

f.o.b. factory. At this point I would like to say a word of compliment to Mr. John F. Singleton, former Dairy Commissioner and chairman of the Dairy Products Board, recently retired, who did outstanding work, especially during the war years, and to his successor in office, Mr. W. C. Cameron.

This bill would make two amendments in section 8 of the act. The first would add the words "for distribution amongst producers in accordance with regulations". This is for purposes of clarification. The second amendment proposed by the bill is a new subsection of the nature of a penalty clause. As first enacted, the act provided no penalty. It was later found that a penalty clause was necessary to ensure the receipt by the producers of the bonus or premium payable to them by the government. Such a clause was prescribed under the authority of the War Measures Act, but that measure, enforced during the war years, is no longer operative. That is why this provision is to be added to section 8 of the Act. I do not know that anything more need be said by way of explanation, but if detailed information is required which cannot be given tonight, the bill might be referred to the Committee on Natural Resources.

**Hon. Mr. Leger:** Would the honourable senator say whether "producers" is defined in the Act?

**Hon. Mr. McDonald:** No, "producer" is not defined.

**Hon. Mr. Leger:** Does the word as used in the section mean the person who produces the milk or the cream for the cheese, or the manufacturer of the cheese?

**Hon. Mr. McDonald:** "Producer" here means the person who produces the milk for the cheese factory. He is paid a bonus of one cent per pound on cheese made from his milk which grades 93, and two cents per pound bonus on cheese made from his milk which grades 94.

**Hon. Mr. Leger:** Is that provided for in the Act?

**Hon. Mr. McDonald:** Yes.

**Hon. Mr. Leger:** It occurs to me that the word "producers" should include the manufacturer as well as the person who delivers the milk. A factory produces cheese.

**Hon. Mr. McDonald:** If the section is amended as set out here, it will read:

The governor in council may grant to cheese factories, for distribution amongst producers in accordance with regulations, out of moneys appropriated by parliament for the purpose, the sum of one cent per pound on all cheese that scores 93 points on grading or scoring by a dairy produce grader, and

the sum of two cents per pound on all cheese that scores 94 or more points on grading or scoring by a dairy produce grader.

**Hon. Mr. Aseltine:** Will the honourable senator please explain how these points are determined? How is the grading done?

**Hon. Mr. McDonald:** The dairy produce graders grade the cheese in the factories and award points according to texture, moisture content, flavour, and other qualities of that nature. The points are added up.

**Hon. Mr. Aseltine:** What do you mean by 93?

**Hon. Mr. McDonald:** Ninety-three points.

**Hon. Mr. Aseltine:** Out of how many?

**Hon. Mr. McDonald:** Out of 100.

**Hon. Mr. Roebuck:** I must confess that I am in a haze with respect to this bill. It is stated here that a penalty is necessary to ensure that money appropriated by parliament shall be distributed to the parties for whom it was appropriated. What has been going on that such a penalty is required? It would seem to me that it is a matter for the Criminal Code, if money that has been appropriated by parliament for somebody has been appropriated by somebody else.

**Hon. Mr. Hayden:** You mean misappropriated.

**Hon. Mr. Roebuck:** Yes. It becomes an offence under the Criminal Code. No penalty would be required under this bill to carry out an Act of parliament. I do not understand this.

**Hon. Mr. Hayden:** That is why it should go to committee.

**Hon. Mr. McDonald:** Soon after the Act went into effect it was found necessary to impose a penalty to make sure that these bonuses were passed on to the producers. The government paid the bonuses to the treasurer at the cheese factory, and he in turn was to pay them to the producers.

**Hon. Mr. Farris:** He would be a trustee.

**Hon. Mr. McDonald:** Yes. Under the War Measures Act the government was able to provide a penalty; but now it is necessary to write the penalty into the Act.

The motion was agreed to, and the bill was read the second time.

#### REFERRED TO COMMITTEE

**Hon. Mr. Robertson** moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.