1886.

NEW ZEALAND.

FRIENDLY SOCIETIES

(REPORT OF THE REGISTRAR FOR THE YEAR 1885).

Presented to both Houses of the General Assembly pursuant to "The Friendly Societies Act, 1882," Section 5, Subsection (8).

THE direct bearing which the success or failure of friendly societies has upon the problem of poor relief—a problem which, as the population of a country increases, becomes ever more and more difficult to solve—renders the welfare of such societies a subject of interest and importance, not only to their own members, but to the whole community. Eleven years ago Mr. W. P. Pattison, an eminent member of the Institute of Actuaries, stated it to be believed that £2,000,000 per annum was saved to the poor-rates in England by the relief afforded by friendly societies. This is not, indeed, the only ground on which these societies are entitled to the favourable regard of all thoughtful men, but in a consideration of their relation to the State it is a very important factor.

2. Of the financial position of the societies in this colony as a whole it is impossible, as yet, to speak with certainty. The valuations due during the current year will afford, it may be anticipated, some important additions to the present information. A few societies may be congratulated on their success; some, on the other hand, are undoubtedly unsound. Of the rest, some have been established very recently, while others have had to go through a painful experience. These, finding their contributions inadequate, have manfully faced the difficulty, and, although the recovery of lost ground is a slow process, will in time doubtless have the satisfaction of finding their determination crowned with the success that it deserves. Of some it must be said with regret that, their valuation having been made and their position explained to them, they have made no attempt to carry out the advice which the Valuer has tendered them. Years ago in England friendly societies were established in utter ignorance of first principles, and very many as a necessary consequence became insolvent. Since actuarial science became a special study, most of the societies which have broken up have either neglected to seek advice from experts or, if such advice has been received, have persistently disregarded it. And it must continue to happen that societies which refuse to avail themselves of the experience of the past and of the actuary's technical knowledge will find that the wisdom bought by their own experience, although doubtless a very valuable acquisition, is purchased at an expensive, if not at a ruinous, rate. It has also to be recorded that some societies still ignore the history and experience alike of those which have failed and of those which, after long years of anxious struggling, have at length shaken themselves free from the difficulties which they encountered in consequence of the error that they committed in not adopting at their commencement a graduated scale of contributions. In reference to this question, the High Chief Ranger, at the High Court meeting of the Ancient Order of Foresters last year, said: "We compelled every member, no matter what his age, to pay the same contribution. After years of labour this inequitable system was abolished, and we take pride in being the means of having brought the Order to the condition of every court in it to-day having graduated contributions." Assuming the average contribution for all ages to be sufficient, it is manifest that where there is a uniform rate the younger members must be charged too much. Moreover, it cannot be assumed that members will join in equal proportions at all ages, and if younger men should keep aloof from such societies, the only safe contribution would be the rate as for the highest age admissible. The recognition of the necessity of adopting a graduated scale will, it is probable, ere long be forced upon societies which have not done so by the very existence, side by side with them, of those which have. The more fully the subject is understood, the greater will be the proportion of young men who, when deciding what society they will join, will make choice of one which is able to say that members admitted at the higher ages contribute their fair share to the common fund, in preference to a society in which, even on the doubtful supposition that the average contribution is sufficient, the deficiency in the contributions of the older entrants is made good by a tax upon the younger.

3. The regulations which had been issued under the Friendly Societies Act of 1877, having become obsolete and of doubtful authority, were revised and adapted to the Act of 1882. The new regulations have been already laid before both Houses of the General Assembly in conformity with section 41 of the Act. As therein also provided, each registered society and branch was supplied with a copy.