

## Partnerships for growth



The Miraka Whanau.

### *Representatives of 15 different companies were hosted at a powhiri at Mokai marae on 20 October.*

Kusal Perera, General Manager Business Development and Innovation for Miraka, said the powhiri had a huge impact on the growth partners. They felt it clearly demonstrated that Miraka has a unique approach and set of values and is therefore quite different to other dairy-based businesses.

Kusal's role is to focus on growth and the development of new partners and potential new products and markets. Kusal has a science and marketing background and has 15 years experience in the dairy business, with the key emphasis being on strategy, new markets and new product development.

Kusal says the intention is to double revenue by the year 2020 and enable the company to get closer to the consumer. The purpose is to ensure new products leaving the factory are of more value to both the company and the consumer.

Whilst milk powder production will remain the core business of Miraka, in a world where price volatility creates risk, it is essential the company looks to broaden its base and reduce the impact of global commodity fluctuations.

Associated with this, it is logical to look at what consumers want in terms of milk-based lifestyle food and nutritional products and focus on the added value this can bring to the Miraka operation.

How Miraka manufactures, packages and distributes its products in the future is also directly linked to the requirements of the key markets of South East Asia, the North Asian countries, North America and the growing potential of the markets of India, the Middle East and Africa.

By developing a closer link to the retail end of the chain Miraka stands to add value to its operation with everything leaving the factory being a high quality and desirable product for consumers and achieving a premium return for the company.

The development of the UHT plant is an example of how Miraka intends to work in the future. The production of a completed and immediately saleable retail food item means that Miraka is consolidating its position not just as a milk powder producer but also a high value, high quality, nutritional food processing company.



From Top L-R: Te Kura Kaupapa Maori o Whakarewa 'I te reo ki Tuwharetoa' performing a Haka Powhiri; Chris Koroheke (Maori Agri Business) & Eru George (Miraka Kaumatua); Mengniu Gift packaging for UHT milk.





**This season is certainly shaping up to be the most challenging we have faced since our first season in 2011.**



**The price pressure on Whole Milk Powder and the price skew in favour of the other dairy commodities such as cheese all add to the challenge.**

On a positive note we have recently signed a tripartite agreement with Shanghai Pengxin and Mengnui to increase our UHT production from our Mokai site. This will significantly increase our output of UHT over the next five years.

Mengnui are the largest liquid milk company in China and their marketing and distribution ability,

together with our manufacturing expertise and additional milk supply from Shanghai Pengxin will provide additional growth for Miraka. The growth in UHT will also ease the pressure on our Whole Milk Powder returns. We will require more winter milk as we grow and this will be a focus for the Milk Supply Team.

We have finalised our Value Growth Strategy over the last two months and this has a key focus on OPTIMISING the returns from our Commodity business, ENHANCING our third party manufacturing business with a focus on UHT growth and also the DEVELOPMENT of our consumer products strategy. This will keep us focused over the next five years as we look to double the size of the business.

At present we are collecting the best quality milk in our history so there is no doubt that the work being done by our farmers is paying dividends in the vat. Keep up the good work and I hope you have a great Christmas with family and friends. I know most of the staff at Miraka have had a very busy peak milk period and I thank them for their hard work over this time and a special thanks to the staff that will be spending their Christmas at the factory.

**Richard Wyeth**  
Chief Executive Officer

President of China Xi Jinping, Nathan Guy Minister of Primary Industries, Shanghai Pengxin chairman Jiang Zhaobai, Yiping Sun, CEO of Mengniu and Kingi Smiler Chairman Miraka.



Debbie Care

### Effluent Irrigation Block

So far we have covered some nutrient budget and effluent information – this article aims to tie the two of them together.

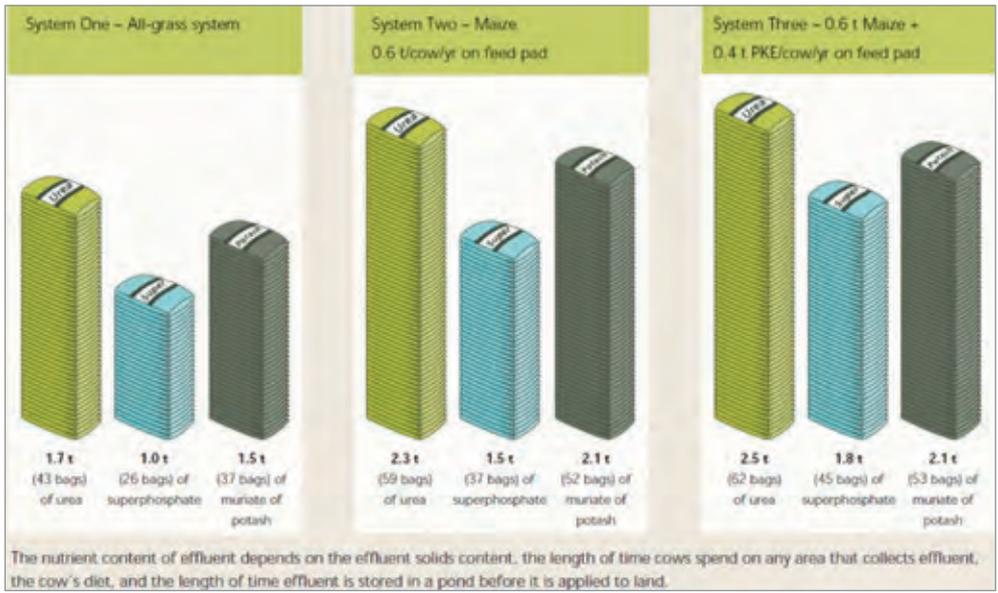
The most basic blocks that occur on the dairy platform are the main block and the effluent block, so what is the difference?

Cows are leaky creatures in more ways than one – more in means more out. The nutrient concentrations depend on what you are feeding them at any particular time, and the nitrogen concentration of the feed that they are having.

In pasture-only system the nitrogen (N) concentration of the effluent (urine and dung) follows the pasture curve – so that good quality spring pasture also has the highest N factor in the effluent.

If you are bringing in high protein feed then the N concentration will be

## Nurturing our World



higher again, whereas low protein, higher carb, feeds tend to decrease urinary N. So, what is in it?

The table above shows the effect of different feeding regimes on the nutrient content. So you can see there can be considerable nutrients in effluent (great pasture tucker) and why it needs to be considered as a

different block when looking at the nutrient budget.

It is also a good reason to use it wisely as it does have value (about \$50 per cow per year), so treat it as you would fertiliser, store it when soils are too wet or cold, and watch that grass grow (and you get to be compliant and utilise the “end” product!).

# Te Uranga B2 Incorporation



Te Uranga B2 Incorporation Shareholders, Trustees and Sharemilkers.

**“The move to Miraka was a no brainer – we’re Maori and we’re strategically and philosophically aligned; it’s about good business” , says Traci Houpapa, Chairman of Te Uranga B2 Incorporation.**

The Incorporation has an extensive land holding including two dairy farms, Koromiko and Paatara, in a valley 13kms northeast of Tamarunui.

In 1910 the Rangitoto Tuhua 74 Incorporation, was established to retain land ownership, manage the lands and provide benefits to the descendants of the original owners. The land was farmed under leasehold arrangements until 1955 when it came under the control of the departments of Maori Affairs and Lands and Survey. In 1958 the Te Uranga B2 Incorporation was established.

However it wasn’t until 1981 that the Incorporation was formally handed back to owners. Today the Incorporation totals 2,389 hectares with a substantial and diverse enterprise including dairy, mixed livestock and forestry operations.

The dairy farms are primarily grass-based systems with minimal supplementary feed imported. Both farms are managed under a 50/50 share milking arrangement based on a strong working relationship between the Incorporation and the sharemilkers.

Converted in 1996 as the Incorporation’s cornerstone dairy enterprise, Koromiko is 200 effective hectares, milking 600 Jersey-Friesian cows in partnership with Luke and Shannon Pepper, who are coming up to their 6th season on the farm.

Part of the original ‘tupuna-whenua’ and purchased in 2006, Paatara is a 120 hectare dairy operation. The 360 Jersey-Friesian herd is managed by Dean and Lucy Marshall in their 12th season with Te Uranga.

Te Uranga is widely recognised for its commitment to sustainable environmental management. In 2013 Te Uranga won two specialist Ballance Farm Environment Awards, for Commitment to Sustainability and Integration of Trees.

Whakapapa, whenua and whanau is the key focus for the Incorporation as it aims to improve the quality of life of its people and future generations whilst protecting its land and containing its environmental footprint.

“We’re proud to be foundation suppliers. Miraka means milk – for us, it’s that simple” says Traci Houpapa.

## Liam O’Halloran

### Milk supply update



Production has been in line with forecast leading up to the peak, reached on 22 October, with a volume of just under 1.3 million litres.

It appears production is now declining from peak volumes slightly, faster than expected, with production around 3% down compared to last year.

#### Milk Quality

Measure	2013/2014	2014/2015	Target
SCC	184,000	162,000	150,000
APC	5,000	6,000	6,000

Current SCC levels are the lowest Miraka has recorded, a fantastic result. Hopefully we continue to see these levels trending down and hitting target. We can see an increasing presence of thermotolerant bacteria. It is important to stay on top of plant hygiene and if bacteria levels start increasing contact your chemical supplier as early as possible to resolve the issue before it reaches grading levels.

#### Milk Cooling

With milk volumes at capacity, and ambient temperatures increasing, milk cooling has become an issue for some suppliers. As new milk cooling regulations come into effect in 2016 now is a good time to check your current pre-cooler and chiller to ensure it is capable of cooling to the new industry standards;

Raw milk must:

- (a) be cooled to 10°C or below within 4 hours of the commencement of milking
- (b) be cooled to 6°C or below within 6 hours of the commencement of milking and 2 hours of completion; and
- (c) be held at or below 6°C until collection or the next milking;
- (d) not exceed 10°C during subsequent milkings.

Farm Dairy Operators are to have auditable systems capable of demonstrating conformance to milk cooling requirements. Where electronic data capture and recording systems are installed it is recommended that systems should be capable of holding delivery-line and bulk milk-tank temperature data for the previous 30 days for both milk and CIP.

In situations where there is continuous milking the milk must enter the bulk-milk tank at 6°C or below, continuous milking being defined as milking for 6 hours or longer from the time that milk first enters any bulk-milk tank.

Liam O’Halloran  
Milk Quality Manager

## Staff Corner

Miraka Indoor Netball team, the “Mirakools”, had a challenging but enjoyable season. It was a first for Miraka staff, some of whom had never played before. Coming 5th in the competition provides an incentive to aim higher in the 2015 season.



From Left front: Keita Bowden, Eileen Bowden, Stacey Puru. From Left Back: Tony Brown, Barb Ryan, Davey Puru & Ants Greig.



Adam Sutton with sons Sheidon (4 years), Zak (2 years) and wife Raili Herewini.

**STAFF PROFILE:**

**Adam Sutton**  
Maintenance Technician



*Adam Sutton has been with Miraka for over 15 months now.*

He's a Maintenance Technician in the engineering team for the company and, as he says, they do anything and everything to keep the plant going.

Adam is from Edgecumbe in the Bay of Plenty and currently travels over to Mokai for his four day shifts. He and partner Raili and their 2 sons will be selling their house and moving to Taupo in the new year.

Adam is a mechanical engineer by trade, having done his apprenticeship in the dairy business with Alfa Laval, specializing in fabrication. With support from Miraka he is doing his Advanced Trade Certificate in Mechanical Engineering. He is also in the process of getting his limited electrical work registration.

He loves the company and says it offers so many opportunities and is such an enjoyable place to work. There is always laughter at work, says Adam, it's got a really good vibe and everyone gets along. Good attitudes, he says, and everyone helps out.

Adam, a self-confessed petrol head, loves cars, has been doing motocross all his life and loves being out doing things. He doesn't like being stuck inside in his spare time and is an enthusiastic and accomplished surfer and fisherman. He enjoys spending time on the coast at Te Kaha with Raili's family, fishing off the rocks.

And as a contrast to the outdoor activities Adam is seriously into music and is a

guitarist and drummer who has been known to play at Mulligans in Taupo.

With 2 small boys family life is important to Adam, and he is introducing them to the ocean with both now having surfboards. They will also get the chance with motor bikes, if they are interested he says with a grin.

Adam says the family environment of Miraka, the whanau culture, is unique in his experience and enables a great work-life balance, something that few companies genuinely provide.



**Market Update**

*Executive Director Global Dairy Network*  
**Colin Jones**

The global market continues to struggle, and most will have seen the results of the last two Fonterra auctions where prices have slumped for both WMP and SMP. We see little prospect of any improvement in upcoming weeks, where we are fairly certain the SMP will drop a lot further – to levels below USD2000 per ton, and this will have the effect of holding WMP prices from increasing.

The market is really all about China, and we remain pessimistic that little improvement in internal stock levels has occurred in the last month. Until we see this stock position ease, the WMP price will not move very far.

We are seeing a somewhat unique situation, where New Zealand milk production has had no real impact on the global inventory position. Huge milk production increases in both the USA and the EU being the reason for

the current over supply. It is likely that for the first 6 months of 2015, the flow of milk globally will remain a significant challenge.

As far as Miraka is concerned, we are in a solid position, with all production to date having been sold, with a good percentage of this at very good prices relevant to the spot market. It is, however, becoming increasingly difficult to make our normal strong margins simply due to numerous other suppliers seeking to secure the same piece of business. We remain confident that Miraka remains in a very favourable position relative to our competitors.

Finally, we are not overly optimistic about the medium term outlook; the prospects for the second half of 2015 do not offer a lot of encouragement, although hopefully there will be some improvement on this season.

**2014 / 2015 SEASON**

**MIRAKA ADVANCE RATES**

*As at 25 September 2014*

SUPPLY MONTH	PRICE (\$KG)
July paid August	\$4.70
August paid September	\$4.70
September paid October	\$4.70
October paid November	\$4.40
November paid December	\$4.40
December paid January	\$4.40
January paid February	\$4.40
February paid March	\$4.50
March paid April	\$4.60
April paid May	\$4.70
May paid June	\$4.80
July retro	\$4.90
August retro	\$4.90
September retro	\$5.00
October retro	\$5.30
<b>Miraka Final Payment</b>	+0.10
<b>TOTAL MILK PRICE</b>	<b>\$5.40</b>

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