

(Fonterra, n.d.)



Dairy for life

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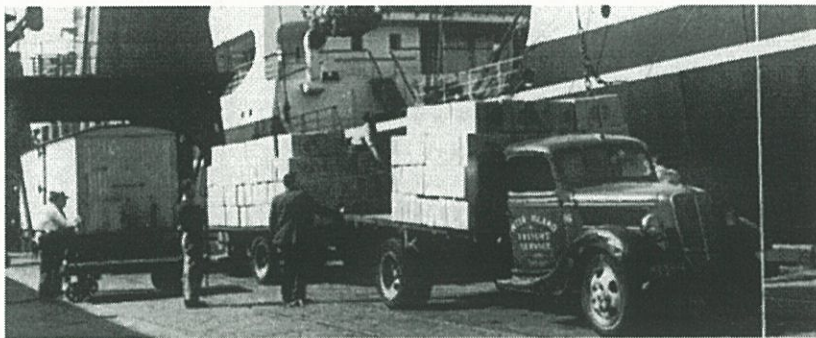
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## Our History



Although founded in 2001, our story goes back nearly 200 years to the birth of the dairy industry in New Zealand.

From small beginnings, the industry has expanded to form one of the world's largest dairy companies.

### The early years: 1800s-1930s

New Zealand's dairy industry dates back to 1814, when missionary Samuel Marsden brought a bull and two heifers into the country. The industry grew steadily, aided by the temperate climate.

The first co-operative cheese company was formed in 1871 on the Otago Peninsula. Like other co-operatives, it was established to benefit from the power of pooled resources. By the start of the twentieth century, the majority of dairy factories in New Zealand were owned by co-operatives. Numbers rose to more than 400 by the 1930s.

Meanwhile, dairy co-operatives started selling their products overseas. It became increasingly difficult for hundreds of small New Zealand dairy companies to service foreign markets. So in 1923 the Government established the Dairy Export Produce Control Board to control all dairy exports.

### Growth and consolidation: 1930s-1960s

The Dairy Board gave farmers power to access new markets and earn better returns for their products. As a result the industry grew and prospered.

The industry also began to consolidate. Co-operatives began joining forces to become more efficient, aided by improved technologies in transport and refrigeration. These included wholemilk collection by tanker from 1951, and cooling of milk on-farm, introduced in 1955.

By the 1960s, 400 co-operatives had become 168.

### Diversification of markets: 1960s-1990s

From the 1960s, the industry began to diversify both its markets and product ranges. The Dairy Board started seeking new markets when Britain (New Zealand's largest export market) first contemplated joining the European Economic Community.

By the 1980s the Dairy Board had 19 overseas subsidiaries and associated companies, rising to 80 by 1995. The New Zealand Dairy Board had become the world's largest dedicated dairy marketing network.

In order to compete successfully overseas, New Zealand's dairy co-operatives had to become much more efficient. The industry consolidated further and by 1996 there were only 12 dairy companies.

### Diversification of products: 1960s-1990s

At the same time as expanding its overseas markets, new products were developed to improve returns to farmers. The industry developed a consumer marketing infrastructure and created new brands.

Co-operatives shifted their capabilities from butter and cheese - the mainstay of UK exports - to milk powders. New products included the world's first spreadable butter, developed by New Zealand technologists in 1991.

View Map



### Job Search

You can apply for a job at Fonterra right here.



### Nutrition

Our ingredients are based on the most original nutritional beverage - milk.



## Industry collaboration: 1990s-2000

New Zealand's competing dairy co-operatives were forced to work together for the first time when the Government transferred the Dairy Board's assets to them in 1996. This took place to address the disconnect that had grown between manufacturing and marketing.

By the end of 2000 more than 95 per cent of the industry was represented by two major companies: New Zealand Dairy Group and Kiwi Co-operative Dairies (two smaller co-operatives held the remaining five per cent).

During the 1990s the threat of deregulation grew. The industry considered numerous options to manage this transition, eventually deciding the best option was a single integrated company to put an end to the fierce competition between New Zealand's leading dairy companies.

In March 2000 there was an attempt to merge the two largest co-operatives and the Dairy Board. However, the move failed because of government opposition, disagreement on the management structure of the proposed new company and different views regarding the valuation of the companies.

## Fonterra is created: 2001

A year later in July 2001, 84 per cent of the farmers involved voted to accept the merger of the New Zealand Dairy Board, New Zealand Dairy Group and Kiwi Co-operative Dairies. The merger was consummated in October of that year and a new company, Fonterra Co-operative Group Limited, was created. Fonterra is co-operatively owned by New Zealand dairy farmers, representing about 96 per cent of all dairy farmers in the country.

To resolve potential internal conflicts, Fonterra was set up as a new company that bought the assets of both co-operatives and the Dairy Board. The company was co-operatively owned by New Zealand dairy farmers, representing about 96 per cent of all dairy farmers in the country.

Today we owe our creation and success to two centuries' work by New Zealand dairy farmers.

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