

providing services in return for fees or charges, with an officer of the Auditor General participating in the study.

20. In the Committee's view the proposition that appropriations be voted on a net basis, with the Estimates Details showing gross estimated requirements, less forecast revenues, with the understanding that—in order to avoid supplementing an appropriation—any excess of actual over forecast revenues would be credited to Revenue rather than to the appropriation should be seriously considered.

21. The Committee was advised that the question of the structure of the Estimates generally is under active study by the Department of Finance, and accordingly recommends that the question of voting appropriations on a net basis be given careful consideration in this study. The Committee was glad to be informed that officials of the Department of Finance will consult with the Auditor General during the study of these problems.

III—Auditor General's Report

22. Your Committee considered the Auditor General's Report for the year ended March 31, 1959, and was provided with all explanations requested.

23. The Committee makes the following comments and recommendations:

Repairs to Privately-Owned Wharf

24. The report (paragraph 26) had noted that expenditures had been incurred for repairs to a wharf which, although previously publicly-owned, had been sold in 1955, and that the repair costs had been charged to one of the appropriations for "acquisition, construction and improvements of harbour and river works".

25. In the Committee's view, expenditure on privately-owned property is permissive only after the House of Commons has been given adequate notice of the intent so to do and Parliament sanctions the making of a donation in cash or kind. The Committee regards the mode adopted in this instance as unsatisfactory.

Reimbursement to Contractor for State Tax

26. The Committee noted that a payment in excess of \$180,000 had been made to a California contractor to reimburse State tax paid. Liability to the tax would not have arisen had the contract provided for delivery of title at the time of export rather than on receipt of progress payments.

27. The Committee was informed that the State has agreed to a refund of part of the monies paid and that the balance is still under review. In the event that the full amount is not recovered, the Committee is of opinion that an important point in international relationships will arise and feels that the Government should take appropriate action to make certain that the Canadian people are not burdened by reason of a quibble.

Transfers of Armed Forces Personnel

28. The Committee noted with concern the comment included in the report (paragraph 34) that there had been cases where armed forces personnel, with large families, had been transferred to stations classified as being short of suitable housing accommodation.

29. The Committee felt that this indicates incompetency on the part of the officials responsible, and is glad to learn that the Department of National Defence has taken steps to avoid such occurrences in the future.