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Opponents of dairy merger to campaign

By NEIL RITCHIE

A group opposed to the proposed dairy mega merger launches its campaign in Wellington today, less than two weeks before the proposed Global Co vote.

A leading figure in Farmers for a Better Dairy Deal, Stratford farmer Mark Masters, says the merger proposal has become clouded with political rhetoric and a lack of knowledge on many of the 32 scenarios outlined in the McKinsey Report.

"At present, farmers are being asked to either vote for Global Co or the status quo ... I believe there must be a better way," he said enroute to Wellington last night.

Mr Masters, Motueka farmer Tony Baldwin, and former New Zealand Dairy Group director Hillary Webber are among those holding the special meeting in the capital.

Early analysis indicated a two-company system had the potential to perform better than a single conglomerate and the best performance indicator for a dairy company was another operating in the same environment.

Global Co would be looking for \$12-15 billion of new capital over the net five to 10 years, primarily to fund its big foreign investment plans, which included buying several very large foreign dairy factories in Asia and South America.

"So Global Co will be very hungry for cash and ... apart from borrowing, farmers are Global Co's only other source of capital. In other words, Global Co will retain big chunks of our milk payouts to help fund their plans to buy foreign milk factories."

He conceded it was a little late forming a rival group only weeks away from the scheduled June 18 Global Co vote.

"However, it's better to be a little late than to give up. We are certain the sky will not fall in if there is a 'no' vote on the 18th."