



Fonterra rolls out election roadshow

Fonterra's election road show kicks off

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Tony Baldwin

Fonterra's election road show is now rolling across the country.

Eight candidates from all over the country competing for three positions at the board table of NZ's largest company, Fonterra Dairy Co-operative.

This is the dairy industry's first ever nation-wide vote for directors. It is a major exercise. Candidates are debating in front of 13 farmer meetings up and down the country. Voting packs and a video of each candidate being interviewed by former TVNZ reporter, Richard Harmen, are to be sent to all 14,000 Fonterra suppliers. Votes are to be cast under the system of single transferable voting (STV).

Postal votes must be in by 17 May. Results are expected on 31 May.

Why is the election important and what are the key issues?

As NZ's largest exporter earner, Fonterra has a huge impact, not only the lives of dairy farmers but on NZ's economy as a whole. We are all affected.

For years, farmers have been voted on to dairy co-op boards as representatives of suppliers within a ward, a lot like local authority elections.

However, the Fonterra board should be different. Directors are not supplier representatives in the traditional sense. This role is now performed by the new 45 member Shareholders Council, whose main job is to monitor the impact of Fonterra's decisions on suppliers. The Council also provides an independent person (the Milk Commissioner) to help resolve disputes between suppliers and Fonterra.

Fonterra's directors, on the other hand, have three key responsibilities: appointing the chief executive, setting the company's strategic direction and keeping tabs on management.

Strong farming experience is a useful, but not sufficient, qualification to serve on Fonterra's board. Community standing as 'a safe pair of hands' has also carried great weight in previous elections. But neither factor should be decisive at Fonterra's ballot box.

Fonterra needs more directors with better analytical skills. People who can think outside the square. People who can see through and beyond managers' plans. People who can size up complex issues clearly with a probing mind.

Most of all, Fonterra needs people who will have the courage as directors to do what they really believe is in the best interests of the company, not simply to follow the crowd.

Mike Smith's resignation from the board earlier this year was a major loss. He was top notch. Replacing him with a person of equal professional standing will be difficult, especially when Smith resigned because he thought Fonterra was poorly governed.

The industry's old style politics is no longer appropriate. Voting for Fonterra's directors should not be a popularity contest or a reward for loyalty. NZ's largest business needs to be directed by people with an ability to really think and the courage to act.

While I have been a strong critic of Fonterra's structure, it is now up and running. Fonterra must now deliver on its promises to increase farmers' wealth. Top directors are vital if this is to happen.

Tony Baldwin
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