

Iwi milk plant delivers value

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THE skyline of the small Bay of Plenty town Kawerau has been dominated for the past 40 years by the big Tasman paper mill but now has another profile in the form of the new Waiu Dairy plant.

The joint iwi-Cedenco plant has been commissioned and its first commercial milk collection this week will be processed through the 900kg-an-hour drier.

Waiu chairman Richard Jones said the plant is the result of a bar-side conversation in 2012 with iwi business representatives when they were kicking around options for revitalising eastern Bay of Plenty.

The area has struggled since the Tasman mill wound down staffing by over 30% in the 1990s while also combating some devastating storms and poor youth job opportunities.

"We knew what Miraka had done over in Taupo and thought 'why can't we do that?'"

Several iwi entities had access to dairy herds and Kawerau is central to them. One iwi group owned land suitable for a dairy plant on the town's outskirts.

The group began raising capital and soon had offers from four overseas interests to contribute \$10 million to the \$32m project.

Eleven iwi interests, including the Poutama and Putauaki Trusts, have invested \$20m and collectively iwi interests hold 66% ownership.

One of the keen overseas interests was Japanese-owned Cedenco, which already has a strong presence in New Zealand through its horticultural, green shell mussel and dairy ingredients businesses.

"For us it became clear very quickly Cedenco was entirely suited to what we were proposing," Jones said.

"They already had a respected presence in NZ and their Japanese ownership shared iwi values about long-

term, generational business ownership."

Geothermal energy is provided from another iwi investment, the Ngati Tuwharetoa power plant, just a kilometre from Waiu's site.

The plant can process both conventional and organic milk. Incoming tankers are separated based on milk type and while organic is about 30% of the total it is expected to rise to half in coming years.

General manager Dominic Young said the United States market, in particular, is exhibiting double-digit growth in demand for grass-fed organic milk products and marks a good starting point for the company's marketing efforts.

“ And there is a close relationship between staff, owners and suppliers with 80% of our employees connected through whanau to the business. ”

Richard Jones
Waiu Dairy

Organic milk is being sourced through the Organic Milk Hub but the company envisages getting more local organic farmers on board as it expands.

The company has six suppliers and Young is dealing with one farmer a week inquiring about supply.

Initial products will be high-value milk proteins suitable for ingredients added to health bars and supplements.

Longer term, Waiu's partnership with Cedenco means that company's extensive distribution channels throughout Asia will provide valuable paths to market.

At this stage, however, management is taking a softly-

softly approach to market development with capacity next to the existing plant for another drier.

Jones said iwi are particularly keen to explore other milk processing options including goats and sheep.

"And we have considered plant-based milk products including hemp, which is a very new product area. Our limitation there may be in finding the area to crop it but the factory could be set up to process alternative plant-based milk products."

Both men said Kawerau is proving an ideal base.

Its familiarity with industrial processing at the mill means there is a level of skill already there and the town's infrastructure is more than capable of coping with the plant's presence.

"Kawerau was originally designed around having a population of 15,000 but is about 7000 today. The wastewater and water supply are both able to more than cope with having the plant here," Jones said.

Cedenco has also invested heavily in training locals to work in a plant that will ultimately have about 40 staff. Recruits from the area have been working in the company's other food processing plants around NZ while Waiu has also engaged with Primary ITO to get staff trained.

"And there is a close relationship between staff, owners and suppliers with 80% of our employees connected through whanau to the business," Jones said.

There is a huge level of goodwill towards the business locally with strong support from the council while the company also enjoys good relations with the likes of Miraka near Taupo.

"We are really quite small in the scale of the dairy sector and can provide some opportunities for larger companies to do small-scale product runs. We have no intention or capacity to process large volumes of whole milk powder."



COMMISSIONED: Dominic Young, left, and Richard Jones of Waiu Dairy say the Kawerau plant has room to expand and energy to boot.