

# Response ID ANON-CKJP-SZM4-P

Submitted to Contractual relationships in the UK egg industry  
Submitted on 2023-12-22 11:36:04

## 1. Background

## 2. Purpose of the consultation

## 3. The consultation process

## 4. After the consultation

### 1 Would you like your response to be confidential?

No

If yes, please give your reason:

## 5. Consultation questions: About you

### 2 What is your name?

Name:  
David McClure

### 3 What is your email address?

Email:  
dmclure@ufuhq.com

### 4 What is your organisation?

Organisation:  
Ulster Farmers Union

### 5 What type of business do you operate as? Please select all that apply.

A representative organisation or trade association

If other, please specify:

### 6 If you are a representative organisation, which part of the supply chain do you represent? Please select all that apply.

Producers, Packers

If other, please specify:

### 7 Where is your business based? Please select all that apply.

Northern Ireland

If other, please specify:

### 8 If you produce your own eggs, please specify the flock size you have for producing eggs.

Not applicable

### 9 If you produce your own eggs, which types of egg production does your company produce. Please select all that apply.

Not applicable

If other, please specify:

### 10 If you produce but don't pack your own eggs, how many different businesses do you sell to?

Not applicable

### 11 If you purchase eggs from producers, how many different producers do you buy from?

Not applicable

12 If you purchase eggs from producers, please specify the quantity of eggs you buy annually (where 1 case contains 360 eggs).

Not applicable

13 Do the eggs you produce or purchase belong to an assurance scheme?

Not applicable

If other, please specify:

14 Are you currently a member of a cooperative business?

No

Consultation questions: Type of contract part 1

15 As a seller of eggs, with whom do you make your contract? Please select all that apply.

Not applicable

If other, please specify:

16 As a seller of eggs, what type of contract do you have? Please select all that apply.

Not applicable

17 As a purchaser of eggs, with whom do you make your contract? Please select all that apply.

Not applicable

If other, please specify:

18 As a purchaser of eggs, what type of contract do you have? Please select all that apply.

Not applicable

19 "To ensure a legal baseline across the whole sector, all contracts between producers and purchasers should be a written contract". To what extent do you agree or disagree with this statement?

Strongly agree

Please give reasons for your answer:

A written contract provides a formal reference point for both producers and purchasers. It encourages buy in from both sides but of course is only effective if honoured by both producers and purchasers. A written agreement should include basic components eg price, volume, duration of agreement, penalties, timescales for reviewing and provision for exceptional circumstances for either parties. Cessation of contract should be a key part of the contract, and terms of cessation should be clearly laid out, especially giving clarity for new entrants into the market, whom UFU have found to be naive in the past.

20 We are keen to understand whether alterations to contracts between producers and purchasers take place and how they are made. Please provide details related to the frequency of changes, the negotiations involved and who typically initiates and coordinates this process.

Don't know

If changes do occur, please provide details related to the frequency of changes, the negotiations involved and who typically initiates and coordinates this process:

21 As a seller of eggs, where changes to contracts do take place, are these changes discussed prior to being made?

Not applicable

22 As a seller of eggs, where changes to contracts do take place how are these changes made?

Not applicable

23 As a purchaser of eggs, where changes to contracts do take place, are these changes discussed prior to being made?

Not applicable

24 As a purchaser of eggs, where changes to contracts do take place how are these changes made?

Not applicable

### Consultation questions: Type of contract part 2

25 As a seller of eggs, what contract durations have you agreed to in the past 5 years? Please select all that apply.

Not applicable

If other, please specify:

26 As a purchaser of eggs, what contract durations have you agreed to in the past 5 years? Please select all that apply.

Not applicable

If other, please specify:

### Consultation questions: Type of contract part 3

27 "As a seller of eggs, my contract is always honoured". To what extent do you agree or disagree with this statement?

Not applicable

Please give reasons for your answer:

.

28 "As a purchaser of eggs, my contract is always honoured". To what extent do you agree or disagree with this statement?

Not applicable

Please give reasons for your answer:

.

### Consultation questions: Contents of contract

29 "The contracts I am currently entered in to or have agreed in the past 5 years, appropriately reflect my business needs as a producer or purchaser". To what extent do you agree or disagree with this statement?

Not applicable

Please give reasons for your answer:

.

30 "As a seller of eggs, I feel empowered to negotiate terms and conditions in contracts to best suit my business needs". To what extent do you agree or disagree with this statement?

Not applicable

Please give reasons for your answer:

.

31 "As a purchaser of eggs, I feel empowered to negotiate terms and conditions in contracts to best suit my business needs". To what extent do you agree or disagree with this statement?

Not applicable

Please give reasons for your answer:

.

32 "All contracts should follow a set structure and include reference to the same type of terms and conditions". To what extent do you agree or disagree with this statement?

Strongly agree

Please give reasons for your answer:

The UFU feel that all agreements should follow a set of suggested key components. To do so would offer the ability to easily compare contractual offerings between multiple producers, yet should allow for individual offerings to be detailed, which may be unique to each packer and farmer conversation. A template should be available on which to base agreements, but this should be flexible to reflect individual circumstances. This facilitates all producers the ability to individually negotiate their own terms, but encourages all parties to engage in robust arrangements surrounding the supply of egg.

A written agreement should include basic components eg price, volume, duration of agreement, penalties, timescales for reviewing and provision for exceptional circumstances for either party.

33 "Legislation, rather than a voluntary approach, is needed to ensure that contract outlines are consistent across the supply chain". To what extent do you agree or disagree with this statement?

Agree

Please give reasons for your answer:

In the absence of an enforcement body, agreements are somewhat ineffective. Farmers generally speaking are not financially equipped to challenge processors in a legal situation. UFU feel that an independent enforcement body is needed to adjudicate on disputes. Such a body should be freely accessible to both producer and processor and have the ability to hold both parties to account. This body should have ability to enforce decisions around deviations from sale agreements. Cost should not be prohibitive to either party.

34 "Assurance schemes should be the main mechanism to ensure that contracts and their terms and conditions are fair for both parties". To what extent do you agree or disagree with this statement?

Disagree

Please give reasons for your answer:

Assurance schemes are not the mechanism which our members wish to have responsibility for deeming if terms and conditions are fair for both parties.

35 Are there any clauses which should be mandatory within any contract?

Yes

If yes, please provide details, including any specific clauses.:

price, volume, duration of agreement, penalties, timescales for reviewing and provision for exceptional circumstances for either parties. Cessation of contract should be a key part of the contract, and terms of cessation should be clearly laid out, especially relating to financial costs of early termination. Contracts should have clauses included to facilitate re negotiation mid term, if there is an amendment made to the production standards required by legislation or assurance standards which causes the farmer to incur additional cost.

36 Are there any clauses which should be prohibited within any contract?

Don't know

If yes, please provide details, including any specific clauses.:

37 Should changes to the contract be permissible?

Yes

38 If yes, we are keen to hear your views as to what changes should be permissible, under what circumstances and the process by which contracts should be changed.

Please provide detail in your answer:

Alterations can only be made within the period of contract at the mutual consent of both parties. The UFU feel that all agreements should follow a set structure and include reference to a given set of terms and conditions. Whilst agreements provide an element of certainty for both the producer and the processor, they must have a defined period of validity. Any changes made within the contracted period must be mutually agreed. All agreements should have a review period defined from the outset. This gives an end point for both parties to review terms of supply and amend as required. Changes made within the period of agreement should be facilitated by mutual agreement. There must be a provision within agreements for exceptional circumstances for the protection of both parties. Such examples may include, serious illness on a family farm, death of farmer, outbreak of disease in the herd. Similarly processors may wish to include provision for macro events.

Consultation questions: Formation of price

39 If you are seller of eggs, what type of pricing mechanism appears within your contract(s). Please tick all that apply.

Not applicable

Other (please explain):

40 If you are purchaser of eggs, what type of pricing mechanism appears within your contract(s). Please tick all that apply.

Not applicable

Other (please explain) :

41 "Where contracts with variable pricing are entered into, the final price given for eggs and the reasons for that price are clear and unambiguous at the point of sale". To what extent do you agree or disagree with this statement?

Not applicable

Please give reasons for your answer:

.

#### Consultation questions: Premiums and deductions

42 "The premiums and deductions which can be applied to the price paid per egg based on grading are clear and unambiguous at the point of sale". To what extent do you agree or disagree with this statement?

Agree

Please give reasons for your answer:

The vast majority of producers benefit from clear pricing matrix. This includes a price paid for various grades of eggs. Whilst the grading deductions are largely made clear, concerns have occasionally been raised by some of our members around how a packing centre attributes the grading percentages back to the farmer. Such occasional allegations should have a provision made under the dispute resolution section. This would allow compilation of allegations against any given packer and would allow trends to be compiled by the arbiter for further consideration.

#### Consultation questions: Price reporting and transparency part 1

43 "Existing market reporting services provide a high level of transparency". To what extent do you agree or disagree with this statement?

Neither agree nor disagree

Please give reasons for your answer:

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#### Consultation questions: Price reporting and transparency part 2

44 "Additional data points from the supply chain, that are not currently provided, should be made available". To what extent do you agree or disagree with this statement?

Neither agree nor disagree

Please give reasons for your answer and details on what data would be beneficial.:

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#### Consultation questions: Dispute resolution

45 Please provide your views on the most effective means of dispute resolution.

Please give reasons for your answer:

In the absence of an enforcement body, agreements are somewhat ineffective. Farmers generally speaking are not financially equipped to challenge processors in a legal situation. UFU feel that an independent advisory/enforcement body is needed to adjudicate on disputes. Such a body should be freely accessible to both producer and processor and have the ability to hold both parties to account. This body should have ability to enforce decisions around deviations from sale agreements. Cost should not be prohibitive to farmers.

46 Should resolution procedures be binding or advisory?

Binding

#### Consultation questions: Impacts on business and consumers

47 If new legislative requirements are introduced as a result of this consultation, are you aware of any impacts to business that could arise? Please give reasons for your answer, including any additional annual costs or savings for your business and any specific impacts in one or

other parts of the UK.

Please give reasons for your answer:

n/a

48 Are you aware of any positive impacts on consumers which could arise from the introduction of supply chain fairness regulations in the egg sector? Please give reasons for your answer, including any expected impacts with regards to costs, choice, and transparency of production and processing standards.

Yes

Please give reasons for your answer:

Any amendments brought about by this consultation should only serve to strengthen the supply chain. Northern Ireland farmers have benefitted over the years from having a number of egg packers locally which have traditionally acted with integrity and sheltered their farming producers from the shocks of the market. That said, UFU is also aware of situations whereby our members have become exposed to less than ideal contractual relationships in other jurisdictions. It is fair to say that those members who are negatively impacted by poor situations are less likely to continue egg production in the long term. Therefore, if all parties act with fairness and integrity within the supply chain, the consumer will benefit from a more sustainable supply of eggs in the long term.

49 Are you aware of any negative impacts on consumers which could arise from the introduction of supply chain fairness regulations in the egg sector? Please give reasons for your answer, including any expected impacts with regards to costs, choice, and transparency of production and processing standards.

No

Please give reasons for your answer:

Consultation questions: Variation within the UK

50 Are there any unique circumstances within any of the constituent nations that would mean a different legislative approach would need to be taken?

Yes

Please give reasons for your answer:

Northern Ireland farmers continually find unique circumstances relating to the required standards of production (dictated by EU policy). Any legislation relating to contractual fairness should take account of this, and give an overarching provision to ensure that NI can continue to sell egg to GB on an even footing. 85% of NI egg finds its way to the GB market. This must be protected.

Consultation questions: Other concerns

51 How much time do you estimate would be required to implement business changes necessary to comply with any new legislation?

Don't know

Please give reasons for your answer:

52 We are keen to hear your views on any other issues related to business relations in the egg supply chain. This may include, but is not limited to, views on the information and assumptions presented in this document or topics that have not been covered by this consultation.

Please provide detail in your answer:

Consultee Feedback on the Online Survey

53 Overall, how satisfied are you with our online consultation tool? Please give us any comments you have on the tool, including suggestions on how we could improve it.

Neither satisfied nor dissatisfied

Please provide detail in your answer: