

Maori dairy baby growing up fast

The Maori owned dairy company Miraka goes into its fourth season with excellent prospects. Peter Burke reports.

IT'S HARD to believe that three years ago (August 1, 2011) the first bag of whole milk powder was produced at Miraka's \$90 million factory north-west of Taupo.

The first year was a proving year: the plant didn't reach full capacity until the 2012-13 season. Since then the word has got around about how good the operation is and the waiting list of suppliers has grown. The plant produces whole milk powder and sells to such markets as Vietnam, China, Middle East and South America.

Its rise is due to the leadership of chairman Kingi Smiler who has overseen the project from the start. Smiler was not wanted on the Fonterra board, yet this niche operation is now the talk of the town and seen as a future model for

Maori. In 2013 Federated Farmers name Smiler the Agribusiness Person of the Year and a few weeks ago Miraka won the Emerging Exporter of the Year award in the Bay of Plenty business awards.

Miraka is essentially a joint venture between two Maori Trusts - Tuaropaki and Wairarapa Moana. Tuaropaki owns the geothermal power station which powers the plant and the land on which it is built at Mokai. Wairarapa

Moana has 10,000 cows on

farms around Mangakino. Other shareholders include the Maori trustee and Vietnam's largest dairy company Vinamilk which has a 19% stake in the company. As well as Wairarapa Moana, other Maori trusts and individual farmers supply milk to Miraka.

In just four years Miraka has gained financial strength and has invested \$27 million in a new UHT plant linked to supplying branded products for Shanghai Pengxin for the Chinese market. It also has gained a \$1.75 million Primary Growth Partnership (PGP) grant matched by equivalent industry co-funding to develop ways of extracting high value proteins from milk. Miraka and Wairarapa Moana (which Kingi Smiler also chairs) are the first Maori agribusiness recipients of a PGP grant.

The success of Miraka is also due to chief executive, Richard

Wyeth and his small team and to the dedication of the 'whanau staff'.

Wyeth says three years down the track the company is very happy with its growth - financially and in provision shareholders and staff.

"We are just short of \$250 million revenue for this financial year and in



Miraka has invested in a new UHT plant as part of its ambitious expansion programme.

three years that is significant growth. We built the UHT plant probably 12 months ahead of the original plan when we were putting the strategy together and we filled the factory 12 months ahead of time. Getting to capac-

ity on the whole milk plant enabled us to generate the revenue and gave us the confidence to step into the value-added side of the business and invest in the UHT plant."

Having a waiting list of suppliers is nice, Wyeth

says, considering that they started out looking to attract farmers. Many farmers took a 'leap of faith' in becoming suppliers. Now Miraka has gained credibility with suppliers and is seen as a good alternative.

JUST THE BEGINNING

MIRAKA IS this season offering an initial \$6.00 payout.

Chief executive Richard Wyeth says these are early days but he notes the whole milk powder market has softened and there is little relief from the high exchange rate.

Chairman Kingi Smiler and Wyeth are in Asia this week visiting clients and prospecting for new business, viewed within a three-five year time horizon.

"Vietnam has always been an important country for us given our shareholding in Vinamilk, but we have never focused entirely on Vietnam. Last year China was a strong market for us: we sold more product into China than in either of our previous two seasons. However this season we are likely to pull back from China and spread our product further afield.

China was paying well for product last year."

Miraka's next milestone will be passed in few weeks when the first of the company's UHT packs are made and sent to China under the Shanghai Pengxin deal.

Miraka's two UHT processing lines can pack 60 million L of milk a year into 250ml Tetrapak cartons.

Both lines are expected to be running to capacity by late 2014. And the factory has space for two more lines. Building those looks "an audacious goal," says Wyeth. But other markets are in view.

Miraka is seen as a model



Miraka chief executive Richard Wyeth.

for other Maori trusts and incorporations. Several other Maori entities in the North Island are known to be weighing their options about adding value to the milk they produce.

Wyeth says this is great and will complement their operation. "If we can inspire other Maori entities and whanau based businesses, that is fantastic."



Kingi Smiler