

Mr. GOLDEN: The purpose of this vote is to ensure the maximum participation of Canadian firms in defence procurement, to establish qualified sources of supply of component parts and materials sufficiently in advance of Department of National Defence contract demands to lessen the dependence of end-product producers on United States and other sources of supply.

It was recognized that a gap existed between the research and development activities of Defence Research Board and the manufacturer's capability of producing items in quantity consistent with the necessary quality.

The purpose of this vote is to provide these high-quality components which can be purchased by the manufacturers of the end-items for national defence.

Mr. McILRAITH: What is the nature, or the method of handling this vote: is it a grant to the companies concerned, or how is it handled?

Mr. GOLDEN: It is not a grant. It is usually a contract for the manufacture of prototypes, the development of prototypes, or something like that.

In almost all cases the company would put up the capital cost, and we would put up the cost of the first pilot run, or something like that.

Mr. McILRAITH: Your expenditure last year was \$572,000; am I correct?

Mr. GOLDEN: No. I think our expenditure was less than that; the expenditure was actually only \$281,000.

Mr. McILRAITH: I am reading the figure on page 157 of the estimates.

The CHAIRMAN: It says "estimated total".

Mr. GOLDEN: These books are printed—

Mr. McILRAITH: I wanted to clear that up. The actual to December is shown as \$128,000, and the estimate for the balance of the year is \$444,000, making a total of \$572,000. That estimate, then, was too high by a very substantial amount?

Mr. GOLDEN: Oh, yes. It takes a very long time to get these contracts going; there are a lot of people you have to satisfy before you are allowed to spend this money.

Mr. McILRAITH: Coming to this year, 1960-61, do you estimate, at this stage—bearing in mind that the estimate book was published some months ago—that you are going to require all the money?

Mr. GOLDEN: Yes, we still estimate that the full amount is required.

Mr. McILRAITH: Can you indicate to the committee the nature of the components that are assisted under this vote this year?

The CHAIRMAN: Do you mean, the types of developments?

Mr. McILRAITH: Yes—something more substantial.

Mr. GOLDEN: A high power Klystron and TR cell facility—as long as I am not asked to explain some of these—precision electronic ceramic components parts, microwave tubes, actuators, alternators and regulators, accelerometers, fuel pumps, gear boxes, hydraulic controls.

The CHAIRMAN: That gives us a rough idea.

Mr. McILRAITH: How many companies received benefit under this estimate last year?

Mr. GOLDEN: Last year?

Mr. McILRAITH: Yes. Can you give an estimate for this year? Either figure would suit my purpose.

Mr. GOLDEN: About a dozen in this current year, or more.

The CHAIRMAN: It will be all major items, then. Are there any further questions? Shall vote 70 carry?

Agreed.