

MINUTES OF EVIDENCE.

WEDNESDAY, 9TH SEPTEMBER, 1908.

FRANK JENNINGS examined. (No. 1.)

1. *The Chairman.*] Do you reside in Wellington?—Yes.

2. What do you represent here this morning?—Personally I am representing my lodge. Hitherto I have been acting as parliamentary agent for all the Druids in the Dominion, to watch legislation in the interests of the order; but to-day I represent the Druids generally, and my own lodge in particular.

3. Can you tell me how many lodges you have in the Dominion?—I should say there are between 110 and 120.

4. And their membership?—Over 13,000 in the aggregate.

5. Will you just make your statement in your own way?—Recognising, sir, that you do not want any undue trespassing on the time of the Committee, I will just run through the objections as they appear to me. In connection with the Bill, there are several sections of a drastic nature which, if they evolve into law, will, in my opinion, have a tendency to materially weaken the present position; therefore I will point out my objections, and suggest alterations of a remedial character. Section 34, in reference to Government audit: In this section the power proposed to be vested in the Registrar is one that I respectfully submit cannot commend itself to friendly societies generally, for, whilst the matter of public audit is welcomed in the examination of our financial transactions and other operations, yet it is only a fair and reasonable request to make that a limitation of power should be fixed, as the section, if approved by the Legislature, will confer authority on the Registrar to at any time (and as often as he deems proper) demand the production of the books, &c., of a lodge for purposes of either audit, inspection, or inquiry. I am not aware that ever a representative member of a friendly society suggested or anticipated that any part of the Bill would be susceptible of conferring power on those who will have the administering of the Act in the nature of machinery clauses which could be utilised to operate on societies in both a harassing and detrimental fashion. The stated periods of public audit ought to be definitely provided by the Act, and if this course of procedure is adopted it would, I am certain, eliminate any possible chance of friction between the Registrar and the various societies with reference to public audit. The section itself will give the Registrar power, and rightly so, to inquire into the financial position of the societies; but I submit we ought to know whether it is to be once in three months or six months. Section 41, subsection (3): The investing of lodge funds, and security for same, is a matter that requires serious consideration, and any person who is qualified to give an opinion on this subject will declare that sound and careful investment, in conjunction with securing the highest rate of interest consistent with absolute security, is the fundamental basis that a society has to look to in endeavouring to place it in a satisfactory financial position. In a number of instances trustees of a lodge carry out the valuations in connection with proposed investments, and in some of such cases the advances made are a bit more elastic in proportion to the proffered security than in the case of a Government Department or private individual advancing money on mortgage. To preclude the possibility of the existence of this condition of affairs a fixed principle could be affirmed in the transactions of friendly-society mortgages by the application of the methods and ratio of advances in proportion to security as authorised and carried out by the Government Life Insurance and Public Trust Offices. If it is necessary for the Government, acting through its Departments as the trustee of the Dominion, to provide such safeguards as I am alluding to in the investing of State funds, the necessity for similar safeguards becomes more accentuated in the controlling and investing of friendly-society moneys. The adoption of this procedure could not fail to elicit commendatory opinions from the large body of members, and secure for the societies all the requisite safeguarding in the mortgage transactions of the various bodies. And to corroborate this I put forward one of the remits sent to the Government by the Friendly Societies Conference of 1906, as follows: "Valuations—That in calculating the assets of a friendly society for quinquennial valuation the values of the properties held by societies as owners shall be based upon the value of a competent valuer, not upon the book value upon the society's books." If the course I suggest were adopted the question of book values would naturally devolve out of existence, for the reason that societies would have records in connection with the properties as furnished by the Valuer provided under the Act. Section 15: This section and the following one (16) are the cause of most of the trouble. The passing of this section would have the effect of creating at least one condition of affairs that is scarcely thought of at the present time and entirely unanticipated—viz., that in the future societies would be irrevocably deprived of the power of adjusting by means of their own rules a self-evident and inequitable anomaly that is at present in evidence in the major portion of the lodges throughout the Dominion. An analysis of the anomaly reveals the following facts: A large number of those lodges that were founded twenty years ago and over, commenced operations on a scale of contributions that is now almost universally admitted by friendly-society people to be markedly insufficient to provide for the benefits promised in the programmes propounded at the inception of the lodges alluded to. At various periods during the last twenty-five years attempts have been made from time to time by some of the orders to remedy the condition of affairs brought