

5. *Hon. Mr. Fisher* (to Mr. Traversi).] Have you worked out an estimate showing the probable increased amount of State subsidy that would be required in the years to follow?—No, I have not worked that out, except in a very general way, but I could readily give an estimate.

6. The amount would increase year by year, but there surely must be a vanishing-point somewhere?—I hardly think that would be the case. I may say that both in New South Wales and New Zealand the subsidies are somewhat deferred—that is to say, they are only paid in respect to old members. If there is a large membership of new entrants in the next few years it follows that in some future time it would have an effect on the subsidies, because that influx would produce a greater number of old members later on. It is very difficult to give an estimate for any length of time ahead.

7. What is going to be the effect from an actuarial point of view of consolidation of the friendly societies: is it going to relieve the claims?—I do not know that. It would have no special effect upon this subvention scheme, except perhaps this: that the direct benefits of the scheme to members of lodges would be more equalized. I may explain that in this way: If a society has thirty branches, fifteen financial and fifteen in an unsound position, consolidation would equalize that, and the benefits of the scheme would be equalized amongst them. That would be the principal effect of consolidation with regard to a subvention.

8. *Hon. Mr. Beehan*.] There would be more interest earned through consolidation?—Consolidation would cause more interest to be earned, and in other ways would make for soundness of the societies, subject to one important condition, and that is that sickness claims depend much more on the will than other matters that are provided for by insurance. Death, for instance, is quite outside the human will. Sickness is affected by the human will. The danger is that if you throw together small bodies transacting sickness insurance to make large bodies you get further away from the local sickness supervision.

9. You think consolidation would increase the sickness liability?—There is very little experience to guide one as to that; but it is put forward that it might be so. I would never like to advise regarding consolidation without pointing that out.

10. *Hon. Mr. Fisher*.] You have made an exhaustive examination of the financial liabilities and the finances of the societies?—Yes.

11. Is there any reason why that should not be put on record?—I do not know that there is. As a matter of fact, it is published in the departmental annual report year by year, as the societies are valued. I append hereto the table showing the position of societies and the effect of the proposed subsidies thereon.

Table showing Effect of Subsidies on Valuation Position (Existing Members).

Society.	Position at last Valuation. Net Surplus (+) or Deficiency (—).	Estimated Improvement effected by Subsidies.	Amended Surplus or Deficiency in Consequence of Subsidies.	Society.	Position at last Valuation. Net Surplus (+) or Deficiency (—).	Estimated Improvement effected by Subsidies.	Amended Surplus or Deficiency in Consequence of Subsidies.
No.	£	£	£	No.	£	£	£
1	— 9,994	34,920	+ 24,926	18	— 6,894	5,504	— 1,480
2	+ 10,704	15,792	+ 26,496	19	— 34,186	32,433	— 1,753
3	+ 986	10,356	+ 11,342	20	— 3,873	12,760	+ 8,887
4	+ 14,865	24,872	+ 39,737	21	— 797	10,997	+ 10,200
5	+ 598	2,507	+ 3,105	22	— 55,398	49,158	— 6,240
6	+ 7,084	11,916	+ 19,000	23	— 9,240	10,810	+ 1,570
7	— 1,764	6,474	+ 4,710	24	+ 1,415	15,122	+ 16,537
8	— 936	5,024	+ 4,088	25	— 6,050	8,572	+ 2,522
9	— 3,421	2,855	— 566	26	+ 673	35,413	+ 36,086
10	+ 3,824	13,456	+ 17,280	27	— 58,413	66,693	+ 8,280
11	— 10,205	25,578	+ 15,373	28	— 14,775	23,003	+ 8,228
12	+ 1,277	6,659	+ 7,936	29	— 12,964	25,589	+ 12,625
13	+ 5,028	4,570	+ 9,598	30	+ 3,165	5,868	+ 9,033
14	— 6,388	5,788	— 600	31	— 7,920	19,087	+ 11,167
15	— 8,608	49,454	+ 40,846	32	— 1,046	4,832	+ 3,786
16	— 19,814	17,866	— 1,948	33	— 29,413	27,153	— 2,260
17	+ 14,986	39,018	+ 54,004	34	— 10,426	11,730	+ 1,304

N.B.—These figures are mostly based upon the last valuation, and are intended only as a rough guide. Where a surplus is shown in the last column it would be partly or wholly available to enable the benefits of existing members to be increased or their contributions reduced. This would be the case in some or all of the branches of the majority of the societies.

12. *Hon. Mr. Beehan*.] I would like you to explain a small table here of Mr. Trivett, Actuary, New South Wales. You said the sickness was more over there. This works out at 2s. 4d. per man. You said there was an abnormal amount of sickness there?—I did not intend to convey the impression that there was an abnormal amount of sickness in New South Wales, but that sickness had increased, and that is stated in the Registrar's report. The membership of the New Zealand societies over 65 is greater in proportion than in New South Wales. I should imagine that the average age is greater, so that the sickness over 65 in New Zealand might actually be greater than in New South Wales. The statement that I made was that according to the report of the New South Wales Registrar aged sickness had increased in New South Wales since this subvention came into force.

13. What effect has subvention in New South Wales on the lapses?—The effect of subventions on the secessions would appear to be slightly favourable, inasmuch as the rate of secessions has remained fairly constant in spite of the influx of new members. A large influx of new members usually brings about a large number of lapses, but apparently in New South Wales the lapse rate has remained fairly constant in spite of that. The difference does not appear to be very great so far.