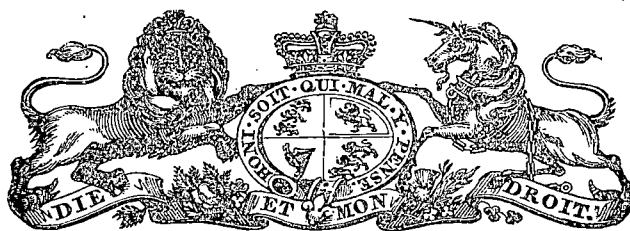


(No. 76.)



1890.

PARLIAMENT OF TASMANIA.

FRIENDLY SOCIETIES:

REPORTS OF THE REGISTRAR AND STATISTICIAN FOR
THE YEAR 1889.

Presented to both Houses of Parliament by His Excellency's Command.



Public Buildings, 10th June, 1890.

SIR,

I HAVE the honor to present to you my Second Annual Report as Registrar under "The Friendly Societies Act, 1889."

The following transactions have been registered by me during the year 1889 :—

New Society registered	1
New Branch registered.....	1
Societies dissolved	1
Amended Rules registered.....	9
Appointment of Trustees.....	7
Change of Office.....	1

I would desire to repeat the following observations contained in my first Report, dated 17th July, 1889 :—

"It is a matter of deep regret that since the passing of the Friendly Societies Act, 1888, no less than three criminal prosecutions of defaulting officers of Friendly Societies have been heard before the Supreme Court, in two of which the persons charged were convicted. The moneys entrusted to the care of officers of Friendly Societies in this Colony amount to a very considerable sum (in 1887, according to the official statistics, the capital was £52,468 ; receipts, £22,133), and it is worthy of most serious consideration whether the accounts of Friendly Societies should not be subjected to official audit. Provision for the appointment of public auditors exists in Section 35 of the Act ; but as the employment of such public auditors is not compulsory on any society, it is questionable whether the section would meet the case if a public auditor were so appointed.

"Some steps should also be taken to authorise enquiry to ascertain whether the provisions of Section 17 of the Act, Sub-section (1), with respect to securities to be given by officers of societies having the receipt or charge of money, are given effect to. The Act is silent as to the custodian of the bonds, and I would suggest for consideration the propriety of causing all bonds so given to be deposited with the Registrar.

"Comparatively few of the societies have registered amended rules, and I would submit that measures should be taken without delay to cause all societies to bring their rules into harmony with the requirements of the existing law. Section 3 of the Act provides that rules of then existing societies shall continue in force 'so far as the same are not contrary to any express provision of the Act' ; but as most of such rules must necessarily contain clauses which cannot be acted upon, there is a danger that, unless altered, unintentional breaches of the present law will occur."

I feel that the importance of these matters justifies the repetition of my suggestions, and I would ask that they may receive your very serious consideration. Of necessity, many of the officers of Friendly Societies are not skilled in figures, and it is only a matter of justice to the large number of contributories to the funds of the societies that they should have the fullest protection against any loss or misapplication of such funds which might deprive them of the benefits to result from their contributions. It must be borne in mind that the majority of members of Friendly Societies are men of very limited means, whose contributions are often met with great difficulty, and the loss of the benefits to accrue is to them a matter of most serious importance.

The harmonising of the rules of the different societies with the existing Act is also a matter which requires attention. It is true that the Act provides (Section 3) that rules in existence prior to its date "shall, so far as the same are not contrary to any express provision of this Act, continue in force until altered or rescinded ;" but this section would, in all probability, be overlooked by the societies in very many instances when the old rules are referred to as a guide in matters which, although provided for in such rules, might be contrary to some of the express provisions of the Act.

Trades Unions.

An Act was passed on 7th November, 1889, to legalise Trades Unions in Tasmania, and to provide for their registration, but up the present date no Trade Union has been registered by me.

I have the honor to be,

Sir,

Your obedient Servant,

PHILIP S. SEAGER,
Registrar Friendly Societies.

The Honorable the Attorney-General.

General Registry Office, Hobart, 11th July, 1890.

SIR,

In accordance with Clause 10 of "The Friendly Societies Act, 1888," I have the honor to furnish the following Report with respect to the year ending 31st December, 1889.

Model Forms of Accounts. (Clause 9a.)

The approved forms are regularly supplied by this office to all known Friendly Societies in the Colony. So far as any one form of balance sheet can be adapted to the varying modes of keeping accounts by different societies, the present forms in use answer their purpose admirably. It must be admitted, however, that as most of the secretaries of branch lodges are not skilled accountants, the slightest modification necessary to make up their several accounts accurately, while conforming to the requirements of law, produces much perplexity or confusion. Even where the attention of the officer can be readily secured by correspondence, it is often a very difficult matter for many of them to comprehend instructions so given, owing to the lack of knowledge of the elementary principles of book-keeping. This matter is more fully dealt with under the head "Collection and Publication of Statistical Information."

Collection and Publication of Statistical Information. (Clause 9 b.) Collection.

Under Clause 14 d. it is required that in every year, before the first day of February, each society or branch society shall send the approved Annual Returns for the year immediately preceding. Although all the forms are duly transmitted to the various secretaries to enable them to comply with this requirement, it is to be deeply regretted that very few societies comply with it. Even at this date returns of any kind have not been received from 10 out of the known 94 societies supposed to be still in existence. In many cases this office can get no response to communications forwarded. It is apparent that with many officers there is the greatest disinclination to supply the necessary particulars. This is shown by the fact that as many as six reminders to one person have failed to influence him in forwarding his yearly returns. Were it not for the very praiseworthy assistance of District Secretaries some of the societies returns could not be secured at all. It is true, proceedings might have been instituted for "Disobedience to lawful requisitions," (Clause 14 iv. b.) against offending persons; but in my former report reasons were given against taking stringent action. It was then shown that many of the minor lodges are too small to afford the salary of a properly trained accountant or secretary, and consequently these duties are usually carried on gratuitously by such among the members as can be induced to take this honorary work on behalf of the others; and despite the fact that such duties are performed by them as well as they are able, their lack of skill makes that to them onerous and difficult which would be an easy and simple matter to one skilled in accounts. Under ordinary circumstances it must be difficult enough for such small lodges in isolated centres (some only possessing as low as 11, 9, 8, and even 7 members,) to secure the services of an honorary secretary; but were such duties made more irksome to them by being subjected personally to penalties under "The Friendly Societies Act," it is possible that no one could be induced to take the responsibility. I am therefore averse to take proceedings against such officers fearing indirect injury to the practical good really effected by such rudimentary provident organisations. It is possible that any stringent effort to force them up to an ideally perfect standard might simply have the effect of blotting them out of existence, and thus doing them a harm instead of good; which latter is undoubtedly the spirit which underlies the provisions of "The Friendly Societies Act."

Audit of Accounts.

Remarks of a similar kind apply to many of the auditors of accounts in connection with minor lodges. There is abundant proof that the balance-sheets sent to this office are not audited in any sense of the word, but merely bear the signatures of persons professing to have performed these duties. Some of the accounts professed to be audited as correct for one year contain the figures for quite a different period. In many cases they do not take the trouble to see that the balance of the previous year is correctly carried forward to the next period, while not a few do not trouble to see

that the four or five figures in a column of debit or credit are added up correctly. This imperfection in many returns, and the difficulty experienced in getting them corrected by means of tardy correspondence, and without the advantage of reference to books and vouchers, make the work of the compiler difficult and highly unsatisfactory. Added to these defects we have still to combat with the action of the societies themselves. Many have not altered their regulations as regards the distinct separation of their fees, so as to enable the secretaries to keep accounts separately as required by the Act. The lodges of the Independent Order of Oddfellows (not the M.U.) and the Ancient and Independent Order of Oddfellows still persist in merging their *Sick and Funeral Fund* and their *Incidental and Management Fund* in one common account.

The only way to effect a real benefit to the members of these societies would be to provide them with good auditors, trained to such work, and thoroughly conversant with the provisions of "The Friendly Societies Act."

The Auditor-General, by means of skilled travelling auditors or inspectors, accomplishes this work in a most thorough and satisfactory manner for the various municipalities and public offices throughout the island. Nay, more, they in effect act as schoolmasters in imparting (personally) instruction in the proper manner of keeping accounts. These same officers, if empowered to do so, might at the time of visitation to any locality also perform a similar service to the various Friendly Societies throughout the island. I am satisfied the members and secretaries would gladly avail themselves of such a valuable aid, and even if it required the appointment of an additional officer in the Audit Department, the expense would be insignificant in comparison to the great boon it would be to the Friendly Societies generally. In like manner their balance-sheets, together with proper vouchers, might be sent to the Auditor-General yearly to be audited in the same way as Road Board and Road Trust balances are audited. It would give greater security to all matters connected with Friendly Societies if this course could be adopted, and I am certain that the unfortunate discrepancies recently discovered in one or two lodges would have been detected at the proper time if the audit of accounts were centred in the hands of the Auditor-General and his skilled staff. I cannot too strongly urge the adoption of these recommendations, for I am thoroughly persuaded that, with the present state of affairs, the pretentious computations of the Actuary with such materials would be both misleading and useless as regards the financial condition of funds which accumulate at compound interest, so long as such funds are mixed up with other funds of a final character; and so long as no proper audit of accounts exists it will be of little value to insist upon the provision for quinquennial valuation of the financial condition of any such society by a skilled actuary, for it is only of value where skilled audit obtains.

Publication of Statistical Information.

During the year 1889 elaborate statistics containing a full statement of the affairs of each society sending returns to this office were posted to the secretary of every known lodge in the island. The tables were afterwards printed in the General Statistical Volume for the same year. A copy of my former Report relating to the year 1888 was similarly distributed. The same course will be adopted this year as soon as the outstanding returns come to hand for compilation.

Much time also has been given to the secretaries of several lodges in assisting them in various ways as regards the preparation of returns and other matters.

I hope, in conclusion, that some steps in a practical direction may be taken this year to remedy the defects referred to in this Report.

I have the honor to be,
Sir,

Your obedient Servant,

ROBT. M. JOHNSTON,
Registrar-General and Government Statistician.

The Hon. the Attorney-General.