

APPENDIX No. 3

better crops last year than in that district, in fact they had a bumper crop—of these 140 loans in that part of Saskatchewan, where the total interest arrears was \$56,038.91 of them are in arrears, representing 65 per cent of the total number of loans. When you come to Regina, in Saskatchewan, there are 248 loans in arrears, although that should only be 237, because 11 are under \$1, but 248 are arrears, making a percentage of 22.88. At Saskatoon, where we have 693 loans, there are 148 in arrears, representing 21.24 per cent of our loans there. We come to Alberta, where we have 447 loans, 60 of them being in arrears, representing 13.42 per cent of our loans in arrears there.

By Mr. Sales:

Q. Now, Mr. Bowman, just to show that we are not interested in the west alone I would like you to give us the Ontario figures.—A. I have not any figures for Ontario; our farm loans in Ontario have dwindled to such a point that we have less than \$3,000,000 invested in Ontario farm loans. Many years ago—the company is now 53 years old, but before I became actively interested in it, except as far as I was a youngster, the son of the first President of the company—I only became actively interested in recent years, but many years ago, say 30 or 40 years ago, the Mutual Life had many loans in Ontario, but there has been such a poor demand for mortgage loans from the farmers of Ontario that it has dropped off. The organization expenses were too heavy for one reason, and I think another reason was that the interest rate was so much lower than the rate they could get in the west at that time, it has not paid us to go after the Ontario farmers.

By the Chairman:

Q. Any loans you do make are at what rate?—A. We have made a few in recent years, some in 1921, at 7 per cent; we have made—just speaking from memory, I can only speak of one farm loan we have made so far in 1922, and that was at 6½ per cent.

By Mr. Gardiner:

Q. Why the difference in the rate, Mr. Bowman, between 6½ per cent in Ontario and 8 per cent or 8½ per cent in the west. Is the security not just as good in the west?—A. One reason is, the cost of administration is a great deal more. It costs a great deal more to handle our western loans than our Ontario loans. The cost of administration is practically nil in Ontario for this reason, that they are handled direct from the Head Office. We pay a commission on the Ontario loans, of course, just the same as we do to the loan agents in the west who send them in, but besides our Head Office organization, we have to maintain quite an expensive staff in the west, loan managers and inspectors, and the cost of administration is greater, and by the time you deduct the net that comes to the Mutual Life, the difference between the Ontario loan and the western loan is very much diminished. It costs us all the way from—I am speaking from memory, I am sorry I have not the figures—it costs us all the way from .90 of 1 per cent to 1½ per cent to administer our western loans through our western organizations.

By the Chairman:

Q. What do you say?—A. It costs us anywhere from $\frac{9}{10}$ of 1 per cent to 1½ per cent to administer our western loans.

Q. Including the commission for the placing of it?—A. I am not just quite clear on that. I think probably the commissions are included, because when we work out these figures we figure the net return of the interest rate to us, so necessarily the commission must be included.

[Mr. Charles M. Bowman.]