

range transport, and the *Sparrow II* guided missile, which was subsequently cancelled. A large volume of contracts was placed for the repair and overhaul of airframes, engines and components during the year.

The electronics and communication equipment program was responsible for a net value of \$73,409,000 in contracts placed. The largest commitments involved the integrated electronic system (*Astra*) for the *CF-105*, but this project was also cancelled before the end of the year. Other major items of this program included certain types of radar sets and radar conversion sets, sonobuoy transmitters, maintenance and support for radar lines, and the engineering, supply, installation and temporary maintenance of the *ADCOM II* communication system.

Increased commitments on a number of destroyer escorts accounted for a large portion of the \$77,140,000 net contract value of the ships program. A contract was issued for construction of the lead ship of the Repeat Restigouche class of destroyer escorts. Many of the long-lead items for this group of escorts were ordered, such as turbo-driven auxiliaries, diesel generating sets and marine turbine reduction gearing.

Other items involving major commitments were 7.62mm (FN) rifles and 20 pdr. and 7.62mm ball cartridges. Aviation gasoline and turbo-jet fuel again accounted for a large part of the value of procurement contracts. Fuel procurements as a whole declined slightly in value. Defence construction contracts were up 11 p.c. over 1957 to \$66,956,000.

The value of expenditures on defence procurement and construction amounted to \$757,727,000 in 1958, almost 13 p.c. lower than in 1957. All major programs registered declines except weapons, and electronic and communications equipment, which increased moderately. The largest expenditure decreases occurred in the construction and ships programs, being 54 p.c. and 40 p.c., respectively. The aircraft program accounted for 45 p.c. of all defence procurement and construction expenditures in 1958, electronics and communication equipment for 13.1 p.c., ships for 6.6 p.c., construction for 6.4 p.c., and fuels and lubricants for 6.1 p.c.

Of the total net value of contracts issued during 1958, 97.3 p.c. was placed in Canada as compared with 91.0 p.c. in 1957; the increase was largely attributed to reductions in the value of some older contracts for government-furnished aircraft equipment purchased in the United States and to the termination of the *Astra* and *Sparrow* programs. The proportion of expenditures paid to defence contractors in Canada was 92.3 p.c. of total payments on defence procurement and construction, approximately the same as in the preceding year.

1.—Net Value of Total Canadian Government Defence Contracts Placed, by Program, 1957 and 1958

NOTE.—Net value includes the value of all new contracts awarded together with the value of amendments issued which increased or decreased the commitments of existing contracts.

Program	1957	1958	Program	1957	1958
	\$'000	\$'000		\$'000	\$'000
Aircraft.....	193,950	300,185	Fuels and lubricants.....	58,231	53,907
Ships.....	55,743	77,140	Clothing and equipage.....	7,614	6,124
Tank-automotive.....	12,277	10,674	Construction.....	60,316	66,956
Weapons.....	cr18,064	10,632	Other.....	106,279	110,328
Ammunition and explosives....	6,497	21,298			
Electronics and communication equipment.....	123,209	73,409	Totals.....	606,054	730,652