

For the benefit of the committee I might summarize the board's position in regard to this matter. This method of selling cash wheat was the only practical method available to the board and this accounts for the immediate steps taken by the McFarland Board to secure a ruling on the ability of the board to so conduct its operations under the Act. This ruling was accepted by the board under the chairmanship of Mr. McFarland and has been accepted by the wheat board ever since. This ruling has also been accepted by the dominion government since the Canadian Wheat Board commenced operations in 1935. I will go one step further; if the Canadian Wheat Board Act did not allow this method of selling wheat, then it would have been necessary for Mr. McFarland to have secured either by way of an amendment to the Act or otherwise the power to conduct his operations on this basis. The fact that the dominion government of that time and the dominion government of later years did not take the necessary steps to secure an amendment to the Act shows that they accepted the legal interpretation secured by the McFarland Board within a few days after it came into office.

In addition, the Canadian Wheat Board retains a firm of auditors who are constantly vigilant to see that the board's operations are within the powers conferred upon it.

During the course of Mr. Hanson's remarks in the House of Commons, he indicated that an independent audit of the accounts of the Canadian Wheat Board should be made. Under the Canadian Wheat Board Act provision was made for an independent audit and this requirement of the Act has been fulfilled since 1935. When the McFarland Board commenced operations in the fall of 1935, immediate steps were taken to appoint an independent auditor and to this end the firm of Miller, MacDonald and Company were selected. In view of the financial obligations which the dominion government would incur in connection with wheat board operations, the dominion government of the day was consulted in respect to a satisfactory firm of auditors. Miller, MacDonald and Company, appointed auditors by the McFarland Board, have continued in that capacity ever since and are still auditors of the Canadian Wheat Board.

As required under the Canadian Wheat Board Act, 1935, and amendments to the Act in 1940, it is the duty of the Canadian Wheat Board to report weekly in writing to the Minister of Trade and Commerce on Saturday of each week showing as at the end of the preceding week its purchases and sales of wheat during such week and the wheat on hand and contracts to take delivery of wheat then held, the cost of the same to the board and the financial result of the board's operations, which report shall be certified by the auditors of the board— independent auditors, I may repeat.

From the inception of the wheat board financial statements have been forwarded to the Minister of Trade and Commerce each week and each and every statement has been certified by the auditors of the board.

It is probably true to state that no government board has kept the dominion government so closely informed in respect to its operation as has the Canadian Wheat Board with its weekly reports required under the Canadian Wheat Board Act, and its very frequent consultations with the Wheat Committee of the Cabinet.

I would now like to deal with some points raised by Mr. Hanson in connection with board operations. On page 1504 of *Hansard* of March 17, 1942, Mr. Hanson stated:—

Let us assume that the farmer has sold a quantity of wheat to the board's agent, the country elevator, in September, 1939. On the same day as the board sold that wheat, it bought it back from the supposed merchandiser—bought it back for delivery to the board in December, the next futures closing date.