

1920.
NEW ZEALAND.

FRIENDLY SOCIETIES AND TRADE-UNIONS.

FORTY-THIRD ANNUAL REPORT BY THE REGISTRAR OF FRIENDLY SOCIETIES,
FOR THE YEAR ENDED 31st DECEMBER, 1919.

*Presented to both Houses of the General Assembly pursuant to the Friendly Societies Act, 1909,
Section 9, and the Trade-unions Act, 1908, Section 16.*

The REGISTRAR OF FRIENDLY SOCIETIES to the Hon. the MINISTER.

SIR,—

Wellington, 1st July, 1920.

I have the honour to submit herewith, in accordance with the Act, the annual report of this Office for the year ended 31st December, 1919.

I have, &c.,

R. E. HAYES,

Registrar of Friendly Societies.

A GOOD YEAR.

The results of the past year's operations of the friendly societies of the Dominion indicate a vitality and buoyancy in the movement that must be gratifying to those who have advocated and worked for the voluntary system of providing social insurance for the working population. The increase in membership is the highest in any year since 1908, while the annual contribution income, which in 1915 and 1916 was actually decreasing, has also made substantial recovery. In whatever light the 1919 figures are viewed they read well, and it speaks volumes for these organizations and their benefits that, notwithstanding the losses in membership and the heavy strain on their resources during the five years of war and epidemic, they exhibit such satisfactory signs of recovery and progress.

WAR REINSURANCE OF DEATH BENEFITS.

The fund established by the Department in 1916, in co-operation with societies, for the protection of Funeral Funds against war liabilities still continues to receive belated claims, although the period covered under the agreement expired on the 31st March, 1920. Since that date death claims amounting to £260 have been received, but the additional liabilities are not expected to amount to more than a few isolated cases.

The following statement as at the 31st March, 1920, gives the result of the operations of the fund from its inauguration :—

Transactions from 1st October, 1916, to 31st March, 1920.

	£	s.	d.		£	s.	d.
Premiums from societies at 3½ per cent.	31,496	12	9	Death claims	55,950	0	0
Penalties, &c.	368	18	0	Expenses	1,330	7	6
State subsidy at 3½ per cent.	31,496	12	9	Surplus	6,081	16	0
	£63,362	3	6		£63,362	3	6

It will be remembered that the original rate charged was at 4 per cent., but, as the experience indicated this could be reduced, the societies have been debited with the lower rate—viz., 3½ per cent. It would now appear that this rate is more than sufficient to cover the risk, and one-half of the above-mentioned surplus will be available for distribution to the societies, subject to any further claims that may be received. The fund has successfully carried the societies through a very serious crisis as regards funeral risks, and has maintained the security of these benefit funds, many of which would have been heavily involved but for the consolidation of all societies' interests in this scheme.

REBATE OF SOLDIER MEMBERS' CONTRIBUTIONS.

Claims from societies in respect of the sick and funeral contributions of soldier members during the period of active service have been received and paid up to the 31st March, 1920, amounting to £23,613 19s. 2d.

Secretaries of societies are advised to complete their claims and forward them to the Registrar without delay, as the vote for this purpose will expire with the current financial year.

AFTER-DISCHARGE SICKNESS.

In accordance with the plan adopted by Cabinet of assisting societies in regard to the above liability, lists of soldier members were compiled by this office for each society from data previously received and sent out for completion by secretaries. The work of furnishing these returns was made as light as possible for societies, and after the first period had been returned to the Registrar the maintenance of the system involved very little extra work.

The number of returns to hand, however, are far from complete, and it is necessary to remind societies that unless the lists are furnished no determination of the liability is possible. From

the few returns so far received a preliminary examination discloses rather a wide diversity of experience, a result, however, which may be much modified when the massed data of the membership involved has been investigated.

MATERNITY BENEFITS.

The National Provident Fund Amendment Act, 1919, authorized an increase in the amount of maternity allowance to £6 for members of "approved" friendly societies, making the sum equal to the benefit provided for contributors to the fund under the main Act. The income qualification for this benefit was also raised from £200 to £300 in view of the change in wage rates.

The same amending Act also empowered "approved" societies to deduct from pension payments to members any amount due by way of contributions to the society for sick benefits; and the conditions for becoming "approved" societies for the purpose of the Finance Act, 1916, were enlarged to allow all registered benefit societies to adopt the special rules as required under the latter Act.

VALUATIONS.

The Actuary's staff completed a larger number of valuations than usual during the year, and this side of the Department work, which was affected by staff difficulties during the war, is now in a fair way to overtake all arrears.

The attention of societies is directed to the Actuary's report (attached hereto), and his references to the attempts to establish funds based on insufficient contribution bases should receive careful consideration.

REGISTRATIONS.

There were registered during the past year 6 new branches as follows: Lily of Clutha Rebekah Lodge (I.O.O.F.); Court Anzac, Court Pride of Henderson, Court Victory (Auckland District, A.O.F.); Court Pride of Clutha Valley (United Otago District, A.O.F.); Kiwi Tent (New Zealand Central District, I.O.R.).

The following registrations were cancelled by request:—A.O.F.: Court Star of Levin, Court Pride of Foxton and Court Alexandra (Wellington District).

The following society was dissolved by instrument: I.F.S., The Wakamarina Miners' Accident Relief Association.

The following change of name was registered: "S.A.S. Ivy of Linwood Co-operative Money Club" to "Linwood Co-operative Money Club."

The position of the orders in respect of registration is shown by the following summary as at the beginning and end of 1919:—

Name of Order.	Registrations at 1st January, 1919.	Established.	Closed.	Registrations at 31st December, 1919.
Manchester Unity Independent Order of Odd Fellows	226	..	..	226
Independent Order of Odd Fellows	105	1	..	106
National Independent Order of Odd Fellows	3	..	..	3
British United Order of Odd Fellows	1	..	..	1
Ancient Order of Foresters	154	4	3	155
Ancient Order of Shepherds	1	..	..	1
United Ancient Order of Druids	133	..	..	133
Independent Order of Rechabites	77	1	..	78
Sons and Daughters of Temperance	11	..	..	11
Hibernian Australasian Catholic Benefit Society	73	..	..	73
Protestant Alliance Friendly Society of Australasia	13	..	..	13
Isolated friendly societies	40	..	1	39
Working-men's clubs	16	..	..	16
Independent Order of Good Templars	11	..	..	11
Specially authorized societies	19	..	..	19
Totals	883	6	4	885

The list of societies and branches on the register as at the end of 1918 as published last year should be amended in accordance with the above changes.

RULES.

The rules of 24 societies and branches came under revision in one form or another for amendment during 1919.

Complete amendments were registered during the year, viz.:—

M.U.I.O.O.F.—Ashburton District.

A.O.F.—Court Pride of Alexandra (United Otago District).

S.A.S.—Linwood Co-operative Money Club.

Partial Amendments of Rules registered.

Partial amendments for the following were made:—

M.U.I.O.O.F.—Wellington District; Auckland District; Motueka District; United Westland District; North Canterbury District; Otago District; Hearts of Oak Lodge (Southland District).

A.O.F.—Wellington District (2); Court Charleston (Nelson District); United Otago District; Court Star of the Forest (United Otago District).

U.A.O.D.—Grand Lodge of the North Island of New Zealand.

I.O.R.—New Zealand District.

I.F.S.—Christchurch United Friendly Societies' Dispensary; Otago Daily Times Mutual Provident Society; The Fountain of Friendship Lodge Friendly Society (2); Wellington United Friendly Societies' Medical Institute; Te Akatea Miners and Settlers' Medical Association.

S.A.S.—Wellington United Friendly Societies' Dispensary.

ANNUAL RETURNS OF RECEIPTS AND EXPENDITURE, ETC.

The Friendly Societies Act requires these returns to reach me on or before the 31st March in each year. The number outstanding at that date in the respective societies was as follows:—

Annual Returns outstanding at 31st March, 1920.

Name of Society.	Central Bodies.	Branches.
M.U.I.O.O.F.	3	57
I.O.O.F.	..	24
N.I.O.O.F.	..	1
A.O.F.	3	18
U.A.O.D.	..	11
I.O.R.	..	23
S.D.T.	..	1
H.A.C.B.S.	1	28
P.A.F.S.A.	1	..
I.F.S., &c.	..	30
	8	193
	201	

STATISTICS OF MEMBERSHIP AND FUNDS.

The following table shows the membership of 735 lodges* of the Dominion for the year 1919:—

Number of members, 1st January	67,527
Number admitted by—	
Initiation, &c.	5,883
Clearance	497
	6,380
	73,907
Number who died	762
Number left by—	
Clearance	612
Arrears, &c.	1,935
	3,309
Number of members at 31st December	70,598

* The word "lodge," when applied to all societies, is to be understood as embracing the synonymous terms "court," "tent," &c., as used in the various orders.

The above figures show an increase in membership equal to 4.55 per cent., the highest since 1908. This is no doubt in part due to demobilization, as the generous treatment of soldier members by societies must have impressed many men who hitherto had not heard of or realized the benefits of society membership.

The percentage increase in the principal societies is as follows: I.O.O.F., 11.61; M.U.I.O.O.F., 4.74; U.A.O.D., 4.47; A.O.F., 3.84; H.A.C.B.S., 1.69; I.O.R., 0.45; P.A.F.S.A., 0.12.

The societies are to be congratulated on these excellent results; and it is interesting to note that the consolidated societies, with slightly over one-half the total membership, secured 75 per cent. of the gain. Most of the non-attached and small societies show no increase.

A table setting out the incidence of initiations and lapses for the past eight years is given below, showing the "peak load" of strain reached in 1916 and the sudden relief in 1919. The societies will now require to watch lapses very carefully. The low percentage in 1919 will be difficult to maintain, as these figures are probably due to the fact that the previous war years have drained the societies of the normal lapses. They will probably increase, concurrent with a high entrance-rate, unless special measures are taken to check the loss.

Proportion of Lapses to Initiations.

Year.	Initiations.	Lapses by Arrears.	Percentage Increase or Decrease in Membership.	Percentage of Lapses to Initiations.
1912	6,926	4,788	+2.20	69.1
1913	6,048	5,333	+0.15	88.2
1914	5,064	5,047	-0.76	99.6
1915	3,881	4,452	-1.8	114.7
1916	2,037	3,702	-3.7	181.7
1917	2,038	2,620	-2.7	128.5
1918	2,473	1,893	-1.8	76.5
1919	5,883	1,935	+4.55	32.9

The total funds of the societies and branches as on the 31st December, 1919, amounted to £2,184,653, made up as follows: Sick and Funeral Funds (inclusive of amounts transferred to special funds out of surplus), £2,018,815; Medical and Management Funds, goods, &c., £165,838. Dividing the total funds by the number of members at the end of the year it is found the average capital per member is now £30 18s. 11d.

Taking the several years 1910-1919, the number of lodges whose returns were tabulated, the number of members, total funds, and average capital per member at the end of each year were as under :—

Year.	Number of Lodges tabulated.	Number of Members.	Total Funds.	Average Capital.
			£	£ s. d.
1910	609	68,006	1,367,282	20 2 1
1911	658	71,771	1,441,353	20 1 8
1912	664	73,243	1,553,339	21 4 2
1913	681	73,691	1,643,177	22 6 0
1914	717	74,074	1,744,456	23 11 0
1915	728	73,027	1,852,355	25 7 4
1916	727	70,360	1,954,940	27 15 8
1917	730	68,771	2,052,753	29 17 0
1918	731	67,527	2,100,443	31 2 1
1919	735	70,598	2,184,653	30 18 11

These sums are, of course, held against the societies' liabilities under their sickness and funeral insurances, and the actuarial reports issued from time to time indicate how far they are sufficient or otherwise.

The above figures include the latest statistics received from lodges.

The following statement shows the disposal of the total funds (including those of the central bodies) as on 31st December, 1919 :—

Funds.			Assets.		
		£			£
Sick and Funeral Funds	1,923,347	Investments at interest	1,845,352		
Surplus Appropriation Funds, &c.	95,468	Value of land and buildings	196,557		
Management Funds, goods, &c.	107,999	Cash not bearing interest	94,844		
Widow and Orphans' Funds	17,775	Value of goods	12,989		
Distress, Benevolent Funds, &c.	40,064	Other assets	31,581		
		Owing by Management Fund	3,330		
Total	£2,184,653	Total	£2,184,653		

The next table shows the number of members of friendly societies, the amount of their accumulated capital, and the average capital per member in each of the Australian States and in the Dominion of New Zealand, according to the latest received statistics, arranged in order of membership :—

State or Dominion.	Date of Return.	Number of Lodges.	Number of Members.	Amount of Funds.	Capital per Member.
				£	£ s. d.
New South Wales	31st December, 1917	1,884	178,857	2,113,754	11 16 4
Victoria	" 1918	1,496	149,558	3,073,083	20 10 11
New Zealand	" 1918	731	67,527	2,100,443	31 2 1
South Australia	" 1918	509	67,047	1,377,149	20 10 10
Queensland	" 1918	478	53,194	946,531	17 15 11
Tasmania	" 1918	189	21,996	262,039	11 18 3
Western Australia	" 1918	257	17,786	279,025	15 18 9

Sickness.

The number of members sick during 1919 was 13,611, equal to 20·45 per 100 members at risk. The sickness experienced during 1919 was 145,652 weeks, equal to 10 weeks 4 days per sick member, and 2 weeks 1 day for each member at risk.

Mortality.

The following statement of average mortality experienced during the years 1915-19 is given herewith, but it takes no account of age incidence :—

Year.	Members.		Wives.	
	Number who died.	Number per 1,000 Members at Risk.	Number who died.	Number per 1,000 Members at Risk.
1915	767	10·63	240	3·33
1916	977	13·08	232	3·26
1917	1,287	18·55	260	3·75
1918	1,821	26·85	457	6·74
1919	762	11·45	282	4·24

It will be observed that the high death-rate of the war period shows the expected fall towards pre-war rates.

Sick and Funeral Funds.

The contributions and entrance fees paid to Sick and Funeral Funds in 1919 amounted to £120,338. This item in 1913 totalled £111,475, and fell in 1916 to £108,661. The increased revenue now shown confirms in substantial form the figures relating to membership already referred to. Divided by the mean number of members the average for 1919 was £1 14s. 10d., as compared with £1 14s. 5d. in 1918.

The interest and rent received by the lodges and central bodies amounted to £95,027 in 1919, equal to £1 7s. 6d. per member, as against £1 6s. 6d. for 1918.

The amount of sickness benefit paid was £99,598 in 1919, equal to £7 6s. 4d. per member sick, and £1 8s. 10d. per member, as against £6 11s. 1d. and £1 8s. 5d. respectively for 1918. Viewing the amount paid in relation to the weeks of sickness, the average benefit per week is found to be 13s. 8d. in 1919, as compared with 13s. 9d. in 1918.

The funeral benefit paid amounted to £52,618 in 1919, equal to 15s. 3d. per member, as compared with 19s. 5d. for 1918.

The total worth of the Sick and Funeral Funds of 735 lodges at the beginning of 1919 was £1,873,510, and at the end of the year £1,923,347. The balance of gain for the year was £49,837, or 14s. 5d. per member, in 1919, as compared with £43,979, or 12s. 11d., in 1918.

Investment of Funds.

The net income from investments credited to the Sick and Funeral Funds for 1919 amounted to £95,027, the average rate being £5 2s. 8d. per cent., as against £5 0s. 1d. in 1918.

TABLE SHOWING THE TOTAL WORTH OF SICK AND FUNERAL FUNDS OF 735 LODGES AS ON 1ST JANUARY, 1919, AND 31ST DECEMBER, 1919, INCLUSIVE OF ACCUMULATIONS HELD BY CENTRAL BODIES, ALSO AMOUNT AND AVERAGE RATE OF INTEREST EARNED.

Name of Society.	Total Worth of Sick and Funeral Fund as on		Amount of Interest.	Average Rate per Cent.
	January 1, 1919.	December 31, 1919.		
	£	£	£	£
M.U.I.O.O.F.	787,911	794,888	40,071	5.20
I.O.O.F.	122,594	130,618	5,362	4.33
N.I.O.O.F.	4,966	4,845	226	4.72
B.U.O.O.F.	3,831	3,954	192	5.06
A.O.F.	438,650	447,814	21,593	4.99
A.O.S.	1,289	1,283	67	5.35
U.A.O.D.	305,912	323,151	15,649	5.10
I.O.R.	93,301	98,206	5,690	6.12
S.D.T.	23,225	24,141	1,116	4.83
H.A.C.B.S.	37,092	38,230	1,992	5.43
P.A.F.S.A.	26,269	27,068	1,498	5.78
Other societies	28,470	29,649	1,571	5.56
Totals	1,873,510	1,923,347	95,027	5.13

In nearly all societies an increase in the rate of interest earned is disclosed, which societies should endeavour to maintain and further improve at the present time of high rates.

Appendices and Tables.

A limited stock of the tables and detailed statistics relating to valuations and the annual transactions is this year published separately.

TRADE-UNIONS.

Three trade-unions were registered during the year—viz., The Northern Fishermen's Union (Auckland); The King-country Sawmill and Timber Workers' Union of Workers (Taumarunui); and The Kiripaka Coal-miners and Workers' Union (Kiripaka).

The following registration was cancelled by request: New Zealand Workers' Union.

The following change of name was registered: "The Federated Agricultural and Pastoral Workers' Union of New Zealand" to "The New Zealand Workers' Union."

Complete amendment of rules was registered during the year—viz., the New Zealand Workers' Union.

There were 31 unions on the register at the end of the year.

INCORPORATED SOCIETIES ACT.

During 1919 there were 95 societies, clubs, or associations incorporated under this Act, and amendments of rules of 51 societies were accepted. Twenty-eight societies were dissolved, and two were wound up. On the 31st December, 1919, there were 1,208 incorporated bodies on the register. A classification of these societies gives: 452 sports clubs; 360 automobile, social, and musical clubs; 203 professional, commercial, industrial, &c.; 92 public-hall societies; and 101 miscellaneous.

EXPLANATORY NOTE OF TERMS USED IN REPORT.

A.O.F. . . . .	.. .. .	Ancient Order of Foresters.
A.O.S. . . . .	.. .. .	Ancient Order of Shepherds.
B.U.O.O.F. . . . .	.. .. .	British United Order of Odd Fellows.
H.A.C.B.S. . . . .	.. .. .	Hibernian Australasian Catholic Benefit Society.
I.F.S. . . . .	.. .. .	Isolated friendly society.
I.O.G.T. . . . .	.. .. .	Independent Order of Good Templars.
I.O.O.F. . . . .	.. .. .	Independent Order of Odd Fellows.
I.O.R. . . . .	.. .. .	Independent Order of Rechabites.
M.U.I.O.O.F. . . . .	.. .. .	Manchester Unity Independent Order of Odd Fellows.
N.I.O.O.F. . . . .	.. .. .	National Independent Order of Odd Fellows.
P.A.F.S.A. . . . .	.. .. .	Protestant Alliance Friendly Society of Australasia.
S.A.S. . . . .	.. .. .	Specially authorized society.
S.D.T. . . . .	.. .. .	Sons and Daughters of Temperance.
U.A.O.D. . . . .	.. .. .	United Ancient Order of Druids.
W.M.C. . . . .	.. .. .	Working-men's Club.

REPORT BY THE ACTUARY.

To the Registrar.

12th June, 1920.

THE work of valuation was still being carried out under some disadvantages last year as, largely owing to the effects of the war, staff reorganization had become necessary with the consequent rearrangement of office accommodation which has subsequently taken place. The actuarial work arising out of recently completed valuations, more especially in connection with applications under the Friendly Societies Act for appropriations of surplus capital, has latterly increased considerably. Caution in dealing with such matters has, of course, to be exercised at the present time, as a considerable period must elapse before the full effects of the war on the sickness and mortality experience of the societies can be disclosed by future valuation. The additional actuarial work entailed by the growing requirements of the societies may, however, be considered a satisfactory general indication of their progress towards a stronger financial position.

The same mortality and sickness basis has been adopted for valuation purposes as in previous years—viz., the experience of New Zealand Friendly Societies up to age 70, and Sutton's English Sickness Tables and Farr's Healthy English Mortality Tables after that age, with modification in special cases. Particulars of the valuations completed are given in Appendix IV.

The following societies were valued during the year:—

- (1.) The South Canterbury District, M.U.I.O.O.F., comprising 5 lodges.
- (2.) The Taranaki, New Zealand, District, A.O.F., representing 11 courts.
- (3.) The Wellington District, A.O.F., with 30 courts.
- (4.) The Nelson District, A.O.F., with 11 courts.
- (5.) Sanctuary Sir George Grey (Wellington), A.O.S.
- (6.) The Grand Lodge of the North Island of New Zealand, U.A.O.D., representing 85 lodges.
- (7.) The Grand Lodge of Canterbury, New Zealand, U.A.O.D., with 23 lodges.
- (8.) Grand Council of New Zealand, P.A.F.S.A., representing 12 lodges.
- (9.) Widow and Orphans' Society, Wellington District, M.U.I.O.O.F.

Speaking generally, the valuations of the principal funds of the societies specified above show either a position of complete solvency—*e.g.*, (1), (2), and (9)—or that more or less satisfactory progress had been made in that direction. (1), (3), and (6) afford instances of a progressive policy in recent revisions of contribution or benefit scales, while good interest earnings and efficient management generally have contributed to the improvement shown in the aggregate valuation results.

Certain funds, on the other hand, originally established on an insufficient or unscientific contribution basis, and subsidiary to the main society funds, show very unsatisfactory valuation results. The Insurance and Superannuation Funds belonging respectively to Grand Lodges (6) and (7) above of the U.A.O.D. are cases in point, the financial position of these special funds being such as to require immediate attention. In the case of (6) some steps to strengthen the contribution basis of the Insurance Fund have recently been taken, and, although this is satisfactory so far as it goes, something still remains to be done. A small special benefit fund in connection with (8)—*i.e.*, the P.A.F.S.A.—depends for levies on the principle of assessmentism which has repeatedly been proved to be an unsound system of contribution.

Little effect traceable to the war was apparent on the sickness experience of the societies valued, or on their mortality experience, when the date of valuation was 1915. When the valuation date was later than 1915, however, an increased mortality, at ages under 40, was, as might naturally be expected, a feature of the experience of the larger societies.

C. E. GALWEY, A.I.A. (London), Actuary.

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