

it must ever be kept in view, when considering the positions of the several lodges, that, if the present rate of the funeral benefits is to be continued, the deficiency in the Funeral Fund will, sooner or later, have to be made up by the lodges; and, further, that any increase in the levy or contributions to the Funeral Fund, without a corresponding increase in the contributions of the members, will operate adversely upon the condition of the Sickness Fund, decreasing the surpluses and increasing the deficiencies in the several lodges.

The Fountain of Friendship Lodge is found to have a surplus of £3,648 13s. 10d. in its Sickness Fund, and we find that, after charging this lodge with its full share of the Funeral Fund deficiency, there would still remain a surplus of about £2,000. An examination of the sickness experience of the lodge for the period brought under our notice will not account for this surplus, neither will the rates of contribution charged. In our opinion the scales of contribution given in the district rules are not quite adequate to provide the benefits promised, and, moreover, are found to be imperfectly graduated, but in this lodge all the members admitted previous to October, 1871, are found to be paying contributions totally insufficient for the benefits. Some portion of the surplus may, we think, be regarded as due to the rates of interest realized; but the main portion cannot be accounted for satisfactorily by what is disclosed to us in the transactions of the lodge for the five years preceding the date of valuation.*

The Good Intent Lodge is found to have a deficiency of £2,625 2s. 10d. in its Sickness Fund, and, if we charge the lodge with its share of the Funeral Fund deficiency, the deficiency would be increased by about £1,000. This lodge is but a few years younger than the Fountain of Friendship; is situated in the same city, drawing its members from the same or much the same classes; the rates of contribution charged are similar; the amount of sickness experience, for the period brought under our notice, is somewhat less; the rates of interest realized are not very much less; its future income and outgo have been measured by the same standard: and yet the final result, as brought out by this valuation, is so very different. To fully account for this deficiency, we would require to know the history of the lodge since it was opened. Many causes may have contributed to it; for example, an adverse experience of sickness for a number of years; or carelessness in the profitable investment of the funds; or losses on investments: but the main cause, we think, would be found to be inadequate contributions, especially the contributions of the members admitted previous to October, 1871. But, whatever the cause or causes, it is the duty of the members to take steps to remove it or them, without loss of time.

In the Parnell Lodge there is found to be a deficiency of £148 2s. 6d. in the Sickness Fund, and, if we add thereto this lodge's share of the Funeral Fund deficiency, the balance against the lodge would amount to about £480. This deficiency has not arisen through excessive sickness or mismanagement of the funds for the period brought under our notice, but is, we think, mainly due to the contributions being insufficient.

In the Charles Bruce Lodge there is shown to be a surplus of £509 15s. 7d. in the Sickness Fund, but, if we charge this lodge with its share of the Funeral Fund deficiency, the surplus would be reduced to about £270. We attribute this surplus partly to the operation of the rule which limits full sick pay to the first twelve months, and makes a reduction to two-thirds of the original amount for any sickness experienced after twelve months' continuous sickness; partly to the fact that the sickness experienced has been somewhat under that provided for in the tables used by us; partly to the secession of members; and partly to the rates of interest realized being above that assumed in the valuation. The affairs of this lodge were investigated a few years ago, and it was then considered to be in the position of having a surplus of £311. But this surplus was contingent on the solvency of the District Funeral Fund, which had not then been valued, and, judging from the results brought out by the present valuation of this fund, it was not at that time in a solvent position. The lodge is therefore to be congratulated upon having improved its position since the last valuation.

In the Waikato Lodge we consider there is a deficiency of £126 6s. 10d. in the Sickness Fund, and, as its share of the Funeral Fund deficiency would be about £590, the total deficiency would amount to about £716. This lodge works under the same scale of contributions and benefits as the Charles Bruce Lodge, and the rate of interest realized for the five years preceding the date of valuation is slightly in favour of the Waikato Lodge. On the other hand, the sickness experienced has been considerably greater than in the Charles Bruce Lodge; though we do not think the quantum has been in excess of that provided for in the tables used by us. Adverse fluctuations in the sickness may have been experienced at a former period of the lodge's history, or the funds may not always have been as profitably invested as they were for the five years brought under our notice, and, if so, this would help to explain the deficiency, but, beyond all this, we think the present contributions are hardly adequate to secure the present sick and funeral benefits.

In the Duke of Cambridge Lodge, while we consider there is a surplus of £58 6s. 8d. in the Sickness Fund, this is more than counterbalanced when this lodge's share of the Funeral Fund deficiency is taken into account. The relatively favourable position occupied by this lodge in the valuation is mainly due, in our opinion, to the large percentage of members who have left the lodge by arrears.

In the Gisborne Lodge we consider there is a surplus of £141 in the Sickness Fund, but, if we charge this lodge with its share of the Funeral Fund deficiency, this surplus would almost disappear. We find that this surplus is due to the same cause which has put the Duke of Cambridge Lodge in a favourable position—namely, a large secession of members. The number who have left by arrears during the quinquennium is given as 120, a number far in excess of that of any other lodge in the district.

The six remaining lodges all show deficiencies in the Sickness Fund, and they are also alike in this: that the profitable investment of the funds has not had the attention of the members which the importance of the subject demands. But, however profitably the funds of these lodges might have been employed, there would still have been large deficiencies, and these deficiencies we regard as due to the insufficiency of the contributions.

In order to place the society on a sound financial basis, we recommend that the scales of contributions and benefits be thoroughly revised. Safety can be secured by an increase in the contributions or a reduction in the benefits, and it is not for us to dictate to you which of these two courses you should take.

When you have come to a decision regarding the direction in which the amendments shall be made, we shall be glad to give any further assistance that may be desired in framing a scale of contributions and benefits suitable to your society. We may, however, be permitted to say that the contributions, given in section 4 of the Table of Contributions to Sick and Funeral Fund, together with the initiation fees, given in District Rule 35, may be regarded as sufficient, provided the number of members in each lodge is large enough to secure average results, to secure the following benefits—namely, a sickness benefit of £1 per week for the first six months of sickness, and 10s. per week for any sickness after a continuous sickness of six months, a funeral benefit of £20 on the death of a member, and £10 on the death of a member's wife.

If, however, it should be decided that the highly commendable practice of making no reduction in the sick pay in cases of protracted sickness, and that the funeral benefits remain as at present, then the contributions in section 4 of the table already mentioned should range from 3s. to 6s. per lunar month. In any case, we trust that it will be clearly seen by you that equity and justice demand that the future levy or contribution to the Funeral Fund shall be graduated according to the ages of the members at entry.

You are no doubt aware that the subject of superannuation has engaged the attention of the members of the Unity in Great Britain, and that a Unity Superannuation Scheme is now an established fact. We are strongly of opinion that no friendly society can be regarded as complete which does not make direct provision for old age as distinguished from sickness, and, if you agree with us in this, we trust you will not be long in taking the necessary steps to inaugurate such a scheme.

In conclusion, we trust that the defects brought to light by this investigation will receive early attention at your hands, and, if so, it will be a source of satisfaction for us to know that we have done something towards improving the condition of a society that is now exercising a beneficent influence, both on its members and the community, and whose capacity for so doing is capable of being still more widely developed.

* The Secretary has explained that the surplus is due to the very great increase in value of property which the lodge fortunately acquired many years ago.