

These borrowings are made under section 23 of the Central Mortgage and Housing Corporation Act and under sections 34 and 35 of the National Housing Act.

Borrowings under section 23 of the Corporation Act are for the purpose of lending under the National Housing Act. From January 1st, 1946, to September 30th, 1948, the corporation borrowed at a rate of $2\frac{1}{4}$ per cent per annum. From October 1st, 1948, to June 30th, 1951, borrowings were made at the rate of 3 per cent per annum. Since July 1st, 1951, borrowings have been at an interest rate of $3\frac{1}{2}$ per cent per annum except in respect of borrowings to meet loan commitments made prior to that date. Since October 1st, 1948, the corporation's borrowing rate and its return on joint loans have been the same.

Borrowings under section 34 of the National Housing Act for investment in veterans' rental housing, have been at 2 per cent per annum. The 2 per cent rate is being continued for the completion of the last such project, namely the Fraserview project in Vancouver, B.C. Borrowings under section 35 have been in the range of 3 per cent to $3\frac{1}{2}$ per cent per annum.

All borrowings under the above sections are evidenced by corporation debentures given to the Minister of Resources and Development on terms and conditions approved by the Minister of Finance.

Overhead recovery

The corporation is supervising construction work under five agency agreements. In order that additional records involving cost accounting be avoided, recovery of general administrative expenses has been arranged on a fee basis.

The corporation has an agency agreement with Defence Construction Limited for the supervision of military construction and with the Minister of Resources and Development, on behalf of the Department of National Defence, for supervision of the construction of married quarters and schools. In both of these agreements it is provided that the basis of fee shall be recovery of salaries incurred in respect of such work plus an amount equal to 50 per cent of those salaries which was considered a reasonable allowance to cover other overhead expenses.

The corporation has an agreement with the National Research Council in respect of certain construction work at Deep River and another agreement with the Department of Defence Production in connection with housing for defence workers financed by capital assistance through that department. In these cases the corporation is paid a fee of 2 per cent of the construction cost to cover both salaries and overhead expenses.

Pursuant to each federal-provincial agreement made under section 35 of the National Housing Act, the corporation is supervising construction on behalf of the partnerships, and any corporation on-site salaries are a capital charge against the projects. Interest on monies advanced during the period of construction is capitalized into the project costs and the corporation is permitted by the agreements to load its borrowing rate by one-quarter of 1 per cent to meet its overhead.

(b) Organization and staff.

Ever since the formation of the corporation we have followed a policy of decentralization. Real estate in which we are interested involves business dealings which are essentially local and personal. Because this real estate is located in all parts of the country and not concentrated in Ottawa, we have felt that our organization should follow the same pattern.