

INSTITUTE OF ACTUARIES OF AUSTRALIA

ANNUAL REPORT 2001



Institute of Actuaries of Australia

The Institute of Actuaries of Australia (IAAust) represents the actuarial profession by creating, expanding and maintaining an environment where the skills of **actuaries are widely used and valued**. The IAAust ● establishes and maintains **professional standards** for the protection of the public ● provides pre-qualification and continuing professional education ● creates forums for discussion about **contemporary and relevant issues** ● promotes research and the development of actuarial science; and ● contributes to and informs the **debate on public policy**



The vision of the IAAust is to position the profession so that wherever there is uncertainty of future financial outcomes, actuaries are sought after for their **valued advice and authoritative comment**.

President's Report

2001 will long be remembered as a year of corporate collapses and international crises. The need for independent advice on public and industry policy within the insurance and financial services sectors provided the Institute of Actuaries of Australia (IAAust), on behalf of the profession, with a series of opportunities to contribute strongly to the process of reform.

Notably, the Financial Services Reform Act passed through Parliament, the new General Insurance legislation and the release by the Australian Prudential Regulation Authority of proposed Prudential Standards for General Insurance, the Life Insurance Act came under review, new prudential standards were introduced for Health Insurance and Superannuation is now well and truly on the reform agenda. Preparing actuaries to meet the challenges of these reforms is the most important issue permeating the IAAust's strategic planning.

This year has seen the culmination of a review into the Part II (or Actuarial Control Cycle) syllabus and the commissioning of a text book to enhance the teaching of the Actuarial Control Cycle both within Australia and, significantly, as part of educational developments internationally.

A new professional standard for Continuing Professional Development (CPD) was introduced this year supported by a promotional strategy focusing on the importance of CPD and an improved program of activities provided for members by the IAAust. Strategic alliances with other professional bodies, the development of IAAust programs tailored to meet actuaries' needs and more effective utilisation of the IAAust's resources through a new website have contributed to the strategic development of CPD support. It was pleasing to see increased attendances at meetings of members during the year and the interest, particularly amongst younger members, in the changing program of topics discussed. Video-taping of meetings was also introduced to facilitate wider participation in CPD for all members.

The major CPD event for 2001 was the IAAust's Biennial Convention. Those of you who were amongst the 300 participants at the Convention will attest to its overwhelming success. The quality of plenary and concurrent sessions was outstanding with over half of the thirty-four papers and workshops covering new fields of practice for actuaries. Conducted for the first time by the IAAust Secretariat, feedback from delegates and international visitors rated the Convention highly, not just in terms of the professionalism with which it was run and the high quality of its content, but from the point of view of challenging the profession and adding value to its intellectual capital.

One of the most important aspects of the Convention were the sessions on developments in Genetics. The IAAust Genetics Taskforce produced an important series of papers which the IAAust published in a book titled 'Genetics in Society 2001'. The

publication has attracted considerable national and international interest as an important record of current research made accessible to a broad audience in a non-technical way.

Other significant achievements for 2001 included the adoption by the Federal Government of amendments to taxation laws to enable the introduction of structured settlements. We were pleased to contribute to this reform which will benefit disadvantaged people in our community. Congratulations to Jane Ferguson, who has continued to pursue this initiative while with the IAAust as Director, Public Affairs and with its anticipated introduction will leave the IAAust to work in this area.

The IAAust also initiated discussions with the Federal and NSW Governments over community concerns about medical indemnity insurance and the effect the issue was having on doctors, obstetricians and their patients, particularly in regional areas.

Contributing to the topical debate on executive remuneration the IAAust published a paper on 'Executive Options: Valuation and Projection Methodologies' and found there was considerable interest from bodies such as the Australian Shareholders Association, Australian Securities & Investment Commission and the Australian Institute of Company Directors.

In response to ongoing media interest in the IAAust's point of view regarding the collapse of HIH, one of Australia's major general insurers, I undertook a number of interviews on the subject with Radio 2UE (Alan Jones) and the Business Sunday and 4 Corners television programs. It was pleasing to be attracting media coverage for the IAAust in an environment where actuaries were seen as independent and informed commentators, able to assist the public (through responsible media) to understand the factors that contributed to the crisis.

Hearings of the HIH Royal Commission commenced in September and the IAAust was granted leave to appear on behalf of the actuarial profession. Graham Ellis, a barrister and actuary has kindly offered his services to the IAAust for this purpose on a pro bono basis.

Over the past eighteen months the IAAust has undertaken extensive reviews of the policies and documents that underpin its corporate governance and professional standards including the Constitution, the Code of Conduct and our Disciplinary Procedures. These review processes have been interlinked to ensure consistency and have incorporated the new PS500 on CPD, the introduction of compulsory professional indemnity insurance and a review of membership categories, specifically the proposed introduction of a new category for Affiliate members. Members will have an opportunity to discuss and approve the new Constitution at the Annual General Meeting on December 10, 2001, thus completing the cycle of review. The Code of Conduct

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**Beyond Uncertainty
– Turning Risk into
Value ...think
outside the normal
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can add value.**

Taskforce led by Kerry Roberts, the Constitution Taskforce led by John Graham and the Memberships Taskforce led by Denis Wilkinson are to be commended for their significant effort.

The IAAust has been well represented at meetings of the International Actuarial Association (IAA) in Washington, Ottawa, Portugal and Hong Kong during the year. Congratulations are due, in particular, to Catherine Prime who completed her term as President of the IAA during the year. There is no doubt the Australian profession has benefited from her work in this role. Australia will be the host to the IAA meetings in May 2003 in conjunction with the IAAust's next Biennial Convention and we have already started planning for these events.

Congratulations to the IAAust's award winners for 2001: Professor John Pollard for receiving the Silver Medal, John Walsh who was given the honour of being the Actuary of the Year, Greg Martin and David Tsui joint winners of the Parker Prize, Tim Jenkins the winner of the Jackson Prize, Christian Olsen, Wayne Cannon and Cheryl Tibbits who were recipients of the Prescott Prizes and Paul Carrett and Bernard Wong who both received the Melville Practitioners' Award.

The year was marked near its outset, sadly, by the passing of Professor Alf Pollard, a giant of our profession both in Australia and internationally. I am pleased to record that the IAAust has established the Alf Pollard Memorial PhD Scholarship in his memory.

At its December 2000 meeting Council approved a new structure for the IAAust Secretariat whereby Catherine Beall was appointed Chief Executive

Officer. Catherine's efforts in building the team, improving services to Council and committees and in providing a competent management capability within the IAAust secretariat has been invaluable. Thank you Catherine, to you and your team, for your unwavering support throughout the year.

I had the great pleasure of hosting Presidential Dinners in Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra during the year at which some 450 members joined me to chat informally about the profession and their aspirations for the IAAust. These functions are without a doubt amongst the happiest functions on the IAAust calendar as our new Fellows celebrate their achievements in camaraderie with us and their families. The IAAust is growing steadily, so it is important to maintain and reinforce the connections between us all.

The tremendous contribution of members to the work of the IAAust is not acknowledged often enough. I would like to take this opportunity to thank the teams and task forces of members who work generously and productively to provide informed comment and actuarial advice that enables the IAAust to influence the development of public policy. Similarly, the IAAust's education program relies on the abundant intellectual resources of members who contribute as course writers, tutors, markers, and examiners and to our CPD meetings and conferences.

In the space available I could not possibly thank all of the individual members who have made a valuable contribution this year, although the list later in this report attempts to do so. However, I would like to thank the two Vice Presidents of the IAAust, Helen Martin and Chris Lewis for their support during the year and, in particular, John Graham and Michael Rice for their work on Financial Services Reform, Bruce Watson and Bob Glading for their leadership with the General Insurance reforms, David Hart for his contribution to Education, Alan Doble for initiatives in Genetics and Alan Merten for his leadership of the 2001 Biennial Convention Committee.

Twelve months ago, the theme I set for my year of presidency was 'Beyond Uncertainty, Turning Risk into Value'. Looking back on the IAAust's activities it is worth reflecting on the changes that unfolded in all our lives since the closing of the Sydney Olympics in September last year. I hope that my Presidential Address and the work of the IAAust throughout the year has inspired the profession, and its younger members in particular, to see the application of their talents beyond the traditional areas and that it has encouraged others to think outside the normal perception of what actuaries do and of how actuaries can add value.

A.M. Coleman

A.M.(Tony) Coleman,
President 2001



A.M. (Tony) Coleman

CEO's Report

This year's outstanding achievements have ranged across the spectrum of work conducted by the Institute of Actuaries of Australia (IAAust). There has been a tremendous effort by a large number of members (and the senior staff) to make an active contribution to the various initiatives to improve prudential regulation within insurance and the financial services industry. Publicity around the collapse of HIH, one of Australia's major general insurers, focused attention on the role which actuaries could play in a more risk-responsive prudential supervision environment. The President responded to selected media requests for interviews on this topic giving an actuarial perspective for general insurance.

Significant change brings about uncertainty and challenges, and this year has been no exception in terms of the shifts occurring within the actuarial profession. Within the traditional areas of practice there has been a relentless campaign of regulatory reform. Simultaneously, actuaries have been building practice areas within new fields driven by their ability to see opportunities for the application of actuarial expertise in Health, Banking, Funds Management and leading edge areas such as the Environment, Energy Markets and Genetics. The 2001 Biennial Convention reflected this extraordinary growth and development in its program of plenary and concurrent sessions. We were delighted by the success of the Convention and pleased that the decision to have the event managed in-house contributed to its success.

Developments in actuarial education worldwide and the need for continuous improvement of the Australian actuarial education program prompted a review of the Part II (Actuarial Control Cycle) syllabus. Together with the development of Capability Statements for actuaries, this process of review and the commissioning of a text book for the Actuarial Control Cycle will serve to strengthen the Australian education program and ensure its place as a leader internationally.

Our links with international actuarial bodies have been strengthened through the on-going participation by members in the work of the International Actuarial Association (IAA). A key objective for the IAAust is the export of its actuarial education program, particularly where it differentiates itself from the established UK and US programs. During my visits to IAA meetings and conferences in Portugal and Hong Kong this year, it was evident that the Australian profession has an important contribution to make, and is especially well placed to add value within the Asia /Pacific region. Certainly this year Australian actuaries have provided strong intellectual input to education initiatives and reviews, developments in international accounting standards, IAA policy work and public statements.

Communication, both internal and external, continues to be an important issue for the IAAust. Launching the new web site at the beginning of October was a significant achievement, and an important element in the communications strategy. Developed on a small budget over an eighteen month



Catherine Beall

period with the input of a number of people, the expansion of our capability to communicate via this electronic medium will assist committees, members and the public to access and appreciate the valuable work of actuaries and the IAAust.

Having been appointed CEO in December 2000, the year has been a challenging mix of pursuing the priorities established by Council at its December business meeting and outlined in the strategic plan, and addressing the issues impacting on the profession from the world around us.

Successful professional associations are democracies and as such are often unwieldy and imperfect. The IAAust has over 350 members who are actively involved in its education programs, its international representation, and the development of professional standards and public policy. It is a credit to the profession that the involvement in the IAAust is so strong.

The new committee structure, introduced in 2000, has served the IAAust well over the past two years and looks set to continue for many more years to come. There has been a program of strategic improvement and development within the Secretariat over that time. An organisational review earlier this year enabled a senior appointment and we are pleased that Carolyn MacLulich joined the Secretariat in February as the Director, Professional Development. The dedicated and talented Secretariat team has responded well to the demands of the IAAust during the year and I would like to take this opportunity to thank them all.

The IAAust has enjoyed a successful year with some significant achievements and a tremendous effort from a large number of members. The opportunities for the actuarial profession, together with the particular circumstances of the industries in which actuaries work, will ensure an equally challenging and rewarding year ahead.

Catherine Beall
Chief Executive Officer

October 2001

Over 350 members (nearly one third of FIAs) are actively involved in conducting the education and policy work of the IAAust

IAAust Council



Institute of Actuaries of Australia Council Members 2001

Left to Right: David Hart, Craig Thorburn, Graham Rogers, Christopher Lewis, Helen Martin, Tony Coleman, Melinda Howes, Michael Rice, John De Ravin, Andrew C Gale, Alan Doble, Fred Rowley

Absent: Cherry Brennan, Andrew Brown, John Newman, Donna Walker, Andy Yang

Beyond Uncertainty... managing the future better!

The 2001 Biennial Convention was held at Hyatt Regency Gold Coast from May 13 to 16 and the participation of over 300 actuaries and other professionals ensured it was an outstanding success. The Convention Committee (Alan Merten, Tony Coleman, Jenny Lyon, Christa Marjoribanks, Catherine Beall and Chris Hundleby) set out to create a program that would take attendees away from their day-to-day roles and create an environment for experiencing new things in a fun and informative way. Part of this process meant incorporating plenaries on topics that would be increasingly critical to all actuaries, with presentations from a range of business people in non-actuarial roles, a 'hypothetical' on the future facilitated by Dr Karl Kruszelnicki of Radio JJJ and other fame, and a light-hearted debate raising serious issues on the very topical new APRA general insurance reforms. Thirty-five papers and workshop discussions were presented ranging across topics such as modelling, regulation, retirement incomes, the internet and e-commerce, public policy, actuarial education, investment, international issues and new fields such as biodiversity, weather derivatives and valuing executive options.

Keynote Address:

Linda Nichols (Chairman of Australia Post)

E-commerce as a Driver of Change:

Ian Adair (IBM Australia), Colin Scully (Australian Stock Exchange), Andrew Robb (Acxiom)

The Impact of the Genetic Revolution:

Professor Sandy Raeburn (University of Nottingham), Dr Kristine Barlow-Stewart (NSW Genetics Education), Leo Hyde (Du Pont)

The Future of Financial Services in the Asia-Pacific:

Peng Wah Choy (Deutsche Asset Management), David Krawitz (McKinsey & Company).

Genetics Hypothetical:

Presenter - Dr Karl Kruszelnicki (Julius Sumner Miller Fellow, University of Sydney)

Panelists - John Hanrahan (Nine Network), Peter Horne (BT Funds Management), Alan Merten (NRMA Insurance), Richard Madden (Australian Institute of Health & Welfare), Helen Martin (Towers-Perrin), Dr Trevor Mudge (Australian Medical Association), Louise Petschler (Australian Consumers' Association), Prof Sandy Raeburn (University of Nottingham).

Debate: 'That the APRA General Insurance Reforms will be enough'

Adjudicator - David Kingston (President, Faculty of Actuaries)

Affirmative Team - Bill Bartlett (Ernst & Young), Craig Thorburn (APRA), Bruce Watson (Trowbridge Consulting)

Negative Team: Tim Jenkins (PricewaterhouseCoopers), Corinne Glasby (NRMA Insurance),

Wayne Lonergan (Consultant).

Public Policy

GENERAL INSURANCE

The General Insurance Reform Act 2001 came into force in September. Earlier in the year, APRA had released a series of papers on General Insurance prudential regulation reforms which represented a culmination of some years of consultation with the industry including the IAAust. The proposed reforms focused on Liability Valuation, Capital Adequacy, Risk Management and Reinsurance, and the introduction of a statutory Approved Actuary role in General Insurance. The General Insurance Practice Committee made written submissions in response to these proposals.

The collapse of HIH, one of Australia's major general insurers, created a heightened degree of urgency for reform. APRA invited the IAAust to develop guidance for liability valuation and joined with the IAAust to engage consultants to undertake the data analysis and modelling to produce benchmarks for risk margins and premium liabilities. Tillinghast-Towers Perrin was awarded the consultancy by tender and reported their findings to the IAAust Council in October. The IAAust Taskforce being chaired by Bob Glading has two sub-committees being chaired respectively by Peter McCarthy and Chris Latham. Draft Guidance and Professional Standards will be presented for discussion by actuaries and industry representatives at the IAAust's General Insurance Seminar in November 2001.

FINANCIAL SERVICES REFORM

After initial delays, the FSR Bill was finally introduced to Parliament in April. The new regime will affect the regulation of financial products and services. It introduces a single licensing regime for all financial sales, advice and dealing, and creates a consistent and comparable product disclosure framework. The main implications for the actuarial profession are that many more actuaries will require licenses in order to comply with the new regulations affecting the provision of financial advice and actuaries may be involved in preparing calculations for the purposes of disclosure (e.g. benefit illustrations).

Two IAAust Taskforces, covering Licensing (led by John Graham) and Disclosure (led by Michael Rice) have worked during the year to provide comments on the Bill, including a detailed submission in response to the ASIC policy papers and comments on the FSR regulations. Representing the IAAust, Michael Rice was also a member of Treasury's Implementation Consultative Committee.

The Financial Services Reform regime comes into operation on March 11, 2002 with a transition period of two years. Having made substantial contributions to the development of the reforms and regulations, the IAAust has kept members informed of its activities on their behalf in relation to the compliance and educational requirements under the new regime, and is seeking to establish ASIC accreditation for the IAAust's education and CPD programs.



Reforms in General Insurance bring new roles and responsibilities for actuaries

GENERAL INSURANCE PRACTICE COMMITTEE

- APRA reform process reached completion and in the new regime the role of actuaries in general insurance is significantly expanded with demand for actuaries expected to grow beyond the seventy currently practicing in this area.
- Several submissions were made to Treasury and APRA in relation to reforms of the General Insurance Act and related prudential supervision and regulatory framework issues.
- Liaison with APRA and the IAAust GI Taskforce charged with managing the development of IAAust Professional Standards and Guidance Notes on Liability Valuation for General Insurance.
- Successful Accident Compensation Seminar was held in November 2000 with over 230 attending, and planning for the General Insurance Seminar in November 2001 is progressing well.
- Contribution of papers to Discount Rates Taskforce, Financial Services Reform Bill, Victorian Workcover Self-Insurance regulations, Medical Indemnity Taskforce, Structured Settlements Taskforce, International Actuarial Association submissions, and International Association of Insurance Supervisors submissions.
- Review of the General Insurance Part III subject materials has commenced in order to address changes to General Insurance legislation for the 2002 year.

Actuaries support stronger disclosure and licensing requirements for financial services

Public Policy

GENETICS

The Australian Law Reform Commission and the Australian Health Ethics Commission (ALRC/AHEC) released the terms of reference for a joint inquiry into genetics earlier this year. The IAAust Genetics Taskforce lead by Alan Doble and including a multidisciplinary team of experts produced a series of papers which the IAAust published as a book entitled 'Genetics in Society, 2001'. Hailed for its innovative and accessible approach, the publication was launched prior to the Biennial Convention and formed the basis of a most successful day of sessions on genetics at the Convention.

Alan Doble made a presentation to the ALRC/AHEC team utilising an earlier draft of the research papers developed by the IAAust Taskforce. Mid year Alan and Eddie Fabrizio presented to the ALRC team on actuarial and underwriting issues in relation to genetics. In October, the ALRC/AHEC provided the IAAust with an opportunity to comment on its confidential report prior to its public release later this year.

In the context of the work being undertaken on genetics, the IAAust Risk Classification booklet is being revised and will be published by the IAAust in 2002. The IAAust also participated in a seminar in August conducted by the Investment and Financial Services Association (IFSA) on insurance and depression.

The IAAust was successful in winning the tender for managing the IFSA genetics testing database project. This is a long-term project, with the IAAust undertaking data collection from life companies, analysis and reporting every six months. The first round of collection and data analysis was successfully completed in July 2001.

SUPERANNUATION

Superannuation and Family Law was one of the major policy areas of interest to the IAAust during the year. Through close liaison with Treasury and the Attorney General's Department the IAAust provided advice on issues such as the calculation methods for the division of superannuation between couples on divorce. Helen Martin presented as part of the ASFA road show on the topic earlier in the year and then later in the year she and Michael Rice made presentations on the adequacy of superannuation and the integration of social security and superannuation at the ASFA national conference.

The Productivity Commission announced a review of Superannuation early in the year and the IAAust contributed to the development of its issues paper. Helen Martin and John Maroney appeared at public hearings and the IAAust provided a formal response to the issues paper. Of some concern was the Productivity Commission's view that the special role of actuaries, under the SIS Act, could be considered anti-competitive. However, the IAAust made strong representation that the legislated role of actuaries is critical for proper prudential regulation and the Productivity Commission has acknowledged and supported this role for actuaries in its recently released draft report.

Comments in the media by the Reserve Bank Chairman earlier in the year, followed by reports from the Senate Select Committee on Superannuation and Financial Services together with meetings between the IAAust and the APRA, pointed to mounting support for a review of the prudential regulation of superannuation. In September, the Minister for Financial Services released an issues paper on this subject and the IAAust is forming its response.

**Actuaries
produce
innovative and
accessible
research on
developments
in Genetics**

HEALTH PRACTICE COMMITTEE

- Education sub-committee developing a Health Financing Course for actuaries and other health professionals as CPD.
- Development of a Guidance Note on new solvency and capital adequacy standards for private health insurers commenced, following introduction of these standards in January 2001.
- Health topics well represented with four papers being presented at IAAust Biennial Convention.
- Submissions in response to Privacy legislation in respect of Health.
- Publication of an occasional newsletter to IAAust members and others interested in private health insurance in Australia and associated matters. Twenty-four editions published this year to a distribution list of 750.
- Wider Fields sub-committee developed structure and strategy for actuaries canvassing the wider fields.
- Monitoring developments in the medical, PBS, hospital and sectors, together with other providers and funders.
- Addressed issues such as Indemnity Insurance, Ageing Australia Seminar, liaison with the Simple Super Taskforce over integration issues.
- HPC is actively seeking new members for the committee and sub-committees.

SUPERANNUATION & EMPLOYEE BENEFITS PRACTICE COMMITTEE

- Major initiative to include Financial Planning in the SEB Practice Committee through establishment of a sub-committee to review the educational and professional requirements for actuaries interested in a career in financial planning.
- Submissions to government on legislation in relation to superannuation entitlements on divorce.
- Provision of guidance to actuaries on the valuation of executive options and on best practice for benefits projections.
- Comment to government on a number of issues including Choice of Fund and superannuation simplification.
- Commentary on the Productivity Commission's review of superannuation and the accounting profession's review of AAS25.
- Education focus on the preparation of 2001 courses and a review of the scope and content for future years.
- Revision of Professional Standard 400 - 'Investigation of Defined Benefit Superannuation Funds' - during the year.
- Marketing strategy to attract actuaries working in superannuation to attend the IAAust Biennial Convention supported by the presentation of a number of relevant papers at the Convention.
- Provision of commentary on issues relating to regulation of superannuation including proposals for quarterly payment of SG contributions, successor fund transfers and the Senate Select Committee's report on the SG system.
- Revision of Guidance Note 456 - 'Preparation of Benefit Certificates Required under the Superannuation Guarantee (Administration Act 1992)' - during the year.

**Actuaries
analyse and
report on the
success of
socially
responsible
investments**

MEDICAL INDEMNITY INSURANCE

Following concerns about rising indemnity premiums for doctors and the possible instability of medical indemnity organisations, the Australian Health Ministers' Advisory Council established the Medical Indemnity Jurisdictional Working Party and Consultative Forum. The IAAust Taskforce led by Geoff Atkins contributed to the work of the Working Party and Consultative Forum

The Working Party and Consultative Forum have been looking into the four specific areas nominated for attention by the AHMAC. These are: sustainable options for addressing long term care costs in health care litigation; national data collection on health care negligence cases; medical indemnity standards; and a reduction in the administrative and legal costs associated with health care litigation.

Papers developed on these subjects are being used as discussion starters for a wider roundtable discussion on medical indemnity. Geoff Atkins and Tony Coleman attended a seminar held in September by the Working Party and Consultative Forum to discuss the issue of national standards. A consensus emerged that a national approach to the prudential regulation of medical defence organisations by APRA was appropriate.

PRIVACY

The new Privacy Act comes into force on December 21, 2001 and is intended to extend coverage of privacy law beyond the public sector into the private sector. The effect of the changes to the Privacy Act for the IAAust is threefold. It will have an impact on the general collection of statistics by actuaries for use in their professional practice, and on the work of the IAAust in experience studies investigations such as Mortality and Disability data analysis, as well as challenging the policy and procedures of the IAAust secretariat in relation to its membership database.

During the year the Privacy Commissioner released draft general Guidelines in relation to the Act and also specific guidelines that relate to health information. The IAAust's Health Practice Committee made submissions in response to the National Privacy Principles in relation to the provision of health services. There has been some concern about the impact of the new provisions on actuarial data, collection, storage and use methods. The final Guidelines and Health Guidelines have recently been released and are intended as an aid to assist organisations to comply with the new rules and provide good privacy protection for consumers.



Public Policy

STRUCTURED SETTLEMENTS

During the year the IAAust was directly involved in briefing Treasury on the concept of structured settlements and the tax and other amendments that were being promoted by the proponents of this proposal. When the draft model for structured settlement tax changes was released, the IAAust's Taskforce provided input and feedback in relation to the features of the model, noting that structured settlements have the potential to reduce social security outlays in the longer term by removing the possibility of early exhaustion of lump sum compensation payments. In September the Federal Government announced the taxation changes that will allow the introduction of structured settlements to Australia.

Sustainability and biodiversity are on the research agenda for Australian actuaries

LIFE INSURANCE PRACTICE COMMITTEE

- Development and issue of various notes providing guidance to members on technical issues arising from the new Life Insurance Act.
- Guidance issued on the treatment of premium splitting.
- Established a Taskforce to review Guidance Note 252 - Appraisal of Value of Life Insurance Companies - and from this review LIPC has recommended the exercise be extended across practice areas. A new IAAust Taskforce will review Valuation of Financial Entities.
- Provision of advice on legislation issues and proposed changes including review of the Life Insurance Act, harmonisation of standards across Life Insurance and Friendly Societies (including Structured Settlements), potential double taxation of fees on Ordinary Life Insurance Business, and a Taxation Guidance Note.
- Contribution to the ongoing debate about International Accounting Standards for Life Insurance companies and financial instruments, with continued support for fair values.
- Overview of the continued improvement of the Life Insurance Part III subject material.
- LIPC facilitated the discussion of 'Contemporary Issues in Life Insurance' at the IAAust Biennial Convention.
- Review of Guidance Note 261 - Reporting of Disability Business - has commenced.
- Working with the Life Insurance Actuarial Standards Board to review the resilience reserving parameters in the Solvency and Capital Adequacy standards.

SUSTAINABILITY

The Victorian Environmental Protection Agency through its agreement with the United Nations Environment Program developed a Finance Initiative and invited the IAAust to nominate a representative to the group working on Insurance. Andrew Brown and Karen Johnston shared this role during the year. The main objective of this work is to provide an assessment of the scope of the Environmental Insurance Market in Australia.

Socially Responsible Investment (SRI) was also an area for research within the IAAust during the year, with a Taskforce led by Andrew Leung and Andrew Barker collecting data and providing an analysis of the basis for the successful performance of the SRI index in comparison with other investment indices. David Knox presented the preliminary findings of this study, providing an actuarial perspective on SRI to the Ethical Investment Association Conference in September.

ENERGY AND CLIMATE CHANGE PRACTICE COMMITTEE

- Presented two papers at the Institute's Convention in May 2001, on Weather Derivatives and Market-Based Solutions to Climate Change.
- Members wrote articles for Actuary Australia and for the EPA Victoria newsletter, describing the work that actuaries do in the energy industry and in relation to climate change issues.
- Established useful links with interested parties such as representatives of EPA Victoria and attended seminars on environmental credit risk and socially responsible investments.
- Contributed suggestions on research projects to the Awards and Prizes Committee, leading to a grant for research into modelling energy derivatives.
- Recommendations on the Part II education review on concepts related to the energy practice area which might be incorporated in Part II education.

INTERNATIONAL REPRESENTATION

A number of Australian actuaries maintain high profile roles within the various committees of the International Actuarial Association (IAA). A major initiative of the IAA during the year has been the progress made on reviews within education as the international actuarial profession moves towards establishing a global actuarial education program at Associate level for introduction in 2005.

Considerable effort has gone into developing actuarial insurance accounting standards as part of the initiative to adopt International Accounting Standards by 2005. A group of actuaries represented the profession in meetings with the World Bank in late 2000 as an initiative of the IAA's supranational committee.

The IAAust has consolidated its network of international ambassadors and representatives, and this year appointed Frank McNerney as ambassador for Switzerland and Tim Chambers as ambassador for Canada. These members have a designated role to provide reports on local actuarial activities and developments of interest as well as providing a point of contact for the IAAust and its members in their respective countries.

Brent Walker was elected President of the IACA during the year, and the IAAust was represented by Michael Barker on AFIR, and Greg Taylor on ASTIN, including a session arranged by Greg at the 53rd International Statistical Institute Conference in Seoul.

Building relationships with the actuarial professions in various Asian countries has been a focus during the year with the establishment of an Asian Education Strategy Taskforce. As the number of IAAust members in Asia grows and with the increasing involvement of Asian students in Australian actuarial education programs, opportunities develop for extending the recognition of the FIAA and the influence of the IAAust through the region.

Links are being built between Australia and the developing actuarial profession in China

INVESTMENT AND FUNDS MANAGEMENT PRACTICE COMMITTEE

- The Committee actively encouraged the publication of papers in related areas, including the valuation and management of funds management companies and executive options.
- Significant progress has been made with respect to the organisation of the Fastforward 2010 biennial seminar (2002).
- Contributions have been made to the profession's work on Financial Services Reform Bill and various other public policy issues.
- Progress has been made with a review of the Investment Management Part III subject.

COMMUNICATIONS

During 2001 the IAAust took a strategic approach to both its external and internal communications. Regular contact with Federal Government Ministers and their advisors through meetings and attendance at functions provided opportunities for actuaries to contribute to decision-making processes. The IAAust also developed formal and informal liaison with affiliated industry and professional organisations. This network was extended during the year through the work of the IAAust in bringing together affiliated bodies in support of a joint retirement incomes framework, and with the launch of the 'Genetics in Society 2001' publication. The interests of actuaries in issues to do with medical indemnity insurance, socially responsible investments, executive options and structured settlements also extended the contact the IAAust had with a wide range of professional and government bodies.

Communication with members has been enhanced with the launch of the new IAAust website and through increased use of email to deliver timely news and activities information. The Actuary Australia magazine was improved greatly through the vision and significant effort of its editor, Susan Antcliff, and became an effective reference for the exciting and interesting work of actuaries and the IAAust for both internal and external audiences. In 2001, the Australian Actuarial Journal was published quarterly as a reference for research and innovation in actuarial science. The main features of the new IAAust web site are its members' only section enabling access to the members' directory, search facilities and discussion forums. Since its October launch, there has been a considerable increase in usage and a stream of ideas from members about ways in which they would like to use the website to enhance their participation in the work of the IAAust.



COMMUNICATIONS REPORT

Issues of policy and reform in areas of superannuation, general insurance, financial services, medical indemnity insurance and structured settlements were discussed with Federal Government Ministers including: Treasurer ● Minister for Financial Services ● Assistant Treasurer ● Shadow Treasurer ● Shadow Assistant Treasurer ● Shadow Minister for Financial Services.

Liaison with industry and professional bodies on issues of mutual concern led to interactions with: ■ Insurance Council of Australia ■ Institute of Chartered Accountants of Australia ■ Australia Law Reform Commission ■ Medical Indemnity Joint Working Party and Consultative Forum ■ United Nations Environment Program ■ Investment and Financial Services Association ■ Australian Superannuation Funds Association ■ Australian Shareholders Association ■ Australian Institute of Company Directors ■ Financial Planning Association ■ Securities Institute of Australia ■ Global Association of Risk Professionals ■ Australian Medical Association ■ AXISS ■ Australian Retirement Incomes and Superannuation Association ■ Australian Council of Professions ■ National Farmers Federation.

Prudential regulation in various sectors has driven a great deal of policy work and brought the IAAust into regular consultation with:

■ Australian Securities and Investments Commission ■ Australian Prudential Regulation Authority ■ Life Insurance Accounting Standards Board ■ Private Health Insurance Administration Council ■ Senate Select Committee on Superannuation and Financial Services ■ Productivity Commission ■ Federal Privacy Commission ■ HIH Royal Commission.

Media coverage:

Investor Weekly – Presidential Address 2001, Biennial Convention, Superannuation

Sydney Morning Herald – Presidential Address 2001, Genetics

BRW – Presidential Address 2001

Cover Note – Presidential Address 2001

Insurance & Risk Professional – Presidential Address 2001

Australian Financial Review – Presidential Address 2001, Executive Options, Biennial Convention, Superannuation

Investors Advisor, *Superfunds*, *Personal Investor*, *Asset* – Superannuation

Business Sunday, *4 Corners*, *Radio 2UE*, *The Australian* – HIH

Media releases:

- 1 May – Actuaries Support Prudential Reform of General Insurance
- 8 May – Actuaries Launch Into Genetics
- 14 May – John Walsh Awarded Actuary of the Year
- 16 May – Actuaries, Risk and the Environment
- 16 May – Genetic Discrimination, Frankenfoods and the FUD Factor
- 4 June – John Pollard Awarded Prestigious Silver Medal
- 26 September – Catastrophically Injured Battlers Benefit

Actuaries seen as independent and informed commentators on legislative review and prudential regulation



Submissions

IAAust Submissions between 1 Oct 2000 & 30 Sept 2001:

13 October 2000

Submission to Treasury.
Proposed Amendment to the
Superannuation Industry
(Supervision) Regulations –
Self Insurance.

27 October 2000

Submission to Australian
Securities & Investment
Commission.
Education of Financial
Services Consumers.

30 October 2000

Framework Principles for
the Australian Retirement
Incomes System.
Principles agreed by fifteen
industry and professional
organisations to benchmark
existing policies and
future initiatives.

31 October 2000

Letter to Shadow
Assistant Treasurer.
Draft Bill to amend the
Superannuation Guarantee
(Administration) Act.

31 October 2000

Submission to Senate Select
Committee on Superannuation
and Financial Services.
Superannuation and Family
Law Regulations.

23 November 2000

Submission to the Senate
Select Committee on
Superannuation and Financial
Services. Family Law
Legislation Amendment
(Superannuation) Bill.

12 February 2001

Response to the Attorney
General's Department on
submissions and testimony to
the Senate Select Committee
on Superannuation and
Financial Services.
Family Law Legislation
Amendment.

30 March 2001

Submission to the Australian
Government Actuary.
Valuation Factors for Family Law
Legislation Amendment
(Superannuation) Bill.

23 April 2001

Submission to the
Parliamentary Joint
Standing Committee.
Financial Services Reform Bill.

8 May 2001

Submission to Victorian
Work Cover Authority.
Self-Insurance Guidelines.

9 May 2001

Submission to Productivity
Commission on the
Review of Certain
Superannuation Legislation.
Review of Superannuation
Industry (Supervision) Act.

18 May 2001

Submission to Treasury.
Insurance Act Amendment Bill.

21 May 2001

Policy Statement to Minister
for Financial Services
and Regulation.
Disclosure under the Financial
Services Reform Bill and Choice
of Fund Legislation.

25 May 2001

Letter to Treasury.
Proposal to Require Quarterly
Superannuation Payments.

1 June 2001

Letter to Treasury.
Possible Amendments to the
Superannuation (Resolution
of Complaints Act).

15 June 2001

Submission to Australian
Securities and Investment
Commission.
Financial Services Reform
Policy Proposals.

3 July 2001

Submission to Australian
Prudential Regulation Authority.
Proposed Prudential Framework,
draft Prudential Standards and
Guidance Notes.

13 July 2001

Submission to Life Insurance
Actuarial Standards Board.
Actuarial Standards outlined in
the Discussion Drafts on the
Harmonisation Project.

13 July 2001

Submission to the
Commission of Inquiry into
Workers' Compensation.
Common Law Matters
(Sheahan Inquiry)

16 July 2001

Submission to the
Australian Tax Office.
Technical Guidance Paper.

20 July 2001

Submission to the Office of the
Federal Privacy Commissioner.
Draft Health Privacy Guidelines.

21 August 2001

Letter to Australian Securities
& Investment Commission.
Policy illustration rates.

30 August 2001

Letter to Treasury.
Superannuation Preservation
Rules regarding Non-Residents.

4 September 2001

Submission to Treasury.
FSRB Regulations regarding
Policy Committees.

5 September 2001

Letter to Australian Prudential
Regulation Authority.
Prudential Regulation of
Superannuation.

13 September 2001

Submission to Treasury.
Draft FSR Regulations regarding
Disclosure.

15 September 2001

Submission to the
International Accounting
Standards Committee.
Financial Instruments and
Similar Items.

17 September 2001

Letter to Attorney General's
Department. Superannuation
and Family Law.

**Framework
principles on
retirement
incomes
established by
actuaries and
affiliated
organisations**

Professional Development

INTERNATIONAL EDUCATION DEVELOPMENTS

The profile of the Australian actuarial education program has gained international attention throughout the year. Developments in our education program have had impacts on international developments, through involvement with the Institute of Actuaries and Society of Actuaries education working parties and the IAA Joint International Education Taskforce. During the year, the IAAust commenced developing a strategy to promote and expand Australian actuarial education in the Asian Region, and increase recognition of the FIAA throughout Asian countries. Additionally, a trial of the Actuarial Control Cycle, in partnership with Macquarie University and AMP, was undertaken in China through the delivery of short courses at the Chengdu Southwest University of Finance and Economics and Shanghai University of Finance and Economics, China.

ACTUARIAL CONTROL CYCLE REVIEW

An extensive review of the Part II (Actuarial Control Cycle) syllabus was undertaken in 2001. The review focused on the 'depth of learning' required to determine an appropriate level of understanding expected from an actuarial student who successfully passes the course, and adopted an 'outcome' oriented approach, focussing on the 'use of tools' rather than the 'tools' themselves. Further consultation is underway and it is planned to introduce the new Part II syllabus in 2003. During 2001, the IAAust commenced development of a textbook and e-learning components on the Actuarial Control Cycle, to be used as a core material for the teaching of the Part II syllabus from 2003.

CAPABILITY STATEMENTS FOR ACTUARIES

During the year, the IAAust commissioned consultant Lois Meyer to develop a set of capability statements for actuarial practice, in consultation with a wide range of members, to provide a framework for considering how actuarial educational provision and work experience can best meet the expected levels of performance for an AIAA and FIAA. These Capability Statements are particularly significant for the IAAust in the review of actuarial education provision being undertaken in 2001 and 2002.

The Australian 'Actuarial Control Cycle' education program is acknowledged internationally

EXAMINATIONS

The Part III examinations of the IAAust were conducted in October 2000 with the following results (1999 results are shown for comparison):

Subject	Sat '00	Pass '00	%	Sat '99	Pass '99	%
Investment Management	102	28	27	109	51	47
Life Insurance	82	37	45	71	29	41
General Insurance	55	17	31	43	17	50
Superannuation	25	11	44	21	12	57
Finance	45	14	31	42	16	38
Total	309	107	35	286	125	44

PROFESSIONALISM COURSE

Fifty-nine members successfully completed the Professionalism Course in February 2001, the final step in the pathway to becoming an FIAA. The three day residential course, facilitated by Anne Riches, was an integrated mixture of presentations, workshops and syndicate sessions, and focused on the importance of integrity and ethics within the business environment, and explored issues related to professional responsibilities and standards from both theoretical and practical perspectives. The component on business communication skills was particularly well received. The course culminated in a wonderful celebration at the Presidential Dinner in Sydney on February 21, where participants were awarded their Fellowship Certificates.

ACTUARIAL EDUCATION PROGRAMS

Once again, over 250 members generously gave their time to support the education programs in 2001 – as examiners, markers, scrutineers, tutors, course writers, reviewers, and committee members. In order to support the extensive voluntary work undertaken by members, the IAAust produced three booklets: Part III Subject Writer's Brief, Part III Assessment Guidelines, Part III Examiner's Handbook. A workshop was also held for Chief Examiners to assist with exam paper development in early 2001. During the year, the Australian National University Actuarial Studies Program was granted full accreditation for Parts I and II, bringing the number of universities with full accreditation for actuarial programs to four: Australian National University, Macquarie University, University of Melbourne and University of New South Wales.

EDUCATIONAL TOPICAL DISCUSSION GROUP (ETDG) MEETINGS			
8 November 2000 (Melb)	Genetic Algorithms for Financial Decision-Making	Robert Pereira	
15 November 2000 (Syd)			
30 May 2001 (Syd)	The Future of Corporate Super Funds	Michael Rice & Brad Jeffrey (Syd)	
6 June 2001 (Melb)		Wayne Walker & Andrew Boal (Melb)	
5 September 2001 (Syd)	Solvency/Capital Adequacy & Other Issues in Private Health Insurance	David Torrance, Gayle Ginnane	
12 September 2001 (Melb)		Andrew P Gale, David Watson	

CONTINUING PROFESSIONAL DEVELOPMENT

During 2001, a number of CPD initiatives were introduced, including a self-study course in Banking and Finance with the Securities Institute, and programs developed or promoted jointly with other professional organisations such as GARP (Global Association of Risk Professionals) and AIBF (Australian Institute of Banking and Finance). The sixteen Sessional meetings and ETDG's were particularly well attended, both in Melbourne and in Sydney, this year, and Sessionals are now available on video to increase accessibility to members unable to attend the live events in Sydney and Melbourne.

As well as a series of topical forums and seminars, the IAAust hosted three major CPD events in 2001 – the Biennial Convention, with attendance of over 300; the Accident Compensation Seminar, attended by 235 people; and the Life Insurance Forum, with nearly 200 participants. A successful development during the year has been the introduction of the use of direct email and the new IAAust Website to promote CPD events and programs. The review of PS500 (Professional Standard for Continuing Professional Development) was finalised this year, and the 2002 CPD program will ensure that a range of CPD events and programs are available in order to support members' new CPD requirements.

SESSIONAL MEETINGS		
DATE	TOPIC	AUTHORS/PRESENTERS
9 October 2000 (Melb)	Actuaries & the Public Interest	L Frank Earl & David Hart Richard Lyon John Graham
16 October 2000 (Syd)	Negligent Advice – Are you covered?	
	Enhancing Professional Integrity Raising the Credibility of the Profession	
11 December 2000 (Melb)	Presidential Address 2001:	Tony Coleman
18 December 2000 (Syd)	Beyond Uncertainty - Turning Risk into Value	
12 March 2001 (Syd)	The Valuation of Retail Funds	Paul Garrett & Alex Stitt
19 March 2001 (Melb)	Management Companies	
25 June 2001 (Syd)	A Coherent Framework for Discount Rates	Greg Martin (Syd) Matthew Burgess (Melb) Discount Rates Taskforce
2 July 2001 (Melb)		
13 August 2001 (Melb)	Code of Conduct/The Actuary in the Firing Line	CPD Committee – Graham Ellis, Steve Marsh and Jenny Lyon
20 August 2001 (Syd)		

FORUMS AND SEMINARS	
19-20 October 2000 (Syd)	Business Presentation Skills - Bulmer Communications
24-25 November 2000 (Canberra)	Globalisation and Converging Practice Areas: Life Insurance Forum
26-29 November 2000 (Qld)	8th Accident Compensation Seminar 2000
12 December 2000 (Syd)	Risk Management Seminar
5 June 2001 (Melb)	
13-16 May 2001 (Qld)	Biennial Convention 2001: Beyond Uncertainty – managing the future better
19 July 2001 (Syd)	Stress Testing as a Management Tool Seminar
17 August 2001 (Syd)	Structured Settlements Briefing
27 September 2001 (Syd)	Financial Modelling Seminar



Actuarial practice is expanding in banking, investment and funds management sectors

Prizes & Awards

A M PARKER PRIZE

The AM Parker Prize is awarded to the author or authors of a paper presented to the Institute of Actuaries of Australia. The supplementation from the Melville Prize Fund for this prize is \$1,600.

For 2000 the AM Parker Prize of \$2,400 (shared) was awarded to **Greg Martin** and **David Tsui** for their paper titled 'Fair Value Liability Valuations'.

H M JACKSON MEMORIAL PRIZE

The H M Jackson Memorial Prize is awarded for any published articles other than papers eligible for an award for the A M Parker Prize. The supplementation from the Melville Prize Fund for this prize is \$1,600.

For 2000 the H M Jackson Memorial Prize of \$1,800 was awarded to **Glenon Harris** for his paper titled 'Markov Chain Monte Carlo Estimation of Regime Switching Vector'.

ANDREW PRESCOTT MEMORIAL PRIZE

The Andrew Prescott Memorial Prizes may be awarded to persons obtaining the highest marks for Part III subjects. A merit prize may be awarded to a person completing the examinations with outstanding overall results.

Prescott Prizes for October 2000 examinations were awarded to:

- **Cheryl Tibbits** \$800 for Subject 2, Life Insurance.
- **Christian Olsen** \$800 for Subject 4, Superannuation and Other Employees Benefits.
- **Wayne Cannon** \$800 for Subject 5, Finance.
- **Christian Olsen** received \$1,500 for the Merit Prize.

There were no prizes awarded for Subject 1 Investment Management or Subject 3 General Insurance.

The supplementation from the Melville Prize Fund for the Prescott Prizes totals \$3,500.

MELVILLE PRIZE FUND

The Melville Prize Fund is used to support the Melville Practitioners' Award and to supplement the existing Prizes awarded by the Institute of Actuaries of Australia. The Institute of Actuaries of Australia contributes 50% of the funds for the Melville Practitioners' Award.

For 2000 the Melville Practitioners' Award of \$2,000 (shared) was awarded to **Paul Carrett** and **Bernard Wong** for their paper titled 'Executive Options: Valuation and Projection Methodologies'.

SILVER MEDAL

John Pollard BSc PhD FSS FIA FASSA FIAA

On Tuesday May 15 2001, at the Gala Dinner of the Biennial Convention, President of the IAAust Tony Coleman presented the Silver Medal of the IAAust to **Professor John Pollard**, a medal that has only twice previously been awarded. The medal is presented to someone with a long record of outstanding actuarial work in the service of the profession, business, government and community, which has brought credit to the profession. John was honoured for his outstanding contribution to the development of actuarial education nationally and internationally, for his research, modelling, and textbook writing, and his service to the IAAust, particularly as Committee member, Councillor and President.



John Pollard

ACTUARY OF THE YEAR

John Walsh BSc AIA FIA FIAA

On Sunday May 13 2001, the first night of the IAAust 2000 Biennial Convention, President of the IAAust Tony Coleman presented the Actuary of the Year 2001 award to **John Walsh**. The award was made in recognition of John's outstanding contribution to the profession, to business, government and the community. From his unique actuarial/consumer perspective, John has become a pioneer and leader of actuarial involvement in general insurance, accident compensation, health insurance and disability in Australia.



John Walsh

50% of papers presented at 2001 Biennial Convention covered new fields of actuarial research and practice

New Fellows

Congratulations to the following members who, having passed or been exempted from Parts I, II, III of the IAAust education program and attended the Professionalism Course, were admitted as Fellows of the Institute of Actuaries of Australia (FIAA) in 2001.

Amanda Kim Aitken	Peter Jonas Grigaliunas	Zachary James Roberts
Daniel Michael Alexander	Mark Adam Henderson	Catherine Louise Robertson-Hodder
David Edward Altoft	William Thomas Higgins	Stuart Evan Seddon
Alexander John Austin	Mark Wilfred Hurst	Andy Tsun-Lai Siu
Rashi Bansal	Luca Inserra	Adam Hans Stolz
Louise Anne Campbell	Hanna Kam	Cheryl Renae Tibbits
Wayne Herbert Cannon	Andrew Chun-Wai Leung	Wade Seaton Tubman
Margaret Helen Cantwell	Barry Chung Hang Leung	Judy Hsin-Ping Wang
Anne Wing Yun Cheng	Steven Young Hua Lim	Byron John Watkins
William Woon Shiong Cheong	John Sinclair Marshall	David Loong Wong
Shannon Louise Clarke	Matthew John Molloy	Ken Foong Wong
John Francis Dodsworth	Albert Napoli	Sylvia Sze-Wai Wong
Ross Kenneth Etherington	Heathcliff Norman Neels	Trevor Hoi Ping Woo
Phillip Glen Everett	Kerrie Neems	Glenn Robert Woodward
Adam Charles Follington	John Anthony Nicholls	Mark Kennedy Wylie
Paul Robert Gilbert	Christian Olsen	Melissa Siew-Mei Yan
Jethro David Goodchild	Gavin Paul Pearce	Raymond Weng Yat Yeow
Charmaine Marie Green	Darion William Pohl	

IAAUST MEMBERSHIP INCREASES

The increase in membership during the period was as follows:

Class	Number at 30.09.99	Number at 30.09.00	Number at 30.09.01
Fellow	1093	1158	1212
Accredited	29	19	15
Associate	482	517	533
Student	629	657	770
Lay	6	5	5
Total	2239	2356	2535

Membership Statistics

MEMBERSHIP FIGURES FOR THE LAST 10 YEARS

	Fellows	Accredited	Associates	Students	Lay	Total
1992	693	35	333	400	9	1470
1993	759	30	331	436	9	1565
1994	810	38	345	433	8	1634
1995	865	40	363	422	7	1697
1996	921	37	362	423	7	1750
1997	991	34	370	426	7	1828
1998	1048	34	412	545	6	2045
1999	1093	29	482	629	6	2239
2000	1158	19	517	657	5	2356
2001	1212	15	533	770	5	2535

CLASSIFICATION BY RESIDENCE

	Fellow		Accredited		Associate		Student		Lay		Total	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
ACT	12	16	0	0	3	1	26	28	0	0	41	45
NSW	624	637	10	9	254	256	377	450	5	5	1270	1357
NT	0	0	0	0	1	1	0	0	0	0	1	1
QLD	25	27	0	0	18	14	20	20	0	0	63	61
SA	18	16	0	0	2	2	7	7	0	0	27	25
TAS	2	2	0	0	1	1	1	3	0	0	4	6
VIC	240	235	1	2	118	123	156	170	0	0	515	530
WA	12	14	2	0	4	3	8	8	0	0	26	25
New Zealand	38	40	0	0	36	31	6	5	0	0	80	76
Other O'seas	187	225	6	4	80	101	56	79	0	0	329	409
Total	1158	1212	19	15	517	533	657	770	5	5	2356	2535

OVERSEAS IAAUST MEMBERS BY COUNTRY

Country	Fellows	Accred.	Assoc.	Students	Total	Country	Fellows	Accred.	Assoc.	Students	Total
Belgium	1	-	-	-	1	Norway	-	-	1	-	1
Brazil	2	-	-	-	2	Pakistan	-	-	1	1	2
Canada	8	1	-	1	10	Philippines	1	-	-	1	2
China	2	-	-	-	2	Poland	1	-	-	-	1
Fiji Islands	1	-	-	-	1	Scotland	-	-	1	-	1
France	4	-	-	-	4	Singapore	12	1	10	10	33
Germany	2	-	1	1	4	South Africa	5	-	5	-	10
Hong Kong	37	-	33	32	102	South Korea	2	-	-	1	3
India	-	-	2	-	2	Sri Lanka	-	-	-	1	1
Indonesia	1	-	-	1	2	Switzerland	6	-	2	1	9
Ireland	2	-	1	1	4	Taiwan	2	-	-	2	4
Israel	1	-	-	1	2	Thailand	5	-	-	-	5
Italy	-	1	-	-	1	The Netherlands	3	-	2	2	7
Japan	13	-	-	2	15	UK	84	1	27	7	119
Macau	-	-	-	1	1	USA	26	-	8	5	39
Malaysia	3	-	7	7	17	Vietnam	-	-	-	1	1
Mexico	1	-	-	-	1						
New Zealand	40	-	31	5	76	Total	265	4	132	84	485

FEES AND SUBSCRIPTIONS

Annual subscriptions for 2000/2001 were	Resident in Australia (excluding GST)	Resident outside Australia
Fellows and Accredited	\$780.00	\$520.00
Associates and Advanced Students	\$495.00	\$340.00
Students	\$270.00	\$270.00
Full Time University Students	\$80.00	
The entrance fee for all categories of membership was \$200.00 plus GST except for Full Time Students which was \$55.00 plus GST.		

20% of IAAust members are now working and residing overseas

Education Program

The IAAust has a continuing commitment to providing quality in tuition and examination support for the education program, and is indebted to the members listed below who have contributed their time and energy, on a voluntary basis, to ensuring the success of the education program throughout the year:

Chief Examiners, Assistant Examiners, Markers, Scrutineers for 2000 exams

Clive Amery
Marcus Arena
Puvan Arulampalam
George Attard
Robert Baillie
Mark Barda
Andrew Barker
Peter Barnes
Gabrielle Baron
Andrew Bendall
Caroline Bennet
Charles Beynon
Michael Blayney
Tony Bofinger
Alan Brown
Andrew Brown
Mireille Campbell
Paul Cassidy
Anthony Carey
Peter Chun
Sue Clarke
Esther Conway
Stewart Cox
Alan Creighton
Andrew Croft
Michael Crouch
Brialen Cummings
Inbam Devadason
Maira de Villiers
Michael Dermody
Jason Doughty
Paul Driessen
Adam Driussi
Deborah Driussi
Simon Eagleton
Peter Fallows
Michelle Finlay
Kevin Francis
Laurel Franettovich
Corinne Glasby
Alan Greenfield
Peter Hardy
Andrew Harrex
Gillian Harrex
Glen Harris
David Heath
Mark Heydon
Lawrence Heyman
James Hickey
Richard Hitchens
Graham Horrocks
Guy Horton
Rod Hoskinson
Andrew Houltram
Graeme Humphrys
Tony Kench
Jason Kim
Yuri Kulikov
Tim Kyng
Martin Lam

Craig Lamb
Mike Lau
Andrew Leung
Rockson Leung
Susan Ley
Brad Louis
Catherine Luk
Kate Maartensz
Christa Marjoribanks
Jason Marler
Shane Mather
Andrew Matthews
Richard Mayo
Trevor McMahon
David McNiece
Stephen Miles
Graeme Miller
Travis Mills
David Minty
Shams Munir
Christopher Murphy
Mark Nelson
Terry Nelson
Julie Osborn
Ian Patrick
Estelle Pearson
Paul Pesavento
Grant Peters
Ian Petersen
Michael Playford
Tracy Polldore
Craig Price
Nicole Raffin
Ken Ragell
Eric Ranson
Brett Riley
Hugh Sarjeant
Luis Sarmiento
David Shade
Greg Smith
Daniel Smith
Tony Snoyman
Mark Stewart
Ed Swayne
Paul Swinhoe
John Tucci
Rodney Venn
Peter Vere
Marianne Watt
Darren Wickham
Stephen Wilson
Keilic Wong
Stephen Woods
Chris Woolfrey
Rayman Yan
Lynda Young

Chief Tutors, Assignment Markers, Tutorial leaders 2001 Melbourne

Amanda Aitken
Robert Baillie
Mark Barda
Andrew Barker

Peter Barnes
Nick Callil
Tim Clark
William Cone
Esther Conway
Megan Currie
Chris Durack
Julie Evans
Phillip Everett
Michelle Finlay
Paul Francis
David Frazer
Kevin Gomes
Jules Gribble
Peter Grigaliunas
Gillian Harrex
David Heath
Christine Hopper
William Humphreys
Stephen Huppert
Karen Johnston
Andrew Killen
Siva Kumaran
Richard Land
Andrew Leung
Kate Maartensz
Andrew Matthews
David McNeice
Stephen Milburn-Pyle
Greg Moran
Trent Neagle
Mark Nelson
Christian Olsen
Julie Osborn
Tracy Polldore
Alfred Retief
Barry Robertson
Daniel Smith
John Tucci
Peter Wilmshurst

Chief Tutors, Assignment Markers, Tutorial leaders 2001 Sydney

Marcus Arena
Greg Baker
Rashi Bansal
Andrew Bendall
Charles Beynon
Ashutosh Bhalerao
Tony Bofinger
Christine Brownfield
Hoa Bui
Louise Campbell
Anthony Carey
William Cheong
Peter Chun
Michael Clacher
Shannon Clarke
Michael Crouch
Brialen Cummings
Christopher Daniel
Michael Dermody
John De Ravin

Paul Do
John Dodsworth
Jason Doughty
Deborah Driussi
Rachel Eagleton
Simon Eagleton
Peter Fallows
John Ferraro
Andrew Geue
Andrew Gill
Jethro Goodchild
Ruth Gowing
Ian Hagtharp
Jill Hancock
David Henning
Nelson Henwood
Andrew Houltram
Mark Hurst
Andrew Huszczo
Hanna Kam
Nickolai Kulikov
Martin Lam
Barry Leung
Ignazio Lo Castro
Michael Lubke
Corinna Lueg
William Milner
Peter Martin
Richard Mayo
Travis Mills
Brad Milson
Shams Munir
Gary Musgrave
Steven Nagle
Albert Napoli
Grant Peters
Ian Petersen
David Pitt
Colin Priest
Nicole Raffin
Catherine Robertson-Hodder
Luis Sarmiento
Jonathan Shead
Lisa Simpson
Andy Siu
Bernard Smith
Diane Somerville
Mark Stewart
Robert Thomson
Cheryl Tibbits
David Underwood
David Whittle
Trevor Woo
Sylvia Wong
Stephen Woods
Noeline Woof
Mark Wylie
Melissa Yan

**A key objective
for the IAAust
is the export
of its actuarial
education
programs**



Committee Members

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Senior Vice-President

Helen Martin

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Fred Rowley

Education

Clare Bellis

Financial Risk

Tony Coleman

Public Statements

Rod Atfield

IASC Employee Benefits

Helen Martin

Accounting Standards

Clive Aaron

IASC Insurance Standards

Clive Aaron

Insurance Regulation

Tom Karp

Social Security

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Supranational Organisations

Catherine Prime

COUNCIL FINANCE AND ADMINISTRATION COMMITTEE

Helen Martin (con)

Michael Barker

Chris Lewis

Lisa Simpson

Denis Wilkinson

Catherine Beall (sec)

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Christa Marjoribanks

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Vincent Hua

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Craig Ginnane

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Jac Smit

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Virgina Maruff
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John Pollard
Bernard Smith

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Kent Hopper
David Service
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Mark Thompson

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Shauna Ferris
Sue Khor
Paula Stapleton
Graham Whittaker
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John Newman
Fred Rowley
Bruce Watson
Denis Wilkinson
Jane Ferguson (sec)

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Karen Doran
Glenn Langton
Rocco Mangano
Peter Martin
David Rippon

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Calvert Jared
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Brent Walker

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Jane Ferguson

FSRB DISCLOSURE TASKFORCE

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Mark Griffiths
Steven Holstein
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Jane Ferguson

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Estelle Pearson
Michael Playford
Stephen Wilson
Jane Ferguson (sec)

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David Knox
Helen Martin
John Maroney
Cathy Nance
Tim Williams

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Graham Kelly
Michael Playford
John Walsh

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Tim Kyng
Keith Martland
Eric Ranson
Fred Rowley
Robert Thomson

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Gourav Choudhary
William Dowsley
Jill Green
Bozena Hinton
Tim Kyng
Stewart McCarthy
Raymond Yeow
Jane Ferguson

GENERAL INSURANCE PRACTICE COMMITTEE

Bruce Watson (con)
Corrine Glasby
Rodney Hoskinson
Andrew Huszczo
Stephen Wilson
John De Ravin
Michael Playford
Geoff Trahair
Donna Walker
Carolyn MacLulich (sec)

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Philip Chappell
Paul Driessen
Craig Price
Alan Smee
Julie Evans

GI SEMINAR ORGANISING SUB-COMMITTEE

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Andrew Huszczo
Stephen Wilson
Chris Hundleby

HEALTH PRACTICE COMMITTEE

David Torrance (con)
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Peter Carroll
Andrew P Gale
Tory Gervasi
David Lempert
Richard Madden
Rob Paton
Brent Walker
David Watson (sec)

ACTIVITIES SUB-COMMITTEE

David Torrance (con)
David Knox
David Watson
Jane Ferguson

EDUCATION SUB-COMMITTEE

Rob Paton (con)
Peter Carroll

In 2001, more than 50% of IAAust members identified their main practice area outside the traditional fields of life insurance and superannuation.

Committee Members

Warrick Gard
Chris Hundleby
David Tsui
David Watson
Jac Smit

WIDER FIELDS SUB-COMMITTEE

David Lempert (con)
Clive Amery
Mark Baxter
John De Ravin
Sarah Elsey
Anita Grindlay
Richard Madden
Michael Playford
Hugh Sarjeant
Daniel Tess
Brent Walker
Robyn Wall
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Bronwyn Hardy
David Lempert
Barry Leung
David Torrance
Brent Walker
John Walsh
David Watson

EXPERIENCE STUDIES SUB-COMMITTEE

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Clive Amery
Alan Brown
Andrew P Gale

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Peter Chun
Martin Hickling
Steve Holstein
David McNeil

Michael Monaghan
Fred Neville
Yvonne Ooi
John Pascoe
Paul Scully
Andy Yang

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Jonathon Eriksen
Lorraine Jones
James Hickey
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Jeff Humphreys
John Newman
Stephen Partridge
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Shauna Ferris
Graeme Humphrys
Saffron Sweeney

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Christine Moran
Michael Murphy
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Graham Horrocks
Anthony Lewis

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Charles Hett
David Hotchkies
Richard Lyon
Rocco Mangano
Greg Martin
Michael Rice
Nathan Rivett
David Rush
David Ticehurst
Robert Thomson
Allen Truslove
Greg Einfeld (sec)

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Shannon Clarke
Briallen Cummings
John Dodsworth
Sue Howes

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Michael Dermody
David Rush
Bernard Smith
Michael Thornton
Bruce Vincent

TAX & LEGISLATION SUB-COMMITTEE

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Richard Cornwell
Barry Robertson
Warwick Young

GN252 WORKING GROUP

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Pauline Blight
James Hickey
Duncan Rawlinson
Grant Peters (sec)

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Allen Truslove

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Geoff Burgess
Timothy C Jenkins
Kenneth McLeod
Kerry Roberts
Fiona Ross
Greg Taylor
Tim (GBK) Trahair

PROFESSIONAL GUIDANCE COMMITTEE

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Tony Coleman
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Bob Buchanan
John De Ravin
David Gifford
David Hart
Andrew Huszczo
Chris Latham
Peter McCarthy
Greg Taylor
Robert Thomson
Brett Ward
Carolyn MacLulich (sec)

Secretariat

Chief Executive Officer

Catherine Beall

Director, Public Affairs

Jane Ferguson (to 10/01)

Director, Professional Development

Carolyn MacLulich

Education Manager

Jac Smit (to 9/01)

Events Manager

Chris Hundleby

Student Services Co-ordinator

Michelle Aspery (from 10/01)

Office Manager

Samantha Bonthorne

Finance Manager

Marianne Bryant

Executive Assistant

Rob McAskill (to 8/01)

Robyn Blenkins (from 9/01)

Research Project Manager

Jennifer Wildgoose

Membership Officer

Julian Buckell

Education Officer

Jan Heath

Publications Officer

Barbara Munday (to 9/01)

Receptionist

Dina Nigro

Events Assistant

Clare Zuber

Administrative Assistant (Melbourne)

Kathy Cornish

Financial Report

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 30 SEPTEMBER 2001

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

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

Council fulfils the role of the Board of Directors.

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

A M COLEMAN BA, MBA, FIA, FIAA - *President, Council Member, Member of International Committee. Born 29/4/54. Elected to Council in 1996.*

Tony is Chief General Manager Enterprise Risk and Group Actuary of NRMA Insurance Group Limited. Tony has served on the Investment Practice Committee 1993-96, the Life Insurance Financial Reporting Sub-Committee 1993-94 and has been a Tutor in Investment. He published 'Analysis and Optimisation of Leveraged Leases' 1981, was co-author of 'Valuation of Life Insurance Companies' 1992 (which won the Parker Prize for that year), developed 'Success Stories – Presentation Material on the Actuarial Profession' in 1995 and co-authored 'Measurement of Capital Adequacy for Financial Product Providers – A Submission to the Australian Financial System Inquiry' in 1997. He chaired the University Financing Committee in 1999 and Council Finance and Administration Committee in 2000.

H R MARTIN BA, FIAA – *Senior Vice-President, Council Member, Chairman of Council Finance & Administration Committee, Editorial Committee for the Actuarial Control Cycle Textbook and University Financing Taskforce, Member of Public Policy Council Committee, Asian Education Strategy Taskforce and Simple Superannuation Taskforce. Born 30/11/61. Elected to Council in 1997.*

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

C G LEWIS BSc (Hons), FIA, FIAA – *Vice-President, Council Member, Chairman of Public Policy Council Committee, Member of the Council Finance and Administration Committee. Born on 30/3/51. Elected to Council in 1997.*

Chris is employed as Senior Actuary, Corporate Tax at AMP Limited, and is also their Senior Actuary. He is Chairman of the University of NSW Actuarial Foundation, and has served on the Institute's Tax Reform Taskforce.

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

Cherry is employed in ING Asia/Pacific. Cherry was a member of the Mortality Committee during 1998 and 1999, member of the

Experience Studies Committee during 2000 and 2001, Convenor of Council Professional Affairs Committee during 2000 and 2001, and a member of the Health Practice Committee from 1997 to 2001. Prior to 1991, for a number of years, Cherry helped redraft superannuation course notes and has been a superannuation tutor and examiner.

A J G BROWN BSc, DipEd, ASIA, FIAA - *Council Member. Born 9/8/65. Elected to Council in 2000.*

Andrew is an Actuarial Executive for AXA Life Insurance Singapore. Andrew has served on the Futurism Committee and the Public Awareness Committee. He was a tutor for Life Insurance (2000) and was an examination marker for Life Insurance (1999&2000). Andrew was co-author for the 'Valuation of Natural Resources' (Futurism Committee, 1999), Submission to Australian Greenhouse Office on Carbon Emissions & Trading System (Futurism Committee, 1999) & Business Planning for Startup Operations (Feb 2000) presented at 2nd Global Conference of Actuaries, New Delhi.

J W De RAVIN BSc, BEc, MBA, FIA, FNZSA, CPA, FIAA - *Council Member, Convenor of the Research and Prizes Committee, Member of the Special Awards, Professional Affairs, Experience Studies and General Insurance Practice Committees, Member of the Liability Valuation Task Force. Born 18/5/56. Elected to Council in 1999.*

John is Company Actuary to Munich Reinsurance of Australasia. Before his election to Council he was Assistant Tutor or Assistant Examiner in Life Insurance, General Insurance & Investment during 1986-99. He is co-author of 'Standard Methods of Estimating Outstanding Claims' 1984, 'Long Term Care, Disability and Ageing' 1995; and author of 'The Management of Disability Income Claims' 1998.

A W DOBLE BSc, FIA, FIAA – *Council Member, Member of the IAAust Clerp6, and FSRB working parties, Chair of Professional Affairs Committee and Convenor of Genetics working party. Born 29/9/50. Appointed to Council in August 2001.*

Alan is an Actuary for Life Department - Munich Reinsurance Company of Australasia Limited. He was a tutor for Mortality (1978-80) and Superannuation (1981-84), a marker in Superannuation (1982-85) and the Assistant examiner for Superannuation (1985). He was author of 'Extra premiums on Life Policies – Non medical risks' (1981) and editor and co-author of 'Genetics in Society', presented at the Biennial Convention (2001).

A C GALE BA, FIA, MBA, FIAA – *Council Member. Born 16/10/56. Elected to Council in 2000.*

Andrew is Head of the Australian Financial Services practice for Trowbridge Consulting. Andrew was the Convenor of the Marketing, Strategy and Planning Committee (1995-97), a member of the International and Public Relations Committees (1995-97), a member of Council in 1998, and is current Convenor for the Futurism and Communications Committees. He was co-author with the Marketing & Strategy Committee of A Marketing Audit of the Profession (1995 Convention), 'The Future of the Profession' (1996 Sessional) and 'Shaping the Next Century – IAA Strategic Plan' (1997 Centenary Convention).

D G HART BSc, FIA, FIAA - *Council Member, former Member of Council Finance & Administration Committee, and currently*

Chairman Council Education Committee, and member of the General Insurance Practice Committee. Born 7/7/46. Elected to Council in 1998.

David has operated his own consulting practice since 1991. Prior to this he worked for Tillinghast and AMP. He is co-author of 'Actuarial Practice of General Insurance'. He has written several papers on general insurance topics and was co-author of the Education Management Committee Paper 'Meeting the Challenge of Specialist Education' 1997. David was a member of Council from 1987-1989, a member of the General Insurance Practice Committee (1982-1995) and Chairman of the Board of Examiners (1992-1995).

M S HOWES BEc, FIAA - Council Member, Chair of Council Public Awareness Committee. Born 2/7/68. Appointed to Council in August 1999.

Melinda is a Senior Vice President of BT Funds Management Ltd where she has been employed since 1993. Prior to this she was with Prudential. She assisted with the re-writing of the Superannuation course in 1998 and spent two years tutoring superannuation. She has served on the Simple Super Taskforce, the Funds Management Practice Committee and the Education Subcommittee. She currently chairs the Communications Committee.

J M NEWMAN BBusSc (Hons), FIAA - Council Member, Member of Council Superannuation and Employee Benefits Practice Committee, Public Policy Council Committee, Prudential Regulation Taskforce. Born 7/12/52. Elected to Council in 1998.

John is an Executive Director of William M Mercer. He was previously a Partner in E S Knight & Co when that firm was acquired by Mercer in 1985. He has been a tutor and examiner in superannuation and a member of the University Financing Taskforce.

M J RICE FIAA - Council Member, Member of Public Policy Committee, Chairman of Ageing Australia Taskforce. Born 5/11/54. Elected to Council in 1998.

Michael is a Director of Phillips Fox, Actuaries & Consultants. He is the author of 'Industry Superannuation in Australia' (with Lally & Newman), and 'The Age Pension (Our Unstable Pillar)'. He has participated in the Tax Reform and FSR (Disclosures) Taskforces.

G E N ROGERS FIA, FIAA - Council Member, Born 5/10/40, Elected to Council in 2000.

Graham is an independent company director and chairman. His current board responsibilities include Chairman of SMF Funds Management Ltd, director of RACV Financial Services and director of PHIAC. In the not for profit sector he is Chairman of the University of Melbourne Actuarial Foundation, a board member and chairman of the Finance Committee of the St Vincents Institute of Medical Research, a board member of the Victorian College of the Arts Foundation. Prior to this he held a number of chief executive positions in the financial service industry including Equitable Life and General, Jacques Martin Group, Colonial Investment Management.

F ROWLEY MA, FIA, FIAA - Council Member, Chairman Prudential Regulation Taskforce 1998-2000; Chairman Tax & Legislation Sub-committee Life Insurance Practice Committee 1998-1999. Chairman Life Insurance Practice Committee 2000. Born 18/2/50. Elected to Council in 1999.

Fred is Chief Actuary in the Corporate Office of AMP Ltd. Co-Author IAAust submission on Conglomerate Regulation 1999; IAAust Submission to Basel Committee on Banking Supervision 1998; IAAust Submission to APRA on Prudential Regulation

1999. He represents the Institute on the Advice and Assistance Committee of the IAA.

C W THORBURN BEc, ASA, FIAA - Council Member, Chairman Council Education Committee 2000, Chairman IAAust International Committee. Born 23/01/64. Elected to Council 1999.

Craig is the General Manager, Diversified Institutions at the Australian Prudential Regulation Authority (APRA) and the Senior Actuary at APRA having previously been Deputy Commissioner - Life Insurance and Australian Government Actuary at APRA's predecessor the Insurance and Superannuation Commission (ISC). He is author of 'Birth, Death, Passports & Pensions' Sessional Paper 1999; 'The Relative Capital Requirements Imposed for Providers of Capital Guaranteed Retirement Savings Accounts' 1997. He acts as representative on the IAA's Social Security Sub-committee and is the chairman of the International Association of Insurance Supervisors Sub-committee on Solvency, Solvency Assessment and Actuarial Issues. He is also a member on the International Joint Forum Working Group on Risk Assessment and Capital Issues for Conglomerates. Craig is an Adjunct Fellow in Actuarial Studies at the Australian National University and a member of the advisory board to the Centre for Actuarial Studies at the University of Melbourne.

D J WALKER BSc, FIAA - Council Member, Member of Council Education Committee, General Insurance Practice Committee. Born 26/5/64. Elected to Council 1999.

Donna has been with CGU Insurance Ltd since 1998 with responsibilities for reserving and statutory classes. Prior to this she lectured at the University of Melbourne and worked in the corporate superannuation industry. Donna is currently a member of the Part III Education Review team and was also involved in the 2001 review of the Part II syllabus. She has served on the Health Practice Committee 1998-99, including convening the Education Sub-committee of the Health Practice Committee 1999, and the Education Management Committee 1998. Donna has been an examiner in Superannuation 1997-98; tutor in Superannuation 1995-96; and Project Manager for the development of the CPD course 'Actuarial Practice in Health Insurance' in 1998.

C W YANG BEc(Hons), SIA(Aff), FIAA - Council Member, Member Investment & Funds Management Practice Committee, Investments sub-committee of the Council Finance & Administration. Born 26/02/65. Elected to Council 1999.

Andy is currently working with ING Investment Management on a project. Prior to this, he was a Portfolio Manager with County Investment Management's (now INVESCO) Structured Investment Group. He was previously Vice President with Bankers Trust in Asia and Australia. Andy has been an Examiner Investment Management 1995-96; Tutor Investment 1993-94; and helped write the latest Investment Management course. He has published 'Fair Exchange- Getting the Best Out of Transition Management' 2000; 'Calculated Risks for Satisfying Returns 1997'; 'Overlays - Choosing the Benchmark' 1997; 'A Theoretical Basis for Measuring Overlays' 1996; 'Asset Overlay Products - Benchmarking Overseas Assets' 1996; 'Valuing an Annuity Quotation Guarantee' 1993; 'Using the Black-Scholes Option Pricing Formula to Value the 14 day Fee Lock period' 1992; 'The Delta of the Merton Proportional Dividend European Call Option Pricing Formula' 1992; 'A Note on the Normal Distribution and Mean-Variance Space' 1989. Andy is also an affiliate of AIMR, a member of the Q-Group and is participating in the P-Group's after-tax performance sub-committee.

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

Seven meetings of the 2000/2001 Council were held since the last Annual General Meeting. The following is a record of

attendance (Meetings attended: No. of meetings):

Cherry Brennan	4:7
Andrew Brown	6:7
Anthony Coleman	7:7
John De Ravin	4:7
Alan Doble (App. 8/01)	2:3
Andrew C Gale	5:7
David Hart	7:7
Melinda Howes	6:7
David Knox (Past President)	5:7
Christopher Lewis	7:7
Helen Martin	7:7
John Newman	5:7
Michael Rice	4:7
Graham Rogers	7:7
Fred Rowley	4:7
Craig Thorburn	5:7
Donna Walker	4:7
Andy Yang	4:7

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 deficit for the year amounts to \$105,269 after allowing for an investment fluctuation loss of \$27,481. In the previous year the operating deficit of \$9,733 was after allowing for an investment fluctuation gain of \$26,222.

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

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in the financial year subsequent to 30 September 2001.

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 2001 that need to be brought to your attention.

Council members receive no remuneration or other benefits. No Member of Council, since the end of the previous financial year, has received or become entitled to receive a benefit by reason of a contract made by the Institute with a Member of Council or with a firm of which s/he is a member or with a company in which s/he has a substantial financial interest for services rendered in connection with the activities of the Institute, except as disclosed in Note 13 to the Financial Statements.

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

The Institute has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of

the Institute against a liability incurred as such an officer or auditor.

Signed in accordance with a resolution of Council.

On behalf of the Council.

A.M. COLEMAN
President

H.R. MARTIN
Senior Vice President
Sydney, 7 November 2001.

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

Scope

We have audited the financial report (on pages 24 to 27) of the Institute of Actuaries of Australia for the year ended 30 September 2001. The Council Members are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Institute.

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

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

Audit Opinion

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

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

HAINES NORTON
Chartered Accountants

F. GIANNUZZI
Partner
Sydney, 7 November 2001

THE INSTITUTE OF ACTUARIES OF AUSTRALIA DECLARATION BY MEMBERS OF COUNCIL FOR THE YEAR ENDED 30 SEPTEMBER 2001

The members of Council of the Institute declare that:

- the accompanying financial statements and notes thereto give a true and fair view of the financial position of the Institute as at 30 September 2001 and its performance for the year then ended;
- at the date of this declaration, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due; and
- the attached Financial Statements and notes thereto have been made out in accordance with applicable Accounting Standards and are in accordance with the Corporations Law.

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

A.M. Coleman

A.M. COLEMAN

President

Helen Martin

H.R. MARTIN

Senior Vice President
Sydney, 7 November 2001

THE INSTITUTE OF ACTUARIES OF AUSTRALIA STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2001

	Note	2001 \$	2000 \$
Administration Revenues	1,372,761	1,355,537	
Professional Development Revenues	790,130	153,707	
Education Revenues	1,233,210	1,159,991	
Member Services Revenues	309,743	294,619	
Total Revenue	3,705,844	2,963,854	
Administration Costs	(580,317)	(546,744)	
Employment Costs	(1,115,811)	(935,273)	
Professional Development Costs	(791,242)	(238,764)	
Foundation Grants	(365,200)	(307,600)	
Education Costs	(567,984)	(574,975)	
Member Services Costs	(336,639)	(302,554)	
Public Affairs Costs	(53,920)	(67,677)	
Total Expenditure	(3,811,113)	(2,973,587)	
Surplus (deficit) from ordinary activities attributable to members of the Institute	(105,269)	(9,733)	
Income tax expense	1(c)	-	-
Surplus (deficit) from ordinary activities after income tax expense attributable to members of the Institute	2	(105,269)	(9,733)
Total revenues, expenses and adjustments attributable to members of the Institute recognised directly in equity		(105,269)	(9,733)

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2001

	Note	2001 \$	2000 \$
CURRENT ASSETS			
Cash	4	206,187	183,624
Other receivables	5	116,113	133,765
Investments	6	1,749,001	1,865,094
Total current assets		2,071,301	2,182,483
NON CURRENT ASSETS			
Investments	7	350,295	478,195
Plant and equipment	8	113,023	123,267
Total non current assets		463,318	601,462
TOTAL ASSETS		2,534,619	2,783,945
CURRENT LIABILITIES			
Accounts payable	9	359,721	493,431
Provisions	10	34,297	42,647
Total current liabilities		394,018	536,078
NON CURRENT LIABILITIES			
Provisions	11	26,436	28,433
Total non-current liabilities		26,436	28,433
TOTAL LIABILITIES		420,454	564,511
NET ASSETS		2,114,165	2,219,434
MEMBERS FUNDS			
Accumulated funds	3	2,114,165	2,219,434
TOTAL MEMBERS FUNDS		2,114,165	2,219,434

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2001

	Note	2001 \$	2000 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others	3,571,045	2,754,933	
Interest received	136,530	136,523	
Trust distributions	15,164	9,040	
Payments to suppliers and employees	(3,886,927)	(2,750,601)	
Net cash provided by (used in) operating activities	14	(164,188)	149,895
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments	1,576,899	1,069,125	
Payments for investments	(1,360,387)	(1,780,184)	
Purchase of property, plant and equipment	(29,761)	(99,226)	
Receipts from the UMAF	-	64,440	
Advances to the UMAF	-	(18,717)	
Net cash provided by (used in) investing activities		186,751	(764,562)
Net increase (decrease) in cash held		22,563	(614,667)
Cash at the beginning of year		183,624	798,291
Cash at the end of year	14	206,187	183,624

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. General Statement of Accounting Policies Underlying the Financial Statements

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

b. Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by Council to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

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

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

Class of Fixed Asset	Depreciation Rate
Office Equipment	30%
Furniture & Fittings	20%
Leasehold Improvements	30%

c. Income Tax

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

d. Leased Assets

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

e. Investments

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

f. Other receivables

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

g. Accounts Payable

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

h. Employee Entitlements

Provision is made for the Institute's liability for employee

entitlements arising from services rendered by employees to balance date. Annual leave is treated as a current liability, and long service leave is treated as a non-current liability.

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

i. Reclassification of Financial Information

Some line items and subtotals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application on 1 September 2000 of the new standards AASB1018 "Statement of Financial Performance" and AASB1040 "Statement of Financial Position".

2. OPERATING SURPLUS (DEFICIT)

The operating surplus (deficit) has been determined after:

(a) Crediting as Income

Operating Activities		
Interest received	147,116	141,892
Trust distributions received	15,164	9,040
Market value fluctuations of investments	(27,481)	26,222
Income from other goods and services	3,571,045	2,786,700
	<u>3,705,844</u>	<u>2,963,854</u>

(b) Charging as Expense

Amortisation and Depreciation of assets		
Leasehold improvements	14,446	8,944
Office equipment	21,160	14,833
Furniture and fittings	4,399	4,644
	<u>40,005</u>	<u>28,421</u>

Movements in provisions

Leave entitlements (see notes 10 & 11)	(10,347)	(61,132)
--	----------	----------

Rental expenses on operating leases	78,027	79,789
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Remuneration of the auditors

Auditing the accounts	12,000	11,500
Other services	14,545	15,263
	<u>26,545</u>	<u>26,763</u>

3. ACCUMULATED FUNDS

Accumulated funds at the beginning of the financial year	2,219,434	2,029,052
--	-----------	-----------

Net deficit	(105,269)	(9,733)
-------------	-----------	---------

Transfers from reserves	-	200,115
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Accumulated funds at the end of the financial year	<u>2,114,165</u>	<u>2,219,434</u>
--	------------------	------------------

4. CASH

Cash at bank		
Jackson prize fund	6,329	6,293
Parker prize fund	11,865	12,163
Prescott prize fund	9,526	9,502
Melville prize fund	18,850	19,210
Other accounts	158,717	135,836
Cash on Hand	900	620
	<u>206,187</u>	<u>183,624</u>

5. OTHER RECEIVABLES

Income receivable	81,688	71,102
Prepayments and deferred expenses	34,425	62,663
	<u>116,113</u>	<u>133,765</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001 (cont'd)

	2001 \$	2000 \$
6. CURRENT INVESTMENTS		
Listed securities at market value	626,545	518,095
Unit trusts at market value	360,028	-
Cash on deposit	762,428	1,346,999
	<u>1,749,001</u>	<u>1,865,094</u>

7. NON CURRENT INVESTMENTS		
Mortgage securities at cost	248,295	428,195
Listed securities at market value	52,000	-
Bank bonds at cost (a)	50,000	50,000
	<u>350,295</u>	<u>478,195</u>

(a) The bank bonds have been offered as security in place of a rental bond.

8. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	60,750	51,820
Less: accumulated amortisation	23,390	8,944
	<u>37,360</u>	<u>42,876</u>
Computer equipment, at cost	92,331	76,290
Less: accumulated depreciation	35,993	14,833
	<u>56,338</u>	<u>61,457</u>
Furniture and fittings, at cost	28,368	23,578
Less: accumulated depreciation	9,043	4,644
	<u>19,325</u>	<u>18,934</u>
	<u>113,023</u>	<u>123,267</u>

9. CURRENT ACCOUNTS PAYABLE		
Unsecured:		
Sundry creditors and accruals (including GST)	264,235	302,426
Registration fees for conferences and seminars received in advance	95,486	191,005
	<u>359,721</u>	<u>493,431</u>

10. CURRENT PROVISIONS		
Employee entitlements - annual leave	34,297	42,647
	<u>34,297</u>	<u>42,647</u>

11. NON CURRENT PROVISIONS		
Employee entitlements - long service leave	26,436	22,348
Long service leave provision for actuarial staff at various universities	-	6,085
	<u>26,436</u>	<u>28,433</u>

(a) Aggregate employee entitlement liability	60,733	64,995
(b) Number of employees at year end	13	13

12. OPERATING LEASE COMMITMENTS		
Lease rental expense and commitments:		
Rentals charged to income & expenditure account	78,027	79,789
Lease commitments:		
Not later than one year	77,550	77,550
Later than one year and not later than two years	77,550	77,550
Later than two years and not later than five years	51,700	129,250
Total operating lease commitments	<u>206,800</u>	<u>284,350</u>

13. RELATED PARTY TRANSACTIONS
(a) The Council Members received no remuneration or other benefits.

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

C S Bellis	To 18/12/00	C G Lewis	
C M Brennan		H R Martin	
A J G Brown	From 18/12/00	J M Newman	
A M Coleman		J W De Ravin	
A W Doble	From 14/08/01	M J Rice	
A C Gale	From 18/12/00	G E N Rogers	From 18/12/00
A P Gale	To 18/12/00	F Rowley	
D G Hart		C W Thorburn	
M S Howes		D J Walker	
D M Knox	To 18/12/00	C W Yang	

(b) Donations were made during the year to the University of Melbourne Actuarial Foundation for \$115,000, the Macquarie University Actuarial Foundation for \$150,000, and the University of NSW Actuarial Foundation for \$100,200.

(c) There is no amount owing in respect of estimated costs of long service leave of staff at various universities. (2000: \$6,085). An amount of \$6,085 has been paid to university staff during the year in respect of long service leave.

(d) During the year the Institute had contracts with Tillinghast-Towers Perrin and Trowbridge Consulting Ltd. These entities had officers who were Council Members of the Institute during the year.

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

14. FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

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

(b) Interest Rate Risk

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

Weighted Average Effective Interest Rate	2001 %	2000 %
--	-----------	-----------

Financial Assets		
Cash at banks	3.08	4.88
Listed Securities	6.42	7.65
Cash on deposit	5.42	6.09
Mortgage Funds	5.47	7.06
Unit Trusts	13.21	-

Floating Interest Rate	2001 \$	2000 \$
------------------------	------------	------------

Financial Assets		
Cash at banks	206,187	183,624
Listed Securities	574,545	518,095
Cash on deposit	-	-
Mortgage Funds	248,295	428,195
Unit Trusts	360,028	-
Total Financial Assets	<u>1,389,055</u>	<u>1,129,914</u>

Fixed Interest Rate Maturing - Within 1 Year	2001 \$	2000 \$
--	------------	------------

Financial Assets		
Cash at banks	-	-
Listed Securities	52,000	-
Cash on deposit	762,428	1,346,996
Mortgage Funds	-	-
Unit Trusts	-	-
Total Financial Assets	<u>814,428</u>	<u>1,346,996</u>

Fixed Interest Rate Maturing - 1 to 5 Years	2001	2000
	\$	\$
Financial Assets		
Cash at banks	-	-
Listed Securities	52,000	-
Cash on deposit	50,000	50,000
Mortgage Funds	-	-
Unit Trusts	-	-
Total Financial Assets	102,000	50,000

Financial Liabilities

The Institute has no interest bearing liabilities

(c) Credit Risk

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

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

(d) Net Fair Values

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

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

15. CASH FLOW INFORMATION

(a) Reconciliation of Cash

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

	2001	2000
	\$	\$
Cash	206,187	183,624

(b) Reconciliation of Cash Flow from Operations to Operating Deficit

Operating deficit	(105,269)	(9,733)
Non-Cash Flows in Operating Profit		
Depreciation and amortisation	40,005	28,421
Changes in Assets and Liabilities		
Decrease/(increase) in income receivable	(10,586)	(37,137)
Decrease/(increase) in prepayments	28,238	(53,441)
Increase/(decrease) in sundry creditors	(38,191)	118,133
Increase/(decrease) in income in advance	(95,519)	191,005
Decrease/(increase) in market value of investments	27,481	(26,221)
Increase/(decrease) in provisions		
Annual leave	(8,350)	1,739
Long service leave	(1,997)	(62,871)
Net cash provided by (used in) operating activities	(164,188)	149,895

16. MEMBERS' GUARANTEE

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

Each member of the Institute guarantees its liabilities to the extent of \$20. The number of members at year end was 2,533 (2000: 2,356).

17. SEGMENT INFORMATION

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

DISCLAIMER

The additional financial data presented in Private Information for Members on pages 27 to 29 is in accordance with the books and records of the Institute which have been subjected to the auditing procedures applied in our statutory audit of the Institute of Actuaries of Australia for the year ended 30 September 2001.

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

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

Haines Norton

HAINES NORTON

Chartered Accountants

F. Giannuzzi

F. GIANNUZZI

Partner

Sydney, 7 November 2001

PRIVATE INFORMATION FOR THE MEMBERS PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2001

	2001	2000
	\$	\$
INCOME		
Administration		
Interest and Investment Earnings	145,343	139,977
Trust Distributions	15,164	9,040
Market Value Fluctuations on Investments	(27,481)	26,222
Members' Subscriptions	1,208,049	1,154,078
Entrance Fees	31,686	26,220
	1,372,761	1,355,537
Professional Development		
Sales of Publications	7,929	3,609
Seminar & Program Income	339,753	150,098
Convention Registrations	364,998	-
Convention Sponsorship Income	77,450	-
	790,130	153,707
Education		
ActEd Royalties	23,856	19,922
Tuition Fees (UK) (a)	260,519	172,833
Professionalism Course	66,800	78,155

Sale of Course Material	44,237	98,814
Tuition Fees (Australia)	578,688	542,717
Exemption Fees	259,110	247,550
	1,233,210	1,159,991

(a) UK Tuition Fees includes reimbursement of 99/00 costs incurred in administering exams.

Member Services

Actuary Australia Advertising	11,130	11,015
Job Advertisements	110,785	116,740
Melville Lecture Income	-	19,936
Functions	26,016	15,080
Prize Funds Interest	1,773	1,915
Prize Funds Donations	7,750	14,040
Research & Reports	127,318	109,245
PI Insurance Scheme	9,000	-
Subscription to IAA/ASTIN/AFIR	11,971	6,016
Other Income	4,000	632
	309,743	294,619
TOTAL INCOME	3,705,844	2,963,854

LESS EXPENDITURE

Administration

Auditors Remuneration	26,545	26,763
Legal Fees	72,103	27,258
General Expenses	8,460	10,131
Staff Amenities & Travel	40,547	34,975
Insurances	11,261	10,650
Financial Expenses	53,791	41,132
Premises Expenses	86,215	95,616
Depreciation & Amortisation Expense	40,005	28,421
Computer/Telecommunications	84,004	138,862
Stationery, Subs & Couriers	45,124	57,615
Printing & Distribution	59,452	49,137
Council Expenses & International Representation	52,810	26,184
	580,317	546,744

Salaries

Wages & Salaries	923,047	762,743
Superannuation	116,353	86,075
On Costs	42,083	17,880
Fringe Benefits Tax	3,345	23,824
Recruitment expenses	30,983	44,751
	1,115,811	935,273

Professional Development

Sessional & ETDG Meetings	46,814	43,775
Seminar & Program Expenses	301,892	122,140
Conventions	345,679	10,581
AAJ Expenses	66,133	47,268
Research Grants	30,724	15,000
	791,242	238,764

Foundation Grants

University of Melbourne Actuarial Foundation	115,000	73,500
Macquarie University Actuarial Foundation	150,000	180,000
University of NSW Actuarial Foundation	100,200	54,100
	365,200	307,600

Education

Course Expenses	47,856	21,263
Course Materials	112,695	211,442
Australian Exams Expenses	106,219	88,220
Professionalism Course	61,882	82,831
UK Exams Transfer of Fees	238,332	168,719
University Prizes & Scholarships	1,000	2,500
	567,984	574,975

Member Services

Functions & Resources	42,334	66,495
Actuary Australia	86,261	65,355
Circulars and Publications to Members	91,214	106,370
Prizes Paid	10,121	7,059
Contribution to Melville Practitioners Award	1,000	-
Research & Reports	45,395	12,376
PI Insurance Scheme	11,185	15,960
International Actuarial Associations (incl HK office)	46,169	24,712
Committees	2,960	4,227
	336,639	302,554

Public Affairs

Functions	7,210	2,235
Consultant's Fees	3,750	44,250
Promotional Materials	7,504	6,010
Training	4,800	1,500
Other Expenses	1,518	1,786
Subscriptions	10,829	4,762
Travel	12,221	4,874
Industry Representation	6,088	2,260
	53,920	67,677
TOTAL EXPENSES	3,811,113	2,973,587

SURPLUS (DEFICIT) REPORTED	(105,269)	(9,733)
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PRIVATE INFORMATION FOR THE MEMBERS PRIZE FUND MOVEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001

Receipts into and payments from the prize funds has been reflected in the Institute's financial performance as follows:

	2001	2000
	\$	\$
Interest Received	1,773	1,915
Supplementations & Donations Received	7,750	14,040
Melville Lecture Expenses	-	(6,000)
Bank Charges & Prizes Paid	(10,121)	(7,059)
	(598)	2,896

The detailed movements in each account are as follows:-

H M Jackson Prize Fund

Balance at beginning of year	6,293	6,071
Supplementation from Melville Prize Fund	1,600	-
Interest received	238	223
Bank charges	(2)	(1)
Prizes paid	(1,800)	-
Balance at end of year	6,329	6,293

A M Parker Prize Fund

Balance at beginning of year	12,163	12,360
Supplementation from Melville Prize Fund	1,600	1,600
Interest received	505	507
Bank charges	(3)	(4)
Prizes paid	(2,400)	(2,300)
Balance at end of year	11,865	12,163

Andrew Prescott Memorial Prize Fund

Balance at beginning of year	9,502	8,471
Donations received	-	1,040
Supplementation from Melville Prize Fund	3,500	4,200
Interest received	431	543
Bank charges	(7)	(52)
Prizes paid	(3,900)	(4,700)
Balance at end of year	9,526	9,502

The Melville Prize Fund

Balance at Beginning of Year	19,210	17,371
Donations received	6,750	13,000
IAAust contribution to Melville Practitioners Award	1,000	-
Interest received	599	641
Bank charges	(9)	(2)
Lecture Costs	-	(6,000)
Supplementation to other prize funds	(6,700)	(5,800)
Melville Practitioners Award paid	(2,000)	-
Balance at end of year	18,850	19,210

UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT BY THE TRUSTEES

The Trustees declare that:

- (a) the financial statements and notes thereto present fairly the Foundation's financial position as at 30 September 2001 and its performance for year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
- (b) in the Trustees opinion there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due

Signed on behalf of the Trustees:



C.G. LEWIS



J.M. NEWMAN

Sydney, 7 November 2001

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

We have audited the financial report of the University of New South Wales Actuarial Foundation for the year ended 30 September 2001. The Trustees are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the trustees.

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

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance

with Australian Accounting Standards and other professional reporting requirements the financial position of the Foundation as at 30 September 2001, and the results of its operations and its cash flows for the year then ended.



HAINES NORTON
Chartered Accountants



F. GIANNUZZI

Partner

Sydney, 7 November 2001

UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2001

	2001 \$	2000 \$
INCOME		
Donations	100,200	54,100
	100,200	54,100
LESS EXPENDITURE		
Bank Charges	142	51
	142	51
Operating surplus	100,058	54,049

UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2001

	2001 \$	2000 \$
TRUST FUNDS		
Balance at beginning of the year	49	-
Surplus	100,058	54,049
Less:		
Distributions	(99,000)	(54,000)
	1,107	49
REPRESENTED BY:		
Cash at Bank	593	49
GST Refundable	514	-
NET ASSETS	1,107	49

The accompanying notes form part of these financial statements.

UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2001

	2001 \$	2000 \$
Cash Flows from Operating Activities		
Donations	100,200	54,100
Net GST Paid	(514)	-
Payments to suppliers	(142)	(51)
Net cash from operating activities (a)	99,544	54,049
Cash Flows from Investing Activities		
Proceeds from disposal of investments	-	-
Purchase of investments	-	-
Net cash inflows from investing activities	-	-

Cash Flows from Financing Activities		
Payments to beneficiaries	(99,000)	(54,000)
Net cash outflows from financing activities	(99,000)	(54,000)
Net Change in Cash	544	49
Opening balance	49	-
Net closing balance (b)	593	49

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

Operating surplus	100,058	54,049
Increase/(decrease) in GST liability	(514)	
Cash Flows from Operations	99,544	54,049

b. Reconciliation of cash

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

National Australia Bank	593	49
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UNIVERSITY OF NEW SOUTH WALES ACTUARIAL FOUNDATION NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

2. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Foundation's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Foundation had no interest bearing assets or liabilities at balance date.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements. The Foundation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(c) Net Fair Values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Foundation approximate their carrying value.

3. RELATED PARTIES

- (a) \$100,200 (2000 \$54,100) was received in donations from the Institute. The Institute acts as nominee holder of Foundation investments.

(b) Trustees of the Foundation at the date of the report are:

C G Lewis	BSc (Hons) FIA FIAA (Chairman)
M D Barker	MA FIA FIAA
C R Latham	BSc (Hons) FIA FIAA
R A Layton AM	MEc FAIM FMRSA FAIEx FAMI FAIA CPM
J M Newman	BBusSc (Hons) FIAA

UNIVERSITY OF MELBOURNE ACTUARIAL FOUNDATION STATEMENT BY THE TRUSTEES

The Trustees declare that:

- (a) the financial statements and notes thereto present fairly the Foundation's financial position as at 30 September 2001 and its performance for year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
- (b) in the Trustees opinion there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

Signed on behalf of the Trustees:



G.E. ROGERS



W.E. WALKER

Melbourne, 7 November 2001

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

Scope

We have audited the financial report of the University of Melbourne Actuarial Foundation for the year ended 30 September 2001. The Trustees are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the trustees.

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

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards and other professional reporting requirements the financial position of the Foundation as at 30 September 2001, and the results of its operations and

its cash flows for the year then ended.

Haines Norton

HAINES NORTON
Chartered Accountants

F. Giannuzzi

F. GIANNUZZI
Partner
Sydney, 7 November 2001

**UNIVERSITY OF MELBOURNE ACTUARIAL
FOUNDATION STATEMENT OF FINANCIAL
PERFORMANCE FOR THE YEAR ENDED
30 SEPTEMBER 2001**

	2001 \$	2000 \$
INCOME		
Donations	115,000	73,500
Interest	941	919
Earnings from Investments	-	(179)
	115,941	74,240
LESS EXPENDITURE		
Loss on Disposal of Investments	-	2,115
Bank Charges	93	143
	93	2,258
Operating surplus	115,848	71,982

**UNIVERSITY OF MELBOURNE ACTUARIAL
FOUNDATION STATEMENT OF FINANCIAL
POSITION AS AT 30 SEPTEMBER 2001**

	2001 \$	2000 \$
TRUST FUNDS		
Balance at beginning of the year	24,872	114,678
Surplus	115,848	71,982
Less:		
Distributions	(115,000)	(161,788)
	25,720	24,872
REPRESENTED BY:		
Cash at Bank	25,720	24,872
GST Payable	-	-
NET ASSETS	25,720	24,872

The accompanying notes form part of these financial statements.

**UNIVERSITY OF MELBOURNE ACTUARIAL
FOUNDATION STATEMENT OF CASH FLOWS FOR
THE YEAR ENDED 30 SEPTEMBER 2001**

	2001 \$	2000 \$
Cash Flows from Operating Activities		
Donations	115,000	73,500
Interest received	941	919
Income from investments	-	2,526
GST Collected	11,500	-
GST Paid	(11,500)	-
Payments to suppliers	(93)	(2,643)
Net cash from operating activities (a)	115,848	74,302

Cash Flows from Investing Activities		
Proceeds from disposal of investments	-	157,910
Net cash inflows from investing activities	-	157,910

Cash Flows from Financing Activities		
Receipts from the IAAust	-	18,717
Repayments to the IAAust	-	(64,440)
Payments to beneficiaries	(115,000)	(161,788)
Net cash outflows from financing activities	(115,000)	(207,511)

Net Change in Cash	848	24,701
Opening balance	24,872	171
Net closing balance (b)	25,720	24,872

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

Operating surplus	115,848	71,982
Increase/(decrease) in GST liability	-	-
Increase/(decrease) in accruals	-	(2,500)
Decrease/(increase) in income receivable	-	2,705
Profits on sale of investments	-	2,115
Cash Flows from Operation	115,848	74,302

b. Reconciliation of cash

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

National Australia Bank	25,720	24,872
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**UNIVERSITY OF MELBOURNE ACTUARIAL
FOUNDATION NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 SEPTEMBER 2001**

1. STATEMENT OF ACCOUNTING POLICIES

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

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

2. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Foundation's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Foundation had no interest bearing assets or liabilities at balance date

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements. The foundation does not have any material credit risk

exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(c) Net Fair Values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Foundation approximate their carrying value.

3. RELATED PARTIES

(a) \$115,000 (2000 \$73,500) was received in donations from the Institute. The Institute acts as nominee holder of Foundation investments.

(b) Trustees of the Foundation at the date of this report are:

G E N Rogers	FIA FIAA (Chairman)
M H Fry	BSc (Hons) FIA FIAA
R S Mitchell	ASA FIA FIAA
W E Walker	BSc (Hons) MBA AIA FIAA
R A Williams	BCom MSc PhD

MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION FOURTEENTH ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

Board

The members of the Board of the Foundation during 2000 were as follows:

Appointed by The Institute of Actuaries of Australia

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

Appointed by the University Council

M G Irving AM	BCom Hon DLitt FAICD FCPA FSA
J H Pollard,	BSc PhD FIA FIAA FSS FASSA
M J Webster	MCom FCPA

Four Board Meetings were held during the year (7 February 2000, 1 May 2000, 24 July 2000, 13 November 2000).

Income and expenditure

An income and expenditure statement for the year and a comparison with the previous year is set out in Attachment A. The Foundation gratefully acknowledges contributions totalling \$245,000 (plus GST) from The Institute of Actuaries of Australia. The Department of Actuarial Studies contributed \$66,380 from Departmental fund-generating activities (including its involvement in Association of Superannuation Funds of Australia teaching and examination), and there were contributions of \$40,750 from certain scholarship donors. The relatively small interest income (\$2,392) reflects both the comparatively small balance held in the Foundation account and the low interest rates prevailing during the year. Comments on the main expenditure items are given below.

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 and payments to certain scholarship holders.

The Foundation Board performed an important role in providing advice to Professor Pollard and the Actuarial Studies Department. A meeting with the actuarial staff took place in conjunction with the Board Meeting on 7 February 2000. The Board also met with the Vice-Chancellor Professor Di Yerbury at a special lunch at the time of the July Board Meeting and with Mr Paul O'Brien of ASFA in conjunction with the November Board Meeting.

Acknowledgements

The Board wishes to acknowledge its sincere appreciation of the work of Professor Pollard who acted as Executive Officer of the Foundation, Mr Gary Grocott (Manager of the Division of Economic and Financial Studies) and the related University administrative staff who contributed to a most successful year of operation for the Foundation. It would also like to express its appreciation for the hospitality provided by Mercantile Mutual on two occasions during 2000, and on many other occasions over the years.

R J Atfield

Chair

MACQUARIE UNIVERSITY ACTUARIAL FOUNDATION STATEMENT OF PROFIT AND LOSS 1 JANUARY 2000 to 31 DECEMBER 2000

BALANCE BROUGHT FORWARD	2000	1999
	\$	\$
	-	30,568
INCOME RECEIVED		
Institute of Actuaries of Australia	245,000	170,000
Scholarship Donations	40,750	-
Interest	2,392	1,049
25% ASFA Fees 1999	-	23,590
25% ASFA Fees 2000	23,415	-
ASFA (Actuarial Studies Dept)	42,965	38,191
(additional contribution to cover shortfall)		
	354,522	263,398
EXPENDITURE		
Personnel		
Academic Salaries	287,698	241,520
Salary on-costs	24,455	21,737
Scholarship Payments	2,960	-
Non-Salary Expenses	1,619	141
	316,732	263,398
BALANCE CARRIED FORWARD	37,790	0

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

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



Denise Osmand FCPA

Chief Finance Officer and Deputy Director
2 April 2001

■ END



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