

with this temporary cessation of the agency program until the country digests this tremendous amount of starts that we have had. We did not see any signs of indigestion anywhere. This is a very substantial volume.

Senator PEARSON: Would not this tremendous number of starts be likely to cause some inflation?

Mr. BATES: No, it has not put any strain on the building industry, and one might hope, in fact, it would increase the competition, the sales price competition at the sales end. But it has put no strain on the building industry in terms of labour and materials, and has not forced up costs in any way.

Senator McDONALD: May I ask, Dr. Bates, how you accomplished the very unusual feat of a reduction of staff, while at the same time you increased efficiency. It is a precedent of which other departments might care to learn the secret: how did you accomplish it?

Mr. BATES: We ran into slack times two years ago, or over a year ago. We had processed 65,000 loans in 1956. The following year it dropped to 45,000. So this gave us a chance to take a good look at ourselves. Our structure had been put together very hurriedly in the fall of 1954 when the insured mortgage operation was put into effect. We had to bring in appraisers from England, and we had to add very quickly to the staff. By 1956, when business went down a bit, and 1957, we had an opportunity to take a good look at ourselves. We were worried also by the thought that we were going to run into a deficit. This \$35 fee we were charging was not adequate: I wanted to increase the fee, but I did not want to ask to increase it until we in the corporation had made sure that we had put our whole house in order and had done everything possible to reduce costs. So we began, dismissing staff and not renewing staff vacancies. At a later date, we brought in a Price Waterhouse team: they have been with us nearly a year, and we have reorganized the whole corporation. At the moment we are running the same operation we did two years ago. Under our former method of organization our expenditures would be two and a half million dollars higher than it is at the moment. We closed down many branches, turned full branches into minor branches, consolidated rental operations,—a town like Hamilton can do all the rentals for Kitchener and St. Catharines—instead of having offices scattered all over the country we were able to consolidate. So this has been a very extensive operation. We have combined with it, a very extensive educational operation amongst our branches, because if we were to make our branch managers more representative of the general operation we had to change them from the standing of a merely loan manager to that of someone who understood the whole operations, somebody who understood section 36 operation and so on. We have run courses for our senior staff. We had 300 people in Ottawa for six weeks, each taking a training course, so that these managers all of whom were university graduates, would be able to take a branch in Moose Jaw or anywhere else and be a true representative of the federal Government in that area as far as housing is concerned.

Senator CRERAR: Does the corporation give assistance to the building of apartment blocks for living purposes?

Mr. BATES: Yes. They can come under the ordinary insured loan.

Senator CRERAR: But you do not do it direct?

Mr. BATES: We have not been doing it directly.

Senator CRERAR: What percentage? Have you any idea as to the extent of which apartments have been financed under the National Housing Act?