This being the situation, it appears to me quite proper and in order for the Governor in Council to prescribe such terms and conditions in relation to the "advances" as if genuine advances or loans were in contemplation and one of these terms or conditions would naturally be a provision for the payment of interest. I would answer the question, therefore, in the affirmative.

The second question submitted is:

(2) Has the account monies in hand which are required to be surrendered in accordance with the provisions of section 8 of the Act?

According to my information, the operations of the Foreign Exchange Control Board from the date when it commenced operations on January 1, 1947, to the end of the calendar year resulted in earnings or interest being realized which, after deducting amounts paid pursuant to section 17, amounted to $10,817,631.27.

The question is whetheer, in view of section 8, this amount should be turned over to the consolidated revenue fund, notwithstanding that losses in excess of this amount were sustained by the fund prior to the commencement of operations just mentioned. The question in my opinion should be answered in the affirmative. Section 8 does not appear to me to be open to any other construction.

The Auditor General further asks whether the "interest" payments above-mentioned are to be out of moneys provided by parliament for costs of administration. I am of opinion that the charges in respect of "interest" are not "costs" since there is no actual disbursement and must be charged to or against the fund itself.

With all proper respect for opinions of the law officers, this seems to me, as an auditor, unnecessarily to 'strain at a gnat'. It is unnecessary to superimpose interest charges to make certain that all net earnings are annually surrendered, because section 8 of the Act directs an annual surrender to consolidated revenue fund of

the amount of the earnings or interest from gold, currencies, deposits, securities and other investments or dealings therein or therewith credited to the exchange fund account.

5. *Receiver General Balances*: The opinion (above quoted) of the Deputy Minister of Justice indicates that current earnings in the exchange fund account may not be applied to liquidate a $28,807,124.67 deficit existing in the account on December 31, 1946. Thus, consolidated revenue fund is short that amount. As no action was taken last session to recoup consolidated revenue fund, the situation is noted in paragraph 91.

Paragraph 94 draws attention to certain trading transactions affecting the securities investment account, where a somewhat similar problem is present. From time to time the Receiver General has large bank balances. An order in council made in 1941 has as its purpose that of regulating temporary investments by him. It directs the Receiver General: (a) to trade only in securities of Canada; (b) to credit interest earnings to revenue, (c) to retain profits in the account, and (d) to charge any trading losses to war appropriation. An authority relied on to make the order is the Loan Act, 1940, of which the material part of section 2 is:

2. The Governor in Council may . . . raise by way of loan . . . seven hundred and fifty million dollars, for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing from time to time unmatured securities of Canada to be withdrawn from circulation or resold, and for public works and general purposes.