

Mr. G. W. Stead, Assistant Deputy Minister, Marine;  
 Mr. G. C. Tilley, Senior Financial Advisor;  
 Mr. W. J. Manning, Director, Marine Works.

**FROM THE ST. LAWRENCE SEAWAY AUTHORITY:**

Dr. P. Camu, President;  
 Mr. J. T. Carvell, Counsel.

March 12, 1970.

**FROM THE DEPARTMENT OF PUBLIC WORKS:**

Mr. J. A. MacDonald, Deputy Minister;  
 Mr. G. B. Williams, Senior Assistant Deputy Minister.

**FROM THE AUDITOR GENERAL'S OFFICE:**

Mr. A. M. Henderson, Auditor General of Canada;  
 Mr. G. R. Long, Assistant Auditor General.

The following is a further report on the work done by your Committee in which it gave consideration to the following paragraphs in the Report of the Auditor General to the House for the fiscal year ended March 31, 1968:

Department of National Revenue, Customs and Excise—

Paragraphs 31, 47, 48, 144 to 154, 241 and  
 Appendix 1, items 25, 32, 33 and 34.

Department of National Revenue, Taxation—

Paragraphs 31, 155 to 158 and 161.

Department of Transport—

Paragraphs 37, 189 to 195 and 197 to 199.

Department of Public Works—

Paragraph 170.

**DEPARTMENT OF NATIONAL REVENUE, CUSTOMS AND EXCISE.**

*Paragraph 144. Departmental practices which lack statutory sanctions.*

These are practices which are followed by the Customs and Excise Division which lack legislative sanction. In its Fifth Report 1966-67, the Committee expressed the opinion and hold it still, that any government department should not initiate or take any action that is not authorized by Parliament.

Your Committee is pleased to report that the Customs and Excise Division officials have supplied information that some of these omissions are being corrected or legislation to correct same is in the drafting stage.

One of the practices "determination of 'sale price' for sales tax purposes" is still unsolved. However the Deputy Minister states that this problem is being given constant thought and attention and this Division is working jointly with the Department of Finance on this matter.

*Paragraph 146. Delay in collecting Tax.*

This is a case where some licensed manufacturers prefer to collect sales tax on all their sales, including sales of fully manufactured goods purchased by them for resale. In such cases the Department of National Revenue, by regulation, permits them to immediately deduct any sales tax, on these purchases from amounts currently due the Department with respect to their taxable sales. The effect of this regulation is that a manufacturer's inventory of fully manufactured goods purchased for resale is carried free of sales tax and