

of their Sick and Funeral Funds, and in cases where the property turns out to be a paying investment almost invariably an attempt is subsequently made to transfer that property to the Management Fund. I have no record, however, of any hall property having been transferred to the Management Fund where the hall was a losing concern.

Lodge officials would therefore be wise to note that where benefit-fund moneys have been advanced for the purpose of acquiring a hall, the property remains as an asset of that benefit fund, and any transfer of the property to another fund is illegal.

Two such cases came under notice during the year. In one instance I found on personal examination of the society's books that the original advance for the purchase of the property had actually been made from the Management Fund, although for every subsequent year the property had been shown as an asset of the Sick Fund. In this case, as the intention of the lodge to place the liability on the Management Fund was clear, the accounts were adjusted, and the property will in future be accounted for as a Management Fund asset. In the other case it was obvious that there was an attempt to transfer the property from the Sick Fund which had borne the risk of the investment up to that date. After considerable trouble and continued objection on the part of the lodge, the officials complied with the Act.

IRREGULAR TRANSFER OF SURPLUS MONEYS.

I find it necessary to draw the attention of societies' officials and management committees to section 41 (2) of the Friendly Societies Act, 1909, which prohibits the appropriation and transfer of surplus funds unless with the consent of this Department. Any such transfer can only be authorized when the conditions laid down by the departmental officers have been complied with.

I regret to state that during the year a case arose where the lodge authorities illegally transferred a considerable surplus sum from its Sick and Funeral Fund to Management Fund. As a portion of the surplus consisted of a hall property that would require to be written down, the transfer could be authorized only after reducing the total by the amount of depreciation. The lodge, however, persisted in ignoring the conditions, and showed its disregard for the Act by transferring the unreduced amount. It was impossible to pass over such a defiance of the Act, and with the authority of the Minister proceedings were authorized to be taken against the trustees requiring them to return to the Sick and Funeral Fund the amount over-appropriated. I am glad to say, however, that the lodge saw fit to comply with the Act before the matter reached the Magistrate's Court. Attention is directed to the case for the purpose of intimating to societies that the terms of the Act respecting the transfer or appropriation of surplus benefit-moneys must be strictly adhered to.

PROSECUTION FOR FALSIFYING BALANCE-SHEET.

On the 19th February, 1913, a charge was laid against J. McLean, secretary of the Hope of Amberley Lodge, U.A.O.D., Canterbury, for an offence against the Friendly Societies Act in that he did make false entries in the balance-sheet of the lodge as submitted to the Registrar's Office. This constituted an offence under sections 74 (c) and 78 of the Act. The defendant was duly convicted and ordered to pay the costs of the prosecution.

BRITISH INSURANCE ACT.

I append for the information of societies some extracts from the first annual report of the Commissioners administering this Act.

"The Work of the Commission in relation to Approved Societies."

"The relations between the central authority and the approved societies, over two thousand in number, which, with their over twenty thousand branches, have undertaken national insurance business, are in certain respects of a kind not previously familiar in English government. Each approved society retains its own identity, and is a voluntary, an independent, and often a purely local body. The sickness and maternity benefits provided under the statute are administered for the whole insured population (except deposit contributors) through these thousands of separate societies and branches, so that the individual insured person can continue to draw benefit under the State scheme from the voluntary body to which he has been accustomed.

"The advantages which were foreseen, and have proved to arise, from the adoption of this method of administration have been mainly three: First, the initial impetus necessary to secure that a very great number of persons should enter State insurance by the 15th July, 1912, was gained by using for this purpose the existing machinery of frequent meetings, regular dissemination of information, and ubiquitous canvassing which the societies had in working for private insurance purposes; secondly, the reception of the Act by the insured population was made much more favourable by the association of State insurance with societies created by the people themselves and inspired by a tradition of forethought, thrift, and financial stability; thirdly, the State insurance scheme obtained the advantage of operating through bodies which in the course of many years' working had adjusted themselves in an almost infinite variety of details to the needs of the many different types of the population who had been enrolled in voluntary insurance.

"The changes in the organization of societies which a uniform scheme of national insurance, and a uniform financial system set up under the scheme, made necessary have been carried out through the governing bodies and the officials of societies. Where the individual insured person comes in contact with the detailed administration of national insurance he finds, if he has been in voluntary insurance before, remarkably little change in the system to which he is