
STATUTORY INSTRUMENTS

2024 No. 537

The Fair Dealing Obligations (Milk) Regulations 2024

PART 8

Termination

Cooling off period

18.—(1) A milk purchase contract must provide that the producer may, at any time before the expiry of the cooling off period, terminate the contract without any penalty or liability.

(2) The milk purchase contract must provide that the termination under paragraph (1) is to have immediate effect.

(3) The milk purchase contract must provide that a producer is not required to give any reason for terminating a milk purchase contract before the expiry of the cooling off period.

(4) The “cooling off period” is a period of 21 days beginning with the date on which the contract was made.

Termination

19.—(1) Unless it is a fixed-duration contract with a duration of 12 months or less, a milk purchase contract must set out a process in accordance with which the contract can be terminated (“the termination process”).

(2) The termination process must provide that the business purchaser must not give less than 12 months’ notice to terminate the contract without—

- (a) the consent of the producer to the termination; or
- (b) there being a material breach of the milk purchase contract by the producer.

(3) The termination process must not operate in any way that requires a producer to give more than 12 months’ notice to terminate the milk purchase contract.

(4) A milk purchase contract must provide that the producer 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 producer becoming aware of there having been a material breach of the milk 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 milk purchase contract;
 - (ii) the producer 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 milk 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 milk purchase contract under regulation 21(1).
- (5) A “relevant person” is a person named in the milk purchase contract whose death enables the milk purchase contract to be immediately terminated in accordance with paragraph (4)(e).
- (6) A milk purchase contract may not contain any provision that—
- (a) purports to allow the business purchaser to alter the pricing method or price per unit of milk or milk constituent under the contract as a consequence of notice to terminate the contract having been given; or
 - (b) purports to restrict the ability of a producer to give notice on a particular day.
- (7) Where the milk purchase contract is a fixed-duration contract with a duration of 12 months or less, it may not make any provision for the business purchaser to give less than 12 months’ notice to terminate the contract before the end of the fixed-duration term without—
- (a) the consent of the producer to the termination; or
 - (b) there being a material breach of the milk purchase contract by the producer.
- (8) This regulation is subject to regulation 18 (cooling off period).