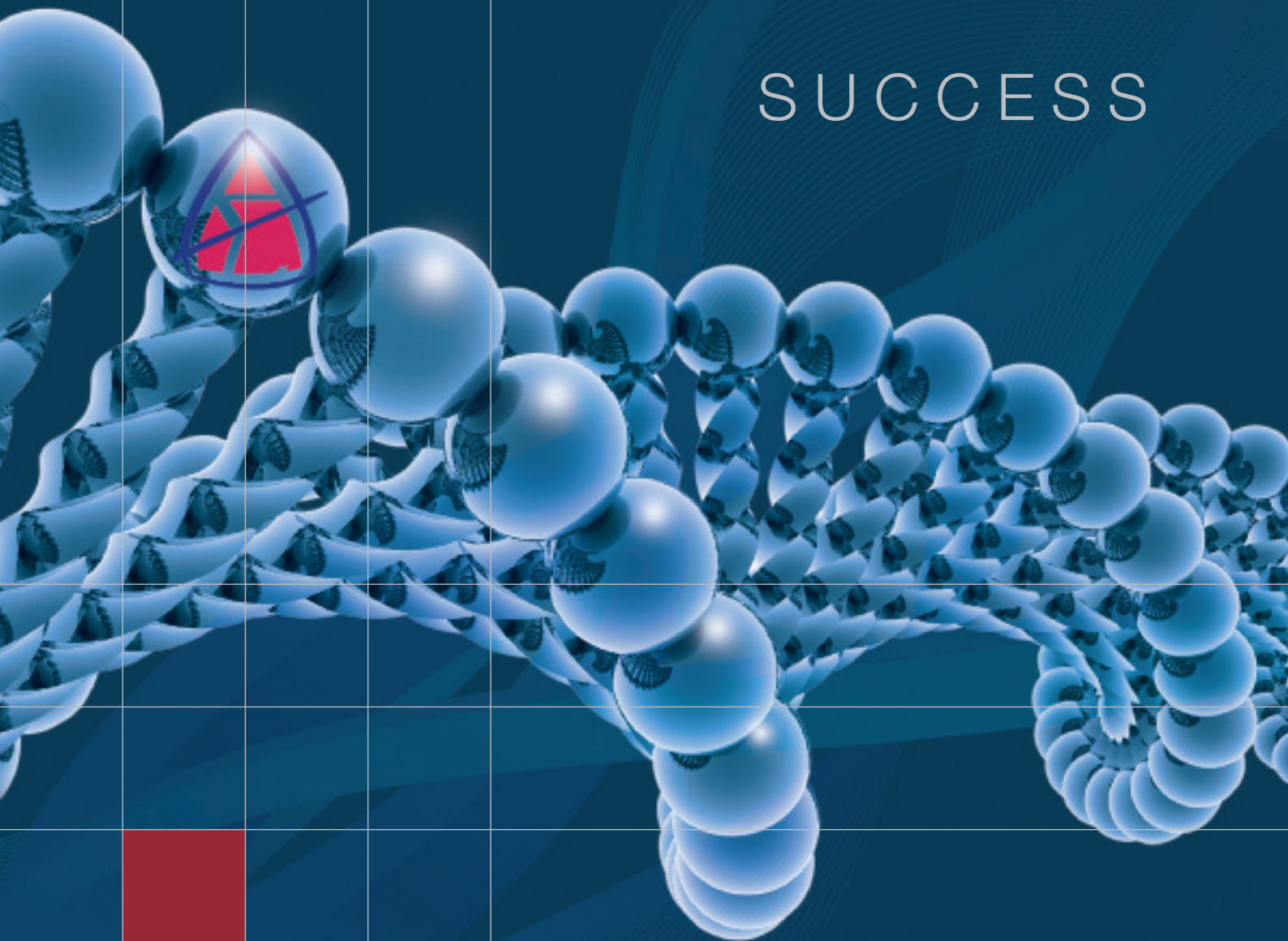


# BUILDING OUR FUTURE SUCCESS



INSTITUTE OF ACTUARIES OF AUSTRALIA

ANNUAL REVIEW 2008



Institute of Actuaries of Australia



DNA - represented by the double helix – is the building block of the unique talents that mark an actuary. The individual, through determination, builds and develops that hereditary genetic material into actuarial expertise and skills.

The journey, however, does not end there. Together, actuaries utilise that same determination to shape the future of their profession – and their destiny – through a strategic focus on the building blocks of influence and excellence. This Annual Review reflects on that journey during 2008.

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## Our vision

To position the profession so that wherever there is uncertainty as to future financial outcomes, actuaries are sought after for their valued advice and authoritative comment.



## Building our strategic vision

We adopted our current Strategic Plan for 2008-10 at the end of 2007. This year was the first full year of implementation and I am pleased to report that we are off to a flying start. We have significantly added to our strategic momentum and focus culminating in excellent progress on all our major planned strategic focus areas in 2008.

### Service provider focus

A key strategic issue is for the Institute to pursue a clearer member services focus. This will best place us to respond to our ever evolving profession and membership base. Our Vice President, Bozena Hinton, formed a Member Services and Educator Taskforce early this year that is addressing the substantial dimensions of what such a change in focus will mean for the Institute and how it may be implemented. The Taskforce has completed significant initial research outside the Institute and discussions with member focus groups to thoroughly research member views continues.

The Taskforce is looking to provide a preliminary report to Council on their initial thoughts and direction in late 2008 and broader member discussion and consultation will follow in 2009.

### Global ERM

In last year's Review, then President Fred Rowley referred to the opportunities in ERM and the strides being taken internationally and domestically on that front (including Fred's huge personal contribution). It is very pleasing to be able to report that the international progress remains strong. It is hoped that during early 2009 we will have agreement, amongst a number of key global associations, on a syllabus, name and global recognition basis for a new global actuarial qualification in ERM. This will be a watershed moment for the profession internationally, with the number of actuarial associations around the world interested and/or supporting the initiative continuing to grow steadily. Our Institute could be providing a suitable course for this new qualification by 2010.

Part of the reason we will be in a position to quickly provide such a course is the focused and diligent work of our Risk Management Practice Committee, chaired by Ian Laughlin, over the last few years. Thanks to their passion we have already developed and delivered a number of ERM courses in Australia and are well progressed on developing what could be a Part III course in ERM.

Strategically, ERM is a "must do" for us. We have made solid progress on the education front, but there is a lot more ahead in terms of building our ERM profile and market credentials.

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### OUR GOALS

- The actuarial profession is growing and diversifying with increasing influence.
- Actuaries have a high reputation for ethics and sound advice.
- The profession and the Institute are broadly recognised and actuaries have a reputation for highly skilled advice.
- The Institute is valued and highly regarded by its members, with high member capture and retention rates.
- The actuarial profession is enjoying global and regional success.





## Research

The relevance of our actuarial science and skills to the world is our life blood. Research and development is the engine room of maintaining that relevance. In late 2007 our Senior Vice President, Trevor Thompson, formed a Research Taskforce to examine the overall dimensions of actuarial research, address the Institute's overall research agenda and consider how the Institute could best support the overall actuarial research effort - from University to practitioner research, from pure to applied research, and in a global context.

Following the report of the Taskforce, Council established a permanent Research Council Committee, allocated a significant annual budget, and gave it a clear brief to encourage, build and co-ordinate relevant actuarial research. This is a major development and we look forward to the Research Council Committee, convened by Chris Latham, developing plans and building momentum into 2009.

## Designations

Last year we commenced a debate within the Institute about changing the use of the term "actuary" and the alignment of our rules and Associate qualification with international standards. The debate continued this year and Council concluded that a change, subject to ongoing member consultation and discussion, is appropriate to pursue. Nonetheless, this is an important strategic issue for our Institute and we need to get it right. As debate continues, member engagement has increased and we are making steady but solid progress on the journey to a sound conclusion.

## Public affairs

We had a good year in the "public affairs" arena, in particular in areas such as supporting and encouraging government superannuation benefit projection initiatives, contributing to retirement incomes debates, tax reviews, risk management issues and the environment, as well as the many submissions made to regulators and similar bodies by our Practice Committees and others.

## Actuary of the Year

It was very pleasing to award the "Actuary of the Year" to Darren Wickham for his energetic, committed, thoughtful and challenging contribution to a number of the public debates in superannuation and retirement. Darren is a great ambassador and promoter of the profession. Congratulations and well done Darren.

## Business as usual

The above sections have mentioned a number of the newer and/or major initiatives progressed during 2008. However, there are a large number of other strategic initiatives, developments and important ongoing activities. All have made good, strong progress during the year. I cannot possibly mention all of these in this brief review, but a few highlights would include:

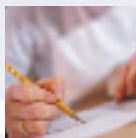
- another successful year of Part III education with further improved delivery and student pass rates;
- fantastic and successful Forums, Seminars and other events;
- ongoing governance improvements including progress on our Professional Standards and conversion to the new regime;
- increasing our engagement with the actuarial community in our region, and enhancing and leveraging our involvement with the profession globally; and
- expanded stakeholder, counterparty and government liaison.

In closing, I would like to acknowledge all our committees, taskforces, the army of volunteer members and the Secretariat staff that have again enthusiastically supported the Institute so diligently in 2008. Thank you!

**Greg Martin**  
President

## OUR STRATEGIC FOCUS

- The Institute must respond to our evolving profession and develop a clear member services focus. Efficient delivery of valued CPD, profession promotion and support across our broadening practices areas and geographies is key.
- Our education program must meet market demands. Aligning our program with the outcomes and standards needed. Supporting expanding practice areas and qualifications. Delivery sustainability and student satisfaction are key.
- ERM is a growth opportunity for actuaries. Recognition of actuaries in ERM is imperative to our current standing. We must win a satisfactory place in the ERM marketplace.
- We must maintain and develop our actuarial science and skills – research and development is crucial to our future relevance. Our reputation for quality and ethics is imperative. Regional and global co-operation and support is a long-term key.



## 4

# Building our mission

The Institute has had another successful year, with numerous activities and initiatives which have delivered value to our members and helped achieve key elements of our mission. We are fortunate to have been successful through the dedicated combination of Council leadership, volunteer assistance and Secretariat enthusiasm.

Representing the actuarial profession within Australia continues to be the key role. Much of our activity has been focused on official inquiries and reviews. The Institute has been particularly active in making submissions to a number of reviews instituted by the new Federal Government. A number of these submissions have generated media coverage and comment, further promoting the value of the actuarial profession to the wider public.

An example occurred in September, when the Australian Financial Review highlighted the Institute's contribution to the debate on age pension reform in an editorial entitled "Higher Pension Age is the Answer".

Our Actuary of the Year, Darren Wickham, has also made some very newsworthy contributions on age pension reform options and on superannuation benefit projections via his role as chair of the Benefit Projections Working Group.

The Minister for Superannuation and Corporate Law, Senator the Hon Nick Sherry demonstrated his confidence in the actuarial profession by making several appointments:

- John Trowbridge to the Financial Reporting Council;
- Trevor Matthews to the Pension Indexation Review;
- John Maroney to the Superannuation Advisory Council.

We are also actively involved in promoting the role of the actuarial profession in our region and globally, via the East Asian Actuarial Congress and the International Actuarial Association.

Members of the Executive and other Committees have delivered invited presentations in China, India, Korea, New Zealand, South Africa and the United States. These opportunities both strengthen the relationships between the various actuarial associations and increase the awareness about Australian actuaries.

Planning is underway for the next East Asian Actuarial Congress in Seoul in October 2009 and for the next International Congress of Actuaries in Cape Town in March 2010. Both of these major events should attract interest from Australian actuaries and hence help build our links with our major actuarial neighbours.

As always, a focus for 2008 has been on professional standards and guidance, which are the key tools of most professions. The Professional Standards Committee and several Practice Committees have made significant progress this year, including revised standards for life and general insurance reporting.

Continuing professional development and education remain high priorities for the Institute. Education highlights included steadily increasing pass rates for Part III examinations, while the Board of Examiners ensured maintenance of quality; completion of the implementation process of improvements recommended by Professor Tony Baker in 2005; and formal agreement with Access Macquarie and Macquarie University to deliver the three investment and finance Part III courses on behalf of the Institute.

In relation to CPD, it has been excellent to see the continued strong demand for our programs, including our major seminars for 2008, the Financial Services Forum in Melbourne and the General Insurance Seminar in Coolom.



Research initiatives revolved around the activities and recommendations of the Research Taskforce after extensive dialogue with universities and other actuarial associations. The Research Conference on Risk and Capital Management drew a strong array of speakers and topics, and promoted timely discussion as the global financial crisis deepened.

All of the activities of the Secretariat are designed to provide services to members either directly or indirectly ably supported by the professional community of volunteers which is the foundation of most of our activities.

The Secretariat team has remained stable apart from two overseas departures, one person on maternity leave and two resignations. Fortunately one of the overseas departees agreed to continue publication support from Bahrain and our seven new faces have all fitted in well. The newly appointed staff actuary will undertake a pilot delivery of one of the Part III modules in 2009.

Assessment and selection of a new membership database should be completed by year end with implementation scheduled in 2009. Once this is in place a range of IT developments, including a replacement website, will follow to enable enhanced delivery of member services, especially to those members who reside outside Sydney.

The surplus for 2008 was much lower than 2007, but higher than expected, due to some expenditure being deferred until 2009. The Capital Management Policy has recently been reviewed and Council will also consider recommendations from the Member Services and Educator Taskforce before determining the longer term direction of the Institute's financial strategy.

In conclusion I would like to thank all those who have contributed to another successful year for the Institute.

The profession is extremely fortunate to benefit from the dedication and capability of hundreds of volunteers serving on Council, committees, taskforces and in education and other roles. Many thanks also to the employers who support the contributions of the volunteers in many ways.

The Institute is also fortunate to have a skilled, enthusiastic and professional staff in the Secretariat who thrive on serving individual members and the profession generally.

**John Maroney**  
Chief Executive Officer

## OUR MISSION

- To support the professional and career aspirations of members.
- To provide or arrange effective pre-qualification education and valued and inclusive continuing professional development programs and forums.
- To promote research and the development of actuarial science and support the expansion of the profession into new areas of endeavour.
- To provide practice guidance to help actuaries to provide professional services of high quality and to maintain and enforce sound professional standards to protect the public and the reputation of the profession.
- To represent the profession in Australia, and develop and promote the actuarial profession's value, including contributing to and informing debate on public policy and business issues.
- To meet member service needs and expectations, including efficient Secretariat operation and financing, and provide valued member communications.





## Building our value

### Strategic priority 1

to change the Institute from an “educator and licensor” focus to a “member services and educator” focus

#### Member Services and Educator Taskforce formed

It was perceived that the Institute needed to be more responsive to an evolving profession and a changing world, and to better service our membership by providing more value across a wide range of areas. The primary objective of the Taskforce is to assess areas of change needed and to initiate the change process by preparing plans and timetables to enable the Institute to be transformed over the period 2008 to 2010 into a professional association that focuses on “Member Services and Educator” as its core role, albeit not forgetting the licensor need.

#### Identifying member segments

The Institute membership is a diverse group and can be divided in many ways. The challenge is to segment the membership in a meaningful way, such that value propositions can be identified for key segments. The Taskforce has initially grouped members into the following nine segments for analysis, recognising that members will overlap one or more segments:

- Sydney members;
- non-Sydney members;
- those who work in traditional practice areas;
- Part I and Part II students;
- Part III students;
- young actuaries;
- non-engaged members;
- non-member actuarial graduates; and
- research focused/academic members.

#### Value propositions

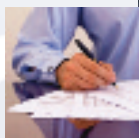
An assessment of the benefits the Institute currently provides to the nine segments was undertaken and value propositions were developed in areas where gaps were identified. The benefit areas covered education, continuing professional development, networking opportunities, career support, member support, a specific actuarial designation, and a statutory role/status.

The value propositions overlapped between member segments, just as members themselves overlap between the groups.

Preliminary research indicated that the most engaged members are those who see their membership providing them most value. It became apparent that the key challenge for the Taskforce would be to encourage more members to become engaged with the Institute. This would involve providing meaningful ways for more members to get involved as well as encouraging members to take advantage of opportunities on offer.

#### Testing the value propositions

It was necessary to obtain member feedback and test the propositions. To achieve this an external consulting firm was appointed to conduct a series of focus groups and interviews.



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### GOING FORWARD - - >

The Taskforce is expected to report its findings and recommendations for improvement to Council in early 2009. Pending acceptance, the next step in this major initiative is to develop an implementation plan and communications strategy.



# Building our knowledge

## 2008 Actuary of the Year : Darren Wickham



This annual award is presented to an individual who has brought credit to the profession and made a key contribution to business, the

community, government and the profession. Darren's work across many aspects of the Institute is highlighted by his paper "It's time to abolish retirement..." which won the Melville Biennial Convention prize and generated significant discussion about the future of retirement across a broad range of media and industry forums.

Darren has a strong social conscience and his contributions to the profession have focused on identifying social equity issues particularly in the area of age pensions and retirement savings.

He has written a number of papers that do not simply provide information, but challenge the way that actuaries and others think about important issues.

The profession has significant emphasis on ensuring that we maintain relevance in an ever changing social and business environment. By challenging the status quo with well reasoned and considered papers, and being able to present these works in a professional yet entertaining manner and embracing technology to deliver the message to a wider audience, Darren is a great example of how to achieve this goal.

## Research prizes

### 2007 HM JACKSON MEMORIAL PRIZE

**Professor Michael Sherris**

Solvency, Capital Allocation and Fair Rate or Return in Insurance, *Journal of Risk and Insurance*, Volume 73 No. 2

### 2007 MELVILLE BIENNIAL CONVENTION PRIZE

**Darren Wickham**

It's time to abolish retirement (and here's how to do it) – work, learn and play till you drop

### 2008 MELVILLE FINANCIAL SERVICES FORUM PRIZE

**Craig McCulloch**

ALM in a Solvency II World

### 2008 AH POLLARD SCHOLARSHIP\*

**Chris Beveridge**

The study of long-dated hybrid exotic interest rate derivative contracts, *The University of Melbourne*

**Claymore Marshall**

The study of approaches to pricing and hedging of insurance-linked financial instruments offered in practice, *University of Waterloo, Canada*

## Education prizes

### 2007 ANDREW PRESCOTT PRIZES

**Stanley Lau**

Meritorious performance in Commercial Actuarial Practice examination and Outstanding performance in the Fellowship examinations

**David Gregory**

Meritorious performance in Investments examination

**Jonathan Clarkson**

Meritorious performance in Life Insurance examination

**Sam Killmier**

Meritorious performance in Superannuation and Planned Savings examination

### 2007 KATHERINE ROBERTSON PRIZE

**Lisa Chen**

Meritorious performance in the General Insurance examination

**Life Membership** was awarded to **Mike Barker**, **Bob Glading** and **Peter Vinson** at the 2007 Annual General Meeting acknowledging their long record of distinguished service to the profession.

\* Given Strategic Priority 7 and the outstanding calibre of both applicants, Council awarded two scholarships for 2008.



## Building our capacity

Strategic priority 2  
review the Institute  
operating model to  
best support  
strategic initiatives

### Technology

The Institute's identification of the vital need for first-class technology to support strategic initiatives dictated a full review of the Institute's operating model. The outcome of this review was the creation of an IT Infrastructure Plan designed to ensure the Institute is adequately resourced to improve workplace efficiencies and streamline member services, thus building a strong platform for now and the future.

After 10 years, the Institute resolved to review its membership database system. This review was necessary given the likely demands that will be placed on it following the Member Services and Educator Taskforce's recommendations. An upgraded membership database, with a fully integrated content management system, will greatly improve the ability to rapidly upload events, student records and other information on the Institute's website. Implementation is expected to commence in early 2009.

Windows Server Update Services was introduced in mid-2008. This provides automated software updates across the office network.

A Terminal Server was acquired to provide a central point for network user access. It assures a standard operating environment prevails throughout the network. It also means that software upgrades and patches are loaded once rather than on numerous occasions onto individual desktop PCs.

### Performance management incentive system

A bonus scheme was launched early in 2008 to better align staff individual performance with team and organisational performance. The scheme has been embraced by staff who have completed mid-year performance reviews ahead of final reviews at the end of the year.

### Volunteer army

The work of the Institute is very well supported by the successful network of volunteers. This includes many individual actuaries and the generous employers who support their efforts. The Institute is dedicated to improving the way we engage with the volunteers and finding ways to broaden the volunteer base. In-depth internal meetings have been undertaken to better explore this issue. These meetings will continue to develop a number of initiatives before being promoted to the membership at large.

## GOING FORWARD - - >

- A document management system will be adopted in 2009 enabling the Institute to more effectively store and retrieve information. This functionality will be linked to the website providing further value by way of better resources for our members.
- A complete rebuild of the Institute's website will improve the security and reliability of the user experience and will be feature rich for all users. A bonus of this initiative is the reduction in the cost and complexity of maintaining the current site.
- A move to a remote backup facility which will provide a highly secure means of data retrieval in the event of a major system failure.
- A replacement of the current telephony system which has served us well for the past 14 years. This will improve interoperability with the new generation of telephony systems and low-cost communications such as VOIP.

*“ On behalf of our profession, I want to thank each and every one of you, for the enormous contribution you make to the actuarial profession here in Australia, and in some cases internationally. The Institute was built on, and is still very much dependent on the efforts of you, our volunteers.*

*We are fortunate to have over 500 members (and some non-members) who contribute their knowledge, time, experience and intellect to a wide range of activities. Quite simply, the Institute could not operate as effectively as it does without the leadership and support of our many volunteers. We honour you, our volunteers, whose commitment, dedication and hard work means so much more is achieved for the actuarial profession.*

*In return, I trust you will find, as I do, that you also gain from the time and effort that you commit to the Institute's activities. Members I talk to say that they value the opportunity to network with their colleagues, exchange information and ideas, and contribute to the growth and development of their profession. In this sense, there is neat synergy between contributing to the work of the Institute and receiving something in return – whether that is acquiring new knowledge, learning a new skill or simply meeting a new colleague. As the saying goes, the more you put in, the more you get out.*

*Thank you all for your energy, enthusiasm, experience and knowledge!* ”

### **Greg Martin, President**

Volunteers' Cocktail Function

April 2008



# Building our qualification model

## Strategic priority 3

reassess

pre-fellowship

qualification education

objectives, aims and

implementation

### Completion of Baker Review recommendations

The Baker Review in 2004 was an independent examination of the Institute's Part III Education program, resulting in a range of recommendations. Essentially Baker found that the Institute's examination process was world class, the curriculum average, and the teaching poor. The recommendations set a blueprint for reform which has now been implemented. All the Part III courses have now been completely re-written to education best-practice standard through use of performance objectives based on Bloom's Taxonomy, and inclusion of case studies to facilitate student application and engagement. Reform of the teaching component was not explicitly part of the Baker Recommendations, but has been addressed in other initiatives. Since these reforms have been progressively implemented, the Institute has seen a steady increase in the pass rate from 29% to the most recent semester result of 44%.

### Part III Global Retirement Income Systems course

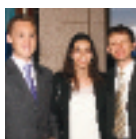
The Global Retirement Income Systems (GRIS) 6A and 6B courses were written to replace the old Superannuation 4A and 4B. The design principles seek to have a balance between a more principles-based curriculum and real world application in the key national regulatory frameworks, though keeping emphasis on the Australian jurisdiction. This approach not only gives students located outside Australia a better opportunity to apply the course locally, but also helps Australian-based students transfer their expertise if they choose to relocate. Other key features of this new course include an emphasis on the Control Cycle paradigm, use of Bloom's Taxonomy to explicitly signal to students the relative importance of topics, and inclusion of Enterprise Risk Management.

### Learning strategies strengthening the cohort model in Part III courses

One area that the Baker Review was largely silent about was the issue of increasing the quantity and quality of teaching in the Part III program. The Institute has been working with Course Leaders to address this area. Currently there are three tutorials held for each subject in each semester. Given that the outcomes sought are the development of complex and simple judgment, the approach taken now is to use learning strategies that are better aligned with those outcomes. We are seeking to make the tutorials more interactive and case study based, with students working in syndicate groups, contesting ideas and working on the case study problems. The Learning Management System (LMS) has been enhanced to facilitate informal learning through discussion forums and other technologies. This is also important in improving the student experience for distance students.

### Deployment of education technologies

The LMS is the centrepiece of our Part III courses. We have assembled a formidable array of learning assets available to students in the form of past exams and solutions, past assignments and solutions, current and past tutorial recordings and presentations. The discussion forums are a key informal learning tool. It enhances the experience of distance students. The LMS is also used by the Board of Examiners to develop exams and other key documents. Assignments are now largely marked on-line, thus giving students a quicker turn around for their papers.



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## Review of Part II and Investments Course 1

The Institute has liaised with universities and made changes to the Part II curriculum. These are due for implementation in 2009, and in summary are a breakup and dispersal of Investments within the Part II curriculum, and inclusion of an ERM component. This is as a result of comparison of our Part II with equivalent courses in the UK and the USA, as well as comparison with the International Fully Qualified Actuary syllabus. In addition, there has been a revision of the Part III Investments Course 1 to include a better introduction module, before students commence the Asset Liability Modelling section.

## Promoting the profession

A comprehensive strategy to promote the profession has commenced, drawing on groups like the Communications and Leadership Taskforces and the Secretariat Education team. A website called "More than Maths" and a presentation have been completed. During 2008, staff have promoted actuarial careers at ANU, UNSW, Macquarie, Melbourne and Curtin universities.

## Health e-learning course

The Private Health Insurance course launched in July 2007 was the Institute's first online course. Since this time, 45 students have enrolled, double that of the original target estimate, and 3 participants have successfully completed the course.

## GOING FORWARD - - >

### • Embedding ERM into Part III courses

The Risk Management Practice Committee has been working on adding ERM to the Institute's education program. ERM has already been added to the Part II syllabus for 2009 and the Commercial Actuarial Practice course in semester two 2009. The GRIS course includes ERM content and the plan is to complete this for other Part III courses. The first stage is to embed ERM in Life and General Insurance courses for delivery in semester one 2009.

### • Further review and refinement of GRIS

The GRIS courses will undergo an education review before their next delivery in 2009. This will align the GRIS courses more closely with the Part III curriculum review projects in 2006 and 2007.

### • Staff Actuary Plan

The Institute will be piloting the Staff Actuary Plan in Semester One 2009. This plan seeks to take the alignment of learning strategies to the next level by bringing in-house the key volunteer roles of Course Leader and Chief Examiner, and providing more than double the existing teaching opportunities as well as better service for distance students.

### • Partnering Access Macquarie to deliver Part III Investments

With effect from Semester One 2009, all Part III Investments courses will be delivered by Access Macquarie. The courses still remain Institute courses but the quantity and quality of teaching will be improved.

### • Stage 2 e-learning

The Institute is now working with our education consultants on planning the stage 2 e-learning implementation. The aim is to enhance learning by using collaborative learning approaches through the LMS.

### • UAM 2nd edition textbook

In collaboration with the Society of Actuaries the Institute is undertaking a project to create a second edition of the successful Understanding Actuarial Management textbook. The new edition is being internationalised and is due to be completed in September 2009.



## Building our profession

The Institute  
congratulates the  
following members  
attaining fellowship

### New Fellows 2008

Joshua Ailwood  
Ahilan Arulmugavarathan  
Joyce Au-Yeung  
Kate Bible  
Victor Bajanov  
James Basman  
Patrick Brennan  
Garth Brooker  
Penelope Butler  
Anna Byrne  
Glenn Carter  
Michelle Cater\*  
Marlon Chan  
Victor Chandra  
Michael Chernov  
Jack Chui  
Jonathan Clarkson  
Martin Considine\*  
Alexander Day\*  
Georgina Dircks  
Daniel Fung  
Felix Fung  
Monica Gluschenko  
Rikki Gold  
Benjamin Goodall  
David Gregory  
Bhavesh Haria  
Catherine Hodson\*  
Timothy Howell  
Alice Huang  
Amy Huen  
Sharon Jia  
Daniel Keating  
Lina Kedziora  
Adrian Kidd

Sam Killmier  
Andrew Kwok  
Nathan Lam  
Stanley Lau  
Cathy Lee  
Louis Lee  
Nelson Lee  
Stephen Lee  
Eric Lew  
Ignatius Li  
Jacqueline Locke  
Matthew Loh  
Phillip Lui  
Sze King Lui  
Mark Mann  
Elizabeth Martin  
David McSweeney\*  
Anna Mo  
Basem Morris  
Peter Mulquiney  
Nina Nissan  
Alistair Ong  
Derrick Oracki  
Elaine Pang  
Shreyas Patel  
Elena Quek  
Darren Robb  
Stephen Robertson-Dunn  
Dominic Roe  
David Schneider\*  
Hayley Shepherd  
Lee Smith  
Marc Sofer\*  
George Stanley\*  
Richard Starkey

Joy-Lin Sue  
Ming Tan  
Yen Ni Tan  
Felix Tang  
Sam Tang  
Jenny Ting  
Joyce Tong  
Ada Tong  
Brian Tsang  
Eric Tsui  
Wilfred Tung  
James Wang  
Jenita Wijaya  
Ashley Wilson  
Thomas Winder  
Yvonne Wong  
Jennifer Wong  
David Xu  
Scott Yin

*\* Accredited members achieving Fellow status*

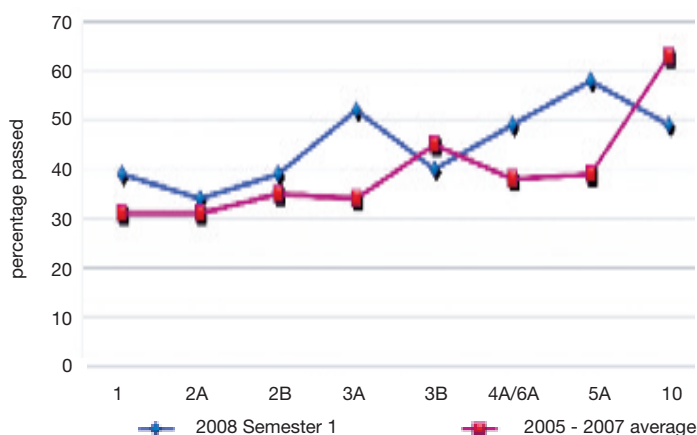


## Part III Pass Rates 2005 – 2008

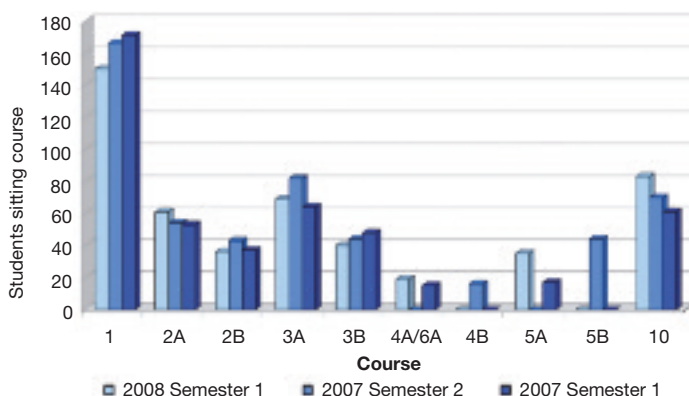
	2008 (1)	2008 (1) Sat	2007 (2)	2007 (2) Sat	2007 (1)	2007 (1) Sat	2006 (2)	2006 (1)	2005 (2)	2005 (1)
1 Investments	39%	150	42%	166	33%	171	31%	28%	29%	24%
2A Life Insurance	34%	61	39%	54	34%	53	27%	32%	31%	23%
2B Life Insurance	39%	36	33%	43	22%	37	41%	32%	29%	50%
3A General Insurance	52%	69	21%	82	38%	64	38%	42%	35%	28%
3B General Insurance	40%	40	48%	44	48%	48	39%	50%	32%	50%
5A Investment Management & Finance	49%	35			35%	17	44%	50%	26%	35%
5B Investment Management & Finance			34%	44			27%	43%	31%	40%
6A Global Retirement Income Systems *	58%	19			47%	15	38%	50%	18%	42%
6B Global Retirement Income Systems *			44%	16			57%		60%	80%
10 Commercial Actuarial Practice	49%	83	67%	70	57%	61	64%	61%	64%	

\* Global Retirement Income Systems 6A and 6B replaced 4A and 4B (Superannuation and Planned Services) in 2008

### 2008 performance



### 2008 participant numbers



## Building our ERM domain

Strategic priority 4  
comprehensively  
implement the  
enterprise risk  
management domain  
initiative

### ERM courses and seminars

Following the success of the inaugural five day ERM Continuing Professional Development course in 2007, the course was held on two further occasions in 2008; in Sydney in March and in Melbourne in August. The five day commitment has proven to be a challenge to get significant numbers of members to undertake the course, and therefore participation has been a little below expectations. Nonetheless, more than 50 members have already completed the course and the feedback has been very good. Participants indicated that they gained most from the case studies presented and discussed during the course, and listening to the guest speakers who conveyed their personal insights into real issues and situations.

Along with a number of other actuarial bodies, the Institute participated in the organisation and delivery of an international webinar on ERM. The webinar was developed to promote awareness of an international actuarial community, by involving actuaries globally in one event and allowing participants to share emerging and new risk management practices across different geographical regions. The webinar was very successful and attracted more than 1600 participants from 47 countries.

### Plan for ERM education

A large part of implementing the ERM initiative can be aligned to embedding ERM into the education program. Strategic priority 3 of this annual review outlines the considerable work undertaken in this area.

### ERM global qualification

A number of actuarial bodies have been developing the concept of an ERM global qualification for actuaries. The Institute has been actively involved in the development of the recognition, terms and the syllabus for this qualification. We are confident that this initiative will succeed and hopeful that courses will be offered for the proposed qualification by 2010.

### Full scope Risk Management Practice Committee

One of the specific actions in the Institute's Strategic Plan was to establish a "full scope" Risk Management Practice Committee. Whilst the Committee's main focus to date has been on ERM education, it has established sub-committees to monitor international ERM developments and devise new services for members. An ERM-specific newsletter was developed and issued to members during the year which provided information and links to informative articles. The Committee also undertook a survey of members' training needs which it will utilise with a view to developing further training and seminars for members. The Committee also conducted a survey of Appointed Actuaries to better understand the degree of implementation of ERM in the Australian insurance industry.

### ERM community

To help the profession develop skills and expertise in the ERM field, the Committee established an ERM Community and held its first meeting in September at which attendees listened to presentations on particular aspects of ERM and then engaged in discussion. The ERM Community is a positive step in knowledge sharing and engaging the membership on ERM related issues. The Committee will seek to further develop this initiative by expanding the membership to include a broader range of members.

## GOING FORWARD - - >

- Future ERM courses and seminars could be held in Asia given that over 20% of the Institute's members are based overseas, particularly in Singapore and Hong Kong. Demand for such a course is being investigated.
- The Institute surveyed members to ascertain their preferences for ERM education for members already qualified. This is likely to result in shorter, more focused courses and seminars over coming years.

## Building our community

The Institute has a comprehensive network of committees and taskforces supporting Council and the Secretariat in achieving the initiatives of the Institute's strategic and operational plans.

A snapshot of our community of volunteer committees is displayed below. The majority of Institute volunteers contribute to the delivery of the Institute's education model, for example, through the Education Council Committee, Board of Examiners and various faculty, accreditation, examination and exemption committees. There are also over 25 sub-committees and working groups reporting to the Practice Committees which meet the challenges and engage in the technical and policy issues of their practice areas.

The Institute volunteer community is so extensive that individual mentions are impossible to list – suffice to say much of what has been achieved in 2008 would not have come to fruition without the outstanding work and valuable time put in by this group of members.





Strategic priority 5  
complete continuing  
professional  
development  
implementation of  
life-long education  
model

## Building our expertise

### Develop a Leadership Program

The Institute's Leadership Committee devised plans to implement a general leadership program for the profession, and for 2008/2009, a more specific "Step Up" leadership program for members with a minimum of five years commercial experience. The general program aims to advance generic leadership and communication skills across the profession.

The first cohort of Step Up Program participants was selected and they attended a program briefing, met the panel of mentors and undertook self-assessment via the Myers Briggs Type Indicator to enhance self-awareness. Mentor training workshops were also held.

### Provide Part III as CPD for Members

During the year, the Institute planned the way it would provide Part III material in a practical CPD format for members. The plan is to make the material available through the Institute's Learning Management System for members and more specifically for Fellows who wish to undertake convenient online study of Part III subjects as CPD.

### Improve communications

The Communications Implementation Committee offered to assist members with their presentations at the Financial Services Forum to ensure presenters conveyed often complex issues as clearly and succinctly as possible. The Committee prepared a presentation titled "How About Becoming an Actuary" which provides valuable information about a career as an actuary. A new website, "More Than Maths", was created to provide information to parents, high school students and career counsellors about pursuing an actuarial career.

A book mark of the "More Than Maths" website address was also produced to encourage high school students to seek more information about the type of work actuaries undertake.

A new member service introduced in 2008 was the "Industry News Summary" which was provided on a daily basis. Members who opted to receive this service accessed short news summaries on topical issues and events reported in a range of daily newspapers. Over 700 members have opted to receive the daily news service.

### Implement networking, collegiate and bonding programs

Our volunteers were invited to attend cocktail functions in Melbourne and Sydney in recognition of their significant contribution to the work of the Institute. Presidential Dinners for members were held in most Australian States and a number of countries in the Asia Pacific region.

Members attending various events including day long seminars and Super Policy Forums were invited to enjoy a beverage with their colleagues after the event. Business lunches held during the year also provided members with the opportunity to hear high profile speakers and network with other members of the profession and their guests. Insights once again this year proved popular and members attending these short CPD seminars were invited to enjoy a light lunch prior to the event to further encourage networking and bonding with their colleagues.

### Professional development events

A wide range of Continuing Professional Development opportunities were made available to members and opportunities for networking by members were also enhanced. Over 100 seminars and events were held during 2008.





## Financial Services Forum

With the theme of "Innovation in Financial Markets", the 4th Financial Services Forum attracted 300 actuaries and other financial services practitioners. The large number of delegates combined with an outstanding program of speakers ensured the event was a great success. Delegates enjoyed a record 48 concurrent sessions and three plenary sessions.

The keynote address was delivered by financial commentator and journalist, Alan Kohler, who provided a post budget economic roundup and discussed advice-based sales. A highlight of the Forum was the luncheon address by the Minister for Superannuation and Corporate Governance, the Hon Nick Sherry. The Minister spoke about the then newly elected government's plans for financial services, including the need for clearer disclosure and universal forecasting of superannuation benefit projections.

## General Insurance Seminar

The 16th General Insurance Seminar was held in Coolom in early November. The theme for the Seminar was "Thriving on Change" and plenary sessions were convened on current market issues, overseas developments, risk and reporting and climate change.

Roger Hayne, President Elect of the Casualty Actuarial Society addressed over 230 delegates on key issues facing US actuaries and insurers. Professor Warwick McKibbin addressed delegates on moving beyond the Kyoto Protocol and how Australia's climate change policy should be designed.

Supported by over 35 concurrent sessions the program provided participants with an environment rich with opportunity to discuss the latest developments in general insurance.

## Risk and Capital Management Research Conference

80 actuaries and researchers attended the Risk and Capital Management Research Conference convened in September in Sydney. With the aim of "town meets gown", the program was wide ranging, covering issues from insurance-linked securities, a survey of risk management processes of general insurers, economic capital for general insurer reserve risk, behavioural finance and super risk analysis, and economic capital for equity risk to empirical studies of investment choice.

The conference featured both local and overseas speakers including Dr Morton Lane from Lane Financial LLC in Chicago who reviewed the development of insurance-linked securities markets which has become a very important issue for insurers and reinsurers.

## GOING FORWARD - - >

### • Full implementation of the Leadership Program

For the general program, the aim is to have wide and deep engagement with members at all stages of their careers so that they maximise the value they receive from the program. Depending on the success of the inaugural Step Up Program, the plan would be to continue the program beyond 2009.

### • Third health financing course

Following the success of previously held health financing courses, a three day health financing course will be held in Canberra in the first quarter of 2009. The course is expected to attract actuaries, senior health executives, government officials and researchers. An impressive panel of speakers has been assembled for the course.

### • Implementation of Part III CPD for members

With planning complete, the focus will be on gradually making Part III subjects available on the LMS for Fellows who wish to update their knowledge in a particular field.

### • Promoting the profession

Having prepared the relevant collateral, the focus will be on promoting the actuarial profession to high school students via career counsellors.

### • Build programs with other associations

To further leverage the intellectual capital and capability of other financial services associations, it is proposed to convene some joint events where there are issues of common interest and mutual benefit.





## Building our expertise

### Low Carbon Economy Seminar

With climate change as one of the most important issues facing Australia, the Institute, in conjunction with Finsia, convened a one day seminar on the risks and opportunities for the financial services industry of the low carbon economy. Speakers addressed 80 plus delegates on some of the detailed aspects of the Government's Carbon Pollution Reduction Scheme, the ASX's plans to support the scheme, investing in new technologies, an investor's perspective on climate change and the likely winners and losers in a carbon constrained economy.

### Enterprise Risk Management course

The Institute conducted its ERM training courses twice during the year for actuaries wanting to take advantage of the burgeoning opportunities in risk management. The five day courses were conducted by the Macquarie University Applied Finance Centre and featured guest presenters providing actual business case studies on the value of ERM to a firm.

Meetings of the ERM Community were held on the topics of risk appetite and operational risk.

### Super Policy Forums

The change of government and policy direction provided an opportunity to stimulate the debate through the holding of Super Policy Forums.

Four Forums were held during the year with presentations from a range of experts, from the Minister to regulators and members. Topics included benefit projections and superannuation calculators, the adequacy of retirement incomes and age pension reform.

### Business luncheons

Given the current importance of financial services regulation, two business luncheons featuring APRA's Chairman John Laker and ASIC's Deputy Chairman Jeremy Cooper were held during the year. Both regulators focused on some of the key challenges that they, and the industry, face in a global financial crisis.

### Insights sessions

The successful Insights formula - encouraging members to network over lunch then participate in robust discussion - continued to be popular with good attendances at these short CPD events held in Sydney and Melbourne.

A new initiative to invite some CFA members to selected Insights added to the discussion and provided further networking opportunities.

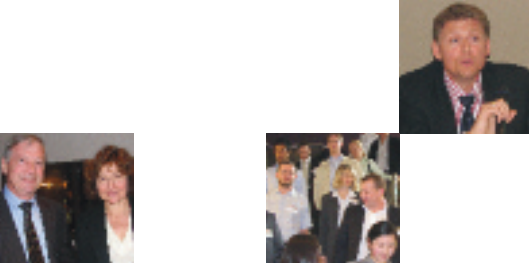
### Young Actuaries' Program

The program continued to be well attended throughout the year and featured a range of speakers addressing issues such as emotional intelligence, working overseas and actuaries in banking. The program is now firmly established and provides an excellent platform for younger members to hear from more senior members of the profession.

### Retired Actuaries' Group Sydney

An enthusiastic group of retired actuaries in Sydney met on a monthly basis to listen to a wide range of presenters and topics such as benefit projections and online calculators, investment and speculation, and a discounted approach to share investment.

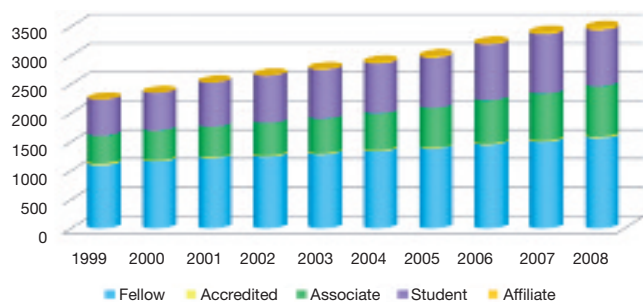




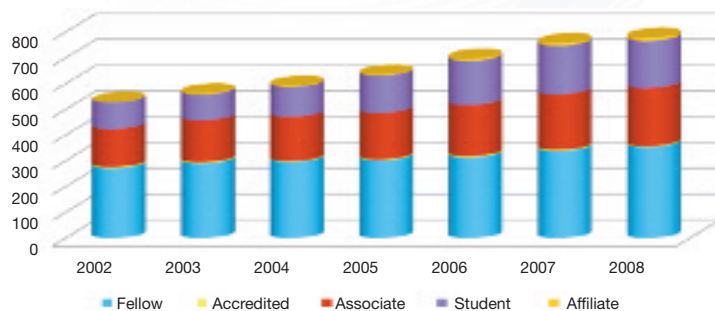
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## Building our membership

### Membership by category



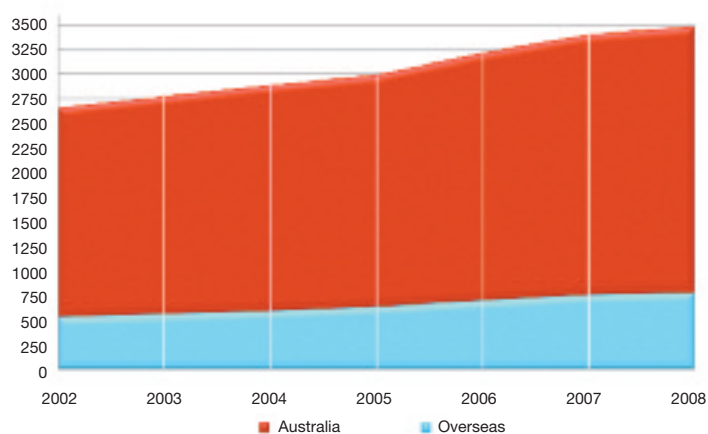
### Overseas membership by category



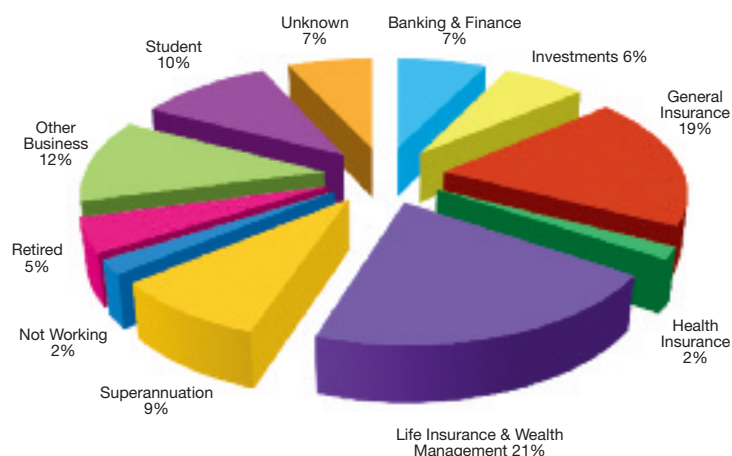
### Membership Growth

	2002	2003	2004	2005	2006	2007	2008
Overseas	529	562	592	635	697	757	778
Australia	2125	2209	2293	2353	2517	2643	2703
<b>Total</b>	<b>2654</b>	<b>2771</b>	<b>2885</b>	<b>2988</b>	<b>3214</b>	<b>3400</b>	<b>3481</b>

### Membership growth



### Membership by practice area





## Building our profile

Strategic priority 6  
implement a  
marketing and  
“public profile”  
program aligned  
to strategy

### Public profile of the Institute

2007 – 2008 has been a year of intense activity for the Institute in terms of building its public profile through contributing to public affairs. From the earliest days of 2008, newly appointed Ministers wasted little time in instituting a wide range of inquiries and policy initiatives in areas relevant to the work of many of our members. The Institute has actively sought to engage with these, through direct contact with Ministers and officials and the provision of written submissions and papers. The number and breadth of initiatives has, of itself, driven a significant amount of contact between members of the Executive Council Committee with Ministers and officials who have sought the Institute's views. This has been supplemented by ongoing liaison at the operational level, especially with APRA, through Practice Committees and Institute events.

The turmoil in global financial markets and ‘fallout’ from sub-prime housing loans in the United States cemented the regulatory reform trend very quickly. In particular, the impact of financial market upheavals on superannuation fund returns has focused attention on disclosure and long term investment related issues, such as adequacy. A wide range of inquiries has been initiated and the Institute has engaged with many of these, in some instances helping to drive the reform agenda.

### Superannuation reform

As in past years, the Institute devoted considerable resources to superannuation policy issues, responding to Government initiatives and putting forward new ideas. Numerous submissions and papers have been prepared on a range of issues, including intra fund advice, the tax deductibility of superannuation fund insurance premiums, prudential regulation relating to conflicts of interest, the Tax Agent Services Bill 2008 and the No TFN Contribution Tax.

The Institute's April 2008 discussion paper “Outstanding Issues for Benefit Projections and Online Calculators” was well received by the Minister for Superannuation and Corporate Law who announced the Government's intention to see universal forecasting as part of the superannuation system, with the discussion paper serving as a starting point for the development of appropriate policy. There has been, and will continue to be, close involvement in future consultations with the Government and ASIC on policy development in this important area.

During 2008, the Institute convened a number of very successful Super Policy Forums with the aim of bringing experts and stakeholders together for the purpose of developing and discussing retirement income policy ideas and initiatives.



## Tax and Pension Review Taskforce

The Institute established a Tax Review Taskforce to develop high level approaches and submissions to the Australian Taxation System Review (the Henry Review). The Institute's first submission drew on the work of the Retirement Income Taskforce and other committees to put forward a range of pension reform policy options. The Taskforce is proactively identifying those areas where actuaries can contribute to the Henry Review in the public interest and will coordinate responses with other relevant Institute bodies.

### Other key policy engagement

Many Institute committees and taskforces were actively engaged in policy submissions and discussions on a varied range of topics, including:

- responding to the ASX's **Review of Short Selling** and further Treasury engagement, urging enforcement of greater disclosure, transparency and governance of short selling than that applying to physical purchases, as well as other "encumbrance" related issues such as margin lending;
- **product rationalisation**, in particular the current environment with respect to the equitable management of legacy financial products and what simplifications are required to improve this environment. A model of an appropriate product rationalisation mechanism was advanced and further work is being done on the consumer protection and equity aspects of product rationalisation, pending further consultation by Treasury on recommendations for legislative reform;
- contributing to the ***Inquiry into the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008***, both through formal submission and presentation of oral evidence to the Inquiry;
- responding to the ***Garnaut Climate Change Review***, in particular on factors in emissions trading scheme design and insurance issues;
- providing ongoing assistance to APRA, and submissions, in its ***review of the general insurance prudential framework***.

"2008 presents many challenges and opportunities for the profession . . . . . from tax reform to superannuation policy, regulation of the financial services sector and design of an emissions trading scheme, we can expect many initiatives to which we will be able to provide meaningful input."

Greg Martin, President, January 2008



# Building our intellectual capital

Strategic priority 7  
develop a  
comprehensive  
approach to support  
broad based research  
and development,  
including the  
advancement of  
actuarial science

## A program of research tailored to the profession's knowledge needs

In accepting the Research Taskforce's recommendations, Council agreed to a number of initiatives for establishing and supporting a research program in the actuarial sciences, and for providing the required direction and leadership for that program.

Foremost among these was the establishment of a Research Council Committee to set the Institute's strategic directions in research, formulate research priorities and policy, establish and oversee a research program, and monitor research performance.

The core elements of a research effort in support of the profession have been identified and the key research-support measures mapped out, notably an Institute Research Grants Program and an Institute Research Contracts Program.

## Resources for research

Recognising the importance of adequate resources for research, Council decided to commit a target of 5% of the Institute's revenue (or around \$350,000 p.a.) for the support of research projects, to be available on a fully competitive basis to all qualified researchers.

Council decided to create a Research Project Fund through redeploying resources progressively from the beginning of 2010. Preparatory work for this has been completed; work is well advanced on formulating the conditions of award and the operating arrangements for the Research Grants and Research Contracts Programs, to be supported by the Fund.

Further, Council decided there should be provision for additional ad hoc funding, to be approved directly by Council, for specific research projects investigating major public policy issues to which the actuarial sciences can contribute uniquely. Involvement in such projects can help improve the profession's image.

The Institute's investments in research can be used as leverage to access funds from larger research funding bodies. This is a feature of the new research arrangements.



## GOING FORWARD - - >

- During 2009 the Institute's administrative capacity, systems and knowledge will be developed to enable establishment of the Research Project Fund and effective implementation of the Institute Research Grants Program and the Institute Research Contracts Program.
- 2009 will see significant moves towards cultivating a research culture and capacity and encouraging research awareness across the profession.

Tig Melville's generous contribution to the Institute via the prizes and awards he has established support his belief that research is key to the ongoing development of a strong profession



### Awareness of research – cultivating a research culture and research thinking

Council agreed that practising actuaries should be helped to become more aware of contemporary research thinking, latest research-generated knowledge, and research under way. Arrangements are in place or well advanced for publicising new research and completed research in a special section both on the Institute's website and in *Actuary Australia*, and for providing a directory of linkages to relevant websites.

However, accessing information on latest research developments is not enough by itself. Research thinking must be brought to permeate the profession, and Council endorsed a number of initiatives to encourage this. These include:

- an annual joint practitioner-researcher conference and a proposed *Research Special Interest Group*, where practising members and specialist researchers can share knowledge and ideas on research matters;
- a new strategy for publicising and rewarding research achievement;
- an annual prize for the best paper written jointly by an academic and a non-academic researcher; and
- encouragement for each Practice Committee to form a research sub-committee and cultivate a research culture and awareness (or to continue current efforts to these ends).

On a number of these tasks also, work is well advanced.

### Priority research areas and research topics

Council agreed that it was imperative for relevant stakeholders – especially research-oriented practitioners and specialist researchers – to be closely involved in the annual process that identifies research priorities.

Early 2009 will see completion of the first iteration of this process, which will proceed through the joint conference of practising members and researchers already referred to, as well as through ongoing consultation with practitioners, researchers and other stakeholders as prospective research priority areas are identified then refined.

Research is the life blood of the profession.



## Building our global potential

Strategic priority 8  
engage with the  
International Actuarial  
Association and  
regional associations  
on a strategic footing

### Contributing to global and regional success

Solid progress was achieved during 2008 on our Institute contributing to the global and regional success of actuaries and our members in the Asia Pacific region. Our primary efforts are directed via the International Actuarial Association where Australian representatives continue to “punch above their weight”. The quality of Australian Fellows continues to be recognised as indicated by our members’ invitations from the IAA to serve in a range of leadership roles and from other associations to present on a wide range of topical issues.

### Global ERM designation

The Institute continues to be at the forefront of the development of the proposed global ERM designation. Significant progress has been made on both the syllabus and recognition work streams, including the development of a draft treaty which is currently being considered by several leading IAA member associations.

### Stochastic monograph project

Work continued during the year on the Educational Monograph on Stochastic Processes and Modeling in Financial Reporting and Capital Assessment, which the Institute is co-sponsoring with several other associations.

### Common glossary project

The IAA announced the formal commencement of the important “Common Glossary Project” with the signing of a Partnership Agreement between the IAIS, IAA, CEA (Insurers of Europe) and the Groupe Consultatif in February 2008. The Institute is represented on the project which is designed to produce a single shared resource of technical actuarial and insurance terminology for use by official bodies, actuaries and other interested parties.

### Leveraging our education system

The three main opportunities currently being pursued to leverage our education system and resources globally are:

- the International Actuarial Education Program – which is aimed at filling in gaps where existing actuarial education programs do not satisfy local needs - could have significant strategic implications for all stages of the Australian education system. As such, the Institute has facilitated ongoing dialogue with the universities and others to ensure that the opportunities are recognised and the risks considered;
- negotiations with the Society of Actuaries to secure its support and involvement in the second edition of the Understanding Actuarial Management textbook, as well as possible other textbook projects; and
- opportunities stemming from interest in the new Global Retirement Income Systems course – which was intended to have global appeal by focusing on preparing for a superannuation paradigm focused on defined contribution schemes – as well as the leveraging of that philosophy and approach into other Part III modules.





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## Other IAA developments

For the first time, the IAA Council adopted a formal strategic plan which also aligns well with that of the Institute, further cementing the continuing synergy of our members' efforts in the international arena with the broader interests of our membership. The IAA Council has agreed to hold its meeting and Committee meetings in Sydney in April 2011 and is considering the Institute's invitation to host the next available International Congress of Actuaries in 2018.

## East Asian Actuarial Congress

Given the significant, and increasing, contribution that Asia is making to global trade and investment flows, it is important to embrace opportunities to jointly develop ideas and strategies to meet future professional demands and challenges with other regional associations (both bilaterally and through conferences and seminars). A particularly significant opportunity will be had at the next East Asian Actuarial Conference in Seoul in October 2009.

Our primary efforts are directed via the IAA where Australian representatives continue to "punch above their weight".

Strategic priority 9  
maintain adequate  
and desired  
professional guidance  
and standards to  
support members  
in roles



## Building our standards

### New Professional Standard 200

In March 2008, the new Professional Standard 200 (Actuarial Advice to a Life Insurance Company or Friendly Society) was released. Last reviewed some 12 years previously, major changes included: the inclusion of friendly societies in line with the legislative environment; enhancing the advice provisions; and, as part of advising on business risks, increasing the focus on compliance and operational risks in line with industry changes.

### New Practice Guideline on self-insurance for superannuation funds

A new Practice Guideline relating to self insurance for superannuation funds (PG 499.01) was released in June 2008. It was developed in response to APRA's stated intention to more closely regulate the self insurance arrangements of superannuation funds.

### Ensuring current and relevant guidance

A review of some of the Institute's issued guidance resulted in the following being withdrawn, thus ensuring the Institute's governance framework is current and relevant:

- GN 250 (re the Appointed Actuary)
- GN 353 (re evaluation of general insurance technical liabilities)
- GN 462 (re transitional reasonable benefit limits)
- GN 464 (re treatment of allocations from reserves)
- GN 551 (re actuaries and auditors)

### Information and discussion notes

Several information and discussion notes were issued ensuring timely and up to date information for members and opportunities for debate on practice related issues:

- Simpler Super – Notional Taxed Contributions
- Asymmetric Risks
- Benefit Certificates – Earnings Base Change from 1 July 2008
- Risk free discount rates

### PS1 compliance audit

Following on from the 2007 review, an audit was conducted of members' compliance with the CPD requirements. The audit not only raised members' awareness of their CPD obligations, but also ensures that members remain up to date in their professional and industry knowledge, thus playing a key role in achieving effective practice risk management.

### New Constitution

A new Constitution was unanimously approved by members at an Extraordinary General Meeting held in April 2008. The changes were partly driven by the recommendations of the Internal Governance Review Taskforce, as well as a need to move towards a more modern and efficient approach to the Institute's governance and leadership of the actuarial profession as a whole.



## Professionalism Course content update

Major revisions were made during the year to the content and teaching of the legal and professional obligations of actuaries in the Professionalism Course. These changes ensure that new Fellows understand their various obligations and powers, thus helping to ensure that the profession maintains the highest standards of conduct for the protection of the public interest and the profession's reputation.

## Online access

The Institute's website now hosts the most comprehensive collection of current and archived professional standards and guidance to date.

## GOING FORWARD - - >

### Professionalism Review Taskforce

During the year, the Professionalism Review Taskforce was formed to review both the Code of Professional Conduct and Professional Standard 1. The review was a function of both a foreshadowed review of the Code at the time of its substantial March 2006 revision, as well as proposed designations changes. Further member consultation on proposed changes will form a critical part of progressing this strategic initiative going forward.

### Superannuation professional standards and guidance

The updating of superannuation professional standards and guidance will continue to receive high priority. Significant work has already been completed on the following in particular:

- updating and revising PS 400 (Investigations of Defined Benefit Superannuation Funds)
- converting GN 450 (Cost of Death and Disability Benefits) to a professional standard
- converting GN 456 (Preparation of Benefit Certificates) to a professional standard
- converting GN 463 (Valuation of Superannuation Fund Assets) to a professional standard
- updating and converting GN 466 (Projected Superannuation Benefit Illustrations) to a Practice Guideline

### Professional Standard 300

PS 300 (Valuations of General Insurance Claims) was substantially amended in August 2007. Following some unintended consequences in its application and regulatory changes regarding the preparation of Insurance Liability Valuation Reports, a PS 300 Working Group was formed to consider whether further changes were needed. Consultation has already begun and work on proposed changes will continue.

The actuarial profession meets a high standard of professional conduct and can be relied upon to provide superior professional services.



# Building our strategic alignment

Strategic priority 10 focus Council on strategic and governance issues, and align Council Committees, Practice Committees and Institute office structures, delegations and responsibilities in support of this

## A dynamic Strategic Plan

Regular reporting to Council on progress with the implementation of the Strategic Plan and its supporting Business Plan was introduced, as well as a regular scheduled review on the continuing viability and relevance of the plan. Such regular reporting and review helps to ensure that the Strategic Plan remains dynamic and at the forefront of Council debate and decision making.

## A strategic Council focus

Various initiatives – over and above an ongoing focus on managing Council time in support of strategic content – were implemented to further Council's strategic focus including:

- rotating Practice Committee presentations on practice trends and issues;
- a workshop to facilitate focused debate and discussion on domestic and international education and ERM strategies; and
- holding two Council meetings outside Sydney to facilitate Council/member interaction on issues faced by the profession.

## Aligning policy to strategy

A number of policies and delegations of Council authority were reviewed and updated to ensure that the Institute's governance arrangements support and align with strategic objectives and good governance practice. These include:

- the Institute's mission and vision;
- the international strategy for 2008-2010; and
- financial and capital management policies.

## Supporting the strategic focus

Various changes were made with respect to Council Committees to ensure that the governance structure aligned with and supported Council's focus on strategic issues. For example:

- the previous Audit Council Committee's remit was expanded to incorporate an express risk management role and the committee renamed accordingly;
- the International Council Committee's role in contributing to international and regional fora was given further emphasis, consistent with the revised international strategy; and
- a Research Council Committee was established to advance Strategic Priority 7.

## Stimulated interest in Council membership

The establishment of the Nominations Council Committee in February 2007 continued to reap benefits in ensuring an active interest in Council membership, with a keenly contested election held during the year. Such interest in Council membership is important for many reasons, including ensuring effective ongoing management, and a passionate commitment to the advancement, of the actuarial profession.



Gregory Martin  
BA, FFin, FIAA



Trevor Thompson  
BA (Econ), FIAA



Bozenna Hinton  
BEc, FIAA



Susan Antcliff  
BSc (Hons), FIAA



Mark Baxter  
BEc, FIAA



Wayne Cannon  
BSc (Hons), FIAA



Anthony Carey  
BEc, M.Mgt, FIAA

## GOING FORWARD - - >

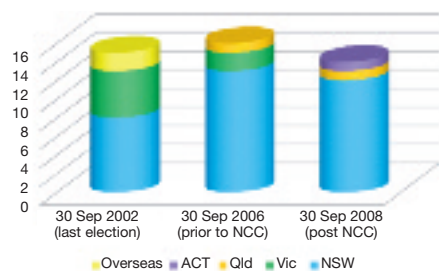
### Council Policy Framework

A major focus of 2009 and beyond will be to review both the structure and content of strategic and organisational policies to ensure appropriate alignment between the roles, accountabilities and authorities of each of Council, Council Committees, the CEO and Secretariat staff. This work will be critical to ensuring that Council can maintain its focus on high level strategic issues whilst allowing rapid operational response to increasing demands and changes within adequate risk management controls and scrutiny.

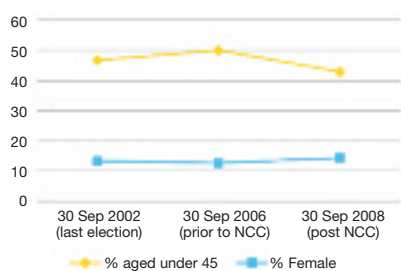
### Promoting Council diversity

Mechanisms for promoting diversity in Council membership – an ongoing mission – will continue to be explored. The key focus areas for diversity include: practice area; professional and other experience; gender; cultural background; and residence.

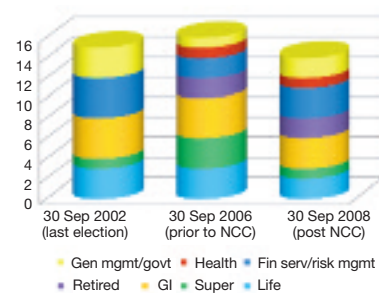
### Council by residence



### Council by gender and age



### Council by practice area



Edward Fabrizio  
BEC, MBA, FIAA,  
FNZSA, FAICD



Christopher Latham  
Sc (Hons), FIA, FIAA



Ian Laughlin  
BSc, Adv Dip FS(FP),  
FIA, FIAA, FAICD



John Newman  
BBus Sc (Hons)



Blair Nicholls  
BEC, FIAOA, FIAA



Mark Turner  
BA (Hons), FIA,  
FIAA, FIAI



Bruce Watson  
BSc (Hons), FIAA,  
FNZSA



# Building our success measures

Strategic priority 11  
establish a meaningful  
suite of data sources to  
support future strategy  
development and  
progress monitoring

As part of the full review of the Institute's operating model and the subsequent creation of an IT Infrastructure Plan, as detailed in Strategic Priority 2, the subjects of data sources and progress monitoring were addressed.

A key requirement identified of the new membership database system is to include a sophisticated suite of analytical tools to track member behaviour, including online functionality. This is to better understand member needs and to improve targeted communications and construct trend profiles by practice area, member category and other key indicators.

The annual Beaton Consulting survey of member attitudes has proven valuable and will continue in its current format. Additionally it allows the Institute to benchmark its performance against other professional associations. Other relevant surveys of members have been conducted and these are contributing to our understanding of current and emerging attitudes and issues.

The Institute continues to utilise Buchan Consulting to assist with the implementation of the public relations strategy (including media monitoring, measuring success and analysis) which enhances the influence, position, and profile of the Institute and its members in a way that achieves improved awareness, credibility and respect for the profession of actuary.



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## In Memoriam

Sadly, during 2008, we lost a number of actuaries including two past Presidents.

Ron Champion made an important contribution to the actuarial profession, culminating in his Presidency in 1993. Ron was a Director in the Victorian Treasury for a number of years, where he played a significant role in the development of Workcare and in the reform of Victorian public sector superannuation.

Born in 1912, Peter Wickens, who was President of the Institute in 1953, had a long and extraordinary life. Admitted to the Victoria Bar in 1936, Peter worked for High Court Justice Sir Hayden Starke before taking up actuarial studies by correspondence from London. He moved to Sydney to work for City Mutual Life Association, rising to General Manager and Board Member. He was awarded an OBE in 1978 and an Institute Silver medal in 1987.



## Disciplinary Scheme report

### Disciplinary Scheme in force up to 28 February 2006

Under the Disciplinary Scheme in force up to and including 28 February 2006, Council reports annually to members such information as it deems appropriate in relation to the activities of the Professional Conduct Committee and any proceedings before any Tribunal or Board during the year.

The final remaining matter under that Scheme – relating to a Complaint arising out of the NSW Special Commission of Inquiry into the Medical and Research Compensation Foundation – was dismissed by the Professional Conduct Tribunal on the basis that the documents presented to it by the Investigating Sub-Committee did not show a prima facie case of Actionable Conduct.

### Disciplinary Scheme in force from 1 March 2006

Under the Disciplinary Scheme currently in force, Council retains responsibility for publication of any information about disciplinary action to members, government agencies or other parties. Council is required to report annually to members.

Two matters were concluded during the year under this Scheme. One Complaint was dismissed following a finding by the Investigating Sub-Committee that there was no prima facie case of Actionable Conduct.

The resolution of the second matter – namely, a finding by the Professional Conduct Tribunal that Mr William Szuch had committed or been engaged in two instances of unsatisfactory professional conduct (constituting Actionable Conduct) and that he be given a warning – has already been reported to members in notices issued on 24 June 2008 and 21 July 2008.

The resolution of the above matters means that there are no outstanding Complaints under the current Disciplinary Scheme.

## The Secretariat

A small, professional and dedicated team sharing a common purpose to provide value to our membership.

Chief Executive Officer	John Maroney
Personal Assistant to Chief Executive Officer	Julia Purves
Director, Professional Education	Stephen Wright
Education Manager	Philip Latham
Program Manager	Carmen Joseph
Education Coordinator	Rebecca Moore
Education Coordinator	Shreya Trasy
Education Officer	Belinda Hannan
Staff Actuary	Chris Johns
Actuarial Education Consultant	Carol Dolan
Director, Practice Development	Darren Davis
Professional Development Manager	Sarah Hodgkinson
Senior Events Coordinator	Stephanie Brennan
Events Coordinator	Emma Simonson
Membership Coordinator	Fatima Dawood
Director, Governance and Regulation	Anne Peters
Corporate Governance Officer	Kylie Williamson
Director, Public Affairs	Philip French
Manager, Research	Ron Murnain
Director, Operations	Peter Jones
Finance Manager	Peter McBride
Manager, Information and Technology	Julian Buckell
Finance and Administration Officer	George Zorbas
Administration Assistant	Wahiba Tegmouss
Reception	Melissa Stacey

(as at 30 November 2008) (Robyn Bulless is on maternity leave)

# Income statement and balance sheet

## Income Statement for the year ended 30 September 2008

	2008 \$	2007 \$
Administration Revenues	188,266	220,439
Professional Development Revenues	588,628	1,225,965
Education Revenues	2,945,433	2,832,658
Knowledge Revenues	172,704	235,417
Member Services Revenues	2,548,593	2,396,365
<b>Total Revenue</b>	<b>6,443,624</b>	<b>6,910,844</b>
Administration Costs	(875,211)	(924,759)
Employment Costs	(2,739,664)	(2,181,971)
Professional Development Costs	(447,949)	(709,212)
University Foundation Grants	(330,000)	(325,000)
Education Costs	(1,225,785)	(1,039,429)
Knowledge Costs	(186,027)	(227,026)
Governance Costs	(35,807)	(28,193)
Public Affairs Costs	(142,039)	(115,997)
Member Services Costs	(139,498)	(165,261)
Council and CEO	(252,853)	(200,052)
Strategic Projects	(59,052)	(148,090)
<b>Total Expenses</b>	<b>(6,433,885)</b>	<b>(6,064,990)</b>
<b>Surplus Before Income Tax Expense</b>	<b>9,739</b>	<b>845,854</b>
Income tax expense	-	-
<b>Surplus Attributable to Members</b>	<b>9,739</b>	<b>845,854</b>

## Balance Sheet as at 30 September 2008

	2008 \$	2007 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	230,003	538,866
Trade and other receivables	380,263	200,026
Other current assets	5,144,207	4,634,465
<b>Total Current Assets</b>	<b>5,754,473</b>	<b>5,373,357</b>
<b>NON CURRENT ASSETS</b>		
Other non current assets	-	77,894
Property, plant and equipment	617,125	685,274
<b>Total Non Current Assets</b>	<b>617,125</b>	<b>6,136,525</b>
<b>Total Assets</b>	<b>6,371,598</b>	<b>6,136,525</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,543,313	1,410,542
Provisions	218,704	126,141
<b>Total Current Liabilities</b>	<b>1,762,017</b>	<b>1,536,683</b>
<b>Total Liabilities</b>	<b>1,762,017</b>	<b>1,536,683</b>
<b>Net Assets</b>	<b>4,609,58</b>	<b>4,599,842</b>
<b>MEMBERS' FUNDS</b>		
Retained earnings	4,609,581	4,599,842
<b>Total Members' Funds</b>	<b>4,609,581</b>	<b>4,599,842</b>

The full Institute of Actuaries of Australia financial statements for the period ending 30 September 2008 including notes accompanying and forming part of these financial statements, are available via the Institute website: [www.actuaries.asn.au](http://www.actuaries.asn.au)



## The Institute

The Institute of Actuaries of Australia has a national and international membership, employed mainly across the financial services and health insurance sectors. Many members are self employed practitioners, while others are employed by actuarial consulting firms and larger financial institutions.

The Institute is committed to promoting the brand Actuary, providing educational and continuing professional development services to members and ensuring the standards of the profession are maintained to the highest level.

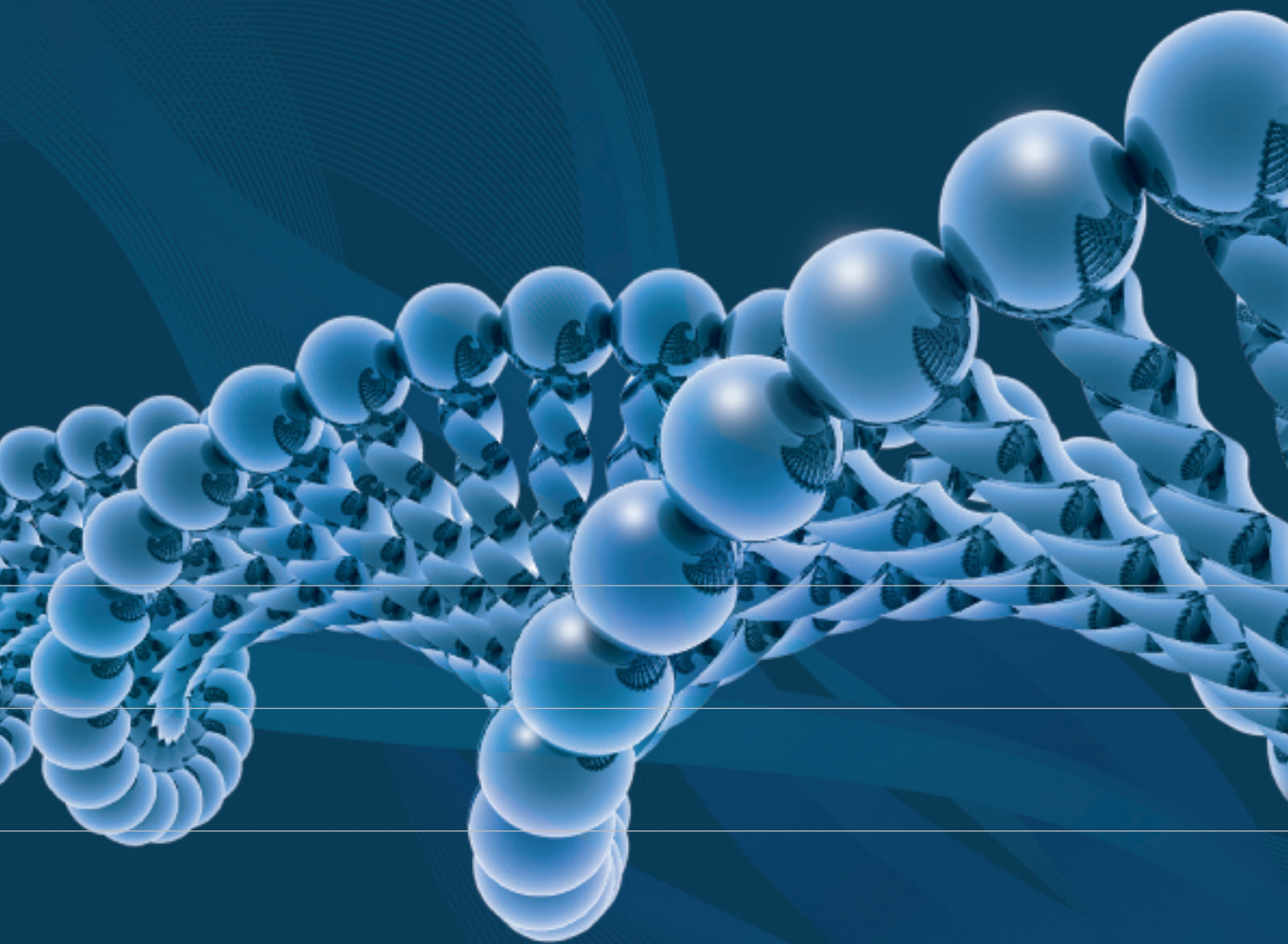
For Institute news, services, publications and events go to [www.actuaries.asn.au](http://www.actuaries.asn.au)

## Institute of Actuaries of Australia

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Institute of Actuaries of Australia