

13 July 2015



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**Commerce Commission** – “Submission on the Dairy Competition Review  
Consultation Paper,  
20 July 2015”

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

**Contact:** Sue Arthur

**Representing:** Over the Moon Dairy

This Submission is in response to 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 I am a member.

There are a number of reasons why I am taking milk under the 20% rule, (wish to take milk in the future), (have taken milk in the past.)

1. Prefer a known supplier – this means I can visit an actual farm and see the cows which provide the milk. I can talk to the farmer and understand the effects of feed and weather on the animals and then adjust my processing according to his reports. This is a great way to ensure milk quality and we often use the direct relationship with the farmer in our promotional work.
2. Quantity/Logistics
  - a. In my set-up phase I contacted Fonterra to discuss possible direct supply from a tanker. They advised their minimum delivery was 3000 litres. At that stage I was processing 500 litres a day, and even now only process 1200-1500 litres a day. So the quantities were way too large for me.
  - b. I considered having my own farm and supplying my own milk, but realised that would diminish my chances of making top-quality cheese as my efforts would be spread across too many activities. I decided I just wanted to produce top quality cheese and take milk from top-quality suppliers instead. In addition it means that I can largely choose to take the milk when I need it, based on sales demand for the products. Much more efficient.
3. Local farm – people do want to know where their products come from now, even the raw products and our customers love the idea that the milk supply is local and near the factory. The farmers we deal with love the idea that they are supporting a local business and seeing their milk made into a product that consumers enjoy. We can tell people that the smallest farm we deal with is only 100 cows, and they all still have names!

My business uses 100,000 litres and this is approximately 5% of one of our farms' total milk production and 1% of each of the other 2.

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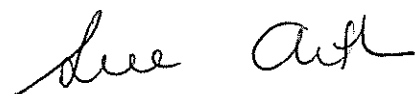
Without the option of collecting milk under the 20% rule my businesses may not survive, I will not have access to any milk, let alone appropriate milk.

I established my business on the basis of the current rules.

I have adapted my business to work within the current rules, this includes the ability to choose whether I take regulated milk, 20% rule milk, produce my own, or any combination of the above as my business grows.

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

Yours faithfully



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