

In accordance with the assumptions made by us in carrying out this valuation, the net liability per member at the 31st December, 1879, was £25 16s. 4d. This is the amount of funds per member which should have been in hand at that date, to render the lodge actuarially solvent. But the amount of funds in hand, including the proportion of District Funeral Fund, was only £10 0s. 8d. per member; there is, therefore, a deficiency of £15 15s. 8d. for every person in the lodge. Or, to put the matter in another way, the lodge is only worth 7s. 9½d. in the pound.

As this is a position which must be regarded as one of great peril, it is now our duty to inquire into the cause of this large deficiency and also to make some recommendations as to how it should be dealt with. The conditions of solvency and stability in a friendly society may be classed as follow: 1. Adequate contributions. 2. That the number of members in the society (or lodge) be large enough to secure a close approximation to the average sickness and mortality assumed in the tables from which the rates of contribution are derived. 3. That the contributions to the Benefit Fund be regularly invested at the highest rate of interest obtainable consistent with safety. 4. That to secure average results the locality should be fairly healthy, and that there should not be an unusual proportion of members employed in occupations of a more than ordinarily hazardous or unhealthy nature. 5. That the condition of affairs in the society be periodically investigated, so that any irregularities which the foregoing conditions may have failed to provide for may be corrected before they have grown to too great proportions.

We will now seek to inquire into how far your lodge has conformed to, or fallen short of, these conditions.

In regard to the first condition, we find that the rate of contributions charged to members admitted previous to July, 1879—namely, 2s. per lunar month, with 3s. extra annually, or 29s. per annum, and initiation fees ranging from £1 at age 18, to £10 10s. at age 45—is not sufficient for the benefits promised. How this scale was arrived at, or on what data (if any) it was based, or what rate of interest was assumed, we have not been able to discover. Comparing it with any published data it is grossly inequitable, and on our assumptions insufficient at all the ages. At age 18 the insufficiency is £2 12s., at age 30 it is £13, at age 40 it is £21, and at age 45 it rises to £24. Fortunately, however, for the lodges in this District, but few persons join the society after 40 years of age. The scale of contributions for members admitted since July, 1879, though still too low in our opinion, unless a rate of 6 or 7 per cent. can be obtained on the accumulated contributions, is a great improvement on the old, but in this valuation, owing to the fact that only two members were paying increased contributions in accordance with it, the effect of the new scale can hardly be said to have been made manifest.

In regard to the second condition, we find that the number of members in the lodge has not been large enough to secure average results in the working. What the number of members was in 1865 and 1866 we have not been able to learn from the district reports; but in June, 1867, the number is given as 101, and this number does not seem to have been reached in any subsequent year. In December, 1870, and again in 1871, the numbers returned are 77, and this appears to have been the smallest number of members in the lodge at the end of any year since 1867.

In regard to the rate of sickness and mortality experienced by the lodge, we regret to find that during all the years for which we have anything like reliable accounts—viz., 1869 to the present time—both have been heavy. For the six years ending 31st December, 1874, we find that £602 10s. 11d. was paid as sick pay. During these years the mean number of members was about eighty-four, of the average age of about 33 years, so that the expenditure on account of sick pay was at the rate of £100 12s. per annum, or very close on £1 4s. per member; while according to the data employed by us, about £76 per annum, or a little over 18s. per member, should have been sufficient to have paid all the sick claims. It therefore appears that during these years the sickness experienced was considerably over the expectation both in quantity and value. Coming now to the period 1875 to 1879, we find the sickness expected and experienced, with the values thereof, to be as follows: Sickness expected, 481 weeks, of the value of £434 14s.; sickness experienced, 640 weeks, of the value of £476 14s. 6d., or a difference of 159 weeks in point of time, and £42 in point of value.

Dividing the above sickness into the periods during which different rates of sick pay are paid by the lodge, we obtain the following results:—

Sickness for the Years 1875 to 1879.

Period.	EXPECTED.		EXPERIENCED.	
	Weeks.		Weeks.	Days.
First six months	376		302	6
Second six months	39	..	35	0
After twelve months	66	...	302	1
Total	481	..	640	0

From the above it will be seen that, while the sickness during the first and second periods has been under the expectation, the sickness in the third period has been nearly five times above it. It further appears that forty members received sick benefits during the quinquennium. Of these one had been on the funds for one year at least previous to 1875, and during the next four years he experienced 186 weeks 1 day sickness; another experienced 176 weeks 5 days—together equal to 362 weeks 6 days, or considerably more than half the total sickness. Viewing the sickness experienced from another point—namely, in relation to the age of the members, we find that thirteen members born between the years 1828 and 1839 have experienced 481 weeks 4 days sickness, or a little over three-quarters of the whole.

In regard to the third condition, we regret to find that in the early years of the lodge little attention appears to have been paid to the profitable investment of the funds, on the one hand; and, on the other, sums appear to have been taken from the Benefit Fund to make up deficiencies in the Management Fund.

On the 30th June, 1868, the value of the lodge is given in the District reports as £452 9s. 10d.; on the 31st December, 1869, it had decreased to £391 7s. 6d., while at the same time the Management