



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 4/16/1999

GAIN Report #NZ9036

## **New Zealand**

### **Dairy**

## **Farmers Approve NZDG-SIDC Merger**

**1999**

Prepared by:

**Gary Meyer**

**U.S. Embassy**

Drafted by:

Maxine Yule

---

**Report Highlights: Supplier-shareholders of New Zealand Dairy Group and South Island Dairy Cooperative have approved a merger proposal which will result in New Zealand's largest milk processing cooperative accounting for 58 percent of the N.Z. milk flow. The merged cooperative will start trading on June 1, 1999, the start of the 1999-2000 dairy season.**

---

Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Wellington [NZ1], NZ

At special meetings in the Waikato and Canterbury regions this week, New Zealand Dairy Group (NZDG) and South Island Dairy Cooperative (SIDC) shareholders have voted to merge the two milk processing cooperatives. NZDG farmer-shareholders approved the merger proposal by 78.23 percent and SIDC farmer-shareholders also approved the merger with a 96.67 percent majority. The merged NZDG-SIDC cooperative will process 58 percent of New Zealand's milk flow. This is more than double the 28 percent stake held by the next largest cooperative Kiwi Dairies. The merged cooperative will start trading on June 1, 1999, the start of the 1999-2000 dairy season. *See NZ8057 and NZ9007 for background merger information.*

Jilted SIDC suitor Taranaki-based Kiwi Dairies is now calling for a mega-merger between the remaining companies to start trading on June 1, 1999. Kiwi argues a mega-cooperative could improve farmers' incomes by cutting manufacturing costs and creating a stronger united presence on the international export market. However, the Dairy Board has been quick to urge the country's 14,700 dairy farmers to wait for the industry's planning and structural process to be completed. Farmers reportedly endorsed that process a few weeks ago. The Dairy Board reports that options and recommendations from this process, being done jointly by the industry, the Board and advisors, will be presented to farmers in May.