

well as municipal and public utility services (p. 267) have risen considerably reflecting the increased costs for these services.

On the other hand, repairs and upkeep of equipment is down, largely because we are replacing the old and costly equipment. Despite these variations, the total operation and maintenance costs of the Canadian Forces have been reduced substantially.

Major procurement of equipment, on the other hand, will rise by over \$32 million. Our forces will thus be provided with the modern machines, communication and technical equipment they require to carry out effectively their assigned missions. Money for the procurement and modification of ships, for example, is up by almost \$14 million. We are continuing our program of equipping our forces with both light and heavy helicopters, and aircraft as well as re-engineering for seven of our Cosmopolitan aircraft. These purchases are reflected in the increase of some \$7 million over 1965-66.

Communications and electronic equipment purchases are increased this year by \$7 million indicating the requirement of our forces to operate effectively in this electronic age.

Miscellaneous technical equipment as you will note is up considerably as we replace, renew or purchase various pieces of equipment. While these are too numerous to mention in detail, money in this area is being devoted to equipment ranging from tape recorders for language instruction to intricate trainers and simulators.

In vote 20, Mr. Chairman, as in vote 1, civil salaries and wages (1) account for almost \$2 million of the \$3.5 million. Other increases can be found in the increased costs for material and supplies (12) and in contributions and grants (20).

Vote 25 has decreased this year but there have been increases in our Industry Research Assistance and the Research Satellite Program as indicated in Votes 30 and 35.

As other friendly countries have built up their economies, Canada's contribution to mutual aid has decreased as is reflected in Vote 45.

The Special Account referred to in Vote 48, Mr. Chairman, is simply another principle of good management whereby the department will receive a return of a maximum of \$5 million from the sales of surplus building, works and lands.

The increase in expenses incurred by Defence Construction (1951) Limited is comparable to the increasing expenses incurred in large civilian industries.

These estimates, Mr. Chairman, are a reflection of the determination of our Department to reduce operating and maintenance costs and raise expenditures for equipment. In two years we have been able to reverse the previous trend to a point where we can justifiably and accurately state that new management systems coupled with savings in overhead permit us to present not an increased budget but one which estimates savings of \$835,835.

Now Mr. Chairman, I would be pleased to entertain questions. I would suggest, however, that the questions be of a general nature and that we leave any specific question with respect to recruiting, ships, airplanes and technical equipment and these projects until we can have the particular directors or directors general of those departments here to answer the questions.