

to the credit of the existing fund as the nucleus of a new provident fund to be established under revised and largely altered conditions ; or (c) that the existing balance be distributed, and no new fund established, the employés being left to make their own arrangements as to provision for their future through the medium of other existing organizations—*i.e.*, organizations not connected with the bank, such as insurance societies, &c.

Your Commissioners leave to the consideration of your Excellency's Advisers as to whether the fund should be absolutely terminated or remodelled ; but, in the event of the first alternative being chosen, they respectfully submit for consideration the suggestion that all who have contributed to the creation of the fund, or, at any rate, all who have so contributed for a period of, say, five years or more, should be entitled to participate in such distribution *pro rata* of their contributions, whether or not such persons be or be not now actually engaged in the service of the bank.

In the event of the reconstitution of the fund, your Commissioners submit that the regulations relating thereto should be largely revised and amended, those at present in operation being manifestly unsatisfactory, and, indeed, unjust. For example, the trustees are now practically, both as regards their *personnel* and their powers, altogether beyond the control of the contributors to the fund, and even the benefits professedly secured to the contributors are liable to reduction, or even withdrawal, at the will of the trustees, subject only to the concurrence of the directors of the bank. A reference to Rule 23 in the deed of settlement will show this to be the case. In any reconstruction of the fund and revision of the rules no such power as this should be accorded to the trustees, and the contributors should certainly be given a freer hand in regard to the selection of the persons in whom the management of the fund is vested.

Taking now the various societies which have formed the subject of their investigation, your Commissioners come first to that which is connected with the Union Steamship Company, known as

*The Union Steamship Company of New Zealand (Limited) Mutual Benefit Society.*

This is the largest society of the kind existent within the colony. It has a membership of 860, out of a total number of 1,100 employés. The society was established in 1891, the company giving an initial donation of £500 to the fund, and undertaking to contribute for the first five years 20 per cent. per annum on the subscriptions of ordinary members. Membership was at first compulsory as regards employés joining the service after the date of the formation of the society. This rule was subsequently modified by a provision exempting such employés as were in good standing on the books of a registered friendly society. It has been stated by some witnesses that, this exception notwithstanding, men have been required to join who were members of friendly societies, but on the part of the company it was shown that such instances were exceptional, and that circulars had been issued to officers of the fleet enjoining that no compulsion should be exercised as regards members of friendly societies. In May last, in pursuance of an agreement between the Federated Seamen's Union and the Union Steamship Company, the element of compulsion was altogether withdrawn, and membership of the society is, it is understood, henceforth to be purely voluntary. It is not necessary for your Commissioners to set out here the scale of contributions or benefits, as these will be found by reference to a tabulated statement and copy of rules appended to their report. With whatever motive the society may have been established, your Commissioners are of opinion that the existence of this society is of great advantage to the employés of the company, as providing means of support in time of sickness, &c., to men many of whom would probably otherwise have made no provision to meet such contingencies. The subsidy hitherto granted by the company is a liberal one, and enables much larger benefits to be secured by the contributors than would otherwise be possible. Your Commissioners, however, consider that it would be much more satisfactory if the society's funds were vested in trustees not connected with the directorate of the company, and they further think that the representation of the contributors on