

consent of a valuer to an appropriation of surplus capital or interest; and hence that any deduction from the interest received is wholly illegal. In lodges which have invested part of the Sick and Funeral Fund capital in halls, it is found in a number of cases that little or no rent has been paid by the Management Fund for the lodge-room, but unless a fair rent is paid in all cases the Sick and Funeral Fund is being defrauded.

Another matter connected with these investments in halls and buildings which it is desirable the responsible officers should take into consideration, is to see that proper steps are taken to reimburse the lodge for the original outlay in building and furnishing, against the time when these halls or buildings will have to be renewed. If this is not done, either by periodic depreciations or the establishment of a sinking fund out of the annual income, lodges will one day have nothing to show for the funds so invested.

In a number of cases the Sick and Funeral Fund suffers from unauthorised transfers of the funds for management purposes. The offending societies and the amounts improperly spent at the end of 1904 are as follows: M.U.I.O.O.F., £509; I.O.O.F., £325; A.O.F., £146; U.A.O.D., £151; I.O.R., £57; S.D.T., £4; H.A.C.B.S., £42: making a total of £1,234. Not only is no interest earned on these amounts, but care has to be exercised that the principal is correctly brought forward in the annual returns. It is to be hoped the amounts irregularly transferred will be restored as quickly as possible, and so prevent the necessity of any further pressure to secure compliance with the provisions of the statute.

MEDICAL AND MANAGEMENT EXPENSES FUNDS.

The contributions, entrance fees, and levies to the Medical and Management Expenses Funds amounted to £63,866; interest, £1,517; and other receipts, £8,266: making a total income of £73,649. The total outgo for the year was £70,704, including £43,539 for medical attendance and medicine, £22,894 for management expenses and levies to central bodies, and £4,271 for other expenses. The total worth of the funds at the end of the year, including goods, &c., was £40,830.

The averages of the chief items of income and outgo in each of the five leading Orders and in all the societies combined, also the percentage of total contributions (to both the Sick and Funeral and the Medical and Management Funds) spent for management, are given in the following table:—

Order.	Medical and Management Expenses Funds.				Percentage of Total Contribu- tions spent for Management.
	Average Contribu- tion per Member.	Average Payment per Member for		Total.	
		Medical Aid.	Management.		
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
M.U.I.O.O.F.	1 4 10	0 18 4	0 9 5	1 7 9	16·40
I.O.O.F.	1 8 7	0 18 0	0 12 1	1 10 1	19·77
A.O.F.	1 8 8	0 19 9	0 9 7	1 9 4	17·18
U.A.O.D.	1 12 7	1 0 2	0 10 8	1 10 10	18·03
I.O.R.	1 5 9	0 15 10	0 11 9	1 7 8	22·39
All societies	1 7 7	0 18 9	0 9 11	1 8 8	17·39

The total amount paid by the societies for the year in providing the several benefits of sick-pay, funeral benefits, and medical attendance and medicine amounted to £102,174. Assuming that for each member three other persons besides participate in these benefits, over 185,000 persons may be regarded as sharers in the beneficent work performed by these fraternal organizations.

Averages and percentages deduced from the tabulated returns for 1894–1904 are given in Appendix I.

Information as to the forms kept in the Registry Office for the convenience of societies, and sent free on application, is to be found in Appendix IV.

APPLICATION FOR INSPECTION.

An application for the appointment of Inspectors, in terms of section 28 of the Friendly Societies Act, for the purpose of inquiring into the affairs of the District Grand Lodge of the North Island of New Zealand United Ancient Order of Druids, was acceded to, and Messrs. W. H. Quick and H. Birch were appointed to conduct the same, but had not reported up to the end of 1905.*

VALUATIONS.

The Friendly Societies Act is based on the assumption that men who combine for mutual aid may be trusted voluntarily to take such action as may be found necessary to secure the solvency and permanence of their institutions. By means of periodical investigation the State has provided that, if any loss is suffered through errors in finance, members shall not be able to plead ignorance of their society's unsound position.

The values of the prospective assets and liabilities have been calculated on the general mortality experience of the colony, on the sickness experience of New Zealand friendly societies up to age 70, and on English sickness-rates (Sutton's Friendly Societies, 1876–80) above that age, the rate of interest assumed varies from 2½ to 4 per cent., according to the rates actually realised in the several lodges.

* The report of the Inspectors was received on the 20th January, 1906.