

2013

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'Our worst nightmare'

Gray, Jamie. The New Zealand Herald; Auckland, New Zealand [Auckland, New Zealand]09 Aug 2013: C.5.

Full text Abstract/Details

Gray, 2013

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Fonterra chairman apologises to buying public and promises full review of safety FONTERRA chairman John Wilson said yesterday he was "deeply concerned" by the infant formula contamination scare and apologised to consumers for any anxiety caused, but said he did not plan to step down over the incident.

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FONTERRA chairman John Wilson said yesterday he was "deeply concerned" by the infant formula contamination scare and apologised to consumers for any anxiety caused, but said he did not plan to step down over the incident.

In his first appearance before the media since the announcement on Saturday of an infant formula recall, Wilson apologised to the "mums and dads and caregivers for any confusion that has been created over the last four of five days".

The board would conduct a full inquiry into the incident but Wilson - who was appointed chairman last year - said he did not intend to resign.

"It is always up to our board, and our shareholders, ultimately - that is the beauty of a co-operative - but for me it has been about being absolutely sure that we are doing the right thing for our customers," he said.

Asked if he intended to stay on as chairman, Wilson said: "Absolutely, because what has occurred over the last little while ... this is how adversity makes you stronger, frankly."

Wilson said the incident was "the worst nightmare" for a cooperative in any food business to be involved in.

"Food safety is at our very core, particularly from a co-operative perspective," he said.

Asked why he had taken so long to put in a public appearance, Wilson said the reality was that it was an operational matter. "The board has huge confidence in the management team to be able to carry out this precautionary recall," he said.

There would be a full review of procedures, headed by Fonterra's independent directors.

Chief executive Theo Spierings declined to speculate on the likely financial impact of the recall, but brokers Goldman Sachs said a "worst case" outcome would be a cost of \$26m.

Fonterra has said three batches of Fonterra whey protein concentrate produced at the Hautapu manufacturing site in the Waikato potentially contained a strain of clostridium, which has the potential to cause botulism.

Chinese authorities have temporarily suspended importation of whey powder produced by the co-operative.

The potentially affected product is confined to 38 tonnes of whey protein concentrate. This was subsequently used in the manufacture of infant formula, juice and dairy beverages, yoghurt, body-building powder, and animal stock food.

Meanwhile, the price of Fonterra Shareholders' Fund units has recovered nearly all the ground lost as a result of the scare. The units, which give non-farming investors access to Fonterra's dividends, hit \$7.12 - level with their close last Friday before the news broke.

The units slumped by 8.7 per cent to \$6.50 on Monday, where they attracted heavy buying interest from Australian institutions.

They closed at \$7.09, up 6c on Wednesday's finish...APNZ

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