Admission of Members.—The admission of members may be governed by their rules as at present, except as to age.

Rules.—The rules must preclude the distribution of the fund otherwise than by way of benefits to members.

The society must be self-governing in constitution, and provide for election by the members of committees, representatives, and officers.

Provision must be made by rules to the satisfaction of the Commissioners for the (1) government of the society, (2) determination of disputes, (3) administration of benefits by branches, (4) keeping proper books of accounts, (5) depriving any branch of the right of administering benefits where there is maladministration.

Centralized societies are to establish local committees.

Approved societies may apply present rules or make fresh rules for administering the funds and the enforcing of penalties for imposition, &c. All rules are to be registered under the particular Act providing for registration.

Separate Accounts.—Every approved society and every branch thereof must keep books and accounts relating to this system separate from its other accounts, and must submit such books and accounts to State auditors. Such society and branch is to be valued every three years in respect of the assets and liabilities arising under the Act. Returns as required by the Commissioners must be rendered.

Existing Friendly Societies.—There is power to admit as approved societies such superannuation funds now carried on by employer and employees as are sanctioned by the Commissioners.

Deposit Contributors.

Medically Unfit and Others.—Persons who have not been able or who omit to join an approved society, or who have been expelled from one society and are unable to join another, are required to pay their own and employer's contributions into what is called the "Post-office Fund," and they are to be provided for on the system adopted by "deposit" societies.

Doctors and Medicine.

Medical Treatment.—The arrangement of this benefit is vested in the Local Health Committees, who may contract with doctors as heretofore except that the remuneration of medical practitioners is to be increased and the dispensing is to be excluded from their work and confined to dispensaries and chemists.

Local Health Committees.

For Local Health Supervision.—These important bodies are to be established in every county or borough, consisting of persons representing (*a*) insured persons, (*b*) local authorities, (*c*) medical profession, (*d*) medical men representing local authority, (*e*) the Insurance Commissioners.

Functions of Committee.—The functions of the Committee are to combine with other local authorities on health and sanitation matters, to consider the general needs of district on public-health questions, and to provide for lecture and publication of information on these subjects.

Funds and Income of Committee.—The Committee, in addition to controlling sick-pay and medical treatment, is to administer the consumptive sanatoria that the scheme proposes to establish throughout the country, and towards which the State is to pay a capital sum of £1,500,000 in grants, to be supplemented by local funds.

One of the most important functions of these Committees is that of fixing the responsibility for excessive sickness in the district. When an approved society or Local Health Committee proves to the Commissioners that excessive sickness is due to bad housing, insanitary conditions for workers, bad water-supply, or neglect of statutory provision for the protection of health, the owner, company, or local authority is compelled to make good the cost of the excessive sickness, which is calculated on actuarial tables to be compiled by the Commissioners.

National Insurance Fund.

All moneys received in respect of contributions and moneys provided by Parliament for benefits are to be paid into a fund entitled "National Insurance Fund" under the control and management of the Commissioners, and the sums legally incurred by approved societies and Local Health Committees shall be paid out of this fund.

The first report of the Commissioners gives the following results:—

Distribution of membership at 31st October, 1912.

Friendly societies	4,600,000
Trade-unions	1,200,000
Employers' funds	62,000
Industrial insurance and collecting societies	4,450,000
	10,312,000

There were also 400,000 deposit contributors recorded, but these are a reducing number.

The principal receipts and expenditure items of the National Fund to 31st May, 1913, were as under:—

	£
Receipts—	
Contributions by stamps, &c.	13,083,851
State grants	2,687,777
Expenditure—	
To societies for sickness, maternity benefits, and administration expenses	3,934,042
To Insurance Committees for sanatorium and medical benefits	1,371,175

The fund amounted to £10,429,888.