

by the Department of Transport tanker) the Department of Indian Affairs and Northern Development had additional costs of \$48,000 resulting from airlifts of fuel oil to meet these shortages.

Your Committee places full responsibility for these unnecessary costs for fuel oil directly on the supply services of the Department.

Your Committee was pleased to learn that as the commercial companies become established in the larger communities in the North and run these fuel oil facilities themselves, the supply problems of the Department should be reduced.

CONCLUSION

Your Committee is very concerned about the administration and financial control procedures of this department and is of the opinion that their accounting and financial control procedures must be improved. In view of the fact that the Committee was advised by the then Deputy Minister of this Department that steps were being taken to remedy the breakdown in office procedures and whereas three years later these defects continue to appear, the Committee strongly recommends that immediate steps be taken to correct these serious shortcomings and undertake a review of their administration, accounting and internal audit procedures.

DEPARTMENT OF INDUSTRY

Co-ordination of research and development assistance to industry

By means of the Industrial Research and Development Incentives Act, 1966-67, C.82, the Crown stimulates research and development by means of general grants authorized by the above Act

It is the opinion of the Committee that a central record of payments to various companies and projects by Departments should be kept by the Department of Industry, Trade and Commerce to prevent a possible duplication of effort and also duplicate grants of funds.

Ineffective expenditure by the Department of Industry

Under the project it was the intention of Canada, the United Kingdom and the United States to develop one common armoured reconnaissance scout vehicle in which each country would share one third of the costs.

A cost definition study financed entirely by Canada and charged to Vote 5 of the Department was conducted costing \$552,000 and of this sum only \$80,000 roughly 15% was spent in Canada, the remainder in California.

On completion of the definition study the various governments expressed dissatisfaction with the proposal and later abandoned the co-operative venture, the total cost of which was borne by Canada.

Your Committee is of the opinion that when shared cost programs are entered into these costs should be shared by all participants in all phases of the plan.

Failure to collect moneys due the Crown

Under its program to sustain technological capability in Canadian industry by supporting selected defence development projects, the Department of Industry entered into an agreement with a company in March 1965 to share in