

The Marlborough Lodge of the M.U.I.O.O.F. offers a still more striking illustration. This lodge was established in 1860, and its membership has very slightly increased during the last twenty years, during which period £5,033 has been paid in benefits, and the contribution income was £2,862. It is particularly interesting to note in this case the excess of outgo for each of the more recent years.

Year.				Number of Members.	Contributions and Entrance Fees.	Sick Benefits.	Funeral Benefits.	Total Benefits.
					£	£	£	£
1887	...	...	...	113	154	157	40	197
1888	...	...	...	112	151	174	...	174
1889	...	...	...	113	148	155	40	195
1890	...	...	...	112	146	188	...	188
1891	...	...	...	109	142	159	30	189
1892	...	...	...	105	140	125	40	165
1893	...	...	...	107	141	229	20	249
1894	...	...	...	101	135	241	90	331
1895	...	...	...	98	127	175	...	175
1896	...	...	...	96	129	178	10	188
1897	...	...	...	100	124	214	10	224
1898	...	...	...	100	118	203	50	253
1899	...	...	...	98	118	201	20	221
1900	...	...	...	103	130	157	20	177
1901	...	...	...	111	128	293	60	353
1902	...	...	...	122	137	191	...	191
1903	...	...	...	117	128	298	20	318
1904	...	...	...	121	134	268	20	288
1905	...	...	...	126	139	225	20	245
1906	...	...	...	134	148	266	60	326
1907	...	...	...	131	145	226	160	386
					2,862			5,033

These lodges, I may say, are actuarially sound, and their heavy expenditure is caused by no abnormal experiences, which, on the contrary, have been generally favourable. The question might well be asked, where would their members be to-day without these reserve balances?

13. *Mr. Tanner.*] That is to say, after the experience of so many years they are actuarially sound?—Yes. Those early lodges in New Zealand invariably earned very high rates of interest, but they would never do it again.

14. Is not that a source of income you have overcome?—No, because the tables of contributions were then inadequate. They were probably on a 4-per-cent. basis, but the interest they earned might have gone up to 8 per cent.

Witness (continuing his statement): Before I leave this subject I should refer to the opinion expressed during this hearing, that the adoption of a compulsory adequate scale of contributions would have a deadening effect on the initiative of societies—and one witness instanced a widow-and-orphans society, which I inferred from his remarks would probably never have been formed had a compulsory scale of contributions been in operation. It must strike any one that an adequate scale of contributions applies equally to any form of assurance, whether for widow and orphans, sickness, or accident; and if such a society be formed on an unsound basis, then it has no more right to exist than any other society. I do not know which widow-and-orphans society was referred to, but the Wellington society stands in the unique position of having adopted its own scale of contributions at such a high rate that, in the case of the oldest member, the original benefit of £7 10s. is now worth over £100. I have no doubt, had a compulsory scale of contributions been in force in those days, the rate of contributions need not have been nearly as high as those charged; but, of course, such enormous surpluses or bonuses would not have been enjoyed by the beneficiaries. The right of societies to take up fresh benefits is not touched by clauses 15 and 16—their rights in this respect are governed by clause 11, which is very wide in its application.

The executive of the friendly societies' parliamentary agents have proposed an amendment to clause 15 in order to make the reform apply to all future entrants into existing societies and branches, and it has to be noted that the Friendly Societies Conference in 1906 recommended this course. There are good reasons for the proposed amendment, but I think it will be agreed that it is better to take an important change like this gradually, although I have no doubt it will ultimately be found necessary to adopt the principle in full as suggested, and on similar lines to New South Wales and Victoria. There are, however, great difficulties surrounding the whole question which this hearing has clearly shown, and I am of opinion that it is better to take them one at a time in order that we may be prepared for each step as it is reached.

Now, as to clause 16 taken by itself, I have already referred to the fact that clause 15 really covers the whole question and that the two clauses stand together. It would be obviously illogical to prevent societies from adopting an inadequate graduated scale and at the same time exempt the equal-levy system, which is more unsound. This system is not a new one, and its adoption here