38. That is, administer the National Provident Fund through the friendly societies?—Yes.

39. Have you not got a lot of old people in your societies who would come in for an annuity at an early date?—It would be a matter of arrangement. We have got a lot of old people, but our forces are being recruited by the young from year to year. It would be a matter for an actuary to determine how such a thing could be done. I believe it could be done very effectually through the friendly societies. The national insurance scheme is co-operating with the friendly societies in Great Britain, and is being worked through the societies.

40. Then you would want the Government to guarantee that you would carry out your obligations. You may have bad investments. What guarantee could you give to your members that you could give the annuities that the Government is proposing?—Well, we have an actuarial examination and valuation quinquennially, and the actuary has to be satisfied that our securities are worth what they are stated to be before he makes a valuation. I will give you a case in point. One branch in which I am interested sent its balance-sheet in setting out that it had property worth £21,200. The actuary valued it at that, but that property is actually valued by an independent valuer at £41,185 9s. 2d. That is one instance; but, of course, that would not be characteristic of all the properties in the Dominion.

41. *Mr. Parr.*] You suggest as one of your cures for the sore spot that the State should give your societies the same subsidy as it gives to the National Provident Fund?—Yes.

42. And you estimate that in round numbers at, roughly, about £120,000 a year?—Our contributions last year were £219,159: that is, for the year 1913. The National Provident Fund is costing the State 25-per-cent. subsidy straight out, and the management expenses amount to another 20 per cent.

43. That is £110,000. Would the effect of that not be to kill the National Provident Fund—it would practically mean the repealing of the Act, would it not?—I do not know what effect it would have upon the National Provident Fund, but it would be giving us a square deal.

44. You say it would not necessarily extinguish the Provident Fund?—No. Seeing that it is such a good concern it should stand on its own bottom. Every man in the community should not be saddled with the expense.

45. I am trying to get at what would be the probable result of carrying out your suggestion so far as the National Provident Fund is concerned. Would you be able to suggest benefits, including the annuity, that would be quite superior to any attractions that the National Provident Fund could offer?——

Mr. Hayes: It would not affect the position, because it would carry out the State's object. If the friendly societies include an annuity, then for all their members they will have accounted for so-much of the population which it is desirable should be covered. Outside the friendly-society membership there is a large number of the male population between those ages which has still to be provided for. The difference between the two is this: there are about 75,000 members of friendly societies, and there are about 300,000 males between the ages of seventeen and forty-five in the population. The assumption, therefore, is that if the friendly-society membership was covered with an annuity, there is still a very large body of people who are not in it and who would have to be covered in some other way. Whether the friendly societies, with a subsidy, could so extend their work that they could cover the ground is, of course, a matter that would require very much consideration.

Witness: Well, we claim that we do cover the ground. Although we operate in the workshops and factories of the Dominion, our ranks are open to all classes of the community, and all classes do join. I might cite an instance. A bank-manager joined us as a financial member. Naturally the members did not expect, nor did he expect, that he would ever need any benefits from us, but before he died he was for a very long time in receipt of benefits to which he was entitled, proving that in the exigencies of colonial life the benefits of a friendly society may do good to a man in a most exalted position. Those are the remedies we propose—to cut off the management expenses at once, which does not require legislation.

Mr. Hayes: Yes, that would require legislation. There is a special section of the Act dealing with it which would have to be repealed before the Board could operate on the Fund.

Witness: I see that the Minister in charge of the National Provident Fund is the Minister for Munitions, and he could let loose a lot of money for the purpose.

46. *The Chairman* (to witness).] You cannot blame the Minister for pushing the work of the Department—it is a benefit to the people?—Quite so. We contend that it is reasonable that we, who have done so much, should not have a concern placed in opposition to us, which this scheme really is, while it does not cover the ground we do. We provide for a man who is in need, and the National Provident Fund does not—it provides for a man when he is sixty years of age; and we provide for the attendance of doctor and medicine during the whole period of his life.

47. *Mr. Parr.*] Then it comes to this: that in your opinion the establishment of the National Provident Fund was not an advisable State enterprise?—In my opinion as it has operated it was not an advisable State enterprise. It was thought it was providing for those who could not provide for themselves. I think it is clearly proved that is not so, because any man who can afford to wait from the age of twenty till he is sixty is surely not very much in need of State assistance.

48. *The Chairman.*] But to qualify they have to be between the age of sixteen and forty-five —they are taking young men?—That is quite so. The Registrar tells us that the principal benefit of the National Provident Fund is the annuity, which does not begin till sixty, and consequently the man who joins at the age of sixteen has to wait till he is sixty for his benefits.