

purchase a fleet of 18 *Lockheed* P3 long-range patrol aircraft, at a cost of \$642 million in 1975 dollars. Other related costs, including spare parts, ground data centres, federal sales tax, contingencies and an allowance for inflation between now and final delivery, will bring the total expenditure to approximately \$950 million. Some additional costs may be encountered in order to accommodate the payments on this program within the capital-growth provisions to which I will refer later. The new aircraft will be designed primarily to carry out military tasks essential to North America and NATO defence, as well as providing us with a much-improved capability to carry out the long-range surveillance needed to protect our growing sovereignty interests in the waters off our coasts and in the Arctic.

Fourth, the air-combat capability of the air-force squadrons in Europe is to be maintained at its present level. Air-defence forces in Canada are to be maintained at a level of capability to meet sovereignty requirements for identification and control of intrusions into Canadian air-space.

Fifth, the structure of the Canadian Armed Forces will provide for up to 2,000 personnel to be available for United Nations peacekeeping purposes at any one time.

These decisions cover those matters of the defence structure review concerning the posture and equipping of the Canadian Armed Forces on which immediate action will be taken. The review will continue on questions concerning the replacement of fighter aircraft and ships.

Particularly significant to the future of national defence is the fact that the Government has recognized the need to compensate for inflation in the Department's personnel, operations and maintenance budgets for next year and in subsequent years.

To conform with the Government's policy of economic restraint, the Department of National Defence will find from within its currently-planned budget the funds required next year for the start of the tank and the long-range patrol aircraft programs. In the following years, the Government has agreed that capital expenditures for defence are to be increased, in real terms, by 12 per cent each year for the next five years, until capital expenditures reach at least 20 per cent of the total defence budget.

As part of the defence structure review, there has been an assessment of the infrastructure required to support the operational components of the forces. Infrastructure includes headquarters, bases, training and educational facilities and logistics. In aggregate, this infrastructure support requires a large part of the total
