2023 INTERNATIONAL CONGRESS OF ACTUARIES

BRIDGE TO TOMORROU

28 MAY - 1 JUNE 2023 · SYDNEY





International Actuarial Association Association Actuarielle Internationale











Professionalism Failures

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This presentation has been prepared for the 2023 International Congress of Actuaries. The Actuaries Institute Australia Council wishes it to be understood that opinions put forward herein are not necessarily those of the Institute and the Council is not responsible for those opinions.









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Institute of Actuaries of Australia

ADVERTISEMENT FOR INSERTION IN THE AUSTALIAN FINACIAL REVIEW **29 JANUARY 2007**

On 2 November 2006 a Professional Conduct Tribunal of the Institute of Actuaries of Australia, acting under the Institute's Disciplinary Scheme as part of its Constitution, delivered its decision in relation to a complaint against Mr David Julian Minty (the Respondent), initiated as a result of the report of the NSW Special Commission of Inquiry into Medical Research and Compensation Foundation (MRCF). The Tribunal determined that the Respondent, an actuary engaged by James Hardie Industries Limited (JHIL), had committed two breaches of the Institute's Code of Conduct alleged in the Complaint, namely:

- allowing the distribution of his February 2001 report to third parties, namely the (1)directors of MRCF, as that report did not state the significant implications of the advice, as the advice was presented in a misleading way and as constraints on the actuary's independence were not disclosed - contrary to Section 15 of the Code of Conduct; and
- failing to advise his client, JHIL, or the directors of MRCF, that they had (2)proceeded on a serious misunderstanding of the nature, purpose and completeness of his work and thereby failing to act in accordance with the principles espoused in Section 1 of the Code of Conduct in that he failed to fulfill his obligation to the public interest to provide high quality actuarial advice and service.

Having considered all the circumstances and the submissions made in relation to penalty, the Tribunal unanimously determined that the Respondent be reprimanded for his Actionable Conduct, as defined under the Disciplinary Scheme, in relation to those two breaches of the Code of Conduct.

This notice is issued by order of the Council of the Institute of Actuaries of Australia made on 22 January 2007.









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What caused my failure?











What could have helped?













Were there consequences?











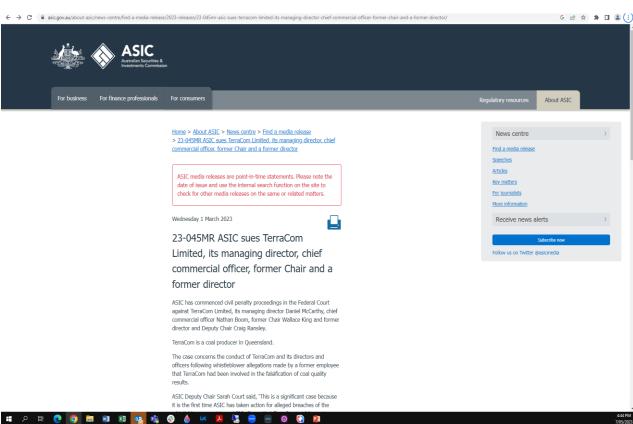
Conclusion













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Professions and the Ecosystem of professions

Prof. Deen Sanders OAM

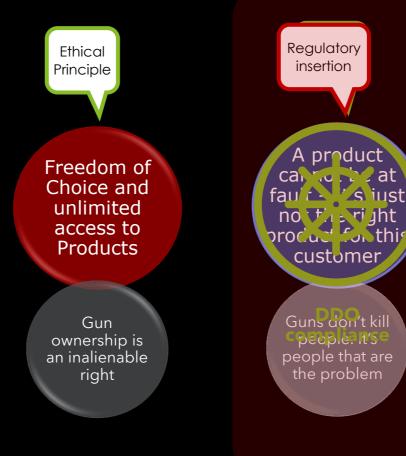
Partner, Deloitte: Integrity

'Independence', ethical distancing and blaming the system

The '*Not our* problem' problem

OR Resolving the excuse of **Ethical** Distancing

For too long we have satisfied ourselves with a view that ethical issues sit in the distribution of products, rather than their manufacture



, at

The system of professional obligation in the Product value chain



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Why does professional regulation matter

Prof. Deen Sanders OAM

Partner, Deloitte: Integrity

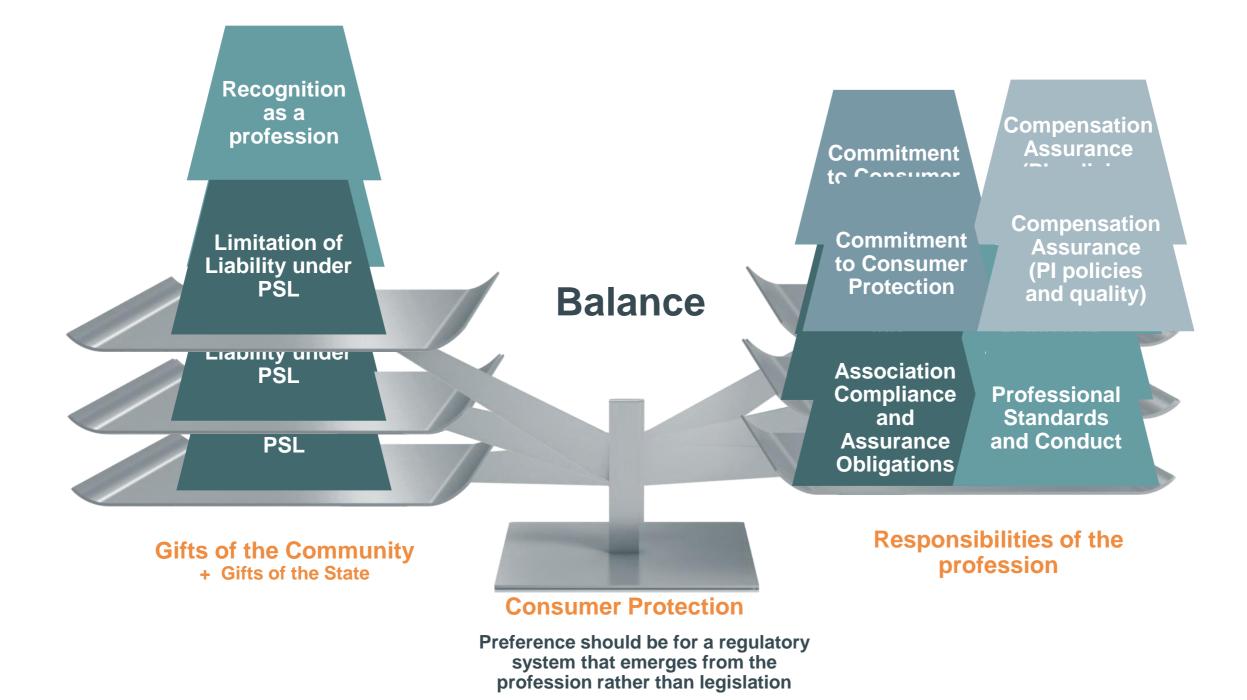
Regulatory spectrum

The Regulatory Spectrum is influenced by numerous factors (community expectations, appetite & capacity, heightened public attentions and current system limitations.

No regulation	Self-regulation	Co-regulation	Statutory regulation
There are no explicit controls on an organisation.	Regulations are specified, administered and enforced by the regulated organisations.	Principles-based regulation as a form of self-regulation, where the government identifies the principles but the industry regulates the detail, may begin at this point. Regulations are specified, administered and enforced by a combination of the State and the regulated organisations.	Regulations are specified, administered and enforced by the State.
Typical negotiable elements	Meta-regulation reliance		Functional-regulation reliance
 Licensing/Registration Education Professional enforcement Consumer 			

- redress/compensation
- Protection of title/function

Source: Bartle & Vass, Self-regulation and the regulatory state: A survey of policy and practice, Research Report 17, University of Bath, Centre for the study of Regulated Industries, October 2005.



PSL = Professional Standards Legislation

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our Lead the way Our Code Brand Visible Always Openminded Consult Integrity Protect Respect Kind Making a difference Shared values raining Collaborate for Inclusion Measurable Impact Foster inclusion Take Care o ach Other Culture Encourage Inclusion invest in Community Relationship Visible Success Others Our Reputation Good faith Recognition Inclusion Honest Anti-harrassment Bold Choices Fair treatment Well-being Anti-discrimination Non-judgemental Diversity Collaboration

The ethical advantage: the economic and social benefits of ethics to Australia

The Ethics Centre 2020

Deloitte Access Economics

Just how ethical is Australia?



Proportion of Australians who think most people can be trusted



Average assessment of the degree to which others make agreements honestly, keep their word or succeed by not stepping on other people



The Governance Institute rates Australia +37 on a scale of -100 to 100. The health care sector is seen as the most ethical.

Individuals



By improving their mental health and wages.

A **10%** improvements in ethical behaviour is associated with a **1%** improvement in mental health and a **2.7%** increase in wages.



Businesses

Improving a business' ethical reputation can improve its relationships with customers and suppliers and can lead to a 7% increase in return on assets.



The economy

Improving trust and social capital allows for the smoother functioning of markets and reduces the cost of regulation and compliance.



The bottom line

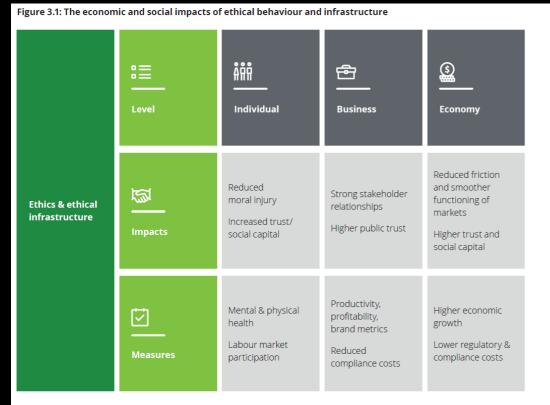
Lifting Australia's trust levels to that of the global leaders would increase GDP by:

\$45 billion

How do we build a more ethical Australia?



Systems Thinking (relationality/complexity) approach will likely get us further than a structural/componentry approach - but are we ready for it?



Source: Deloitte Access Economics (2020)

