

Societies. No doubt, if the Registrar was of opinion that a rule like the present one would not carry into effect the object of the persons desiring to form a society he might advise with the secretary on the subject; but no case has been cited, or evidence produced, to show that the Registrar has ever refused to sanction such an alteration of a rule. It is true that the consent of the central body was not required in the case of the Order of Druids *ex parte* Sheffield, in *Schofield v. Vause* (Law Cases affecting Friendly Societies, p. 104), or in *Wilkinson v. Jagger* (*Ib.*, p. 181); but the Court never considered the question whether such a condition would have been proper or not. I am of opinion, therefore, that if an application were made for an order in the nature of a mandamus to compel the Registrar to register these amendments it should be granted. I come now to the consideration of the two questions which have been asked in the special case: (1.) It has hardly been contended—nor can it be— that any of the proposed rules are repugnant to or inconsistent with “The Friendly Societies Act, 1882,” or any of the laws in force in New Zealand; the Registrar has grounded his refusal on other reasons. I answer this question in the negative. (2.) Section 16, subsection (1), (c), appears to me to have no bearing on the case: it deals with societies, not branches. It has been ingeniously argued that it might deal with branches in consequence of subsection (8), (g), as the letter “g” is probably a misprint for “9,” and the sentence should be printed as a separate subsection instead of a mere division of subsection (8); and this contention is supported by a comparison with the former Act and the English Act of 1885, section 25. But, even if that be so, the words do not apply at present, as the consent of the central body has not been obtained.

In accordance with this decision the complete amendment of the society's rules was thereupon registered, as though on an order of the Supreme Court.

18. The report of the committee on old-age pensions appointed by the Treasury, in England, published last year, contains the following references to the work of friendly societies:—

One difficulty against which friendly societies have to contend is that of enforcing a distinction between sickness as insured against in the scales of contribution and the infirmity resulting from old age. This difficulty was not taken into account when the societies were established, and their finances have consequently had to stand a strain of unforeseen severity. The societies are under strong temptation to grant support to their members while no other source, except poor-law relief, of maintenance in old age exists. . . . The schemes submitted by or in connection with friendly societies fall into two classes: Some suggest that the State should give old-age pensions to all members of friendly societies, at a certain age, and after a certain length of membership; others propose that part only of the old-age pension should be given by the State, and the remainder by the society. . . . The constitution of the affiliated orders forming the main body of the friendly societies with which the State would have to deal is so far localised that no general inference can be drawn from statements relating to the assets and liabilities of any such order as a whole. The separate funds of many of the branches—usually called lodges or courts—of such an order may be actuarially insufficient to meet the liabilities of the branch, while the separate funds of other branches of the same order may be more than sufficient. The deficient branch has no right to have recourse to the surplus funds of the more wealthy branch, or to the central funds of the order. It is true that cases of this kind are often assisted by the order from a central relief fund, but such assistance is purely voluntary, and nearly always dependent upon considerable retrenchment by the branch itself. The order as a whole is not liable to make up the deficiency of a branch. Even if the financial consideration were disregarded, it would be a direct premium on bad management if the State were to require from a solvent branch its full contribution as a condition of pensions to its members, while at the same time it paid pensions to the members of an insolvent branch which had been unable to make any contribution at all. In criticizing the financial status of the friendly societies the distinction between a friendly society and an insurance office should be borne in mind. A friendly society generally combines insurance against death and insurance against sickness, and this circumstance alone may have created some of the difficulties which now beset the friendly societies. A light rate of mortality will, of course, be favourable to a society as regards death benefits; it may be otherwise in the case of sick benefits. The claims on a society in respect of sickness increase with the age of the members, and the effect of a light rate of mortality is that a larger number of members survive to the ages at which sickness claims are mostly payable. . . . The orders are evidently sensible of the necessity of strengthening the financial position of their weaker branches, and many of them are taking measures with that object. We fully recognise the good work done by the friendly societies, and the important benefits which they confer.

19. Valuations were made during the year 1898 of the following societies:—

M.U.I.O.O.F.—Marlborough District Widow and Orphan Fund; Ashley District; Ashburton District.

A.O.F.—Canterbury United District.

S.D.T.—National Division of New Zealand.

P.A.F.S.A.—Grand Council of New Zealand.

20. Summarised results of the valuations are given in two tables (Appendix V.).

Table A shows—

1. Number of members at date of valuation;
2. Present value of benefits;
3. Present value of contributions to benefit funds;
4. Value of accumulated benefit funds;
5. Surplus or deficiency;
6. Average surplus or deficiency per member;
7. Average age of members;
8. Average annual contribution, per member, to benefit funds;
9. Average value, per member, of accumulated benefit funds;
10. Rate of interest, per annum, credited to benefit funds (average for quinquennium);
11. Surplus or deficiency at previous valuation (average per member).

Table B shows—

1. Ratio to liabilities of—(a) Present value of contributions to benefit funds; (b) value of accumulated benefit funds; (c) total assets; (d) surplus or deficiency.

21. Although New Zealand experience, so far as it was available, was last year utilised for the calculation of a table of rates of contribution, the compilation of facts on which to establish a sound system of friendly society finance must be continued, not only in order to complete the experience, but also because some of the conditions affecting it may in the course of time undergo an appreciable change. All the progress that has been made in any branch of science has been preceded by the tabulation of recorded observations. Without statistics a forecast of the future is nothing more than an unreliable and inconclusive guess. The power of prediction is derived from systematized knowledge. Many years ago official warning was given of a previously unsuspected danger to the finances of friendly societies in New Zealand. The exceptionally light mortality of the colony was generally thought to justify the assumption of a correspondingly favourable sickness rate. It was, however, pointed out that, on the contrary, the probable effect of greater longevity