1913.
NEW ZEALAND.

JOINT FRIENDLY SOCIETIES COMMITTEE

(REPORT OF) ON THE REPORT OF THE REGISTRAR OF FRIENDLY SOCIETIES AND ON THE QUESTION OF FRIENDLY SOCIETIES AND THEIR RELATIONS TO THE STATE IN THE MATTER OF SOCIAL INSURANCE.

(HON. MR. JENKINSON, CHAIRMAN.)

Report brought up on the 10th December, 1913, together with the Minutes of Evidence, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the Legislative Council.

WEDNESDAY, THE 3RD DAY OF SEPTEMBER, 1913.

Ordered, "That Standing Order No. 295 be suspended, and that a Committee be appointed, consisting of twelve members, with power to confer with any similar Committee appointed by the House of Representatives, to consider the report of the Registrar of Friendly Societies and inquire into the position of the friendly societies and their relations to the State in the matter of social insurance: the Committee to consist of the Hon. Mr. Barr, the Hon. Mr. Beehan, the Hon. Mr. Earnshaw, the Hon. Mr. Gilmer, the Hon. Mr. Jenkinson, the Hon. Mr. Louisson, the Hon. Mr. Luke, the Hon. Mr Mills, the Hon. Mr. Paul, the Hon. Mr. Rigg, the Hon. Mr. Sinclair, and the Hon. Mr. Thompson."—(Hon. Mr. BELL.)

Ordered, "That paper 147, Report by the Registrar of Friendly Societies for the year 1912, laid upon the Table on Wednesday, the 20th day of August ultimo, be referred to the Friendly Societies Committee."—(Hon. Mr. BELL.)

FRIDAY, THE 26TH DAY OF SEPTEMBER, 1913.

Ordered, "That the Friendly Societies Committee have power to call for persons and papers."—(Hon. Mr. JENKINSON.)

Extracts from the Journals of the House of Representatives.

THURSDAY, THE 14TH DAY OF AUGUST, 1913.

Ordered, "That a Committee be appointed, consisting of ten members, with power to confer with any similar Committee appointed by the Legislative Council, to consider the report of the Registrar of Friendly Societies and inquire into the position of the friendly societies and their relations to the State in the matter of social insurance. The Committee to consist of the following members: Mr. Anderson, Mr. Buick, Mr. Coates, Mr. Davey, Mr. Dickson, Mr. Harris, Mr. Forbes, Mr. Sidey, Mr. Webb, and the mover."—(Hon. Mr. FISHER.)

Ordered, "That paper No. 171, Friendly Societies and Trade-unions (H.-1): Thirty-sixth Annual Report of the Registrar of Friendly Societies for the year ending the 31st December, 1912, be referred to the Friendly Societies Committee."—(Hon. Mr. FISHER.)

THURSDAY, THE 25TH DAY OF SEPTEMBER, 1913.

Ordered. "That the order of reference of the Select Committee set up to report upon the Annual Report of the Registrar of Friendly Societies be amended by the addition of the following words after the words "social insurance," viz.: "the Committee to have power to call for persons and papers.—(Hon. Mr. FISHER.)

REPORT.

The Joint Friendly Societies Committee, which was set up to consider the report of the Registrar of Friendly Societies and to inquire into the position of friendly societies and their relations to the State in the matter of social insurance, has the honour to report that it has carefully considered the same, and taken evidence, and recommends that the evidence be laid on the Table and be printed, and that the Government be requested to cause copies thereof to be forwarded to the various friendly societies for their consideration during the recess.

J. E. Jenkinson, Chairman.

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

the Parliament to do so, but whether it passed or not I cannot say. That system of building up a pension scheme in Belgium took much the same lines that our National Provident scheme has. It was found necessary to grant State assistance for its management and for its propaganda work. It was then extended to seek the co-operation of the local authorities and of all the Government machinery available throughout Belgium. The result was the formation of pension societies, and those societies acted as intermediary between the individual workers and the National State Fund. For voluntary effort the Belgium system has been perhaps one of the most successful. The friendly societies as we know them in Britain were not very successfully established there, but the societies appear to have done good work with the pension scheme. At all events, in Belgium in 1911 they had a most comprehensive Bill before Parliament taking pensions, sickness, and invalidity into a compulsory and consolidating scheme. They reckoned that about one-fourth of the population would be included in that scheme. I do not know whether the Committee would like me to go into a full account of that. It is very instructive, and I furnish to the Committee a paper dealing with this and other systems. In my opinion, the state of affairs that exists in New Zealand does not call for such a drastic scheme as that established in England. That is my own personal opinion, and I think that a voluntary system assisted by the State would lay the foundation for the adoption of compulsion at any time it was thought desirable to adopt it.

4. *Hon. Mr. Beehan.*] The question of a subvention scheme is referred to in the annual report of 1812?—Yes. It reads, "A subvention scheme, however, was adopted by the New South Wales Government in 1908 on the following lines: (1) Half the cost to the society per year for sick-pay after twelve months to members under sixty-five years; (2) whole cost to the society per year for sick-pay to members sixty-five years and over (the amount payable under these sections not to exceed 5s. per week); (3) medical attendance and medicines for members sixty-five years and over; (4) total contributions for funeral donations chargeable on account of members sixty-five years and over. In 1910 the amount paid by the State to the societies for this subvention was £14,778 2s. 7d. The Registrar of New South Wales, in his report for that year, records a phenomenal increase in the membership of societies—namely, 16,313, or equal to 12·3 per cent.—'far in excess of the result for any previous year.' This he attributes partly to the improved financial position of the societies, and partly to the operation of the subvention scheme. If the membership thus gained is held and lapses are reduced, then subvention appears to be largely fulfilling on voluntary lines the object of State intervention in this reform—viz., the cheapening of benefits in order to bring them within reach of a poorer wage-earning class." I referred to that previously. My opinion is that the scheme has not been sufficiently long in operation to form a definite opinion upon it.

5. You gave an opinion there?—I say it appears to be. We could not form any conclusion on one year's work.

6. Then you have a reference in the report of 1913?—Yes. In my report for 1912 the following appears:—

"In commenting on these figures the Registrar states, 'The claims of the whole period amounted to over £38,000. The amount paid in 1909 was comparatively small, as the majority of applicant societies did not register under the Act until the middle of the year. During 1910 there were ten more applicant societies, and the claims practically covered the whole of the year, consequently there was a large increase in the amount paid. In 1911 there was a still further increase, and it is probable that the claims for 1912 will reach £20,000.'

"The question of membership and secessions is one that has an intimate relation to subvention, and it is reasonable to look in the societies' returns for any indication that will indicate the effect of subventions in promoting national thrift.

"The New South Wales Registrar's report contains the following tables dealing with these matters:—

	1907.	1908.	1909.	1910.	1911.
Increase in membership	10,307	6,312	9,832	16,313	15,407
Increase, per cent	9·7	5·4	8·0	12·3	10·3
Initiations, per cent.	19·8	15·7	18·7	22·0	20·8
Secessions, per cent.	8·9	9·0	9·7	8·9	9·5

"The figures show that the membership has considerably increased since 1909 (the date when subvention commenced), though probably other causes have helped to bring this about. Apart from this, the financial position of the societies has been greatly improved, as disclosed in their recent valuations."

7. *Mr. Harris.*] You said that the friendly society membership in Great Britain is approximately five millions, and under the national-insurance scheme it is thirteen million. On what income does the Imperial Government work with regard to those who are to join the compulsory scheme?—The income limit is £160 for salaried persons, but no limit for wage-earners.

8. Can you explain to what degree the operation of the national-insurance scheme works in with the friendly societies—in what way does the Imperial Government work with the friendly societies for the administration of that scheme?—The English Act provides for the registration or approval of societies that enrol the population that have to be insured—those that come within the scope of the Act. The friendly societies that were existing at the time the Act came in automatically became approved societies. In addition to those there were formed a great number of other societies. For instance, the great industrial insurance concerns like the Providential and others formed a number of societies, apart from their ordinary business. They took most of the new members. The friendly societies did not succeed in getting the bulk of that seven million; most of them were taken by the industrial companies approved societies.

9. And do all of them contribute to the National Insurance scheme?—They have to work through the society they join, except that there was a provision made for those who would not join any society; they had to pay their contributions and receive their benefits through the Post Office. They were called Post Office contributors. The number of those has turned out very much less than expected. It is very doubtful whether they will not amend this branch and put these people into the societies.

10. Do those members have to join friendly societies? Do they go through an initiation scheme, or is it merely used as a medium for paying in contributions?—It is merely a medium for paying in contributions. You must remember that a large number of people already in friendly societies by the Act become State-insured people. Those that were forced in as State members had been in no society formerly. The State finances are kept quite separate from the friendly society's ordinary funds. They are audited and looked after by the State auditors, who do not look into their ordinary funds. I think Mr. Kershaw could tell you that some of the societies have modified the condition of membership as to initiation. I think it is agreed now that those members that were forced in practically have the same voting-power and rights as ordinary members.

11. I understand that the contributor himself pays 4d. to the fund, the employer 3d., and the rest is contributed by the State?—Yes.

12. Can you tell us how that 4d. is paid, through the friendly societies, or direct to the Government, or by taxation?—It is paid direct to the Government. The procedure is this: an employer has a number of workers, the worker produces a card and the employer puts on that card 7d. in stamps—that is, 4d. for the worker and 3d. for himself. That card at the end of a quarter is returned and a fresh one issued by the society, which duly receives credit for the values. The employer then has a right to deduct from wages the amount of the 4d. he has paid on account of the employee. The amount is thus paid over to the State office by this method of affixing stamps to the card, which are provided for the purpose. The employer buys the stamps at the Post Office and stamps the cards. The adjustment of the moneys that are due to the various societies which the employees may belong to is made by the central fund authority. They credit the various societies with the amounts that are due on behalf of the persons for whom stamps have been provided by the employers.

13. And the benefits are paid through the medium of the friendly societies?—The friendly society starts to pay the benefits as soon as they become due, and then obtains a refund from the central fund at periodical times.

14. *Hon. Mr. Luke.*] You mentioned that you thought but for the appointing of lecturers our own scheme would have died out in two years?—It showed signs of inanition very much sooner than that.

15. You also stated that the effect of the National Provident Fund scheme had increased the membership for the societies?—I did not say it had. I said that the propaganda work of official lecturers should extend the principles of thrift in places where these principles had never been impressed upon the people before.

16. Is not the effect generally the reverse of that—that our scheme is having a detrimental effect upon others?—Some seem to think so. However, I would point out that there are only, say, eighty thousand friendly society members in New Zealand, and there is a population in New Zealand between the ages of 15 and 45 of males of something like two hundred and seventy thousand, so it is reasonable to suppose that there is room for something to be done. The friendly society, in my opinion, adapts itself more readily to places where the population is massed. The difficulties of management are much greater in outlying places, and the medical attendance trouble is also great. That is the great difficulty in all these schemes.

17. Is the compulsory scheme in Belgium contributed to by the State, the employers, and the employees?—Yes. It varies somewhat as regards the donations. That system is the growth of a very old voluntary scheme, and they dealt with it in this way: for the present generation they naturally had to do something, because they could not get people who were over 45 or 50 to pay sufficient to provide themselves with a pension; so they subsidized these older people at a very much higher rate than the younger, and that entitled the old people at 65 to the minimum pension. The pension varies according to the contribution.

18. *Hon. Mr. Fisher.*] That will be a constantly diminishing amount?—Yes.

19. *Hon. Mr. Luke.*] What is the minimum amount?—It is stated at a franc a day—about 10d. a day.

20. Both men and women participate?—I do not think there is any distinction.

21. *Hon. Mr. Beehan.*] I desire to ask you whether in your opinion it would be a good thing for New Zealand if the Lloyd George Act was brought into force here?—It is quite outside my province to express an opinion upon that.

22. You mentioned that the National Provident Fund would have died only for the propaganda work, and you say that the lecturers did good work and the result was an increase of membership?—I do think the propaganda did good work by increasing the membership. It should increase the membership of all organizations. It should spread thrift habits, and, if not, it ought to be stopped.

23. In your report in 1911 you could not expect much, the membership is only 550?—Yes.

24. For the same period in 1912 it reached 2,260, and up to the time of the report the total applications were 4,000: is that not so?—Yes.

25. Then you accounted for that as due to the propaganda and the lecturers?—Yes.

26. I notice that the lecturers' salaries were £313?—Yes.

27. And travelling-expenses, £192?—Yes.

28. Remuneration and enrollment of contributions, £247?—Yes.

29. There is also Government accrued subsidy to the National Provident Fund, £1,559 17s. 1d.?—Yes.

30. Have the Government ever helped the friendly societies in New Zealand in any way with a subsidy as far as you know?—There is no subsidy payable to friendly societies—nothing.

31. No help in the way of building dispensaries for friendly societies?—There is no direct help. You have to remember that the friendly societies cost the Government some expense, just as the National Provident Fund does. You could not do without valuations, for instance, which are free, and there is the cost of administration of the Registrar's office.

32. You consider that the propaganda work has helped the friendly societies?—Yes.

33. How can you say that when, according to your report, the membership for 1912 has decreased from 3·63 to 2·20?—Well, the decrease is due to altogether different causes. It is due to the Friendly Society Amendment Act passed in 1911, and which came into operation on the 1st January, 1912. That Act prevented the registration of any society or lodge unless it had adequate contribution scales. That had the effect of preventing the registration of lodges in probably one of the most active societies in New Zealand. It affected the Druids and the Rechabites. I have a table here which shows conclusively that if those societies had opened the new branches which they had in the past, and had the new members which they had been in the habit of having in them, the increase would have been about normal. As a matter of fact, one large society had no new branches opened at all, and therefore no new members, while the year before it had between three hundred and four hundred. That affected two societies. The Hibernian Society did not open any branches, and it was affected by that Act.

34. There have been a number opened since?—Yes. There have been other societies affected by that Act. The fall last year was due to this special cause. I would not say that some of it was not due to the National Provident Fund—probably some have not joined the friendly societies who have joined the National Provident Fund. I had a letter from the Postal officer in Invercargill only this morning stating that a contributor had been induced to leave the Provident Fund and join a friendly society.

35. It is a fact that the increase in the membership of the friendly societies is only a small number—1,472?—The number is 1,578—that is, net increase.

36. And that is not due altogether to the National Provident Fund?—It is less due to that than to the Amendment Act I referred to. As regards the fall in increased membership in 1909—the year when considerable financial disturbance took place—the increase in membership fell from 6 per cent. to 2 per cent. in the following year. That was a phenomenal drop, and the friendly societies have never recovered that yet.

37. How do you account for the discrepancy in the increased percentage between New Zealand, which is very prosperous, and New South Wales—the increase in percentage of membership?—I could not say. I have expressed a general opinion that I think the great increase in New South Wales membership is due to more than one cause—probably subvention is one of them. Subvention must have affected it, also prosperous times and the improved financial condition of the friendly societies.

38. And are you of opinion that the subvention scheme has not been long enough established in New South Wales to warrant you in forming an opinion as to whether it would be good for New Zealand?—It has not been long enough established to prove, for instance, that the lapse rate will be reduced. It follows that if we increase the membership in a concern at any great rate, the lapses will increase, so that it has to be shown that they can hold these new members when they get them.

39. You know the Registrar and the Acting-Registrar of New South Wales?—Yes.

40. Are you aware that the great reason for which he wanted to bring in that scheme was to prevent the lapses?—Yes, he mentions it, particularly in regard to the higher ages, but I doubt whether his statement there is altogether applicable. He quotes in the same page a table which shows there are practically no lapses over the age of 45 in friendly societies.

41. *Hon. Mr. Earnshaw.*] The universal experience all over the world is that the lapses are in the younger lives?—Yes. In the higher ages the lapses are practically nothing. Most of the societies make special provision to keep these old people in if they cannot pay themselves. Those that have no surplus very often meet it out of the management fund or the benevolent fund.

42. *Mr. Harris.*] At what ages do you take them in under the National Provident Fund?—From sixteen to forty-five.

43. *Hon. Mr. Beehan.*] You are aware that within three or four years in New South Wales the membership has increased by over sixty thousand?—During five years, 1907 to 1911, it has increased by 58,171.

44. And the whole of the membership for New Zealand is 73,000-odd?—Yes.

45. And our percentages of increase have reduced from 3·67 to 2·20?—Yes.

46. I have a return prepared by yourself which shows that the number of male benefit members of 65 years and over at 31st December, 1912, was 2,268, and nine female members?—Yes.

47. And also at the same date the branches showing a surplus at the latest valuation were only 164?—Yes.

48. And 406 showing a deficiency?—That is so. That is on the official valuer's valuation.

49. Now, the number of members of friendly societies, male and female, on the sick-list continually from the 31st December, 1911, to the 31st December, 1912, was 957, and the total allowance paid to such members in the period referred to in respect to sickness for more than twelve months' duration was £13,212 11s. 7d. Could you prepare an estimate of what it would cost for a subvention scheme for New Zealand similar to that in New South Wales?—If directed the Actuary could give you the cost of the New South Wales scheme as applied to New Zealand. It is an actuarial question, and it would take some little time to work out.

50. You are aware of the lapses in New Zealand societies of old persons who would be certified to as unfit for any employment?—What experience have you to quote that there is a lapse rate in old people?

51. Experience of lodges and branches?—There are no statistics to show it.

52. Will you give us by the next meeting the lapses of all ages in New Zealand, if you can? —Yes. It will take some time to get that out, but I will supply it before the end of the session.

53. You are aware that persons of 65 years and over have to pay their contributions just the same as other members?—Yes.

54. And that there is no relief unless the doctor can certify that they are not able to follow any employment?—Yes, subject to the rules of the society.

55. Do you not think it would be a fair thing for the Government to come to the help of those old people?—I think that is touching on policy. It is a question for Parliament.

56. You would not like to express an opinion as to whether the Government should come to the rescue in such cases?—It is a question of expense, and it is not for me to express an opinion upon those things.

57. You are aware that in New South Wales the Government have done so?—Yes.

58. Now, we have the number of members, male and female, of 65 years and over, and the number of branches showing a surplus and a huge number showing a deficiency. I suppose you would not express any opinion on that whether the Government would help the friendly societies in the same way?—It would help.

59. To keep the lapses in check?—I have expressed the opinion that we have a doubt on the matter of lapses. In my opinion, there is not sufficient experience to prove that subvention would stop lapses. If the Government were to subvent the friendly societies it would improve their position. The societies are, generally speaking, very well managed.

60. Have you seen the New South Wales report of 1912?—No; but I have seen the 1911 report published in 1912, which, no doubt, you refer to.

61. Are you aware that in that report they point out that the lapses are not only checked but stopped?—I would be surprised to find that they were stopped. The table I have already put in shows that they are much the same as before. I have information taken from the "New South Wales Official Year-book" for the period from 1900 to 1908. That is prior to the Subvention Act. I will submit that information with the lapse table to be prepared.

62. *Mr. Dickson.*] I notice in the returns that the Druids' Lodges have not increased?—No; they fell off last year.

63. Is that due to the National Provident Fund?—No; it is due to the Amendment Act of 1911 in regard to the death levy. That difficulty is now removed. The society has just recently cleared the whole thing up, and I believe they are registering a number of branches now.

64. *Hon. Mr. Earnshaw.*] In any reports of the Department is there anything relating to subvention at all?—Merely quoting and explaining the system in New South Wales that has been in existence for the last two or three years.

65. Nothing from the Department itself?—Nothing has been directly recommended.

66. *Hon. the Chairman.*] Since when have the friendly societies shown in the balance-sheets the state of affairs that is shown in this report as regards the deficiencies?—Well, for very many years they have been showing those deficiencies. Some have improved within the last five or six years. Many of the friendly societies have adopted improved contribution scales. They have done it voluntarily, and the result has had the effect of improving their position from an actuarial point of view on their next valuation.

67. Are there any other causes for the improved conditions?—That is the main one. Others are probably management. One society manages its affairs better than another, and that is a contributory cause, because if there is not good supervision of the sickness the drain will very soon tell on the finances. A good scheme of sickness supervision in any lodge or society shows up in the valuation, of course.

68. In your opinion, in those cases where the contributions were increased to a sufficient amount to make the society able to pay its way, did that stop the admissions to the society or increase the membership—did it have any effect upon it?—It is very difficult to say. As I pointed out, there was a very sharp fall in the rate of increase in 1909. The state of things you refer to was operating then, but I would not attribute the fall in that year to that cause. There were other outside economic causes. Probably the societies will recover their old rate; but whether what you mention would affect the entrants I could not say without some very definite evidence.

69. Roughly speaking, are the number of lodges that were showing a deficiency increasing or decreasing?—Roughly speaking, they are decreasing.

70. The general position of the New Zealand lodges is improving?—Oh, yes, decidedly so.

71. *Hon. Mr. Fisher.*] What is the amount paid by the New South Wales Government by way of subvention—the total amount or the amount per head?—In 1911 there was paid £17,360, representing 2s. 5d. per head.

72. Now, is not the subvention scheme in New South Wales looked upon as an extremely liberal scheme?—Yes, I think it is.

73. A subvention scheme has been suggested for New Zealand?—Yes.

74. Supposing we adopt a subvention scheme for New Zealand, the object of it primarily would be to help the lodges that were unfinancial?—That would be one of the objects. I do not take it to be the first object.

75. What is the first object?—The first object, I take it, in this connection is the obligation of the State to extend social insurance to the poorer wage-earners. In doing so, as I pointed out in the English system, the State must come up against the friendly society, as the latter is the main agent doing this business at present.

76. Now, which societies represent the poorer wage-earners—the wealthy societies or the poor societies?—It is rather difficult to make distinction.

77. Is there any general rule?—Some societies are in a very much better position than others. The Manchester Unity you may take as a model for financial soundness. It is the oldest established order, and in New Zealand it lives up to the high traditions laid down by its originators in England.

78. Would you suggest it would be a good plan for the State to pay a subvention to the society in inverse ratio in proportion to its indebtedness or its insolvency, or do you think they ought to be paid so much rate per head?—I would not make any distinction on account of solvency or insolvency.

79. The same rate per head?—You would not pay it per head. Into this question enters the matter of ages. One society has a higher average age than another.

80. What would you fix as the basis?—The basis suggested is somewhat on the lines that New South Wales has adopted. We would offer, for instance, to pay half of their extended sickness allowance—that is, their invalidity allowance. We might also take the funeral benefit and offer to pay a subsidy towards that. Take the two benefits, sickness and funeral benefits, in some societies the funeral benefit subvention would bring in more than it would in others because the mortality rate might be higher, and in others the sickness experience might vary. The different forms of subsidy favour different societies. In amalgamating them an endeavour would be made to touch each benefit if possible, so that all societies would gain equally.

81. *Hon. Mr. Beehan.*] That is for old people over 65 years of age?—The proposal is not confined to over 65.

82. *Hon. Mr. Fisher.*] Now, on what basis do you suggest it is possible for the Government to make a payment—on their liabilities, or assets, or membership, or on the age basis, or contributions, or what?—It would be on their benefits.

83. Now, it is a fair assumption that the well-to-do society is in a position to give the best benefits?—It should be in a position to do so.

84. Would not the effect be that the wealthy societies would get all the benefit of the State's subvention?—They would not get all the benefit. The members would get more direct individual benefit probably.

85. They would get a largely increased benefit?—Yes.

86. In your return of the M.U.I.O.O.F., Auckland District, there are 3,937 members; their position at the last valuation showed a deficiency of £9,994; and in the Hawke's Bay District there were 1,428 members, showing a surplus of £10,000?—Yes.

87. Would you make the same payments to both those lodges?—You could not make a distinction as long as the societies are doing the same class of work.

88. As Registrar of Friendly Societies, you say that in your opinion if the Government is going to attempt to deal with the question of deficiencies or insolvency it must make similar payments in proportion to lodges that are well-to-do?—If it is going to deal with deficiencies and insolvency it would have to take each society on its merits; but I take it that in subvention the object of the solvency of the society is secondary. I take it the first object is whether it is desirable to use the friendly society for the purpose of extending State social insurance.

89. You mean the State should subsidize those societies and encourage them as thrifty institutions?—They are in every way commendable—they have done excellent work.

90. Are those societies that are most commendable the ones that require most relief?—They are all commendable.

91. I am talking about those that are financial and have a surplus?—I do not look upon that as an essential part of this question. I am looking at it purely from the Government's point of view. Here is a machine: are the Government going to use it for extending what is to be done in this direction. In England no distinction has been made under the National Act. The societies may come in as approved societies as long as they undertake the work and comply with general conditions.

92. Are you in a position to-day to say that the friendly societies in England approve the National Insurance Act?—Many of them do not. They have all become approved societies, but probably they could not help that. Some of them would have stayed out if they could, but they had perforce to come in.

93. But they do not approve of it?—Some did not.

94. Have you received any information officially as to whether there are societies in New Zealand who do not want subvention?—Not officially. I have heard individual statements that indicated that they do not. Of course, the official expression of opinion on this was conveyed in the 1906 Friendly Society Conference, when Mr. Seddon brought down a Bill for Subventing Friendly Societies, and the societies then indicated that they did not want them. That is the only official declaration that the societies have made on the subject.

95. *Hon. the Chairman.*] Was it done at the request of the Conference?—No. It was the National Provident Fund idea really. That was the first attempt to bring it in, but it was then shelved.

96. *Hon. Mr. Fisher.*] Some of the deficiencies in New Zealand lodges are enormous, are they not?—Some are very bad.

97. What is that due to?—Mainly inadequate contributions.

98. Or increased benefits out of proportion to the contributions?—Yes, increased benefits without considering whether they had adequate contributions to pay for them.

99. *Hon. Mr. Beehan.*] That is all put right?—Yes, for future registrations.

100. *Hon. Mr. Fisher.*] But the societies still exist?—Yes; the members of old lodges are not affected by the 1911 Act.

100A. There is one society with 4,464 members showing a deficiency of over £55,000?—The great bulk of that deficiency is due to the society in question some years ago raising its funeral benefit very considerably without making any adequate provision for it. I may say, as regards that society, it is engaged upon dealing with the matter in order to get right itself.

101. It will gradually adjust itself?—It has a heavy task, and it is very difficult to recover.

102. But is there not a difficulty about this, that in order to make a subvention to that particular lodge to make it financial you will have to pay to that lodge a large sum equal to that deficiency? How do you propose to get over that?—There are other lodges in that district society.

103. That does not matter. If you are going to pay a subvention to a society which has an enormous deficiency, then you have also to make a payment to a society which has a very large surplus?—Yes.

104. Why should that be necessary?—Well, it is not a question of charity. We are not taking the societies up because they are poor: it is because the State has got a function to carry out, and it is going to use this machinery. It is more desirable, of course, if you have a society that shows a surplus because it would show that the State money is going to be well handled. One of the principal things to be attended to in drawing up a scheme would be the provision of safeguards to see that deficiency lodges did not misuse the subvention.

105. You have worked out a subvention scheme for New Zealand?—Yes, one has been prepared.

106. What was the estimated cost?—The annual cost of that scheme was estimated by the Actuary to be about £14,000 per annum at the beginning.

107. And how many members are there in New Zealand?—About seventy-three thousand at the last report.

108. And how many are there in New South Wales?—I believe, about one hundred and sixty-four thousand.

109. I understood you to say that the New South Wales Government were giving about £16,000 a year?—They are paying £16,000 or £17,000, but it will increase very much more.

110. If that is the cost, the proposition you have will be much more liberal than the New South Wales scheme?—I do not know that it is. You mean it is costing more?

111. £14,000 for seventy thousand members is a higher rate than £17,000 for one hundred and sixty thousand members?—That is a point Mr. Traversi would be able to give you some information about.

112. You did prepare a Bill?—Yes, but it was never circulated.

113. When did you prepare that Bill?—It was prepared during last session.

114. *Hon. Mr. Sinclair.*] Have you given consideration to the question of insurance against unemployment?—Very little. They separated the two parts in the British scheme, and I regard that more or less as within the province of the Labour Department. I know they have some officers there who have investigated it, but I have only looked into it superficially.

115. Can you tell us whether inquiry has been made or is being made as to the extent of unemployment in this Dominion?—I have an idea that an officer of the Labour Department did recently make some inquiries, but my information is only gained from the Press.

116. Can you tell us who we could get to deal with that important branch of social insurance?—I would suggest you call Mr. Rowley, the Chief Inspector of Factories in the Labour Department. I know he has studied the subject.

117. You really cannot assist us with evidence at first hand on that side of the question?—No.

118. Your evidence is confined to insurance against sickness and dealings with friendly societies?—That is so, yes.

119. *Hon. Mr. Earnshaw.*] Take two societies, one solvent and the other insolvent, according to the Actuary, I apprehend what the Minister is desiring to get at is whether the State is going to benefit or lose by assisting both equally. When men become chronically ill, or become unfit for work, or arrive at a certain age-limit when perhaps there is nothing exactly wrong with them but they are not fit for work, they may become a burden on the lodges. Will the State be more a loser by contributing to the members of so-called insolvent lodges as they would by contributing to so-called solvent lodges?—I cannot see how it comes in. The men that join insolvent lodges are just as much entitled to get assistance as the men who join sound lodges, in my opinion.

120. *Hon. the Chairman.*] Although some of the money may be wasted?—In such a scheme our main object would be to take safeguards in regard to seeing that a deficiency lodge improved its methods and acted so as not to waste its money.

121. *Hon. Mr. Earnshaw.*] There would be just as many at sixty-five years of age who would come under the chronic payments in solvent lodges as in insolvent lodges?—Yes. I do not think the solvency question affects that.

122. *Mr. Harris.*] Mr. Fisher referred to the fact that the Manchester Unity in the Auckland District was showing a surplus, whereas in the Hawke's Bay District they were showing a deficit?—Yes; it is the other way about.

123. Is not that due to the fact that each district works quite separately, that they do not have uniform contributions? The Auckland District fixes the benefits and contributions at so-much and the Hawke's Bay District does the same. Once those benefits and contributions are brought into line from an actuarial standpoint probably the finances of one would be just as strong as the other?—As regards the Manchester Unity, all the districts except Otago, Southland, and Timaru are now under one scale. The Hawke's Bay District and Auckland District are paying adequate contributions. That is for their present entrants. Of course, they have both got past indebtedness to make up, and probably some of the difficulties are due to that past inexperience, but in the Auckland District they have the mining trouble, which probably accentuates it. Sickness in mining districts is generally very high.

124. It does not apply to the Foresters?—They are separately managed.

125. From the commencement of the friendly societies many of the lodges have been quite insolvent from the very start, and have been recognized as such?—Yes.

126. Although they have been insolvent they have carried on without taking any notice of it and without any risk to the members?—There was not so much in New Zealand, but in England they failed all over the country. There they adopted at an early stage a uniform rate of contribution of, say, 6d., and soon met trouble. Many of them recovered like the Manchester Unity, which engaged actuaries, and found they had to adopt graduated rates for ages.

127. *Hon. Mr. Earnshaw.*] Is it not a fact that lapses are conditioned by the rise and fall of economic conditions in periods throughout the country?—The statistics of lapses would go to show that such is the case. I append a small return which I published in my 1911 Annual Report which illustrates the point for the ten years from 1902–1911 (inclusive). The rates are fairly even except for 1909, when the economic conditions were disturbed.

Year.	New Members initiated.	Members lapsed by Arrears.	Percentage of Lapses to New Members.
1902	4,635	2,818	60·8
1903	5,285	2,719	51·5
1904	5,264	2,965	56·3
1905	6,352	3,223	50·7
1906	6,564	3,178	48·4
1907	7,690	3,265	42·5
1908	7,700	3,754	48·8
1909	6,772	4,880	72·1
1910	7,453	4,751	63·8
1911	7,885	4,715	59·7

128. That such lapses apply with equal force and like results to lodges and orders, whose payments are actuarially sound (as viewed by the Registrar) as to those lodges and orders whose payments are held to be inadequate?—To ascertain this with any degree of certainty would require a very minute examination into societies' membership, which would only be warranted if the object to be attained is of prime importance. Speaking generally, I should say that as regards entrants the respective members would not make any distinction between lodges with adequate scales and those with inadequate scales. As to the lapses, the rate might be somewhat checked in the sound lodges by the fact that there may be special funds provided out of surpluses to keep members good in times of unemployment or other distress.

129. *Re* the payment of subvention: take those societies whose funds are large and those who are under difficulties, to what extent and in what manner would the State suffer loss or sustain disadvantage by assisting or making payments to members to insolvent lodges or make gain by payments to so-called solvent lodges?—I do not see how the question of State gain or loss can enter into the question of State subvention. If the State decides to help working-people to provide for these contingencies, the fact as to whether they belong to surplus or deficiency lodges is surely beside the question. If payments were made by the State to members in deficiency lodges there would require to be ample safeguards to ensure that the lodge would also do something itself towards gaining solvency. In the case of surplus lodges any surplus set free as a result of this subvention would be partially appropriated towards deficiency lodges in that society. In the scheme outlined by the Department last year it was provided that in such cases half of the surplus due to the subventions would be so available. This meets the question raised by the Hon. Mr. Fisher, who suggested that surplus lodges might by means of the subvention go on accumulating further surpluses *ad infinitum*, as the scheme puts on them obligation in respect of deficiency lodges.

130. Does the question rest upon the payments to funds, or is it not one relating to where the State by its extending relations of assisting the general public regarding old age, &c., does hinge upon the working and necessities of friendly societies?—I take it that what is meant here is, are the subvention payments to constitute a payment merely for the assistance of friendly societies' funds, or is the subvention to be regarded as an indication of the State's extended responsibilities to be carried out through the friendly societies. The question of friendly societies and subvention is an outcome of the world-wide consideration that is being given to social insurance, and subvention to friendly societies is one of the forms of social insurance. The question for the State to consider is whether, in extending its responsibilities, co-operation with the friendly societies would be effective.

131. *Mr. Harris.*] Is it not a fact that if you look up the statistics in connection with lapses, in one particular year there may have been a considerable number and in another year there may be less, whereas if you take them over a period of ten years they would be almost uniform?—We would have to take them in periods if we took them at all. The lapses question is really an important problem.

132. *Hon. Mr. Beehan.*] In regard to the subvention of friendly societies, I think the Minister wanted to know from you whether the branches of lodges showing a surplus would be entitled to subvention in the same way as others showing a deficiency, and I think you replied that it had

nothing to do with that at all, and properly so, and that it was only a question of whether the State would help to pay the sick-pay of members over 60 years of age in the case of women and 65 in the case of men?—I did not say that is the State's duty to do that. I did not define it in that way. I said the question of deficiency or surplus should not affect the individuals who are in the various societies.

RETURN OF LAPSES.

Central Age.	Rate of Secessions per Cent. per Annum.				
	Manchester Unity, England, 1866–1870.	South Australia, 1895–1904.	Victoria, 1881–1890.	New South Wales, 1900–1908.	New Zealand (Sample Lodges).
18	4·36	9·1	6·10	10·97	7·0
23	5·29	8·8	9·52	13·26	9·8
28	4·38	6·8	8·26	11·03	7·7
33	3·09	4·6	6·04	7·86	6·0
38	2·19	3·1	3·72	5·55	4·3
43	1·42	1·8	2·20	3·44	3·4
48	0·87	1·3	1·69	2·01	1·5
53	0·61	1·0	1·23	1·25	1·2
58	0·48	0·7	1·01	1·11	0·7
63	0·38	0·5	0·76	0·76	0·6
68	0·26	0·4	0·31	0·67	0·4

JOHN KERSHAW examined. (No. 2.)

1. *Hon. the Chairman.*] What are you?—I am secretary of the New Zealand Branch of the Manchester Unity Independent Order of Odd Fellows, and also parliamentary agent for the society.

2. Do you wish to make a general statement to the Committee?—I wish it clearly understood that I am here not as representing my society, but at your request as a friendly society man. I will explain my reason for that letter. I with a number of others met the Hon. Mr. Beehan in June last. They were representatives of different friendly societies, and it was there stated and it was well known that from time to time the representatives of friendly societies had interviewed the Ministers of the different Governments with regard to the question of subvention, and promises had been made that a subvention scheme would be introduced. I might say in passing that I was a member of the Conference which was held in 1906, when the late Hon. Mr. Seddon drafted a scheme of subvention and offered to the Chairman of that Conference a copy of the scheme conditionally on it not being made known to the meeting. The Conference somewhat resented that position, as they thought it was not right to consider a scheme of which they were not in possession of the details. Consequently the Conference did not take any action. I do not think Mr. Hayes was quite right in saying that they passed a vote opposing subvention. They rejected it because they were not prepared to sanction a scheme of subvention the details of which they were not in possession of. No one but the Chairman had the details, and he was not allowed to give the meeting the information. That is something after the same style that Lloyd George did. The Conference were not placed in possession of the scheme, and consequently they took no action with regard to it. I may say that the question of subvention in regard to friendly societies has never yet been officially before the societies in New Zealand, and in June last, as I previously intimated, a number of representatives met the Hon. Mr. Beehan with the intention of trying to obtain from the Government their proposals for such a scheme, knowing that they had already promised that a scheme would be brought in on the same lines as that in operation in New South Wales, but not in the same terms. The object of that meeting was to try and arrange for a deputation to wait upon the Minister with a view of becoming possessed, if possible, of the proposal. I desire to say that in October, twelve months ago, I wrote to the Minister as representing the several societies in New Zealand, and asked if he would kindly supply us with an outline of the proposals of the Government in regard to the question of subvention. Although I wrote in October I did not get a reply until some time in December. I pointed out in that letter that commencing with December and continuing probably right up to March the different societies would be holding their annual meetings, at which meetings there would be representatives from the whole of the lodges in the Dominion, and if those proposals had been supplied they could have been considered by those different meetings, and a pronouncement could have been made as to whether the societies were favourable or not to the question of a Government subvention to friendly societies. However, that information was not given. The reply was that we could not be put in possession of the proposed legislation, and consequently we are just in the same position now as we were at that time, except that in June last a deputation waited upon the Minister and made a similar request that they should be supplied with the proposals of the Government. The Hon. Mr. Fisher was kind enough to receive this deputation, and he placed before them in confidence a draft scheme of subvention. That scheme was read by myself to the members of the

deputation. It outlined the scheme the Government had in view, and also attached to that scheme was a schedule which set out the financial position of the different friendly societies in New Zealand. The reason urged for not circulating that scheme was that the schedule showed some of the societies to be in such a poor financial position that it would probably be detrimental to their interests to make their position known to the public. However, I may say that the representatives of those societies that had large deficiencies held a different view to that: they thought that the fact of making it known might be an incentive to those societies to endeavour to improve their position. However, the position, as I have already said, is to-day the same as it has been since 1906. The societies have not up to the present had an opportunity of considering the Government subvention scheme, and, if I may be permitted to say, I think that the best course as far as friendly societies are concerned—and I have an extensive knowledge and long connection with the societies and with friendly society work—would be for the Government to submit their proposals to the several societies, that those societies should consider them, and that there should be a conference arranged composed of representatives from the several societies to meet and consider those proposals and make a pronouncement. As the Hon. Mr. Fisher has said, there are some societies that have expressed themselves as opposed to Government subvention, but there are a large number who, I believe, are favourable to subvention. That is the reason why I stated at the outset that I was not here as representing my society to urge for subvention, because I have no authority to do so. My society has never asked for subvention, and neither has any other society that I am aware of officially at any of their annual meetings. They have never considered it, and neither have they ever asked for it, and that was the reason, when the deputation waited on the Minister, that I, as spokesman, was requested to make it plain that the deputation were not asking for subvention, but merely asking for the proposals of the Government in regard to subvention.

3. The Government took the initiative?—Yes; at the request of deputations, I believe, in different parts of the Dominion. The Hon. Mr. Beehan has been energetic in that way.

4. *Hon. Mr. Fisher.*] The demand was made by individuals?—Yes. As far as I am aware, there is no society that has yet had the question of subvention officially before it and made a pronouncement. I am open to correction, but I do not know of any society that has asked for it. But, gentlemen, the order of reference has been widened since we took up the matter of subvention. It comes now to a matter of social insurance, but before I leave the question of subvention I wish it to be made clear that, as far as I can understand, any attempt to make a distinction in the question of subvention between solvent societies and deficiency lodges will be very strongly resented. For the reason stated by Mr. Hayes, we are proud of the position as far as the Manchester Unity is concerned, that we have never attempted to sacrifice our financial position for the purpose of making members, and when the New Zealand Branch was established under the name of the New Zealand Branch of the Manchester Unity Independent Order of Odd Fellows Friendly Society—that brought in a number of districts that were working separately. When we formed that branch we established a scale of contributions, which I might almost say has been taken as the standard of contributions for solvency for New Zealand, and it has never been questioned. The result of the adoption of that scale of contribution has been that right along the line from the institution of the society up to the present the financial position of our districts and lodges have greatly improved, and if you turn to the 1911 and 1912 reports of the Registrar of Friendly Societies in regard to valuations, you will find that we have distributed or appropriated a large amount of the surplus in the way of increased benefits and reduction of contributions to the members. Then, on that ground it does not, I think, seem feasible that we should quietly sit down and be deprived of any Government subvention that might come for our older members when we have been endeavouring to make provision out of our own pockets to establish a good financial position and make the necessary provision for our members.

5. You would be penalized for being thrifty?—Yes, and I think the Government would scarcely consent to such a course.

6. There is no chance of the Government doing it?—Mr. Hayes mentioned in regard to the working of the National Provident Fund that he did not believe it had affected the increase of membership of friendly societies. Well, I differ with him in that respect, although I must say that I have no figures to back up what I am saying, but I think it has affected the membership of the different societies. I have had it stated from one of our districts that it has materially affected their increase. I have only personal knowledge in one or two cases, but I think the fact of the establishment of the National Provident Fund has affected the increase of members in friendly societies. Mr. Hayes instanced that, in his opinion, the reason for there not being the same increase as previously was the introduction into the Friendly Societies Act of the provision for adequate contributions on the part of new branches in New Zealand, and it related more particularly to one society. I believe that has had something to do with it. I believe Mr. Hayes is right to some extent, but I do not believe that that covers the whole of it, for the simple reason that this particular society referred to had established branches in almost every available place during the term that they had had their rich harvest, and therefore I do not think that would account for all of it.

7. *Mr. Hayes.*] Your own society opened more branches than it did for years, and in 1912 it had more new members in the new lodges than in any other order?—Probably it made no difference. I am not going to say that the introduction of the adequate scale of contributions did not make any difference to us. It did not stop our increase, for the reason that we have had it for a considerable time, but I know that the establishing of the National Provident Fund has, and I think it must be plain on the face of it that it must necessarily affect the position. But there is another aspect of the National Provident Fund I want to draw attention to which seems to press somewhat hard.

WEDNESDAY, 22ND OCTOBER, 1913.

JOHN KERSHAW further examined. (No. 3.)

1. *Hon. the Chairman.*] Will you continue your statement to the Committee?—Mr. Chairman,—When we adjourned last week I was just saying that there was another aspect of the National Provident Fund Act which we thought was affecting the interests of friendly societies, and that was the matter of canvassing. The Hon. Mr. Beehan referred to it in his remarks, and I just wish to emphasize that particular part of the report, for the reason that I believe it has materially affected the interests of friendly societies. I understood Mr. Hayes to state in his remarks that the lecturers would not give undue prominence particularly to the National Provident Fund as against friendly societies. I was not at the time sure whether I was in a position to ask Mr. Hayes any questions, nor am I sure now of the position; but if I am in order I would like to ask, before proceeding any further, on what basis is the remuneration of the lecturers fixed? Is it on commission, by salary, or what?

Mr. Hayes: I think that is quite outside the question. That is a departmental matter.

Hon. the Chairman: How can that affect you?

Witness: A man who receives commission in addition to a salary would more likely give his attention to that particular part of his duties as against the general question than if he was paid simply a salary; it would appear to me that his idea to win other business over to the National Provident Fund would be stronger.

Mr. Hayes: I will say this: that nobody would put a scheme like this in hand if there was not some incentive given to the men who are doing the work. It would be a waste of money to send people round the country if they were not paid according to the results of their work.

Witness: I heard it was 5s. a member.

Mr. Hayes: The amount varies.

Witness: That is a point I wish to get information upon. The Registrar says in the annual report of the National Provident Fund that a large number of young members have been enrolled into the scheme during the past year, and, "It will be observed that the average weekly contribution per member has, since the lecturing campaign began, gradually fallen from 2s. 3d. to 1s. 8d. per week. This is a satisfactory feature, as it is mainly due to a larger proportion of young lives being enrolled." Well, I desire to say that the recruiting-ground that we have for friendly societies is the young, and if energy is displayed in this particular line it will in a great measure reduce the supplies of members of friendly societies, and will leave them ultimately with just the older members to deal with. This bears very strongly on the matter of subvention. I might say that until the establishment of the National Provident Fund I had not considered that the question of subvention was of very great importance; but when we come face to face with competition of this kind as is displayed in the National Provident Fund Act and its working, it leads us to think that there should be some consideration for the friendly societies in the matter of subvention. Now, the provision in the National Provident Fund is that one-quarter of the total contributions of those who join that fund is paid from the Consolidated Fund, and, in addition to that, the whole expenses of management, and the salaries of the lecturers, and everything in connection with it is paid out of that fund, and provision is also made that such amounts as are required can be drawn from the Consolidated Fund for the working of this particular fund that I am referring to. I would like to say in passing that the question of management in friendly societies is one that gives a great deal of concern; we are met with it at every point. The great difficulty is in meeting the expenses of management, and consequently there are steps taken at times which have to be very carefully watched, as there is a danger of lodges trespassing on the benefit fund in order to sustain their management fund by reason of the limited contributions to that particular fund, and it does seem a somewhat hard or unfair competition when £1,970 is paid out of the Consolidated Fund for 2,110 contributors during the year 1912 when friendly societies in carrying out their work have to provide the whole of the management expenses out of their own fund, and, in addition to that, they have to pay out in connection with the National Provident Fund as well. I just bring that forward to show that in the matter of subvention the friendly societies have a greater claim for consideration than they at any other time had by reason of the establishment of this fund. I wish to say that I am not opposed to any system of thrift. I believe it is our duty, not only as friendly society men but as good colonists, to help any legitimate desire to encourage thrift in this Dominion; but when it comes in this form, as has already been pointed out, it does appear to us that it is bearing somewhat hard on the societies. That is one of the strongest reasons, I think, that the friendly societies can put forward in support of assistance from the Government in the matter of subvention. The cost of the propaganda work appears to have been fairly expensive, and I maintain that if the friendly societies had a somewhat similar fund to what has been provided here, where they could send out three or four canvassers, I fancy that our increase of membership would loom fairly large even in comparison with the National Provident Fund. It does appear, as I have already said, that the competition is somewhat unfair. The Registrar has said it would be likely to help the friendly societies. Well, that may be so—I am not prepared to contradict it. It would probably lead men to see the desire of making some provision in the way of thrift and self-help. As I remarked on Friday last, the order of reference has been somewhat widened: it has widened out to the question of social insurance. Those who have followed the institution of national insurance in England have been led to see, to my mind, that rich provision has been made for the working-classes particularly in England. Mr. Hayes in his remarks said that there were three hundred thousand workers of the ages from 15 to 45 in this Dominion, and out of that number there are only something like seventy-five thousand members of friendly societies.

Mr. Hayes: The correct figures are 270,000.

Witness: I was pleased to get that information. It would appear, therefore, that there is a great field for thrift work even yet. There is no doubt that the friendly societies—and I think it is generally recognized—have been a great power for good in that direction in the shape of thrift and making provision for sickness and mortality; but we cannot but admit that there is yet great room for improvement. We find that there are a large number who are careless about making any provision for sickness or mortality, and while in a voluntary way members of friendly societies have been active amongst their fellows in endeavouring to get them into their respective societies, yet, as I have said, there is a large number who apparently have not made any provision. Therefore I favour some scheme of social insurance which would have the effect of getting those who are outside friendly societies, and who have made no provision for sickness and mortality, to know wherein their duty lies in that respect. I have a strong conviction that if any scheme of that kind is undertaken by the Government, they should at the very earliest date make provision for the scheme being worked through the friendly societies. I express that conviction for more reasons than one. I believe if we got them within the ranks of the friendly societies under the State provision we should ultimately get them into the lodges as they are now established, as this was done in England. I might say, by the way, that at the time this was being discussed I was in Manchester at the meeting of the Manchester Unity in 1911, when there were about seven hundred delegates present, and the conviction amongst the leading members of that meeting was that although they recognized there was being instituted a scheme which was likely to interfere with their working, yet they also realized that there was no other alternative, but that they should open their doors to the admission of members under the State clause with the view of ultimately having the field in which to work to bring them into the fraternal work of the society, and I am prepared to say that in a great measure that has been accomplished. In the case of those who came in only when actually compelled to do so, the strange part of it is that now most of these have a desire to go further than at first compelled to do. It has led to me to believe, and to believe very strongly, that when persons are led, whether compulsorily or otherwise, to see what their duty is, and they see the benefits which are being derived from association with such societies, then they are disposed to go a little further than at first asked. I would like to take this opportunity to refer to and express my gratification at the report of the Registrar of Friendly Societies. In the report of 1913, where he is dealing with different schemes of social insurance, the outstanding feature of the report, to my mind as a friendly society man, under the heading of social insurance, is the sympathetic feeling that the Registrar has in regard to friendly societies. Referring to the work during the past century in friendly societies, he has come to the conclusion that this work can be best carried out through friendly societies, and I think that report will be hailed with gratification amongst the friendly societies of this Dominion, for the simple reason that the outstanding feature is the expression of the Registrar as to the good work the societies have done and which he believes they are capable of doing. I might say that I have often given expression to that same conviction, that the friendly societies have the machinery, they have a system which has stood the test of a good many years, showing that they can lay hold of men and not only lead them to be thrifty, but in a great measure to lead them to be very good citizens and take part in the working-out of schemes which are for the betterment of the Dominion. The English Act, as you are probably aware, had a very stormy passage; great opposition was raised against it, as is the case with nearly all reforms. It is very difficult to get men to see even what is for their good, but I think he would be a bold man who would dare to approach in the direction of doing away with the national-insurance system in England, and consequently I think that not only in this Dominion, but in other places there seems to be a trend in the direction of widening out and making provision for those who hitherto had not made any provision for themselves, and I think that before very long similar steps will be taken probably in other places. The question of compulsory *versus* voluntary membership is one, of course, which will be debated probably very strongly when it comes to be considered by the friendly societies; but from my experience provision has to be made in many directions not only for persons who are outside friendly societies, but for members of friendly societies themselves to make extra provision. We find that those schemes in many cases are not availed of to the extent we believed they would be availed of, so that it is just a question how far any scheme which is brought forward would be received sympathetically by friendly societies. I have a very strong conviction that unless the friendly societies make some extra provision or launch out in some way, whether by assistance from the Government or by themselves, that those who are in different organizations other than friendly societies will probably approach the Government in the matter of instituting some scheme of social insurance. I do not know that I shall deal very much further with this matter, but I do want to say one or two words in regard to the mode of proceeding with this particular question. As I told you at the last meeting, I was a member of the Conference in Wellington in 1906, and I have had a great deal to do with the discussion of such matters. My experience leads me to the conclusion that no effectual work will be done in dealing with questions of this kind unless some scheme is placed before the friendly societies, and they are allowed to consider it and express their opinion upon it before it is finally dealt with by Parliament. I need scarcely say that there is a great diversity of opinion in friendly societies, as there is in other organizations, because many rush to conclusions, and I believe in some cases conclusions are arrived at without due consideration. There seems to be a tendency on the part of some to believe that any movement on the part of the Government in matters which affect friendly societies is with the desire to crush friendly societies or to interfere with them in their working. I may say without hesitation that I have no sympathy with any expressions of that kind, because I fail to see why any Government should have a desire to interfere unduly with the working of societies which have done so much good not only in this Dominion but in other places in the matter of thrift and self-help. No Government would do it. However, this is feared by some members, and they speak of it in a very glib fashion, and others are led to follow them. What I do wish to emphasize is this: that in order to arrive at anything like a conclusion which is likely to be for the benefit of the country or for the members of friendly societies the members of friendly societies should have an opportunity of considering any scheme which is to be brought down. In addition, the Government ought to assist, as they did on the last occasion, in defraying the expenses of members attending a conference. Of course, such a conference would be restricted to representatives, and not too many, from the respective friendly societies. They would deliberate and come to a conclusion, and whichever way the majority of that conference decided, let that be the view of the friendly societies as a whole; but as it is at present, members of the Ministry go to one part of the Dominion, where one party interviews them in regard to subvention and urging it upon them, while another party is opposed to it. The result is that there is a division of opinion, and I maintain that in this as in all matters the friendly societies can materially help the Government in coming to a conclusion on this very important question. If there is a desire on the part of the Government or some other organization to enter upon a scheme of social insurance, and the friendly societies are not sympathetic with it—well, if they pronounce against it in the manner I have suggested, then the Government will be free to take its own course. It has been said that the friendly societies opposed the matter at the last Conference. I have thought the matter out since the last meeting of this Committee, and I am not convinced that that was so, and I think the right and proper course to deal with it is as I have suggested. The Hon. Mr. Fisher has said that a scheme will be issued with the report of this Committee. If that is so, we will know what we have to consider and we can pronounce upon it.

Hon. Mr. Beehan: That scheme is too costly.

Witness: I do not know whether that will come forward, but I am speaking in a general sense. Whatever suggestions the Government may expect the friendly societies to consider, let them have the full information before them so that they can consider it and come to a conclusion. Do not take the views of a representative in Dunedin or Auckland, as the case may be, but take the views of the friendly societies as a whole, and let that be the determining factor whether the friendly societies are in favour of a subvention scheme or any other matter. I do not know that I can say any more. I understood the first order of reference was to the report of the Registrar of Friendly Societies for 1913, and I have endeavoured to confine my remarks to matters as set out there. The question of subvention as it is in operation in New South Wales has been already referred to, so that I do not need to traverse that. I only wish to say this: that in regard to New South Wales, I have had a report of their last annual meeting as far as our society is concerned, and they have made more members than they have ever made at any previous time. In fact, the society is going ahead by leaps and bounds. Whether that is due altogether to subvention or the consolidation of funds which has taken place there I do not know; but they have made wonderful progress. Of course, I am referring to the Manchester Unity alone. It is the only society I have any information about at present. I cannot close my remarks without again making a reference to the work which is being done in the office of the Registrar of Friendly Societies and the assistance which the societies are getting. We have no fault to find in that direction; but we do think—and I am expressing, I believe, the opinion of a large number of the leaders of friendly societies—we do think, and think very sincerely, that the Government should take the societies more into their confidence, and that they should give them an opportunity of expressing their opinion upon these most important matters. By this means they can have a voice in determining what should be done, and they believe that by so doing they will be saving the country expense, and will be helping members of the House to come to a conclusion which will be for the best interests of friendly societies.

2. *Hon. Mr. Fisher.*] Would you prefer to have subvention and see the Government continue the National Provident Fund, or would you prefer to have no subvention and no National Provident Fund?—As I told you at the commencement, I must express only my own opinion in regard to it. As to the question of the continuance of the National Provident Fund Act as against subvention, I think on first conviction that I should not be prepared to say, "Abolish the National Provident Fund." I must qualify that because it is a matter which I have not given any great thought to; but this thought flashed through my mind at the outset: that if it is striking at the root of our membership on that consideration I should prefer that the National Provident Fund scheme should be restricted in that respect. It appeared to me that it was providing for an annuity. Well, that affects particularly the older members rather than those who are so very young so far as they would be able to come in at a lower rate of contribution while they are young.

3. Then, I take it your answer is that you would like to see the National Provident Fund scheme restricted?—That is my opinion.

4. In what way?—We would not ask that it should be abolished, but that the provision for canvassers, lecturers, and so on should be abolished. My view is that no exception should be taken to the Government establishing the National Provident Fund so as to allow any one who wishes to take advantage of the provisions of that fund being able to do so, but let it stop at that. The Registrar told us the other day that it would have practically died a natural death if they had not helped the thing on, but it should stand just as our societies are doing and take its chance with the general work of the friendly societies.

5. You said you hoped that a scheme like this would not be forced upon the friendly societies without their being properly consulted in the matter?—Yes.

6. There has never been any attempt to do that, has there?—Yes.

7. I think you have been met with every consideration in regard to the Bill all the way through?—I am not sure of that. I am not prepared to say yes to that—not in view of the answers we have received and the communications which have come forward. It has been promised again and again that the schemes would be considered, but they have never yet reached the friendly societies.

8. No attempt has ever been made to ram this down your throats?—No. There have been different schemes. I think Mr. Ell had a scheme during the time of the previous Government, and there was a scheme in vogue previous to that. Then the present Government had a scheme which never reached us, so that attempts have been made to establish these schemes. They have never yet reached the friendly societies, and we consider that any scheme which affects them the friendly societies should have an opportunity of considering.

9. Well, you will get it this time?—I am very pleased to hear it.

10. Who are you representing at the present time—are you representing the Manchester Unity only?—I am representing no one particularly. I am giving evidence as a friendly society member.

11. I thought you were a member of the parliamentary committee?—I said I was secretary of the New Zealand Branch of the Manchester Unity Independent Order of Odd Fellows, and also parliamentary agent of that society. Reference was made by the Hon. Mr. Beehan in regard to politics in friendly societies: there is no politics in friendly societies, except so far as politics bear on the state of friendly societies; but in that connection we have a parliamentary agent whose duty it is to watch any legislation that may tend in the direction of affecting friendly societies.

12. The subvention scheme has not really been seriously considered by any society to your knowledge?—Not that I am aware of.

13. *Mr. Harris.*] You said that as far as you knew the friendly societies have never expressed their disapproval of the subvention scheme as proposed at the Conference in 1906?—No.

14. It was never really officially before them?—No, not officially before them.

15. You are not in a position to say whether the societies as a whole approve or disapprove of that?—No, I am not, and I do not think any one else is in a position to say.

16. As a prominent member of the friendly-society movement, can you say positively that the National Provident Fund has come into undue competition with the friendly societies?—I can only say in my opinion. I think it states in the annual report that 4,000 members had been enrolled in the National Provident Fund, and it was put prominently forward, as I have already read out, that the average weekly contributions had fallen from 2s. 3d. to 1s. 8d. by reason of the large number of young men who had been enrolled. I make bold to say that the probability is that no young man would be able to enrol in both systems.

17. *Hon. Mr. Beehan.*] There are a good many?—There are none to my knowledge. I should not have thought it.

18. *Mr. Harris.*] You really think that had it not been for the National Provident Fund coming into operation the chances are that there would have been more joining?—Yes; I believe there would have been more members joining the friendly societies than there have been.

19. You know, of course, that anybody can join the National Provident Fund without a medical examination?—Yes.

20. That being so, do you not think they are probably working in a different circle very largely to friendly societies? You know that members joining your society have to be medically examined?—Yes. It is not really that you have that class of medically unfit in such large numbers as would lead us to believe they have been enrolled here.

21. Do you think it wise that anybody should be allowed to join the National Provident Fund without medical examination?—I do not. I do not see why the Government should work on a scheme which is practically disapproved by friendly societies, disapproved in a manner that it is always set out in the annual report in regard to those who have been drawing on the sick-pay, and we have to watch very carefully to make a selection from those who are likely not to be unduly on the fund.

22. *Hon. Mr. Earnshaw.*] I take it that you mean it is not fair that the Government should demand of friendly societies what it is not proposing to conform to?—That is right.

23. What is your general impression of your order with regard to subvention? In your opinion is the majority in favour of State subvention or against any interference by the State?—I have not had the opportunity of finding out. The general impression, to my mind, is that they would not be favourable to it. Of course, I am not sure. I have not had an opportunity of getting a pronouncement on the subject, so that I would not like anything to go forward which would show that as far as the Manchester Unity is concerned they are opposed to it; but, as I have already said, the matter has been very much altered by the institution of the National Provident Fund entering into undue competition with them in the matter of providing a quarter of the contributions of those who contribute to that fund. Personally, I was not particularly favourable to subvention previous to the establishment of the National Provident Fund, but since the establishment of that fund it has made a vast difference. I fail to see why those outside should receive 25 per cent. of the contributions, and those who have been working so long in friendly societies should not have the same privilege, especially for the older members. It is not for every member that the New South Wales scheme provides—only for those who have been twelve months sick and over and who are getting on in years, but the National Provident Fund pays a quarter of the contributions from the beginning, and pays £1,970 in one year for management expenses.

24. *Hon. Mr. Beehan.*] Part of that would be non-recurring?—Yes; but a lot would be recurring, such as lecturers and salaries.

25. *Hon. Mr. Earnshaw.*] You consider that the Government's action in establishing the National Provident Fund warrants them in coming forward with a contract for subvention?—I do.

26. *Hon. Mr. Paul.*] Do you approve of the National Provident Fund?—I approve of the National Provident Fund if it had been established on the lines that friendly societies are established on—that is, that they should pay contributions for the benefits they are receiving.

27. Your only objection to it is that the conditions under which an applicant joins are too favourable to the applicant?—Yes, as against the friendly societies.

28. So far the National Provident Fund helps the indigent or physically incapable—that is, the man who wants to provide for himself and cannot do it through the friendly societies, but does it through the National Provident Fund. Do you agree that the State ought to help such people? —I do.

29. Do you recognize that the State is doing it to some extent through the National Provident Fund?—Yes. I believe they have done that, but it ought to be done in a more specific manner as dealing with those and those alone. I would not say that the Government should not make provision for those who are not in a position to help themselves; but it applies to those who are in a position to help themselves as well as those who are not, and such as can help themselves should do so through the friendly societies.

30. From a national point of view, do you not think it is worth while for the State to hold out some inducement to create a spirit of thrift?—Yes, I do.

31. Is not that the underlying principle of the National Provident Fund?—No, not in the sense in which I view it. I believe there should be some scheme whereby those who are not now making provision should in some manner be compelled to make provision.

32. *Hon. Mr. Barr.*] How are you going to compel those people who are not making provision to make provision without having a national scheme which would involve, of course, doing the work of the friendly societies?—I do not know whether you were in the room when I dealt with that question, but I said I was favourable to a scheme even if it was a national scheme; but my opinion was that in dealing with a scheme of that kind it should be worked through the friendly societies.

33. You would not favour the system adopted in the Old Country of approved societies in addition to friendly societies?—No, I would not, until the friendly societies had had an opportunity of saying whether they would do it. The work which the friendly societies have been doing for many, many years was taken up by those who had been working on lines which had already been condemned in the matter of dividing societies, and so on, but when they found that avenue was closed they were then ready to fall in with the Government scheme, and, as I have said, the machinery of the organization of friendly societies is such that they are quite capable of dealing with the work, and I think they ought to have the first opportunity.

34. Your main objection to the National Provident scheme is because it entrenches on your ground?—Yes.

35. You have no objection so long as it keeps off what you call your special rights. You would like to see it kept to those people who would not be admitted into your particular society? —That is so, but not that alone. I said that the scheme ought to be instituted on the same grounds as the friendly societies are instituted—that is, they must pay their own way, and if it is a matter of indigents, then let us understand that it is such.

36. You would not suggest that that number of people, which is probably larger than we might think, who would be unable to enter the friendly societies by medical examination, should be left entirely unprovided-for?—Well, I do not know. I think it ought to be more of a general scheme than that provided for in the National Provident Fund.

37. That does not altogether answer my question. We understand that one cannot get into a friendly society without first passing a medical examination?—Yes.

38. And there is a number of people who do not pass the examination?—Yes.

39. And if they went to some other doctor they might pass—at all events, they do not pass? —Yes, they do not pass.

40. Are we to leave those entirely unprovided-for?—No; but separate from the general scheme. Let us understand that the Government is only providing for those who cannot enter into a friendly society.

41. You say the Government should only take rejects?—Yes; if the Government are prepared to provide for those people they ought not to enter into competition with friendly societies that do work of that kind, and those society members helping to pay for it in addition to making provision for themselves.

42. *Hon. Mr. Beehan.*] That is by the payment of the 25 per cent.?—Not only by the 25 per cent., but by the cost of management.

43. *Hon. Mr. Barr.*] Have you ever thought that the work the friendly societies have been doing is work that the Government of the country ought to be doing?—No, I do not think it is work that the Government of the country ought to do. I think it is better done now than the Government could ever do it.

44. *Hon. Mr. Beehan.*] But you do not want competition?—That is right. I do not believe the Government could have made the success of friendly societies that has been made, and that has been evidenced again and again.

45. *Hon. Mr. Barr.*] You think it would be better if the Government left the work to the friendly societies?—I do.

46. Then, you do not want any contribution from the Government?—That is for the societies to say.

47. I am only asking your own opinion—you are only expressing your own opinion?—Yes. I am of opinion that subvention is not required except in the matter of provision having been made for subvention in another direction. The Government are paying 25 per cent. of the contributions of those who joined the National Provident Fund. That is where the objection comes in, and if the Government have created a system of subvention to the National Provident Fund, it is only reasonable that the friendly societies who are doing much better work and have been doing it for a considerable time should also receive some consideration.

48. Are the friendly societies being run on business lines as a business?—No, but for the good of members.

49. Do you not think, then, that it might be better if the Government took over the work, seeing it is not being run as a business, for the good of the people of the Dominion, and taking into consideration also that the friendly societies only reach a section of the people, whereas if the Government deals with it they would endeavour to reach the whole?—No. They only reach a section, because there is no compulsion. It is impossible to reach that section if they will not be reached. We have had propaganda work by our members amongst their fellows endeavouring to show them the advantage of making provision for sickness and mortality, and by reason of that a large number have come into the society. The Government put lecturers on to get permission from the employers to speak to their men during the dinner-hour and at other times, so that the Government are paying lecturers to get members for the National Provident Fund, whereas if we did that we should have to put our hands in our pockets to provide for it.

50. Do you favour a compulsory National Provident Fund?—Yes.

51. So that you do not approve of the Government having entered into this business after all their work, and paying lecturers, and so forth?—No.

52. *Hon. Mr. Luke.*] Do I gather from what you said that you object to any national system?—No, I do not.

53. But being a national system you think it could be worked through the societies better than by the Government?—Yes, most emphatically.

54. Could you create two watertight compartments, one representing the ordinary friendly society system and the other to cover the section who you do not agree to take into your lodges?—They do in England.

55. Does the British Government contribute to both sections?—Yes. There was provision that those who did not care to join the friendly societies could pay their contributions into the Post Office, so that it would be clearly separate from friendly societies, but their benefits, I believe, were limited to the amount they paid in to the Post Office. When they had exhausted that amount, then their benefits ceased; whereas if they paid in through the friendly society they participated in the benefits so long as they required them, and the result of that has been that the several friendly societies and approved societies have now taken over, I believe, all the Post Office contributors.

56. Then, really, your societies in Great Britain supply the machinery for carrying out the disposal of the funds contributed?—Yes. The friendly societies in England have the whole of the work—that is, with the approved insurance societies, such as the Prudential and other societies, and the approved societies have taken over, I believe, practically the whole of the work of the national-insurance scheme in England.

57. If under such a system there is a portion of the people who cannot enter owing to the medical examination, and that section has to be provided for, do you think they would absorb that 25 per cent. of the contributions?—Yes, I believe they would.

58. And in that sense it is a benevolent fund for those who could not get the support of the friendly societies?—Yes, in that direction. As I have already said, the distinction between the two is that we are not only paying 25 per cent. of the contributions for those who are not in a position to pay, but the Government are paying 25 per cent. for those who are in a position to pay, and that is where the objection comes in. I do not think any friendly society man would object to the Government making provision for indigent persons, but let us know they are indigent, and not that they are entering into competition with the life-blood of the country.

59. How do you propose to separate that indigent portion—I mean those who could not undergo medical examination?—Let it be understood that evidence must be provided that they are indigent.

60. But young people come in from 18 to 25—the indigent does not come in at that age?—They join at 16 years of age.

61. Therefore it would not apply to that section?—No.

62. Under any subvention scheme you say the Government could not differentiate between societies that are solvent and in a good financial position and those that are not?—Yes; for this reason: my idea of this subvention scheme was that it would only apply as set out in the New South Wales scheme for those who had been continuously on the sick-fund for twelve months and over and those who had reached old age. It was making provision that the lodges would not be overburdened by reason of those who had reached that stage. Although our rules specify that sick members have to be suffering from some specific complaint or disease, yet we know that they are on the sick-fund by reason of senile decay, and the doctor gives them a certificate that they are not able to work, and so on. We know we are providing for persons under benefits who are, strictly speaking, not entitled to them because they are not suffering from any disease, and yet they are a charge on the fund. As far as I understood the subvention scheme, at the outset it was only to provide for those who had reached old age or those who had been continuously sick for twelve months and over—chronic illness—and not to subsidize young men, because the scale of contributions we have in our society is quite adequate to provide all the benefits we promise them. We have no cause for complaint, but there are some isolated lodges on the West Coast, say, which are in a very poor position for the reason that until recently they had an inadequate scale of contribution, and there was only one of two courses open to deal with them, either to raise their contributions or reduce the benefits, and, of course, we do not like to do that.

63. And you think that if the Government had differentiated between those financially strong and those weak, poor societies it would be like penalizing those who had practised self-denial and paid larger contributions?—Yes, it certainly would in the case of financially sound societies. If

this money was given to them it would enable them to deal more effectually with the persons suffering as I have mentioned, and money could be appropriated in that direction to help them.

64. *Hon. Mr. Beehan.*] Your society in New South Wales is a very large one?—Yes.

65. Could you state the number of members?—I think, somewhere near forty thousand.

66. Your society takes advantage of the Subvention Act in New South Wales?—Yes.

67. Could you give us any idea from your communications with them what they think of the scheme in New South Wales?—Their opinion is that it is a very good thing, and it has met with their approval.

68. And you are aware also that the scheme is not a costly one—only costing 2s. 4d. per head for adults?—Yes, that is a cheap scheme.

69. I think you are also aware that it was established by the Registrar, who is also actuary, through lecturing the societies?—Yes; he went round to the different societies and addressed the members, and pointed out the advantages, and, if I mistake not, there was an impression that they would be penalized unless some provision was made. The scale of contributions was held out as an inducement, and that if the scheme was approved of their position would be improved.

70. You are aware also that it was principally to stop the lapses or secessions from the societies, especially amongst the old people up to 65 years of age?—Yes.

71. Has it accomplished that in New South Wales?—It has reduced them, and with the aid of consolidation they have been able to meet all those claims and convert their large deficiency into a surplus. It has also enabled them to reduce the contributions of members, and so improve their position in that way.

72. Supposing Lloyd George's scheme were brought out here, how do you think the cost of it would compare with a subvention scheme?—That is a question I have not looked into.

73. You are, of course, aware that the subvention scheme is taken up by all the societies with the exception of one in New South Wales?—Yes, that is so.

74. They did not do so at first?—No, there was some opposition to it.

75. You heard Mr. Hayes say that there was a Government proposal for New Zealand, and that the cost would be something like £15,000?—Yes.

76. On the lines of the New South Wales scheme of 2s. 4d. per head of mesne adult membership of friendly societies, evidently that is about twice more than the friendly societies could expect comparing it with New South Wales. If there are 164,000 members of friendly societies there, our adult population of friendly societies would be reduced proportionately with New South Wales. According to that scheme, should not the cost be about £7,000 at 2s. 4d. per head?—That is if the Government would work this scheme of subvention on the lines of the New South Wales scheme? I cannot answer that. In matters of that kind I have such great confidence in our Actuary that I would not think of questioning his calculations

77. I am sorry you do not like the National Provident scheme?—I said I did not like that portion of it which came into competition with friendly societies. The point is that according to the last report the increase in the members of friendly societies has only been 2·20, as against 3·67 the year before.

78. Had the National Provident Fund anything to do with that?—I believe it had.

79. In what way?—In the way I have already explained. It has had the effect of securing a good proportion of members who would otherwise have been drafted into the friendly societies.

80. You mean young people?—Yes.

81. Have they taken any out of your society?—I understand that in Napier they have felt it fairly keenly; but as I already said, I have no figures to prove it in regard to Wellington. I do not come very closely in contact with the lodge work in that direction, but in the higher branch.

82. You have laid it down that, as the National Provident Fund is subsidized to the extent of 25 per cent. of the contributions, the friendly societies have an undoubted claim to subvention from the Government?—I think so, on those lines.

83. And do you believe also that they should pay a subsidy to old persons at 65 to help them in sickness and funeral expenses?—There is provision made for old age, but I do not see that that enters into our work at all. As the Government have already said they are going to do the work of subvention on the same lines and on the same terms as that in force in New South Wales, when they have done that, that is as much as they can be asked to do.

84. You are aware that in the case of a small lodge, two or three persons continuously on the sick-fund would pretty well wipe it out?—That is where the advantage of consolidation of sick-funds would come in.

85. If the Government came to the assistance of the friendly societies, would it not help those small lodges materially in the case of those old persons of 65 years of age who continue on the sick-fund?—Yes, considerably.

86. Of course, although the societies are actuarily sound, some of them have a great number of people of 65 years of age and over, and that is the reason that you would not like differentiation on the lines of the question put by Mr. Luke that a lodge actuarily sound should not ask for such a thing as this?—Yes, certainly. I believe that all the societies should be treated alike in respect to their older members, independent of whether they are in a sound financial position or in a deficiency.

87. Do you think it a good thing that the Government should subsidize the societies for old-age people to their sick and funeral fund?—Yes, I do.

88. Do you think it would be a good thing if Mr. Hayes and Mr. Traversi took a tour through the principal towns of the Dominion and addressed the members of the friendly societies?—On what lines?

89. On the lines of the Bill put forward?—I believe it would be a good thing at any time for the Actuary to go and address the lodges. They could not fail to get benefit from it, and I believe they would remove a great deal of the misunderstanding which exists perhaps in the minds of some.

90. Mr. Mason used to do it?—Yes.

91. I think you are aware that last year the Government said it was their intention to bring in a Bill and they would distribute it to the friendly societies in time for them to consider it?—Yes, I understood they said that.

92. *Hon. Mr. Sinclair.*] I understand that you do not speak as to the other branch of Mr. Lloyd George's Bill—that is, insurance against unemployment?—No, I do not; it is a question I have not considered.

93. *Hon. Mr. Earnshaw.*] If the Government met the friendly societies with regard to subvention, do you object to them prosecuting with vigour the National Provident Fund and having lecturers, and so forth?—I do.

94. Why?—For the simple reason that I do not think it is the province of the Government to enter upon a campaign of that kind, doing the same work that the friendly societies are doing and are prepared to do.

95. I would point this out that, as all friendly society men know, there are a great number of lapses through many causes, such as chronic ailment. A man may be able to pass a doctor in his early years, whereas if he had gone to another doctor he would not have been passed, perhaps, and the result is that a number are turned down by the doctors. Why do you oppose the Government in endeavouring to bring forward a proposal to gather into its fold through one cause and another those not in the friendly societies?—I do not object except to a certain proportion. I think those who are eligible to become members of friendly scoieties should not be in active competition with them.

96. The difficulty is this: if the Government is to move at all it would go into the district and determine who is a friendly society member and who is not. They must appeal to them as a whole?—Yes; they can appeal to them in the direction of having advertisements in the Post Office.

97. You think it should stand on its own bottom?—Yes.

98. *Mr. Harris.*] You recognize that it is necessary for the State to provide for those individuals who are not eligible to become members of friendly societies?—Yes, I do.

99. *Hon. Mr. Barr.*] You said you did not like that portion of the National Provident Fund which came into competition with the friendly societies. What portion do you refer to which comes into direct competition with friendly societies?—I am speaking of the general work.

100. But what portion do you refer to?—The portion which provides for the admission of young men of 16 years of age and upwards without medical examination, and yet providing the benefits which are on the lines of friendly societies.

101. Where are the benefits which are on the lines of the friendly societies?—They provide sick benefit.

102. On the same lines?—Not on the same lines, for a person joining the National Provident Fund is not entitled to any benefit until he has been sick for six months; but in a friendly society when he has been a member for a certain time he is entitled to get the benefit at once.

103. Do you understand that he must have a family?—Yes.

104. Well, that is not in competition with the friendly societies?—I contend that it is.

105. In the case of the friendly society, does the young man who ought to be taxed as a bachelor get the benefits?—Yes, of course, he does.

106. Does he get it under the National Provident Fund?—No, he does not

107. *Mr. Hayes (Registrar).*] You are aware that under the national-insurance scheme in England there is no medical examination?—Yes.

108. You are aware that under the National Provident Fund in New Zealand there is a five years' wait before the persons become entitled to benefits?—Yes.

109. That, you will agree, would probably meet the medical examination test which obtains in friendly societies?—Yes.

110. You referred to the expense rate of the National Provident Fund. Are you aware that the expense rates in inaugurating schemes such as the National Provident Fund are very high?—Yes.

111. Are you aware that the A.M.P. in establishing its industrial scheme for the second year the expenses were 130 per cent. of its premium income?—Yes.

112. You are aware also that the National Provident Fund after its second year showed only 28 per cent. management expenses of its income?—Yes; but the balance-sheet shows that in the one year there was £772 paid away for lecturers' salaries.

113. That is all included in the 28 per cent.?—Yes.

114. With reference to the work done by the friendly societies, which is admitted to be in every way commendable, and every one who knows anything about it at all must praise it, the membership is now 73,000. Have you any idea how the State should do something for the remainder—that is, the margin between the 73,000 and the working male population, which is, say, 278,000, in the way of providing for social insurance?—I have thought of it, and my experience has led me to believe that the only course that will deal with those who are outside and who have failed hitherto to respond to the overtures made by the friendly society members to make provision should follow on the somewhat similar lines to the national-insurance scheme of England.

115. That is, you believe in a compulsory scheme?—Yes, in a compulsory scheme. Some provision as a trial by offering inducements in such a way as shall lead them to make the necessary provision.

116. Do you think the National Provident Fund benefits are as attractive to the young as the friendly society benefits?—I do not know whether they are. They ought not to be in this respect: that they do not make immediate provision.

117. That is why they should not have been felt?—Yes; but I come back again to the question of lecturers. I know if you got a man who is fairly good at speaking and can put matters forward in an attractive form it has the effect of leading persons to join under circumstances which they otherwise would not do. You stated in your remarks that you thought that did not affect it, but that it would be a help to the friendly societies. I have yet to be convinced that the lecturers would say anything which would help people to join a friendly society, because it is to their interests that they should join the National Provident Fund.

118. They, of course, would not spend half a day in getting a man into a friendly society?—No, not half an hour.

119. What is the average contribution annually to your society—about £3, I suppose?—Yes, about £3. The Manchester Unity's contribution is a little higher than some. That includes medical expenses, management, and everything.

120. Are you aware that in the National Provident Fund it is about £4 2s.?—No, I am not. When I said that the average contributions would be £3 I referred Mr. Hayes more particularly to those who were eligible to join between the ages. I think from fifteen to forty-five would be about the average.

121. *Hon. Mr. Fisher.*] Are there any figures which show the number of medical rejections in connection with the lodges?—The friendly societies could say whether they keep any account, but I do not think so. It is not a very rigorous examination.

122. *Hon. the Chairman.*] Shortly, what is your objection to subvention?—I do not object to subvention.

123. I understood you to say you objected to it?—No; I said in the early stages I had no particular interest in advocating subvention, but when we found that the subscribers to the National Provident Fund were subsidized to the extent of 25 per cent. of their contributions, then I say it puts a different face on the whole question.

124. What control has the main body of your lodge over branches as regards the contributions?—We have this control: that we have a scale of contributions which has been certified to by the Actuary, and no lodge can work under a lower scale. They cannot admit a member at a lower rate of contribution than that provided for by the general rules. Since the inauguration of the New Zealand Branch of the Manchester Unity of Odd Fellows with the consolidation of the districts we have been enabled, more than any other society in the Dominion perhaps, to command a better rate of contribution and so establish a better financial position.

125. Have other societies the same power, such as the Foresters and the Druids?—The Foresters have not a central body; they have separate districts, and by that means one district could be admitting members at a lower scale of contribution in, say, Wellington to what they were doing in Auckland or Nelson.

126. *Hon. Mr. Fisher.*] Have they provincial districts?—They have district provincial schemes only.

127. *Hon. the Chairman.*] Have the Druids a main body?—The North Island Grand Lodge of Druids have control over the whole of the lodges in the North Island. They have a scale of contributions fixed which controls the whole of their lodges.

128. *Hon. Mr. Fisher.*] In New Zealand?—No; those under their jurisdiction. You see there are three bodies of Druids. There is the Grand Lodge of the North Island, the Canterbury Grand Lodge, and the Grand Lodge of Otago and Southland. Each of those central bodies could have different scales of contributions. They could not now establish any branch under a scale that was inadequate, because the Actuary would have to certify to it. That is one phase of the question in which I think the Government did not go quite far enough. They made provision that a branch could not be established unless it had an adequate scale of contribution, but they made no provision for incoming members in existing branches to pay an adequate scale of contributions.

129. There is the trouble that you would have?—Never mind about the trouble. The system is wrong, and the sooner it is amended the better. Supposing we were working in Wellington in the Brittania Lodge on Lambton Quay, and supposing the scale was not adequate and we opened a lodge at Brooklyn, that lodge must have an adequate scale of contributions. A man who was asked to join that lodge would say, " No, I can get into the lodge on Lambton Quay for a lower contribution." No increased rate should be charged to existing members, but any new member coming in should be compelled to pay an adequate contribution.

130. But would you not have two members belonging to the one lodge getting the same benefits but contributing different rates?—There are now different rates in the same lodge by the societies recognizing that they had been admitting members at too low a rate of contributions in previous years, and decided that they must make them pay according to the benefits they are getting.

131. And you keep the old rate for the old members?—Yes. It has been kept in cases where the lodges could afford to, but where the lodges could not afford it, then they probably made provision for those who were paying too low to have their contribution raised or reduce their benefits. The rule provides that if necessity requires it you can increase the rate, but the power has not been made use of.

132. *Hon. the Chairman.*] Would you agree to the Government making a law that lodges should charge more for incoming members than for present members?—What I want to emphasize is that the Government has laid down a rule to say that no society should establish a branch unless its contributions are adequate. It is only reasonable that they should go further, and say that no members should be admitted into the existing branches, especially where there is any deficiency, at less than an adequate contribution.

133. Can you tell us, shortly, what differences exist between members in societies at Home who are getting full benefits and members who are to an extent forced into the societies under the Lloyd George Act?—I am not quite clear as to the difference between the two, except that the one is admitted into the fraternal portion, which provides that they can claim all the benefits that the fraternal portion provides—that is, they can have the full benefit for the full period, and then they are entitled to all the consideration which is given to members in connection with the society for twenty and thirty years; and that same consideration is not extended to those who are in the State portion.

ROBERT E. HAYES further examined.

Mr. R. E. Hayes handed in the Department's proposals relative to position of friendly societies in social insurance [see Exhibit B].

FRIDAY, 31ST OCTOBER, 1913.

ANTONIO THOMAS TRAVERSI examined. (No. 4.)

1. *Hon. the Chairman.*] You are Actuary of Friendly Societies, Mr. Traversi?—Yes.

2. I think if we had a statement from you outlining the proposals made here it would be useful to the Committee, and comparing the proposals made here with those in force in New South Wales?—You would like me to state what is the difference between the two proposals. It may be said that the sickness proposals here agree pretty well with those of New South Wales, with the exception that we have limited our proposed subvention to 2s. 6d. per week, whereas in New South Wales it might go up to 5s. Then, the other part of the proposals in New South Wales consists of paying for medical benefits and medicines over 65, and also funeral contributions over the same age. In place of that we propose a subsidy towards funeral benefits up to £15. The first point there is, that in dealing with the sickness benefit it was thought that the New South Wales scheme of paying all sickness up to 5s., over 65 years of age would have the effect of too largely taking away the responsibility from the society to keep the sickness benefit down. We propose to leave the society to find a more substantial quota itself, so that it has a greater responsibility to see that the sickness claims are kept down. As a matter of actual fact, the report of the Registrar of New South Wales shows that the immediate effect of the subvention of sickness was apparently to send up the claims for old-age sickness. At any rate, it was thought desirable to limit the subvention on account of sickness benefit. We put the subvention at 2s. 6d., leaving societies to find, at the very lowest rates of sick-pay—2s. 6d. per week. I may say that the lowest payment by societies (which will be in protracted sickness) is usually 5s. per week. It may be as high as 10s. in such prolonged sickness, or as low as 5s. So that in the case of a society paying 10s. we would subvent to the extent of 2s. 6d., leaving the society to find 7s. 6d.; whereas where the society pays on the lower scale (5s.) we would pay 2s. 6d., leaving the society to find the other 2s. 6d.

3. *Hon. Mr. Fisher.*] What would New South Wales do under the same circumstances?—In New South Wales when a society pays 10s. in a case of protracted sickness the State would pay 5s. In a similar case of protracted sickness where the society paid 5s. New South Wales would pay 2s. 6d. if the member were under 65, but over age 65 it would pay the whole 5s. The main point I would like to emphasize there is what the society is left to find itself. At the very least in our scheme half the sickness pay has to be found by the society itself. In regard to the matter of the subventions, in New South Wales they pay medical expenses over 65. That is rather delicate to deal with, because the matter of medical pay is a matter which has to be arrived at between the societies and outside bodies; and another point about it is this: that in New South Wales I gather that the subvention goes direct to the member in that particular case irrespective of the society's position. In New Zealand it was thought desirable to secure the financial soundness of the society as a important consideration. I would like to say that the payment of a funeral subvention or funeral benefit was really intended as an indirect means of subventing sickness. I point out in my memorandum that the funeral benefit to the society is, roughly, equivalent to a further sickness subsidy of 2s. 3d. in addition to the 2s. 6d. specifically set out. The great point is this: that the funeral subvention does not encourage in any shape excessive claims for sickness, as it is paid on the death-rate, which is a dependable quantity. The New South Wales scheme, I think, gives too much play to the human will. That appears to be a weak point in connection with it.

4. Can you explain the reason of the *per capita* cost in New Zealand as compared with New South Wales?—Yes; several points enter into that, but I would say that perhaps the shortest way of explaining it is this: that, although the membership in New South Wales is double that of New Zealand, their membership over 65 years of age is only half as much again, and that would at once account for a greater *per capita* cost. There are no exact figures on the point. The figures have to be estimated. But taking the estimate of Mr. Trivett, the New South Wales Actuary, and an independent estimate made by me, I take it that their membership over 65 years of age is about half as much again as ours, and it follows that their total cost ought to be, roughly, about half as much again as ours. Then, again, the New South Wales figures are for 1911, whereas our estimate was made for 1913. They estimate £20,000 for 1912, and that is, roughly, a little more than 50 per cent. over our estimate. There are other points which help to explain the difference—points of detail, which I do not know that I need enter into.

Hon. Mr. Fisher: Is there any reason for that?

Mr. Hayes: The reason assigned is this: the very large influx of membership over there during the last few years would have the effect of bringing down their old-age rate.

Hon. Mr. Fisher: It decreases the proportion?

Mr. Hayes: Yes.

5. *Hon. Mr. Fisher* (to Mr. Traversi).] Have you worked out an estimate showing the probable increased amount of State subsidy that would be required in the years to follow?—No, I have not worked that out, except in a very general way, but I could readily give an estimate.

6. The amount would increase year by year, but there surely must be a vanishing-point somewhere?—I hardly think that would be the case. I may say that both in New South Wales and New Zealand the subsidies are somewhat deferred—that is to say, they are only paid in respect to old members. If there is a large membership of new entrants in the next few years it follows that in some future time it would have an effect on the subsidies, because that influx would produce a greater number of old members later on. It is very difficult to give an estimate for any length of time ahead.

7. What is going to be the effect from an actuarial point of view of consolidation of the friendly societies: is it going to relieve the claims?—I do not know that. It would have no special effect upon this subvention scheme, except perhaps this: that the direct benefits of the scheme to members of lodges would be more equalized. I may explain that in this way: If a society has thirty branches, fifteen financial and fifteen in an unsound position, consolidation would equalize that, and the benefits of the scheme would be equalized amongst them. That would be the principal effect of consolidation with regard to a subvention.

8. *Hon. Mr. Beehan.*] There would be more interest earned through consolidation?—Consolidation would cause more interest to be earned, and in other ways would make for soundness of the societies, subject to one important condition, and that is that sickness claims depend much more on the will than other matters that are provided for by insurance. Death, for instance, is quite outside the human will. Sickness is affected by the human will. The danger is that if you throw together small bodies transacting sickness insurance to make large bodies you get further away from the local sickness supervision.

9. You think consolidation would increase the sickness liability?—There is very little experience to guide one as to that; but it is put forward that it might be so. I would never like to advise regarding consolidation without pointing that out.

10. *Hon. Mr. Fisher.*] You have made an exhaustive examination of the financial liabilities and the finances of the societies?—Yes.

11. Is there any reason why that should not be put on record?—I do not know that there is. As a matter of fact, it is published in the departmental annual report year by year, as the societies are valued. I append hereto the table showing the position of societies and the effect of the proposed subsidies thereon.

Table showing Effect of Subsidies on Valuation Position (Existing Members).

Society.	Position at last Valuation. Net Surplus (+) or Deficiency (−).	Estimated Improvement effected by Subsidies.	Amended Surplus or Deficiency in Consequence of Subsidies.	Society.	Position at last Valuation. Net Surplus (+) or Deficiency (−).	Estimated Improvement effected by Subsidies.	Amended Surplus or Deficiency in Consequence of Subsidies.
No.	£	£	£	No.	£	£	£
1	− 9,994	34,920	+ 24,926	18	− 6,894	5,504	− 1,480
2	+ 10,704	15,792	+ 26,496	19	− 34,186	32,433	− 1,753
3	+ 986	10,356	+ 11,342	20	− 3,873	12,760	+ 8,887
4	+ 14,865	24,872	+ 39,737	21	− 797	10,997	+ 10,200
5	+ 598	2,507	+ 3,105	22	− 55,398	49,158	− 6,240
6	+ 7,084	11,916	+ 19,000	23	− 9,240	10,810	+ 1,570
7	− 1,764	6,474	+ 4,710	24	+ 1,415	15,122	+ 16,537
8	− 936	5,024	+ 4,088	25	− 6,050	8,572	+ 2,522
9	− 3,421	2,855	− 566	26	+ 673	35,413	+ 36,086
10	+ 3,824	13,456	+ 17,280	27	− 58,413	66,693	+ 8,280
11	− 10,205	25,578	+ 15,373	28	− 14,775	23,003	+ 8,228
12	+ 1,277	6,659	+ 7,936	29	− 12,964	25,589	+ 12,625
13	+ 5,028	4,570	+ 9,598	30	+ 3,165	5,868	+ 9,033
14	− 6,388	5,788	− 600	31	− 7,920	19,087	+ 11,167
15	− 8,608	49,454	+ 40,846	32	− 1,046	4,832	+ 3,786
16	− 19,814	17,866	− 1,948	33	− 29,413	27,153	− 2,260
17	+ 14,986	39,018	+ 54,004	34	− 10,426	11,730	+ 1,304

N.B.—These figures are mostly based upon the last valuation, and are intended only as a rough guide. Where a surplus is shown in the last column it would be partly or wholly available to enable the benefits of existing members to be increased or their contributions reduced. This would be the case in some or all of the branches of the majority of the societies.

12. *Hon. Mr. Beehan.*] I would like you to explain a small table here of Mr. Trivett, Actuary, New South Wales. You said the sickness was more over there. This works out at 2s. 4d. per man. You said there was an abnormal amount of sickness there?—I did not intend to convey the impression that there was an abnormal amount of sickness in New South Wales, but that sickness had increased, and that is stated in the Registrar's report. The membership of the New Zealand societies over 65 is greater in proportion than in New South Wales. I should imagine that the average age is greater, so that the sickness over 65 in New Zealand might actually be greater than in New South Wales. The statement that I made was that according to the report of the New South Wales Registrar aged sickness had increased in New South Wales since this subvention came into force.

13. What effect has subvention in New South Wales on the lapses?—The effect of subventions on the secessions would appear to be slightly favourable, inasmuch as the rate of secessions has remained fairly constant in spite of the influx of new members. A large influx of new members usually brings about a large number of lapses, but apparently in New South Wales the lapse rate has remained fairly constant in spite of that. The difference does not appear to be very great so far.

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

gave so-much for the member and so-much for his wife, which would probably suit the societies just as well or better?—I have not investigated it quite in that way. I do not think, on first consideration, it would make a great deal of difference.

33. Do not you think it would be better if you gave £10 for the member and £10 for the wife?—I think the original proposal is the most straightforward method of dealing with the matter.

Hon. Mr. Beehan: It is my intention to make a general statement to the Committee before the taking of the evidence is completed.

Actuary of Friendly Societies estimate of the cost for the year 1911 of the application to New Zealand of a subvention scheme similar to that of New South Wales: £13,000.

A. T. TRAVERSI, Actuary.

JOHN NELMES GRANT examined. (No. 5.)

1. *Hon. the Chairman.*] What are you, Mr. Grant?—Grand secretary of the United Ancient Order of Druids, Grand Lodge of the North Island of New Zealand and its branches.

2. Have you read the proposals of the Registrar?—Yes.

3. If you have any statement to make in regard to it I think the Committee would be glad to hear it?—First, I would like to ask what is the meaning of the work "duration" in the Registrar's memorandum relative to the subsidy from the State to be paid to societies? Is it on "all-fours" with the rules of the friendly societies? Has it the same meaning as under our rules?

Mr. R. E. Hayes (Registrar of Friendly Societies): Yes.

Witness: I am quite satisfied. I wish it to be thoroughly understood that the word "duration" means the same as under our rules. I notice that in New South Wales they use the word "continuous." If it is in accordance with the rules of the various societies, then I am quite agreeable to it. I may state that I represent twelve thousand members, of eighty-seven lodges in the North Island, and also Nelson, Marlborough, and the west coast of the South Island. In regard to clause 2 of the proposals, my society consider that the amount should be increased to 5s. a week, and the age reduced to 60. Under the Old-age Pension Act the amount paid is 10s. a week after the age of 65. Take the case of members who have subscribed to a society for a great number of years—we take no members in the society over forty years, and who must have been in the society at least twenty-five years to get the benefit. We consider that the society should receive something equal, in comparison, with the amount paid under the Old-age Pension Act. We ask that the amount be increased to 5s. and the age be reduced to 60. I might state in connection with this matter that my Grand Lodge has done everything possible to bring the society up to the financial standing as requested by the Registrar of Friendly Societies, and I think the Registrar will agree that, in respect to the contributions and the benefits, the Druids compare favourably with any other society in New Zealand. We have gone further just lately to meet the wishes of the Registrar, especially in regard to the special death fund. I might also state that one or two societies made an outcry in connection with our special death levy, and in any case we have been able to meet our liabilities. When Grand Lodges took charge seventeen years ago we were entitled to a refund from the Grand Lodge of Victoria, which we never received. The funeral-money of the Grand Lodge at the present time is £32,000. One or two societies point to their financial position. The rest of the societies could point to the same position if they received the grants the same as the others did in the old days. My society is greatly in favour of this proposal which has been brought down by the Government, but particularly in connection with section 2 we suggest that the amount should be increased to 5s. and the age reduced to 60. I do not think there is any further statement I want to make, but I shall be pleased to answer any questions which members of the Committee may ask me.

Hon. Mr. Barr.] Are you in favour of a State scheme of social insurance?—No.

5. *Hon. Mr. Fisher.*] Is that your opinion or the opinion of your society?—My own opinion.

6. Your society has not expressed any opinion on the matter?—No.

7. *Hon. Mr. Barr.*] What is your chief reason?—The principles and objects of the societies are well known, and the whole of the cost is borne by them. There is the public purse to keep the National Provident Fund going. I can say without fear of contradiction that our society is run cheaper than the National Provident Fund.

8. Is it your opinion that the National Provident Fund is doing your body any harm?—No, I would not like to say that.

9. *Hon. Mr. Paul.*] Is not the National Provident Fund helpful to a section of the community which could not get help through, say, the Druids?—No; any man under 40 years of age of good character can join the Druids.

10. And in good health?—Yes.

11. You have an examination?—Yes.

12. But does not the National Provident Fund help a class of people which the Druids could not help?—I suppose it does.

13. Seeing that that class of people are subscribing something towards helping themselves, do you think it is an anti-social policy to inaugurate a National Provident Fund?—I think the Government would have done better if it had done away with the Department altogether and any deserving cases to have been given aid in another way.

14. The Charitable Aid Board?—Yes.

15. You understand that under the Charitable Aid Board that it is purely a charity—a man does not make any attempt to help himself?—In cases where you mention, where a man is in straitened circumstances, I would not be above getting that assistance myself.

16. Your objection to the National Provident Fund is the charitable aspect of it?—Yes. You only want to see the great amount of charity we relieve from our society.

17. Is there any more element of charity in the National Provident Fund than there would be in the friendly societies if you got a grant such as is proposed here, or, say, of 5s.?—Yes, there would.

18. Why?—Because we have been bound together for a great number of years, and the Government have forced us into this position. If the Government had not brought in this and other schemes we would have gone on our own course, and we would have been all right.

19. You are quite sure that if the Government subsidized societies to the extent you propose there would not be an element of charity in it?—Yes, there would.

20. Yet you object to the small element of charity in the National Provident Fund?—Yes, when it is costing the country such a great amount of money.

21. How much is it costing?—I could not say, but it must be costing at least £1,000 a year. The Druids management is costing under £500 a year—that is, travelling-expenses included.

22. I want you to understand that I have every sympathy with the friendly societies. I want you to try to see that there is a section of the people which the friendly societies could not reach; and I want to get your objection to the State trying to reach them?—I have no objection to the State reaching that section that cannot be reached by the friendly societies.

23. Do you admit that a section which has joined the National Provident Fund which could not join any friendly society?—I should not say that. I admit that there must be cases where the National Provident Fund would reach them, but it could do that and cost less than it is now costing.

24. *Hon. Mr. Beehan.*] Are you acquainted with the Subvention Act of New South Wales?—Yes.

25. Has it benefited the societies in New South Wales?—Yes, considerably.

26. Are all the societies there in favour of it?—They will be in a very short time from what I can learn.

27. Have you any idea of what it costs New South Wales *per capita?*—I understand that last year the cost was £17,000.

28. Would you be surprised that it cost less than 2s. 6d. to give all those benefits?—I would not be surprised.

29. The membership there is 164,000. If in New South Wales they could give those benefits for 2s. 6d., how is it that you want 5s.?—I only want 5s. in connection with members over 60. I think the proposal of the Government in connection with clause 1 is an excellent one. It is clause 2 I was referring to.

30. This is the point. In New South Wales the position is,—

"The subsidy under the Subventions to Friendly Societies Act, 1908, is payable on the following basis:—

"(*a*.) One-half of the cost to the society in each year for sick-pay, according to its rules, in respect of the period of sickness after twelve months from the commencement of each case of continuous sickness for all male members less than 65 years of age and for all female members less than 60 years of age. This subvention is not to exceed 5s. for each week of sickness included in any claim.

"(*b*.) The whole cost of the society (up to 5s. for each week of sickness included in any claim) for sick-pay in respect of male members aged 65 years and over and of female members aged 60 years and over."

31. There is a provision there that the limit is to be 5s. per week. I suppose you would not object to that limit here?—No.

32. It is also provided,—

"(*c*.) An amount equal to the total contributions chargeable under the rules of the society for the benefits of medical attendance and medicine in respect of male members aged 65 years and over and of female members aged 60 years and over: Provided that the rules of the society shall not charge rates of contribution for such benefits different to those chargeable to members under the ages specified herein.

"(*d*.) An amount equal to the total amount chargeable under the rules of the society to assure the payment of the funeral donations according to its rules in respect of male members aged 65 years and over and of female members aged 60 years and over."

Why is it you are asking 5s. when in New South Wales 2s. 4d. enables them to give all the benefits I have just mentioned?—I am only asking for 5s. for members over 60, not for members under 60.

33. *Hon. Mr. Fisher.*] What proportion would that be—very small, I suppose?—Practically 5 per cent. of the members are over 60 years of age.

34. *Hon. Mr. Beehan.*] The returns show the numbers over 65 years of age in all the societies in New Zealand is 22·68 per cent. Would you be in favour of something on the lines of the Subvention Act of New South Wales being adopted here?—No; I think the scheme brought down by the Government here is on every bit as good a footing.

35. What scheme is that?—The special Bill

36. The special Bill would cost a lot of money. As to the National Provident Fund: you object to that. Do you think it harmed the friendly societies from its activity last year?—Yes.

37. In what way?—By the canvassing of the scheme; it is felt that in case of adversity the Government is behind it.

38. Do you think that has something to do with the percentage last year—0·20—the lowest we have reached?—I should think it has a little to do with it.

39. You talked about the element of charity. Are you aware that the Government subsidize the various superannuation schemes to make them actuarially sound?—That is just why we have come to the Government.

40. Is that the reason—because they subsidized the National Provident Fund?—Yes.

41. *Hon. Mr. Fisher.*] You look upon that as unfair competition?—Yes.

42. *Hon. Mr. Beehan.*] Are you aware that there are many who joined the National Provident Fund who would not be taken into the friendly societies—who would not have passed the medical examination?—I have said so.

43. You would not condemn the Government for that?—It is the great cost I am condemning.

44. But any such scheme may have a great cost at its initiation?—I do not know. We are only allowed a certain amount of cost, and are bound down by the Government.

45. You want a subsidy from the Government as they have subsidized others?—Yes.

46. *Hon. Mr. Earnshaw.*] Would you mind putting in your evidence the new scale of your lodge or order?—Yes, I have already handed a copy to the Chairman. [See "Amendment to Rules of Druids, Grand Lodge of North Island of New Zealand, and its Branches," Appendix C.]

47. With regard to the competition of the National Provident Fund, is it not your opinion that while it may be true that many go into the National Provident Fund who would not be eligible to go into friendly societies, yet there are many who are going into the National Provident Fund who would go into friendly societies?—Yes, 50 per cent.

48. And that is the competition you are complaining of—that you have to contribute to that with the rest of the citizens?—Yes.

49. And that is why you are asking for a subsidy—to put you only on equal terms with the National Provident Fund?—Exactly.

50. *Mr. Harris.*] Do you think the State would be well advised to confine its operations to those persons who are unable to join the societies, leaving ordinary persons to join the societies?—Yes, under 40 years of age.

51. What is the position in regard to the death levies?—About fifteen or sixteen years ago the hat used to be always going round the lodge for that purpose, and then we decided on the course which was then taken in regard to that matter.

52. You only strike a levy when necessary?—Yes; we have got a rule, registered on the 18th June this year, under which members are bound to pay 5s. per quarter.

53. *Hon. Mr. Fisher.*] Is that a death benefit only?—Yes.

54. *Hon. Mr. Beehan.*] You are aware that all new societies must be established on a sound financial basis?—Yes.

55. Are you aware that the older societies have been subsidized at different times?—Yes.

56. What would be the effect on small lodges or branches to have three or four or more cases of chronic sickness, or sickness of twelve months' duration?—On branches or small lodges it would be very serious. That can be got over, to my mind, by consolidation.

57. *Hon. Mr. Fisher.*] Are the Druids in favour of consolidation?—My executive are.

58. *Hon. Mr. Beehan.*] You think it would be a good thing to subsidize societies for chronic sickness?—Yes.

59. *Mr. Hayes* (Registrar of Friendly Societies and Superintendent of National Provident Fund).] You suggested that the National Provident Fund was extravagantly managed?—Yes, extravagant in comparison with our own society of twelve thousand members.

60. The State when it undertakes a scheme has to spread its operations over the country?—Yes.

61. What I want to bring out is this: you are aware that the management rate for the first year was from 50 per cent. to 55 per cent. of the income?—Yes.

62. And for the second year 28 per cent.?—Yes.

63. I do not know whether you are aware that in the case of one industrial scheme in New Zealand the cost was 250 per cent. on the income in the first year, and 150 per cent. for the second year?—Yes.

64. I think it is only fair to show that our scheme is fairly economical compared with concerns inaugurated outside?—My society has every confidence in the executive officials of the Friendly Societies Department, and from what I can hear outside a similar opinion prevails. Mr. Hayes is one of the most easy officers to deal with. What I mean is that there is no red-tape about him.

WEDNESDAY, 5TH NOVEMBER, 1913.

FORTESCUE WILLIAM ROWLEY examined. (No. 6.)

1. *Hon. Mr. Rigg, Acting-Chairman.*] What office do you hold, Mr. Rowley?—Chief Inspector of Factories.

2. Do you wish to make a statement with regard to the question before the Committee?—I do not know exactly what is wanted of me. I have merely been asked to come to give evidence. I understand that it is on the question of unemployed insurance.

3. *Hon. Mr. Sinclair.*] You are in a position to assist the Committee with evidence on that branch of social insurance known as insurance against unemployment?—I made an investigation two years ago into the systems in vogue in the different parts of Europe regarding unemployed insurance.

4. I will touch on some of them in a moment or two; but may I take it for granted that before a scheme of insurance against unemployment could be formulated in this Dominion a large amount of information would have to be collected?—Undoubtedly.

5. I suppose the extent of the unemployment in the organized trades would have to be inquired into?—Yes, before the scheme could be made practicable.

6. It would be very difficult; but as a basis you would require, would you not, to collect information as best you could as to the extent of under-employment here in the organized trades?—Yes, undoubtedly, and in that connection I may mention that about two years ago I had a great deal to do with the collecting of statistics as to the duration of employment in the manufacturing trades—in addition to the ordinary statistics relating to rates of wages, and so on.

7. Have you that information brought up to date?—No; we propose to do so every five years. We did it in the same year as the census so as to make the statistics concurrent.

8. Was that confined to organized trades, or does it cover labour generally?—It covers the manufacturing industries only. The workers are organized in most of those industries.

9. Have you that information available for the Committee?—Yes, I have it here. I can put in the annual report of the Department containing the results of that inquiry.

10. It would be too much to expect you to give us generally the results of your inquiry as to the extent of under-employment; I take it that would differ in different industries, would it not?—Yes. The extent of it is quite clear from these tables.

11. Do you consider that you have in that report covered as much of the ground as is possible before you would be in a position to formulate a proposal?—I do not think so, quite, because for one thing in those tables we have dealt only with those workers known to be actually employed in the industries. There might have been numbers of others who did not happen to be employed during the year, and, of course, we could not include those.

12. May I take it this way: that before you would be in a position to formulate a scheme further information would require to be collected in addition to that contained in the table which you have put in?—I do not think so, so far as that information goes; it only covers the manufacturing industries, and so far as it goes I think it could be used as a basis of calculation.

13. I understand that—as far as it goes; but my point is that it does not cover the whole ground. You must try, must you not, to cover the whole ground before you formulate a scheme?—What do you mean by the whole ground?

14. You must ascertain the extent of unemployment and under-employment in every trade or class of labour that you propose to cover by insurance against unemployment before you can formulate a scheme?—Yes.

15. Have you given any consideration to the question as to whether the system of insurance against unemployment should be compulsory or voluntary?—I made an investigation of the systems in Europe with the view of preparing a report on the practicability of some such system in New Zealand, and the conclusions I came to were that such a scheme is not practicable at all under any circumstances, whether compulsory or voluntary.

16. Does that mean that you think a scheme of insurance against unemployment is not practicable in the Dominion?—Yes, that is the conclusion I came to, and I am strongly of that opinion, too.

17. Do you go so far as to suggest that it would not be safe and expedient to begin such a scheme on a small scale in regard to some organized trades, as has been done in the Mother-country?—I am afraid I must say I do not think it would be practicable in New Zealand in any trade.

18. You know that in the Mother-country the scheme at its outset was confined to two highly organized trades?—Yes.

19. Will you tell us, shortly, why you think such a scheme is not practicable or expedient here?—The reasons that led me to that conclusion are these: England, on the one hand, is an old country. It is thickly populated. It is not liable to large or sudden increases or decreases of population. Its trade and commerce have been firmly established for hundreds of years, and there are not likely to be large fluctuations in them. Not only that, but all its callings are highly specialized. On the other hand, in New Zealand exactly the opposite is the case. New Zealand has got a small population—small and scattered, and liable to a sudden increase at any moment. It has got a lot of new country to open up; it has new industries to establish; development of existing industries; and I suppose there are other reasons which I cannot think of for the moment. It seems to me that from every point of view the conditions in New Zealand are totally different from those obtaining in England or in any other European country. Under circumstances like these in New Zealand it does not seem to me that it would be possible to make even a fairly accurate calculation of the extent of unemployment from year to year.

20. Surely if such an inquiry could be made in the Old Country, with enormous numbers to deal with, with our comparatively small number of workers the task should be much easier?—Certainly it would be much easier to ascertain the extent of unemployment in the immediate past, but what sort of idea could we form as to what is likely to happen in the ensuing year or in future years? It seems to me that it would be utterly impossible to make any sort of reliable calculation as to the extent of unemployment in the future in a country like this.

21. There either is or there is not unemployment or under-employment in New Zealand?—Yes.

22. If there is under-employment to a large extent, do I understand you to say that you do not think it would be expedient to provide for it by social insurance?—I think I would if it were at all possible to limit our population to the present population. But take the engineering trade. Suppose there are at present ten thousand workers engaged in that trade, and suppose on the average they lost two months' work in the year, it would be possible on that information to make a calculation as to what insurance we would have to effect to give them remuneration for

those two months. That would be all very well so far as it goes, but we have not the remotest idea that the number of engineers in New Zealand will be the same.

23. But you start with the very same data and the very same difficulty, but very much minimized, as I suggest, as exists in an old country like the Mother-country?—The point is this: that in England there are, say, a hundred thousand engineers, and that it is quite possible to ascertain their unemployment from year to year. That hundred thousand is not liable to any great fluctuation from year to year; perhaps a few come in from other countries and a few go away, but the fluctuation is so infinitesimal as not to seriously affect an insurance scheme; but in New Zealand we have an exactly opposite condition. We may have a thousand engineers one year, and fifteen hundred in a couple of years time.

24. Do you suggest that the fluctuation of unemployment in the Mother-country is not very large in these trades that you have taken? Take the building trade and the engineering trade—the two trades to which Mr. Lloyd George's scheme applied—is it not a fact that those two trades were selected in Great Britain to begin with—to begin the scheme of social insurance with—for the very reason that the fluctuations in them was great? I put it to you that those trades were selected largely because they were trades in which there was a wide measure of fluctuation of employment?—Yes. Of course, there are fluctuations of two kinds. There is the ordinary fluctuation which would exist with the same trade or men in any country, and then there is the fluctuation caused by the increase or the decrease in the number of workers. In New Zealand we have this latter difficulty: the fluctuation in the number of workers.

25. Does it not come to this: that the first thing to do before any opinion can be formed as to whether it is desirable to inaugurate a scheme of insurance against unemployment or not is to collect information to put before those in authority—is not that the first step?—Certainly, that is the first step.

26. Very well, that step being taken, it rests with those who are responsible to decide whether or not the conditions call for such a measure: you would agree with that, I take it?—Yes.

27. The first thing is to collect information, and when the information is before those responsible they decide as to whether a scheme is practicable or not?—If I might suggest it, the first thing of all is to decide the question as to whether there is any possibility of such a scheme being feasible before going to the expense of collecting the information.

28. I prefer to put it this way: let us know our facts first. I suggest that is the better way to set about the business, and when we have got the facts to see how far they call for a system of relief?—Yes.

29. You do not see eye to eye with me, and I will not follow that up any further?—If I might interrupt you for a moment. I base the question I was speaking of on the utter uncertainty as to the number of workers who will be in the country and will be unemployed from year to year. An officer of our Department went round the country at the beginning of this year and made inquiries as to the extent of the demand for labour in the different manufacturing industries throughout New Zealand. It took him, I suppose, nearly three months, and at the beginning of his inquiry he found, for instance, that a hundred cabinetmakers were wanted in Wellington; he then went to other parts of New Zealand, and by the time he had finished he found that the hundred were not wanted at all.

30. But if he had begun again he might have found that there was practically the same condition of affairs that there was when he commenced his first inquiry—a general fluctuation?—A tremendously large fluctuation in proportion to the number of workers and the size of the country, and it seems to me, therefore, that it would be very difficult—in fact, impossible—to make even a fairly accurate actuarial calculation in the matter.

31. You adhere to that opinion, and I will not follow it any further. If you are of opinion that there is no general outlet for such a scheme, I suppose you have not given much consideration to the question whether if such a scheme is inaugurated it should be compulsory or voluntary?—In England the Act is compulsory. In other European countries it has been voluntary, except in one instance.

32. But in the latter instance it broke down on account of the bad management, not because it was compulsory?—Yes. I may say that when I commenced this investigation I was not prejudiced against it—in fact, I was rather in favour of the idea; but as I made this inquiry I came so strongly to this conclusion that I expressed the opinions I have given to the Committee.

33. A result of your conclusion is that we should sit down and do nothing?—No; I suggested in my report that instead of attempting to deal with unemployment by means of insurance—which, by the way, would be only paying workers for doing nothing—that whatever money there is to spare should be utilized for the purpose of minimizing unemployment as far as possible. I might mention that even in Europe, and, I suppose, in England, great stress is laid on the necessity of doing away with unemployment rather than paying money to workers during their idleness. It stands to reason that an insurance scheme will attract all the bad risks. It will mean that the money of the better workmen will be taken to pay for the poorer class.

34. Have you given any thought to the question as to the method of contributions?—I have given a little thought to it—not very much. It seems to me that the systems in vogue in Europe are not fair. I think there ought to be a sort of sliding scale.

35. I take it that a beginning must be made somewhere. No scheme of social insurance could be formulated that applied to all sections of labour. It would have to begin in some particular trade. They found that in the Mother-country?—Yes.

36. Perhaps you cannot assist us much on this subject of contributions, but I suppose you have formed an opinion as to who should contribute. Should the contributions be by the employer and the worker, and should they be supplemented by the State: have you given consideration to those questions?—Yes, to some extent, I have. In that respect it seems to me that the system

in vogue in Europe is quite right: that the State should subsidize, and the employer and the worker should contribute something. It is not a matter of great importance, because I suppose it all passes itself on to the public eventually.

37. That is a wider question; that does not come close to the question we are now considering?—That is so.

38. Have you given consideration to the question of establishing more widely than they exist now throughout New Zealand of labour exchanges?—Yes.

39. Can you tell us where such exchanges are established at present—in the leading centres, important exchanges?—Yes; we have them in all the towns in New Zealand—small as well as large. They are there to be used if they are wanted, but in most small towns they are hardly ever used; but still the offices are there. The system only wants developing.

40. The establishment throughout the Dominion of properly equipped labour exchanges would be a condition precedent, would it not, to the establishment of any system of insurance against unemployment: you must have a labour exchange; that is a first step?—Yes; it is recognized in Europe that it is necessary to have these exchanges so as to prevent fraud.

41. There must be registration at them of the employment of workers, and there would be the check which that registration gives?—Yes, of course, the workers, as they become idle, would have to register and accept within reason whatever employment was offered to them. I think the establishment of labour exchanges in connection with insurance would minimize the necessity of paying money to men during idleness.

42. It is a check on unemployment?—Yes.

43. Have you given any consideration to the question as to whether it would be desirable under a system of social insurance to make a systematic attempt to decasualize labour through the system of labour exchanges?—Yes, I think that is the most important phase of unemployment—to deal with casual and intermittent employment.

44. Would you favour the attempt being made systematically through labour exchanges to focus employment on particular men, so that those who now get half a day's work in the week would get a whole day's work, and so lift them out of the ranks of unemployed labour altogether?—Yes.

45. In that way you would have a lesser number of casual workers to deal with?—Yes, I think when you are dealing with that question you are right at the kernel of the trouble.

46. Supposing you decasualize, have you considered as an adjunct to a scheme of social insurance the establishment of settlement farms in convenient localities to help those who are left?—Yes, I have considered that in this way: it seems to me that it would be an excellent idea if the State were to institute an extension of the present workers' dwellings scheme (which lately has been extended so as to set aside blocks of 5 or 10 acres of land in country districts). If the Government were to see its way to extend that system so as to enable town workers who are in intermittent employment to put in their spare time on sections of land provided by the State I believe it would be a very good thing.

47. That no doubt would be helpful, but do you not think that it is one of the serious weaknesses of Mr. Lloyd George's scheme that there is no system by which they can deal with those who are left over—who have no employment at all? I suggest to you that that is one of the real difficulties in the Mother-country, that there is no system by which the large number who have no employment are dealt with?—Undoubtedly.

48. And that in any perfect system that might be formulated here these settlement farms ought to be considered—at any rate, as an adjunct?—Expressing an offhand opinion, if, say, a thousand men now work at half-time, and under the change proposed the number was reduced to five hundred men at full employment, I do not anticipate that the other five hundred would have nothing to do. The other five hundred would be gradually absorbed from time to time in other employment.

49. You agree that it would be desirable if it could be done to have a system of farms by which they could be helped to tide them over their want of employment?—Yes. My view is this: it comes to really the same thing. I do not think it would be practicable to regulate the casual employment in such a way as to give permanent employment to the reduced number of men. Economically the system would not allow of that, although I do think that perhaps to some slight extent that could be done. Let those men who are engaged for part of their time employ their spare time on sections provided for them by the State at a reasonable distance from their ordinary work, so that while a man was working part time he would be able to work on his section for the rest of the time.

50. Do not you think that a great deal could be done to help labour by giving free passes on railways to transfer workers from point to point where work happens to be offering?—Yes. To some extent we have always done that. When I joined the Department first in 1893 there was a good deal of that done.

51. Is it being done now to any extent?—To a slight extent, but we have to take care not to allow men to defraud the Government.

52. You know that enormous assistance is given in the Mother-country to workers to move from point to point, although the railways there are in the hands of companies; enormous sums for this purpose are advanced yearly; repayments have to be made, and they are nearly always satisfied. I suggest to you whether it would not be largely availed of in this Dominion, where we own our own railways?—Yes, I quite concur in that. The difficulty we have met in the past is this: a man will come to us and say that he can get a job at so-and-so flax-mill. We make inquiries, and find it is so, and we give the man a pass, and perhaps after all he never gets there. He will get something else to do on the way, and we lose him.

53. He has probably reached employment?—Yes, probably; but we lose trace of him.

54. You do not try to collect the fares back?—Yes, we always try to collect the fares back.

55. Are the repayments fairly satisfactory?—Yes. We got about 96 per cent. back. About sixteen years ago we did not get back nearly so much as that.

56. You generally approve of the principle?—Yes.

57. I want to ask you a question or two about a scheme of social insurance and trades-unions —I mean insurance against unemployment. Would you favour its being optional to workers, if a scheme were instituted, to take their benefits either through the State system or through their own trades-unions? Have you considered that question?—Yes.

58. In the Mother-country the worker may get his benefits under the State system, or through his trades-union, subsidized by the State: do you think that is a system that could be followed here?—I cannot speak definitely, but I should think that it would be better to allow trades-unions to give the benefits through their own funds where they have them.

59. There are only three trades-unions, I understand, in New Zealand that pay unemployed benefit—the Carpenters', the Bootmakers', and the Typographical Unions. Do you not think the scheme would be perfectly sound, inasmuch as under any system the State would have to contribute?—Yes.

60. You know it is done in the Mother-country?—Yes.

61. If the worker wants his benefit through his own union, he may have his benefits under the system transferred to his own union. That, I suggest to you, is a sound system?—Yes; it has this advantage that the unions would exercise a valuable check on the operations on the fund.

62. The benefits would necessarily have to depend, would they not, on the extent of the unemployment in the trades to which they apply?—Yes.

63. And it goes without saying that both the contributions and the benefits in New Zealand, having regard to the higher rates of wages, would be higher than in the Mother-country, and would last for a longer period?—I do not know whether it would. It would depend on the rates fixed. The higher cost of living might perhaps counterbalance the higher benefit.

64. In making the inquiries you have referred to, did you ask the trades-unions to help you with such information as they had?—No.

65. Do you not think the whole system ought to be formulated, if one is to be formulated, in touch with those who represent the combined bodies of workers?—Yes.

66. Do you not think that in any further inquiries you have to make to supplement the table you have prepared that you would be assisted if you make inquiries so far as organized trades are concerned through trades-unions?—Yes, I think it would have to be done largely with their assistance. I did not consult them in my investigation simply because I came to the conclusion that I did not think any system was practicable.

67. The first thing to do is to get the information, to get at the facts, and once the facts are collected, then those responsible can see how far a system is called for, and I put it to you that that work would be made more useful if you co-operate with and get the assistance of these organized bodies?—Yes.

68. *Hon. Mr. Luke.*] I would like to know whether your returns from the factories give individual shortage of labour, or is it an average over the whole of the factories?—It is an average over the whole of New Zealand. We worked it out first in districts; for instance, we took the four centres and then the districts; but the information is of very little value until you take it for the whole of New Zealand, because a lot of men shift about from one place to another. Take slaughtermen, who move about in large bodies.

69. Take engineering establishments, where there are five or six branches, would you have the average over the whole of the branches?—Yes, and we also did it in branches.

70. Do your returns give the average for the mines?—No, we were not able to get the mines, because they do not come under the Factories Act.

71. You have not included seamen and waterside workers?—No

72. As to waterside workers, at some periods there may be employment for fifteen hundred men and at another period for only five hundred?—Yes.

73. You do not think it possible to divert the other five hundred to anything like permanent occupation?—The decasualizing of employment would be gradual, and those who were left out would look for other employment, and I feel sure they would get it.

74. In absorbing the five hundred would you not deplete the number of those available for work at the waterside at busy times or times of pressure?—I think it ought to be possible for the State to provide means by which in slack times men who usually work, say, on the wharves could be doing other work.

75. I suppose it has come under your knowledge that there may be work for fifteen hundred one week and shortly after be only work for two hundred or three hundred?—Yes, the work at the water-front varies tremendously.

76. Do you see any difficulty in coping with that position?—The only thing I can suggest is that there must be some means provided by the State for affording these men employment whenever they happen to be slack at the water-front.

77. Supposing a settlement farm is instituted within fifteen or twenty miles of the large centres, would men in times of slackness on the wharves be able to render service on such farms if they had the inclination?—I doubt very much whether many of them would have the inclination. I think the better plan would be to encourage them to purchase, under the workers' dwellings system, an acre or two of land so that they might have some stake in the country, and grow a few vegetables, keep a few fowls, &c. It seems to me that that would be the most practicable way of providing for employment of broken time.

78. I understand you to say that there is more broken time in New Zealand, in proportion, than there is in an older country like England?—Yes, I think there is.

79. How do you account for the perpetual demand for labour?—I do not think that the demand is perpetual. The demand for labour fluctuates tremendously.

80. In the woollen industry has not there been a constant demand for more labour?—For women, boys, and girls.

81. Then you think that there are more fluctuations in the demand for labour in New Zealand than there are in Great Britain?—Yes, I think so. In England the trades are highly specialized. In Great Britain the workers in particular branches of trade keep to those branches, but in New Zealand they overlap very much, and as soon as a particular branch slackens they turn to another branch.

82. Do you think that any system of medical aid could be granted to the working-classes, other than is given now—I mean medical assistance in times of sickness?—That is getting out of my sphere of inquiry.

83. You mentioned that whilst the contributions would be larger in this country it would not tide them over a longer period of unemployment?—That is a matter for an actuary, but I should not think so.

84. You think that the greater cost of living would be quite an equivalent?—The wages here are, I think, just sufficient to enable the workers to live under their present conditions.

85. And therefore they would not carry them on for a longer period here?—I would not like to express a definite opinion on that.

86. *Mr. Coates.*] Do you think that unemployment in New Zealand calls for a system of State insurance against unemployment?—No, I do not think it does, and I do not think a system would be practicable.

87. You do not think it could be made to work?—No.

88. In what periods of the year is there most unemployment in the cities?—Winter-time.

89. Have you any knowledge of country districts and the demand for labour in country districts—at what time of the year is the demand most acute?—For farming operations, you mean?

90. Yes?—In the spring and just at shearing and harvest time; but I think the spring is the most acute time.

91. Is there any demand for labour in the winter-time in country districts?—Not very much. There is a certain amount of bushfelling and roadmaking going on; but that is the time when employment slackens.

92. You say that there is a demand for men in country districts?—Yes.

93. Take the case of a man and his family, I should say it would be impossible for him to go out without making provision for him?—Yes.

94. Do you think the time has arrived for the State to assist these men by building homes in country districts?—Yes, that is what we have commenced to do now. The present Minister of Labour expressed a desire shortly after he came into office to extend the workers' dwellings system into country districts by giving the workers plots of about 5 acres. That system is being inaugurated now. The idea is to enable workers to have small farms of 5 acres to work on in their spare time. The difficulty with the demand for farm labour is that the farmers in a large number of cases cannot offer the men employment all the year round, but only during the busy season. That is not much good to a man unless he can settle down in the country. This system will, it is hoped, enable a man to work his own section in his spare time.

95. Is unemployment in the cities principally?—Yes.

96. Has it recently assumed a serious outlook? Have you reason to believe that it has become serious?—I do not think so. During the last ten years the unemployment difficulty in the cities has been very slight. About five years ago there was financial stress, and there was a certain amount of difficulty then, but things have righted themselves since then. There is a certain amount of unemployment all the time. It has not caused a great deal of distress, but still it ought to be possible to minimize it.

97. Referring to wharf labour: by decasualization of labour do you think it is possible to relieve those men who would be for a portion of the year without work—to relieve them by sending them to country districts, and would they be suitable?—Yes; we do that to a certain extent now. We often send them to road and railway works.

98. As to this scheme of settlement for workers in country districts, have you considered the question of utilizing the kauri-gum fields in conjunction with casual unemployment?—I have not thought of that aspect of it. I take it you mean kauri-gum digging only?

99. There are portions of the gumfields that are suitable for fruitgrowing and also for high-class farming on which men could go and earn good wages?—Yes.

100. Have you, in considering your scheme of country workers' homes, considered the question of utilizing these gumfields—by digging on the gumfields?—I had not thought of it; I think the gumfields are mostly Crown lands—reserves. Your idea, I take it, would be to set apart some of the reserves for farming purposes.

101. Supposing you sent five hundred men from the city, or fifty men—it would be purely an experiment in the first place—you are not sure whether they could get sufficient work to keep them and their homes—by having a portion of the work near gumfields, and they can always earn a living off the gum lands?—Yes.

102. Have you in considering the scheme taken into consideration whether the gumfields might be utilized with advantage?—I have not thought of it, but there is no reason why the gumfields should not be utilized.

103. It has not come under your notice?—No.

104. Has there been any suggestion from the trades-unions that national insurance against unemployment should be adopted in this country?—Very little. I think I remember a suggestion made about three or four years ago; it has only been spoken of in a vague way.

105. The matter has not been put before the different trades-unions for the purpose of considering it as a practical matter?—No, it has not.

106. *The Acting-Chairman.*] I understand you to say that you do not consider that national insurance against unemployment could be carried out in New Zealand?—Yes.

107. The reason you give is that this country is not developed?—Yes; I think the conditions of employment are so different here that it would be impossible to ascertain the number of men who would have to be provided for either with work or with insurance-money.

108. I think you suggested that it was owing to the fact that the country was practically undeveloped, and there would be so many difficulties to overcome?—Yes.

109. Would the proportion of unemployed to employed decrease or increase as the country is developed?—That I think could be answered in two ways; but, speaking generally, I should say unemployment would increase with the development of the country.

110. Does not that seem to imply that the more work you find the less people you are going to find to do it?—In proportion I suppose it follows that as the country is developed we will have larger immigration into New Zealand. In thickly populated countries they have a larger proportion of unemployed than sparsely populated countries have.

111. Let us take the present time: is the proportion of unemployed to employed less or greater in New Zealand than it is in England?—I have not made actual inquiries, but I should certainly say it is less.

112. *Hon. Mr. Sinclair.*] The weather would be a factor in the Mother-country?—Yes.

113. *The Acting-Chairman.*] Assuming it is so, the conditions are more favourable for a scheme of unemployment here than in England?—In theory it might be, but I should not imagine so in practice. In the first place I do not think it is necessary—that is, unemployment insurance. What we ought to do is to try as far as possible to do away with unemployment—so arrange things as to reduce unemployment by doing away with intermittent and casual employment, and I have submitted one or two proposals in that direction.

114. You suggest dealing with the causes that give rise to unemployment in preference to dealing with the after-effects?—Yes.

115. *Mr. Anderson.*] How would you propose dealing with the causes rather than the effects?—I have suggested that the first step that should be taken is this: that we should get into touch with the schools—that is to say, arrange with the Education Department to furnish our local agents with the names and certain particulars of boys as they leave the schools. The officer would then communicate with the parents and try if possible to arrange that they be given employment in skilled trades. The local officer would also report to the head office on his endeavour to steer the boys into skilled trades in preference to unskilled trades. It seems to me that there is too large a proportion of boys in New Zealand going into unskilled occupations; or, even if they go into skilled trades, they leave them and gradually drift into unskilled occupations. In some cases boys do not learn their trades properly. We would have some definite data as to the extent to which this drifting into unskilled occupations has been going on. We would also be able to find out to what extent employers are teaching the boys their trades. In this connection I made some investigations into the systems in vogue in Switzerland and in different parts of Germany where they deal with that difficulty. They establish trade boards, consisting of employers' and workers' representatives. The boards see that the terms of employment are being carried out, and that the apprentices are being taught their trades. Then they have continuation schools established by the State. The boys are thus equipped for their callings. I would like to see such a system established here. I believe one step in this direction has already been taken in the Wanganui district—that is, in respect to continuation classes. It seems to me that it ought to be the duty of the State to see that every boy and every girl is properly equipped to take his or her part in the work of life and follow a particular calling. By doing as I have suggested I think we would be able to start such a system and then develop it.

116. If I understand you rightly your scheme deals more particularly with the skilled trades?—My scheme is suggested with the view of doing away with or minimizing unskilled occupations.

117. There must be men to do unskilled work?—Yes.

118. What provision would you make for them: would you select them or let them drift into that occupation?—There would almost certainly be a number of men who would drift under any circumstances.

119. You were dealing specially with the cause of unemployment: you attack that trouble at its root?—Yes, and it seems to me that to attack the root we must get hold of the boy as he is leaving the school.

120. A man may be out of work, and there is no means under the present conditions of civilization to keep him in work: you do not seem to be able to enlighten the Committee so as to obviate that—to keep him in work?—I suggest the system of getting the boys as they leave school and steering the larger proportion of them into skilled instead of unskilled trades. I think that will prevent unemployment, which is due to the casual nature of the work. It would also be necessary for the State to provide workers with sections within a reasonable distance of the towns where they could put in their spare time. We are doing that at the present time to some extent in the country.

ISAAC SALEK examined. (No. 7.)

1. *The Acting-Chairman.*] What is your occupation, Mr. Salek?—I am district secretary, Wanganui district, Odd Fellows, Manchester Unity. I am also on the board of directors which governs the affairs of the Manchester Unity in the Dominion. I am also a trustee of the branch.

2. How long have you been connected with that society?—I have been district secretary for the last twenty years, controlling the Wanganui district, and Foxton, Palmerston, and right up the Main Trunk line.

3. I understand you wish to make a statement to the Committee?—Yes, I would like to make a statement on the subject of a subvention to friendly societies. The friendly societies have never yet approached the Government for any financial assistance. They are satisfied to conduct their own affairs. All that they want from the Government is assistance in such a direction as will not cost the Government any money at all, but which will widen the privileges and allow us to conduct our own affairs perhaps better than we are now conducting them. Generally speaking, the members object to any subsidy or monetary assistance from the Government. The work of friendly societies in New Zealand has progressed year by year since their establishment in New Zealand. The work of friendly societies has been actively established in New Zealand for over fifty years. We started without any capital, bequests, or assistance, but by thrift and good management of our affairs we have accumulated a million and a half of money. That is the position at the present time in New Zealand of friendly societies in general. In the last five or six years our funds have increased each year by £80,000 to £100,000. We think that in view of such splendid work as that we should be permitted to conduct our own affairs without the assistance of the Government. That is my own personal opinion, based upon thirty years of close companionship with friendly societies' work. I may say that I have not been instructed by the rest of the societies to give expression to these opinions. These are my own opinions based upon a general view of the position. We have been considering the question of consolidation of sick-funds. The only country that we have as a guide upon that matter is New South Wales, and it happens that New South Wales is the only country that has subsidized friendly societies. Consequently the subvention of friendly societies is closely interwoven with the consolidation of sick-funds. I am of opinion that there are special reasons in New South Wales for the institution of a subvention which do not appear in New Zealand. It is strange indeed that in 1910, when the subvention was introduced in New South Wales, the capital then stood at £10 3s. 7d. per member—that is, the capital of friendly societies—whereas New Zealand societies stood at £19 13s. 1d. per member. There are seven independent States operating in Australasia in friendly societies' matters. In 1910 there were two States at that time showing less capital per member than New South Wales—namely, Tasmania and Western Australia; but since the subvention has been brought into operation, whilst every other State has increased in capital, New South Wales has decreased, because in 1912 they dropped from £10 3s. 7d. to £9 2s. 8d., even with the subvention grant of from £17,000 to £20,000 a year; whereas in New Zealand we increased from £19 13s. 1d. to £20 1s. 8d. We are now the most prosperous society in the whole of Australasia.

4. *Mr. Anderson.*] Does that £20 represent all the societies or only your society?—All the societies. Although New South Wales has got a subvention it has gone back, whilst every other State has increased. What we really require is this——

5. *The Acting-Chairman.*] How do you account for this change?—I think it must be in the management of affairs. Whereas in New Zealand our money has been earning at the rate of 5 per cent. before the consolidation of sick-funds, by the Manchester Unity in New South Wales their money was only earning 3 per cent. What we really require is this greater assistance of our management. We do not want monetary assistance. At the present time we have a number of business men who take an interest in friendly society matters, and we are anxious to retain them. We are investing large sums of money, and we are anxious to retain these men. If a subvention was introduced and we received Government assistance, I think it would be the means of driving out a great number of these business men whom we are particularly anxious to retain.

6. *Mr. Anderson.*] Why?—Because even now we find that people are looking upon us as a sort of charitable institution. I think if the Government came forward with a subvention or subsidy to friendly societies it would strengthen that view, and many members would feel that in taking from the sick-fund of the lodge they would be receiving a certain amount of Government assistance. You would not think of offering an insurance company a subsidy although they are carrying on business after our own style. They provide a certain amount of money at death, and they give sickness and accident benefit. There are societies that are probably not so fortunate as our society, but that is owing to management. In the case of the Wanganui district, which I control, at the 1905 valuation the whole district—that is, the whole of the lodges—was valued together; there was a deficiency, and the officers considered that something should be done to remove that deficiency and make the district as a whole solvent. We communicated with the Registrar, and we considered that means should be taken to remedy the position, and what was the result? By careful management, by the time of the next valuation not only was the deficiency wiped off, but we showed a considerable surplus. So that it does not matter what subsidy you offer to friendly societies, unless there is good internal management you cannot help to make an improvement. The figures of our society show that in the last five years there has been a marked improvement. There never has been such an eagerness to improve the position of friendly societies as there is at the present time. The members are alive to the necessity of bettering their position, and never have they shown such a wish to improve their position as they are doing now. The complaint we have now is that the Government has set up an institution which is practically killing or doing the friendly societies a great deal of harm—that is, the National Provident Fund. I resent the operations of that fund very much. I consider that whilst we friendly societies have to pay the cost of managing our own concerns, we are also called upon to pay the cost of those people who are not members of friendly societies, because in the contributions to the National Provident Fund no charge is made for management, and after a person has been a contributor to that fund for two years he can get all his money back again. If the Government

is going to run the National Provident Fund against friendly societies it should be conducted on businesslike lines, as the friendly societies' affairs are conducted. The Government Life Insurance and State Fire Insurance have to pay their cost of management. It should be the same in the case of the National Provident Fund. There are many ways in which the Government could help us without costing them anything. Attention has been drawn to the fact that greater care should be taken in the investment of moneys so that more interest may be secured; and that might be the means of strengthening the societies. I have always agreed with the Registrar on that point, and we have been particularly impressive on our members to see that the money is well invested. While a great amount of the money is deposited in the Post Office Savings-bank at 3½ per cent., the valuations of lodges is made on a 4-per-cent. basis. The result is that if a lodge allows its money to remain in the Post Office at 3½ per cent. it is often making no progress, but is often going back, and an attempt must be made to secure a better rate of interest. Very many of our lodges are situated in isolated districts, and they have not opportunities of investing their moneys at a decent rate, and the result is that the moneys remain in the Post Office. My suggestion is that the Government should issue debentures bearing 5 per cent. interest. The valuations being at 4 per cent., that would give us a small profit and strengthen the finances of the lodges. The State would lose nothing, because the money they receive could be lent through the Public Trust or other lending institutions. The result would be to materially strengthen the lodges without any cost to the Government. I think the Registrar is favourable to the duty being thrown upon a central body of receiving and investing the funds. I may mention that there is often delay in the investment of funds owing to the absence of a trustee or trustees, and it thus sometimes happens that good investments are lost. If we had something of the sort I have suggested, where the Government would say, "There are the debentures, you can take them at 5 per cent," I think it would be a good thing for the societies, and it would mean materially strengthening our finances. Of course, these debentures should be held only by lodges, not by members. We have now in the Post Office £61,846; uninvested, £56,096; bank, £13,631: total, £131,573 lying in the Dominion. I am perfectly sure that if we could receive debentures under the system I suggest not one-third of the money would be lying as it is now. There is another matter I would like to refer to. In New South Wales, when the subvention was brought into operation, the Post Office authorities offered to transmit money from one place to another without any cost whatever. That is a privilege which I think should be granted to friendly societies in New Zealand—that our funds should be transferred from one post-office to another without any cost. If that were done here it would be a great assistance to friendly societies. We are now considering the question of centralizing our funds. I think that an auditor or inspector should be attached to the Registrar's Office—we would be quite prepared to pay reasonable expenses—whose duty it would be to audit the books of lodges, or give the officers of societies information as to methods of book-keeping. It has been found necessary in some cases to send books to the Registrar's Office for investigation. It would be much more satisfactory if an officer from the Registrar's Office could visit the districts and instruct the secretary to go about the business. I think that friendly societies are entitled to a site on which to build a hall when laying out new townships. Considering the work they are carrying on I think they are entitled to such consideration. I think that a board of advice should be established, consisting of a member from each society, to meet in Wellington once a year to consult with the Registrar, to confer with him upon questions of management; it would be a good thing. If it is intended to subsidize friendly societies I have a scheme which I think would be much better that the present system. The great blot upon friendly societies at the present time I think is this: that whilst a member lives we do everything possible for him; if he is sick we wait upon him every week with sick-money; but when he dies, generally speaking, we are practically done with him, and his wife and family are perhaps left to themselves. I think something should be done in order to encourage members to retain their membership. A very great trouble we have now with friendly societies is this: the number of people who are continually leaving our societies. We seem to have about the same number each year who leave, but we have not the same number who join, and last year our membership considerably decreased. If some provision was made for the purpose of retaining those members I think that would confer a very great boon upon the friendly societies. In connection with granting monetary assistance to societies, in my opinion that is not the way to really assist them. Their financial success depends upon sound and careful internal management.

WILLIAM BELL STEEL examined. (No. 8.)

1. *Hon. the Chairman.*] What is your position?—I am grand president of the Otago Branch of the United Ancient Order of Druids.

2. The Committee shall be pleased to hear any statement you wish to make?—Well, gentlemen, I wish to place before the Committee the suggestions of the executive of my order. We appreciate the proposal of the Registrar as set forth in the statement submitted to the Committee. We have felt since the inauguration of the National Provident Fund that some such proposal would be a just and equitable one to be made to friendly societies, because a contribution was being made from the Consolidated Fund to assist those joining the new scheme, while those who had taken up friendly society work had borne all the costs themselves, and for years saved the State expenditure. Also, I wish to lay before the Committee the wisdom of utilizing the fraternal spirit of the orders in carrying out these proposals. By granting a subsidy to friendly societies the State can ensure that every penny so granted will be spent upon the beneficiaries and on them alone. Every order is equipped with officials who, for the love of the work and the sake

of the brethren in districts, voluntarily visit them in their affliction and pay over the sick-pay as it becomes due. The strong point about friendly society work is this human touch, and I cannot urge too strongly upon the Committee the value of that power. I appreciate the good points of the National Provident Fund. Had I been a younger man I should have been a subscribing member. Unfortunately, I was born too soon, but, fortunately, I had while still young joined the friendly society I represent to-day. Now, why should I and the like of me, who are debarred from accepting the benefits of the new scheme, not receive the same recognition from the State as those who can, especially when we have endeavoured to carry out the self-help and provision which it is the wish of the State to encourage? Consequently I came to suggest the following scheme to the Committee: (1.) Half-payment of sick-pay to all members who have been over twelve months in receipt of sick-pay, and who are under the age of 60 years. I might mention here that the deferred sick-pay in our order after twelve months is 5s. a week, which is almost equivalent to what the Registrar has suggested. (2.) Payment of full sick-pay to all members who have been over twelve months in receipt of sick-pay, and who are over 60 years of age. (3.) Payment of contributions of all members who have attained the age of 65 years. In amplifying the first proposal I wish to point out to the Committee that the continuous sick-pay is the heaviest strain upon lodge funds, and my object is to use the State grant where it is most needed, first, by the ailing member, and, second, by the lodge. The same reasoning applies to my second proposal, only that in the case of men over 60 years the sickness periods, unfortunately, are nearly always continuous. The third proposal I make does not come in with those outlined by the Registrar. We have just thought out the matter for ourselves, and thought the proposal I have put forward would be a wise and proper one on which to spend subvention-money. The suggestion has been made that the acceptance of a subvention from the State would take away the independence of the various orders. I do not hold those views. By the system of yearly returns the Registrar knows exactly how every branch has been spending its funds, and by an extension of these returns to cover the payments of the sick after twelve months to members under 60, and contributions of members over 65 years of age. We suggest that at the end of each year these returns be sent to the Registrar, who shall check them. Those are, roughly, the ideas I came here to represent, but I shall be glad to answer any questions which the members of the Committee may care to ask me in regard to the matter.

3. *Mr. Harris.*] How does your society view the inauguration of the National Provident Fund: do you think it has been the means of adding to your membership, or has it been the means of taking possible members from a society such as yours?—It has not added to the membership; on the contrary, it has taken away several younger men who can see that they get greater benefits for the money paid in than what they get from the friendly society. Up to a certain point it is antagonistic, although I grant you that it covers ground that we cannot reach, because you take them at 45 whereas we only take up to 40. You meet cases we cannot meet. But I hold that if the State would give us the same subvention that they allow to the Provident Fund members we could do the work better, because man after all is a gregarious animal, and if you get him into a society he feels amongst friends; the cold print only applies to a few. If we could get as good a grant as the Provident Fund we could rope in as many members or more.

4. Do you not think the propaganda work undertaken by the State in reference to the Provident Fund must prove of great help to friendly societies: indirectly it has been the means of your gaining rather than losing, because the thing has been advertised?—It certainly has brought the question of the provision for sickness and old age more pointedly before the community. I grant that, but I believe the friendly societies would have made more members in the time had they had the same facilities, because we would have had more canvassers working. Every member is a canvasser when he gets a bit of interest.

5. You suggested the members' contributions over the age of 65 as an alternative to the suggestion of a contribution as a funeral benefit?—I had not seen the circular and was not aware of the exact proposals before the Committee. My executive went into the matter, and that is what we suggested and what I should like to lay before the Committee. I appreciate the value of No. 3 suggestion on the paper submitted by the Department. I am not prepared to throw my own suggestion overboard, but I admit the other suggestion is a very good concession indeed.

6. Do you not think if the State undertakes to pay a portion of the sick-pay of members of friendly societies that it will have the immediate effect of adding to the amount of sickness, and that the claims made will be higher?—No, I do not think so, because in the first place we are fairly particular over our sick-pay. We have a system of visitation by which members are visited once a fortnight or once a week, and if we think a man is malingering we ask the medical officer for a report. We can keep a better check upon the sickness than what they can under the National Provident Fund, because we have so many officials who keep a look-out for things like that. In many orders it is part of the obligation that a man takes, and it is a very serious offence in many friendly societies to malinger.

7. But a lot of malingering is undoubtedly done amongst friendly societies, is there not?—I am aware of very little so far as my own experience goes. I am secretary of a fair-sized lodge, and I know we keep a very close eye upon our members—that is, where we have occasion for doubt. In the course of the last three years I have had two members pulled up for a breach of the regulations in regard to sickness, and in one case sick-pay was withheld for a period as punishment, so we keep a very close eye upon them. In the last three years we have had only two cases.

8. Will you explain to the Committee your system of paying death benefits?—The Druids in Otago still have the death levy—the special levy.

9. Was not that declared illegal?—It does not affect the old societies as they stand, but I might explain that we are at present in negotiation with the Registrar and Actuary for a

scheme to take the place of that. Some of us had already thought the matter out for ourselves before it was brought to our notice, and agreed that the levy should not be continued. Before I left Dunedin we got a reply from the Registrar that the proposal we submitted would be satisfactory, and he was prepared to register it. We proposed to make a fixed payment almost identical with the scheme registered in the North Island, only that we pay £50, while they pay £100, and then we pay a funeral benefit of £20 from the funeral fund.

10. Do you not think the friendly societies coming along and asking the State for assistance is apt to break down self-reliance which has always been the prominent feature of friendly society work?—No, I do not think so. Whatever we get will be an extra benefit to our members. You have still got self-reliance to keep up.

11. But you have to be prepared for State supervision?—We are quite prepared to accept State auditing of our funds.

12. You have that now, but you will have to accept something much more than that?—No, I do not see why we should have more than what I have outlined. If we send in every year in our returns a statement of the number of members over a certain age who have been in receipt of sick-pay, the Registrar who gets those figures from us knows every member we have, and the number of days he has been sick, and what he has drawn. He can check those because he has got the age of every member on the file in the office, and he knows the age of every member we have. He knows whether we make a false claim or whether we sent in for a man over a given age, and I think that the amount of control that the Registrar exercises over us now is fairly close. I know that any lodge that transgresses by a hair's breadth in the matter of spending the sick-fund very soon finds a note from Mr. Hayes on the question, and rightly so.

13. Your society as a society is quite disinterested?—Yes. When we saw it was likely to be offered we discussed the question, and we said if we can secure any added benefit for our members we were justified in doing so.

14. You merely want to pass the benefit on—not to aid the society as a society?—No, but to aid the members.

15. Assuming the State had not instituted the Provident Fund, would you have thought it incumbent upon you to ask for assistance in that case?—No.

16. Then, it is owing to the result of the competition which has been entered into by the State?—Yes, and the State subsidizing their office to our detriment as we feel.

17. *Mr. Buick.*] Do you think as a practical officer that it is quite feasible for the Government to use the machinery of friendly societies in carrying out the Provident scheme?—Yes, it is quite feasible. The order I represent would be quite willing to accept the liabilities and do the work, because I might say that to most of us it is a hobby. Most of us who are at the head of affairs have been quite a number of years in it, and we have gradually grown with it until it has taken possession of us. We look on it as one of our hobbies, and you would be astonished at the amount of time and labour voluntarily spent by members in carrying out that work. If the State could utilize that magnificent body of voluntary labour, whatever benefits they are prepared to pay would go direct to the beneficiaries. The orders have got to be run now, and they could carry the extra work without very much trouble. Speaking for my own order, we would be very willing to control the payment for sick members. I might point out that, like other orders, the founders of our orders made errors: they started on contributions which were too small, but we have learnt by experience. Our order started by branches from Australia, and we naturally accepted the Australian contributions, but we found in later years it was insufficient, and we have brought our contributions into line with the Registrar's wishes.

18. You have nothing to do with the Australian order now?—No, except that all grand lodges are affiliated with Australia.

19. *Hon. Mr. Rigg.*] Do the friendly societies want subvention in order that they may compete with the National Provident Fund?—Yes, they do, because they feel that what is offered by the National Provident Fund is more than we can offer unaided, because the National Provident Fund is subsidized to the extent of one-fourth.

20. *Hon. Mr. Barr.*] I think you said the National Provident Fund gives a greater benefit than you people?—Yes, for the contributions.

21. Are you quite sure of that?—You give a maternity benefit, first of all, which wipes us right out. We cannot give that. Every member of over five years would get 7s. 6d. a week for each child, and with a man with a big family that runs into a big sum. We give £1 a week for twenty-six weeks and then 10s. a week for twenty-six weeks, no matter how many children. We deal with the member, not the family. The only benefit we give to members of the family is free doctor and medicine. Where we feel the strain is in connection with continuous sickness where a man is really laid on one side. At the present moment we have on our lodge-books a man to whom we have paid 5s. a week for fifteen years. That is where the strain comes. If the Government are prepared to give the friendly societies subvention, it is in cases like that where we would wish it to ease the strain on the lodges of long continuous sickness.

22. Have you taken into consideration when you make that statement that under the National Provident Fund a man has to be three months ill before he gets anything, that the young unmarried man gets no benefit, whereas in your fraternity the unmarried man gets the benefit when he is one week ill, as against three months?—Yes; but we are asking for subvention after one year's sickness.

23. When you say that the National Provident Fund gives greater benefits, have you taken into consideration what you have already stated, that your great drag is the continuous medical attendance?—The continuous sickness, yes.

24. Whereas under the National Provident Fund that is not likely to happen, taking into consideration, as I have already said, that you must be three months ill before you can claim any

benefit?—Yes; I still hold to my original statement because the unmarried man only counts for a few years in our society. As a rule, when a man joins a friendly society he is either contemplating matrimony or is already married—he is settling down. That is one of the provisions he makes by joining a friendly society, thereby ensuring medical attention for himself and wife and probably a family.

25. Which he does not get under the National Provident Fund?—No, he does not get it under the National Provident Fund; but then you have the pension scheme at the age of 60, which is a big thing. If I had been a younger man I would have been in for it, because I recognize the benefit of it.

26. You think your society could broaden its lines to take charge of such a thing as the National Provident Fund, taking into consideration that it is not on all-fours with your societly, inasmuch as no member is admitted into your society unless he passes a medical test, whereas under the National Provident Fund there is no medical test. Also, that your society only admits male members, whereas the Provident Fund admits both male and female members. Would it not enlarge the work of your society beyond your present powers—would you not have to reconstitute and have a permanent secretary?—Yes, we have a permanent secretary.

27. You would have to enlarge the office, and could it be done, taking all those things into consideration?—First of all, I have not come here antagonistic to the Provident Fund, but what I wish to say is that given subvention from the Government we could do this work to a greater extent better and cheaper than what it could be done under the National Provident Fund.

28. But the weak point from your point of view in connection with your particular society is this: that there must be the medical test, whereas under the National Provident scheme the medical examination is not a factor at all?—We would scarcely agree to drop that.

29. I want to impress this upon you: that the National Provident Fund reaches amongst others people your society will not touch at all?—I grant you that straight away—that is what I said in my opening statement, that the National Provident Fund reaches those people we do not reach.

30. Have you any data that you could submit in support of your contention that the National Provident Fund has done you any harm?—No, I could not give you any definite figures beyond that I know several men in the south who we have endeavoured to get as members of our order and they have said, "No, I am on a better wicket; I am in the National Provident Fund."

31. Take three years back, could you get us that data and give us your annual increase of membership?—Yes.

32. Compared with three years before the National Provident Fund was instituted and since?—No; you could get those figures from the Registrar, or I could supply them on my return.

33. We have had the figures in regard to the country as a whole, but I would like to have got how it worked in one place as against another?—I have not got the information with me, but I could send it up to the Committee when I return to Dunedin.

34. Have you given any serious consideration to the British scheme of insurance?—That is the approved societies taking it on?

35. Yes?—I have watched the action of that pretty closely, because the English branch of our order is one of the approved societies, and they have found it has made a considerable increase in their membership. According to the latest report they have had a good deal of trouble before they got the doctor panels settled. That is a question you do not touch at all: you leave it to the societies to make the best bargain with the medical men.

36. Do you think your body would be prepared to favourably consider a scheme along the lines of the British scheme making the present societies approved societies?—Yes, I believe they would be prepared to consider it favourably provided that it did not mean too much Government interference in what we call our domestic affairs.

37. I do not think that has been proved at Home?—No, I do not think so; but the suggestion has been made that going the length of approved societies would mean Government supervision and practically direction. Well, I am afraid that would kill that personal interest we take in our orders.

38. Provided there was not too much Government interference and that they merely supported you, you would be inclined to approve of that?—We would.

39. Have you any idea of the views of your members?—I am voicing now the opinion of the executive of the order. We discussed this matter, and I was instructed to come here and meet the Committee. I am not giving my own personal views but the views of the senior officers of the order.

40. There was a question asked you as to whether you thought if you got assistance from the Government it would weaken self-reliance. Now, you are aware, I presume, that in the Government service there is a superannuation scheme?—Yes.

41. Has it ever come within your knowledge that that has weakened self-reliance in the Government Civil servants?—No, I should not think so.

42. You know the Government gives a subsidy to the superannuation fund?—Yes. They gave a fairly large sum to start it, and gave subsidies until they brought it up to a financial point.

43. You never heard that it weakened self-reliance in the Civil servants?—No. I think on the contrary they should be only too willing to accept the benefits and pay in for them.

44. *Mr. Sidey.*] What was your third proposal?—To pay the contributions of members over 65 years of age, the idea at the root of that being that our order is composed mostly of workingmen. When a man gets up to the age of 65 he is not as hale and hearty as he was years before, and very often has to go in for lighter occupation. We have found in the past that some of the old members have found a difficulty in paying their subscriptions, and on many occasions those of us who were younger have had to pass the hat round and make them good, otherwise they would have lost the benefits they had paid in for.

45. Have you examined the proposal submitted by the Department?—Just this afternoon. I have gone over it. I see they propose a payment towards the funeral fund instead of the third proposal I have submitted.

46. Are not the proposals here very much less than those you propose?—No. The first proposal is almost on all-fours with my own. 2s. 6d. a week after twelve months' sickness will be the same, because ours is 5s. a week sick-pay at the present moment, only you offer the same allowance to those over 65 for males and over 60 years of age for females. Of course, the proposal I made was the full payment of sick-pay over 60 years of age, and half-pay under 60. Then my third proposal, instead of a subsidy to the funeral benefit fund, was a proposal to pay the members' contributions so that a member should not drop out through old age or lack of employment.

47. You suggest full payment of sick-pay for twelve months for those over 60 years of age?—Yes.

48. You will notice in commenting upon a comparison which is drawn in this statement between the New South Wales subsidies and those proposed by the Department, the statement is made relative to a proposal under which the full amount is paid. The statement of the Department reads: "The fixing of the sickness-benefit subsidy at 2s. 6d., instead of one-half for all extended sickness and the full amount for the aged, is on the principle that subsidies of any description to outside bodies must convey with them a financial responsibility on the body spending the money. It is to be expected that if the State pay the whole of any benefit the society's control over that benefit will be weakened." You notice the expression of opinion there with regard to the full benefit You are suggesting the payment of the full sick-pay?—Yes, full sick-pay after 60 years.

49. As against the Department does not recommend the full sick-pay, but 2s. 6d.?—Yes, half the amount I suggest.

50. And the reason for doing so is because they say that if the State pays the whole of any benefit the society's control over that benefit will be weakened. Do you agree with that?—No, I do not, because in what I have suggested the societies would pay it for the year and then ask the State for a refund, submitting their returns showing how much they had spent, who the members were and what the ages were, and submitting, if necessary, medical certificates.

51. You think the societies would be just as careful?—Yes.

52. To what extent do you think the Department would be justified in interfering with the work of those societies in view of the fact that they made contributions to their funds?—The Department would be absolutely justified in seeing that the funds that they had allocated to the different orders were spent strictly upon members who deserved them—that is, that the money was not deflected to any other purpose whatever. It would be only fair and right that they should have that power. In any matter of doubt the Department should have the right to audit, as I said before.

53. Are you aware that it was suggested, I think by your order, that such subventions should be kept in a separate account by the societies?—Yes, I think that could be done also.

54. You notice in the statement by the Department that it is proposed that "Every friendly society and branch would be required to submit its accounts periodically to an auditor acting under the direction of the Registrar, and the fees for auditing the accounts of the societies and branches would be a charge upon the moneys payable to the society by way of subvention." Are you quite agreeable to that?—As I said before, we quite approve of the idea that when the State is giving certain sums to expend on its behalf the strictest possible audit should be made of those payments.

55. Do you think there is any necessity for the moneys received from the State being kept in a separate account?—No; I think it could be worked without that, although we would be quite prepared to keep a separate account if the Registrar so wished; but if we sent in returns every year showing what we had spent on those members coming under those headings, the Registrar would be able to check our payments exactly, and the payments would not be made by the Treasury until the Registrar vouched that they were correct.

56. Do you think the National Provident scheme might exist alongside your work and do the same work it is doing now?—Oh, yes, because it covers greater ground than we can cover, and also reaches those we cannot reach. I would be the last to put a block in the way of any one making provision for sickness or old age.

57. Would you increase your contributions or benefits in any lodges?—I think if we got this going we would increase the benefits rather than reduce the contributions.

58. Do you not think that by reducing the contributions you would bring the benefits of your society to a lower working level?—I scarcely think it, because the reduction would be very small—say, 1d. or 2d. per week. That is scarcely likely to deter a man from joining. Most of our men join now at a fairly early age. Most men have joined an order of some sort at the age of 25, and therefore come under a low scale of rates.

59. What do you think of the proposal to apply the surplus or portion of the surplus to the assistance of branches?—That opens a very large question. In my own order we are endeavouring to get over that question of the surplus deficiencies in the lodges by consolidating the sick-funds. At our next annual meeting we will submit machinery to carry it out, and then the surpluses or deficiencies will not be existing—it will be all one fund.

60. *Hon. the Chairman.*] In the case of malingering, do you think subvention would increase malingering to any extent?—No, not under proper supervision. If the lodges maintain the same supervision as they maintain at present, malingering would be a very small question indeed.

61. The question of receiving subvention would not tend to lessen the care?—If we can succeed in consolidating the sick-funds, each branch will have to send to the central office its

statement of the sick-pay made, and signed declarations by the visiting members, that the member in question is still ill, and that the members certify to the same effect. We think a check of that sort will prevent it.

62. The same care would be exercised as now?—Yes, the same care would be exercised.

63. *Mr. Sidey.*] Have the matters upon which you have given evidence been discussed by your order?—By the executive only. General questions like these are only submitted when you can make concrete proposals to the order, and then they are approved or disapproved at the annual meeting. I am authorized by the executive to appear here and give evidence along the lines I have stated, and the proposals I made are proposals which were suggested.

64. You are voicing the opinion of the executive when you say there would be no interference with the spirit of independence of the order by the granting of State subsidies?—Yes.

65. *Mr. Dickson.*] In connection with consolidating the funds of the different lodges and making it only one fund, do you not think that would create a spirit in the lodges that they would not take the same interest in it?—It has not been found so in the case of those lodges which have already consolidated. The Independent Order of Odd Fellows have consolidated their funds all over New Zealand, and they stand in the position of being the most financial, and they claim that consolidation was the primary cause of it.

66. When a lodge has got a member away sick and it is not actually responsible, do you think the same care would be taken, or would not the members say this comes out of the general fund, he is a very decent fellow and we will overlook it?—No; that is more likely to be done now than under consolidation, because the papers bearing on each case must come before the central authority and be examined, and you would scarcely get a medical officer to sign a declaration that the man was still ailing if he was not.

67. Do you not think there would be a chance of their being longer on the sick-pay of the lodge?—No, I do not think so. In the first place it does not pay a man to be on the sick list.

68. Not generally, but there are many cases where it has been done?—I do not know of many. My experience is not that.

69. The fact of the matter is this: some doctors may order a member away to the country for a change, and as soon as he goes away to the country he does not give him any medicine?—No.

70. Well, after the member has been away for a week he has to get a certificate, and all he has got to do to get his sick-pay is to put into the lodge at the fortnightly meeting his certificate from a doctor in the country where he is?—Yes, or from the doctor who sent him away in a case where he is away for a given time.

71. When the doctor sends him away to the country for a week or two, of course he gets the doctor's certificate for the next lodge meeting?—Yes.

72. If he is not back by the following lodge meeting he has to go to a doctor in the country. Do you think there would be the same supervision over that member and that the lodge would take the same interest if the fund was consolidated?—The lodge has got the same interest in that man as they had before, because they are still paying into the consolidated fund, and they are partners in it.

73. *Mr. Harris.*] I gather from what you told us that in your lodge you have a very good system of supervising the payment of sick-pay to members you have on your sick list?—Yes.

74. You know that this proposed scheme applies to all societies, and many of the smaller ones will not exercise the same supervision as you do?—Yes.

75. Do you not think there is a possibility of the sick-pay being very largely added to? Do you not think many societies will think, Oh, it does not matter to us how long a man is on the fund—whatever we pay out we will be reimbursed by the State, so that supervision will not be exercised, whereas if they were paying half as proposed by the Government scheme you are interested to the extent of 50 per cent., and naturally would give it more supervision under those circumstances when directly interested than when the Government was paying the lot?—If a man is laying himself out to beat you he will do it.

76. A man will beat you if he can—many of them will?—That is why we have set up a scheme of supervision to prevent the beating. I quite agree with you that it seems more feasible that such a thing would occur if the Government paid the whole subsidy. When I brought this question up I was simply speaking of my own order and the officers in it, and I can say that we would take all manner of care that it was not imposed upon, because I recognize it would be a big question to the society, and we would be fools to do anything to weaken it.

77. You still recognize there would be a tendency not to exercise the same supervision?—There is that weakness in it.

78. *Mr. Sidey.*] To that extent you agree with the statement of the Department about which I asked you a question?—That it was wiser for the Department to pay only half instead of the whole?

79. Yes?—There is the possibility of such a thing creeping in.

80. The statement of the Department was: "If the State pay the whole of any benefit the society's control over that benefit will be weakened"?—Yes, but I do not think that any one who was animated by the spirit of the order would allow such a thing to continue. Of course, it is quite possible for one hundred and one things to happen, but you look upon a man of honour to carry it out and do it thoroughly.

81. *Mr. Hayes.*] I think you said that subvention was the direct outcome of the National Provident Act, or that you thought it was?—Yes.

82. You are aware that a subvention scheme was officially offered by the Government in 1906 to the friendly societies before the Act was passed?—Yes, but that was turned down by the societies, was it not?

83. Yes?—I remember that.

Increase of Membership of the Grand Lodge of Otago and Southland United Ancient Order of Druids.

1912, 68; 1911, 237 (three new lodges opened with a membership of 118 included; 1910, 90; 1909, 76; 1908, 132; 1907, 245; 1906, 166; 1905, 210; 1904, 166.

W. B. STEEL, Grand President.

TUESDAY, 11TH NOVEMBER, 1913.

ISAAC SALEK further examined. (No. 9.)

1. *Hon. the Chairman.*] Do you wish to make any further statement?—No, nothing special, except to answer any questions that may be asked to bring out any fresh matter.

2. *Mr. Harris.*] How does your society view the inauguration of the National Provident Fund?—I think all the societies practically resent the manner in which this Provident Fund is being conducted. We consider that the regulations should be reviewed or revised, and the whole question should again be opened up. Whilst the 73,000 members who comprise the friendly societies of New Zealand are called upon to pay the cost of their own management and their own control in society-work, the members of the National Provident Fund are not called upon to pay anything towards the management of that concern. In the case of the State Coal Department or the Government Insurance or Accident Departments the cost of management is added to your contributions, but under the National Provident Fund scheme the members are enrolled there and they pay practically nothing for their management, and the friendly societies are called upon to contribute our share towards the conduct of this fund. Again, we think it is unfair that the Government should set up an institution against the friendly societies. Personally I have no objection to the Government establishing a society on the same lines as the friendly societies, just as the banks do not object to another bank doing business in the Dominion. I do not suppose they object to a bank doing business on proper lines, but I do object to the Government setting up another institution which is taking away the strength of our societies. For instance, last year our increase of membership dropped a considerable amount, and we have suffered considerably. You are mopping up all the young men and taking away the strength of the friendly societies. Unless the societies are able to make new members there can be no progress and no soundness in friendly societies. If you take from us all the young men and mop up all the reserves, then the friendly societies will suffer. Not only that, but you are sending round lecturers throughout the Dominion attending agricultural shows and flax-mills and other places where the workers are collected and pointing out the benefits of the National Provident Fund, and not one word about friendly-society work, and the result is that we are suffering from that. In previous years we have made 3,000 to 4,000 members, but last year we dropped to 1,300, and we think it is unfair that you should run an institution against the friendly societies. Look at the inducements you offer. You say, "Join our fund, and if you want to drop out afterwards we will give you the whole of the money back that you have paid in." We think that is unfair. Take insurance companies: when bonus certificates are issued they say, "If you want to be paid the bonus you must forfeit one-half or one-third of the amount"; but here the National Provident Fund say, "Here is the whole of the money." What will be the result? You naturally tempt workers who are not in receipt of more than £200 a year. There may be many who occasionally feel the pinch of money, and the result will be that after two years you will find many people drawing their money out of the concern. We think it is unfair that you should run an institution like that against the friendly societies, which are in existence for the benefit of the thrifty in the Dominion. We are at present paying out nearly £100,000 a year for sick and funeral benefits to friendly-society members of the Dominion, and I think it is very wrong indeed that the Government should run this society against us.

3. *Hon. the Chairman.*] Are the Odd Fellows distributing that amount?—I am speaking from a society point of view.

4. *Mr. Harris.*] You said that in your opinion the National Provident Fund was against the friendly societies?—Decidedly.

5. You realize, of course, that that scheme is working in a groove that you cannot: for instance, they are prepared to take members without a medical examination, and you are not?—Yes.

6. In your opinion, should they work solely in that direction and leave those who are medically fit to join the friendly societies?—That may be better.

7. You recognize it is the duty of the State to provide for those unfortunates who for some reason or other are not medically fit?—I have a suggestion that came under my notice many years ago, and I have often thought that the Government in connection with this matter should work in with the friendly societies. If the Government were to approach the friendly societies and say, "Here is a man who is unable owing to medical unfitness to join your society: are you prepared to take him and give him all the benefits of your organization? We will be responsible for that man." In that case we would be very pleased to do so if the man was respectable and a man of good reputation. The friendly societies would with pleasure take charge of that man and submit him to all the conditions of the friendly society management if the Government were to say that they would take the responsibility so that no loss would be thrown upon the society.

8. What advantage would that be to your society?—We would be doing good to mankind.

9. Why should not the State do it themselves and not work through you?—You are not confining yourself to those men who are unable to sit for examination and present a health certificate.

10. I mean under your suggestion: why should you suggest that the State should go to the friendly societies and suggest that you should take these men if they guarantee the expenses?—Then you would not be running in opposition to the friendly societies. For instance, in the Wanganui district our membership has dropped, and we are going downhill.

11. Surely you do not attribute that solely to the National Provident Fund?—That is one of the causes, and a very strong cause. I admit that the times are affecting the population of friendly societies. The amount of pleasures that now exist, such as picture-shows and other amusements, are taking up the time of the young people, and they are not as anxious to go in for this sort of thing; but I attribute a great deal of the cause to the National Provident Fund.

12. Do you not think that the lecturing which takes place on behalf of the National Provident Fund must be an advertisement for the friendly societies as well as the Provident Fund?—No, I do not think so.

13. *Hon. Mr. Barr.*] You are of opinion that the people will be lifting their money and dropping out of the National Provident Fund in two years?—Yes.

14. That is your honest conviction?—I really believe so, because the inducements are there.

15. Then if so your society will come back to what it was, inasmuch as if they drop out, as a natural consequence they will want to go into something else?—No, they have had one experience, and especially if they are healthy men and had no cause to come on to the society a man will say, "I do not want any of that sort of thing."

16. Have you any idea how many have joined the National Provident Fund in the district in which your body works?—No, I have not, but complaints are made when we hold our district meetings.

17. When you make a statement such as you made here, we want to know what it is founded upon, and so far you have no knowledge how many have joined the Provident Fund in your district?—No, we have no means of knowing.

18. Are you in favour of the British scheme of insurance—that is, that the Government should take up the work and should work it through your societies? You would still be in the same position, but the whole thing would be subsidized through the State?—No, I am not in favour of that. I am in favour of the societies being left entirely alone.

19. For what reason?—Because they are doing such extraordinary good work, and the results show we are doing good work. We started years ago without any bequests, and by good management we have accumulated over a million and a half of money. If the friendly societies were left alone, with good management the results must be good.

20. Can you tell us the percentage of those who join your society and then drop out of it?—No, I could not tell you that. I think the average age of the member who joins a friendly society would be about 25.

21. It has been suggested that a considerable number of men join the societies and then in a few years drop out; some go abroad, and some ignore the thing. You have no means of finding out that number?—No, I have not.

22. Do you think the Government should take some steps in regard to those who are not qualified to join your society?—Yes, certainly I do.

23. Does your society provide for women?—Yes, we do; but our district has no women members in the society. Our district operates from Foxton right up the Main Trunk line to Ohakune. We have never yet had any applications from women.

24. You are aware of the fact that there are no benefits from the sick-fund in the National Provident Fund for three months?—That is so.

25. Your society gives sick-benefit after how many days of sickness?—From the time of joining.

26. But after having been three days sick—is that the qualification?—We pay by the day. One day sick is sufficient

27. That is slightly different from three months?—Yes.

28. Then one would imagine that it was an advantage to join the friendly society instead of the National Provident Fund?—I admit we have greater benefits than the National Provident Fund, but others do not think so.

29. Your society also gives a medical benefit?—Yes.

30. And that is not given under the Provident Fund at all?—No.

31. That is another advantage in joining your society?—I quite admit our society is head and shoulders above the Provident Fund. At our last meeting I was speaking to a very prominent member, and he said that with all our advantages he considered that the National Provident Fund was a very much better fund to join for a young man than our society.

32. Yet you have advantages which are far above those of the National Provident Fund?—I think so.

33. *Hon. Mr. Beehan.*] I gather from your remarks that, seeing that the Government contribute to the National Provident Fund and the Civil Service Fund, that they should subsidize the friendly societies?—I oppose that strongly.

34. Are you acquainted with the New South Wales Subvention Act?—I have some knowledge of it. I am not an authority on it. I have considered it in connection with this matter when we are talking about the consolidation of the sick-funds.

35. You know nothing practically of the New South Wales scheme?—I know this, that since subvention has been introduced there the capital per member has been reduced. For instance, in 1910 the capital per head per member in New South Wales was £10 3s. 3d.; in 1911 it fell to £9 9s. 11d.; in 1912 it fell again to £9 2s. 8d.; whereas in New Zealand in 1910 we showed £19 13s. 1d. per head, and we rose to £20 1s. 8d.

36. Are you aware of the increase in membership in the New South Wales friendly societies?—Yes, but I do not think it is owing to subvention that that increase has come about.

37. Notwithstanding that the Actuary says so?—I do not agree with the Actuary there.
38. You are not acquainted with the subvention scheme?—I know something of it.
39. Are you aware of any young members of your societies seceding and joining the National Provident Fund?—It has not come under my notice. I have not heard of any members leaving and joining the Provident Fund.
40. And yet you say the National Provident Fund has been the cause of the small increase in membership?—It is one of the causes.
41. *Mr. Hayes.*] Last week you said that the average capital per head per member in New South Wales had fallen since subvention compared with other States?—Yes.
42. And I think you said you attributed it to bad management?—I do not think so.
43. What is the inference to be taken from your statement?—Well, the management has a good deal to do with it, and the result of their investments in New South Wales is considerably less than in New Zealand.
44. You do not attribute the fall in the capital per head per member as due to the operation of subvention?—I do not know what the cause is.
45. Do you know the explanation given by the Registrar in New South Wales as to the reason for that fall?—No.
46. You are not aware that he attributes it to the fact that subvention lowered the contributions?—That is so.
47. Therefore less money would be accumulated in the societies' funds?—But the societies received £17,000 last year. The management has a good deal to do with it.
48. As regards the drop in membership last year in the New Zealand societies, you are aware that in your order you had a larger membership increase than in previous years for some years back?—Yes.
49. That is the Manchester Unity?—Yes.
50. You are aware that in 1912 an Amendment Act was brought into force which required adequate contributions for new societies?—Yes, a ridiculous Act.
51. You are aware that operated on a number of societies?—I did not know that.
52. Well, it did?—In our district the membership has reduced considerably during the last few years, and in many towns in the district our lodge is the only lodge operating, so that it cannot be said it is on account of opposition from other societies. In 1910 our increase of membership was 1,057; in 1911, 991; and last year, 936.
53. You stated that you have objections to the State finding the administrative expenses of the National Provident Fund?—Yes.
54. Are you aware of any national fund in any other country where the State does not provide for the administrative expenses?—I am thinking of the societies in New Zealand; I am not going outside. The Government Life Department contributors pay the cost of management.
55. We are speaking of social insurance?—It is all social insurance so far as friendly-society work is concerned.
56. You know that in 1906 the Government offered the friendly societies subvention?—Yes, and I moved the resolution rejecting it.
57. Do you think the State should do nothing in respect of the working population between the 73,000 members of friendly societies and the 270,000 between the ages of 16 and 45?—Yes, of course they should. I think it is their duty to do it.
58. And you do not think it is done the right way through the National Provident Fund?—No. It would be if you made the members of the societies bear the cost of their own management.
59. You do not think it should be done on the lines of the national scheme of Lloyd George?—I do not think so.
60. You have a suggestion that it should be done on some other lines?—Yes.
61. *Hon. the Chairman.*] You oppose the giving of a subsidy?—Yes.
62. And you also oppose Government interference with friendly-society work?—Yes.
63. How do you reconcile the statements: you said that the friendly societies would accept men if the Government would guarantee the friendly societies against loss in such cases?—Yes.
64. Will you tell the Committee exactly what you mean by that?—That is only my own personal opinion.
65. Based on your experience of friendly-society matters?—Yes. My opinion is this: that if there was a man of good character who was unable to present the necessary certificate to admit him into the lodge of our society that the Government should say, "Very well, take this man into your society; we want him to have all the benefits of the friendly-society work; we want all his actions and his manners overlooked by your society, and we are quite prepared to protect the society from loss." That would be practically the position. He would be visited regularly once a fortnight by the sick-visitor; he would be brought under the conditions and rules as to work, and to be in at proper hours, and to have a doctor's certificate for his payments, and all the necessary details in regard to management.
66. And the Government pay the piper?—Yes, and the Government would pay the piper in the same way. I am not prepared to go into details of the payment. There could be some arrangements by which that could very easily be worked.
67. As a friendly-society man you think that would be fair to the men who neither join the National Provident Fund not the friendly society and yet have to contribute to the Consolidated Fund—you think that would be quite fair?—I think so.
68. Do you not think the two opinions are a little bit inconsistent?—No, because you are in opposition to the friendly societies now.
69. I am not talking about the present Provident Fund: I am asking you are you not inconsistent in your opinion that the outsider should contribute towards the upkeep of the

friendly-society man who could not otherwise become a member, and yet you say that it is wrong that the friendly societies now should contribute towards the expense of keeping these other men?—But. the member would pay. The Government would not pay the whole of the cost. The Government would protect the society, but at the same time the member would be called upon to pay all his contributions like any other man. This only refers to a man medically unfit to join a lodge in the ordinary way.

70. What other means would you suggest of relieving the disablility that many lodges at present labour under financially?—Well, my idea is this: that it is no use subsidizing friendly societies for the purpose of strengthening the finances if the internal arrangements and management are not complete. No one would think of assisting a storekeeper who at the end of twelve months, when the balance-sheet was made out, was going to the bad and conducting his business at a loss. What would be the use of subsidizing that man? There must be good management. For instance, take the Bunnythorpe Lodge, which is a small lodge. It makes no difference whether they are Druids or Odd Fellows. It was established eight years ago, and the members determined when it was established that they were going to reach solvency, and that it was to be a financial lodge. No lodge gets a sixpence from any other lodge in the Manchester Unity; each lodge is entirely "on its own," and it gets the benefit of the necessary management. This small lodge at Bunnythorpe is sandwiched between Palmerston and Feilding, and the result is that there are not many new members to draw upon. They started operations under good management; they have only been in operation for eight years, and yet at last valuation they have £500 of funds, which meant that it was solvent and had £83 which was permissible to be returned to the members. That is what I call good management. If a lodge is badly managed and is in an unfinancial position, what is the good of subsidizing a lodge like that? Another lodge came out very badly at the last valuation, because it was shown that it had gone back to the extent of nearly £2,000. Well, we took that lodge in hand in our district, and the lodge itself recognized that something would have to be done to bring that lodge up to a solvent position. They put their shoulders to the wheel and worked hard. They looked into the management of the affairs, and the result was that at the last valuation in 1910 they showed that they had paid off that £2,000 of deficiency and had £200 to the good. That is management. What would have been the good of subsidizing a lodge like that if they themselves will not take upon themselves the duties of management in a proper manner?

71. What prompted you to interfere in regard to that lodge?—Because it was £2,000 to the bad.

72. What right had you to interfere?—Because it is under our control.

73. You told the Committee a little while ago that each lodge stands "on its own," and is responsible for its own liabilities, and now you say you have a right to interfere?—We have this right: when a lodge shows 15 per cent. deficiency then you can call upon that lodge for an increase of contributions or reduced benefits; but until it shows a 15-per-cent. deficiency we are unable to do anything. In this case there was a 15-per-cent. deficiency and we acted.

74. Then your lodge has the power to shape the policy of any lodge under its jurisdiction: is that so?—Yes, within certain limits. Of course, we gave them advice, and members themselves recognized that something had to be done. If other societies took upon themselves the same sort of management they would improve.

75. *Hon. Mr. Beehan.*] You say, what is the good of subsidizing those lodges you have been referring to?—Yes.

76. Are you aware of the effect that three or four members suffering from chronic illness for twelve months have on a small lodge?—Yes, we have those experiences now.

77. And do you not think it would be a good thing to subsidize chronic illness?—No, I do not think so.

78. Are you aware that all the societies in New South Wales are coming under the subvention Act?—Yes, that is the only country in the world.

79. Are you aware that in 1911, with the exception of one society, they were all under consolidation?—The Manchester Unity consolidated.

80. But the whole of them?—That might be.

81. Are you aware that your society in 1911 was subsidized by this Act to the extent of nearly £6,000?—That is quite right—I know that.

82. And yet in face of all those societies, comprising 164,000 members, in New South Wales you are still against it?—Yes, I am, decidedly. I should like to explain this: that every five years a valuation is taken, and any money that is in excess of the amount necessary to make the valuation complete or solvent is returned to the members. The result is that in all the large cities in New Zealand, such as Auckland, Christchurch, Wanganui, and Wellington, after the valuation every five years the Manchester Unity returns to the members a very considerable amount of money.

83. Those that are solvent?—In each of those towns the Manchester Unity is solvent. Take, for instance, Wanganui. I am practically now 54 years of age. My contributions when I joined were £1 6s. a year, and they have now been reduced to 16s. I have a list of the members which shows that the members of the Wanganui Lodge particularly are paying a very small amount of money indeed, and the result is this: that if you subsidize any of the societies you must not forget this: that you place in the hands of the Manchester Unity extraordinary wealth and such great power that they will practically swamp all the other societies in the Dominion, because they will be able to induce members and charge such low rates that it will do very much damage to the other societies in the Dominion.

84. Do you not think it a very selfish policy for the wealthy lodges not to help the struggling lodges?—You are coming down to consolidation now.

85. You said that every lodge in your district was standing on its own bottom?—Yes.

86. Are you not aware that is not so with the other societies in New Zealand?—We have a rule by which we can assist those lodges, but it has not yet been brought into operation.

87. How would it operate?—We can make a levy on all lodges in New Zealand to assist a lodge in straitened circumstances.

88. Through chronic illness, for instance?—I suppose illness would have the effect of reducing a lodge's position more than anything else, but we have the power and authority to levy on every lodge in the Dominion under the New Zealand branch, which controls practically the whole of the Odd Fellows in the Dominion. We have not yet brought that into operation, because we have not yet had any necessity to do so.

89. I suppose you know that of the six hundred-odd lodges in New Zealand there are over four hundred actuarially unsound?—Whose fault is that?

90. Do you not think it would be a good thing for the Government to help with subvention in order to put those lodges in a sound financial position?—I do not. There are other ways by which the Government could help to make those lodges financial without subvention.

91. Are you aware of the huge amount that is paid yearly to all branches of the Civil Service, including the police, and those in the Education Department, and now to the National Provident Fund?—Yes.

92. Seeing that is the case, do you not think it is fair for the societies to demand subvention to help those who are really unsound financially, even to that extent?—No, there are other ways that they can do it. They should amend the Act so as to help the lodges to conduct their affairs on sound financial lines. If members are to be admitted into lodges which are not solvent lodges, and which cannot provide the benefits they profess, then the Government should compel the lodges to do so. All new members who come into the lodges should pay rates which are actuarially sound.

93. They are doing that now?—That is with new branches. What is the use of doing that in the case of new members, and allowing old branches to bring in new members at contributions which are not sufficient?

94. Your own society in New South Wales is a clear answer to what you say, and negatives it?—I am sorry I do not follow you there.

95. *Mr. Harris.*] Did I understand you to say that you personally are paying only 16s. a year to your own lodge?—Yes, that is all.

96. What benefits do you get for that?—I have here a list of the reductions prepared by the Actuary which have been made to all members, and this practically applies to all members in Auckland, Wellington, Christchurch, and Wanganui, and very many other leading towns in the Dominion, which shows how the society is operating.

97. You work on practically the same lines as companies with life policies in reducing the premiums?—Yes.

98. In the case of a new member joining your own lodge, what would he pay?—In the case of a man joining at the age of 25, which is the average age of joining, his contributions to the sick and funeral fund would be £2 1s. 8d.; doctor and medicine, £1 5s.; and management, say, 10s. That is a total of £3 16s. 8d. per year, which is under 1s. 6d. per week. For that 1s. 6d. a week he will get sick-benefit of £1 a week for the first six months, 15s. a week for the second six months, and 10s. per week afterwards, and the lodge pays £20 on the decease of a member and £10 on decease of a member's wife. At the end of the valuation period—every five years—if a lodge is solvent and there is more money than necessary to carry on the work, that money is returned to members again.

99. By way of reduced contributions?—It will be taken either in reduced contributions or added to the funeral fund.

100. So that there is a tabulated form made out after every five years which shows what the contributions will be?—Yes. Here is a man whose contributions were 11s.; at the last five-year period he had a reduction of 3s. 7d. upon the valuation, and now his contributions are 7s. 5d. to the sick and funeral fund. Of course, he must pay the doctor in addition. It was reduced from 11s. to 7s. 5d. We have very many members who are paying just two or three shillings a year.

101. Those have been in for a long period?—Yes. The valuations are made out every five years.

102. You were referring to the mismanagement of some lodges?—Yes.

103. And in that connection you mentioned a lodge?—I would not like it to be inferred that I meant mismanagement there. Some of the lodges are not as well managed as others.

104. You called attention to the fact that while one of the lodges was showing a deficiency another lodge by different management showed a surplus?—Yes.

105. Was that not due to the fact that they either increased the contributions or reduced the benefits?—No, they were not touched. It was entirely management. There are many members who, for instance, are in arrears with their payments, and the rule is that after twelve months those members should be cut off, but out of kindness they keep those men on and pay the levies to the central bodies. Those members should be cut off after they have been given a certain amount of privileges, because they are only dead-weight to the society. There is also another matter, in connection with the investment of money: many lodges allow their money to lie at the post-office, and I pointed out a way in which that could be improved.

106. You said that in your opinion the increase in membership in New South Wales was not due to subvention?—No, certainly not.

107. What in your opinion is the reason?—There is no doubt in my mind that within the last few years, before smallpox appeared in New South Wales, this State was looked upon as one of the most prosperous States. Ships were full, and passages had to be refused to people who

desired to go over there. There was a cabled report which was sent over from the other side, which appeared official, that eight thousand new houses were built in one year, and population had increased. The result was that there was such prosperity that the membership of friendly societies must increase.

108. It was really owing to the prosperity of the place?—That is my opinion; and, if you will allow me, it shows that the societies are already losing many members, because the percentage of secessions was greater last year than ever before in New South Wales, although they have subvention.

109. *Hon. Mr. Earnshaw.*] You have just given several illustrations of extraordinary reduced payments in your society: is not a contributing cause to those reduced payments certain endowments which were given to your society as much as the careful management of your funds?—I only know of one case in New Zealand where endowments were given by the Government. All the other lodges in other towns have had to buy their property. Of course, they have been fortunate in their speculations, and that is good management.

110. Do you mean to tell us then that in your own case your payments have been reduced from £1 7s. to 16s. a year on the mere payments of members into the lodge alone?—No, I do not say that. When I raised that point my idea was to show the extraordinary privileges we were enjoying in the Manchester Unity in the different towns.

111. What strikes me is that notwithstanding the old departmental system of lodges being financial, you must have been paying too much in the earlier years, because in your earlier years when you should be paying less you are paying more?—We think we are paying too much now, but we know we will get it back.

112. If you think you are paying too much how is it so many in your lodges are crying out because you say they are paying too little?—They are still admitting members at a rate which is not sufficient to pay for the benefits which they are receiving.

113. At any rate, you claim you are paying too much?—We are working on a scale submitted by the Actuary which is in force with every member now.

114. With regard to your hostility to the Government scheme, you are aware that there are 200,000 people in New Zealand outside your friendly societies whom you have not been able through one cause and another to gather into your order? Even if the Government does not succeed or cancels its scheme, do you see any possibility of gathering those people into your orders?—Yes, I do.

115. The experience of the last forty years shows that you have not been able to do it?—I have a very good suggestion if the Government would take it up in regard to strengthening the friendly societies.

116. What is the suggestion?—One of the greatest blots on friendly-society work is this: that whilst we do everything possible for a member and his family during lifetime, when the member dies we are practically done with the widow and children. I think some scheme should be introduced by the Government by which they would offer a pension, or rather a payment, for every child to the widow of a member—say, 2s. for each child upon the decease of the member.

117. *Hon. Mr. Beehan.*] A widow can still continue in the society?—Yes, I know, but so very few do so.

118. *Hon. Mr. Earnshaw.*] In other words, you propose that the Government should give subvention to the widow and children?—That is so.

119. Then you are not so very averse to Government interference with friendly societies?—I do not think there would be any interference.

120. While opposing Government interference you now offer a suggestion that the Government should come to the aid of friendly societies by subvention to widows and children?—After the decease of a member. What we suffer from now is the number of members who leave the societies, and if we could only retain those members it would strengthen the friendly societies, and you would also bring in a great number of people who are outside friendly-society benefits. We have tried every possible way by which we can induce those members to retain their membership, but unfortunately we cannot—they drift away from us.

121. In this age it has been proved by experience that after all our friendly-society work—the different organizations, different management, and different conditions, all moving in the one direction, to gather the workers of the country into their midst—that there are three outside to one inside; and therefore do you not think it is a fair proposition, in these days when the State is taking over so many functions with regard to our social structure, that that three-fourths of the community practically should be taken up by the Government, seeing that friendly societies have hitherto failed?—You see, the Government are dealing with people who are quite capable and competent of joining a society. Perhaps very many of those members who have joined the National Provident Fund are members who could produce proper medical certificates and join a lodge. You are not only providing for those people who are medically unfit to join a lodge, but you are taking those who are fit to join a friendly society.

122. That at once brings in the question of compulsion, and at the present time the joining of the State fund or a friendly society is voluntary. Although the Government may have gathered in some who may have joined a friendly society, it is still gathering in a lot that the friendly societies could not and would not undertake. Do you not think the State is doing the wise thing in overtaking that?—If you would confine your operations to those people who you are now trying to benefit it would be all right, but your arguments are in the direction of providing benefits for those who are unable to do so.

123. Do you object to the Government taking into its Provident Fund a person who has lapsed from a friendly society?—If the fund is open for all, then, of course, he has a right to join it.

124. I desired to find out how far you are willing for the State to interfere in this matter. Your objection has been that the State is absorbing some of those that the friendly societies ought to have had the absorption of?—Yes.

125. Every member of a friendly society knows that the greatest weakness is the lapses?—Yes, that is the trouble.

126. Do you think it fair that the Government should take hold of those who have lapsed after experiencing the work of friendly societies—that it is a fair field for the Government to enter upon?—No, decidedly not.

127. After all you have not been able to hold them?—Yes, if they are willing to continue; but a man is a free agent. If he likes to join another society the question is, are you going to allow him to? If he likes to drop out because he thinks the National Provident Fund is a much better thing for him we cannot stop him.

128. In the case of a young man of 25, a member of the Odd Fellows, who lapses, do you think it is a fair field to the Government to offer that young man provident insurance?—Not in my case. It would be all right if you liked to run the Provident Fund on the same terms as the friendly societies.

129. Then, in a nutshell, your opposition to the National Provident Fund is that the administration is being paid by the State and you are a contributor?—Yes, I am paying for my own lodge and at the same time I have to pay for the other man.

130. That is solely the position you take up?—That is one objection. They are running in opposition to the friendly societies. If they like to run the National Provident Fund on a proper financial basis, then they can run it.

131. *Hon. Mr. Beehan.*] I think you stated that it was your opinion that subvention had nothing to do with the increase in membership in friendly societies in New South Wales?—I did not say that. It may have had something to do with it, but I gave my reason for what I thought was the main reason.

132. In the New South Wales report for 1912 the Registrar says that the greater portion of the increase was due to the State scheme of subvention?—He may say that, but our members do not think so.

133. Do you know John McLeod, of Auckland?—Yes, very well indeed.

134. Do you know that he is heartily in favour of subvention?—Yes, he may be. We have different opinions

135. *Mr. Hayes.*] Speaking of the Act of 1912, do you think that does not go far enough?—No, decidedly not.

136. Do you think that all persons who join friendly societies should be made to pay adequate contributions?—Decidedly. Every new member who comes into line should pay it.

137 Do you think it is fair to ask those new members to pay adequate contributions into actuarially unsound lodges?—Yes, all new members joining the lodges in the Wanganui district pay adequate rates.

138. Do you think the fact of making all persons joining friendly societies pay adequate rates would have the effect of increasing the contribution rates in certain societies?—Yes.

139. Do you think that the raising of the contribution rates in certain societies might restrict the entrance into those societies of a certain class of working-people?—No, I have never heard a man objecting to join a friendly society on account of the contributions.

140. That is only speaking of the Manchester Unity?—Yes, but the reference is made to all classes of people who may wish to join one lodge or another.

FRANK JENNINGS examined. (No. 10.)

1. *Hon. the Chairman.*] What is your position?—I am a member of the board of directors of the North Island Grand Lodge of Druids, which is one of the largest lodges in New Zealand.

2. Do you wish to make a statement to the Committee?—Yes. Generally speaking, I am diametrically opposed to some of the views in which evidence has been given by the previous witness. I am in favour of subvention, on the following grounds: that in many shades of society the Government appears to be giving a subsidy or subvention in one shape or another. In the case of subvention, there is one case existing in connection with the Railway Department, the subsidizing or granting of subvention to a class that does not require it, and that is the fact of allowing a first-class passenger to travel over any line of railway during a month for a sum of £6, while the second-class passenger gets no corresponding concession. It is a concession to a privileged class who can afford to pay. I believe subvention should be granted to friendly societies for this reason: that there are about four hundred unfinancial societies in New Zealand. In 1906 subvention was offered by the State. I was present at the conference but not as a delegate, and I can assure you that 90 per cent. of the delegates were old members—those who had had a very great amount of experience, and in considering the proposal that was submitted to them they ignored the thing, but in their ignoring it they were, in my opinion, decidedly erratic and unjust. The Registrar had been continually bringing before the friendly societies the necessity of putting their house in order by charging an adequate scale of contributions, and this is how the houses have been put in order in some instances for the last thirty years to my knowledge: they from time to time got a scale of contributions fixed up which was deemed by them to be adequate for the time being, but with this weakness hanging over it, that when a new valuation was made to show the financial position of the friendly society valued, the men who were in and recognized as not paying their

just amount were left at the same scale, while new entrants were charged a higher scale. I will give you a case in point: In one society I know a man who came in thirty-four years ago, he is paying to the sick-fund to-day an amount of about £1 5s. or £1 6s., while another man at the same age coming in to-day is paying £2 8s. They are getting the same benefits, and yet when they are fraternizing and having a korero with each other they are endeavouring to get the crowd to believe that they are all on terms of equality. The medical cost of every member in New Zealand is approximately about £1 2s. 6d., the sick-pay paid out is about £1 2s. 6d. also. That would be £2 5s., and if you multiply £2 5s. by 70,000, the number of members, there is over £157,000 that the societies expend yearly, and consequently we claim that if other classes are being subsidized by the Government in many sections of society, seeing that we are spending over £157,000 per annum towards the sick-pay and medical benefits, irrespective of death benefits, we are relieving the Government and local bodies to a considerable extent in keeping down the hospital and charitable-aid rate. I go a little bit further than subvention. There are various causes operating in friendly societies to keep them unfinancial, and I will allude to one. The previous witness has told us what a prominent position the society mentioned by him is in. I will point out an opposite case. In one district there are forty branches of the same order, and twenty-five of them have been sufficiently long in existence to be valued, and out of that twenty-five there are only four that show a surplus. In the case of the others the deficiency runs from three up to seventeen per member. One branch has got a big surplus and the others have minor surpluses or deficiencies. The paramount factor, of course, is this: that they started on insufficient contributions, and consequently the defect is being perpetuated in this way: that when they come to have a washing-up to provide for adequate contributions the other men who come in have to pay an increased rate and are carrying an excessive load. I believe consolidation would partially remove the anomaly. When rates were constructed for the purposes of contributions for New Zealand the Actuary was quite right in his calculation, but there is such a thing existing as non-sickness in a friendly society, and it is treated as sickness. In my own lodge of six to seven hundred members there are ten members who are really not sick at all—it is merely senile decay, and it takes an amount equal to the contributions of fifty members to pay the sick-pay of those members. We have never asked for subvention, but the Government has offered subvention, which, I take it, is a *quid pro quo* for what has been done by the societies in years gone by. I would like to suggest that the Government go a little further, and, taking the benefits given by the Government of New South Wales as compared with the proposed benefits compiled by the Registrar and his colleague the Actuary, I assume that they propose giving an equal amount of benefit but in a different shape. Taking the numerical ratio, the amount the Government would have to pay might be between £7,000 and £8,000. If the same benefits were administered as in New South Wales on a ratio of members, I would suggest that the age be reduced to 60, and an amount equal to that in New South Wales be paid to members of 5s. instead of 2s. 6d. as proposed here. I think the Government deserves a certain amount of consideration for acting in a humanitarian spirit to deal with the class of people that the friendly society under present conditions is unable to deal with. It is a philanthropic action for any Administration in a country to devise some means to provide for those people who are unable to go into a friendly society. The National Provident Fund does so in a certain sense. On the other hand, it operates detrimentally to friendly societies, but not to the extent that some members of friendly societies think. I think it operates detrimentally in a minor degree, while others think it operates in a major degree.

3. *Hon. Mr. Earnshaw.*] Have you seen a copy of the Department's proposals?—I just had a glance through them.

4. With regard to the funeral benefit up to £15, they propose 2s. 6d. a week for sick-pay and a lump sum for funeral benefit. In your opinion do you think that is a wise thing to give a lower sick-contribution and an increased amount to the death benefit, or do you think the death benefit should be less and the sick-benefit increased?—Well, I would not feel in a position to give a distinct lead to the Department. After all, it would be a question of actuarial calculation.

5. I mean the principle. The Government are proposing to give a certain amount for the sick and a large amount for the funeral benefit. Do you think that is a sound policy, or do you think it would be better to increase the sick and reduce the death benefit?—Well, I would be rather inclined to have an increased sick-benefit, because a considerable number of the old members are up in years, and when they become sick after 60 they in some cases are a permanent burden.

6. Do you think it would be an advantage to a lodge to reduce the death benefit and increase the sick-benefit?—I think it would be more acceptable in a general sense.

7. With your long experience as a member of a lodge here in Wellington, do you think the lodges here can ever undertake to gather in the bulk of the people under any circumstances whatever who are not gathered in at present?—Except under one possible condition—namely, if some modified principles of the Lloyd George Act were applied. That should be the basis of it—that the Government and the friendly societies might work in conjunction. I think some satisfactory scheme in that direction might be evolved.

8. You know that young fellows are brought into lodges by other young fellows; they pay up for a short time, and as soon as they fall out of work they drop out?—Yes.

9. And sometimes married men, through the exigencies of life and no work, drop out?—That is so.

10. That is the weakness of the friendly societies; and do you not think that is a fair field for the Government to undertake, seeing that the lodges themselves, either through stress of circumstances or owing to the members being out of work, that the lodges cannot cope with?—It does not make much difference in the abstract, because if a man drops out of a friendly society, under similar conditions he may also drop out of the National Provident Fund. I understand

the age-limit under the Provident Fund is 45, and while the National Provident Fund provides a little extra accommodation and the extra five years, 40 is the limit with friendly societies.

11. Can you give us an expression of opinion of how your order views the National Provident Fund—does it view it favourably or with hostility?—Speaking personally, there are between six hundred or seven hundred members in my lodge, and I have not heard them express any opinion in terms of hostility. Any evidence I am giving is personal.

12. *Mr. Harris.*] Your proposal, then, is that the Government, instead of paying 2s. 6d. a week as mentioned in their proposals, that benefit should be increased to 5s.?—Yes, and eliminate 65 years of age and substitute 60.

13. Do you not think the mere fact of the State undertaking to contribute 5s. per week towards the sick-benefit will have the effect of causing the friendly societies to relax their supervision over the payment of sick-pay and indirectly be the means of more malingering, and cause the sick-pay to increase accordingly?—I do not think that for a moment—decidedly not. I would not be in favour of reducing the rate of contributions until such time as the Government subsidy places unfinancial lodges on a sound footing.

14. So that that means with the proposed Government subsidy you would be increasing your funds?—Endeavouring to place the house in order.

15. It would be simply for the benefit of the society and not for the members?—For the benefit of members.

16. It could not be of practical benefit to members, inasmuch as you would not suggest decreasing their contributions or increasing the benefits, but you would be putting the funds on a financial basis?—When the subsidy brought about a financial position, then it would be for the lodges or the branches to consider the advisableness of reducing the contributions.

17. What about those societies that are in a financial position at the present time?—It might be optional with them. They might increase their benefits.

18. Do you not think it would have the effect of a big influx into the financial societies, with the result that the unfinancial societies would go to the wall?—It is difficult to compare a friendly society with a trading concern: a friendly society may be financially looked upon as unsound, but from a trading point of view as a friendly society it would be able to meet its engagements.

19. *Hon. Mr. Beehan.*] In regard to the meeting you had in 1906 when subvention was offered, there was no such thing as the National Provident Fund in force then?—No.

20. Was not the reason that subvention was turned down the fact that it was considered a charity proposal?—Yes, exactly so.

21. You do not consider it a charity proposal now, considering the National Provident Fund and the other things?—Undoubtedly not.

22. In regard to the Government scheme, is it not a fact that there never has been any trouble with the grand lodges or districts, as the case may be, with regard to the death claims?—Never, to my knowledge.

23. All the death benefit funds have been consolidated?—Exactly.

24. And consequently there has never been any case, so far as you know, where the amount has not been paid promptly?—Not one case in our society.

25. Do you not think it would be better to adopt the New South Wales scheme of payments for contributions to this benefit in place of the £15?—As a matter of fact, both proposals appear to me to be favourable—either proposal would be satisfactory. I and my colleagues think the Registrar's proposal is the better one of the two, with the addition suggested by the Druids.

26. According to the Government's proposal they suggest paying a sum for sickness at any age after twelve months' duration—that is, 2s. 6d.?—Yes.

27. That is, supposing you come down to the 5s. a week?—Yes.

28. New South Wales make it 5s. a week?—We pay 7s. in our case.

29. And I understand you to say also that you are in favour of 5s. a week for 65 years of age and over?—Eliminate 65 and substitute 60.

30. Do you not think that would increase the amount very considerably?—I hardly think so. Of course, speaking generally, the English statistics for higher ages would be more favourable than those. Men live longer in England than they do here.

31. The whole effect of this is to prevent lapses, is it not?—Yes, because after a man gets up to 60 years of age and members of his family get married, it is possibly a very severe strain on him to keep going.

32. What effect has, say, three or four members suffering from chronic sickness on a medium or small branch?—It may detrimentally affect the sick-fund.

33. Practically wipes it out?—Last year I think we had six or seven getting £18 a year, and there are ten now who have been on all this year.

34. And that is what it is proposed to subsidize?—My opinion is that the subvention scheme of the Government would be of very material assistance in eliminating all this trouble in the shape of continuous sickness that the friendly societies that are not in a strong financial position have to contend with.

35. *Mr. Hayes.*] What did you mean when you stated that a friendly society may be actuarially unsound and at the same time commercially sound?—From a general business principle I think I explained that to Mr. Beehan. I am not aware of any societies in New Zealand that have ever repudiated any death claims.

36. You have never heard of any society in New Zealand that has had to be wound up owing to it being unable to meet its obligations?—Yes, several small societies, but the exact reasons I am not aware of.

37. As regards your suggestion to make the subvention 5s. a week after twelve months' sickness, you are aware that in many societies in New Zealand 5s. is the outside allowance that is paid after twelve months' sickness?—That is so.

38. Do you not think that the State in paying the whole of that 5s. allowance would encourage malingering and weaken the societies' control over that allowance?—The trouble is in regard to the small lodges scattered over the country that things are likely to happen. Some men may be seven or eight miles away from a lodge. There might be a possible chance of it under certain circumstances.

THOMAS FATHERS examined. (No. 11.)

1. *Hon. the Chairman.*] What are you?—I am district secretary of the Central District of the New Zealand Independent Order of Rechabites.

2. What do you wish to state to the Committee?—I have listened to the evidence, and there is a good deal of repetition about it, but the proposals of the Department to my mind have touched the weak spots in the friendly-society movement. The Department has a very much better and more general knowledge of the movement than we have. Our experience is naturally confined to the orders to which we belong, but the Department is brought into touch with every order in the Dominion, and they have a better knowledge of the weaknesses than we have ourselves. I think the proposal they have made touches the weakness of the movement, but under the heading (*a*) "Extend the principles of the National Provident Fund along the lines leading to universal social insurance," I am personally of opinion that the only effective way to deal with that would be on the lines of the British Act. Then you embrace all, and that to my mind is the only effective way to deal with it. If the State is not prepared to do that at the present time I know of no reason why the friendly societies should not be linked up with the National Provident Fund and work together in harmony in order to extend further the principles of the friendly-society movement to those who are unable to reach the standard set by the societies. Subvention would assist those, and result, I think, in greater privileges. In regard to the question of lapses, there are between six hundred and seven hundred lodges in the Dominion, which initiated 6,926 members last year, and there were 4,788 withdrawals during the same period. That has been the general experience of friendly societies right throughout this country, and that is the weakest spot in the whole movement. If that can be stopped to any degree I think a great deal of good will be done, and the proposals of the Department lead me to believe that subvention in a great measure will stop a large number of the steady withdrawals from the societies.

3. *Hon. Mr. Beehan.*] It has done so in New South Wales?—Yes. I think it would do so here. The societies throughout the Dominion are well organized, and they could be the medium through which any proposals could be worked satisfactorily and effectually. The question of carrying out the subsidy has been discussed by Mr. Jennings. I notice that the Department proposes "2s. 6d. per week towards the cost of the allowance paid by the society in respect of sickness of less than twelve months' duration in the case of a male member over 65 or a female over 60 years of age." I think that in order to strengthen the membership that assistance might be used to reduce definitely the contributions of members when they reach the age of 65. That is done by the New South Wales subvention, and I think that subvention under No. 2 heading might with advantage be applied in that direction. I do not know that I need repeat anything that has already been said, but I am quite in accord with any action on the part of the State to assist, because I know from my own experience that the saddest experience we have is when we find those who have been with us for twenty or thirty years dropping out. There is no provision in the friendly-society movement at the present time where help can be given in such cases. The old members are too proud to admit their circumstances to those who would assist, and after a period, as you know, their membership in the society ceases altogether. They are past the age at which they could be readmitted, and they have to lose the whole of the money they have paid in, and if the State aid in any direction could prevent that I believe it would be doing a great deal of good. Then there is the large section of people in this country who cannot reach the standard and who are anxious and desirous of making some provision, but their circumstances will not allow them to do very much. The National Provident Fund might perhaps cover a portion of those, but it does not cover all, and that leads me to think that any effective scheme should be universal and compulsory in its operation.

4. *Hon. the Chairman.*] Can you speak in regard to unemployment insurance at all?—No, that is a question I have not gone into. There is the question of facilities for exchange of Post Office Saving-bank accounts. You know there has been a movement for some time that all the societies should consolidate, and the order I belong to have practically adopted that. We are not wholly consolidated, because we are finding with the branches that are in the position that have been mentioned by Mr. Salek this morning that they hold on to their funds.

5. *Hon. Mr. Beehan.*] The wealthy societies?—Yes, the wealthy societies. They have been standing out. Considerably over forty of the lodges in the district I belong to have consolidated voluntarily, but those wealthy societies stand out because they are having a division of the surplus and they think that will continue, and so it might in one or two instances. I think consolidation has been growing in connection with the friendly-society movement in this Dominion for some time, and it is very near to an accomplished fact. That would very materially assist the Government in its subvention proposals, because it is part of their scheme that the orders should be consolidated, and they would be lifted up to a state of solvency before they could offer to any one any privilege other than we have at the present time. I think the proposals of the Department would lift most of the societies we have in the Dominion into a state of solvency, and would give them the privilege of extending to outsiders a better and easier privilege than we are having at present under the existing arrangements. That, I understand, is the tendency and desire of the people, and if the subvention is of a liberal character that could be done, and the societies could open their doors wider than they are at present doing.

6. *Hon. Mr. Earnshaw.*] Do you think it would be a sound policy if the Government were, say, beginning at the age of 45, instead of offering a bonus on the death benefit, if they were to offer that as a bonus for reducing the contributions of members in the societies?—The general provision of subvention does that.

7. But I mean, instead of offering subvention to a man's heirs after his death, that they offer subvention as a reduction on the payments into a society while he is living?—That would be beneficial.

8. In your evidence you stated that you found that members who had been twenty or thirty years in a society were dropping out, and that was largely because they could not pay up the contributions. Instead of offering a funeral benefit on a man's death do you not think it would be wiser for the Government to offer that by way of subvention to his contributions?—In the direct sense?

9. Yes?—I am hardly competent to express an opinion upon that. Subvention in a general sense does that, but this is more of a direct character.

10. I mean his general contributions—not when he is sick?—Any relief given at that age would be a great boon.

11. And would keep a great many members in the societies that now lapse?—Yes.

12. *Mr. Coates.*] I take it that you are in favour of the Department's proposals?—Yes.

13. The proposals as they are submitted, with an increase to 5s. in the sick-pay?—Yes, that is in the continuous sick-periods. The continuous sick-allowance we grant is 5s. a week, and it would be of material benefit to our order.

14. Are you in favour of going further in the direction of the New South Wales system?—In the sense of a reduction in the contributions at the age of 65, yes. I am bold enough to think that, taking the friendly societies at their face value, at the age of 65 the contributions should be taken up by the State. I believe that the State would be conferring a very great boon upon those who for a very long period had been making a determined effort to make some provision for themselves.

15. *Hon. Mr. Luke.*] Do I understand you to mean that those contributions at the age of 65 would be in addition to any pension a man may be in receipt of?—The member's contributions never cease under the existing rule, and in my opinion, if possible, it would confer a great boon on the societies if the State were to take over the contributions—that is, the funeral and sick funds.

16. Does that mean that the State would pay the contributions instead of the individual?—Yes, and that would be a very great relief to a large number of members.

17. Then, generally, you approve of the Government scheme?—Yes; and I see no reason why the friendly societies should not be linked up with the National Provident Fund to work it.

18. *Hon. Mr. Beehan.*] A point was made in regard to the National Provident Fund about members at any time being able to draw out their contributions. You have no objection to that?—No.

19. There is no surrender value to a member drawing out his funds from a friendly society?—None whatever.

20. Do you think there should be?—Not in the sense of insurance. I hardly see how any surrender value could be given. I think the idea should be to retain membership, because it is in old age where the aid of the society comes in.

21. You are aware that a member even though he is 65 years of age and is in good bodily health could get no remuneration or benefits from a society unless he can produce a doctor's certificate that he is unable to follow any employment?—That is so.

22. And is not that where the hardship comes in?—That is so. They are really physically unfit to work because they are not equal to the younger man who is doing the same class of work, and yet they are not in a position to procure a certificate from a medical man in order to get the benefits that they have made provision for in a society.

23. And if they are not able to pay the contributions, of course, the membership lapses?—Yes.

24. It is that sort of member you would like to subsidize particularly?—That is so.

25. You want that subvention to be 5s. in place of 2s. 6d. over the age of 60 in the case of females and 65 in the case of males?—No. 1 in the Government's proposals covers that: "2s. 6d. per week towards the cost of the allowances paid to any members by the society in respect of sickness of more than twelve months' duration."

26. That is, all ages?—Yes.

27. That is a very liberal provision?—Yes.

28. In regard to the £15 in respect of the funeral benefit, do you think it would be better for the Government to pay the contribution into the district or grand lodge, as the case may be, instead of paying the £15?—Yes, because it would give the old-age members the benefit immediately. It is deferred, I think, under the proposals of the Department, but if it were paid down it would be of immediate benefit to the living members.

29. You would rather that instead of £15 at death?—I imagine the proposal of the Department is designed to lift the societies that are not at present solvent into a solvent state. It is a prospective income to the societies that would improve their financial position. Judging from the remarks of the Actuary, I think that was in his mind when this proposal was framed—that there are such a large number of societies in the Dominion at the present time who have not reached a state of solvency, and by a prospective benefit at death of membership of this £15 it would immediately raise the financial position or standard of the society. That might bring an

insolvent society into a solvent position, so that they could with the aid of subvention give perhaps other privileges to the members.

30. Do you think there would be any malingering in the case of those old pioneers of 65 years of age?—No. We have a central sick-fund, and our branches are very much scattered throughout the Dominion. Some of the branches have a very small membership, and we have continuous sickness in those branches, and every one, so far as my knowledge goes, is a *bona fide* case of illness.

31. *Mr. Hayes.*] Is it your experience that many members lapse after long membership?—Not after long membership, but there are cases. That is the saddest experience we have.

32. You could not give any idea as to what proportion that would be of the general lapses?—It would be a very small proportion.

33. *Hon. the Chairman.*] I suppose you would be willing if the Government were to increase the subsidy to 7s. 6d. a week instead of 5s.?—Yes. You see this aid comes into the home after a lengthy illness—after twelve months' illness—just when people need it more than at any other time. You can understand that. In the home where the head of the house has been ill for a period covering twelve months, and perhaps in that home there was no provision other than the society, you can understand what a great help it would be at that period; and that, I understand, is the whole intention.

34 How would you look at the same procedure if you were not a friendly-society man: you would also be quite agreeable that the Government might take over the contributions after 65 years of age?—Yes.

35. You would be willing to reduce that to 60 years of age, would you?—Yes.

36. You speak as a Rechabite?—Yes.

37. Can you give the Committee any idea of how many Rechabite lodges show a deficiency?—There is a considerable number that show a deficiency.

38. Do you think that is any reason why you should agree with subvention while the representative of the Manchester Unity disagrees with it? If your lodges were all showing a surplus do you think you would still be of that opinion?—Yes, I look at it outside the society. I understand the object of the State is to assist members of the community who are unable practically to assist themselves. The friendly societies are the recognized organizations, and the value of the societies have been acknowledged by the British Government as a medium through which to run their scheme, and the value of the societies is admitted and acknowledged in this Dominion. It is the medium through which any scheme might be worked with great advantage.

39. You do not think there is any malingering going on?—Not to any great extent.

40. You do not think it would be increased considerably by the Government giving something for nothing?—No, I do not. I am inclined to think that the people are keen enough to pick out those weaknesses and thus prevent malingering.

41. *Hon. Mr. Beehan.*] Will you explain what is the effect on a lodge of having as members a few who are suffering from chronic illness?—I know of one case where the funds of a small branch was absolutely wiped out, and the other branches of the order stood by that branch. Of course, it was an unusual case.

42. That is where subvention would come in?—Yes.

43. *Hon. Mr. Luke.*] Have you any proof that in your society, which is based on total abstinence, there is a larger or smaller percentage of sickness?—It is admitted that abstainers live longer. In a general way they allow from five to eight years. As against that they have from five to eight years' longer period of sickness, which is rather against the abstaining societies than otherwise.

44. They live too long?—Yes.

FRIDAY, 14TH NOVEMBER, 1913.

Dr. HARRY EDWARD GIBBS examined. (No. 12.)

1. *Hon. the Chairman.*] What are you?—President of the Wellington Branch of the British Medical Association.

2. Does your association wish evidence to be given before the Committee in regard to the order of reference or specially in reference to social insurance?—It is just in relation to the Imperial Act, and with the idea that it is perhaps probable that some similar Act or legislation will be passed in New Zealand. I presume this Committee is set up with the idea of collecting data for that purpose, and if that is so we wish to ask the Committee that before anything of that nature is carried out the medical profession should be very closely consulted in regard to it, and if possible thereby obviate the great trouble that has taken place in regard to the institution of that Act in England. It has been recognized since by Lloyd George himself in the new amendments proposed recently that he made a mistake in the initial instance in not more fully consulting and asking the advice of those who were so intimately associated with the work—namely, the medical profession. One wants to remember that the Imperial Act is dealing with a double class of people, the selected lives, as we commonly understand them, belonging to the friendly societies, and a very large body of lives which are not selected. That is, a person entering a lodge has to pass a medical examination as regards his fitness to become a lodge member, whereas the Imperial Act makes it compulsory on all workmen, whether they are medically fit or not, to come under the insurance scheme and to obtain the benefits of that scheme. This fact requires to be very carefully recognized and remembered in bringing forward a scheme in New Zealand if, as is mentioned in the friendly societies and trades-unions' report,

it should practically be formulated on the lines of the friendly societies. It has made the difficulty with regard to remuneration so much more difficult at Home when the remuneration has been graded very much on the pre-existing rate in regard to friendly societies, so that the 6s. or 7s. as recommended under the new Act does not compare so favourably as it seems to on the surface with the 4s. previously paid, when you take into consideration the vast number of unselected lives that come under the Act compared with the selected lives that originally were dealt with by friendly societies themselves. According to the friendly societies' report which I have here it is not proposed to subsidize the medical attendance, whereas in New South Wales it is done in the case of aged members. It is just those aged members and the chronic cases which are a burden to the lodges that are also a burden to the medical profession where they have been in the lodge a long time. They have a right to the attention and the privileges of the lodge, but just as they are the individuals who practically spoil the funds of the lodge, so are they the very men who make the medical work practically unremunerative. Recently we made inquiries throughout the medical profession in New Zealand with the idea of finding out what was the return per visit and attention to lodge people in the district. A number of the members of the profession sent in returns, and it turned out that the doctor was practically attending to this class of work at the rate of 1s. per visit, whether at the house or in the surgery. I am speaking only of New Zealand.

3. *Mr. Harris.*] Does that include medicine?—No, merely the attendance. The members of the profession were asked to take note of what attendance they paid to individual members of lodges, and at the end of the quarter to divide the cheque by the number of attendances and see how it worked out. The result was that it worked out at the rate of about 1s. per visit, and that is not taking into account the expense in getting about nor for wear-and-tear.

4. *Hon. Mr. Beehan.*] That is for the whole of the members of the lodge?—Yes. We would ask that, in order to obtain more data upon which to work in a scheme, that in the friendly societies' annual report there should be a differentiation in regard to expenses of a lodge in regard to members' benefit and sick-pay; secondly, in respect of chemists' accounts; and, thirdly, in respect of medical attention. In this report as it is set out it is impossible to find out just what the different expenses come to, and if a scheme of national insurance is to be brought about this data could very easily be obtained. I think that information would be of very great benefit so that we would know just where the expenses lie, and to see in which way we could cut or change it to suit the circumstances. I think that is all I have to say on the matter.

5. *Mr. Harris.*] In your opinion how would the British Medical Association view a proposal for State insurance on the lines of Lloyd George's Act, for instance?—I can only speak personally to some extent. I would not care to voice the opinion as a whole, but the general impression is that it would be rather encouraged and approved of by them, providing, of course, that it was run on satisfactory lines; but we feel that it is such a large innovation—it is not an entity in itself, and it is so much wrapped up and so much affecting allied conditions. For instance, at Home the Workers' Compensation Act is almost being spoilt altogether by reason of the Insurance Act. It touches so many different aspects that it is a thing we ought to take up very carefully and with due consideration, and that instead of embarking upon it at once it would be far wiser, since the Old Country has already embarked upon it, for us to wait some little time and get the benefit of their experience before we start on our own. I think it would be almost suicidal for us to enter into it while we have the opportunity of studying the results at Home.

6. At the same time the Committee can be assured, in your opinion, that if the State did undertake such a scheme the British Medical Association would not be antagonistic?—I feel certain I can give you that assurance, especially as I feel sure that you will not make the initial blunders that they made at Home by ignoring us in the inception of it.

7. *Hon. Mr. Barr.*] Your profession in New Zealand is controlled entirely by the British Association?—In the profession in New Zealand there are between seven hundred and eight hundred members, and of those between four hundred and five hundred belong to the British Medical Association. The local branch of the British Medical Association has practically the ruling and control of all measures relating to the association. We are very little interfered with by the Home body, except that we have to subscribe to the articles of association of the Home body. We are what you might say under one organization of the British Medical Association, but the profession as a whole in New Zealand you must separate from the British Medical Association in that there are practically five-sevenths of the total number that comprise the British Medical Association, and the odd two-sevenths are outside the association, and we have no control over them and nothing to do with them. It means that they have not joined the association and that they are outside of it—not in any other sense.

8. In other words, they are non-unionists?—No, not in that way. It is very much in the nature of a club. A person who is not a member of a club is not necessarily tabooed by the members of it. It is mostly in the country districts where they do not see the benefit of joining the association, the same as a country member may not see the advantage of joining a club. They are not tabooed, and they are not antagonistically out of it.

9. You think in New Zealand we should wait until we see how they get on in the Old Country before putting any scheme into operation?—I am quite assured of that.

10. Do you think that is a wise stand in view of the fact that your profession must know that there are many in the community who would benefit by a State scheme? Would it not be better for us to go right ahead and devise a scheme suitable to New Zealand and take into consideration the work which has been done in the Old Country for our guidance when considering a scheme for New Zealand? Why should we wait if people are deserving and needing assistance which could be rendered by a State scheme?—It is a matter of opinion. Do you think that the people here are quite in the same urgent need that they were and have been at Home for such a scheme as that? I do not think it is such an urgent matter as it has been at Home.

11. You mean that there is not the amount of misery here that there is at Home?—Not the amount of misery arising out of sickness and ill health and the difficulty of getting medical attention at Home, which was the cause of this big scheme of Lloyd George's.

12. But would it not appear to you that there might be other difficulties in the way here, although not the same amount of misery visible? Probably you know through the profession that there is such a large percentage of the people consider it unwise to call in a medical man until it is useless to call him in: I presume you know that is so?—To a certain extent, but I do not think it exists to that extent which would make it wise to launch out into a proposal like this without having more data. I think from the general medical practitioner's point of view the people do not beyond a certain degree omit to call in a medical man if it is necessary—that is, they may do it honestly or even dishonestly. They think, "Something must go whether we can pay for the medical attention or not—we must have it"; and there is no doubt the medical men are willing to give their services under those conditions. I do not think that that condition in itself—that the people are not under the present circumstances able to get medical attention easily enough—is sufficient reason to make it necessary to take this big step inadvisedly and too early.

13. In your business have you yourself a big connection amongst the working classes?—No, personally I have not.

14. I gather from what you said before that you have not given close consideration to what the Government proposal is?—No, I did not see the proposal till I came before the Committee. I have looked over it since I came here, but I would not like to reply to anything of a specially important nature.

15. *Hon. Mr. Luke.*] You mentioned that the fee for attendance on sick members of lodges averaged 1s. per visit?—That is so.

16. To your knowledge do many members of lodges find their way into the public hospitals for indoor treatment?—Yes, but I do not know what the percentage is, but a fair number do.

17. And do you think the facilities given for outdoor treatment is also taken advantage of by the members of lodges?—The facilities granted by the public hospitals?

18. Yes, in the out-patient department as well as inside: is that availed of much by members of lodges?—I should say practically not at all. I do not see why they should. They have got their medical attention, and it is only in very grave cases where they cannot be adequately treated at home in bed that the hospital is made use of. For those who are able to walk up to the hospital it would be almost folly to go there and wait when they can have a medical man to come to them. The percentage of lodge people attending the out-patient department would perhaps not be 1 per cent.

19. Then you think that all the minor cases in regard to members of lodges are dealt with by the medical practitioners who are appointed by the lodges?—Yes.

20. Do you think the facilities for outdoor treatment for the rest of the people fills up the gap between those who are entitled to treatment under the lodges and the great mass of the people that cannot afford to pay for medical treatment?—My personal opinion is that it does.

21. You have observed, have you, the rapid increase in the number of persons attended to by the out-patient department of a public institution?—Yes, especially in the Wellington Hospital.

22. And in your opinion there are no difficulties in the way of the very poor getting medical treatment in some form or another, either in the lodges or by attending what they call the out-patient department of the public institution?—No. At present I feel that there are very few between those two, if any, that go without medical treatment when they require it.

23. Therefore it would be in the small districts where there is no public institution established where there may be a difficulty to the very poor getting medical treatment?—That is so.

24. *Hon. Mr. Beehan.*] I gathered from what you said that the local centres of the British Medical Association are not in favour at present of bringing in a scheme in New Zealand similar to the Lloyd George Act?—No; in fact, you can take that as general. We feel that it is not wise to proceed without more data, which would be obtained from the Home experience.

25. You mentioned chronic illness in members of friendly societies: do you think the Government ought to subsidize societies towards chronic-illness cases, especially for old people of 65 years of age and over?—Yes, I think something of that nature is the only feasible way. It is that class that practically drain the lodges. In a lodge with a membership of young men there is very little drain upon the sick benefit or funeral funds—it is only occasionally. It is when you get a lodge composed of elderly men who are suffering from some chronic complaints which are often associated with old age, and who are on the lodge funds for the last few years of their lives. There is a man I know whom I was attending for another doctor in the town. He suffered from nervous trouble, and had been bedridden then for twelve years. He is still getting relief, and it is likely to go on for another twelve years. There are several of that nature. It is cases of that kind that drain the lodge. The member is not paying anything like an adequate return for the amount he is getting out of the lodge, and it is those cases that I think the Government should help. From the medical point of view we feel that it is those cases also that are a drain and a drag on the medical profession as well. It is that class of people who take away any benefit there may be in lodge work. The Government should subsidize those, or put those people in a separate class on their own—practically take them over from the lodge and deal with them as a separate class altogether, so that they would not come upon the funds of the lodge, and that a certain definite rate should be arranged for with regard to their sick-attention as well.

26. Are you acquainted with the Subvention Act of New South Wales?—Not more than is just mentioned in the report.

27. If you look at page 5 of the report you will see that those people you referred to are put into a class by themselves under that Act in regard to sickness, funeral, and medical attendance?—That is so.

28. Is not that practically putting them in a class by themselves?—Yes, as far as I can judge, that is so.

29. And you approve of something on the same lines?—Yes, I approve of that.

30. Do you know anything of the working of the National Provident Fund?—No. I know the provisions of it. but I do not know the working of it. I know the general tenor of it, but have not come in contact with it among the people at all.

31. *Hon. the Chairman.*] Do you admit that there is any necessity now to provide medical attendance at a cheap rate for those people who do not go to the public hospital and for those who are not members of lodges?—That is, is there a big class requiring attention under those conditions?

32. Yes, do you think there is?—Personally I do not think so. It is those people who go as out-patients that require attention. You may take it that every one else is supplied.

33. *Hon. Mr. Fisher.*] You mean they are capable of looking after themselves: if they do not go to hospitals or go for charity you infer that they are able to look after themselves?—Yes, those are mainly the indigent ones, although they are not all indigent.

34. *Hon. the Chairman.*] Is there not a large number of the population who do not go to the hospitals or belong to lodges and go without medical treatment?—I think there are very few.

35. How do the poor people get medical treatment at the present time?—Of that class there is a great number in the lodges.

36. I am speaking of those who are not in lodges: how do they get that medical treatment at present?—Honestly I do not think there are any that are not provided for under those conditions. I think in New Zealand there are very few who require medical treatment who do not get it either by going to the hospital, by belonging to a lodge, or by calling in a doctor, hoping to pay and meaning to pay, but who are not going to say that because they have not the money they are not going to get the attention. I think there are very few who go without medical attention as far as is necessary for them.

37. Do you think there are facilities at present for them getting that medical attention in the earlier stages of their trouble, or do you think they only call in medical aid when the difficulty has increased?—Undoubtedly in the lodges, where the facility is very great, the danger is that it is abused by calling in unnecessarily. If there are any ills they are certain to be attended to early. A person not in a lodge might for the sake of saving expense put off calling in a doctor for a little longer, but not longer than the people who are quite able to afford it under the same circumstances.

38. From your experience regarding those cases can you say if it would be better to have medical attention earlier in the case of those who do not go to a hospital or belong to lodges?—We claim that the sooner a disease is treated the better. That obtains with the poor as well as the rich.

39. Do you think the State should take a part in assisting those people towards getting medical attention earlier than they might do otherwise?—Yes, I do.

40. It naturally follows that you agree with the action of the State in regard to inspecting school-children?—Yes.

41. The State takes its part in that connection?—Yes.

42. With regard to the 1s. per visit as the average pay to a medical man for visiting lodge members, that conveys very little to my mind. Can you tell us how much per member the lodges pay?—The remuneration is at the rate of 15s. per head per member per year. That includes the husband, wife, and all children up to 16 years of age, so that 15s. per head on an average of three to the family means that it covers practically three people. Each individual doctor is given a list of those who have chosen him as their doctor at the beginning of the quarter. The doctor may have, say, 100 members nominally on his list, and at the end of the year he would get the £75 cheque. If during the year he took a note of all the visits he had paid and all the people he had consulted for that £75, it would work out at about 1s. per visit or per attention.

43. Do you think many of the visits are necessary?—Yes and No. A great number are quite unnecessary, and a great number would never have been conceived of if the person had to pay the ordinary rate under the ordinary circumstances.

44. Do you think that if State aid was increased or any aid was increased in regard to sickness or procuring medical attendance that there would be a greater demand for medical attendance?—Undoubtedly.

45. In other words, there would be malingering?—Yes, malingering and imagination.

46. *Hon. Mr. Luke.*] Imagination—that is a lively quality?—Yes, a very lively quality.

47. *Hon. Mr. Beehan.*] There is not much malingering going on now?—There is more than you credit. The trouble is that a man out of work is obtaining more money than when in full work, and there is every inducement to malinger. He gets £1 a week from the lodge, half wages from his employer, and he may be in an accident-insurance company also, and under those conditions there is every inducement to malinger. From our point of view it is one of our greatest troubles.

48. *Hon. the Chairman.*] Has your association got any proposals to make as to what further steps the State should take in addition to those already taken in regard to the schools?—You mean in regard to treatment after having the medical inspection of school-children?

49. Yes?—One thing is that the inspection itself is not carried far enough and is not universal. Our impression is that it is only a tentative business to see to what extent it is necessary to carry it further. At present it will take some ten or twelve years to get through the schools alone—there are not enough inspectors. It is practically useless except to provide data for a bigger scheme later on.

50. Has your association ever considered any proposal as to how it should be extended later on?—No, not definitely. We presume that the inspection is not going to be sufficient, and

that treatment in some form will have to be provided subsequently to make the scheme comprehensive, but we are waiting to see a more thorough development of the inspection alone..

51. Is the subvention scheme such as is proposed going to assist friendly societies or the general public?—I think it will assist both. The object is to bring in people at a lower contribution.

52. *Hon. Mr. Fisher.*] There are certain members of the community who are not medically fit to join a lodge?—Yes.

53. What provision do you suggest should be made for them?—I think they comprise the greater number of those already attending as out-patients at the hospital, and they comprise, you may say, the *bona fide* members of the public hospital.

54. That is so far as medical treatment is concerned. They have no opportunity of making any provision for their wives or children in case of sickness? —No.

55. The friendly societies will not have them?—No.

56. And the insurance companies will not have them?—No. That is the class that it is difficult to consider.

57. Would you consider that the number of that class is very great?—I really could not tell you. My personal opinion is that I do not think it is very great. I think the best way of judging that is that if you put half the total attendances at the out-patients' department of the hospital as being of that class it would be a very generous estimate.

58. But there must be many men who try to get into lodges and are refused, but who are not bad enough to attend as out-patients at the hospital?—I do not think you could say many—not in proportion.

59. Is the medical examination for entrance into a lodge a severe test?—No, very mild: not very many are rejected on account of it. Personally I think that you get the best estimate from the out-patient department of the hospital, and the out-patient department covers that class of people. As I said before, practically few or none of the lodge members attend the out-patient department.

60. Would you say that the average person who is prevented from joining a lodge on account of his unfitness is an out-patient?—The majority of them are, yes—if they require attention.

61. That means that a man has to be in a pretty bad condition before he is rejected?—Yes. The fact that there are so many cases of sickness in lodges that have selected lives shows how mild the examination is.

62. The examination is not so severe as the examination for life insurance?—Not nearly so severe.

63. *Hon. Mr. Barr.*] I gathered from what you said that there was a good deal of malingering?—Yes, undoubtedly.

64. Have cases come under your own observation?—Yes.

65. Many of them?—Yes, a good number of them.

66. And you have cases that you could quote if necessary of absolute malingering?—Yes.

67. Do you attend many members of friendly societies?—No, relatively very few, and just at present none at all.

68. You have attended members on behalf of friendly societies?—Yes.

69. And it was during that period that you found the malingering?—Yes.

70. What proportion of those you attended would be malingering?—Not a big proportion. It is difficult to say offhand, but not more than 5 per cent.

71. Do you think there would be 5 per cent.—is that too high?—No, I should say 5 per cent. It is not necessarily malingering all along, but malingering towards the end of an illness. A man may have an accident, and he will hang on with it for a long time—he is not in a hurry to get better. I do not think it is necessarily malingering all along the line, but it is malingering at the end of an illness, and it is difficult to turn him off the lodge. If a man complains he has a sore back and cannot work, you feel morally sure he is malingering and ought to be back at work, but you cannot turn him off the books.

72. In every case where you have been suspicious of malingering you have taken into consideration the occupation the individual is following?—That is so.

73. It is a serious charge to make against members of friendly societies?—Not necessarily members of friendly societies—I am speaking of people generally. It is just a general statement.

74. *Hon. Mr. Fisher.*] It would apply to anybody who was paid for being ill?—Yes. I am not referring to members of friendly societies especially in that respect.

75. *Hon. Mr. Barr.*] That 5 per cent. does not refer to members of friendly societies, but to what you have found in general practice?—When you asked the question it was in regard to friendly societies I was speaking, and even there I would say it is 5 per cent.

76. *Hon. Mr. Luke.*] The Hon. Mr. Fisher said, when they were "paid for being ill": I presume he meant, when paid during illness?—I understood him to mean when it was lucrative to be ill.

77. It is during the period of convalescence?—Yes.

78. *Hon. Mr. Beehan.*] When you refer to members of friendly societies you mean the young people drawing £1 a week?—Yes.

79. It could apply to members 65 years of age who were suffering from chronic illness?—No, not so much with them.

80. They are only paid 5s. per week?—Yes. It is more with the younger men.

81. There could be no possible inducement to persons 65 years of age and over who were getting 5s. a week?—No, not the same inducement; but, on the other hand, in the case of a man who has retired from work and doing nothing, intending to do nothing, and too old for

work and just pottering about at home, even 5s. a week is something to him. It is not that he could earn any more money: he would be in the same position whether he had it or not in the ordinary circumstances of life; but it is to his benefit to keep up the chronic act or chronic complaint that will keep him on the books.

82. But if the medical attendant certified that he could do some work?—Then the man has not got any employment: he is out of work and not looking for work. His illness may have stopped his work.

83. And, generally speaking, it is the younger man drawing £1 a week and perhaps other money that there is more malingering with?—Yes.

84. *Hon. the Chairman.*] Have the friendly societies ever established anything on the lines of the out-patients' department at hospitals?—No, nothing like that. They have in the Old Country.

85. You have to visit the members at their homes?—Yes, or at the surgery.

86. *Hon. Mr. Beehan.*] In regard to friendly-society members who have attended as out-patients at the hospital here, how do they provide for them?—They go in just as ordinary patients, I understand.

87. Members attending the hospitals as patients have to pay for their keep?—Yes, for their board and keep. I think it is £1 5s. a week. They get the sick-benefit, and they are like one of the public as soon as they enter the hospital.

88. *Mr. Hayes.*] You suggested that the Department in showing the expenditure of friendly societies on medical and medicine expenses might differentiate—that is, to show the sums separately?—That is so.

89. The reason it is not shown separately is, as you are probably aware, that many of the doctors have a contract which includes medicine as well as medical attendance?—That may be.

90. Do you think there would be any difficulty in obtaining from the medical men the division of those amounts in such cases where it is not shown in the accounts? In Wellington it is not done, because the dispensary deals with it?—I think it is £1 with medicine and 15s. without; but it is always differentiated in the agreement with the lodge, and that is really all the doctor can give you. He could not give an actual tally as to what it came to, but if you put the extra to the medicine account and the ordinary contributions to the medical account it would meet the requirements.

91. It has always been difficult for us to try and separate the amounts?—Yes.

92. *Hon. Mr. Fisher.*] It is, roughly, about a quarter?—Yes, except in Wellington it is not charged, because they use the dispensary. In the country it runs up as high as £1 10s., and it would be very useful if you could differentiate between the amounts.

93. *Mr. Hayes.*] In regard to the 1s. a visit that you mentioned, could you say if that was merely taken out by dividing the payment by the actual number of visits made?—That is so.

94. It did not cover the estimated number of visits—that would include those that were not sick?—No. What was done was that members of the profession were asked to provide themselves with counters and to have a common receptacle on the table to put them in. For each visit they would throw one counter into the receptacle, and at the end of the quarter they would count them up and divide the cheque received by the number of counters.

"*British Medical Association (New Zealand Branch).*

"SIR,—

"An informal meeting of the Council of this branch of the British Medical Association has considered the proposed subvention to friendly societies, but has not yet had the time nor opportunity to consider the question in all its bearings, nor to communicate with the several divisions of this branch. We note that the subvention will merely benefit the friendly societies without respect to the remuneration of medical practitioners, on whom the medical attendance on beneficiaries will fall, and we are of opinion that the merits of the case impose, if anything is necessary to be done, the obligation on the Government of paying a subvention or payment direct to the medical attendant of people who will be entitled to the benefit of medical attendance under the present proposed scheme of subvention. The whole question of social insurance has now been referred to the divisions of this branch for consideration.

"I am, &c.,

"H. E. GIBBS, M.D., Hon. Secretary.

"The Chairman of the Joint Friendly Societies Committee."

Dr. JOHN HAROLD KEMP examined. (No. 13.)

1. *Hon. the Chairman.*] What are you?—I am a medical practitioner practising in Wellington, and I was appointed as a delegate by the association.

2. Do you wish to add anything to what has been said by Dr. Gibb?—I have nothing to add in particular to what Dr. Gibb has said, but being in active lodge practice I might be able to answer questions.

3. *Hon. Mr. Fisher.*] Could you give us any information in regard to that outside class that we find it so difficult to get figures about?—You mean the intermediate class between the poorest and those in lodges and attending the hospital?

4. No, I mean the intermediate class between the people who get into lodges and the people who can make provision for themselves—the class of people who are medically unfitted to join a lodge and yet unable to make adequate provision for themselves?—My experience is that,

taking those I have examined for lodges, there are mighty few who do not pass, although from my point of view I make a stringent examination. I do not by any means make it a cursory examination: I examine the heart and chest, and if there is anything radically wrong I throw them out, but only if anything is radically wrong—anything that is likely to make them a burden to the lodge. That is what we sign. We sign a certificate to the effect that we have carefully examined So-and-so and certify that he is free from infirmity or any disease which is likely to make him a burden to the lodge. That is the wording of the certificate. During later years the examination for people going into a lodge has been perhaps more stringent than it was seven or eight years ago.

5. Does the experience of your general practice tell you that there is a class which knows that if they went up for a medical examination they could not pass it?—Occasionally one hears of them, but I do not know that they are a big class. Perhaps a man may say, "It is no good my going up for the lodge because I know I will be thrown out"; but generally in that case he has been thrown out before for life insurance.

6. You are inclined to think that that class is not very numerous?—Not of those applying to join a lodge.

7. What is your experience in regard to the question of malingering?—It is very much what Dr. Gibbs says. It is not actually that people malinger: they do not trump up sickness and injuries to get on to the lodge, but once they get on to the lodge the difficulty is to get them off. Some are only too anxious to go off and want to go back to work before it is advisable, but there is a certain class that say, "Oh, well, I do not think I can do my work; I had better have another week on the lodge." I have had people say to me—say perhaps a man who is 60 or 70 years of age, who can get about, but who has no particular employment and who gets a slight indisposition—"I have been a member of this lodge for a long time, and I have not had a pound out of it; I think I had better get a pound or two out of it now." You cannot refuse to put that man on the lodge, but if you had the option you would not do it of your own free will.

8. But he makes up his mind he is ill?—He makes up his mind that he is going to have something out of the lodge. You cannot say he is actually malingering, because there is perhaps some trifling thing wrong with him. The difficulty is in signing the certificate. You sign that that man is not fit to work. There are some men who do not do any work: I do not mean loafers, but gentlemen at large who belong to lodges, and according to the lodge rules you have to say whether he is fit or unfit to work. When he has got no work it is rather difficult to say he is not unfit for work.

9. Do you view this question of subvention favourably, or think it would be better to leave the lodges self-reliant without State subsidy?—Well, of course, there are certain smaller lodges which find it hard to meet the sick-payments of their members. On the other hand, there are other lodges in which it is not uncommon for them to have so much in their sick and funeral benefit funds—and they cannot use it for anything else—that they cannot spend it. It always seems to me that, taking the order as a whole, the richer lodges ought to be prepared, out of the sick and funeral benefits, which they cannot spend for anything but that, to help their weaker brethren of the same order. I know there is an outcry against that, but what is to become of those funds? They are mounting up.

10. Do you think under the circumstances it is advisable for the State to take any part in providing contributions towards lodge funds?—For certain lodges I should say, Certainly; but for other lodges, No.

11. Then if the State was to assist in the needy cases and not in the others, you would be putting a premium upon people who had not been thrifty?—It is not a question of thrift. It is a question of the newer lodges who have not had time to accumulate funds as the others have done.

12. If you gave £100 a year to a small lodge and none to the larger lodge you would be fining the larger lodge £100 a year for accumulating its funds?—It has had time to accumulate, and the small lodges which have only been in existence for six or seven years find it difficult to get along.

13. Are the medical examinations for admission into lodges pretty similar for the different orders—do they insist upon different kinds of medical examination?—No.

14. A man who could get into one lodge could get into another?—Generally, yes. Some lodges do not act up to the doctors' certificates. In one case I refused a man a certificate, and the next time I got the quarter's list I found him on the list. They sometimes put on unselected lives when we throw them out.

15. *Hon. Mr. Beehan.*] They could come up for examination again in six months?—There was no need to. I wrote on the certificate that I rejected him from the lodge, and he got straight into the lodge.

16. *Hon. Mr. Luke.*] Have you many lodges under your supervision?—About five hundred members.

17. You have a fairly distributed practice amongst the working classes and others?—Yes.

18. Do you have many calls to other than those who are in lodges for medical treatment—the poorer classes?—A certain number.

19. Are there many bad debts made?—There are a good many bad debts. I do not think it is very often because people cannot pay but because they will not. They just move on and go from doctor to doctor, and there are people we know who can well afford to pay but will not. There are a number of people who cannot pay, and they become the doctor's charity. Every doctor has a number of patients on his books whom he knows cannot pay, and you make them voluntary charity.

20. You are philanthropic in those cases?—Yes.

21. It is not usual, to your knowledge, that a very poor person who may not be in a lodge and who may want medical treatment has been refused by the medical profession?—I do not think there is a doctor in Wellington who would refuse on that score.

22. You may hope to get paid, but you have little prospect of payment when you attend to him?—Yes.

23. Would you think 10s. a week for indoor treatment of members of lodges in a public hospital a reasonable charge?—I do not know enough about the cost of maintenance for that.

24. To your knowledge are there many members of lodges admitted into the public hospital for treatment?—For certain things and under certain conditions there are—conditions in which patients are acutely ill. Take the mother of a family who has nobody to look after her at home: the husband goes out to work, and she from force of circumstances, through not being able to get adequate nursing at home, necessarily becomes a hospital patient; and it means the saving of that person's life perhaps.

25. Where they cannot be treated at home?—Yes, and in other cases where operations are necessary and they cannot afford payment. Those mainly are the two classes that go into the hospital.

26. Then you have no knowledge of the amount that is charged to members of friendly societies in the public hospital?—I have no definite knowledge, but I think it is the same as the ordinary price—namely, £1 10s. a week.

27. *Hon. Mr. Beehan.*] In regard to members in lodges suffering from chronic illness, what effect has that upon small struggling lodges?—I know that some small lodges feel it—with much chronic sickness they would soon be bankrupt. I refer to the small new lodges which have not had time to accumulate any funds at all.

28. What do you think about subvention for that class of people?—I think they are the people who would benefit by it.

29. In regard to the old members of 65 years and upwards, do you think it would be a good thing if some scheme were formulated whereby those old members were relieved of paying their contributions?—Are you speaking of lodges generally or small lodges?

30. Generally?—In some of the big lodges, on account of the accumulation of funds, the older members are already relieved of paying the contributions—at any rate, some of them. Some members do not pay half what it used to be, and some pay nothing at all.

31. Those that are actuarially sound financially?—Yes.

32. But, generally speaking, the Friendly Societies Act prevents them doing that kind of thing. Have you given any consideration at all to the New South Wales scheme?—You mean as to sickness, funeral, and medical attendance?

33. Yes. You have heard Dr. Gibbs's evidence: do you agree with that?—Yes, I do.

34. *Hon. the Chairman.*] What is the arrangement in regard to members of a lodge who are getting medical attendance?—They pay into the lodge, and then they are put on to the list of a particular doctor; then when they require attention they ask the doctor to call, and he does so.

35. Who is the judge as to whether a man is fit for work or not—the doctor who is attending him or the patient?—The doctor generally. The doctor has the signing of him on and off the lodge.

36. The doctor can do it?—Yes.

37. Dr. Gibbs said there was sometimes a difficulty in getting a man off a lodge, is that the doctor's fault?—No, owing to force of circumstances. A man has had some trifling accident and says he has a pain in the back, and you cannot say he has not. A doctor has very often to give the man the benefit of the doubt. It is very difficult to say a man is fit to go back to work if he has to go to a heavy job.

38. Do you think the fact of this subvention scheme being brought into force would increase the imaginary sickness and increase the number of members of lodges?—Yes, it would increase the number of members of lodges.

39. And do you think it would increase the imaginary sickness?—If it increased the amount payable per week as sick-pay probably it would, but in the case of chronic sickness the lodge pays 7s. 6d. per week after twelve months, and if the lodge has to pay 5s. and the Government the other 2s. 6d., the member is not going to make anything out of it—it is the lodge that is going to do so—so that I do not think it would have a big effect upon sickness in that way.

40. You say that some lodges should have the right to be helped and others not. Have you ever thought of how we could discriminate between the two lodges?—I am afraid I am not an actuary and do not know, but I know there are two classes of lodges. I am not prepared to say how you could discriminate, but I should have thought that consolidation of the sick and funeral funds would have been the best way out of the difficulty.

41. Why should the older lodges have accrued funds and the newer lodges not?—Because the older lodges generally have a larger membership, and a larger membership necessarily means a small proportion in the way of sickness, and so their funds are not drawn upon to the same extent as would be the case in the smaller lodges; and also good investments.

42. And the larger lodge has been established longer?—Yes.

43. Were there any surrounding conditions regarding the formation of those lodges in their earlier years that would tend to make them more stable than the later lodges?—That I do not know. I do not know much about the inception of the lodges. Of course, there are some lodges where they are practically paying life insurance, and the contributions would be very little in advance of the others.

44. Do you think that members who joined the older lodges many years ago were less given to getting something for nothing than they are at present?—Well, I should say it was so. The trend of the present day is to get as much as you can for nothing—it is increasing.

45. You said that some lodges now had a difficulty in finding the sick-pay?—And in keeping actuarially sound.

46. Do you think that the lodges find a difficulty in paying the doctors' fees?—No. If a man pays, say, 18s. 6d. a quarter into the lodge, 5s. of that is at once earmarked, 3s. 9d. to the doctor and 1s. 3d. to the chemist. It is paid in for a special purpose, and they have a sick and funeral benefit, and it is partly on that account we wanted to get the differentiation between the

payments for the chemist and the doctor, because we have a feeling that we are not getting paid for all the members in a lodge.

47. Your experience is the same as that of Dr. Gibbs, that the average payment for the doctor per visit comes out very low?—Yes; when I estimated mine it came out at about 1s.

48. *Mr. Hayes.*] Have you had a long experience in dealing with friendly-society members and that class?—For the last ten years.

49. In your opinion is malingering increasing?—I suppose as years have gone by my lodge members have increased, and I would be hardly able to say, because, having a larger number of members, there would be more sickness.

50. It is alleged that the number of younger men who have been malingering has increased? —Without confirming that, I say this: that a certain number of young men show no keenness to get off the lodge at all. I do not know whether it is because they are getting half-pay and insurance and through being in two lodges sometimes. I know in some cases of men making £3 a week who get £3 10s. when on the lodge. One man has as much as told me it paid him to be out of work.

51. Can you say if there are many such cases verging on that—not exactly exceeding their pay, but making so much that it was nearly as good business to be sick as at work?—Do you mean, out of the number I have got on my lodge list?

52. I would not say a particular lodge, but is it your experience that there is a considerable number of such cases?—I have found a good many men on two lodges, and when they want a certificate for one lodge they ask for another certificate for the other lodge. There is a fair proportion of the lodge members who belong to two lodges, showing that they are really drawing two benefits.

53. You think, then, that there is some overlapping in connection with the payments?—Yes, there is in that way. I suppose a man is more provident if he pays into two, because if a man is sick and gets £1 a week he may think that is not enough for himself and his wife.

54. You see what effect that would have on the fundamental sickness rates. If a considerable amount of that arose it affects the rates for friendly societies, which are based on the fact that a man is not getting while sick anything like what he earns when he is at work?—Yes.

55. So that if a man when he is sick draws nearly as much as when at work it strikes at the foundation of all friendly societies, which are based on the idea that the pay should not be half?—Yes.

56. From your experience can you say whether there is a great amount of that or is it increasing?—Without saying "a considerable amount," I should say there was a fair amount of, we will say, people who are getting distinctly more than half their wages by being in two lodges, leaving out of consideration altogether the question of compensation.

57. That is the friendly societies' allowance alone?—Yes, and then they get compensation for accidents on top of that.

58. *Hon. Mr. Barr.*] Are you in favour of subvention at all?—Yes, for the smaller lodges.

59. Supposing a Government scheme of subvention was put into force, that you conclude would increase the membership of lodges?—I should think so.

60. If that is so, that would decrease your work outside?—Probably, because the lodges would be active in beating up members. Sometimes people now have their lives pestered out of them to join lodges—people who are now good paying patients for doctors. It is a question of getting a regular payment from the lodges as against the spasmodic payments from people who send for you.

61. If it increased the lodge members and decreased the other customers of yours it would be financially a bad thing for you?—Certainly it would have that tendency, but I do not say say that necessarily it would.

R. E. HAYES, Registrar of Friendly Societies, made the following statement. (No. 14.)

Mr. Chairman,—There is a doubt expressed by some witnesses, particularly from friendly societies, as to the offer that was made by the Government in 1906, and I think it is only right that the Committee should know that that offer in 1906 was officially laid before the Conference. I propose to put in a copy of the Prime Minister's memorandum describing that scheme. It was published in the Press at the time, and discussed at the Conference for two days. The object of putting it in is to make this clear: that whatever was proposed at that time, evidently the State desired to go in with the friendly societies. The Government interpreted the discussion at the Conference as hostile, and apparently dropped the whole Bill. Two or three years afterwards, when they came to look at this question again, they took it up on the lines of the National Provident Fund Act, and left the friendly societies out of it. The position now is that the friendly societies are very much concerned at the operations of the National Provident Fund.

1. *Hon. Mr. Luke.*] You look upon it that they "missed the bus" at that time?—A number of them think so. The memorandum is as follows:—

The subvention scheme submitted to the Friendly Societies' Conference in 1906 by the Prime Minister was outlined by him in the following memorandum, which was officially laid before the Conference on the 22nd May, and published in the Press on the following day:—

"It is with great pleasure that I lay before you some suggestions in connection with a national annuities measure which, as you are doubtless aware, I contemplate introducing into Parliament during the coming session. Recognizing as I do the enormous value of the services which friendly societies have rendered to the nation, I am anxious that the National Annuities Bill should be so framed as to subserve the interests of the friendly societies to the greatest extent possible, and thus perhaps increase their usefulness to the country still further. To this end it has seemed to me that some such measure as the following would be most helpful:—

"1. In the case of all weekly allowances which are or will be made by societies or lodges to their aged members—*i.e.*, members over 65 years of age—during sickness or other infirmity, I propose to offer a subsidy by way of refund of a portion of this weekly allowance. The lodge would in these cases go on as at present, itself paying the sick-allowances to the aged members in the first instance; but at the end of every third year the Government would make a calculation to ascertain what sum the lodge was entitled to by way of refund. The percentage of refunds in the case of each member would be on a sliding scale, ranging from 10 to 50 per cent. of the weekly allowance according to family and other circumstances of the member while drawing sick-pay. This sliding scale of refunds or subsidies would take into account the civil conditions of the member—*i.e.*, whether married or single, the number of children—as points which affect the welfare of the community, the design being to encourage such modes of life—viz., thrift, marriage, &c.—which are conductive to the national welfare; and my Government recognizes that of these habits, which are so important to us, few (if any) can stand higher than membership in a well-managed friendly society.

"2. In the case of members who are under 65 years years of age the Government would not be able to make a refund in respect of the weekly allowance for what is known as 'acute' sickness—*i.e.*, sickness during the first twelve months after the commencement of the attack; but for all cases of sickness or other infirmity where the incapacitated member is or will be drawing sick-pay continuously for more than twelve months I propose to offer to lodges a refund from the Treasury according to the following scale: Members aged 55 to 65, 50 per cent. refund; 45 to 55, 60 per cent. refund; 35 to 45, 70 per cent. refund; 25 to 35, 80 per cent. refund; under 25, 90 per cent. refund. The experience of friendly societies and the theory of actuarial science unite in proving that this payment for premature permanent invalidity—*i.e.*, for chronic sickness or infirmity in the case of young and middle-aged members, which has already lasted for a period of twelve months continuously—is a risk which is peculiarly unsuitable for a small lodge to undertake by itself. It is not that with a large membership the aggregate amount of such payment would be proportionately great, but the experience of different lodges is liable to vary so much with reference to this particular risk that while many lodges escape even the small amount of such premature permanent sickness as the actuarial tables indicate for an average, some few lodges will be unfortunate enough to have far more than the average share of such permanent sickness, and will be liable to insolvency in spite of the best-calculated scale of contributions. Hence the necessity for spreading this particular kind of risk over a larger area than the individual lodge, just as the funeral benefits granted by lodges have long ago been spread over the entire district to which the lodges belong.

"3. Besides giving these subsidies to the lodges and other societies as a direct refund of a certain percentage of weekly allowances which they pay to their aged members and to those who are permanently invalided, I am anxious to give a special subsidy to members of friendly societies who may apply for deferred annuities from the Government under my national-annuities scheme. Such annuities will be subsidized from the Treasury in accordance with the sliding scale I have already referred to, which takes into account the elements of marriage, persistency in making deposits, &c.; but, feeling the extreme importance to the nation of the friendly societies, I propose to make an additional subsidy of 5 per cent. in the case of any applicant for an annuity who is a member of a friendly society. In the case, however, of those societies which have been pronounced at their last valuation to have an actuarial deficiency, it seems to me of such importance to strengthen the solvency of the sick and funeral fund that I propose to allocate one-half of this additional subsidy of 5 per cent. to that purpose, and I suggest that only the remaining half shall go towards increasing the annuity of the individual member.

"Irrespective of membership in friendly societies it is proposed under my National Annuities Bill to allow all persons to take out deferred annuities with the Government—*i.e.*, annuities beginning at such ages as 60, 65, and 70, by making deposits according to a certain scale which will be specified in the schedule to the Act. These annuities will be subsidized by making payments from the Treasury that will have the effect of increasing such annuities by amounts ranging from 10 to 45 per cent., according to the family and other circumstances of the applicant for the annuity; but, of course, in all these cases—*i.e.*, in the case of persons who are not members of friendly societies—there will be no extra subsidy of 5 per cent. such as the friendly societies will be entitled to.

"I hope that the proposals I have outlined will commend themselves to the judgment of the New Zealand friendly societies."

WEDNESDAY, 9TH DECEMBER, 1913.

R. E. HAYES, Registrar of Friendly Societies, recalled. (No. 15.)

As regards the statement made to the Committee that the National Provident Fund had affected the membership of the Manchester Unity in the Wanganui District, I find on looking into the figures that this district in 1909 lost sixty-eight members, in 1910 it lost fifty-seven, in 1911 it lost sixteen, in 1912 it lost fifteen. The district, therefore, during four years shows best results for the very year which is quoted as having been vitally affected by the National Provident Fund. The Fund did not begin operations until the second month in 1911, so that the larger losses in that and the previous years must be due to other causes. Then, as to Napier, where it was stated by a witness that this society had also felt the competition. The Manchester Unity in Napier showed in 1912 a loss of one member, a similar result to its showing in 1909 before the national scheme started. The years 1910–11 showed small increases of 8 per cent. and 4 per cent. respectively. The figures, however, are so small and fluctuating that it is impossible to deduce anything definite from them. If we apportion to the society the share of National Provident Fund enrolments in 1912 according to its membership the result would have been a gain of eleven, but many of these would be unlikely to join a friendly society under any circumstances. As a matter of fact, Napier is one of the few towns of any importance which has not yet been systematically lectured and organized, and the National Provident Fund membership is small alongside other large towns.

APPENDIX.

EXHIBIT A.

SOCIAL INSURANCE.

As requested by the Committee I attach as an appendix hereto for the information of the Committee a *résumé* of the social insurance systems of different States. I give a fuller description of three typical systems, such as—

(1.) British National Insurance Act; as a type of a compulsory universal scheme.
(2.) Belgian system: Voluntary State-subsidized scheme.
(3.) New South Wales: Voluntary and societies' subventions.

GREAT BRITAIN.

BRITISH NATIONAL INSURANCE ACT, 1911: COMPULSORY AND UNIVERSAL

Persons included.

Compulsory Contributors.—The compulsorily insured are termed "employed contributors," and comprise all manual workers, including domestic servants, but not workers whose labour is of the most casual description, such, for instance, as street porters, &c.

Clerical and similar workers at fixed remuneration exceeding £160 per annum are excluded from the compulsory section.

Contributions.—The benefits on account of these contributors are provided from a weekly contribution on the following basis: Men employees, 4d.; women employees, 3d.; the employer, 3d.: representing seven-ninths and three-fourths respectively of the value, the State providing for the remaining two-ninths and one-fourth of the benefits.

Collection.—The employer pays the full contribution of 7d. and 6d. by means of special stamps, which he affixes every week to the employee's card, and deducts the latter's portion of 4d. and 3d. from wages. The cards are presented at the post-office, by whom the amounts are credited to the funds.

The rate is the same for all ages up to 65 years, but the proportions payable on account of the employer and employee vary at if the wages of the worker fall below 15s. per week. In this case the employer is required to make up the difference—as, for instance, a worker earning 9s. a week would himself pay only 1d. and his employer 6d.

An "employed contributor" is entitled to relief in respect of arrears of contributions during a certain period of unemployment.

Voluntary Contributors.—All contributors are required to attach themselves to one of the "approved" societies which are to be intrusted with the payment of the principal benefits, and entry into these societies is to be governed by much the same condition as obtained at present, except as to age.

Benefits.

The benefits for all classes are—

First three months' sickness—Men 10s., women 7s. 6d. per week.
Second three months' sickness—Men and women, 5s. per week.
Permanent disablement, 5s. per week.
Free medical treatment and medicines for life.
Maternity payment of £1 10s.
Sanatorium treatment for consumptives.

The sick-allowance payable under the scheme is not to exceed two-thirds the usual rate of wages, nor, together with any allowance from an independent source, is it to exceed the wages.

Sick-allowances are subject to any sums or allowances payable under the Workers' Compensation Act.

Where the benefits are reduced or suspended (which they may be through misconduct) the contributor is in any case entitled to medical treatment and medicines.

Administration by Societies.

Friendly Societies.—The principal part of the scheme—that is, the administration of the sickness, disablement, and maternity benefits, and partially the medical—is to be in the hands of what are termed "approved societies," the definition of which, it is considered, will enable the principal existing friendly societies to qualify.

An approved society is a body of persons, corporate or incorporate, registered or established under any Act of Parliament, and which complies with the requirements of this Act.

Qualifications.—The societies are to have a minimum membership, and must give such security as is required by the Commissioners against malversation or misappropriation of officers, such security to be equal to one-half of the aggregate of the annual contributions payable by insured persons.

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.

Unemployment.

There is also an unemployment part of the Act administered apart from the health insurance section.

Old Age.

The old-age-pension system of Great Britain is free. The pension is payable at age 70, subject to certain property qualifications. The cost to the State in 1912–13 was £12,200,000.

BELGIUM.

The establishment of the old-age-pension system of this country offers a striking example of what can be successfully undertaken on voluntary lines by means of co-operation and with the aid of the central and local Government machinery.

The first Act was passed in 1850, but it was not until some years later, when the State offered subsidies and the co-operation of mutual societies was invoked, that results began to show; in fact, the part played by these societies is expressly lauded as having very important results, not only on the Pension Fund, but had a revivifying effect on several of the great industries.

The industrial establishments collected contributions from members, and in proportion as deductions were allowed from wages the employer also made a contribution.

The mutual societies for pensions increased from 3,600 to 5,600. These societies could obtain an installation grant for initial expenses from the State.

The State subsidizes the pension to the extent of three-fifths of the contributions up to 12s. 6d. per annum. The maximum State subsidy per individual therefore would be 7s. 6d. to procure an annuity of £15.

The propaganda was also extended to the schools, and the teachers have from 1896 undertaken the formation of "scholars' mutual societies." In 1900 there were approximately 150,000 children in these societies. The minimum age of joining is 6 years.

The co-operation of the postal officers is also provided for, much the same as in our National Provident Fund, and is a powerful factor, as in New Zealand, in popularizing the scheme.

For the first few years the figures were small. The original Act was passed in 1865. In 1888 there were 7,600 members; in 1889 there were 8,500 members; in 1890 there were 10,200 members; in 1899 there were 168,000 members; then in 1900 there were 300,000 members, when a fresh law of encouragements, subsidies, and facilities was passed.

The fund in 1909 amounted to £6,150,000, and there were 1,070,000 members out of a population of seven millions and a half.

In 1909 the total payments to the fund amounted to about £600,000, of which £200,000 represented the State subsidies.

The subsidy is varied according to the age of the member—that is, for those born within a certain period the amount of subsidy is less than on account of those born earlier.

In addition to the State subsidy, which is now not to exceed 7s. 6d. per member per annum, the different provinces also subsidize the contributions paid by the members of these societies in their respective regions. This provincial subsidy varies according to local requirements and conditions.

This pension system is administered in its financial transactions in conjunction with the General Savings-bank, through whom the pensioners' contribution-books are credited with the amounts paid. The Savings-bank also transmits to the National Fund free of charge all moneys collected, and a small premium is paid for the annual amounts collected. The funds of the societies are also deposited for investment on advantageous terms. The whole procedure is much on the lines of association now in operation in New Zealand in respect of the National Provident Fund and the Post Office.

The fund accepts contributions to any amount, and the annuity is payable in proportion to the value of the contribution.

The part of the mutualist or local societies in the application of the Act is threefold—(1) They engage to formulate the application of all their members for membership; (2) they engage to pay their members' contributions to the pension authority by means of the mutualist pension-book; (3) they themselves ascertain and inform the pension authority of the existence in the case of each of those concerned of the conditions entitling them to premiums.

The procedure in a society is as follows: The treasurer first of all makes each of the members of his society who desires a pension sign a statement of the manner of payment selected by him and the age at which he desires to receive his pension. The member has nothing else to do but to forward under form of subscriptions the amounts he desires to invest in an old-age pension. These payments are transferred at the end of each year to the pension society, which records them on a memorandum. Finally the society every year before the 15th March forwards to the Department tables giving details of all the payments made in the course of the year by its members, with a very explicit statement of the various conditions they satisfy in order to enjoy the benefits of the law. Almost all contributors are enrolled through the societies.

In Belgium, out of 2,629 municipalities, there were only 127 without pension societies in 1910.

This system, which was proposed in 1912 to be incorporated in a measure consolidating, on a compulsory basis, insurance against old age, sickness, and invalidity, has features of particular interest to New Zealand, and the following passage from Frankel and Dawson's work on the subject is of special application: "Of special interest is the co-operation existing between some of the friendly societies and the State Life Insurance and Annuity Department. To encourage this as well as sickness insurance the Government has made large subventions to assist members of friendly societies to purchase annuities from the State. Workmen thus receive the benefits of these societies while at the same time the Government is provided with an inexpensive and convenient method of collecting premiums. The effect of this arrangement was the formation of hundreds of friendly societies, many of which, however, give absolutely no service other than the privilege of paying for old-age annuities on easy terms, the Government contributing a part of the cost."

Sickness.

Sickness insurance in Belgium dates back to 1851, when a law was passed to encourage the establishment of sickness relief societies. The members were insured against sickness, accidents, invalidity, and death. The Act gave these societies somewhat similar concessions to those contained in our New Zealand Friendly Societies Act, such as the right to be sued, exemption from certain taxes, &c. The Government also later on offered prizes to societies showing the best results, and committees were appointed in the various districts to encourage the movement. The membership, however, did not increase as was expected, and the friendly society as we know it on the British system did not appear to attract the working-people. It was then decided that subvention would be necessary, and this was provided for by an Act passed in 1894. This subvention took the form of a payment of a lump sum for inauguration expenses—say, up to £20; and in some provinces the local government gave a further subsidy. The Government also sometimes grants an annual allowance to important societies with large working-expenses.

In 1907 there were 400,000 members in these societies out of a population of 7,300,000.

Consolidating Measures.

In 1912 there was before the Belgian Parliament a new Social Insurance Bill, which proposed to regulate generally the social societies' insurance against sickness, incapacity, and old age. The Bill provides for the compulsory affiliation of workmen earning less than a certain wage—say, £120 a year—to a voluntary friendly society, the advantage of which will be to develop among the workers the spirit of thrift as well as of co-operation, while at the same time giving the worker a strong guarantee of his independence.

The Bill was divided into three parts:—

(1.) Provision for the immediate sickness: The contribution was fixed at, say, 4s. 6d. per annum from the worker, 2s. 3d. per annum from the employer, 2s. 3d. per annum from the State. The minimum benefit was at the rate of about 1s. per day during sickness.

(2.) Disablement insurance to provide for incapacity was assured by means of centralized funds supported by the associated societies. This provides an allowance for the extended sickness at the minimum rate of 1s. per day. At age 65 this allowance would cease and the old-age pension would begin. For this benefit the worker's contribution is, say, 4s. 6d. per annum, the State's 3s. per annum, and the employer's 2s. 3d. per annum.

(3.) The old-age insurance is to be organized by the societies serving as intermediaries between the individuals and the Central Pension Fund. The compulsory contribution is to be 4s. 6d. per annum, and to this is added the subvention provided by the State under the original Pension Act, which varies according to the age at which the person is entered. In this insurance special financial arrangements are made to provide for present-generation workmen who are brought into it, and who are above a certain age. These people would not have time to contribute at the ordinary rates to procure the annuity, and the State subvention in their case is considerably increased. The employer is asked to specially contribute for these workmen, and in such cases he is relieved from contributions on the disablement insurance mentioned above. The lowest pension that the scheme would provide for would be at the rate of 1s. per day.

The Bill maintains the already existing institutions, and purposes developing and completing them, while at the same time it confirms the propaganda work on behalf of voluntary thrift by means of the supervision by local authorities of the contributions when they become compulsory. For this pupose of supervision there are local authorities, called "Regional Councils," on much the same lines as the Insurance Committees established throughout Britain under the National Insurance Act. The members of these Councils are elected partly by the workers and partly by the employers, the doctors, the State, and the local authority. These Councils have the general administration of the medical service, and generally administer the finance of the various insurance funds. They receive the quarterly cards which bear the stamps indicating the employer's payments, receive the contributions of the employers, and the State's subventions for distribution to the societies for which they are intended.

NEW SOUTH WALES.

Subventions to Friendly Societies Act, 1908.

The subsidy is payable on the following basis:—

(*a.*) One-half of the cost to the society in each year for sick-pay, according to its rules, in respect of the period of sickness after twelve months from the commencement of each case of continuous sickness for all male members less than 65 years of age and for all female members less than 60 years of age. This subvention is not to exceed 5s. for each week of sickness included in any claim.

(*b.*) The whole cost of the society (up to 5s. for each week of sickness included in any claim) for sick-pay in respect of male members aged 65 years and over and of female members aged 60 years and over.

(*c.*) An amount equal to the total contributions chargeable under the rules of the society for the benefits of medical attendance and medicine in respect of male members aged 65 years and over and of female members aged 60 years and over: Provided that the rules of the society shall not charge rates of contribution for such benefits different to those chargeable to members under the ages specified herein.

(*d.*) An amount equal to the total amount chargeable under the rules of the society to assure the payment of the funeral donations according to its rules in respect of male members aged 65 years and over and of female members aged 60 years and over.

The Act is expressly designed to enable societies to provide sick-pay for illness lasting beyond the period of twelve months, and for the sickness of old age; also for payment of contributions to assure the payment of funeral donations in case of members aged 65 years and over, who often become unable to continue their contributions; and, further, for the provision of medical attendance and medicine for such aged members, free of any cost after age 65.

It is entirely optional with a society whether it is desired to avail itself of the privileges of the Act, or whether it continue to conduct its affairs on the plan on which they are working at present. If it desired to enjoy the benefits of the Act it will be necessary to pass a rule to that effect in the usual manner in which it is customary to alter rules—viz., by giving the due notice for such action at the annual meeting, and such other procedure as is laid down in the rules.

The practical effect of this subvention will be—

Sickness.

(*a.*) As to sick-pay of members under 65, the society need only provide in its contribution rates for the first twelve months' sickness of every member up to age 65, and for any sick-pay over 5s. per week after twelve months.

(*b.*) As to sick-pay of members over age 65, for *all* sickness after age 65 the society need only provide for sickness for which it may wish to give sick-pay over and above 5s. per week, as the Act provides for *all sick-pay* up to 5s. per week after age 65.

Funeral.

The State will pay the whole of the funeral contributions of members after age 65.

Medical Attendance and Medicine.

The State will pay for the whole of the contributions for members after age 65.

The subsidies payable in 1909 amounted to £5,858; in 1910 to £14,787; in 1911 to £17,360.

GERMANY.

The German system of social insurance has been established for about thirty years. It is the standard compulsory and universal scheme, and has been more or less adopted in other industrial European countries. The system is on the same lines, broadly speaking, as the British Act already described, and for which the German system served as a model.

The German system differs in the following details from the British:—

(1.) The contribution of the worker is based on wage-earning capacity, and is not a uniform rate as in Britain.

(2.) The immediate sickness is borne entirely by the worker and employer—two-thirds contribution from the former and one-third from the employer. The State does not directly subsidize this benefit.

(3.) The German system includes co-operative insurance by employers for workers' compensation, accidents, &c., whereas in Britain and New Zealand these risks are undertaken by private companies.

(4.) Old-age pensions in Germany are on a contributory basis, as compared with the free system in Great Britain and New Zealand.

(5.) The invalidity allowance is administered on a different basis to what it is in Great Britain. When an insured person becomes entitled to the disablement or invalidity allowance under the latter scheme he will still continue to be a member of his approved society, whereas under the German system the worker passes out of his sickness society when he goes on the invalidity fund. It is claimed that the British system by this method is able to exercise a more personal interest in its members than the other system offers.

(6.) The British Act also grants the relief of non-payment of contributions during temporary unemployment, but the German Act does not allow any benefits unless in employment or unless the contributions are paid up. The German social insurance system does not comprise insurance against unemployment.

The fact that there were large and financially strong friendly societies in Britain at the time the Act was adopted has had the effect of somewhat varying the administration as compared with Germany by leaving more to non-State administration.

Under sickness insurance there were in 1910 just about 14,000,000 people insured, representing 21 per cent. of the population. The total cost of the sickness benefits in that year amounted to £17,000,000. The amount contributed by employers was £6,500,000, and by working-people £13,500,000. The total accumulated funds amounted to £16,000,000.

The invalidity and old-age pension system of Germany is met by contributions made by the workers and their employers, and the State makes a subvention towards these contributions. The wage-earner's contribution varies according to the wage-earning capacity. The benefits are grouped as follows:—

(*a.*) Invalidity pensions.
(*b.*) Old-age pensions at 70.
(*c.*) Survivors' pensions.
(*d.*) Gratuities to widows and orphans.
(*e.*) Sanatorium, institutional, and hospital benefits, &c.

The contributions received in 1910 was £4,500,000 each from the employers and work-people. The assets of these funds were valued at £83,000,000.

AUSTRIA.

The system in this country is compulsory and universal, and on similar lines to the German method, with some variations in detail.

SWITZERLAND.

The social insurance in this country is on compulsory voluntary lines—that is to say, the Federal Act allows the various provinces to declare the insurance to be compulsory, and to be applied to certain trades, &c., as working-conditions warrant it, and this again may be delegated to the various municipalities, who are authorized to establish public funds for these purposes. Employers may be required to collect the employees' contributions, but the employers are not themselves compelled to contribute. The system generally follows the Belgian, and the State subsidizes the Sickness and General Insurance Fund.

SWEDEN.

The first workers' insurance law was passed in 1891, by which societies fulfilling certain conditions were granted privileges and could claim a subsidy from the State towards their benefits. The local-authority government was used in extending the functions of this system, and State supervision is exercised by certain officials as to the operations of the society. The subsidy from the State is higher per member for very small societies, with the object, no doubt, of assisting small organizations in out-of-the-way places where the cost of administration per head is higher than in the more populous centres. The societies must collect from their members as much as the State contributes. It is stated that as a result of this legislation the societies have rapidly increased. In 1906 the total membership was 472,000, one out of every ten workmen in the country belonging thereto. One authority, however, states that their unscientific rates of contributions and benefits render them unsound, and that unless they readjust upon an adequate basis for a voluntary system, or insurance is made compulsory, many of them must fall.

DENMARK.

The system here is on the same lines as that of Sweden. The State subsidizes registered sickness societies. The State's subsidy in 1907 amounted to about £80,000, paid to 1,500 societies in that year. There were said to be 514,000 members in these organizations, representing about 30 per cent. of the adult population.

The old-age-pension system is on a non-contributory basis, and is payable out of general taxation, as in Britain and New Zealand.

NORWAY.

There is a compulsory system, in operation since 1909, administered by means of district or communal organizations operating with a central State Department. The basis of contributing is—Workmen, six-tenths; employers, one-tenth; State, two-tenths; municipality, one-tenth. The benefits are much the same as are provided by a friendly society, and include medical treatment. The contribution comes out at about 12s. per annum per member. It was estimated that this system would apply to about 980,000 persons.

HOLLAND.

Social insurance in this country is on voluntary lines, and much the same as in England before the passing of the National Insurance Act. There are societies which provide for sickness, and the membership is set down at 600,000 out of a total population of 5,700,000. The societies provide for medical treatment, medicines, and sick-pay.

FRANCE.

The insurance for workers' sickness is in the hands of mutual societies, which have been developed on very extensive lines. The system is voluntary, and is State-subsidized. The amount of subvention paid by the State in 1903 totalled about £240,000. The total funds of these societies in 1904 amounted to about £16,000,000. There were 4,170,000 active members, of which 25 per cent. were children. The part the children play in social insurance is a feature of the French system. Special means appear to be taken to interest them in this work, and much of its remarkable growth in this direction is said to be due to the interest taken by teachers in urging the value of these societies on the children.

The old-age provision was up to 1910 on a voluntary and contributory basis, and on these lines has been widely developed by means of State offices and the co-operation of insurance companies and friendly societies. In 1910 an Act was passed making it compulsory on all wage-earners to insure against old age.

ITALY.

Sickness insurance has been carried out in Italy by means of mutual societies, the membership of which is entirely voluntary. The societies which are registered receive some privileges, and in certain cases subsidies from the State, usually in the form of additions to their benefits. In 1905 there were 6,535 societies with a membership of 1,000,000.

AUSTRALIA.

The friendly societies throughout the various States are the main agents for social insurance relative to sickness and immediate benefits, and are identical in constitution and methods with our societies. In 1911 there were about 460,000 members. Except in New South Wales, the societies receive no direct subsidy from the State. This is the only contributory branch of social insurance in Australia.

The old-age-pension system, which is on the same basis as in New Zealand, includes a free invalidity pension. At the 30th June, 1913, there were 82,943 persons receiving old-age pensions, and 13,739 in receipt of invalid pensions: total, 96,682. The cost in 1912–13 was £2,289,048.

There is also a free maternity grant of £5 payable on the birth of any child. The cost of this was estimated to be £600,000 per annum.

The New South Wales Government's subvention to the friendly societies of that State amounted in 1911 to £17,360.

NEW ZEALAND.

The position in New Zealand is that we have—

(1.) The voluntary and contributory method, as in the friendly societies.
(2.) Voluntary and State-subsidized, as in the National Provident Fund.
(3.) Free and non-contributory, as the old-age pension and widows' pensions.

1. The societies provide generally the following benefits: Medical attendance, sick-pay (immediate and extended), and death benefit. The average annual contribution would be about £3, including the cost of the medical and for management purposes.

The societies had a membership of 73,243 on the 31st December last, with funds amounting to £1,553,339, representing £21 4s. 2d. per member, the highest average in the various States.

The attached comparative tables are of interest:—

Table setting out the Proportion of Members of Friendly Societies to the General Population in Australasia.

State or Dominion.	Percentage of Friendly Society Members to Population.	Percentage of Population at Ages 15 to 65.
Victoria	10·93	60·42
New South Wales..	9·21	60·62
New Zealand	6·78	62·56
South Australia	14·08	60·30
Queensland	7·05	60·79
Tasmania	10·87	58·81
Western Australia	5·92	69·26

This table shows the number of members of friendly societies, the amount of their accumulated capital, and the average capital per member, in each of the Australian States and in the Dominion of New Zealand, according to the latest received statistics, arranged in order of membership:—

State or Dominion.	Date of Return.	Number of Lodges.	Number of Members.	Amount of Funds.	Capital per Member.
				£	£ s. d.
New South Wales.. ..	31st December, 1911	1,793	167,108	1,525,909	9 2 8
Victoria	„ 1911	1,498	148,603	2,246,396	15 2 4
New Zealand	„ 1911	658	71,771	1,441,353	20 1 8
South Australia	„ 1909	514	58,292	863,998	14 16 5
Queensland	„ 1911	507	45,190	578,355	12 16 0
Tasmania	„ 1911	180	21,708	207,290	9 11 0
Western Australia ..	„ 1911	269	17,637	181,950	10 6 4

2. The National Provident Fund Act was passed in 1910, and came into operation on the 1st July, 1911. It is voluntary, State-guaranteed, and State-subsidized to the extent of one-fourth of the contributions paid in by contributors. The Act also provides for the payment of management expenses by the State.

The benefits are—

(1.) After contributing for twelve months, a payment not exceeding £6 for medical attendance and nursing on the birth of a contributor's child or children.
(2.) After contributing for five years, an allowance after three months' incapacity to work of 7s. 6d. per week for each child of a contributor under 14 years of age, payable independently of any allowances due from friendly societies. No contributions payable while in receipt of incapacity allowance.
(3.) On reaching age 60, a pension of 10s., £1, £1 10s., or £2, according to the scale of contributions. The payment of this pension will not affect any rights under the Old-age Pensions Act.

(4.) After contributing for five years, an allowance on the death of a contributor of 7s. 6d. per week for each child until 14 years of age, and 7s. 6d. for the widow so long as any child is under 14 years of age.

The contributions range from 9d. per week at age 17 for the minimum pension, to 19s. 8d. at age 45 for the maximum pension. The average contribution paid by contributors is about £4 2s. per annum.

At the 31st December last there were 2,660 contributors, and the fund amounted to £10,038. The State subsidy, including maternity claims, amounted to £1,572.

The percentages of occupations were as follows: Clerical, 19·21; domestic, 4·46; industrial, farming, labouring, and kindred occupations, 59·48; shops (retail), 9·83; others, 7·42.

3. The old-age pension is free and non-contributory, as in Britain and Australia. The maximum pension is £26 per annum, subject to certain property conditions; is payable at age 65 to men and on a sliding scale at age 60 for women.

There is also a free widow's pension, maximum £30 per annum, payable according to the number of young children under 14 years of age.

The Commissioner reports that the total pensions and liability thereon at the close of 1912 were as follows:—

	Number of Pensions.	Liability. £
Old-age ...	16,509	412,408
Widows' ...	1,313	24,768
Military ...	568	19,026
Totals ...	18,390	£456,202

R. E. Hayes.

EXHIBIT B.

DEPARTMENT'S PROPOSALS RELATIVE TO POSITION OF FRIENDLY SOCIETIES IN SOCIAL INSURANCE.

In view of the Minister's desire that the Committee should have before it some definite scheme, I submit herewith the Department's proposals relative to the position of friendly socieites in social insurance.

These proposals were framed on the assumption that the State's function in social insurance is extending as elsewhere, and that co-operation with the societies would assist the State in this work. The object of the proposals therefore would be to—

(a.) Extend the principles of the National Provident Fund along the lines leading to universal social insurance:

(b.) Relieve the financial position of friendly societies so as to lessen the cost of their benefits, with the object of opening their membership to a lower-waged class of workers.

In order to carry this out a subsidy from the State was to be paid to societies on the following basis:—

(1.) 2s. 6d. per week towards the cost of the allowance paid to any members by the society in respect of sickness of more than twelve months' duration.

(2.) 2s. 6d. per week towards the cost of the allowance paid by the society in respect of sickness of less than twelve months' duration in the case of a male member over sixty-five or a female over sixty years of age.

(3.) A subsidy towards the funeral benefit up to £15 in respect of a male member and up to £7 10s. in respect of a female member.

The effect of these subventions on the societies is shown in the Actuary's report appended hereto.

The following provisions would require to be provided for in the event of those subsidies being paid:—

A very strict compliance with the Friendly Societies Act would be required, and particularly in cases where societies or branches had deficiencies. Such would be called upon to comply with the conditions necessary to ensure an improvement in their finances.

In order to assist deficiency branches the surpluses that would accrue as a result of the subvention would be subject to such appropriation as would benefit those branches of a society that require aid. Out of the amount of subsidy payable to any branch there would be retained an amount equal to one-half of the surplus declared as a result of the subsidy, and this one-half would be appropriated for the aid of the deficiency lodges. All the amounts so kept back from a surplus branch would be paid over to the society for the assistance of its deficiency branches, and all such amounts would be kept in a separate account and no payments be made therefrom without the consent of the Registrar. Every friendly society and branch would be required to submit its accounts periodically to an auditor acting under the direction of the Registrar, and the fees for auditing the accounts of the societies and branches would be a charge upon the moneys payable to the society by way of subvention.

Comparing these proposals with the New South Wales subsidies, the following are the most important differences :—

1. This scheme restricts the subsidy towards sickness benefit to 2s. 6d. instead of the New South Wales payment of the whole benefit to aged persons and one-half to other extended sickness.

2. These proposals recommend a subsidy computed on the mortality experience by subsidizing the funeral benefit, and this applies to all members, whereas in New South Wales the subsidy is paid on the contributions of aged persons for funeral benefit.

3. It is not proposed to subsidize medical attendance, whereas in New South Wales this is paid for aged members.

The fixing of the sickness-benefit subsidy at 2s. 6d., instead of one-half for all extended sickness and the full amount for the aged, is on the principle that subsidies of any description to outside bodies must convey with them a financial responsibility on the body spending the money. It is to be expected that if the State pay the whole of any benefit the society's control over that benefit will be weakened.

As to medical attendance, the Department does not recommend the subsidizing of a benefit that is the outcome of bargaining between societies and other parties.

R. E. Hayes.

REPORT BY MR. A. T. TRAVERSI, ACTUARY OF FRIENDLY SOCIETIES, ON THE FOREGOING SUBVENTION PROPOSALS.

Preliminary Remarks.

At the outset it seems desirable to make clear the following points :—

(1.) The subsidies as set out are evidently not additions to the benefits given by societies.

(2.) There is a distinction between (*a*) the form in which the subsidies are to be given by the State and (*b*) the direction in which they will operate when received by the societies. For instance, the subsidy on death of a member is not to be looked upon as earmarked for payment of death benefits alone. It is simply a sum in aid of the objects of the society, of which sickness benefits usually form by far the greatest part; and it would therefore be more correct to regard it as an indirect sickness subsidy. In point of fact, it is roughly equivalent to a further sickness subsidy of 2s. 3d. in addition to the 2s. 6d. specifically set out; but the form in which it is given has the advantage of limiting the State's responsibility in respect of excessive sickness claims. It is highly necessary to leave the societies a substantial responsibility in this direction.

(3.) Owing to the subsidies being practically fixed in amount they will be of greater relative help to those societies whose scales of benefits are lower.

(4.) The liability of the State as proposed is very largely of a deferred nature, because the bulk of the subsidies falls in the old age of members.

Effect on the Societies.

In considering the effect of subsidies on societies, we must to a certain extent look separately at the existing members and at future entrants. In either case it is a primary necessity that the subsidies be applied, as far as possible, to produce financial soundness before any further benefit can accrue to the members individually. Where, however, a society is financially sound at present as regards existing members, and has an adequate scale of contributions in operation for new entrants, the subsidies will enable the society to reduce its scale of contributions, or to increase its benefits, or both, thus giving the individual member the whole value of the subsidy in the most direct manner.

On the other hand, where the financial position of a society as regards its existing members is weak, and its scale of contributions to new members is inadequate, the subsidy, by relieving the society of portion of its sickness liabilities, will strengthen its position as regards existing members, and will render more adequate its contribution-scale for future members. In this way the members of such a society, both present and future, will gain the benefits of the subsidy indirectly, by the strengthening of the financial position of their society and by being partly or wholly relieved of the necessity of paying increased contributions or making other sacrifices to secure the soundness of their society. If the subsidies are more than sufficient to produce solvency for existing members or adequacy of scale for new members, then increased benefits or reduction of contributions to the extent of the surplus can be given.

The foregoing remarks show in a general way how the subsidies will operate. I now proceed to deal with the matter more particularly, mentioning by the way that the figures given are based upon the condition that the subsidies are a permanent grant.

(*a*.) *New Members.*

In the case of new members the standard of measurement is the scale of contributions, and the subsidies would enable me in carrying out my statutory duties to certify as adequate a lower scale than at present for future entrants, the standard of adequacy being reduced by the following approximate amounts :—

Age at Entry.	Approximate Reduction in Standard of Adequacy for New Members (per Annum). s.	d.
22	6	3
27	7	7
32	9	4
37	11	9

I cannot state here what the new standard of adequacy will be, because, like the present standard, it varies according to the scale of benefits and other circumstances of individual societies. I can only say that it will be lower than the present one by the above amounts, and that societies will accordingly be able to reduce their scales for future entrants to the new level, provided they are not so inadequate at present as to be already below that level, in which case the subsidies will simply render them more adequate by bringing the standard down nearer to them.

An examination of the individual societies shows that in point of fact most of them would be able to reduce their scales of contributions to new entrants, though not necessarily by the above amounts in every case. The extent of the reductions must depend upon the present degree of adequacy.

(*b*.) *Existing Members.*

For existing members the standard of measurement is the valuation. Even the most backward would have their deficiencies reduced to manageable quantities, whilst the majority of the societies would have funds released, by way of surplus, with which to increase the benefits or reduce the contributions of existing members.

In this connection I should mention that in the non-consolidated societies, where every branch is practically a separate entity, it will frequently be the case that some branches in a given society will exhibit surpluses, whilst others, even after every possible allowance is made for the subsidies, will still show a deficiency. The Bill should provide that in such cases there must be paid to the central body, in aid of deficiency branches, one-half of that part of the surpluses which is directly due to the subsidies. The effect of this clause will be to ensure that in the stronger branches the subsidies shall not wholly go to increase the benefits of members until some provision is made to specially help weaker branches in the same societies.

A. T. Traversi, A.I.A. (Lond.),
Actuary of Friendly Societies.

R. E. Hayes.

EXHIBIT C.

Amendments to Rules of the United Ancient Order of Druids Grand Lodge of the North Island of New Zealand and its Branches.

Rule 39. After the word "Initiation," in the twenty-seventh line on page 21, add: "Provided that no member of any branch lodge opened after the 1st day of May, 1912, shall be entitled to any special death allowance, nor shall the members of any such branch lodge be liable for payment of any special death levy."

Rule 88. Strike out first part of the rule appearing on page 48, and insert in lieu thereof: "Every benefit member joining a lodge by initiation after 1st day of May, 1912, shall contribute as follows to the funds thereof, the first quarter's contribution in each case being paid in advance:—

Ages.		Sick and Funeral Fund.	Management Fund.
16 years and under 20 years,	10d. per week, being	7d.	3d.
20 „ 25 „	11d. „	8d.	3d.
25 „ 30 „	12d. „	9d.	3d.
30 „ 35 „	13½d. „	10½d.	3d.
35 „ 40 „	15½d. „	12½d.	3d.

Members who joined prior to the 1st day of May, 1912, in lieu of their present weekly payments, shall pay as follows:—

Those formerly paying		Sick and Funeral Fund.	Management Fund.
1s. 2d. per week shall now pay	9½d., being	6½d.	3d.
1s. 4d. „	11½d. „	8½d.	3d.
1s. 5d. „	12½d. „	9½d.	3d.
1s. 6d. „	13½d. „	10½d.	3d.
1s. 8d. „	15½d. „	12½d.	3d.

Members shall pay in advance an additional fee for the medical officer and chemist, such fee to be from time to time fixed by the lodge. In cases where the amount exceeds 5s. per quarter, any lodge may assist its members from the management fund for the extra amount at any time when the management fund shows a surplus. All moneys so received shall be credited in the contribution ledger under the account to be known as the "Medical Officer's Pence Account."

Rule 92. Page 51, under Sick and Funeral Fund, delete clause 1, and insert: "All moneys received as weekly contributions from members in terms of Rule 88, except 3d. per week for each member."

Under Management Fund, delete clause 2, and insert:—

"The sum of 3d. per week from each member out of the weekly payments contributed in terms of Rule 88."

H. Johnstone.
R. Fletcher, G.T.
J. J. McGrath, G. Solicitor.
J. N. Grant, G. Sec.

Revising Barrister's Certificate.

I hereby certify that the foregoing partial amendment of the Rules of the Grand Lodge of the North Island of New Zealand of the United Ancient Order of Druids Friendly Society, at Wellington, in the Dominion of New Zealand, is in conformity with law and the provisions of the Friendly Societies Act, 1909.

Dated this 1st day of May, 1912.

E. Y. Redward,
Revising Barrister

Registrar's Certificate.

The foregoing amendment of the Rules of the Grand Lodge of the North Island of New Zealand of the United Ancient Order of Druids Friendly Society is registered under the Friendly Societies Act, 1909, this 1st day of May, 1912.

Robt. E. Hayes,
Registrar of Friendly Societies.

Amendments to Rules of the United Ancient Order of Druids Grand Lodge of the North Island of New Zealand and its Branches.

Add to Rule 39, part "Special Fund," at end of paragraph 6, to be called paragraph 7, "Members joining new branches by initiation shall pay the following rate of contributions to the Special Insurance Fund":—

	s.	d.	
16 and under 19 years of age	5	0	per quarter for £100
19 ,, 22 ,, ...	5	5	,,
22 ,, 25 ,, ...	5	10	,,
25 ,, 28 ,, ...	6	3	,,
28 ,, 31 ,, ...	6	11	,,
31 ,, 34 ,, ...	7	8	,,
34 ,, 37 ,, ...	8	7	,,
37 ,, 40 ,, ...	9	9	,,

A. H. Cooper, Past Arch.
J. N. Grant, G. Sec.
F. Jennings, Grand Guardian.
R. Fletcher, G. Treasurer.

Revising Barrister's Certificate.

I hereby certify that the foregoing partial amendment of the rules of the Grand Lodge of the North Island of New Zealand of the United Ancient Order of Druids, at Wellington, in the Dominion of New Zealand, is in conformity with law and the provisions of the Friendly Societies Act, 1909.

Dated this 14th day of October, 1913.

E. Y. Redward,
Revising Barrister.

Registrar's Certificate.

The foregoing amendment of the Rules of the Grand Lodge of the North Island of New Zealand of the United Ancient Order of Druids Friendly Society is registered under the Friendly Societies Act, 1909, this 14th day of October, 1913.

Robt. E. Hayes,
Registrar of Friendly Societies

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