



STUFF — BUSINESS — 18 JUN 2001

Legal row threatens merger decision

A legal row at the weekend threatens to delay the biggest decision in the history of New Zealand's dairy industry.

The nation's 14,500 dairy farmers were to vote today on merging the country's biggest dairy companies, New Zealand Dairy Group and Kiwi Cooperative Dairies.

The company, dubbed Global Dairy Company, would be the biggest in New Zealand but needs the support of 75 percent of the farmers from each company who vote to succeed.

Most dairy farmers have voted by mailing proxy forms but confusion about the forms arose at the 11th hour after New Zealand Dairy Group claimed some forms sent in by mail were invalid.

An NZ Dairy Group spokesman last night said the forms would be counted, but if the merger failed to gain the 75 percent approval, the proxy forms would then be contested.

The dispute surrounding the forms arose when some farmers sent in proxies which had been prepared by a group of dairy officials and businessmen, called Farmers For A Better Dairy Deal, who are opposing the merger.

About 38,000 proxy forms were distributed by Farmers For A Better Dairy Deal to dairy farmers through leaflets inside newspapers in Waikato, Northland, Taranaki, Wairarapa and Manawatu.

A member of the group, Tony Baldwin, said a High Court injunction was obtained against NZ Dairy Group on Saturday morning.

The interim injunction ordered NZ Dairy Group to keep the proxy forms safe instead of destroying them. It also prevented it from declaring the result of the vote until the forms' validity was resolved by agreement or court order.

The forms had been distributed by the group so dairy farmers could vote against Global Co even if an earlier proxy had been sent which favoured the proposal, Mr Baldwin said.

An NZ Dairy Group spokesman said farmers who had used the opposition group's forms were contacted on Friday and told the forms were invalid but that another form could be sent.

The spokesman was unsure how many dairy farmers had used the opposition group's forms but said 17 sent in another proxy.

Mr Baldwin last night maintained his group's proxy forms were valid.

He said NZ Dairy Group were concerned about the validity of the forms because they did not have a computer bar code which allowed a scanner to count votes and that it may set a problematic precedent for future shareholder meetings.

As well as proxies, votes can be cast at special meetings held around the country this morning.

The result of the vote was expected to be known within two hours of farmers voting.

Supplied by New Zealand Newspapers Association