

the societies would have a beneficial effect, *provided that the original and more severe method of valuation be conserved, and its results exhibited side by side with those of the proposed new method*, he is bound in fairness to admit that some highly-competent judges hold the opposite opinion. A gentleman who has for many years been connected with one of the largest societies in the colony, and whose knowledge of friendly society finance is both accurate and extensive, has lately condemned the proposed change as decidedly impolitic. In a memorandum to the Registrar, courteously furnished in reply to a request for his opinion, he has expressed his views in the following terms:—

“After full consideration of the subject, and conversations with Messrs. —, I am decidedly opposed to effect being given to the desire expressed by Mr. Wright* and some others for the employment of a higher rate than 4 per cent. in our valuations, and for an allowance being made on account of secessions.

“(1.) Because, in my opinion, 4 per cent. is as high a rate of interest as can be adopted with safety, and to employ a higher rate would therefore be misleading and dangerous.

“(2.) Because neither the Valuer nor the Registrar can control the use to which the results of a valuation at a higher rate than 4 per cent. may be put. In the great majority of cases members would regard, and lead other persons to believe, that the valuation most favourable to their own society was the correct one; and, where much was required, little or nothing would be done to improve the condition of the society.

“(3.) Because all, or nearly all, those persons who ask for the employment of a higher rate of interest and an allowance for secessions in the valuations, have not acquainted themselves sufficiently well with the nature and conditions of the various matters involved to be capable of forming a just opinion on the merits of the case. With fuller knowledge and more experience this agitation will soon die out in the North, as it has already died out here.

“(4.) Because members generally will carp and cavil at any method of valuation which fails to show a surplus in their particular society.

“(5.) Because Valuers ought to leave a margin for safety somewhere. Their advice regarding the rate of contributions to be charged is not taken; they cannot control the number of members, or the safe and profitable investment of the funds, or secure honest administration in the societies; and the determination of the rate of interest to be used, and the method of dealing with protracted sickness and secessions, are the only items left them.

“For the foregoing reasons, and others that might be mentioned, but which will be obvious to yourself, I am decidedly opposed to any alteration being made in the rate of interest employed in our valuations. When sufficient experience of the rates of sickness, mortality, secessions, &c., in this colony has been collected to afford some real guidance, then alterations may be required in our present methods of dealing with these matters; but that time has not arrived yet.”

Of the reasons here urged, the Registrar considers that the one marked (2) possesses great weight, although he holds that the danger there indicated is more than counterbalanced by the advantages to be anticipated from the introduction of the new method. The reasons marked (1) and (5) would be conclusive if it were proposed to abolish the old method of valuation, but they do not seem to the Registrar to have any force against the proposal to establish the new method side by side with it. Lastly, arguments (3) and (4), though undoubtedly tending somewhat to weaken the grounds on which it has been proposed to make the change, can scarcely be held to remove those grounds.

28. It should be distinctly understood that, under the present Act, the Registrar has no power to determine the rate of interest at which a valuation is to be made, nor whether secessions are to be taken into account or not. These points are left to the discretion of Valuers. The Registrar can only advise, and express his opinion after a valuation is completed as to the correctness or otherwise of the principles on which the valuation has been made. His opinion, however, as frequently expressed and still held, is to the effect that the standards hitherto adopted by the Valuers are necessary and sufficient to insure the safety of societies (with prudent management), although—or rather, *because*—they considerably over-estimate the *most probable* liabilities which the society under prudent administration is likely to have to meet. It is evident that if only the most probable liabilities are provided for, a society is in a thoroughly unsafe position, even with the best management, for the chances of permanent success and ultimate failure are, so far as they depend on the existing contracts, nearly even.

TRADE UNIONS.

29. By “The Trade Union Act, 1878,” the Registrar of Friendly Societies is constituted Registrar of Trade Unions, and is required to report annually on his proceedings in that capacity. It therefore becomes his duty to report that, during the year 1883, applications for registry were made by two unions, viz., the “Wellington Licensed Victuallers’ Trade Union Association,” and the “Lyttelton Lumpers’ Union.” Both these societies were duly registered during the year, although the registration of the former has since been cancelled at its own request, on the ground that the number of its members had fallen below the minimum number required by the rules.

Friendly Societies’ Registry Office, Wellington,
20th August, 1884.

F. W. FRANKLAND,
Registrar of Friendly Societies.

* Secretary of the Fountain of Friendship Lodge of Odd Fellows, Auckland.