Draft Regulations laid before Parliament under sections 29(10) and 50(6)(a) of the Agriculture Act 2020, for approval by resolution of each House of Parliament.

D R A F T S T A T U T O R Y I N S T R U M E N T S

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AGRICULTURE

The Fair Dealing Obligations (Pigs) Regulations 2025

Made - - - - ***

Coming into force in accordance with regulation 1(2)

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Amendment of the Fair Dealing Obligations (Milk) Regulations 2024

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The Secretary of State, in exercise of the powers conferred by sections 29 and 50(3) of the Agriculture Act 2020(**a**), makes the following Regulations.

(**a**) 2020 c. 21.

In accordance with sections 29(10) and 50(6)(a) of the Agriculture Act 2020, a draft of this instrument has been laid before Parliament and approved by a resolution of each House.

PART 1

General

Citation, commencement, extent and application

1.—(1) These Regulations may be cited as the Fair Dealing Obligations (Pigs) Regulations 2025.

(2) These Regulations come into force on the commencement date, except for Parts 1 and 11 which come into force on the day after the day on which these Regulations are made.

(3) They extend to England and Wales, Scotland and Northern Ireland.

(4) Subject to paragraph (5) and regulation 4, these Regulations (other than Part 11) apply in relation to pig purchase contracts.

(5) They do not apply in relation to any quantity of pigs that the business purchaser(**a**) takes possession of before the transition date under a pig purchase contract that was in force immediately before the commencement date.

(6) In this regulation—

"the commencement date" is the day after the expiry of 12 weeks, beginning with the day on which these Regulations are made;

"the transition date" is the day after the expiry of 12 months, beginning with the commencement date.

Interpretation

2. In these Regulations—

"fixed-duration contract" has the meaning given in regulation 6(2);

"fixed price" has the meaning given in regulation 8(2);

"notice of intent" has the meaning given in regulation 22(2);

"pig purchase contract" means a contract made by a business purchaser for the purchase of pigs from a qualifying seller(**b**);

"the parties", in relation to a pig purchase contract, means the business purchaser and the qualifying seller who are party to the contract;

"variable price" has the meaning given in regulation 9(2).

PART 2

Requirement to use a pig purchase contract

Requirement to use a pig purchase contract and general provisions

3.—(1) A business purchaser may not purchase pigs from a qualifying seller unless the purchase is made under a pig purchase contract that complies with the requirements of these Regulations.

(2) A pig purchase contract must contain all the express terms relating to the purchase.

(**a**) For the meaning of "business purchaser" see section 29(3)(a) of the Agriculture Act 2020.
(**b**) For the meaning of "qualifying seller" see section 29(3)(b) of the Agriculture Act 2020.

(3) A pig purchase contract must contain a term that requires the business purchaser to act in good faith in relation to the contract.

(4) A pig purchase contract may not contain any terms that are contrary to the provisions of these Regulations.

Notice to disapply the Regulations

4.—(1) These Regulations do not apply in relation to the purchase of pigs where the qualifying seller gives notice in writing to the business purchaser that the Regulations do not apply.

(2) The notice for the purposes of paragraph (1) may either relate to—

(i) specified purchases, or

(ii) all purchases within a specified period,

between the qualifying seller and the business purchaser.

(3) A notice given under paragraph (1) can be withdrawn by the qualifying seller at any time before the qualifying seller and business purchaser enter into a pig purchase contract for the purchases to which the notice relates.

PART 3

Format and duration of pig purchase contract

Format of a pig purchase contract

5.—(1) A pig purchase contract must—

(a) be in writing; and

(b) be signed by all parties to the contract.

(2) An electronic signature is sufficient to satisfy the requirement in paragraph (1)(b).

(3) An "electronic signature" is so much of anything in electronic form as—

(a) is incorporated into or logically associated with any electronic communication or electronic data; and

(b) purports to be so incorporated or associated for the purposes of being used in establishing the authenticity of the communication or data, the integrity of the data, or both.

Duration of pig purchase contract

6.—(1) A pig purchase contract must be—

(a) a fixed-duration contract; or

(b) an evergreen contract.

(2) A "fixed-duration contract" is a pig purchase contract that will terminate—

(a) on the expiry of a specific period; or

(b) on a specified date.

(3) An "evergreen contract" is a pig purchase contract that will continue until one of the parties terminates it.

(4) A pig purchase contract must state whether it is a fixed-duration contract or an evergreen contract.

(5) A pig purchase contract must specify the date on which the obligation to supply pigs commences, if this is different from the date on which it is signed.

PART 4

Pricing and payment

Permitted pricing

7. A pig purchase contract must use—

(a) a fixed price;

(b) a variable price; or

(c) a combination of a fixed price and a variable price.

Use of a fixed price

8.—(1) Where a pig purchase contract uses a fixed price (whether or not in combination with a variable price), it must do so in accordance with this regulation.

(2) A "fixed price" is a price, set out in the pig purchase contract, that—

(a) is expressed per quantity of pigs; and

(b) will be paid by the business purchaser to the qualifying seller for pigs supplied under the contract.

(3) The pig purchase contract may set out more than one fixed price within the duration of the contract.

(4) The pig purchase contract must specify—

(a) the period within the duration of the contract to which each price relates; and

(b) the date on which each period begins and ends.

(5) The pig purchase contract must set out a procedure by which the price may be reviewed where exceptional market conditions occur.

(6) The pig purchase contract must set out what constitutes exceptional market conditions for the purpose of the procedure referred to in paragraph (5).

(7) The procedure referred to in paragraph (5) must provide that, where requested by the qualifying seller, the business purchaser must, within 30 days beginning with the date on which the request was made, invite the qualifying seller to enter into a discussion with the purpose of—

(a) reviewing the price payable under the pig purchase contract at the time of the exceptional market condition occurring; and

(b) where both of the parties agree, changing that price.

Use of a variable price

9.—(1) Where a pig purchase contract uses a variable price (whether or not in combination with a fixed price), it must do so in accordance with this regulation.

(2) A "variable price" is a price per quantity of pigs that is not fixed at the point that the pig purchase contract is made but is determined—

(a) in accordance with; or

(b) by the business purchaser with reference to,

factors set out in the pig purchase contract.

(3) Where the pig purchase contract makes provision in accordance with paragraph (2)(b), it must provide that the business purchaser must have due regard, as far as it is reasonably practicable to do so, to only the factors set out in the pig purchase contract when determining the price per quantity of pigs.

(4) The pig purchase contract may provide for the price per quantity of pigs to be determined by reference to more than one set of factors within the duration of the contract.

(5) Where the pig purchase contract accords with paragraph (4), it must specify—

(a) the period within the duration of the contract to which each set of factors relates; and

(b) the date on which each period begins and ends.

(6) The pig purchase contract must provide how often the price per quantity of pigs is to be determined.

(7) After the price per quantity of pigs is determined under the pig purchase contract, the qualifying seller may by written notice request that the business purchaser give them a written explanation as to—

(a) how the price was determined; and

(b) where the price per quantity of pigs is to be determined by the business purchaser, how the factors to which the business purchaser is to have due regard influenced the price.

(8) The notice described in paragraph (7) may be given once each time the price is determined.

(9) The business purchaser must give the explanation requested in the notice within 7 days beginning with the date on which the notice described in paragraph (7) was given.

(10) Paragraphs (7) to (9) do not apply if at least 97.5% of the price per quantity of pigs is determined in accordance with a formula set out in the contract using only objective factors that are—

(a) able to be expressed as a numerical value; and

(b) available to both of the parties.

Method and frequency of payment

10. A pig purchase contract must set out—

(a) the first day on which;

(b) the method by which; and

(c) the frequency with which,

the business purchaser will pay the qualifying seller for pigs under the contract.

Referral of relevant variable price to independent third party

11.—(1) A pig purchase contract that uses a relevant variable price must include a third-party verification procedure.

(2) A "third-party verification procedure" is a procedure which enables a qualifying seller to refer an explanation given in accordance with regulation 9(9) to an independent person—

(a) for the purpose of seeking their professional opinion as to the extent to which any references to business-sensitive data are accurate; and

(b) to confirm that, in the reasonable, professional opinion of the independent person, the explanation is supported by the business-sensitive data.

(3) The business purchaser must—

(a) cooperate with the independent person, to such extent as is reasonably requested by the person; and

(b) provide such information or specified documents as are reasonably requested by the person.

(4) Paragraph (3) does not apply if the independent person does not confirm to the business purchaser that they will not share business-sensitive data without the business purchaser's consent.

(5) The pig purchase contract must—

(a) provide that the independent person engaged to verify business-sensitive data is to be agreed upon by the business purchaser and qualifying seller; and

(b) provide for the costs of the independent person to be apportioned between the parties.

(6) But the pig purchase contract must provide that the qualifying seller may not be apportioned a greater share of the costs of engaging the independent person than is apportioned to the business purchaser.

(7) In this regulation,

"business-sensitive data" is data—

(a) the source of which is the business purchaser; and

(b) that is of a confidential nature;

"relevant variable price" means a variable price which is determined with reference to business-sensitive data.

(8) Data is of a confidential nature if it is stated as being so in the pig purchase contract.

PART 5

Quantity

Quantity to be supplied

12.—(1) A pig purchase contract must specify the quantity of pigs to be supplied in a given period.

(2) The quantity of pigs to be supplied in a given period may be specified as a maximum and minimum quantity of pigs that is to be supplied in that period.

(3) Where the pig purchase contract provides that the quantity of pigs to be supplied in a given period can be varied, the contract must specify the process by which, and frequency at which, that can be done.

(4) The pig purchase contract must include provision setting out the remedies available to the business purchaser if the qualifying seller provides a quantity of pigs that is below the minimum quantity specified for that period.

PART 6

Miscellaneous

Collection or delivery of the pigs

13.—(1) A pig purchase contract must set out whether pigs supplied under the contract will be collected from the qualifying seller by, or on behalf of, the business purchaser or delivered to the business purchaser by, or on behalf of, the qualifying seller.

(2) The pig purchase contract must specify when, and how frequently, the collections or deliveries will occur.

(3) The pig purchase contract must set out the remedies available to the qualifying seller and the business purchaser if the collection or delivery of the pigs does not take place in accordance with the pig purchase contract.

Force majeure

14.—(1) A pig purchase contract must contain a provision setting out the effect on the business purchaser and qualifying seller of a force majeure event occurring.

(2) A pig purchase contract must set out specifically the acts, events or circumstances that constitute a force majeure event.

Notices under a pig purchase contract

15.—(1) A pig purchase contract must provide that any notice given under it must be—

(a) in writing;

(b) sent by electronic mail or a method of post that requires the recipient to sign on receipt; and

(c) where the notice is given by post, properly addressed and pre-paid.

(2) The pig purchase contract must provide that where the notice complies with the provision required by paragraph (1), service is deemed to be effected at the time at which the notice would be delivered—

(a) where electronic mail is used, in the ordinary course of using the electronic mail service; or

(b) where the notice is given by post, in the ordinary course of post.

(3) The pig purchase contract must state that the address for service by post for the parties is their ordinary business address unless a party specifies an alternative address.

Variation of terms

16. A pig purchase contract must provide that the pig purchase contract's terms may be varied only on agreement in writing between the business purchaser and the qualifying seller.

PART 7

Dispute resolution

Dispute resolution

17.—(1) A pig purchase contract must set out a procedure according to which a qualifying seller may make a complaint to the business purchaser relating to the pig purchase contract.

(2) The procedure must provide—

(a) that the qualifying seller must make the complaint by giving a notice to the business purchaser;

(b) the contact details of a person to whom the qualifying seller may give the notice; and

(c) that, upon receiving the notice, the business purchaser must investigate, and take all reasonable steps to resolve, the complaint.

PART 8

Termination

Termination

18.—(1) Unless it is a fixed-duration contract with a duration of 12 months or less, a pig purchase contract must set out a process in accordance with which the parties can terminate the contract by giving written notice to the other party ("the termination process").

(2) The termination process must specify the period of notice that each party is required to give in order to terminate the pig purchase contract without the consent of the other party.

(3) The termination process must provide that any notice to terminate the contract must specify the date that the contract is to be terminated.

(4) A pig purchase contract must provide that the qualifying seller may immediately terminate the contract without the consent of the business purchaser by giving the business purchaser a written notice—

(a) where the business purchaser is insolvent;

(b) within 14 days of the qualifying seller becoming aware of there having been a material breach of the pig purchase contract by the business purchaser except for a failure to make a payment in accordance with the contract (in respect of which, see sub-paragraphs (c) and (d));

(c) where—

(i) the business purchaser fails to make a payment in accordance with the pig purchase contract;

(ii) the qualifying seller gives notice to the business purchaser of that failure; and

(iii) the payment is not made within seven days of that notice being given,

within 21 days of that notice being given;

(d) within 14 days of the third occasion on which the business purchaser fails to make a payment in accordance with the pig purchase contract, whether or not any previous failures to pay have been remedied;

(e) within 14 days of the death of a relevant person; or

(f) within 14 days beginning with the day on which a requirement to pay a civil penalty or compensation is imposed on the business purchaser in respect of the pig purchase contract under regulation 20(1).

(5) A "relevant person" is a person named in the pig purchase contract whose death enables the pig purchase contract to be immediately terminated in accordance with paragraph (4)(e).

(6) A pig purchase contract may not contain any provision that—

(a) purports to allow the business purchaser to alter the pricing method or price per quantity of pigs under the contract as a consequence of notice to terminate the contract having been given; or

(b) purports to restrict the ability of a qualifying seller to give notice on a particular day.

PART 9

Enforcement

Referral of complaint to the Secretary of State

19.—(1) A qualifying seller may refer a relevant complaint to the Secretary of State.

(2) A "relevant complaint" is a complaint that—

(a) a pig purchase contract to which the qualifying seller is a party is not compliant with the obligations of these Regulations; or

(b) the business purchaser has failed to comply with the obligation to provide an explanation in accordance with regulation 9(9) following a request by the qualifying seller under regulation 9(7) (request for explanation regarding pricing).

(3) To refer a relevant complaint, a qualifying seller must give a written notice to the Secretary of State that includes—

(a) the details of the alleged failure to comply;

(b) any evidence of the alleged failure to comply;

(c) a statement as to whether the qualifying seller is seeking compensation from the business purchaser concerned;

(d) the amount of any compensation sought; and

(e) the reasons why such compensation is sought.

(4) A relevant complaint may not be referred to the Secretary of State unless—

(a) the qualifying seller has made the complaint, or, in the opinion of the Secretary of State, a substantially similar complaint, to the business purchaser under the pig purchase contract's dispute resolution procedure (see regulation 17) and 28 days have passed beginning with the day on which the complaint was made to the business purchaser; or

(b) the pig purchase contract makes no provision for a dispute resolution procedure or otherwise fails to comply with regulation 17.

(5) A qualifying seller may not refer a relevant complaint to the Secretary of State that the Secretary of State has already decided unless—

(a) new evidence is available; and

(b) the decision made by the Secretary of State was that no requirement was to be imposed under regulation 20(1).

(6) After receiving the relevant complaint, the Secretary of State must give a notice to the business purchaser that—

(a) includes the relevant complaint;

(b) asks the business purchaser to respond to the allegations made in the complaint; and

(c) gives a date by which the business purchaser must reply.

(7) The Secretary of State may—

(a) investigate a case where a relevant complaint is referred to the Secretary of State;

(b) require the parties to the pig purchase contract to submit evidence relating to the relevant complaint;

(c) consider other failures to comply with these Regulations that did not form part of the complaint made to the business purchaser.

(8) Evidence able to be requested by the Secretary of State includes—

(a) documents, including those in digital format, in the possession, or under the control, of the party;

(b) witness evidence, whether provided by way of a written statement or orally; and

(c) any other evidence the Secretary of State considers relevant.

(9) A request for evidence under paragraph (7)(b) must be in writing and include—

(a) a statement that the request is made under paragraph (7)(b);

(b) the name, or a description, of the person from whom the evidence is being requested;

(c) a description of the evidence being requested;

(d) the method by which the evidence is required to be submitted;

(e) the address to which the evidence is to be sent;

(f) the period within which the evidence is to be provided; and

(g) a statement that failing to comply with the request—

(i) may cause the Secretary of State to draw an adverse inference against the person in respect of the complaint; or

(ii) may lead to civil proceedings being brought to obtain the evidence (in respect of which, see paragraph (12)).

(10) The address referred to in paragraph (9)(e) may be an electronic address.

(11) The business purchaser must cooperate with an investigation of the Secretary of State under paragraph (7)(a).

(12) The Secretary of State may enforce the requirement to provide evidence by bringing civil proceedings to obtain—

(a) in England and Wales or Northern Ireland, an injunction;

(b) in Scotland, an order for specific performance under section 45 of the Court of Session Act 1988(**a**).

Power to impose a civil penalty or require compensation

20.—(1) Where the Secretary of State finds that a business purchaser has failed to comply with a requirement under these Regulations, the Secretary of State may require the business purchaser to pay either, or both, of the following—

(a) a civil penalty;

(b) compensation to the qualifying seller.

(2) A business purchaser may be required to pay a civil penalty or compensation in respect of each and every failure to comply with these Regulations.

(3) The maximum amount of a civil penalty is 1% of the business purchaser's turnover.

(4) The Secretary of State may recover any unpaid civil penalty as a debt.

(5) Sums received by the Secretary of State as payment for civil penalties are to be paid into the consolidated fund.

(6) A business purchaser's "turnover" is the business purchaser's applicable turnover for the business year preceding the date of the notice of decision under regulation 24.

(7) Where the business year preceding the date of the decision notice did not equal twelve months, the turnover is the business purchaser's applicable turnover for that business year divided by the number of months in that business year and multiplied by twelve.

(8) Where there was no preceding business year, the turnover is the applicable turnover for the twelve months ending on the last day of the month preceding the month in which the Secretary of State gave the decision notice to the business purchaser.

(9) Where in the application of paragraph (8) the business purchaser has turnover for a period of less than twelve months, the turnover is the applicable turnover in that period divided by the number of months in that period and multiplied by twelve.

(10) In this regulation—

"applicable turnover" is the sum of—

(a) all amounts derived by the business purchaser from the provision of goods and services falling within the business purchaser's ordinary activities in the United Kingdom; and

(b) all other amounts received by the business purchaser in the course of the business purchaser's ordinary activities in the United Kingdom by way of gift, grant, subsidy or membership fee,

after deduction of trade discounts, value added tax and other taxes based on the amounts so derived or received;

"business year" means a period of more than six months in respect of which a business purchaser published accounts or, if no such accounts were published for the period, prepared accounts.

(11) Amounts are to be calculated in conformity with generally accepted accounting principles and practices.

Requirement of the Secretary of State to publish guidance

21.—(1) The Secretary of State must publish guidance relating to the imposition of a requirement under regulation 20(1).

(2) The guidance must include—

(**a**) 1988 c. 36.

(a) the matters to be taken into account in determining the amount of the civil penalty or compensation payable;

(b) the rights of the business purchaser and qualifying seller to make representations under regulation 23;

(c) the right of the business purchaser and qualifying seller to appeal against a decision to impose a requirement.

(3) The guidance must be reviewed and revised from time to time.

(4) The Secretary of State must have regard to the guidance when exercising the power in regulation 20(1).

Notice of intent

22.—(1) Where the Secretary of State proposes to require a business purchaser to pay a civil penalty or pay compensation, the Secretary of State must first give them a notice of intent.

(2) A "notice of intent" is a written notice including—

(a) a description of the breach which the Secretary of State considers has been committed;

(b) the evidence being relied upon;

(c) the requirement under regulation 20(1) the Secretary of State proposes to impose; and

(d) a statement that the business purchaser has a right to make representations in accordance with regulation 23 and how to make such representations.

(3) Before the expiry of 7 days beginning with the day after the day on which the Secretary of State gives a notice of intent, the Secretary of State must send—

(a) a copy of the notice of intent to the qualifying seller; and

(b) where the Secretary of State proposes to require the business purchaser to pay compensation to a qualifying seller, a written notice setting out that qualifying seller's right to make representations in respect of the compensation.

Representations

23.—(1) A business purchaser to whom a notice of intent is given may, within 28 days beginning with the day on which the notice was received, make written representations to the Secretary of State in relation to the proposed requirement to pay a civil penalty or pay compensation.

(2) A qualifying seller who is notified under regulation 22(3)(b) that the Secretary of State proposes to require the business purchaser to pay compensation to them may, within 28 days beginning with the day on which the notice was received, make written representations to the Secretary of State in relation to the amount of that compensation.

Notice of decision

24.—(1) After the expiry of both periods within which the business purchaser and qualifying seller may make representations under regulation 23, the Secretary of State must decide whether to impose a requirement under regulation 20(1).

(2) Where the Secretary of State decides to impose a requirement, it may be that set out in the notice of intent, or a different requirement.

(3) A business purchaser required to pay a civil penalty or pay compensation under regulation 20(1) must do so within 28 days of receiving a notice of decision under paragraph (4).

(4) Where the Secretary of State makes a decision under paragraph (1), the Secretary of State must give a written notice (a "notice of decision") to the business purchaser setting out—

(a) where the decision is to impose a requirement under regulation 20(1)—

(i) the requirement being imposed;

(ii) the reasons for imposing the requirement;

(iii) the amount to be paid by the business purchaser in respect of each requirement imposed under regulation 20(1);

(iv) an explanation as to how the amount has been calculated;

(v) how payment may be made;

(vi) that payment is due within 28 days of the receipt of the notice of decision;

(vii) information about the right to appeal against the imposition of a requirement under regulation 25; and

(viii) where the Secretary of State decides to impose a civil penalty, that the Secretary of State is entitled to recover any unpaid civil penalty as a debt; or

(b) where the decision is not to impose a requirement under regulation 20(1)—

(i) that decision; and

(ii) the reasons for reaching the decision.

(5) Before the expiry of 7 days beginning with the day after the day on which the Secretary of State gives a notice of decision, the Secretary of State must send a copy of the notice to the qualifying seller.

(6) Where the Secretary of State—

(a) requires the business purchaser to pay compensation to a qualifying seller; or

(b) decides not to impose a requirement under regulation 20(1) on the business purchaser,

the Secretary of State must include with the copy of the notice of decision under paragraph (5) a written notice setting out the qualifying seller's right to appeal under regulation 25(2).

Appeals

25.—(1) A business purchaser on whom a requirement has been imposed under regulation 20(1) may appeal against—

(a) the imposition of the requirement;

(b) the amount of any civil penalty they have been ordered to pay; or

(c) the amount of any compensation they have been ordered to pay.

(2) A relevant qualifying seller may appeal against—

(a) a decision of the Secretary of State under regulation 24(1) not to impose a requirement on a relevant business purchaser; or

(b) the amount of any compensation a relevant business purchaser has been ordered to pay.

(3) An appeal under paragraph (1) or (2) is to be made to the First-Tier Tribunal.

(4) The time limit for payment of a civil penalty or compensation under regulation 24(3) is paused until the appeal is concluded.

(5) Paragraph (6) applies where, following an appeal under this regulation, the First-Tier Tribunal affirms the decision of the Secretary of State or orders the business purchaser to pay any amount to the Secretary of State or qualifying seller.

(6) The business purchaser must make the payment before the expiry of 28 days beginning with the date of the First-Tier Tribunal's judgment, minus the number of days that expired (if any) between the date on which the business purchaser received the notice of decision and the date on which the appeal was filed.

(7) An appeal under this regulation may be determined having regard to matters of which the Secretary of State was unaware.

(8) In this regulation—

"notice of decision" has the meaning given in regulation 24(4);

"relevant qualifying seller" means the qualifying seller who referred the complaint to the Secretary of State that resulted in the Secretary of State making a decision under regulation 24(1) and "relevant business purchaser" means the business purchaser against whom the complaint was made.

PART 10

Review

Review

26.—(1) The Secretary of State must from time to time—

(a) carry out a review of the regulatory provision contained in these Regulations; and

(b) publish a report setting out the conclusions of the review.

(2) The first report must be published before the expiry of 5 years, beginning with the commencement date.

(3) Subsequent reports must be published at intervals not exceeding 5 years.

(4) Section 30(4) of the Small Business, Enterprise and Employment Act 2015(**a**) requires that a report published under this regulation must, in particular—

(a) set out the objectives intended to be achieved by the regulatory provision contained in these Regulations;

(b) assess the extent to which those objectives are achieved;

(c) assess whether those objectives remain appropriate; and

(d) if those objectives remain appropriate, assess the extent to which they could be achieved in another way which involves less onerous regulatory provision.

(5) In this regulation—

"the commencement date" has the meaning given in regulation 1;

"regulatory provision" has the same meaning as in sections 28 to 32 of the Small Business, Enterprise and Employment Act 2015 (see section 32(4) of that Act).

PART 11

Amendment of the Fair Dealing Obligations (Milk) Regulations 2024

Amendment of the Fair Dealing Obligations (Milk) Regulations 2024

27.—(1) The Fair Dealing Obligations (Milk) Regulations 2024(**b**) is amended as follows.

(2) In regulation 9 (tiered pricing), after paragraph (1), insert—

"(1A) Paragraph (1) does not apply to an exclusive milk purchase contract made by a business purchaser which has an internal democratic structure when purchasing milk from a producer member(**c**).

(1B) Where an exclusive milk purchase contract referred to in paragraph (1A) provides that the price to be paid for milk under the contract changes if the amount of milk provided

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(**a**) 2015 c. 26.
(**b**) S.I. 2024/537.
(**c**) "Exclusive milk purchase contract" is defined in regulation 9(4) of S.I. 2024/537. For the meaning of "business purchaser" in S.I. 2024/537, see section 29(3)(a) of the Agriculture Act 2020. For other relevant definitions, see regulation 2 of S.I. 2024/537.

by the producer exceeds a certain volume, it must do so in accordance with paragraphs (1C) to (1E).

(1C) The milk purchase contract must set out the amount by which the price is to change as a numerical value per unit of milk or milk constituent.

(1D) The milk purchase contract must specify the volume of milk above which the change in price is to apply.

(1E) The milk purchase contract may set out different amounts by which the price is to change that apply to different volumes of milk produced.".

Name
Minister of State
Date Department for Environment, Food and Rural Affairs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision in respect of commercial contracts for the purchase of pigs between persons purchasing pigs in the course of carrying on their business (business purchasers) and qualifying sellers.

Regulation 3 requires a business purchaser to use a "pig purchase contract" that complies with these Regulations when purchasing pigs from a qualifying seller, and makes general provision about the use of pig purchase contracts.

Regulation 4 provides that these Regulations do not apply to purchases of pigs where the qualifying seller gives notice to that effect to the business purchaser.

Regulation 5 makes provision about the format of the pig purchase contract. Regulation 6 provides that the duration of the pig purchase contract must either be fixed or evergreen (as defined). Regulation 7 sets out the permitted pricing models.

Regulation 8 makes provision in relation to fixed price pig purchase contracts, including provision about the review of the fixed price in exceptional market conditions. Regulation 9 makes provision in relation to variable price pig purchase contracts. Regulation 10 makes provision about the method and frequency of payment.

Regulation 11 provides that where business-sensitive data (as defined) is used in relation to a variable price, the pig purchase contract must provide that the qualifying seller may refer the explanation given under regulation 9 to an independent person for verification.

Regulation 12 makes provision as to the quantity of pigs to be supplied under a pig purchase contract, including provision as to remedies that are available to the business purchaser when the amount of pig is below the minimum quantity specified in the contract.

Regulation 13 makes provision for the terms relating to the collection or delivery of pigs by the business purchaser or the qualifying seller respectively. Regulation 14 requires pig purchase contracts to contain force majeure clauses.

Regulation 15 makes provision for the requirements in pig purchase contracts relating to the giving of notices under them. Regulation 16 makes provision for the variation of terms of a pig purchase contract. Regulation 17 requires pig purchase contracts to contain a dispute resolution procedure. Regulation 18 makes provision concerning termination of pig purchase contracts.

Regulation 19 provides that a qualifying seller may refer a complaint relating to the compliance of the pig purchase contract with the requirements of these Regulations to the Secretary of State. Regulation 20 gives the Secretary of State powers to impose a civil penalty on a business purchaser found to have failed to comply with their obligations, and to require the payment of compensation. Regulation 21 requires the Secretary of State to publish guidance on those powers, and regulations 22 to 24 set out the applicable procedure where they are exercised. Regulation 25 makes provision in relation to appeals.

Regulation 26 makes provision for the Secretary of State to review these Regulations.

Regulation 27 makes amendments to regulation 9 (tiered pricing) of the Fair Dealing Obligations (Milk) Regulations 2024 (S.I. 2024/537). The amendment allows exclusive milk purchase contracts made by a business purchaser which has an internal democratic structure to include provisions that provide for the price to be paid for milk under the contract to change if the amount of milk produced exceeds a certain volume, provided the contract sets out the amount by which the price is to change as a numerical value per unit of milk and specifies the volume of milk above which the change in price is to apply.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sectors is foreseen. A de minimis assessment has been prepared as this instrument is likely to entail some costs for businesses but the net impact is estimated to be below £5 million per year. It is available from the Department for Environment, Food and Rural Affairs, 2 Marsham Street, London, SW1P 4DF.

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