

Procurement and construction contracts issued by the Department of Defence Production and Defence Construction (1951) Limited* had a net value of \$713,415,000 in 1965 and \$452,530,000 in the first half of 1966. (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 1965 according to the various sources for which they were issued was as follows:—

<i>Source</i>	<i>Net Value</i>	<i>P.C. of Total Value</i>
	\$	
Department of National Defence.....	473,534,358	66.38
Department of Defence Production (DDP Votes).....	1,462,662	0.21
Foreign Governments—		
United States.....	154,384,358	21.64
Britain.....	1,843,278	0.26
Other.....	5,929,910	0.83
Canadian Sources other than DND and DDP—		
External Aid.....	19,650,299	2.75
Other Government Departments.....	56,609,793	7.93
TOTALS.....	713,414,658	100.00

The \$473,534,000 in contracts placed on behalf of the Department of National Defence in 1965 was 4.8 p.c. below the value in 1964. There was an increase of \$14,358,000 in the shipbuilding program, one of \$6,531,000 in the armament program and one of \$6,062,000 in the electronics and communication equipment program. On the other hand there was a decrease of \$15,891,000 in the aircraft program and one of \$10,124,000 in the tank-automotive program.

Contracts placed outside Canada on behalf of the Department of National Defence in 1965 amounted to \$82,543,000, which was 17 p.c. of the total net value of prime contracts issued. Contracts valued at \$47,856,000 were placed in the United States, \$26,509,000 in Britain and \$8,177,000 in other countries. Expenditure on contracts placed in 1965 was \$462,732,000, an amount 15.3 p.c. lower than in 1964. Expenditure against aircraft programs decreased by \$32,301,000 or 16.9 p.c.; for electronics and communication equipment by \$12,477,000 or 11.0 p.c. and for tank-automotive by \$10,423,000 or 40.8 p.c.

Of the \$452,530,000 in contracts issued during the first half of 1966, \$298,264,000 or 66 p.c. was for the Department of National Defence and expenditures against prime contracts placed for that Department stood at \$262,005,000. The Department of Defence Production placed \$1,463,000 in contracts in 1965 and \$1,641,000 in the first half of 1966 against certain appropriations to assist Canadian defence industries. Revolving Fund contracts amounted to \$16,288,000 in 1965 and \$21,047,000 in the first half of 1966.

Contracts placed for all sources other than the Departments of National Defence and Defence Production totalled \$238,418,000 in 1965, of which \$154,384,000 was for the United States Government; \$56,610,000 for Canadian non-defence Government departments and agencies and \$19,650,000 for External Aid programs. For the first six months of 1966, contracts placed for the United States Government amounted to \$81,708,000, for Canadian non-defence Government departments and agencies, \$39,000,000; and for External Aid programs, \$21,000,000.

Defence Production and Development Sharing.—In 1965, \$259,500,000 worth of United States defence production-sharing contracts were placed with Canadian industry, an increase of 55 p.c. over 1964. The higher level in 1965 was accounted for by increased levels of incremental funding on the United States share of the joint Canada/United States F-104G MAP aircraft program and increased United States procurement in areas such as aircraft engine and airframe spares, aircraft components, vehicle components, electronic navigation equipment and communication equipment. The total United States defence production-sharing procurement in Canada during the seven years of the program was \$1,174,200,000.

* Military construction is the prime function of Defence Construction (1951) Limited (see p. 147).