

APPENDICES.

APPENDIX I.*

EXTRACTS FROM VALUATION REPORTS.

AUCKLAND DISTRICT, M.U., I.O.O.F. (valued by Messrs. LESLIE and BLACK).

Valuation Balance-sheet, as at 31st December, 1881.

<i>Liabilities.</i>			<i>Assets.</i>		
	£	s. d.		£	s. d.
To Estimated value of sickness benefits..	46,586	3 1	By Estimated value of future contributions	32,897	16 2
Estimated value of funeral benefits..	13,080	18 11	Lodge Sick and Funeral Funds ..	19,923	19 6
			District Funeral Fund ..	3,573	6 11
			Other Funds, and goods ..	1,338	2 4
				£57,733	4 11
			Deficiency.. ..	1,933	17 1
	£59,667	2 0		£59,667	2 0

From the above it will be seen that even when we include among the assets the total worth of the Management Funds of the lodges and district, as well as the value of the goods on hand, in a word, all the available assets of the district, there is still a deficiency of £1,933 17s. 1d. But as the contributions to the Management Fund, &c., are for benefits, and to cover charges separate and distinct from the sickness and funeral benefits—benefits and charges which, from their nature, are not capable of valuation—the value of the other funds and goods must be regarded as a liability, and therefore the deficiency of the society, as a whole, under its sickness and funeral contracts, is increased to £3,271 19s. 5d.

So far we have regarded the society as one body; but, as the district rules provide that the central body shall be chargeable with the funeral benefits (Rule 49) in return for a quarterly levy of 1s. 6d. for each member in the several lodges returned good at the termination of every quarter (Rule 52), while the lodges shall be chargeable for the sickness benefits out of the remainder of each member's contribution, it is necessary that we place before you a separate valuation balance-sheet for each of the two classes of benefits.

Valuation Balance-sheet—Funeral Fund.

<i>Liabilities.</i>			<i>Assets.</i>		
	£	s. d.		£	s. d.
To Present value of funeral benefits—			By Present value of future contributions..	5,427	16 4
Members.. ..	9,966	16 3	Total funds as per Secretary's return..	3,583	7 8
Members' first wives	2,251	15 0	Balance—Deficiency	4,079	15 8
Members' second wives	12	4 2			
Reserve for future wives	850	3 6			
Benevolent Fund	10	0 9			
	£13,090	19 8		£13,090	19 8

Valuation Balance-sheet—Sickness Fund.

<i>Liabilities.</i>			<i>Assets.</i>		
	£	s. d.		£	s. d.
To Present value of future sickness benefits	46,586	3 1	By Present value of future contributions..	27,469	19 10
Value of management funds and goods	1,328	1 7	Total funds as per Secretaries' returns	21,252	1 1
Balance—Surplus	807	16 3			
	£48,722	0 11		£48,722	0 11

We have now placed before you the position of the society under various aspects, and the net result is found by deducting the surplus in the Sickness Fund from the deficiency in the Funeral Fund, which leaves a net deficiency of £3,271 19s. 5d., as previously stated. The large deficiency brought out in the Funeral Fund cannot be regarded as due either to an excessive mortality or to inefficient management of the funds—indeed, the District Trustees are worthy of being highly commended for the safe and profitable investment of the funds committed to their care; we therefore consider it is caused by the contributions being inadequate to provide the promised benefits.

The society is to be congratulated on having, long ago, required the several lodges to adopt a scale of contributions, increasing with the ages of members at entry, for all members admitted after a certain date (1st October, 1871), but it is to be regretted that the same principle was not then carried out between the lodges and district regarding the amounts payable for the re-assurance of the funeral benefits.

An equal levy or contribution from all the members, without regard to their ages at entry, for any benefit dependent upon health or life, while it may be made sufficient, is altogether inequitable. But in your case the levy falls very far short of being sufficient, and would require to be raised to about 10s. 6d. to place the fund in a solvent position.

From an examination of the district rules we find that from 1871 to 1879 the levy to the District Funeral Fund was 7s. per member, and the funeral benefit on the death of a member £20 instead of £25, as it now is. We are not aware of the reasons which induced the members to make the alterations, but the results brought out by this valuation indicate very clearly that it would have been better if they had not been made.

We have made the necessary calculations to ascertain the position of the fund as at the date of valuation, provided a return was made to the old rates, and we find that, though there would still be a deficiency, it would not exceed £1,200. We have also made a valuation of the fund as at present administered, on a 6-per-cent. interest basis, and the result is a deficiency of £1,266. We do not consider 6 per cent. a safe or proper basis to be used in a valuation of such a fund as yours, but we have made use of it in this instance to bring home to you the necessity of at once carefully revising the present rates of contributions and benefits of this fund.

Coming now to the Sickness Fund, the valuation balance-sheet shows a surplus of £807 16s. 3d.; but an examination of Table A, which contains a summary of results of the valuation of the several lodges, reveals the fact that, while four lodges are credited with a surplus, nine are shown to have a deficiency. Into the cause or causes of these results we will only enter briefly here, reserving our closer examination for the reports to the individual lodges. But

* The notes to this appendix are by the Registrar of Friendly Societies.