

## Reform of Dairy Contracts 5 key points

**Background:** For most dairy farmers, their contract to sell milk is the single most important piece of paper they have for their business and shapes the relationship with their milk buyer. Unfair milk contracts have been an area of concern for the dairy sector for many years. A significant proportion of the calls that the farming unions receive are from farmers with issues which ultimately relate back to their milk contract. In 2018, following an industry wide review of the Groceries Code Adjudicator, it found that there is an uneven distribution of power within the dairy sector. This led Defra and the Devolved Administrations to announce that they would launch a consultation on contract regulation aimed at improving fairness in the dairy supply chain. The UK Farming Unions (The NFU, NFU Cymru, NFU Scotland and Ulster Farmers Union) are supportive of this approach and will be providing a response to the consultation. We have developed ideas over the last few years in consultation with our members which will be further enhanced over the consultation period.

### What's wrong with contracts now?

Contracts are critical to determining the business relationship that exists between farmers and milk buyers. However, most milk contracts in their current form do not create mutually balanced business relationships between buyers and sellers and often rewe



