

# WAIKATO TIMES

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## 'Listing talk leaves farmers uneasy'

By Chris Gardner

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Waikato dairy farmers say they could be left out in the cold if Fonterra is listed on the stock exchange.

The company, worth an estimated \$7.92 billion, is considering a full or partial listing on the NZX. The dairy giant has an annual turnover of \$13 billion, more than Telecom's \$5.8 billion. If the company is listed, farmer shares would increase to about \$1 million per farm. The average dairy farmer now owns Fonterra shares, as part of a co-operative, worth about \$712,000.

Waikato Federated Farmers president Peter Buckley, who is yet to see details of the proposal, said farmers wanted to know whether Fonterra could do better under the present structure before any changes were made.

"The farmers that I have spoken to have not wanted to see their ownership of Fonterra diminish," Mr Buckley said.

"We realise that Fonterra is having difficulty raising capital with its present structure. If there's any possibility of raising capital without losing control we are all for it."

Taranaki farmer Don Harvey, of Oakura, was concerned the focus would shift from farmers to outside shareholders. "I believe it should not happen because you're changing the structure from a co-operative to a corporate concept," Mr Harvey said.

He said Fonterra would have to pay a dividend on the shares that were listed and this could reduce the milk price.

Fonterra chairman Henry van der Heyden said while all options were on the table, retaining farmer control of the company would be non-negotiable.

He said there were several reasons why Fonterra needed to change. These included addressing the risk of older farmers selling out and leaving the co-operative, increasing milk supply and giving farmers more diverse investment choices.

Fonterra will launch a full review of its capital structure early next year with the aim of putting forward a proposal for farmers to vote on before the end of 2007.

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