

MINUTES OF EVIDENCE.

FRIDAY, 17TH OCTOBER, 1913.

ROBERT EDWARD HAYES examined. (No. 1.)

1. *Hon. the Chairman.*] What are you?—Registrar of Friendly Societies and Superintendent of the National Provident Fund.

2. Will you make a statement to the Committee dealing with the question that we are here to consider?—Well, sir, I will refer particularly to the British Act. That Act illustrates to us in New Zealand more strikingly than any other Act the relations between friendly societies and the State, particularly as regards social insurance.

3. *Hon. Mr. Fisher.*] Are you referring now to the Friendly Societies Act or insurance against unemployment?—The Lloyd George Act—that is, the health insurance part. I am not dealing with unemployment. In England the friendly societies have now been operating for a very long time—a hundred years—and the question arose there, how far are they doing the work in a national sense—that is to say, are the friendly societies securing in their ranks all the classes of workers down to the poorest-paid wage-earners? That is a question that was brought out by the Poor-law Commission; I think it investigated these matters in 1909; at all events, some years ago. It was shown that the friendly society members in Great Britain numbered five million, and it was also brought out that there was a very large and increasing number of outside destitute people without any provision for this sort of insurance. Well, the introduction of the National Insurance Act in England—what is known as the Lloyd George Act—was practically the outcome of that Poor-law Commission, and the result of the application of that Act has shown that the estimates made at that time have been fully confirmed—that is to say, there are now under the National Act thirteen million persons insured, so that the margin between five millions which the friendly societies formerly had and what have now been brought in is very considerable. I mention that in order to show the position our friendly societies in New Zealand occupy in this connection; they do not occupy quite so good a position. The proportion of friendly society members to the general population is not as large in New Zealand as it was in Great Britain. Of course, that may be due to all sorts of different causes in the two countries. It is not for me to enter into that—it may or may not be economic; but in New Zealand probably the diffused population scattered all over the country may have something to do with it. Those are the considerations that now bring us in New Zealand to consider on what lines the friendly societies are going to extend their work. In 1910 the National Provident Fund Act was passed. The main benefit in that is the annuity at 60 years of age. There are other benefits, but the principal benefit is the annuity. That has now been operating since the beginning of 1911, and with the active work now being done it is increasing in membership. Had it been left alone it would have probably had the fate of the British annuity scheme—that is, it would have been very little used. It would probably have become moribund in about two years if left to work itself up. It was necessary to carry out some propaganda work, and lecturers are now at work in the four centres organizing it on the lines already published in the papers. The inauguration of the National Provident scheme naturally brought up the question of friendly societies, and I know that friendly societies complain that they lose members through the operations of the fund. Of course, individual cases can be quoted on both sides; the National Provident Fund even loses members through the friendly societies. I take it that the propaganda work done by the Government, whether for the National Provident Fund or for any other similar purpose, is all to the benefit of these thrift organizations, and we have undoubted proof that our lecturers have done good work in making known the advantages of friendly societies, savings-banks, and other kindred organizations in various places. The application of the compulsory scheme in England has shown that compulsion has added to thrift—that is to say, the friendly societies have increased their membership on their voluntary side, illustrating that a very large number of working-people were not aware of the benefits of friendly societies until they were forced to consider the question. How far that operates here will be longer in showing under the voluntary system. The compulsory system exposes that right away. I do not know that I need refer to that phase of the matter any further. We come now to consider in what form the State and the friendly societies are to co-operate, or whether it is desirable for them to co-operate. The discussion in New Zealand has inclined to a consideration of the New South Wales subvention scheme. It is claimed for that scheme that it will do a great deal towards effecting the reform which has been done elsewhere by compulsion. Well, I might say at the outside that the subvention scheme in New South Wales, in my opinion, has not been operating long enough to enable us to arrive at any definite conclusions on this point. Since it started there has undoubtedly been a very considerable increase in the membership in friendly societies, but it is hardly safe to take that as due altogether to subvention. There have been very prosperous times in New South Wales, and I think it is pretty generally understood that prosperous times mean an increase in membership, and bad times *vice versa*. I do not know whether you wish to have a résumé of that scheme, if so I will have the details set out and supplied to the Committee. I have investigated the schemes in various countries, and there is one particular country which has adopted methods dealing with social insurance which are very educative. That is the system in Belgium. They have an old-age pension scheme in that country on a contributory basis, and in the past supported voluntarily. It started as far back as 1860, and it has been gradually built up. I think they have made it universal and compulsory within the last year or so. There was a Bill before