

Grinning Gecko Cheese Company Ltd  
81 Port Road  
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**Commerce Commission** – “Submission on the Dairy Competition Review Consultation Paper, 20 July 2015”

**Due Date:** 17 Aug 2015, 5pm

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**Representing:** Grinning Gecko Cheese Company Ltd

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This Submission is in response to a request by the commerce commission for more information and views about the importance of “the 20% rule” to members of the New Zealand Specialist Cheesemakers Association, of which we are members.

We currently take milk under the 20% rule and our business is reliant on this rule in order to continue.

1. Our whole philosophy is based on making cheese from export quality certified organic milk from one herd to ensure absolute traceability. We have very specific requirements for milk. We don't make cheese from silage fed cows or those fed with palm kernel. The particular farm that supplies us grows a specific blend of grasses that are highly nutritious and beneficial for both the animals and the soil. We are in close contact with our farmers and we value this relationship greatly. We are in no position to use all the milk they produce as they farm around 350 cows.
2. We are passionate about sustainability and were joint winners of the sustainable business award in 2014 at the Northland Business Excellence Awards. Our farmers are committed to the same philosophy and pay great attention to animal welfare as overstocking is an issue in NZ. Overstocking puts stress on the animals and stressed animals can't produce top quality milk. All their animals and the farm itself has been detoxified, which is above and beyond organic certification requirements. Taking milk from our supplier is mutually beneficial as it helps to diversify their income source so that it is not solely tethered to Fonterra's world milk prices and they are proud of the awards we have won for our cheese using their milk. They love being connected to the end product.
3. Our cheese is handmade on a small scale and our customers value this and will pay more for it because they know it is of the highest quality. We can't compete on price or scale with the giant cheese producers and if we lost our 20% we would not survive because we just couldn't make a high quality product. Because we are small we don't standardise the milk so we rely on our knowledge of milk composition based on the history we have with our supplier farm. Our supplier farm is very conscientious of our unique needs and they have very, very low somatic cell counts and excellent milk quality test results, which we couldn't be guaranteed if we had mixed herd milk.
4. We currently take around 5% of our supplier farm's milk and we only pick up on the day we require the milk. Being a small operation we only pick up 380 litres per day three or four times a week (around 55,000 litres per year). We pick up during milking and have it in our vat within an hour of leaving the cow. This timing is critical to our cheese making process.
5. Our customers relish the opportunity to buy local, support a local business, reduce the food

miles, and to know exactly where their cheese comes from. They enjoy having a choice in the cheese they buy.

Without the option of collecting milk under the 20% rule our business would not survive. We would not have access to any milk, let alone milk that is appropriate to make the kind of cheese we want to make.

We established our business on the basis of the current rules and have a growth strategy based on being able to take up to 20% of our supplier farm's milk in the future.

If you need or wish to clarify anything written here please feel free to contact me at the above email address.

Thank you.