

\$26 million. The rate of disbursement, however, has been increasing rapidly during recent months. Expenditures during the first quarter of the present fiscal year averaged \$25 million per month, but during the second quarter rose to about \$70 million per month. Disbursements will be greatly accelerated over the next twelve months, and may approach an average of \$125 million a month or an annual rate of \$1,500 million. The peak rate of expenditure will probably be reached early in 1953.

Production of defence goods in Canada for export will also increase rapidly during the remainder of the current fiscal year. According to present schedules it may be in the order of \$40 million a quarter by the middle of 1952.

When I spoke in this house on June 14 of this year I reviewed in some detail the status of our major production programmes, including aircraft, electronics, ships, guns, ammunition, and mechanical transport. I now propose to review these programmes again to record our progress since that time.

### Aircraft

The Canadian military aircraft programme, as presently planned, will cost approximately \$1,200 million. This amount is equivalent to roughly one-third of the total Canadian defence procurement programme. Several types of aircraft are being manufactured or rebuilt.

Production of the F86E Sabre jet interceptor fighter is already well under way. One hundred and twenty-two of these aircraft have come off the production line, as of the beginning of this week, and 72 of these have been delivered to the R.C.A.F. Future delivery schedules depend primarily upon the rate at which we are able to obtain engines from the United States. This week at the A.V. Roe plant I turned over to the R.C.A.F. its first Canadian-designed and built CF-100 aircraft.

Static tests operation of the Orenda engine was first successfully carried out in March 1949. A pre-production contract for the CF-100 was let in November 1949, for the developing of this aircraft to the point where it could be put into quantity production. The first development aircraft flew in March 1950, fitted with Rolls Royce Avon engines. The completion of the aircraft equipped with Orenda engines now turned over to the R.C.A.F., marks the culmination of a most difficult but successful development programme.

The production programme is just now getting under way, and full scale production is necessarily still many months off. It should be remembered, however, that in producing a plane such as the CF-100 it is not enough to establish a production line in the aircraft plant, although obviously that is no small job. It is also necessary to ensure a satisfactory flow of the great number of complex components that go into such a plane; and to obtain the required parts, A.V. Roe Company has placed a large number of sub-contracts from Winnipeg to Halifax. In many instances, Canadian suppliers of the different parts that will go into the CF-100 and the Orenda must enlarge their facilities or open up new plants in order to meet A.V. Roe's requirements. Typical examples of such expansion include Canadian Steel Improvement Limited in Toronto which will produce steel and