

10. Then do you agree with the evidence that has been given to the effect that the competition of the National Provident Fund has been the cause of the falling-off in membership of the friendly societies?—Well, as I said previously, I am not convinced that that is the fact. I do not say that the work of the Fund is not affecting them, because it would be impossible for one system to operate without in some directions overlapping on the other. That is readily admitted, but to what extent it does affect them is obscured by the other things which have been operating at the same time. Of course, it should not be overlooked that a big margin exists between the members of friendly societies and the large body of people who do not join friendly societies and probably would not join friendly societies. There is a considerable section of people that come under that class, and I dare say they fall very readily into the hands of the lecturers. Of course, as Mr. McLeod has pointed out, the societies get all classes. Quite probably a certain number in each class would go in for a pure annuity system such as this. As to the working-class benefits of friendly societies, it is impossible in my opinion to look past them and expect workers to go in for a higher benefit system. The doctor and the immediate benefit system of the societies is so indispensable to those people that the National Provident Fund cannot cater for them. What it may do in future we cannot tell, but to get all classes into the National Provident Fund would need a considerable reorganization of its basis.

11. *Mr. Parr.*] How many members are there in the Fund?—I suppose net there would be between nine and ten thousand.

12. And the Fund started when?—In 1911.

13. Roughly, how many of those members have been brought in by your lecturers, assistants, and canvassers?—In the memorandum that was sent to the Committee I stated that out of 10,868 applications less than one-tenth were recorded as having gone to an office and joined voluntarily.

14. So that practically over 90 per cent. of your members have been brought in by the persuasions of canvassers and agents?—Yes, propaganda work.

15. What do you deduce from that—that it is impossible to carry on the Fund without canvassing?—We deduce from that the fact which is proven now, and which was proven before this Fund, that no voluntary State system will work without active propaganda work—that is to say, if the Fund when it was passed had been simply put on the statute-book and the Board had sat and waited for members to come in, there would practically have been no membership. The classic illustration of that is the British annuity system. That was introduced in Gladstone's time, forty or fifty years ago. It was launched throughout the post-offices in Great Britain, and has operated without canvassing. To-day, after all that number of years, I think they have 2,000-odd annuitants. The correct figures I find are: At the 31st December the total number of deferred annuities on the books was 2,762. That is confirmation of what has been experienced in other countries. In these schemes, until a State takes up something of the kind similar to what the Board has attempted here, it could be relied upon there would be no results, particularly with deferred annuities. It is admittedly difficult to get the people to look at deferred annuities.

16. You do not deny, then, that the result of your work must of necessity injure the friendly-society movement?—From the very beginning since this Fund started I have held the opinion that sooner or later we should have to get together in some way. That must be the outcome of it.

17. Take the 90 per cent. of members who have been brought in by the canvassing: a fair proportion of those might and probably would have joined friendly societies if there had been no National Provident Fund?—A proportion certainly would have, but what number it is difficult to say.

18. We can take it as a fact to be fairly deduced from your experience and from the evidence that the two organizations cannot operate in the same district without competition?—Well, it is very difficult to say. The membership of friendly societies is subject to fluctuations, and was so even before the Fund started: there is no doubt about that. How far the Fund and the friendly societies are in competition or affect one another it is difficult for me to say. The question in my opinion resolves itself into this: are the working-people or the general population able to afford to purchase the benefits of the friendly societies and also contribute to a State annuity system? Not without subsidies, and that is what the problem is likely to come down to.

19. Therefore if a man wants to get the benefits such as are afforded he must make up his mind to join one or the other, and that means competition, and 90 per cent. of your members are brought in by active canvass?—Yes.

20. What is the cost per annum of the canvassers, lecturers, and assistants?—Do you mean apart from the other expenses?

21. Yes?—I suppose the salaries and commission of the three lecturers come to about £1,000 a year at least. The assistants would cost, say, another £500.

22. Would that cover travelling-expenses?—Yes, I think so.

23. And the total income last year was what?—About £20,000 last year.

24. Apart from the Government subsidy?—Yes. I am speaking in round numbers. The annual income at present is, I suppose, a little over £30,000 per annum. It is only fair to the Board to say that the expense rate of 19 per cent. is for a weekly-contribution system, and as such is regarded as a very low rate from a commercial point of view. I might point out that outside companies conducting industrial insurance on a weekly basis have their expenses run up to as high as 40 and 50 per cent. In the initiatory expense stage one concern ran up to as high as 300 per cent. for the first year; so that from that point of view it looks as if the State machinery at the disposal of the Fund in all the departmental branches throughout the Dominion is a great advantage to the State compared to outside organizations. That explanation should be given as some mention has been made here of the expense-rates that have been incurred. The Board has hitherto taken a commercial standard and tried to work up to it.