

inadequacy of the contributions, the courts which approach a sound position owing that to their high interest-earnings, combined with a favourable experience. I have advised the district to adopt a more adequate scale of contributions, and at the same time to introduce uniformity in the matter of benefits. It has happily not been necessary to remind the courts of the importance of securing remunerative investments for their funds, and for this great credit is due to the district.

The District Funeral Fund is supported by the inequitable system of equal levies

*Hawke's Bay District, A.O.F. : Valued as at 31st December, 1903.*

At the date of the valuation the district consisted of 13 branches, with a membership of 926.

The sickness during the quinquennium was very light, the cost being less than the standard by £985, or 21 per cent. The mortality was also very low indeed, the deaths being only 18, as against 29 expected by the standard table. A reference to previous periods tends to show that the mortality for the quinquennium in question was abnormally low, and the experience of the M.U.I.O.O.F. Hawke's Bay seems to bear this out.

Of the thirteen branches, seven earned over 4 per cent. on their Sick Funds during the quinquennium, and only one failed to earn 3 per cent., the remaining five coming between 3 per cent. and 4 per cent. The Funds in control of the district body all produced over 4½ per cent. Of these the Central Investment Fund yielded 5 per cent. This fund is an excellent idea, as it accepts amounts for investment on behalf of the branches, and thereby plays no small part in assisting the branches to maintain a good rate.

In common with other similar organizations, the district has a Central Funeral Fund which reinsures all the funeral liabilities of the branches. In addition to this, moreover, it has also a Central Sick Fund, which similarly reinsures all sickness of more than six months' duration.

The object of the Central Sick Fund is a very good one—viz., to spread the risk of fluctuation over all the courts; but as constituted in this instance its effect is very bad indeed, as the courts are compelled to contribute to it on the basis of an equal amount per member in spite of the fact that the risk per member is very much greater in the older courts. The result of this is to impose on the young courts a share of the extra liability of the old courts. I have dealt fully with the matter in my report on the district. The simplest way of getting over the difficulty would probably be to centralise all the sickness as well as the funeral liabilities.

Apart from the above remarks, the valuation shows that only two courts have surpluses. These amount to £2,180, and the deficiencies in the other eleven courts to £7,285. The position is due to the inadequacy of the contributions. A reform in the constitution of the Central Sick Fund would make considerable alteration in the state of the different courts.

*Auckland District, A.O.F. : Valued as at 31st December, 1902.*

At the date of the valuation there were 20 branches, with a membership of 1,943.

The sickness experience of the quinquennium was in excess of the standard by £1,377, or 14 per cent. Nearly all the courts showed an excess in this respect. The death-rate agreed closely with the new standard.

In view of the low scale of contributions with which the district is working, it is disappointing to find that only 3 out of 20 courts realised over 4 per cent. on their funds. Not only is the inadequacy of the present scale accentuated by this fact, but even an ordinarily adequate scale would be rendered inadequate if the funds were not properly improved at interest. In former years the courts showed better results in this respect.

The valuation-results show that only one court has a surplus—viz., Court Parnell, £97. The remaining courts have deficiencies totalling £25,549. The cause is inadequate contributions and failure to maintain a high rate of interest on investments. The inadequacy of the contributions is very marked at ages above 25. Indeed, the scale can hardly be described as a graduated one, the contributions at all ages being almost uniform.

The District Funeral Fund is constituted on the inequitable equal-levy system, with a proviso that it is not to fall below £5,000.

*National Division, Sons and Daughters of Temperance : Valued as at 31st December, 1902.*

At the valuation-date this division consisted of 8 branches, having their sickness and death liabilities centralised under the control of the divisional body. The number of members was 382.

The sickness experience during the quinquennium was favourable to the extent of £328, or 17 per cent. The mortality was a little below the standard, the number of deaths being 12, as against 14 expected.

When the operation of centralisation took place some years ago, two of the older branches, while transferring all their liabilities to the Central Fund were allowed to retain all their funds, a most astonishing position. The result is that the division has a deficiency largely traceable to this cause, whilst at the same time these two branches possess accumulated funds with no income except interest and no liabilities.

The deficiency in the divisional Sick and Funeral Fund is found to be £1,489; but if the funds of the two branches mentioned were paid over to the division, as they evidently should be (either wholly or partly), the division would be practically solvent as at 1902.

The outlook of this society is encouraging, and the operation of centralisation appears to be making for the permanent benefit of the division.