee with convenor role passing to Bruce Edwards who joined the Committee at this time. The report below covers activities of both the single and separate committees.

The committees have had an active year building upon the framework established in the prior year for a more active actuarial role in the Investment and Finance Practice areas. Progress was made towards the introduction of three new Professional Standards and/or Guidance Notes being

- a) GN151 - Investment Advice by Actuaries;
- b) PS101 - Investment Performance Measurement and Presentation;
and
- c) GN152 - covering issues to be considered by actuaries in dealing with derivatives.

The first two of these were approved by Council at its meeting in August 1996.

Representatives of the committees have also participated extensively in the Investment Performance Working Party (IPWP) set up to develop industry standards for Investment Performance Measurement and Presentation in Australia. The organisations represented in this group include The Institute of Actuaries of Australia, Insurance and Superannuation Commission, Australian Investment Managers Association, superannuation trustees and custodians and major asset consulting firms. The IPWP, led by Jon Buckeridge, developed a detailed position paper to develop standard industry practice in the measurement and presentation of investment performance information. This area is currently characterised by a variety of different practices and standards of quality of data which makes accurate comparison of investment performance and risk very difficult in Australia at present.

The committees, represented by John Pascoe, have also been active in liaising with the Securities Institute of Australia concerning the implementation of the revised examination system in the Investment and Finance subjects and in the development of amendments to this system with respect to changes announced in the SIA's examination arrangements in September 1995. John also provides a liaison point to the Unit Trust Committee on investment and finance matters.

The committees monitored developments by the ASC regarding a review of licensing provisions for investment advisers with Martin Hickling representing the Institute on the ASC Securities Liaison Committee.

The committees also represented the Institute, with the Insurance and Superannuation Commission, on the implementation of risk management statements for superannuation funds covering exposure of those funds to derivatives. Bruce Gregor acted as the Committee's representative on an ISC taskforce formed in respect of this matter, as well as being the liaison link to the Superannuation Practice Committee on investment issues through his membership of the Accounting and Investment subcommittee.

Thanks is extended to all members for their contribution of time and effort to the development of the Committee's activities during the year.

LIFE INSURANCE

COUNCIL COMMITTEE: W K Gratton, P M Carroll, K E Doran,
R I Friedman, D I C Kerr, J C Poole,
G W Slater, J S Sparks, B Browne (S)

DISABILITY:

Membership: B P Smith, H T T Bui, R K Cornwell,
W K Gratton, J G Hocking,
P E J Londregan, M A Robinson,
M Swerdlin, E U

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.

A major achievement was finalising the graduation of 1989-93 industry experience and the adoption by Council of the standard table IAD 1989-93.

The Committee subsequently produced a computer disk containing the standard table and allowing users to make adjustments to reflect their own office's experience.

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

The Committee carried out an analysis of 1991-94 insured lives experience. A summary of results was sent to CEOs, Appointed Actuaries and selected journalists. The full results were tabled in a paper at the 1996 Life Insurance Forum.

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

The Committee contributed to the Institute's Wallis Inquiry task force.

1995 data is now being collected in preparation for the analysis of 1992-95 experience.

HEALTH PRACTICE; B W Walker, P M Carroll, C L Gittins,
T Karp, D C Orford

To review developments in health insurance 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 health insurance and other health financing matters.

To disseminate actuarial knowledge in relation to health insurance, Medicare, long term care insurance and other long term health financing issues.

To encourage liaison between actuaries and others concerned with health financing issues.

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 actuarial advice to health insurers.

Health Insurance

The Prime Minister recently called for a Productivity Commission inquiry into private health insurance. Two members of the committee are expected to become heavily involved in the inquiry and the Institute will also be making its own submission to the inquiry. Because this inquiry is being conducted by a statutory commission and not by parliament or a senior operative of a political

party, there is every likelihood that the political biases that have tainted most previous inquiries into health insurance issues will be absent from this particular inquiry. In the meantime, the Federal Minister for Health has "modified" the community rating principle to allow single, family, couple and single person family rates to be offered from 1 October, 1996. There is also no requirement for fixed ratio between the contribution rates. The Minister hopes that this more liberal rating structure, together with the new ability to exclude particular services from health insurance contracts, will enable new, cheaper health insurance to become available to the public and entice better risk groups into taking out health insurance. The Minister has, however, threatened that he will withdraw this new regulation if these changes "result in increased premiums for families with children"!

The Federal Government has still not addressed the issues related to the position of private health insurance. Is it supplementary, complimentary or ancillary to Medicare? These questions were put to the Government in a submission from the Institute in July 1994. This fundamental question is crucial to the appropriate development of prudential regulatory and solvency standards for the industry. Substantial actuarial advice to the government on the regulation and financial management of health insurers is therefore being ignored because there has been no political will to address these issues. The Productivity Commission has a copy of the Institute's Submission of July 1994 and the Department of Health and Family Services has furnished it with the work that has been done on regulation, capital requirements and reserves of health insurers.

Committee Activities

With the political changes that have occurred in the last year the Committee has deliberately maintained a watching brief and has not instigated any specific activities, although individual members have been very active on many of the major health issues.

LIFE INSURANCE PRACTICE: D Shuttleworth (until July 1996),
 R P Mangano (from August 1996),
 C Aaron (from September 1996),
 E J Baker, M A Cant, T Chambers (from
 September 1996), K E Doran,
 W K Gratton, M Mulcare (from July 1996),
 K M Prisk, I N Robinson, G W Slater,
 B R Vincent, G I Campbell(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.

Solvency & Capital Adequacy: B R Vincent, K F Allport, K E Doran, M H Freeman, J S Moss, I N Robinson

The Exposure Draft Guidance Notes 254 and 255 were updated. These updates formed the basis for the subsequent release by the LIASB of their Discussion Drafts of the Solvency and Capital Adequacy Standards.

Resilience Working Group: D Shuttleworth, A Brown, G R Harris, R W Schwerkolt, M Sherris, B R Vincent, D W Welch

The group produced a progress report which was discussed at the March/April 1996 Sessional meeting. A final report, including recommendations for resilience reserves required under the Solvency and Capital Adequacy Standard, was provided to the LIASB in June 1996.

Financial Reporting: R P Mangano (until July 1996), C G Aaron (Convenor from August 1996), N J Edwards, R H S Lyon, G W Slater, P M Swain

Close liaison was maintained with the LIASB in the development and review of the Policy Liability Standard. Input was also provided in the development of the ISCs financial reporting formats. A survey of members of the profession was carried out to identify training needs and contentious issues under the new Life Insurance Act financial reporting environment.

Legislation: K M Prisk, A Geue, L Grazebrook, P Gower,
B D Robertson, P Stott

The Sub-Committee has exercised a general watching brief on legislative issues affecting actuaries working in the life insurance industry. Assistance is being 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, E Grazebrook, D E C Hoskins,
T J McMahon, F Rowley, R A Rowlinson, W L Young

The Sub-Committee provided assistance to the LIASB in the development of its Discussion Draft of the 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 considered and a Discussion Draft issued to members for comment.

Education: M J Mulcare, B Browne, D Henning, B Hinton, S Holstein,
D Hotchkies, S Wood

Course notes and text books were reviewed and updated.

MORTALITY: P R Muir, S G Blackhall, W K Gratton,
R J Land, J H Pollard, L G Tickle,
G Whittaker, 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 1995/96 was the release of the latest mortality investigation IA1992-94 in April 1996. This report was discussed at the recent Life Forum in Canberra and will be formally published in the next Transactions. A mortality investigation practitioners forum was held in both Sydney and Melbourne in July 1996. This committee also provided input into the LIASB solvency and capital adequacy assumption requirements.

The committee also tendered for the NZ Society's mortality investigation work but this is now being handled by a NZ consultant.

Investigations of post 1994 mortality will be subject to new data specifications that allow the committee to investigate the new rider benefits such as TPD and Trauma benefits.

UNIT TRUST: L M Chadwick, S J Attard, K B Griffin,
J W S Pascoe, K M Prisk, P F Scully

To promote the use of actuarial techniques and skills within the unit trust industry. This may include teaching the unit trust industry about actuarial skills.

To educate actuaries and actuarial students about the unit trust industry.

To be a technical reference point for the unit trust industry on actuarial or other technical matters.

The committee met with the Technical Committee of the Industry Funds Association to offer ourselves as a technical reference point. This was well received and it is expected that the committee's comments will be sought on industry issues, such as hard and soft pricing.

Work has continued on a paper on the role of the actuary in the unit trust industry.

Work has commenced on a paper on tax reserving and option pricing of tax liabilities in unit trusts.

Work has commenced on a paper on the wholesale unit trust industry.

The committee continues to seek out opportunities for raising the actuarial profile through comment on topical issues.

SUPERANNUATION

COUNCIL COMMITTEE:

M M Jilovsky, G F Burgess,
R W Champion, F M McInerney,
S M Partridge

RETIREMENT INCOMES POLICY:

R W Champion, J M Atkinson(S),
K G Dance, C R Grenfell, C J Haberecht,
D M Knox, J F M Ross, R J Stevens,
T B Williams

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 "Proposed Retirement Income Strategy" released in 1994, which was a package consisting primarily of removing means tests on age pensions and making changes to taxation of superannuation to achieve a minimal effect on government revenue, continues to generate wide community interest and support.

During the year a second major submission was made to the Senate Select Committee on Superannuation, describing transitional steps by which the changes from the present system to the proposed ultimate system could be made over a period of years. This has since been widely publicised.

The Committee has continued to monitor and comment on policy aspects of new superannuation legislation.

SUPERANNUATION PRACTICE: S M Partridge, S D Ferris, P D Francis,
C R Grenfell, J Humphreys, M M Jilovsky,
G S Langton, H R Martin, J Smit(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 Accountants 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 has almost finalised a significant updated version of the Institute's position on expensing of superannuation in employer accounts. The Group liaised with AARF in clarifying aspects of various accounting standards governing superannuation. A revised submission was made to the Senate Superannuation Committee on investment short-termism. A revised version of Guidance Note 550 was issued.

Regulations: P D Francis, J A Cook, J J Fitzpatrick, M M Jilovsky, A P Leung, S M Partridge, D A Scott, P A Shallue

A submission was made to Treasury on the 1995 Budget "co-contribution" proposals. Submissions were made to the new Government on various aspects of their superannuation policy. The Group liaised with the ISC on a number of matters, including the problem area of small funds paying lifetime pensions. An explanatory note on GN 461 was published. Guidance Note 462 was issued as an exposure draft. Various notes of explanation were prepared for members such as solvency in accumulation funds and self insurance.

Education Information and Meetings: J Humphreys, J E Burnett, S D Ferris, I W Manton-Hall, J M Shead, J Smit

The major task during the year was the organisation of the Superannuation Forum in Sydney. The Group oversaw the set up and operation of an ad-hoc committee (see below) to overhaul the superannuation specialist course. A Guidance note on asset valuation is close to finalisation as is an update of Professional Standard 401.

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

The Group liaised with the Human Rights and Equal Opportunity Commission on several issues, particularly sex discrimination matters. An Institute policy on the use of gender-based statistics in superannuation was issued. A submission was made to the Senate Superannuation Committee on Superannuation and Broken Work patterns (in conjunction with the RIP Committee). A draft set of guidelines for the application of age discrimination legislation to superannuation funds is close to completion.

In addition to the above four ongoing Groups, an ad-hoc Committee was set up to overhaul the superannuation specialist course material. Members involved in this group include: S Ferris, A Boal, S Crump, J Green, P Hughes, K Maartensz, I Manton-Hall, P May, S Mules, C Newman, D O'Keefe, S Partridge, I Ross, A Sander

Finally, the Committee developed three other significant documents, namely a set of statements of the Committee's views on a wide range of superannuation policy issues, a marketing plan, and input to the Institute's submission to the Wallis Inquiry.

GENERAL INSURANCE

COUNCIL COMMITTEE:

J R Trowbridge, A M Gould,
T J Matthews, J S Sparks,
G Robinson(S)

GENERAL INSURANCE

A M Gould, G M Atkins, R E L Cameron,
D J Finnis, M J Goodwin, P J McCarthy,
C A Priest, G Robinson(S)

SUB-COMMITTEES:

Accident Compensation

J E Walsh, R A Buchanan, L J Carter,
S H Collings, D J Finnis, B M Nicholls,
B H Ward

Development

M J Goodwin, T E Andrews, R A Davies,
W E Gard, A M Gould, B H Ward

Education

D J Finnis, J B Claridge, B A Watson,
S J Wilson

Financial Reporting

G M Atkins, J B Claridge, C J O'Dowd,
P J McCarthy, C A Priest

ISC Liaison:

P J McCarthy, G M Atkins, D J Finnis,
D G Hart

Long Tail Working Group

J B Claridge, T E Andrews, N Appleton,
G M Atkins, M R Batliwalla, C A G Beynon,
R A Buchanan, R A Davies,
C J Marjoribanks, A G Scott, A D Smee,
B H Ward

Organising Committee for 6th Accident Compensation Seminar

R A Davies, M J Goodwin, G Robinson

ASTIN 1997 Scientific Committee (This committee reports to the Centenary Organising Committee, but liaises with the Practice Committee)

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

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

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

The Institute's very successful 10th General Insurance Seminar was held in Launceston in December 1995.

The Practice Committee was re-structured early in 1996 so that most of its work is now undertaken through sub-committees, task forces and working groups. The main activities undertaken during the year ended 30/6/96 were as follows:

Accident Compensation Sub-Committee:

- Assisted with preparation of the Institute's submission to the Inquiry into the NSW Motor Accidents Scheme by the NSW Legislative Council's Standing Committee on Law and Justice. At the request of the Standing Committee, our sub-committee also commented on other parties' submissions to the Inquiry.
- Participated in a separate review of the NSW Motor Accidents Scheme undertaken by the Motor Accidents Authority.
- Provided a submission to the Commission of Inquiry into Workers' Compensation and Related Matters in Queensland.
- Prepared a submission to the Australian Taxation Office ("ATO") concerning the ATO's Pre-Ruling Consultative Document Number 10. This document proposed changes to the taxation treatment of lump sum compensation payments received for personal injury.
- Volunteered to assist the ACT government with the government's proposal to privatise the ACT's compulsory third party insurance arrangements.

Development Sub-Committee

This Sub-Committee arranged the following general insurance related professional development activities which have been or will be held during 1996:

- Luncheon meeting concerning the role of the "in-house" actuary.
- Discussion forum with representatives of the ISC.
- Presentation concerning the NSW WorkCover Scheme.
- Half-day seminar on Personal Lines Rating.
- Sessional meeting paper prepared by the Long Tail Working Group (refer below).
- 6th Accident Compensation Seminar (refer below).

Education Sub-Committee:

- Updated tuition material and made general insurance tuition and examination arrangements for 1996.
- Revised the general insurance specialist syllabus for 1997 to ensure consistency with the Actuarial Control Cycle subject.
- Arranged publication of the Institute's revised general insurance textbook.

Financial Reporting Sub-Committee:

- Provided submissions to the Australian Accounting Research Foundation ("AARF") concerning ED69 and ED69A (2 drafts prepared by AARF of changes to the general insurance accounting standards)
- Worked closely with the ISC Liaison Task Force and Long Tail Working Group on issues of common interest.

ISC Liaison Task Force

- Discussed with the ISC and commented on the ISC's Position Paper on Disclosure of General Insurer Solvency.
- Is currently establishing working parties to investigate:
- ISC concerns about possible inconsistencies between different insurers' provisions for outstanding claims liabilities.
- The development of more appropriate solvency standards for the general insurance industry.

Long Tail Working Group:

Prepared for the October/November 1996 sessional meeting a paper examining possible alternative frameworks for financial reporting for general insurance. This was a large and important project to which many individuals contributed.

Organising Committee for 6th Accident Compensation Seminar:

This seminar will be held in December 1996.

ASTIN 1997 Scientific Committee:

Worked on the scientific programme and other arrangements for ASTIN 1997.

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 Convenor 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.

One complaint was received by the committee during the year.

PROFESSIONAL CONDUCT J Graham, G I Burgess, A M Coleman,
TRIBUNAL: J L Maroney, 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 1996 are attached.

For and on behalf of the Council

4 November 1996

G F BURGESS
President

CLASSES OF MEMBERS

1. Fellows

Fellows of The Institute of Actuaries of Australia (FIAA) must have passed the examinations of or been exempted from Part I subjects, being subjects A,B,C,D of the examinations of the Institute of Actuaries (London), and must have passed or been exempted from each of the subjects 1 to 4 of the examinations of The Institute of Actuaries of Australia (IAA), two of them at the Specialist level. As a transitional arrangement, passes in Fellowship examinations before 1990 are allowed as exemptions from the examination in the subject at the Specialist level.

In the next Annual Report the requirements for admission as a Fellow of the IAA will be:

- (i) Passes in the examinations of or by 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.

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 passed the examinations of or been exempted from subjects A-D of the Institute of Actuaries (London) and have passed one of the Australian Fellowship subjects at the Specialist level 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 I 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.

Graduates of the one year full-time Master's Course at Macquarie University may gain exemption from Fellowship Subjects Ordinary level 1 to 4. This course was cancelled at the end of 1995.

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 1995/96 were:

	Resident in Australia	Resident outside Australia
Fellow & Accredited Members	\$700.00	\$450.00
Associates & Advanced Students	\$430.00	\$280.00
Students & Lay	\$230.00	\$230.00

The entrance fee for all classes of member was \$200.00.

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. A Colloquium was held in Brussels after the 25th Congress in September, 1995. A decision has been made to hold the 1997 Colloquium 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 last Colloquium was held in Brussels just prior to the 25th Congress in September, and the 1997 Colloquium will be 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 with Steve Miles representing the Institute. 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.

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:

<u>Year</u>	<u>Fellows</u>	<u>Accredited</u>	<u>Associates</u>	<u>Students</u>	<u>Lay Members</u>	<u>Total</u>
1987	501	15	192	375	11	1094
1988	527	33	274	321	11	1166
1989	555	40	307	317	10	1229
1990	589	40	346	306	10	1291
1991	647	40	340	332	10	1369
1992	693	35	333	400	9	1470
1993	759	30	331	436	9	1565
1994	810	38	345	433	8	1634
1995	865	40	363	422	7	1697
1996	921	37	362	423	7	1750

	<u>Australia</u>	<u>New Zealand</u>	<u>Other Overseas</u>	<u>Total</u>
Life Insurance	248	20	26	294
General Insurance	74	-	7	81
Superannuation	196	13	14	223
Management	57	5	12	74
Health Insurance	2	1	-	3
Education	10	-	1	11
Investment	58	1	9	68
Software	4	-	-	4
Banking	-	-	-	-
Reinsurance	1	-	-	1
Other Business	45	1	2	48
Retired	105	2	7	114
	800	43	78	921

Classification by residence: (1995 figures in brackets)

	Fellows	Accredited	Associates	Students	Lay Members	Total
A C T	11(9)	0(0)	4(5)	5(9)	0(0)	20(23)
N S W	516(480)	16(20)	171(178)	253(241)	6(6)	962(925)
Queensland	18(17)	0(1)	13(11)	16(18)	0(0)	47(47)
S Australia	16(15)	0(0)	6(6)	6(6)	0(0)	28(27)
Tasmania	2(2)	0(0)	1(1)	1(1)	0(0)	4(4)
Victoria	224(220)	11(10)	87(92)	95(102)	0(0)	417(424)
W Australia	13(12)	0(0)	4(5)	6(5)	0(0)	23(22)
N Territory	0(0)	0(0)	1(1)	0(0)	0(0)	1(1)
New Zealand	43(43)	0(0)	26(25)	8(8)	1(1)	78(77)
Other O'seas	78(67)	10(9)	49(39)	33(32)	0(0)	170(147)
	921(865)	37(40)	362(363)	423(422)	7(7)	1750(1697)

<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	12	0	0	1	0
1916-20	12	0	0	0	0
1921-25	15	0	2	0	3
1926-30	17	0	2	0	2
1931-35	30	0	3	0	0
1936-40	50	0	10	0	0
1941-45	89	2	29	4	1
1946-50	134	3	56	11	0
1951-55	130	6	45	20	0
1956-60	116	7	28	42	0
1961-65	136	15	54	52	0
1966-70	139	4	83	131	0
1971-75	38	0	50	149	0
1976-80	0	0	0	13	0
	921	37	362	423	7

THE INSTITUTE OF ACTUARIES OF AUSTRALIA

REPORT OF COUNCIL

Council submits herewith the Balance Sheet at 30 September 1996 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. 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:

G F BURGESS, BA,FIA,FIAA
P M CARROLL, BA,FIAA
K E DORAN, BEc,FIAA
R M FITZHERBERT, BSc,FIA,FIAA,ASIA
A M GOULD, FIA,FIAA
W K GRATTON, MSc,FIA,FIAA,FNZSA
M M JILOVSKY, BSc,FIA,FIAA,FNZSA
R H S LYON, MA,FIAA,ASA
T J MATTHEWS, MA,FIA,FIAA,ASA

F M McINERNEY,BA(Hons),FIA,FIAA
R S MITCHELL, FIA,FIAA,ASA
S M PARTRIDGE,BSc,MBA,FIA,FIAA,ASIA
J C POOLE, BSc,FIA,FIAA,ASA
M SHERRIS,BA(Hons),MBA,FIA,FIAA,ASA
(Resigned 9 September 1996)
G W SLATER, BSc,FIA,FIAA
J S SPARKS, BSc(Hons),FIAA
J R TROWBRIDGE, BSc,BE,BA,FIA,FIAA

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 \$244,006. A net \$128,300 has been released from educational, mortality investigation and prize funds reserves resulting in a surplus after reserve transfers of \$372,306.

Members' funds of \$1,553,514 represent 127% of 1996 expenditure of \$1,220,450. 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 1996.

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 1996 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.

G F BURGESS - President

T J MATTHEWS - Senior Vice President

Sydney, 4 November 1996

MEMBERS OF COUNCIL

Seated l-r: Warren Gratton, Jenni Sparks, Geoff Burgess (President), John Trowbridge (Vice President), John Poole, Steve Partridge.

Standing l-r: Peter Carroll, Richard Lyon, Frank McInerney, Graham Slater, Adrian Gould, Robin Carey (Secretary), Martin Jilovsky, Mike Sherris, Richard FitzHerbert, Richard Mitchell.

Absent: Trevor Matthews (Senior Vice President), Karen Doran.

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 1996 as set out on pages 74 to 84. 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 1996 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, 4 November 1996

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

We, Geoffrey Frank Burgess and Trevor John Matthews, 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 1996;
- (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 1996;

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.

G F BURGESS

T J MATTHEWS

Sydney, 4 November 1996

ON BEHALF OF COUNCIL

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
PROFIT AND LOSS STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1996

	<u>Note</u>	<u>1996</u> \$	<u>1995</u> \$
Operating surplus	2	244,006	159,093
Income tax expense		-	-
OPERATING SURPLUS AFTER INCOME TAX		<u>244,006</u>	<u>159,093</u>
Transfers from reserves	8	185,000	286,000
Transfers to reserves	8	(56,700)	(266,099)
		<u> </u>	<u> </u>
OPERATING SURPLUS AFTER NET TRANSFER TO RESERVES		372,306	178,994
Members' funds at the beginning of the financial year		1,181,208	1,002,214
		<u> </u>	<u> </u>
MEMBERS' FUNDS AT THE END OF THE FINANCIAL YEAR		<u>1,553,514</u>	<u>1,181,208</u>

Notes to and forming part of the accounts are included on pages 79 to 84.

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
BALANCE SHEET AS AT 30 SEPTEMBER 1996**

	<u>Note</u>	<u>1996</u> \$	<u>1995</u> \$
CURRENT ASSETS			
Cash		869,487	410,052
Interest receivable		15,471	23,500
Debtor		-	59,000
Investments	3	<u>537,197</u>	<u>475,292</u>
TOTAL CURRENT ASSETS		<u>1,422,155</u>	<u>967,844</u>
NON CURRENT ASSETS			
Investments	4	<u>561,070</u>	<u>820,067</u>
TOTAL NON CURRENT ASSETS		<u>561,070</u>	<u>820,067</u>
TOTAL ASSETS		<u>1,983,225</u>	<u>1,787,911</u>
CURRENT LIABILITIES			
Creditors and borrowings	5	126,795	174,107
Provisions	6	76,900	85,300
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		<u>203,695</u>	<u>259,407</u>
NON CURRENT LIABILITIES			
Provisions	7	<u>33,105</u>	<u>26,085</u>
TOTAL NON CURRENT LIABILITIES		<u>33,105</u>	<u>26,085</u>
TOTAL LIABILITIES		<u>236,800</u>	<u>285,492</u>
NET ASSETS		<u>1,746,425</u>	<u>1,502,419</u>
MEMBERS' FUNDS		1,553,514	1,181,208
RESERVES	8	<u>192,911</u>	<u>321,211</u>
TOTAL MEMBERS' FUNDS AND RESERVES		<u>1,746,425</u>	<u>1,502,419</u>

Notes to and forming part of the accounts are included on pages 79 to 84.

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1996

	<u>Note</u>	<u>1996</u> \$	<u>1995</u> \$
Cash flows from operating activities			
Receipts - Member Subscriptions		833,946	730,618
- Education Fees		292,377	449,916
- Conventions and Seminars		251,941	29,781
- Other Income		386,827	410,544
Interest received		<u>133,093</u>	<u>129,865</u>
		1,898,184	1,750,724
Payments - Administration		(547,533)	(757,354)
- Tuition and Examinations		(98,257)	(86,722)
- Conventions and Seminars		(201,152)	(24,010)
- Printing		(191,117)	(256,526)
- Other Expenses		(423,819)	(216,689)
- Transfers to related funds		<u>(185,000)</u>	<u>(286,000)</u>
		(1,646,878)	(1,627,301)
Net cash provided by operating activities	(a)	<u>251,306</u>	<u>123,423</u>
Cash flows from investing activities			
Proceeds from disposal of Investments		358,129	98,260
Payment for Investments		<u>(150,000)</u>	<u>(410,000)</u>
Net cash provided by investing activities		<u>208,129</u>	<u>(311,740)</u>
Net increase/(decrease) in cash held		459,435	(188,317)
Cash at the beginning of the financial year		<u>410,052</u>	<u>598,369</u>
Cash at the end of the financial year	(b)	869,487	410,052
		_____	_____

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1996

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

	<u>1996</u> \$	<u>1995</u> \$
Operating surplus	244,006	159,093
Changes in Assets and Liabilities		
Decrease/(increase) in debtors	67,029	(58,700)
Increase/(decrease) in sundry creditors	(47,312)	9,013
Increase/(decrease) in provision for diminution	(11,037)	2,017
Increase/(decrease) in provisions		
Computer expenses	-	(5,000)
Tuition and Examinations	-	-
Printing of Transactions	-	-
Annual Leave	(8,400)	6,800
Long Service Leave	(1,600)	1,700
History of Institute	<u>8,620</u>	<u>8,500</u>
Net cash provided by operating activities	<u>251,306</u>	<u>123,423</u>

(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	869,487	410,052
	<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 1996**

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, including the disclosure requirements of Schedule 5 of the Corporations Regulations. 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 1996**

	<u>1996</u> \$	<u>1995</u> \$
2. OPERATING SURPLUS		
The operating surplus includes the following items of disclosable revenue:		
Operating Revenue	1,689,791	1,571,183
Interest received	<u>136,101</u>	<u>127,451</u>
	<u>1,825,892</u>	<u>1,698,634</u>
	<hr/>	<hr/>
3. CURRENT INVESTMENTS - AT COST		
Cash on deposit	84,723	118,651
Government stocks and bonds - at cost	451,860	364,458
Less amortisation	(3,986)	(12,417)
Investments - Prize Funds	<u>4,600</u>	<u>4,600</u>
	<u>537,197</u>	<u>475,292</u>
	<hr/>	<hr/>
4. NON CURRENT INVESTMENTS		
Bank bonds	50,000	50,000
Government stocks and bonds - at cost	511,964	773,567
Less amortisation	<u>(894)</u>	<u>(3,500)</u>
	<u>561,070</u>	<u>820,067</u>
	<hr/>	<hr/>
5. CURRENT CREDITORS AND BORROWINGS		
Unsecured:		
Sundry creditors	45,208	75,607
Unearned income - Tuition and Examination expenses	60,000	98,000
Accrued Prizes - Prize Funds	-	500
Unexpended monies - Indonesian Project (Note 13)	<u>21,587</u>	<u>-</u>
	<u>126,795</u>	<u>174,107</u>

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1996**

	<u>1996</u> \$	<u>1995</u> \$
6. CURRENT PROVISIONS		
Printing and postage of Transactions	60,000	60,000
Employee entitlements: Annual Leave	<u>16,900</u>	<u>25,300</u>
	<u>76,900</u>	<u>85,300</u>
	<hr/>	<hr/>
7. NON CURRENT PROVISIONS		
Employee entitlements: Long Service Leave	7,900	9,500
Publication of Institute History in 1997	<u>25,205</u>	<u>16,585</u>
	<u>33,105</u>	<u>26,085</u>
	<hr/>	<hr/>
8. RESERVES		
a. Reserves comprise:		
Prize Funds (Note 12)	40,432	35,738
Education	125,850	229,850
Mortality Investigation	<u>26,629</u>	<u>55,623</u>
	<u>192,911</u>	<u>321,211</u>
	<hr/>	<hr/>
Movements in reserves		
b. Education		
Balance at beginning of financial year	229,850	286,000
Transfer from Members' Funds	66,000	214,000
Transfer to Members' Funds in respect of donations to :		
AUAF	(185,000)	(186,000)
MUAF	- (100,000)	
Interest on Education Reserve	<u>15,000</u>	<u>15,850</u>
Balance at end of financial year	<u>125,850</u>	<u>229,850</u>
	<hr/>	<hr/>
c. Mortality Investigation		
Balance at beginning of financial year	55,623	33,195
Donations Received	14,300	87,000
Expenses Incurred	(45,294)	(66,153)
Interest on Mortality Reserve	<u>2,000</u>	<u>1,581</u>
Balance at end of financial year	<u>26,629</u>	<u>55,623</u>
	<hr/>	<hr/>

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1996**

1996 1995
\$ \$

9. OPERATING LEASE COMMITMENT

Lease rental expense and commitment:

a. Rentals charged to income & expenditure account	64,413	54,494
	<u> </u>	<u> </u>
b. Lease commitment:		
Not later than one year	65,000	56,145
Later than one year and not later than two years	67,000	59,448
Later than two years and not later than five years	275,000	191,967
	<u> </u>	<u> </u>
Total operating lease commitment	407,000	307,560
	<u> </u>	<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	13,500	13,500
- Prior year audit costs not accrued 4,500	-	
b. Other services	2,500	1,500
	<u> </u>	<u> </u>
TOTAL	20,500	15,000
	<u> </u>	<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 1996

12.(Cont'd) PRIZE FUNDS

	<u>1996</u>	<u>1995</u>
	\$	\$
A M PARKER PRIZE FUND		
Balance at 1 October 1995	10,581	9,905
Supplementation from the Melville Prize Fund	2,920	1,000
Add: Interest received	<u>748</u>	<u>689</u>
	14,249	11,594
Less: Prizes paid	3,600	1,000
Bank charges	<u>1</u>	<u>13</u>
Balance at 30 September 1996	<u>10,648</u>	<u>10,581</u>
 H M JACKSON MEMORIAL PRIZE FUND		
Balance as at 1 October 1995	3,432	3,114
Supplementation from the Melville Prize Fund	660	600
Add: Interest received	<u>315</u>	<u>225</u>
	4,407	3,939
Less: Prize paid		360
Bank charges	<u>1</u>	<u>7</u>
Balance at 30 September 1996	<u>4,046</u>	<u>3,432</u>
 ANDREW PRESCOTT MEMORIAL FUND		
Balance at 1 October 1995	9,675	8,898
Education Fees forgone	460	2,292
Add: Interest received	<u>662</u>	<u>1,200</u>
	10,797	12,390
Less: Prizes paid	1,000	2,700
Bank charges	<u>4</u>	<u>15</u>
Balance at 30 September 1996	<u>9,793</u>	<u>9,675</u>
 THE MELVILLE PRIZE FUND		
Balance at 1 October 1995	12,050	-
Donation from Members Fund	9,000	16,000
Add: Interest received	<u>687</u>	<u>-</u>
	21,737	16,000
Less: Prizes Paid	2,200	3,950
Transfer to Parker Fund	2,920	-
Transfer to Jackson Fund	660	-
Bank charges	<u>12</u>	<u>-</u>
Balance at 30 September 1996	<u>15,945</u>	<u>12,050</u>
 TOTAL PRIZE FUNDS	<u>40,432</u>	<u>35,738</u>

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1996**

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 will be from Commonwealth Government grant (payable to The Institute of Actuaries of Australia at the completion of the project in March 1997) and sponsorship money. As at 30 September 1996, total sponsorship monies received is \$90,000. Total expenses incurred is \$68,576. A net receipt balance of \$21,587 (net of bank interest) 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 1996**

	<u>1996</u>	<u>1995</u>
INCOME		\$
Actuary Australia	11,400	11,900
Members' Subscriptions	833,946	730,618
Entrance fees	13,595	17,420
Library subscriptions	546	340
Appointment Circulars	114,350	76,040
Sale of publications	14,806	3,002
Conventions and seminars	102,706	29,781
Functions	21,805	21,423
Membership exemption fees	75,180	70,725
Interest received	134,280	125,462
Biennial Convention	968	59,000
Actuarial Education Account Surplus (Note (i))	-	109,832
Professionalism Course	24,800	17,000
Mortality Investigation Account	14,300	86,300
Prize Funds Surplus	4,694	13,821
Education Seminar - Indonesian Project	90,235	-
Sundry Income	<u>6,845</u>	<u>-</u>
	<u>1,464,456</u>	<u>1,372,664</u>

TOTAL INCOME (INCLUDING EDUCATION) - \$1,840,192

TOTAL EXPENDITURE (INCLUDING EDUCATION) - \$1,598,186

LESS EXPENDITURE

Administration

Audit fees:

- auditing the accounts

20,500 13,500

- other

550 1,500

Bank charges

12,361 10,257

Computer

22,129 2,321

Council expenses

5,533 673

Insurance

12,603 11,809

Office improvements

- 11,938

Postage, freight and telephone

132,424 149,410

Purchase of new equipment

10,244 -

Repairs and maintenance

280 581

Rent, electricity and cleaning

34,548 49,908

Salary and secretarial

118,419 103,867

Superannuation contributions

21,893 15,287

Sundry administration

- 17,532

Carried forward

391,484 388,583

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1996**

	<u>1996</u> \$	<u>1995</u> \$
Brought forward		<u>391,484</u>
<u>Printing</u>		
Biennial Convention	-	47,159
Seminars	-	-
Institute papers	34,027	55,746
Photocopying	2,887	4,528
Purchase of new equipment	1,450	5,497
Stationery	21,227	13,914
Transactions	19,029	31,286
Year Book	5,983	3,995
Sundry printing	37,090	49,059
Quarterly Journal	25,356	20,239
Actuary Australia	<u>20,856</u>	<u>25,103</u>
	<u>167,905</u>	<u>256,526</u>
<u>Other</u>		
Actuarial Education Account Deficit (Note (i))	50,159	-
Seminars - Indonesian Project	90,235	-
Biennial Convention	-	16,733
Conventions and seminars	122,954	7,277
Council of Professions	5,773	4,577
International Actuarial Association	4,529	3,355
Donation - Melville Prize Fund	9,000	13,650
Donation - MUAF	-	100,000
Donation - AUAF	185,000	186,000
Institute functions	29,769	26,889
Legal fees	2,661	19,647
Professionalism course	24,030	11,709
Public relations	47,202	73,482
Travel	8,105	6,809
Education Account	-	2,182
Mortality Investigation	45,294	66,152
Education Seminars	14,550	-
Research Award	<u>21,800</u>	<u>30,000</u>
	<u>661,061</u>	<u>568,462</u>
TOTAL EXPENDITURE	1,220,450	1,213,571
	<hr/>	<hr/>
SURPLUS FOR THE YEAR	244,006	159,093
	<hr/>	<hr/>

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 1996**

	<u>1996</u> \$	<u>1995</u> \$
<u>Note</u>		
(i) ACTUARIAL EDUCATION ACCOUNT		
<u>Income</u>		
Tuition fees (Australia)	290,275	376,860
Tuition fees (UK)	2,102	73,056
Sale of publications	49,451	56,719
Interest	1,821	1,989
Examination expenditure (Australia)	4,980	-
Payments from UK	<u>29,107</u>	<u>-</u>
	<u>377,736</u>	<u>508,624</u>
	_____	_____
<u>Expenditure</u>		
Administration	155,027	143,635
Staff Superannuation contributions	25,766	11,029
Purchase of publications	46,817	54,078
UK Courses	-	9,908
Printing	23,212	21,276
Stationery	23,192	23,658
Rent, electricity and cleaning	33,327	22,597
Postage, freight and telephone	23,103	23,297
Payments to UK	-	6,975
Examiners Honoraria (Australia)	21,849	23,072
Tutors Honoraria (Australia)	14,502	48,611
Tutors Honoraria (UK)	307	632
Examination expenditure (Australia)	-	2,558
Examination expenditure (UK)	23,599	1,941
Functions	11,058	2,181
GI Text Books	2,101	-
Miscellaneous	<u>24,035</u>	<u>3,344</u>
	<u>427,895</u>	<u>398,792</u>
	_____	_____
Surplus for the year transferred to		
Profit & Loss Account	<u>(50,159)</u>	<u>109,832</u>
	=====	=====

MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

Board

The members of the Board of the Foundation during 1995 were as follows, in terms of Section 7(ii)(a) of the Constitution:

Appointed by The Institute of Actuaries of Australia

Mr R J Atfield FIA,FIAA (Chairman)
Mr R G Glading BSc,FIA,FIAA,ASA
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,FRAPI
Professor D M Schreuder BA,DPhil,FAHA,FRHS

Professor Schreuder ceased membership of the Board following his resignation from Macquarie University.

Three Board Meetings were held during the year (16 June 1995, 4 August 1995, 11 December 1995).

Profit and Loss

A profit and loss 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 \$25,208.44.

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 (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 at Macquarie University on 4 August 1995 and 11 December 1995.

Developments during 1995

This year saw the last intake into the Master of Economics (Actuarial Studies) program. Under the radically revised system of actuarial education, many of the undergraduate students will in future remain at the University for a fourth year to complete units for exemption from the profession's "Control Cycle" subject and continue studies in related disciplines. The exemptions available through the Master of Economics program are no longer relevant.

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 1994 TO 31 DECEMBER 1995**

Attachment A

	\$	1995 \$	1994 \$
Balance Brought Forward		327,133	418,249
<u>Income Received</u>			
Contributions	172,867		100,000
Interest	25,208		18,598
ASFA	<u>-</u>		<u>12,445</u>
		198,075	131,043
<u>Expenditure</u>			
Personnel			
- Academic Salaries	197,964		198,192
- Associated Salary			
Costs	24,201		23,742
- Superannuation	<u>-</u>		<u>-</u>
	222,165		221,934
Maintenance & Materials	<u>-</u>		<u>225</u>
		222,165	<u>222,159</u>
Balance Carried Forward		<u>303,043</u>	<u>327,133</u>

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.

J. Whittaker CPA
Chief Finance Officer

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
THIRD ANNUAL TRUSTEES REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 1996**

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 The Institute of Actuaries of Australia (Institute) and by Mr G L Melville.

Grants Made

During the year five Faculty members of the Centre for Actuarial Studies at The University of Melbourne received grants totalling \$113,480.

A further grant of \$10,000 was paid to the centre for actuarial studies in support of university activities.

A further \$6,724.80 was paid to Professor Knox to represent the Institute at the inaugural IFAA meeting in Los Angeles.

Grants of \$367,867 were made to the Macquarie University Actuarial Foundation to restore its corpus to \$500,000 on instructions from the Institute.

Accounts

The four audited accounts for the Foundation are attached. Donations of \$9,000 were received and interest income totalled \$13,406. Expenses were incurred of \$1,817 and grants totalled \$185,000.

The Foundation Fund stood at \$308,493 at 30 September 1996.

Investments

The funds have been invested in accordance with the provisions of the Trust Deed. At 30 September the assets were held 35% in Listed Property Trust Units, 38% in Mortgage Trust Units and 27% 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 R V Carey resigned as Secretary to the Foundation on 30 September 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
29 October 1996

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 1996 as set out on pages 95 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 1996 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

4 November 1996

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 1996;
- (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 1996;

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, 4 November 1996

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
PROFIT AND LOSS STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 1996**

	1996 \$	1995 \$
INCOME		
Donations	194,000	196,000
Interest	13,406	11,286
Earnings from Property Trusts	<u>19,147</u>	<u>17,093</u>
	226,553	224,379
LESS EXPENDITURE		
Audit fees	1,500	1,500
Bank Charges	15	-
Tax	<u>302</u>	<u>70</u>
	<u>1,817</u>	<u>1,570</u>
Operating surplus	<u>224,736</u>	<u>222,809</u>

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
BALANCE SHEET
AS AT 30 SEPTEMBER 1996**

	1996 \$	1995 \$
TRUST FUNDS		
Balance at beginning of period	583,056	490,990
Less:		
Distribution	<u>(499,299)</u>	<u>(130,742)</u>
	308,493	583,057
REPRESENTED BY:		
Cash at Bank	111,748	377,466
Interest receivable	-	-
Audit Fee payable	(1,500)	(1,500)
Grants Payable	(27,992)	-
Investments	<u>226,237</u>	<u>207,091</u>
NET ASSETS	<u>308,493</u>	<u>583,057</u>

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 1996**

	<u>1996</u> \$	<u>1995</u> \$
Cash Flow from Operating Activities		
Donation	194,000	196,000
Interest received	13,406	15,133
Income from property trusts	19,147	17,093
Payments to suppliers	<u>(1,817)</u>	<u>(1,570)</u>
Net cash from operating activities (a)	224,736	226,656
Cash Flow from Investing Activities		
Increase in property trusts	<u>(19,147)</u>	<u>(17,093)</u>
	(19,147)	(17,093)
Cash Flow from Financing Activities		
Payments to beneficiaries	<u>(499,299)</u>	<u>(130,742)</u>
Net Change in Cash	(293,710)	78,821
Opening balance	<u>377,466</u>	<u>298,645</u>
Net closing balance (b)	<u>83,756</u>	<u>377,466</u>

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

Operating Surplus	224,736	222,809
(Increase)/decrease in Accrued interest income	<u>-</u>	<u>3,847</u>
	<u>224,736</u>	<u>226,656</u>

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:

	<u>1996</u> \$	<u>1995</u> \$
National Australia Bank	<u>111,748</u>	<u>377,466</u>
	111,748	377,466
	<u><u> </u></u>	<u><u> </u></u>

**AUSTRALIAN UNIVERSITIES ACTUARIAL FOUNDATION
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED 30 SEPTEMBER 1996**

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>1996</u> \$	<u>1995</u> \$
2. INVESTMENTS		
At cost		
National Mutual Property Trust	107,439	97,312
ANZ Mortgage Trust	<u>118,798</u>	<u>109,779</u>
	226,237	207,091
	<u> </u>	<u> </u>

The realisable value of the above investments at 30 September 1996 was \$222,874. The difference between market price and cost is considered in material for adjustments in the accounts.

