



CONFIDENTIAL

OFFICE OF THE CHAIRMAN, CHIEFS OF STAFF
OTTAWA

8316

4 November, 1958.

Referred to *C. D. P.*

NOV 6 1958

File No. *1432 C. D. P.*

Chgd to.....

C.A.S.

1. The Minister has forwarded to me a copy of a letter he received from Mr. Fred T. Smye of A. V. Roe Canada Limited, which makes a proposal for a fixed cost estimate for the production of 100 CF105 aircraft, at an approximate cost of \$3.5 million.

2. The Minister has directed that the Chiefs of Staff review this matter; and in making any such review it will be necessary to clarify the question of the future costs of this aircraft and to ascertain what will be required to complete development before any fixed price contract can be considered.

3. I would suggest that your officers should discuss this matter with the Department of Defence Production and be able to come up with agreed figures for the cost of completing the development and a clear understanding of what is included in any fixed price contract as suggested in Mr. Smye's letter.

Charles Foulkes
(Charles Foulkes)

General,

Chairman, Chiefs of Staff.

c.c. Mr. D.A. Golden,
Deputy Minister of Defence Production

Now production costs were being reduced as evidenced in this memo, but even as late as January 1959, with the production schedule advancing and success of the flight trials, the Chief of the Air Staff was unable to convince the Minister of National Defence to move forward to production. (NATIONAL ARCHIVES.)