

Under the Government's low-cost housing programme, private builders will look to NHMFC to provide a cash, "take-out", by purchasing their mortgages at face value, thereby realizing their profits plus providing them with the working capital to construct further units.

One major private builder stated that Canadians would be welcomed as investment partners by responsible Philippine builders and could expect an after-tax return on investment of 12% to 24%. However, he conceded that because repatriation of these profits would come via an NHMFC take-out which basically amounted to an outward remittance of Filipino savings, this could raise certain nationalist objections. There have already been editorial protests in the press over the Korean group allegedly displacing Filipino contractors and being financed by Filipino's savings through NHMFC in the process. In essence, this complaint is correct.

The entry of this Korean group into the low-cost housing market is an interesting case study. They are reputed to be a large building concern who have developed the SRC panel technology in Korea and have been able to win the support of NHA on the basis of technology transfer to their local joint venture partner. Initially they propose to do a turnkey development of 2500 units. Korean supplier credits will finance the establishment of the panel plant in Manila. They will build on serviced sites provided by NHA and raise working capital in the Philippines via an HIGC bank guarantee. Upon sale of the units, mortgages will be sold to NHMFC so, essentially, the venture is largely funded by the Philippine Government.

#### G. BUILDING METHODS:

Philippine construction methods vary widely, with efficiency being in inverse proportion to home cost. Due to extremely low labour rates, in the area of C\$6.50 per day for the building trades, they are universally labor intensive. In the case of the higher priced homes, they are entirely fabricated on site and virtually every piece of lumber is hand-planed and fitted in place. Even in the