

9. Or a vote from Parliament by way of subvention?—If the National Provident Fund is to be continued as hitherto. We feel the effects of the Fund, as has been pointed out very ably and clearly to-day, and the whole of the New Zealand friendly-society movement is alarmed and agitated at the force that has been put into the organization of the Provident Fund, and, personally, I am of opinion that if it is to be continued the friendly societies would not have much chance.

10. So that you do not bear out the prayer of the petition?—Not the first clause. A scheme of subvention was submitted to the Committee which took evidence two years ago by the Registrar and the Actuary.

11. *Mr. Parr.*] You say there is a million and a half of assets belonging to the societies: what does that consist of—property, mortgages, and so forth?—Yes; but that is what we call in friendly-society talk “fixed funds.” We are unable to touch that. That is for sickness and funeral claims, and we have no control over it. The Friendly Societies Act states that we must take from all our entrants what is called an adequate contribution to these funds. Then we claim from all those who seek admission a medical certificate of good health. This puts a very high standard upon our membership, and it excludes a very large section of the community, and that is the section of the community, as I understand it, that the National Provident Fund was established to meet, in a sense, by providing something for them.

12. I want to get at what use the societies propose to make of these fixed funds or assets which you say amount to a million and a half of money: I do not understand what this fund is for. I know as a member of a friendly society that there is a regular contribution: is that contribution sufficient to cover the benefits?—All those who are admitted into a friendly society are supposed to come in with an adequate contribution, which covers their possible and anticipated sickness during their lifetime, which is computed by experts, and we also in addition to that provide a contribution for funeral benefits that runs through the whole lifetime. These are two funds which are called “fixed funds” in all the friendly societies. That is what causes this great accumulation. It is like a life-insurance society. They issue their statements about having millions of money available for payment. Well, all that money is earmarked in life policies. It is similar with our societies. A man joins us at, say, sixteen, and he has a probable length of life of forty years. During that forty years he is expected to receive from the fund so-much in sick-benefits. These contributions are supposed to provide that money, and when these claims are made the society must be in a position to meet them. But the control of those two funds is influenced by the law, and also by the rules of the society. The societies cannot deviate in any way from what is laid down in the law.

13. Where is this million and a half coming from?—From the members, and from the interest on the accumulations and good investments.

14. Originally from the excess of contributions over the benefits paid?—Well, we have 73,000 members, and that number carries an enormous prospective liability.

15. The interest on investments is accumulated?—Yes.

16. If the contributions paid are sufficient to pay the ordinary benefits, what is the object of this large fund of assets?—It is to provide for future claims.

17. But I understand that the contributions do that. You say it is worked out actuarially and passed, so that it ought to be sufficient to cover the average costs?—That is so.

18. Then it seems to me that over and above the money you collect in this way, the assets and accumulated funds total over a million and a half?—Although they may have that amount of money in assets they may not have a shilling surplus: every penny may be needed for the societies. I think it was stated that a member in Auckland had received in benefits over £1,000. Taking that as a basis, every member in a New Zealand friendly society represents a liability equal to that.

19. Then against that million and a half there are contingent liabilities?—Yes.

20. Are these liabilities very real?—Yes.

21. Is there a possibility that the fund, or a large proportion of it, might be drawn upon?—Yes.

22. In what way?—The whole thing is based upon experience. The matter has been under expert consideration for seventy-odd years. It has been tabulated and classified, and it is worked down to definite rules, and we are hide-bound in a sense. This is really where the friendly societies feel they are at a disadvantage in connection with the State Fund. We have no means of altering our position unless we get some relief. Then it would give us freedom of action to offer greater benefits.

23. You have about 70,000 members?—73,000.

24. That is £20 apiece?—£21—the accumulated funds.

25. *The Chairman.*] Do you see how you could administer this Provident Fund if the House sees its way to hand it over to the friendly societies? Could you take in these men who are not eligible for your societies, and give them maternity benefits, and give the pension at the age if the Government was prepared to hand over the control of the Fund, or subsidized you with 25 per cent. of your contributions: could that be done?—We could administer the Fund all right with the machinery we have, but we would have to have the matter actuarially investigated, and the amount of money necessary to administer the Fund would have to be stated. We could not undertake to do this on any fixed sum; it would have to be worked out. And then it opens a door in friendly-society work that has never yet been opened. It has possibilities here that may arise of which we have not the slightest idea at the present time.

26. It would mean a tremendous increase in your membership?—We would have to make provision for that in the liabilities. Friendly-society business has always been established on that basis, that if we take a man we would have to make provision for that man if he remained