

(which include weapons, ammunition and explosives) amounted to \$11,311,000 in 1961, and defence construction contracts increased from \$51,571,000 in 1960 to \$90,671,000 in 1961.

Contracts placed outside Canada on behalf of the Department of National Defence in 1961 amounted to \$26,141,000, or 4.9 p.c. of the total net value of prime contracts issued. Contracts valued at \$16,747,000 were placed in the United States, \$5,022,000 in Britain and \$4,372,000 in other countries.

Expenditures on contracts placed for the Department of National Defence amounted to \$622,535,000 in 1961, 0.3 p.c. more than in 1960. Expenditures for electronics and communication equipment increased by \$35,944,000 to \$123,838,000 and those for the ships program increased by \$14,775,000 to \$45,978,000. Expenditures on the aircraft program, however, fell off by \$44,251,000 to a level of \$222,485,000 in 1961. During the first quarter of 1962, Canadian defence procurement and construction expenditures amounted to \$227,553,000.

The Department of Defence Production placed \$15,976,000 in contracts in 1961 and \$2,218,000 in the first quarter of 1962 against certain appropriations to assist Canadian defence industry. The major area of assistance in 1961, which involved contracts totalling \$13,844,000, was to sustain research and development capability in Canadian industry related to the needs of the Canada-United States development and production sharing program. Revolving Fund contracts amounted to \$40,586,000 in 1961, primarily to finance the production of five swing-tail *CC-106* aircraft and to make funds available for initial production in connection with the Canada-United States *F-104G* mutual aid program. Revolving Fund contracts amounted to \$3,692,000 in the first quarter of 1962.

Contracts placed for all sources other than the Departments of National Defence and Defence Production totalled \$116,046,000 in 1961, of which \$97,544,000 was for the United States Government, \$2,053,000 for the British Government, and \$9,855,000 for Canadian External Aid.

1.—Canadian Government Defence Contracts and Expenditures, by Defence Program, 1960, 1961 and 1st Quarter of 1962

Note.—The contract values include all contracts placed by the Department of Defence Production and Defence Construction (1951) Limited on behalf of the Department of National Defence, and the expenditure values include all payments made by the Department of National Defence against such contracts. The net value includes the value of all new contracts issued together with the value of amendments which increased or decreased the commitments of existing contracts.

Program	Net Value of Total Contracts			Expenditures on Contracts		
	1960	1961	1962 (1st quarter)	1960	1961	1962 (1st quarter)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Aircraft.....	363,210	113,194	44,961	266,736	222,485	65,237
Armament.....	19,703	11,311	5,021	26,035	22,323	6,726
Electronics and communication equipment.....	133,617	122,593	17,013	87,894	123,838	43,459
Ships.....	84,657	26,585	4,883	31,203	45,978	20,871
Tank-automotive.....	6,947	10,981	4,075	8,572	8,411	3,407
Fuels and lubricants.....	50,496	48,972	21,438	39,007	38,048	13,921
Clothing and equipage.....	6,284	11,897	3,327	4,123	7,103	3,464
Construction.....	51,571	90,671	14,690	64,193	67,106	27,754
Other.....	87,800	92,569	32,740	92,830	87,242	42,713
Totals.....	804,286	528,773	148,147	620,592	622,535	227,553

Aircraft.—Initial deliveries of Canadian-produced *CF-104 Starfighter* aircraft began during 1961. Plans were laid to establish a facility in Canada to produce gyros for the *CF-104* inertial platform. Canadian sources of supply were also established for *CF-104*