

Fonterra CEO Miles Hurrell responds to claims co-op is a failed experiment

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NZ Herald
By Miles Hurrell

This week, the Herald published [an article](#) by industry observer Tony Baldwin, which argued in some depth that Fonterra has been a failed experiment. What follows is a response from Fonterra CEO Miles Hurrell to that article.

I took the job of CEO of Fonterra because I believe in the Co-op's potential and the positive difference it makes to New Zealand and consumers around the world.

It's clear the challenge is big and we don't always get everything right. I've been open about that with our farmers, unit holders, employees and the New Zealand public. Now our focus has shifted to rolling up our sleeves and getting on with the job.

We are well underway with our business review, which will deliver a balanced portfolio of high-performing investments, aligned to strategy and delivering returns across the short, medium and longer term. We are also undertaking a critical review of our forecasting capability, so that farmers and investors will know more clearly what to expect from us. Like with any big task, we have to start somewhere and that's exactly what we're doing. It hasn't stopped people commissioning their own reports and there's no shortage of vested interests and opinions on where we should go from here.

I understand Kiwis will have an opinion about us. I'm totally okay with that. It's to be expected when you're New Zealand's largest company and so many people are relying on you to get things right.

I have a team of 22,000 passionate and committed people around the world who come to work every day to do our farmers and New Zealand proud - taking our milk to the world and competing against the really big players on the international stage.

As a proud Kiwi, I do hope that New Zealand will get in behind us and be part of something positive.

We've never asked for a handout from the public, but we do need a level playing field to shore up the longer-term contribution of the dairy industry to the country and give New

Zealand owned dairy companies a fair go on the international stage. New Zealand needs to back Kiwi businesses, big and small, so we can get the most from our dairy industry. It's already delivered a lot for the country and Fonterra has been an important part of this.



Fonterra CFO Marc Rivers, Chairman John Monaghan and CEO Miles Hurrell have faced intense public scrutiny this year. Photo/File.

Last year, alone, we injected over \$10 billion into the New Zealand economy and we provide jobs here in New Zealand for around 12,000 Kiwis - from the top of the North to the bottom of the South. The price our farmers earn for their milk is now comparable with their peers in Europe and the US - before Fonterra, our farmers got less than half. That's good for farmers but it is also good for the country because for every dollar a farmer earns, they spend up to 50 cents in their local community.

Our value-add business, which didn't exist in any great scale in 2001, is now bigger than the rest of the New Zealand dairy industry combined, and makes up close to half of our volumes. Our Foodservice business is now a \$2 billion a year operation.

More needs to be done to lift our performance. That's my priority. And I hope New Zealand can and will back us in building Fonterra into the national champion we all want it to be.