

- (3) in the case of unit canteens, while still unconvinced that there should be any difference made between canteens in Canada and the United Kingdom, the Committee is not in a position to make a final recommendation in view of the fact that full information is not available as to the actual circumstances surrounding the operation of these canteens. Furthermore, the Committee was informed that officers of the Adjutant General's Branch were proposing to make further enquiries into the overseas situation possibly by having an officer go there to obtain first hand information. If the Minister wishes the Committee to consider this matter further when fuller information is available the services of the Committee are at his disposal for this purpose.

8. It will be necessary to provide for the control and disposition of the central fund during the war years. The fund will be larger than was anticipated when the agreement with the four national organizations was drawn up, and it will accumulate for the duration of the war. The moneys on hand are not earning interest. In view of the fact that the Committee is not now making a recommendation as to its ultimate use, it is felt that for the present and until a board of trustees is organized it would be advisable to appoint custodians of the moneys. The Committee, therefore, recommends that for the present custodians should be appointed, that the moneys paid to the Government should be invested in securities of, or guaranteed by, the Government of Canada, and suggests that the Committee should consist of The Governor of the Bank of Canada, the Deputy Minister of Finance, and the President, Regimental Funds Board.

9. Fourth Question: Kitchen By-Products.

The Committee finds that the Judge Advocate General has given an opinion to the effect that the terms of the Consolidated Revenue and Audit Act, 1931, require that all such moneys be deposited to the credit of the Consolidated Revenue Fund. The Committee also observes that the subject matter has, subsequent to the passing of the Order in Council of March 24, 1941, (P.C. 1959), been taken under consideration by the House of Commons Special Committee on War Expenditures, and that the Quartermaster General has explained the matter to it. From the limited enquiries which the Committee made it was not established that any serious hardships are being experienced currently by the army units in this connection. Therefore, as any change will involve legislation, the Committee believes it would be expedient to defer further action on this subject until the Parliamentary Committee makes a report.

J. W. MACDONNELL, *Chairman.*

(Sgd.) MR. L. PLANTE, *Member.*

(Sgd.) WATSON SELLAR, *Member.*

APPENDIX " F "

GENERAL ADVISORY COMMITTEE ON DEMOBILIZATION AND REHABILITATION

INTERIM REPORT BY SUBCOMMITTEE ON THE ADMINISTRATION OF SPECIAL FUNDS

In view of the appointment of a special Committee under P.C. 7520 to report upon the custodianship, auditing, investment and control of all funds derived from canteens and from other services, and designated to be expended for and on behalf of ex-service men of the present war, the subcommittee on the