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Powder to the people

Report: Anthony Sibillin

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A dairy company is milking environmental awareness for all it's worth.

Rakesh Aggarwal insists he is green because it is the right thing to do. But using energy and water sparingly is what the founder of Longwarry Food Park has to do.

The chief product of the Victorian processor - and winner of a BRW ANZ Private Business Award for environmental excellence - is milk powder. At a tenth the size of its nearest rival, it is by rights too small to make this commodity economically. But low utility bills allow this minnow to compete against the industry's whales.

"As the only privately owned dairy company in Australia - and the smallest - we have to do everything to make us more economical," says Aggarwal, Longwarry's managing director.

That's easier said than done. Forget bucolic idylls of cows and green pastures. Turning raw milk into the powder used to make cheeses, yoghurt and other products is a dirty business.

Take water. According to the 2006 Australian Dairy Manufacturing Industry State of the Environment Report, 1.5 litres of fresh water are needed to turn a litre of raw milk into powder. This puts dairy at the water-intensive extreme of manufacturing.

But it also means there are big savings to reap at the frugal end of that extreme. Recognising this, Aggarwal set about "greening" Longwarry, beginning with a resource audit two years ago. The audit resulted in a list of water and energy-saving measures that he says the company is well on its way to ticking off.

For instance, by shrinking evaporation times and recycling waste water, Longwarry slashed fresh water use by almost a fifth in the 2006-07 financial year to 1.02 litres per litre of raw milk. Its water bill fell in that period, despite production leaping 44 per cent to 5986 tonnes.

Rising production did not stop it from cutting its more substantial bill for energy (roughly \$12 for every \$1 spent on water). Installing a more economical automatic boiler (replacing two that were 25 years old),

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putting variable-speed drives on all large motors and reusing waste heat are some of the ways in which Aggarwal, an engineer by training, has cut energy costs by a third from \$138 a tonne to \$92 a tonne.

He compares this to the energy-saving efforts of New Zealand's Fonterra, the world's biggest dairy exporter: "Fonterra has a target reduction of 10 per cent in five years. We have a further reduction target of 10 per cent in the current year." Aggarwal is also quick to put his achievement in terms of the environment's current cause célèbre, climate change. Longwarry spewed out almost 25 per cent less carbon dioxide in 2006-07 than in the previous year. He is in no doubt these savings more than match the initial investment required. "We think environmental initiatives, especially with the rising cost of fuel, will pay for themselves."

Aggarwal looks for investments that pay for themselves in four to five years - or less, if he can continue to convince the Victorian government to chip in. "The government here has been very supportive," he says.

Consider the new boiler and variable-speed drives. These attracted a \$145,000 grant under the state's Enhancing Sustainability in New Investment program to defray their \$500,000 combined price tag. Then in April, the government awarded Longwarry a further \$75,000, this time to research the feasibility of reusing water removed and reclaimed from the manufacturing process. The \$185,000 project aims to save up to 54 million litres of drinking water annually. Aggarwal admits such projects yield a public relations dividend, too.

Unlike Fonterra and other diversified dairy producers, Longwarry relies on the goodwill of surrounding communities, in particular its dairy farmers, to operate and grow.

"It raises our profile in the community as responsible citizens and helps us secure more suppliers. We have managed to increase our milk supply even during a drought."

With the drought apparently easing, he needs the community's support as he expands and, over time, follows rivals into other products.

Doing the right thing by the environment to do the right thing by the business continues to loom large. "We are always looking ahead."

EXCELLENCE IN ENVIRONMENTAL PRACTICES

WINNER: Longwarry Food Park

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FINALISTS: Mawland Quarantine Station, Schiavello Group of Companies

Caption: PHOTO: Good neighbours: Longwarry Food Park's Rakesh and Sunita Aggarwal.

Paul Jones

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