

## SESSION II.

1912.

## NEW ZEALAND.

## NATIONAL PROVIDENT FUND:

FIRST ANNUAL REPORT OF THE BOARD FOR THE PERIOD ENDED 31st DECEMBER, 1911.

*Prepared in Terms of Section 23 of the National Provident Fund Act, 1910.*

THE National Provident Fund Act became law on the 21st November, 1910, and by its provisions the Fund was to come into operation on the following 1st January. This, however, was found to be impossible, but every effort was made to place the benefits of the scheme before the public at the earliest date.

The first step was the constitution of the Board, the Chairman of which is the Minister of Finance (*ex officio*). His Excellency the Governor appointed the following to be members: Dr. Hay, Messrs. J. W. Poynton, G. F. C. Campbell, and R. E. Hayes, the last-named to be also Superintendent of the Fund. The preparations for launching the scheme were undertaken by the Superintendent and the staff of the Friendly Societies Office, Mr. A. T. Traversi, A.I.A., being appointed Secretary to the Board. The preliminary work was sufficiently advanced to allow of the formal establishment of the Fund on the 1st March, 1911.

Though no great results were expected from the method of advertising the Fund by the circulation of literature only, it was considered desirable to adopt this policy in the first place in order to ensure a widespread knowledge of the scheme, so that all qualified persons should at least have the opportunity of joining. To this end considerable quantities of printed matter have been distributed through the Post Office in the usual manner, through employers, labour unions, public libraries, and other channels. Large posters setting forth the principal features of the Act are displayed at all post-offices and railway-stations, as well as at most of the leading factories and workplaces in the Dominion.

To those who are aware of the inherent slowness of people in coming forward voluntarily to make provision of this kind for their future, a fact established in all countries, and which has led to the wrecking of previous schemes embracing deferred annuities both in New Zealand and elsewhere, it must be considered very gratifying that so many joined the Fund quite spontaneously. It augurs well for its future, and shows that the special features of this scheme have the power of attracting contributors.

As was to be expected, however, the returns from this mode began to show a falling-off; and in order to meet the clear necessity for direct and personal methods, the Board, in November, despatched an official lecturer to visit the various centres and personally explain the benefits of the Fund to the workers. As a result of the lectures, combined with an improved plan of enrolling contributors by postal officials, there was a considerable increase in the application-rate. Before the end of March over one thousand applications had been recorded, although the lecturer had only so far been able to work in Canterbury and Hawke's Bay, and to a lesser extent in Otago. By the time the whole country has been covered on these lines it is reasonable to expect that the membership of the Fund will be well established.

The expenses of management for the first year come out at 55 per cent. of the contribution income, and this compares favourably with the rate of initiatory expenses of insurance businesses in general, and much more than favourably with that of offices transacting business on weekly premiums, as is the case with the Fund. It is, of course, a unique feature of the scheme that the expenses are payable out of the Consolidated Fund and not out of the pockets of the contributors. This is one of the several characteristics which distinguish the Fund from an ordinary insurance concern.

The Fund was established to satisfy a social need not covered by the operations of friendly societies and other provident organizations, and in this respect, though as yet only in its infancy, there are indications that it is fulfilling its purpose.

The statutory Revenue Account and balance-sheet, together with the statements of membership, allowances, and expenses, are appended hereto.

J. W. POYNTON,  
Chairman of the Board.

ROBT. E. HAYES,  
Superintendent of the Fund

Wellington, 29th March, 1912.