corporation other than a contract relating to the sale, purchase, collection, delivery, or treatment of milk, his office shall become vacant and the vacancy shall be deemed to be an extraordinary vacancy.

(5) In case of any extraordinary vacancy the Governor-General may appoint some fit person to be a director for the residue of the term for which the vacating director was appointed. Any such vacancy.

(6) The powers of the Corporation shall not be affected by the fact that at any time there may be less than the full number of directors in office.

7. (1) In any case in which the Corporation is satisfied that any director has been incapacitated by illness, absence, or other sufficient cause from performing the duties of his office, the Corporation, with the consent of the body which nominated that director or of the body which has been or shall be the directors from time to time appointed.

(2) Provided that in the case of the incapacity of the director appointed as representative of the Government, the duty shall be performed by the Minister of Finance.

(3) No such appointment of a director and a deputy acts done by him as such shall in any proceedings be questioned on the ground that the appointment of such director or deputy had or had not been made.

8. (1) If, pursuant to any guarantee given by the Minister of Finance in respect of the liabilities of the Corporation, any moneys are paid to the Corporation or to any creditor of the Corporation, or if the Corporation makes default in the repayment of any moneys lent to the Corporation by the Minister of Finance, the Minister of Agriculture, on behalf of the Government refer to the Central Milk Council for inquiry and for its recommendation the question of the manner in which the business of the Corporation has or should be conducted or managed.

(2) In case where a matter has been referred to the Central Milk Council for inquiry pursuant to subclause (1) of this regulation, the Central Milk Council shall conduct a local inquiry under section 108 of the Milk Act, 1944.

(3) If after an inquiry as aforesaid the Central Milk Council reports that the business of the Corporation has been inefficiently conducted and recommends that any of the directors should be removed from office, the Governor-General may in his discretion remove such director from office accordingly or, if the person so removed from office were appointed pursuant to paragraph (4) or (5) of subclause (a) of Regulation 3 hereof, order the persons to be appointed from time to time as directors in their place shall not be nominated as provided in those paragraphs, but shall be nominated from a panel containing not less than six nominees submitted for the purpose by the body that would otherwise make the nomination, and the provisions of the said Regulation 3 shall be deemed to be modified accordingly.

9. (1) The first meeting of the directors shall be held on a day to be appointed in that behalf by the Minister. Subsequent meetings of the directors shall be held at such times and places as the directors from time to time appoint.

(3) The Chairman or any two directors may at any time call a special meeting of the directors.

(4) At all meetings of the directors four directors shall form a quorum.

(5) The Chairman shall preside at all meetings at which he is present, and in the absence of the Chairman, the directors present shall appoint one of their number to act as Chairman of that meeting.

(6) All questions before the directors shall be decided by a majority of directors present and voting at a meeting held in pursuance of these regulations:

Provided that the Chairman of the meeting shall have a deliberative vote, and, in the case of an equality of votes, shall also have a casting vote.

(7) Subject to the provisions of these regulations, the directors may regulate their procedure in such manner as they think fit.

10. No director shall be personally liable for any liability of the Corporation, or for any act done or omitted by the Corporation or by any director or officers thereof in good faith in pursuance or intended pursuance of the powers and authority of the Corporation.

11. (1) The Corporation may out of its funds pay to the Chairman or any director an allowance at the rate of £100 a year, or at such higher rate as may be approved by the Minister of Finance, and to each of the other directors an allowance at a rate not exceeding £50 a year.

(2) There may be paid to the directors out of the funds of the Corporation all amounts actually and reasonably expended by them in attending meetings of the directors, or by any committee of the directors, or in transacting any business of the Corporation pursuant to any resolution of the directors or of any committee of the directors.

(3) Any payment which, if made between private persons, must be by deed shall, if made by the Corporation, be in writing under the seal of the Corporation.

(4) Any contract which, if made between private persons, may be orally made may be similarly made by or on behalf of the Corporation by any two directors acting by direction of the Corporation, but no oral contract shall be made for any sum exceeding £20.

13. The functions of the Corporation shall be to acquire, treat, and sell milk for consumption and use in the Timaru Milk District constituted under the Milk Act, 1944, and in neighbouring areas.

14. (1) The Corporation shall have all the powers and authorities reasonably necessary for the effective performance of its functions.

(2) Without limiting the general provisions herebefore contained, it is hereby declared that the Corporation may—

(a) Appoint such officers and servants as it deems necessary for the efficient carrying out of its functions under this Act

(b) Manufacture and sell any mixture or compound containing milk for use in the manufacture of ice cream.

(3) The Corporation shall have power to manufacture, sell, and dispose of any milk or dairy products, and other articles of human food of whatsoever kind or nature.

(4) Acquire by purchase, lease, or otherwise howsoever, any land, buildings, plant, machinery, appliances, or other property whatsoever (whether real or personal), rights, or privileges which it thinks necessary for the purpose of any of these regulations.

(5) Maintain and work any buildings, plant, machinery, or appliances required for the treatment, transport, and delivery of milk, and otherwise for the carrying out of the functions of the Corporation.

(6) Exchange, lease, dispose of, turn to account, or otherwise deal with any property, rights, or privileges of the Corporation.

(7) Contract for the execution by any person or work service authorized to be executed by the Corporation in such manner and upon and subject to such terms and conditions as the Corporation thinks fit.

15. Nothing in these regulations shall derogate from the provisions of the Milk Act, 1944, or from any other Act.

(3) The Corporation shall keep its accounts in such form as may be required or approved by the Minister of Finance.

17. (1) The Corporation shall cause books to be kept and to be kept for the purpose of showing all such sums of money received and paid, and of the several purposes for which such sums of money have been received and paid.

(2) The Corporation shall keep its accounts in such form as may be required or approved by the Minister of Finance.

18. (1) The Corporation may, with the approval of the Minister of Finance, set aside out of its revenue such sums as it thinks proper for the purposes of the Corporation, or for the purposes of the Minister of Finance, required by the Corporation for working-capital, wages, or administration, or for any purpose incidental to the efficient performance of the Corporation's functions.

(2) In addition to the power conferred by subclause (1) of this regulation, the Corporation may from time to time with the consent of the Minister of Finance borrow moneys from the Bank of New Zealand.

(3) Funds may be invested in the manner following:

19. Any moneys belonging to the Corporation and available for investment may be invested in the manner following:

(a) In the New Zealand Government securities; or

(b) On deposit in the Bank of New Zealand; or

(c) If the Minister of Finance so consents, and subject to any conditions imposed by him, in the making of advances to producers of milk for the purpose of enabling them to improve the quality of the milk; or

(d) In any other securities that may from time to time be authorized by the Minister of Finance.

20. (1) On or before the last day of October, in each year, the Corporation shall cause to be prepared and sent to the Audit Office a yearly balance-sheet and a profit and loss account, together with such other statements of accounts as may be necessary to show fully the financial position of the Corporation and the financial results of its operations during the preceding financial year ended the 31st day of August then last past.

(2) The yearly balance-sheet, account, and statements shall be audited by the Audit Office, which for that purpose shall have all the powers and it may exercise all such powers as it has under the Public Audit Act, 1926, in respect of public moneys and public stores and the audit of local authorities' accounts.

(3) A copy of the yearly balance-sheet, profit and loss account, and statements shall, when duly audited, be submitted by the Corporation to the Minister accompanied by a report as to the operations of the Corporation for the year and a copy of the balance-sheet, account, statements, and report shall be laid before Parliament.

W. O. HARVEY, Clerk of the Executive Council.