

The CHAIRMAN: Not only subsidization but sharing of losses; both are included. This may not directly solve the problem, but it seems to me that the provincial government does make a grant of \$500 per unit. How long has that been in existence?

Mr. PALEF: That has been in existence for many years; but it is only in recent years they have decided to increase that, only on the understanding that it is utilized for the purpose of reducing rents. They agreed to give us an additional \$300 a unit, but only on the understanding that we would reduce rents. The amount by which we could reduce rents with this additional \$300 a unit would amount to \$1.25 a month, which I do not think is a major consideration.

The CHAIRMAN: What you said to us today is regard to this undertaking which cost approximately \$900,000 was that the provincial government gave you about \$61,500 for 122 units. The municipal government gave you \$112,000 and agreed to share in some way in the losses, if any.

Mr. PALEF: The City of Ottawa agreed to assume full responsibility for the losses.

The CHAIRMAN: For the losses—

Mr. PALEF: Through the operation.

The CHAIRMAN: The federal Government gave you a loan of \$726,000 for less than the going rate of interest, whatever that might be?

Mr. PALEF: That is right; but you will appreciate as well as I can, Mr. Chairman, that in a case like that, borrowings which have to be repaid naturally are of some assistance if the interest rate is lower; but it still has to be repaid. In addition to that, there is a replacement reserve which has to be built up—in our case, to around \$70,000.

Senator FERGUSSON: I just wanted to speak about the suggestions you make for studies. According to what you said, it would appear that CMHC does nothing but lend money. Actually they do more than that. You must be familiar with the material they got out on the housing for older people. There is a great deal of that sort of advice that would be in a manual. Also I presume you are familiar with the recent "At Home after 65" brought out by the Canadian Welfare Council. It was only possible through a grant from CMHC to carry that out. Are not those two of the things you are including beside lending money?

Mr. PALEF: They may be all right in the general sense of the word, but I was asked by Senator Grosart to give him my experience of what we have run into Macdonald Manor. Publications are fine, but it is a case of giving some meaning to them. I want to qualify my remarks. Everyone was extremely co-operative—

Senator FERGUSSON: Mine was a separate question from Senator Grosart's.

Mr. PALEF: I am sorry.

Senator FERGUSSON: My question was with regard to the fact you have brought this up in several places in your brief that a manual should be provided.

Mr. DAVIS: And staff.

Senator FERGUSSON: Yes, and that they should contribute something for research.

Senator GROSART: It is page 6 of the brief.

The CHAIRMAN: On the question of research, I think Mr. Gitterman could speak to that. He knows about research and knows that at the present time they are doing some active research.

Mr. PALEF: I think this is the next progressive step. All our research was done, we had the project, and it was a case of getting the thing on the rails.