



Director debate on

Leadership issues are at the top of Fonterra's agenda with the appointment of David Hoare

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LEADERSHIP issues are at the top of Fonterra's agenda this month with the appointment of veteran Australian businessman David Hoare as an independent director. The board is also seeking approval from shareholders to drop the number of farmer directors to accommodate another independent director.

Fonterra will have to wait until shareholders vote on the farmer director reduction later this month.

Hoare's appointment fills a six-month vacuum created when independent director Mike Smith resigned, citing governance issues.

Hoare was Telstra's board chairman for much of the 1990's before leaving in 1999. He has also been a director for BT Financial Group, Comalco, Hanson and CRI.

Industry critic Tony Baldwin welcomes the appointment, saying the board needs a director with experience in multinational companies.

Baldwin also applauds Fonterra's attempts to add another independent director.

He says they should consider making one of the independent directors board chairman.

"They need to have a commercially astute chair and it will also remove the struggle between NZDF and Kiwi," he says.

Morrinsville farmer Lloyd Downing disagrees, saying a farmer shareholder should remain as chair.

Baldwin says if a farmer shareholder is dropped, the choice should be made on merit with the director who has done the least work for the company getting the boot. He says that decision could be made by directors, shareholders or advisory group, the shareholders council.

Downing says if a farmer shareholder needs to be dropped it should be left up to farmers.

However he believes the decision will be political, with Fonterra trying to balance up the ratio of Kiwi and NZDF suppliers.

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