

PART II.—DEFENCE PRODUCTION*

Under the provisions of the Defence Production Act (RSC 1952, c.62, as amended), the Department of Defence Production has exclusive authority to procure the goods and services required by the Department of National Defence and the responsibility to ensure that the necessary productive capacity and materials are available to support the defence production program. The Department also serves as procurement agent for the Canadian Commercial Corporation, a Crown company primarily responsible for the purchase in Canada of defence goods required by other governments and of supplies to meet Canadian requirements under External Aid programs and other international agreements. The Department is responsible for planning and making other necessary arrangements for the immediate establishment of a War Supplies Agency should there be a nuclear attack. Military construction is the prime responsibility of Defence Construction (1951) Limited, a Crown company reporting to Parliament through the Minister of Defence Production.

Procurement and construction contracts issued by the Department of Defence Production and its associated Crown company, Defence Construction (1951) Limited, had a net value of \$701,381,000 in 1961 and \$212,122,000 in the first quarter of 1962. (The net value of contracts is made up of the value of new contracts issued as well as amendments that increased or decreased existing contracts.) Three-quarters of the net value of contracts in 1961 was placed on behalf of the Department of National Defence and one-quarter was placed against Defence Production Votes for assistance to defence industry and the Department's Revolving Fund, for other Canadian Government departments and agencies, and for foreign governments. The net value of contracts in 1961 according to the various sources for which they were issued was as follows:—

	<i>Net Value in 1961</i>	<i>Per Cent of Total Value</i>
	\$	
Department of National Defence.....	528,773,000	75.4
Department of Defence Production (DDP Votes and Revolving Fund).....	56,562,000	8.1
Foreign Governments—		
United States.....	97,544,000	13.9
Britain.....	2,053,000	0.3
Other governments.....	1,006,000	0.1
Canadian sources other than DND and DDP—		
Colombo Plan.....	9,855,000	1.4
Other Canadian sources.....	5,588,000	0.8
TOTALS.....	701,381,000	100.0

Of the \$212,122,000 in contracts issued during the first quarter of 1962, \$148,147,000, or 70 p.c., was for the Department of National Defence and the remainder was for the other sources noted above.

The \$528,773,000 in contracts placed for the Department of National Defence in 1961 was 34.3 p.c. below the value in 1960. The aircraft program accounted for the major part of this decrease, falling from \$363,210,000 in 1960 to \$113,194,000 in 1961. The 1960 value was particularly high, however, because of high-valued contracts placed in connection with Canadian production of *CF-104* aircraft. Contracts having a net value of \$122,593,000 were placed for the electronics and communication equipment program in 1961, a decrease of 8.3 p.c. from 1960. Shipbuilding and repairing contracts also declined significantly in 1961, dropping to \$26,585,000 from \$84,657,000 in 1960. The high 1960 figure included contracts for four destroyer escorts and a tanker-supply vessel. Armament contracts

* Prepared by the Economics and Statistics Branch, Department of Defence Production, Ottawa.