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REGIONAL HISTORY RESEARCH PAPER

THE HISTORY OF SINGLE FRIENDLY SOCIETIES  
IN THE HUNTER RIVER REGION OF NEW SOUTH WALES

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## History of Single Friendly Societies in the Hunter Valley New South Wales

This paper deals with single friendly societies domiciled in the Hunter Valley and registered under the provisions of the Friendly Societies Act 1912. The paper does not deal with branches also known as lodges or regional offices of affiliated societies which have a central body and branches throughout the state. The paper also does not deal with any societies in existence prior to the 1912 Act as the records do not indicate that any existed in that era.

The single societies covered by this paper together with their dates of registration and termination where this occurred are shown below-

<u>Name of society</u>	<u>Date of regist- ration.</u>	<u>Date of cancella- tion of registration</u>
Mechanics Medical Assurance Scheme	21-10-53	30-4-77
Cooks Hill and District Old Age and Invalid Pensioners Association and Funeral Fund	13- 2-59	6-3-84
Wickham Old Age & Invalid Pensioners Funeral Lodge	6- 6-56	13-9-88
The Store Hospital and Medical Fund	2- 9-65	1-7-81
Newcastle Friendly Society	15- 3-89	-
Greater Newcastle Friendly Society	24- 4-89	-

The Cooks Hill and Wickham funeral funds respectively had their origins from the sponsorship of a number of funeral funds by the Old Aged and Invalid Pensioners Association of New South Wales. A number of these were subsequently under the provisions of the Friendly Societies Act as part of a drive to get these societies registered. The contribution rates payable under the rules by members were crudely compiled and not on the basis of precise actuarial advice. This resulted in the younger members paying much the same rate as older entrants and thus they were over-paying. This was possibly regarded as some form of cross subsidy for the older members as in some cases these would have not have lived long after the short qualifying period for which they had to survive in order to be eligible for a funeral benefit payable upon their death. When the societies came under the Act this anomaly was difficult to remedy and the most expedient method was to introduce new contribution tables to apply to new entrants and to leave the old members as they were. When the societies were actuarially valued rule alterations were submitted to the societies for adoption so that bonuses were payable upon the death of the member in addition to the funeral benefit. This distributed surpluses that arose and largely corrected the anomaly caused by the contributions of the members who lived longest being in excess of the basic funeral to which they were entitled. The valuations were completed on a compulsory basis free of charge at 5 yearly intervals in respect of societies which carried on insurance type business. The valuations were made by the actuary attached to the office of the Registrar appointed under the act.. The Actuary was the Government Actuary or one of his staff appointed for this purpose. The valuation determined the future liabilities of the fund which were compared to the value of the funds on hand together with the future income of the society. The surplus was invariably distributed as bonuses.

A number of other problems arose in respect of these societies. Firstly with the onset of inflation the benefits for which the members contributed even with bonus additions became totally inadequate to pay for a funeral service. Members were not willing to pay a higher contribution for a better benefit and in any event their advanced age made this a difficult matter to arrange. Another interesting phenomenon which frequently occurred was that the members or their committee thought that the funds of the society were sufficient to pay a much larger benefit. Without actuarial advice these estimates were wild and if put into effect would have left no money to pay for the benefits expected by the longest surviving members. It was these sort of arrangements that in the previous century caused societies to be brought under legislation and the commencement of the profession of actuary. It was also common for societies to adopt a converse view to the above .

The lack of adequate benefits and other economic factors led to a falling off in recruitment of new members. This in turn led to a falling off in members young enough to carry out the honorary office of secretary and treasurer. The work was mainly that of receiving recording and banking the periodic contributions payable by members usually fortnightly.

Problems also arose from members who stopped paying their contributions. Periodically they had to be removed as members. This meant that they lost their rights to benefits and the simple rules of these societies did not contain any non-forfeiture provisions or adequately cover this situation. However the arrangements necessary to remedy this would have been too complex for the office bearers to handle and few complaints were received in regard to this matter.

In the end because new office bearers could not be found the pensioner funeral funds went out of existence. As shown in the table Cooks Hill was the first to go and in this case the secretary handled all of the arrangements necessary to put this into effect. The moneys were divided amongst the members after allowing for all prior claims on a basis determined by the actuary. In essence this was in accordance to length of membership. This took into account both the amount paid by the member and the investment income accruing during the membership. The details regarding Wickham are given in the taped interview with Mr Vernon Wong See herewith.

The origins of the Store Hospital and Medical Fund and the Mechanics Medical Assurance Scheme were entirely different as they were formed to provide health benefits under the provisions of the National Health Act 1950. The benefits payable under the Act caused a cessation of the previous contract system under which mine workers and many other persons paid a direct subscription to their doctor and in turn were entitled to treatment without any further payment. The Mechanics scheme was sponsored by the Mine Mechanics Union for the benefit of its members. The Store Hospital and Medical Fund was formed as an adjunct to the business of the Newcastle Regional Co-operative. Contributions were paid via member's store accounts and the fund was administered by employees of the store. The committee of the fund was identical with the board of the store.

*These health societies were initially registered under the National Health Act only with some registered as Friendly Societies at a later date.*

The Health Insurance Act introduced the original Medibank scheme on 1 July 1975. The Mechanics scheme decided to go out of existence. The former manager had secured a position with the Health Insurance Commission which administered Medibank as part of these arrangements. The funds remaining after payment of all claims were donated to medical research.

The Store fund remained in operation after introduction of Medibank. Its functions then became the provision of ancillary type of medical benefits such as dental, optical, private ward hospital, and gap medical which was provided in conjunction with acting as a claim payment agent for Medibank. The gap payment was the difference between 85% of the schedule fee for the service under the National Health Act paid by Medibank and the schedule fee. Any amount over and above the schedule fee had to be borne by the member. On 1 October 1976 following a change of Government members became free to obtain their medical benefits from a source of their own choice. This resulted in funds providing a full range of benefits again but they did not recover their erstwhile membership due to Medibank having a continuing role also as a private health benefit insurer in competition with other funds.

The Store fund continued on as a viable organisation but unfortunately the store upon which it was dependant ran into difficulties and became subject to the appointment of an administrator and subsequently went into liquidation. The wash up of this was that the engagements of the fund were transferred to the Newcastle Industrial Benefit Society (N.I.B.) with effect from 1 July 1981 the day upon which the registration of the fund was cancelled.

At the same time while the traditional activities of societies were on the wane societies in Victoria had become active in marketing flexible endowment insurance commonly known as insurance bonds. Eventually this spread to New South Wales in competition with the recruitment of funds by banks, credit unions, and building societies. As a consequence of this the Newcastle Building Society sponsored the formation of the Newcastle Friendly Society which was to provide members with a range of benefits including payments of sums upon death and investment by way of insurance bonds. Administrative arrangements for the Friendly society were to be provided by the building society. Shortly afterwards the Greater Newcastle Building Society sponsored the formation of the Greater Newcastle Friendly under like arrangements. This was followed by the other major societies also sponsoring friendly societies to provide a range of benefits for members.

The interest in the new activities plus the need to update the Friendly Societies Act led to Cabinet approving on 15 August 1989 the introduction of a completely new Friendly Societies Act.

The above is a short outline of the history of friendly societies in the Hunter Valley and the interview connected with this gives an insight into the end of the last society to go out of existence.

#### BIBLIOGRAPHY.

Registrar of Friendly Societies Report to Parliament year ended 30.6.77  
 Personal sources of author as former senior inspector of friendly societies  
 Interview with Mr Vernon Wong See of the office of Registrar of Friendly Societies

SUMMARY OF TAPE

A. Introduction of subject and interviewee Mr. Vernon Wong See of the Business And Consumer Affairs Agency.

B.

Q.1.

&A.1.

Particulars of Mr. See's service in Business and Consumer Affairs which took over the functions of the former Department of Co-operative Societies in 1988.

Q.&A. 2.

Account of the reasons for the lack of office bearers to carry out the activities of the Wickham Old Age & Invalid Pensioners Funeral Lodge.

Q. &A. 3

Confirmation that the former secretary had gone to live in another distant location. (Nundle)

Q.&A. 4.

Details of unsuccessful efforts made to find another secretary to carry on the activities of the funeral lodge.

Particulars of membership of 100 persons and funds on hand \$27,000.

Particulars of arrangements made for the orderly winding-up of the funeral lodge.

C. General comments upon the adverse trend to which funeral funds are becoming increasingly subject.

Account of difficulties in obtaining office bearers to carry out proper arrangements for application of surplus funds on hand for mutual benefit of the members .

INTERVIEWER:

RECORDING MADE BY FRANK WOODGATE AN OPEN FOUNDATION STUDENT AT THE UNIVERSITY OF NEWCASTLE ON 17 AUGUST 1989.

The recording relates <sup>to</sup> the history of single friendly societies in the Hunter Valley area of New South Wales. The person interviewed is Mr. Vernon Wong See an officer of the Department of Business and Consumer Affairs.

Q.1. Vernon I will just ask you to give some brief particulars about your service with the department.

INTERVIEWEE:

A.1. Yes I joined the department in in 1972 , December 1972.

Specifically I was inspecting the credit unions , co-operatives and and friendly societies latterly . I have had exposure to friendly societies over the last 3 to 4 years and since Frank Woodgate retired I have more or less been responsible for friendly societies. I myself retired effectively on the 10th of March of this year but the agency (department) saw fit to employ me for another 12 months until 1990 when I will be well and truly retired.

INTERVIEWER:

Q2. Great thanks Vern. Now I will just ask you to turn your mind to when we had the , shall we say, the trouble with the Wickham Old Age and Invalid Pensioners Funeral Lodge and just what happened in the initial event there when the books came back .

INTERVIEWEE:

A. 2. Well look I have not got the benefit of the file in front of me but I'm trying to recall from hindsight but as I recall the situation the books were sent in by the then secretary Mrs Davidson who subsequabtly remarried and under her name or new married name Davidson she had sent the books and records in with a letter saying that since she had remarried and had moved to another country location she just didn't have the time to handle the records any more . She also stated that her fellow committee <sup>some</sup> men were very geriatric and very infirm and nearly blind and unable to take over the secretaryship nor did they know of anyone who was a suitable person to take it over . On that basis we then wrote to her and communicated with, which was very difficult as at that particular time she did not have a telephone and she was then residing out of Newcastle and was involved in building a new home with her new husband .

INTERVIEWER:

Q.3. Tell me Vernon she had actually left Newcastle hadn't she at that stage?

INTERVIEWEE:

A.3. Yes she had already gone and had left Newcastle and was living at a new country location where she was busily employed, eng-

aged in building a new home.

INTERVIEWER:

Q4. Were there no people capable in the society or the fund of running the fund, doing the, keeping the simple books? Can you tell me <sup>a little bit</sup> about the availability of any other people outside the organisation to do this?

INTERVIEWEE:

A. 4. Well what <sup>also</sup> brought this to a head was that we were receiving letters and phone calls from ex, from pensioner members who were saying that they were calling at the registered office in Newcastle which was closed and were trying to make deposits or deposit their contribution but because there was no office they couldn't make the contributions and they were very fearful that they would lose their benefits so the next step taken was to contact Mrs Davidson and say well look do you know of anyone that you had in mind who would be suitable to carry on and of course as it transpired she said no. We therefore we decided to at least make mention of this at the Advisory Committee meeting and let them know of the situation and it was resolved <sup>at the Friendly Societies Committee meeting</sup> that steps be taken to facilitate as much as possible the winding - up of the fund. It must be remembered that the membership was approximately 100 at that time with funds of some 27 thousand dollars and on that basis we next had the problem of trying to get a meeting going to carry out the formalities amongst which was to pass a resolution that the affairs be wound-up. Of course the problem was to try to locate the existing members who were scattered throughout the Newcastle area and as most were infirm and were unable to attend a suitable central meeting place we devolved on the idea of <sup>personally going around</sup> contacting the known members and getting them to sign a document to the effect that they gave their consent, give their consent to the holding of a meeting to wind -up the affairs of the society. I ~~firstly~~ <sup>personally</sup> visited the Newcastle region, collected the necessary signatures to the documents and on that basis we then engaged a qualified accountant liquidator for the liquidation of the or the dissolution when he handled it, we got the necessary meeting held in Newcastle and we got the necessary documents registered plus the necessary. We got the necessary assessment of the contributions and surpluses and so on by an actuary and amounts to be distributed <sup>to members</sup> and so on and this was finally completed without much trouble. That took about another 3 or 4 months to completion.

ie -  
Me. of the  
Committee

3.

Interviewer: Thank you Vernon ,that was very interesting about the arrangements there at the end etc.

Interviewee: Yes well it does highlight one thing about funeral funds in particular . There are not many funeral funds left on the register and they all experience the same problems ,aging membership ,declining membership ,failure to recruit new members, those who administer the fund are now finding it very difficult. I'm talking about the committee or the board who are now very geriatric , in their 80's probably, and so as a continuing viable active administration, it's very difficult at this stage and we find it's going to be a problem as the , as membership decreases and access to accumulated funds increases you are going to find that difficulty to deal with those surpluses , should it be distributed by <sup>additional</sup> benefits, <sup>or should</sup> the few remaining collect the , what is left in kitty so to speak .It is a problem, this difficulty and the actuary has mentioned on one particular occasion, one particular funeral fund whereby he has recommended in a significant increase in benefits and in this particular society <sup>in</sup> this particular incidence there <sup>in</sup> was great reluctance on the society itself to implement the recommendation of the actuary and it took a lot of persuasion for them to actually accept those recommendations .

Interviewer; Well thank you Vernon for that information . I will transcribe that . I will let you have one copy of the transcription. I will go into further details with you off-tape.

END OF TAPE.

*Signed as a true copy - Vernon (Wm) Sep 21st 1989  
August*



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I, Vernon WONG-SEE give my  
permission to Frank WOODGATE

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these if required) and for copies to be lodged in  
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Signed [Signature]

Date 17/8/89

Interviewer [Signature]