14. Will you explain if the National Provident Fund had anything to do with the lowering of the rate per cent. last year of the friendly societies as against the year before?—I think that the fall in the rate of increase in New Zealand last year was very largely, if not entirely, due to the passing of the Friendly Societies Amendment Act, which affected the rates of contribution. I have made a very careful examination, and I find that the fall is restricted to three orders, and those orders were directly affected by the passing of the Friendly Societies Amendment Act. The way that it operated was that it prevented a number of new branches being opened. I may add that the actual fall is not so great as it appears to be, because I know as a matter of fact that there were branches of societies opened during the year which were not registered, and hence did not come into the figures.

16. Do you think the figures will pick up next year or the year after?—I think it would pick up to some extent, at any rate. No doubt the requirements for higher contributions must naturally have some effect. That cannot be gainsaid, I should say.

16. *Hon. Mr. Earnshaw.*] The scale of payments in this proposal, will it cost the Government as much as the scale of pay that is being given by the New South Wales Government?—I should say that it will cost less—that is to say, if you take the two scales as applied to New Zealand. Ours would cost a little less, but I may say that probably requires a qualification in this way: there is a difference between a present cost and a deferred cost. The New Zealand scheme is not deferred to the same extent as the New South Wales one. Though it is really a less expensive scale, it might possibly show up a little more in the first year or the first few years.

17. *Hon. Mr. Fisher.*] It comes into operation sooner?—Yes; that is precisely the position. If we take the first year, I should say there would not be a very great deal of difference, speaking only of the first year.

18. *Mr. Harris.*] In clause 3, page 67, where it is proposed to pay £7 10s. towards the funeral expenses of a female member—that does not mean a member's wife?—No; it means a female member.

19. Most societies pay £20 funeral benefit for ordinary members?—Yes.

20. Do not you think that the proposal for the State to pay 75 per cent. of that—£15—is abnormally high: do not you think it is a high sum to pay £15 out of £20?—It may look high if you look at it that way, but, as I point out in my memorandum, it is, roughly, equivalent to a further sickness subsidy of 2s. 3d., in addition to the 2s. 6d. specifically set out.

21. *Hon. Mr. Fisher.*] Could you give us any idea of what the total amount is likely to be here under clause 3—the annual liability?—Under clause 3, about £7,900. That is about one-half of the total.

22. Can you give us an estimate of the cost of the three clauses—1, 2, and 3, page 67?—Clause 1, £5,600; clause 2, £1,380; clause 3, £7,900.

23. The point of view you take of it actuarially is that it is really better to subsidize death than to subsidize sickness—it is cheaper in the long-run?—Yes.

24. Because the payment for death benefit is not going to induce people to die, but the payment for sickness will encourage people to be sick?—Yes, precisely.

25. *Hon. Mr. Beehan.*] Do not you think that this chronic sickness has a very bad effect, especially on small branches and lodges, and that that is what keeps them in the state they are in?—I would rather put it like this: that in small branches there is a greater risk of financial disaster being brought about by chronic sickness than there is in large branches.

26. *Mr. Harris.*] The amount of chronic sickness is very small, is it not?—I should say that the greatest liability of friendly societies is for chronic sickness, especially in regard to old age. Last year the chronic sickness (beyond twelve months' duration) formed 38 per cent. of the total sickness.

27. *Hon. Mr. Beehan.*] Will you give the Committee what the subvention on New South Wales lines would cost New Zealand, say, for 1911?—I will furnish the Committee with an estimate. Estimate has now been made for the year 1913 in order to be comparable with estimate already given for New Zealand scheme for that year. It comes out at £15,400.

28. *Hon. Mr. Earnshaw.*] Do you think that the friendly societies ought to be compelled to consolidate their funds if they are to receive Government subsidies?—I have always held the view that the question of consolidation is one that the societies themselves are the most competent to deal with, because there are many questions of management, &c., that affect individual societies differently. I think that is one of the things that should be left quite freely to them after furnishing them with the pros and cons.

29. Do you investigate in any way the assets of the societies?—We do not. We take the value as given in the balance-sheet, and I always draw attention to that in the valuation reports; but I may say that when a surplus is declared, and the society wishes to use that surplus, permission to use it is always conditional upon a certificate as to the soundness of the assets.

30. Are you in a position to state that consolidation of the whole of the lodges or societies would place them collectively in a stronger financial position?—I may say that it would have a good effect, in this way: that if there is a society with fifteen lodges sound, and fifteen with deficiencies, if you consolidate them it means that the surpluses that would otherwise be earned by the first fifteen go to help the others. Progress made by any part would be progress of the whole, instead of enuring to the benefit of the individual branch exclusively, as at present. Against that there is the possibility of greater claims for sickness.

31. *Hon. Mr. Beehan.*] Would not the effect of consolidation be that the wealthy branches or lodges would help the smaller and weaker ones?—The profits of the good ones would help the others, and fluctuations would be spread over the whole body. Consolidation is being tried in New Zealand, but it has not been long enough in operation to enable us to get a practical knowledge of its working.

32. *Mr. Harris.*] Can you give us an idea of what you would pay as death benefit assistance to a member and his wife. You propose now to give £15 for the husband. Supposing you