

payment of gross sales from, canteens at Canadian encampments and also with respect to Canada's share in the distribution of profits, if any, derived from the operation generally of the canteens of that organization.

Investment of Funds in Dominion of Canada Securities

The question of the nature of the securities in which surplus canteen funds should be invested was carefully considered by your Committee and, having in mind certain losses which occurred through the improvident investment of a portion of the canteen funds of the First Great War, your Committee is of the opinion and would recommend that no surplus canteen funds should be invested in any securities other than securities of the Government of the Dominion of Canada.

Separate Funds for the Three Branches of the Service

Your Committee has given careful study to the question of the establishment of one fund or the establishment of three separate funds representing the amounts paid by the three branches of the Service. After careful consideration your Committee would recommend that the moneys paid to the central fund by each of the three services be earmarked for the benefit of the members of the respective service paying the moneys.

Disposition of Units' and Formations' Canteen Fund on Demobilization

Immediately upon the closing of the canteen, either during or upon cessation of hostilities, units and formations should be required to pay forthwith all canteen moneys then on hand to the Central Supervisory Board. Great care should be taken to make sure that these moneys are so paid.

Provincial Boards to Assist Central Supervisory Board

At the close of the war or, should conditions warrant it, at an earlier date, arrangements should be made for the administration of the fund for the veterans of the present war and their dependents. Your Committee recommends that, in order to facilitate administration provincial boards under the control and supervision of the Central Supervisory Board be set up in each province, but instead of allocating to each board a specific portion of such fund, each board receive only advances from time to time according to need and subject to proper accounts. It is also recommended that the funds held by the Central Supervisory Board and the Provincial boards be subject to regular audit by the Auditor General of Canada.

Utilization of Canteen Surplus Funds After the War

The question of ultimate disposal of canteen surplus funds remaining after the war, either from unexpended profits or from salvage of stock and equipment, is one which requires further and intensive study before precise policies can be laid down. The Board, hereinbefore suggested, could, within the general principle that the funds must be used for the benefit of ex-service men and women and their dependents, give careful study to such proposals and plans and report the results to future Committees of the House for consideration before final recommendation is made to Parliament. In the meantime the Board should have the same powers as the present provincial canteen funds trustees with respect to applications by men and women who are returned to civil life before the termination of the war or by the dependents of such persons.

A copy of the printed evidence taken is herewith tabled.

All of which is respectfully submitted,

W. ROSS MACDONALD,

Chairman.