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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations come into force on 14th May 1987 and further amend the Milk Marketing Scheme 1933 which applies to England and Wales.

These Regulations further implement the United Kingdom's obligation to supervise compliance with Council Regulation (EEC) No. 1422/78 concerning the granting of certain special rights to milk producer organisations in the United Kingdom (O.J. No. L171, 28.6.1978, p.14). It is a requirement of Article 5.1 of Regulation 1422/78 that operations of the Milk Marketing Board in the processing of milk for direct human consumption and the manufacture of milk products shall be subject to a separate system of financial management and administration with a view to placing their processing undertakings on an equal footing with other independent undertakings.

By way of further provision for compliance with this requirement as set out in the Scheme, these Regulations amend the Scheme—

- (a) by inserting a new paragraph 59A authorising the Board, subject to the approval of the Minister of Agriculture, Fisheries and Food and the Secretary of State for Wales acting in conjunction, to set up, and make specified ancillary provision for, a company to carry out commercial activities (regulation 2(c));
- (b) by substituting a modified definition of “commercial activities” and making other minor consequential provisions (regulation 2(a), (b) and (d)).