his return before the 31st March. In connection with clause 34, providing for special auditing, we are in favour, on the Registrar's order, of a special audit taking place at any time; but, like Mr. Jessen, we want the expense to be met by the Government, otherwise it would be disastrous to the lodges. We think it possible that it is intended that the Department shall bear the cost, but it is not made clear in the clause. Section 38: This is in connection with the distribution of the surplus as declared after the valuation of the society. Hitherto the societies have had the right to make a cash distribution of any surplus, and we think the principle of that is entirely wrong, and that the amount should be reinvested in some way for the benefit of the members. The amount is generally a very small one, and does the members no good, and we are against its distribution. We propose the following amendment of the clause: "Section 38, subsection (3): After the word 'may,' in the third line, delete the remainder of the sentence, and substitute the following words: 'in accordance with the rules of the society and with the consent of the Actuary making the valuation and the Registrar, appropriate so much of the said surplus as can be safely used to the following purposes: (*a*) Increased sickness benefit; (*b*) increased Funeral Fund; (*c*) reduction of the future contributions of members in old age; (*d*) provision for superannuation benefit, medical aid, distress, or management purposes; or (*f*) grants in aid of branches in deficiency. When an appropriation has been sanctioned for purposes other than reduction of contributions, the amount so appropriated shall be transferred from the Benefit Fund and placed to the credit of the fund or funds to which it is appropriated. Not more than forty per cent. of the available surplus shall be allowed to be appropriated for purposes other than increase of sick and funeral benefits, or reduction of future contributions.'" We think that is a much better way of disposing of the surplus.

13. *Mr. Hayes.*] I suppose the executive is aware that in putting the surplus to increase the sick-benefits it might have a tendency to increase the rate. If you raised the sick-benefits——? —But the Bill provides for a cash distribution.

14. Not at all. See line 53, "may transfer to the objects of the society." It is quite clear it cannot go outside the objects of the society?—I can only say we very carefully considered the clause. We think a restriction is desirable to prevent any cash distribution, if it can be done. In connection with the investment of funds—section 41, subsection (3)—we think the basis should be the same as that adopted by all the Government lending Departments—half the improved and three-fifths of the unimproved value of the security. Subsection (2) we consider a rather important matter, because some of the small lodges in the country districts have seen fit to invest in lodge property, which in some cases has resulted in the downfall of the society. Section 44: We have struck this out, and substituted an amendment. We think the present machinery is very cumbersome, and entails a great amount of work on the secretaries, and causes confusion. We propose to add a section to this effect: "44. All returns of the names of the trustees of any friendly society, and of the death, resignation, or removal of existing trustees, and of the appointment of new trustees heretofore furnished to the District Land Registrar, in pursuance of subsection five of section fourteen of 'The Friendly Societies Act, 1882,' shall be deemed records of the Deeds Register Office of the registration district to which such returns may relate, as effectually as if such returns had been duly recorded in such Deeds Register Office; that changes of trustees in a society or branch shall be made known to the Registrar of Friendly Societies, and that the Registrar notify the Lands Office and Post-Office Savings-Bank of such change, the secretary of the society or branch to supply the Registrar with the necessary particulars *re* change of trustee."

15. *The Chairman.*] What would the effect of that be?—That all the lodge has to do is to notify the Registrar of the change of trustees, and the Registrar will take all the formal steps to see that the notification is sent to the right quarters. Section 53 we have struck out altogether because we have already dealt with the disposal of the surplus in section 38. Sections 55 and 56: There is a limit to the amount which a member may nominate a person to receive in connection with his death. It is £100 in the Bill, and we have added the word "fifty" to make it £150.

16. Why?—It was put in because at the present time some societies are paying £120. Consequential amendments will need to be made in several clauses. In section 56 we have added the words "and that all moneys payable as sick and death benefits be exempt from attachment by any legal process." We are not quite clear that that is not the law at the present time, but we want it to be made more clear because it is a very important matter. We have added another subsection to section 56—section 58, subsection (2), of the Imperial Act, which deals with illegitimacy. In section 62, with reference to amalgamation, subclause (*a*) requires five-sixths in value of the members, and we think that two-thirds would be quite sufficient. Most of these amendments I am advocating emanate from the Conference, representative of 45,000 members, held in 1906, and not from our order alone. Section 89, in connection with the serving of any summons, writ, process, or other proceeding against an officer of the society: It says that if it is not served personally it will be sufficient to leave a copy at the registered office of the branch. I would like to point out that the registered office of a society is very often an empty hall, possibly only occupied once a week or a fortnight, and it would be a serious thing if it were served there and the person proceeded against only received it a week after it was served. The treasurer might be sued without being served, through the neglect of the secretary.

17. *Mr. Hayes.*] You must have a registered office under the rules?—Yes; but we think it is only fair that a summons should be served personally on the officer sued. In section 96, subsection (1), clause (*b*), there is a proviso which reads, "Provided that every cheque drawn on any bank under this subsection shall bear on the face thereof the words 'Friendly society's cheque, to be used only for the purposes of the society on behalf of which it is issued, and not for general circulation.'" This has reference to the concession in stamp duty. I might say that this concession has been in vogue for some time past; it was in the old Act, but owing to the restrictions it has been practically a dead-letter. The conditions are more stringent here, and it will kill the thing altogether. We think that proviso should be struck out.