locality, and under outwardly similar conditions, but the sickness of the societies as a whole is higher than the standard, although lower at the younger ages. The obvious inference is that the experience of newly-established societies affords no guide to the expectation throughout life.

26. The number of lodges valued which were established prior to 1887 was eighty-four. Of these, the number which earned a higher rate of interest than 4 per cent. on their accumulated funds was forty-three, less than 4 per cent. thirty-four, and absolutely nothing seven. The time is fast passing when New Zealand societies will be able to avail themselves of a high rate of interest, and many of them appear not to recognise the importance of this factor in their finance. Whatever the current rate of interest may be on sound securities, satisfactory investments may be taken to represent a double benefit. Good management in one direction is indicative of good management throughout.

27. The oft-repeated story of losses on funds invested in halls is again a feature of the valuation reports of the year. Frequently, the estimate put upon freehold property greatly exceeds the capitalised value of the interest earned. Sometimes the actuarial valuer has written down the property; in other instances, while expressing disbelief as to the correctness of the figures supplied to him, he has transferred them unaltered to the balance-sheet. Where an estimate in excess of the true value has been accepted and entered in the valuation balance-sheet, either the surplus is wholly or in part fictitious, or the deficiency is understated by the amount of such excess. If there is no reasonable probability that property will in the future yield interest, clear of all charges, at the rate of 4 per cent. at least, one of two courses should be adopted. Should the society be unwilling to dispose of the property for what it will fetch in the open market, such a sum must be written off for depreciation as will leave a true estimate of its value. It is useless to retain the cost-price on the books. The loss has to be faced, and it can be of no possible advantage to defer recognition of the fact that an unwise investment has been made.

28. Some lodges show a serious deficiency. In these the claims of existing members cannot be met except by an increase of contributions or by the introduction of new members. As the latter method is not capable of indefinite extension, the burden, although transferred to other shoulders, cannot be got rid of, and the greater the number of claims that are paid in full the greater the average deficiency per member surviving. As it cannot be supposed that men join a mutual benefit society without hoping to share fully in its advantages, it is surprising that before entering a lodge men do not inquire whether their thrift is to be stored up against their own day of need or is to be expended in making good the inadequate reserves of prior claimants.

29. In a society in which the Sick Fund of each branch is devoted to the payments of benefits to its own members exclusively, the smaller the membership the greater is the danger that a few cases of protracted sickness, or even one only, will raise the average per member to an abnormal height. This special risk of small membership some societies have sought to avoid by amalgamation of branch sick funds, either wholly or in respect of chronic sickness; and, if an equitable scheme can be devised, the advantages may be held to outweigh the disadvantages. It should, however, be borne in mind that where there is a deficiency no mode of transference of existing obligations can reduce by one penny the value of the liabilities. In that case no readjustment of the burden is sufficient. It is necessary either to reduce the benefits or to raise the contributions.

30. It frequently happens that the quinquennial sickness in some branches of a society is less, and in others greater, than the expectation. When this difference is in their favour members may think that some allowance should be made on account thereof. If a variation above or below the standard adopted could be relied on as indicative of a like sickness in the future, a modification of the present values might be made accordingly. But it is obvious that to base an estimate of future liabilities on a small experience, covering a few years only, throughout which the majority of the lives at risk are young, would be valueless. An attempt to assess them by reference to such an experience, in defiance of the fact that in respect of other branches of the same society for the same short period an extreme difference is recorded, as well as in disregard of the results of a large experience extending over the whole of life, even though under somewhat different conditions, would be worse than valueless, for it could tend only to mislead.

31. Information as to the forms kept in the Registry Office for the convenience of societies, and sent free on application, is to be found in Appendix VI.

Trade-unions.

Registration.

32. The following societies were registered under "The Trade-union Act, 1878," during the year 1892: viz., the United Employés' Society of Boilermakers and Iron-ship Builders of New Zealand; the New Zealand Boot-manufacturers' Association; and the Boilermakers and Iron-ship Builders' Society of Christchurch.

Amendments of Rules.

33. Partial amendments of the Shipmasters' Association of New Zealand were registered.

34. A list of registered trade-unions, as at 31st December, 1892, is shown in Appendix IV.

EDMUND MASON,
Registrar of Friendly Societies and Trade-unions.

1st June, 1893.