

surprise to learn that some of your lodges exhibit deficiencies in valuation after the approval which I have expressed of your rates of contribution, and in spite of the fact that you have been working under these rates for over ten years. Well, a good scale of contributions, equitably graduated, is a necessity for every friendly society desiring to maintain a solvent position; but it is not *everything* that is requisite. With this desideratum to start with must be combined good management and a fair share of good fortune. As to the latter point I do not think you have anything to complain of. Your average sickness and mortality experience has been by no means heavy; in fact, it has been decidedly under the expectation. But I am sorry to say that in many cases the management of the funds has been decidedly unwise. It must never be forgotten that the only possible way in which the contributions can be made sufficient for their purpose is their being constantly invested at the highest remunerative rate of interest consistent with safety. Now, this consideration, which ought to be paramount, would appear, in the case of your district, to have been to a large extent ignored in the passion which has existed for building halls. In many instances the bulk of the funds seem to have been sunk in these unfortunate speculations. In some the expenses in connection with the halls have been sufficient to swallow up everything that has been received by way of rent and interest not only for the hall itself, but on the rest of the capital of the lodge."

The rules of some societies forbid expenditure for purchase or erection of a hall by a branch without the consent of the central body, and it is a question for consideration whether a further restriction might not advantageously be imposed, limiting the percentage of benefit funds which it should be lawful to invest in this manner.

Even where there has been no financial loss the Benefit Fund has not infrequently been virtually charged with a part of the management expenses proper, because rent, which should have been debited to the Management Fund and credited to the Benefit Fund, has not been so charged and transferred.

4. There is another point in connection with this mode of investment to which reference may here be made. In very many instances there is an unnecessary complication of accounts, items of receipt and expenditure belonging to the Hall Fund appearing in the detailed transactions of some other fund, and sometimes inextricably involved therewith, in the annual statement. A separate account should be kept of all payments and expenses connected with the hall, and the credit or debit balance transferred periodically to the fund to which the property belongs. If this were done the frequent loss or, at least, inadequate profit resulting from the possession of a hall would be more readily recognisable by the members.

5. A similar recommendation is made in regard to the separation of the "goods" account.

6. Several societies each year return amounts on deposit in the Post Office Savings-bank exceeding £200, and not seldom the officers seem to be under the impression that the rate of interest is $4\frac{1}{2}$ per cent., whereas the rate on deposits above £200 is reduced to 4 per cent.

7. The attention of secretaries is directed to the provision of the Act which requires every registered society or branch holding property, whether freehold or leasehold, or holding a mortgage upon freehold property, to notify to the District Land Registrar any change in the registered trustees, and also to forward to him a copy of its rules whenever a complete amendment is registered, or any partial amendment relating to investments in land or on mortgage.

8. The question of the legality of certain modes of investment having been submitted to this office, the Registrar desires to draw the attention of trustees to the following enumeration of the modes in which investments may be legally made.

(1.) Deposits in the Post Office Savings-bank.

(2.) Deposits in any savings-bank constituted under "The Savings-bank Act, 1858."

(3.) Deposits in any other bank which shall have been authorised by the Governor.

(4.) Debentures, bonds, or Treasury bills issued by or on behalf of the General Government of the colony under the authority of any Act of the General Assembly.

(5.) The purchase or lease of land, or erection or alteration of offices or other buildings thereon.

(6.) Loans upon securities other than personal.

(7.) Loans to members, under certain limitations and conditions.

In respect of modes 5, 6, and 7, special mention must be made in the rules of the society in order to legalise them.

It follows, therefore, that the under-mentioned modes of investment are illegal, not being included in any of the above:—

Shares in, or deposits with, building societies or companies.

9. The increase of juvenile societies has been much discussed of late. The report of the Grand Master of the M.U.I.O.O.F., at the Dover A.M.C., contains this passage:—

"The importance and value of juvenile societies increasingly presents itself to my mind. The future of the Manchester Unity is very largely wrapped up in them. The possibilities of their being made the means and channels of their solving many difficulties now experienced by adult lodges is made more apparent to me every day. Through them may be settled that difficult question of superannuation. In the future, secessions by non-payment of contributions may be considerably reduced by a judicious investment of surpluses now belonging to members in juvenile societies, or by small additional payments to those required for sick and funeral purposes in those about to be established. In a conversation I had with Mr. William Sutton, the Government Actuary, he alluded to the accumulation of capital in some juvenile societies beyond the amount required for present benefits. He suggested that the surpluses from year to year may well be appropriated to the purchase of annuities sufficient to pay the whole or part of the contributions of the member on his reaching the age of from fifty-five to seventy. The fact of the contributions being provided for after a certain age would keep thousands in the society who otherwise would, through whim or carelessness, be classed as seceders."