

The Act also included an alteration in the margin of security to be allowed for the investment of friendly societies' funds on mortgage, the original requirement of three-fifths of the unimproved value of the land, plus one-half of the improvements, being repealed, and authority given to invest up to two-thirds of the value of the security.

CONSOLIDATION AND ADMINISTRATION.

The general movement in the societies to consolidate their funds still continues, and many decided steps in this direction have been taken since I last referred to the subject. In this connection the Department's advisory functions have been widely used, and all available information, both for and against consolidation, has been freely supplied to the societies.

It is of interest to observe an increasing knowledge of friendly society finance amongst members generally—a result directly traceable to the policy of encouraging societies to make use of the Department's Actuary, and to the care that officer takes to make his valuation reports interesting and instructive.

At the invitation of the executive, accompanied by the Actuary, I attended the annual meeting of the delegates of a leading society which proposed important reforms in its finances. This visit marks a distinct departure from the traditional policy of the Department, which has hitherto occupied a position somewhat apart from the societies—a policy that was the natural outcome of legislation which endeavoured to supervise a free voluntary movement. The increasing interests, however, of the State and of the societies themselves in the thrift and provident question demand a more active association of the two functions. So long as care is taken to confine the departmental policy solely to the elucidation of the various proposals, a great deal of good can be done, and the Office still retain the confidence and trust of the societies.

THE STATE AND THE FRIENDLY SOCIETIES.

The Imperial National Insurance Act, the provisions of which I described in my last report, became law at the end of 1911, after numerous amendments and notwithstanding strong opposition and trenchant criticism. The basic principles of the Bill, however, remain untouched, in so far as its compulsory and contributory character is retained, and these, after all, are its most important features. It is difficult now to realize that compulsion has been so readily accepted where such methods have hitherto been held to be anti-national and opposed to the inherent policy of the British people. If it shows anything, it is that the need for reform in this direction must be admitted on all hands to be very pressing in Great Britain. The difficulty with the medical profession does not appear to be by any means settled, but, notwithstanding this, the scheme is to be put into operation, and the appointments of the various Commissioners and of experts in all branches indicate that the Government are determined to give the system every opportunity to realize the expectations of its promoters.

The widespread interest in this colossal scheme for the insurance of the industrial classes against sickness and invalidity, &c., has brought the friendly societies more prominently into the public view than ever before in the history of the movement. In this Act the societies have been linked up with the State for the purposes of administration, a step which undoubtedly means a far-reaching change in the character of these useful organizations, which have done so much to prove the benefits of co-operation during the past century.

The societies, by their great work, have clearly demonstrated the national advantage of insuring the worker against ill health, incapacity, and death; and the object of the State's intervention is to cheapen this insurance and extend its minimum benefits to a poorer and lower-wage class. The method of effecting this by the association of free voluntary organizations with a compulsory State system, as in Great Britain, has some peculiar features, and when in operation its effect will be watched with great interest. If the management systems built up on voluntary principles can retain their practical machinery, particularly as regards the present valuable checks consequent on direct responsibility, then the State has made a good bargain, and secured a cheap, efficient, and popular administration.

This great reform in Great Britain has naturally created some interest in the New Zealand societies; but so far they have given no decided opinion on the problem, the solution of which does not apparently call for such drastic measures as have been adopted in the Old Country.

The first indication of State action in New Zealand was in 1906, when the Government offered a scheme of subvention, which the societies did not see their way to accept, and since then there does not appear to have been any inclination to reopen the question on those lines.

In 1910 the National Provident Fund Act was passed. This measure did not offer co-operation with the friendly societies in any way; and, as its benefits differ from those of the average society, there appeared to be two distinct spheres of action.

A subvention scheme, however, was adopted by the New South Wales Government in 1908 on the following lines: (1) Half the cost to the society per year for sick-pay after twelve months to members under sixty-five years; (2) whole cost to the society per year for sick-pay to members sixty-five years and over (the amount payable under these sections not to exceed 5s. per week); (3) medical attendance and medicines for members sixty-five years and over; (4) total contributions for funeral donations chargeable on account of members sixty-five years and over. In 1910 the amount paid by the State to the societies for this subvention was £14,778 2s. 7d. The Registrar of New South Wales, in his report for that year, records a phenomenal increase in the membership of societies—viz., 16,313, or equal to 12·3 per cent.—“far in excess of the result for any previous year.” This he attributes partly to the improved financial position of the societies, and partly to the operation of the subvention scheme. If the membership thus gained is held and lapses are reduced, then subvention appears to be largely fulfilling on voluntary lines the object of State intervention in this reform—viz., the cheapening of benefits in order to bring them within reach of a poorer wage-earning class.