

contracting for 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.

Implementing recommendations of the Royal Commission on Government Organization, the Government assigned to the Department of Defence Production the responsibility for forming a central purchasing and supply agency. The plan of organization for a future Department of Supply prepared by the Department requires the integration of the purchasing organization of Defence Production with supply functions. These supply functions were grouped with the regional purchasing function of Defence Production and Crown Assets Disposal Corporation to form the Canadian Government Supply Service.

Procurement and construction contracts issued by the Department of Defence Production and Defence Construction (1951) Limited* had a net value of \$657,985,000 in 1964 and \$395,317,000 in the first half of 1965. (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.) The net value of contracts in 1964 according to the various sources for which they were issued was as follows:—

<u>Source</u>	<u>Net Value</u>	<u>P.C. of Total Value</u>
\$		
Department of National Defence.....	497,158,284	75.56
Department of Defence Production (DDP Votes).....	9,564,568	1.45
Foreign Governments—		
United States.....	84,556,999	12.85
Britain.....	2,018,381	0.31
Other.....	15,842,051	2.41
Canadian Sources other than DND and DDP—		
External Aid.....	13,075,616	1.99
Other.....	35,769,053	5.43
TOTALS.....	657,984,952	100.00

The \$497,158,000 in contracts placed by the Department of National Defence in 1964 was 4.8 p.c. below the value in 1963. The largest decrease was in the aircraft program; net value of aircraft contracts amounted to \$146,050,000 against \$167,545,000 in 1963. There was also a decrease of \$11,032,000 in the electronics and communications equipment program, and of \$4,228,000 in the shipbuilding program. On the other hand, there was an increase of \$9,997,000 in tank-automotive contracts and of \$7,115,000 in armament contracts.

Contracts placed outside Canada on behalf of the Department of National Defence in 1964 amounted to \$99,037,000, which was 20 p.c. of the total net value of prime contracts issued. Contracts valued at \$70,951,000 were placed in the United States, \$21,114,000 in Britain and \$6,972,000 in other countries. Expenditure on all contracts placed in 1964 was \$546,232,000, an amount 4.1 p.c. higher than in 1963. Expenditure against aircraft programs increased by \$16,483,000 or 9.4 p.c. and that for tank-automotive by \$14,748,000 or 136.5 p.c.

Of the \$397,317,000 in contracts issued during the first half of 1965, \$279,147,000 or 71 p.c. was for the Department of National Defence and expenditure against prime contracts placed for that Department stood at \$264,448,000. The Department of Defence Production placed \$9,565,000 in contracts in 1964 and \$191,000 in the first half of 1965 against certain appropriations to assist Canadian defence industries. Revolving Fund contracts amounted to \$49,325,000 in 1964, primarily to make funds available in connection with the Canada-United States F-104G Mutual Aid Program (MAP); Revolving Fund contracts amounted to \$8,839,000 in the first half of 1965.

* Military construction is the prime function of Defence Construction (1951) Limited; responsibility for that agency was transferred from the Minister of Defence Production to the Minister of National Defence on Apr. 22, 1965.