

**Briefings and Aides Memoire  
Provided to Ministers between 2 August 2013 – 9 August 2013**

This document has been proactively released to supplement the final report of the Government Inquiry into the Whey Protein Concentrate (WPC) contamination incident and the Government's response to that report.

Some information in these documents is withheld in line with the following sections of the Official Information Act (as applicable):

- s.6(a) – prejudice of international relations;
- s.6(c) – prejudice of the maintenance of the law, including investigating offences;
- s.9(2)(a) – to protect the privacy of natural persons;
- s.9(2)(b)(ii) – prejudice of the commercial position of the subject of the information;
- s.9(2)(ba)(i) – protect information which is subject to an obligation of confidence;
- s.9(2)(c) – prejudice the role of the Government Inquiry as a measure to protect health and safety of the public
- s.9(2)(h) – legally privileged information

AM12-428

**Ministry for Primary Industries**  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** **Scott Gallacher**  
Acting Director-General

**Contact** Scott Gallacher [REDACTED] *[Withheld under s.9(2)(a)]*

**To:** Hon Nikki Kaye  
Minister for Food Safety

**Cc:** Hon Bill English Minister of Finance  
  
Hon Steven Joyce Minister for Economic Development  
  
Hon Nathan Guy, Minister for Primary Industries  
  
Hon Murray McCully, Minister of Foreign Affairs  
  
Hon Tim Groser, Minister of Trade  
  
Hon Tony Ryall, Minister of Health  
  
Hon Jo Goodhew, Associate Minister of Primary Industries

**Date:** **2 August 2013**

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**Whey protein concentrate response: contamination issue**

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**Key messages**

1. Things are very fluid, with new information still coming to hand. This Aide Memoire represents the latest situation as at 10pm 2 August.
2. Fonterra has identified three batches of whey protein concentrate (WPC) manufactured at its Hautapu plant (near Hamilton) in May 2012 that have tested positive for the food poisoning bacterium *Clostridium botulinum*.
3. Fonterra confirmed the contamination on Wednesday 31 July 2013 and notified MPI at lunchtime today, 2 August.

4. Almost 38 metric tonnes of the affected WPC has been used as an ingredient in more than 870 tonnes of infant formula, juice/dairy beverage, yoghurt, body building powder and also in, stock food. The event occurred when a product was re-processed using a disused production line which had not been cleaned appropriately.
5. It has been confirmed that affected WPC has been used in five batches of Nutricia infant formula follow on product. Four of these are in the Chinese market and one in the New Zealand market. (Potentially contaminated product on the New Zealand market is follow-on infant formula 6-12 months. This has been re-imported from Danone and marketed under the Nutricia label).
6. Vitico body building product may also be potentially contaminated but this has not yet been confirmed.
7. Other potentially contaminated product is in other markets (see the map attached).
8. A response structure has been established with Scott Gallacher, the Acting Director-General of MPI as chair and includes MFAT, MoH, DPMC and NZTE. Immediate actions and disclosure is as follows:
  - MPI and MFAT have contacted Posts to give a heads up of the WPC contamination. This will be sent out by 9pm tonight and will include talking points for discussion with regulatory authorities in countries that have received potentially contaminated product. This will be followed with a formal letter to be given to regulatory authorities in countries receiving suspect product.
9. Fonterra is expected to notify the companies which they sold product to directly and to notify the dairy industry.
10. Fonterra is undertaking further urgent tracing to determine if any other product or markets are affected.

[Withheld under s.6(a)]

- MPI will issue a public media release in New Zealand later tonight.
- The Ministry of Health is contacting paediatric units to let them know and ask them to use different infant formula brands.
- The World Health Organisation's International Food Safety Authorities Network (INFOSAN) will be notified shortly before the media release.

### Further health information and actions

11. The risks associated with the contaminated products remains unclear. The risk may be low or negligible. Although these products may not contain the toxin, we have decided to follow the highest precaution to protect people.
12. The Ministry of Health is leading work to further clarify the risks to human health. They will also check across the health system to see if there has been any increase in reported cases of acute flaccid paralysis in infants and adults.
13. There are a number of strains of *C botulinum* causing disease in humans and others animals. We are uncertain at this stage of the strain we are dealing with and Fonterra is working to determine this as soon as possible.
14. *C botulinum* produces very potent neurotoxins, which cause the illness botulism. The illness can take two forms:
  - *botulism* results from adults and older children consuming food in which the bacteria have produced the toxin;
  - *infant botulism* results when infants less than one year old ingest spores or bacteria which grow in their gastrointestinal system, and then produce the toxin.
15. Botulism and infant botulism cause weakness and breathing difficulty, leading to paralysis and in severe cases, respiratory failure. It can be treated with hospital care, and most babies recover fully. *C botulinum* can be present in honey and the general environment.

### Product known to be affected

16. Fonterra has identified the major products in which the affected WPC has been included as an ingredient. Fonterra has assessed their risk profiles in the tables below; MPI is working to confirm that risk assessment:

**High risk:** based on ingredient used and consumer group

Company	Country	Product	Amount (tonnes)
Abbot	NZ (for export)	Growing-up milk powder (0-3 years of age)	260
Danone	Victoria, Australia	Infant formula and follow-on formula (0-12 months of age)	590.5

17. It appears that almost all of the Abbott product has been exported, primarily to Vietnam, with 8.7 tonnes sent to Saudi Arabia.
18. Early indications are that about one-third of the 590 tonnes of Danone product has been exported, to Malaysia, Thailand, and China. The fate of the remaining Danone product is being determined.
19. These exports have occurred in the July 2012 to June 2013 period.

**Low risk:** based on ingredient used and manufacturing process

Company	Country	Product	Amount (tonnes)
Coca Cola	Shanghai, China	juice/dairy beverage	4.8
Hangzhou Wahaha Group	Hangzhou, China	yoghurt	14.4
Vitaco	NZ	Body building powder	1.4

20. We are currently uncertain of the status of the Coca Cola and Wahaha products and Fonterra is working to determine this.

#### **Other urgent response activities**

21. These include:
  - Fonterra tracing product, using information from licensed exports and identifying other products still retained in New Zealand;
  - MPI sending two verifiers recognised under the Animal Products Act 1999 to the Hautapu plant to ascertain that the problem is confined to the three batches already identified, and to seek further consignment information;

#### **Response Objectives**

22. The proposed response objectives are:
  - Protect consumer health (globally)
  - Protect New Zealand's reputation for safe production and trade in dairy products and maintain market access
  - Keep all relevant parties informed in a structured and timely manner
  - Document the incident, and the systems and processes that are used to safeguard against such an incident
  - Investigate the incident and determine any liability
  - Learn from the incident and avoid any reoccurrence.

### **Further updates**

23. The next update will be provided on 3 August (tomorrow) by noon and there will be daily/twice daily updates from there until further notice. Any breaking news will be advised to Minister Kaye promptly by phone.

### **Minister / Minister's Office**

Seen / Referred

/ /2013



## WPC80 SRC Investigation – Customer Map



AM12-429

**Ministry for Primary Industries**  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** **Scott Gallacher**  
Acting Director-General

**Contact** Scott Gallacher [REDACTED] *[Withheld under s.9(2)(a)]*

**To:** Hon Nikki Kaye  
Minister for Food Safety

**Cc:** Hon Bill English, Minister of Finance  
  
Hon Steven Joyce, Minister for Economic Development  
  
Hon Nathan Guy, Minister for Primary Industries  
  
Hon Murray McCully, Minister of Foreign Affairs  
  
Hon Tim Groser, Minister of Trade  
  
Hon Tony Ryall, Minister of Health  
  
Hon Jo Goodhew, Associate Minister of Primary Industries

**Date:** **3 August 2013**

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**Whey protein concentrate response: contamination issue update 2**

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1. Things are very fluid, with new information still coming to hand. This Aide Memoire represents the latest confirmed situation as at 5:50pm 3 August.

**Background**

2. At 12:35pm on Friday 2 August 2013, Fonterra notified MPI that three batches of Whey Protein Concentrate (WPC) were potentially contaminated with *Clostridium botulinum*.



3. Almost 38 metric tonnes of the affected WPC has been used as an ingredient in more than 870 tonnes of infant formula, juice/dairy beverage, yoghurt, body building powder and also in stock food. The event occurred when a product was re-processed using a disused production line which had not been cleaned appropriately.
4. The affected WPC was the last three batches produced at the Hautapu plant in the 2011/12 season. The equipment causing the event has since been disposed. Fonterra advises that testing of prior batches has shown no contamination.
5. The precise strain of *C botulinum* is not yet known, and confirmation will require off-shore testing. While the strain remains unknown, MPI is taking a cautionary approach, proceeding on an assumption that the contamination may affect human health.

### Response priorities

6. Over 60 officials have been working on the response. The response priorities for today have been:
  - Issuing a Director-General statement under the Animal Products Act 1999 and the Food Act 1981 notifying the public of the issue and advising them of the appropriate steps to take (attached at Appendix 1);
  - Providing medical advice to District Health Boards;
  - Setting up the consumer help-lines;
  - Proceeding with a product risk assessment;
  - Determining the strain of *C botulinum*;
  - Continuing to liaise with international markets, Fonterra, Nutricia and Vitaco;
  - Sending letters providing further information to markets receiving potentially contaminated products;
  - Responding to issues and concerns raised by the media;
  - Confirming the scope of contamination, including sending two verifiers recognised under the Animal Products Act 1999 to the plant to ascertain that the problem is confined to the three lines already identified, and to seek further consignment information.

### Domestic actions

7. Within New Zealand the affected products are Nutricia infant follow-on formula and Vitaco body-building power.

### *Nutricia*

8. Late on 2 August 2013, Nutricia informed MPI that their further tracing of the five consignments of follow-on formula with potentially affected WPC, **none** are in the market. They advise that:
  - two are being shipped from Australia to New Zealand;
  - one is secured in a factory in Australia; and
  - two are being held by Mainfreight in New Zealand.
9. Today MPI officials visited the Mainfreight warehouse where the Nutricia product is being held. They have reconciled records held by Nutricia with the product that was on site. A random sample of 30 cans of product was taken for testing by ESR.

### *Vitaco*

10. The product risk assessment for Vitaco products determined that the production method has neutralised the risks from *C botulinum*. Therefore, no recall is planned. This is based on advice from a Technical Advisory Group that included experts from MPI and ESR.
11. Vitaco intends to issue a media release that states that they are affected by the issue, but their customers will not be affected because of their production processes. This media release will be issued later this evening.

### *The Director-General's Statement under the Food Act 1981 and the Animal Products Act 1999 (Outline of legal processes and steps is in Appendix 2)*

12. The Director-General has a power to publish a statement under both the Food Act and the Animal Products Act. This step is taken for the purpose of protecting the public and is protected by "qualified privilege"; that is, provided the statement is issued in good faith, then the Director-General will be protected from legal liability. The statement issuing power relates to the New Zealand jurisdiction only.
13. As we are still in the process of verifying the location of any affected Nutricia Karicare Follow-on infant formula products that may contain these batches of whey protein, the Director-General has taken a cautionary approach and has published a statement under the Animal Products and Food Acts for the purpose of protecting the public. The statement was issued at 2:45 pm this afternoon. A copy of the statement and a copy of the covering media release are attached in Appendix 1.

14. The statement advises parents and caregivers with infants consuming Nutricia Karicare Follow-on formula products, which is specifically marketed for infants over 6 months, to use infant formula for children aged 0-6 months, ready-made liquid infant formulas, or alternative brands until this verification process has been completed.
15. The statement will be reviewed when MPI has had an opportunity to fully assess all safety implications associated with these products, or relevant new information comes to hand.
16. As with previous Director-General statements issued regarding other products, the statements are intended to be informative as to the situation at hand and provide advice to the New Zealand public.

*Next steps domestic*

17. MPI will test the Nutricia product held by Mainfreight for *Clostridium*. It is likely that the testing will be done at ESR's Christchurch laboratory.

[s.9(2)(g)(i)]

18. Tracing activities will continue. On current information, we expect to be confident of the location of all potentially affected product within New Zealand by the end of tomorrow.
19. MPI asked Fonterra to liaise with the Dairy Companies Association of New Zealand (DCANZ) and the rest of the dairy industry to keep them fully informed of the response. MPI has heard that some dairy companies consider they are not yet adequately informed.
20. MPI is determining the appropriate compliance investigation for this event. Further information on the compliance investigation will be provided as it becomes available.

**International actions**

21. We have notified all international markets directly affected by the potential contamination, and also some unaffected markets. The World Health Organisation's International Food Safety Authorities Network (INFOSAN) has been notified.
22. Hon Groser is the lead Minister for media. MFAT is supporting him in this role. MPI is providing technical and other support.

*Key market responses*

*[Withheld under s.6(a)]*

23. [REDACTED]
24. [REDACTED]
25. [REDACTED]
26. [REDACTED]
27. [REDACTED]
28. [REDACTED]
29. [REDACTED]

30. The situation in unaffected markets is provided in Appendix 3.

*Next steps international*

31. [REDACTED]



32.

33. Work is underway to develop a Trade Impact Assessment to assess the impacts of the contamination on trade.

34. We will continue to keep all overseas posts updated as the response progresses.

35.

#### **Further updates**

36. The next update will be provided on 4 August and there will be daily updates from then until further notice. Any breaking news will be advised to Minister Kaye promptly by phone.

#### **Minister / Minister's Office**

Seen / Referred

/ /2013

## APPENDIX 1: Director-General Media Release and Statement

### Ministry for Primary Industries Manatū Ahu Matua



4pm, 3 AUGUST 2013

#### **Details announced of one product potentially affected by whey protein contamination**

The Ministry for Primary Industries today announced the details of one product in New Zealand potentially containing contaminated whey protein from Fonterra's Hautapu manufacturing facility.

"Since we were informed by Fonterra yesterday afternoon that three batches of concentrated whey protein contain *Clostridium botulinum*, MPI has been working intensively to identify what, if any, products on the New Zealand market may be contaminated," Acting Director General Scott Gallacher said.

"The batches of whey product have been on sold and mixed with other ingredients to form 870 tonnes of consumer products sold in a variety of markets. I am now publishing a statement under the Animal Products Act 1999 and Food Act 1981 identifying the following products in New Zealand:

- **Nutricia Karicare follow-on formula products for children from 6 months old.**

"MPI has been advised that in the case of the Nutricia Karicare, five batches of follow-on formula were manufactured using the contaminated whey protein," Mr Gallacher said.

"Nutricia has advised that three of those batches are in a warehouse in Auckland, one is on a ship, and the other is in storage in Australia. Nutricia has advised it has locked down those batches, and they will not be sold on the market.

"MPI is still in the process of verifying this information, and today sent a team to Nutricia's Auckland warehouses," Mr Gallacher said.

"Until this process is completed, I advise parents and caregivers with infants consuming Nutricia Karicare follow on formula products from 6 months, to use infant formula for children aged 0-6 months, ready-made formulas or alternative brands."

Mr Gallacher said the government had last night advised regulatory authorities in markets where affected product had gone.



"MPI and the Ministry of Foreign Affairs and Trade are continuing to work with overseas regulators to provide information as it becomes available. Clearly, a number of markets are very concerned about this situation."

***Formal statement from the Director-General attached***

**MPI advisory**

MPI will hold a media conference at its Pastoral House today at 4.30pm.

Media contact: MPI media phone 029 894 0328

**Consumer support**

- If you have any health concerns, please call Healthline on 0800 611 116 or Plunketline for advice.
- If you have questions about a product, please call MPI's consumer helpline on 0800 693 721.
- Follow MPI on Twitter **@MPI\_NZ**

**For noting:** The Ministry of Health and the Ministry for Primary Industries support and encourage parents to breastfeed their infants until a year of age, and supplement their diet with appropriate solids from around 6 months of age. Infants under the age of one year who are not breastfed should be fed with an appropriate infant formula, and should not be fed with regular cow's milk.

**DIRECTOR-GENERAL STATEMENT  
UNDER THE  
ANIMAL PRODUCTS ACT 1999 AND THE FOOD ACT 1981**

Issued at 2.45pm 3 August 2013

At 12.35pm on Friday 2 August 2013, Fonterra notified the Ministry for Primary Industries of a food safety issue involving three batches of whey protein concentrate (WPC80) produced at a single New Zealand manufacturing site in May 2012.

At approximately 7.00pm, we were advised that products manufactured by Nutricia contained these batches of whey protein and were present in New Zealand.

The safety issue relates to contamination of some batches of whey protein with bacteria known as *Clostridium botulinum* which can cause illness.

The Acting Director-General, Scott Gallacher, for the purpose of section 37 of the Food Act 1981 and section 84 of the Animal Products Act 1999, advises that the following products may contain these batches of protein.

**Nutricia Karicare** Follow-on formula products for children from 6 months old.

These are the only products we have been advised of that may contain the whey protein concentrate and have food safety concerns.

I have been informed that the specific batches of follow-on formula that may contain this whey protein are not currently in any New Zealand retail store. We are still in the process of verifying the location of all products that may contain these batches of whey protein. I am taking a cautionary approach and, until this verification process has been completed, I advise parents and caregivers with infants consuming Nutricia Karicare Follow-on formula products, which is specifically marketed for infants over 6 months, to use infant formula for children aged 0-6 months, ready-made liquid infant formulas, or alternative brands.

I will provide further updates as soon as more information becomes available.

If you have any concerns about the consumption of these products, please call the following numbers. If your concern is for health reasons, please call Healthline on 0800 611 116 or Plunketline 0800 933 922 for advice.

If your concern is about other aspects of these products, please call the Ministry for Primary Industries' consumer helpline on 0800 693 721.

Nutricia Karicare Follow-on formula products are sold through retail outlets such as supermarkets mainly in 900g tins.

Scott Gallacher  
Acting Director-General  
Ministry for Primary Industries

## **APPENDIX 2: Outline of Legal Process and Steps**

### **First step in sequence – voluntary trade and consumer recall (situation MPI is in now)**

MPI's first step is to approach companies with product and to request a voluntary recall. This is not using legislative powers but works effectively in the large majority of situations.

Doing a voluntary recall means that all the logistics are dealt with by those companies such as destruction, not MPI.

AQ may assist in the verification role, to ensure that stock has been destroyed.

### **Second step – Director-General statement under either s 84 of the Animal Products Act 1999 or s 37 of the Food Act 1981 (or under both Acts)**

If there are doubts, then we can proceed to publishing a Director-General statement. It would be prudent to publish a statement under the authority of both Acts where affected products are covered by both Acts.

The statements may be given for the “purpose of protecting the public”. That is the critical requirement.

Every statement published under these provisions is protected by qualified privilege – that is, the Director-General is acting in good faith on the basis of the information to hand.

Further verification and independent testing can continue during this time in order to provide the requisite degree of assurance.

### **Third step – recall under s 85 of the Animal Products Act 1999 (Director-General power) and s 40 of the Food Act 1981 (Minister)**

The Director-General has power to recall under the Animal Products Act and can act where the “fitness” of the animal product is “in doubt”. Given what we know of the products (and the understanding at this stage that they have not reached retail outlets), the recall power under the Animal Products Act would be used.

The Minister has power to recall under the Food Act 1981. In general, the Food Act is intended to apply to “on-the-shelf” products in retail and the Animal

Products Act covers earlier parts of the food-production process. If the Minister is to exercise her powers under s 40 of the Food Act to recall, the information to hand is not necessarily sufficient at this stage given that the decision would not be free from doubt. The Animal Products Act power allows more flexibility given that the Director-General may order a recall when the "fitness" of an "animal product" is "in doubt".

Declassified for Release 9 December 2014

*Appendix 3 is withheld under 6(a)*

## WPC80 SRC Investigation – Customer Map



AM12-430

Ministry for Primary Industries  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** **Scott Gallacher**  
Acting Director-General

**Contact** Scott Gallacher [REDACTED] *[Withheld under s.9(2)(a)]*

**To:** Hon Nikki Kaye  
Minister for Food Safety

**Cc:** Rt Hon John Key, Prime Minister  
  
Hon Bill English, Minister of Finance  
  
Hon Steven Joyce, Minister for Economic Development  
  
Hon Nathan Guy, Minister for Primary Industries  
  
Hon Murray McCully, Minister of Foreign Affairs  
  
Hon Tim Groser, Minister of Trade  
  
Hon Tony Ryall, Minister of Health  
  
Hon Jo Goodhew, Associate Minister of Primary Industries

**Date:** **4 August 2013**

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**Whey protein concentrate response: contamination issue update 3**

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1. Things are very fluid, with new information still coming to hand. This Aide Memoire represents the latest confirmed situation as at 6:00pm 4 August.

**Current situation**

2. On Friday 2 August 2013, Fonterra notified MPI that three batches of Whey Protein Concentrate (WPC) were potentially contaminated with *Clostridium botulinum*.
3. MPI, companies and verifiers have been tracing the movement of this WPC and the products that it has been made into.
4. Our knowledge of the products is still incomplete. Late yesterday, Fonterra notified MPI about additional affected products produced for both domestic and



international markets. Potentially affected export markets and Nutricia were notified.

***Infant formula recall and tracing of product***

5. Within New Zealand, Nutricia infant formula products are potentially affected. Nutricia products comprise a substantial proportion of the infant formula market.
6. Nutricia has issued a product recall for limited batches of Karicare Infant Formula Stage 1 (0-6 months) and Karicare Gold Plus Follow-on Formula Stage 2 (6-12 months), based on the new information from Fonterra. The Nutricia limited batch product recall will slightly reduce the availability of Stage 1 formula as a substitute for Stage 2 formula.
7. This has affected the Director-General's Statement issued yesterday afternoon. An updated media release was issued at 12.30pm, and a new Statement will be issued this evening.
8. The tracing of product is slow and difficult due to the complexity of the supply chain. As a result, Nutricia has been unable to give us high quality and timely information.
9. We are continuing to forward-trace all products produced using the contaminated WPC, working with companies and verifiers. This includes products produced for both New Zealand and international markets.

***Ensuring supply of infant formula and confidence about its use***

10. Retailers describe the retail situation as fairly normal, and suspect this is due to customers waiting to see which brands might be affected next.
11. In aggregate, we think there is sufficient infant formula to supply the domestic market in at least the short term.

[s.9(2)(b)(ii)]

12.

[s.9(2)(b)(ii) &  
s.9(2)(h)]



13.

[s.9(2)(b)(ii)]

### ***Providing information to health professionals***

14. Healthline and PlunketLine have been kept informed of updates to the Director-General of MPI's statements. All Paediatric units were contacted on Friday evening to inform them of the issue, and ensure they were not using potentially affected product. Periodic updates will be provided to paediatricians and public health units.
15. The Ministry of Health will also ensure that Plunket and other Well child providers are kept informed through our usual networks. We will also use the GP fax system from Monday 5 August to keep General Practice teams informed.

### ***Undertaking enhanced surveillance for Infant botulism***

16. The Ministry of Health has a process in place to monitor for Acute Flaccid Paralysis (AFP) in children. This is the Paediatric Surveillance Unit and is primarily in place for monitoring for Polio, but will identify incident cases of Infant botulism. There have been no recent cases of AFP due to Infant botulism reported to the Ministry of Health in New Zealand<sup>1</sup>. The Ministry of Health has alerted the lead clinician for the Paediatric Surveillance Unit to increase the vigilance around AFP due to this issue. We have informed him that weekly reporting will be required. Dr Pat Tuohy has made contact with the network of paediatricians to raise heightened awareness of AFP with them and if any cases are identified telephone them through to the Paediatric Surveillance Unit as per the process for urgent reporting.

### ***Developing a process for obtaining Botulinum Antitoxin (BabyBIG)***

17. An immunological therapy is available for the treatment of Infant botulism. The immunoglobulin significantly shortens the clinical course of infant botulism, as long as it is given early on in the illness (within the first week).
18. The Ministry of Health has been informed (to be confirmed) that the Starship Children's Hospital has two vials of BabyBIG but that it is six months past expiry date. The Ministry of Health has asked the Chief of Paediatrics at Starship for confirmation of this, and an assessment of whether this immunoglobulin would still be safe and effective if required.
19. A District Health Board could obtain supplies of BabyBIG from the supplier in the United States if it was required, as long as it was produced under FDA

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<sup>1</sup> The Royal Children's hospital in Melbourne has recently treated a case of infant botulism (no source identified – but reported to be a breastfed infant). They obtained BabyBIG from the USA with the assistance of the Australian regulator.

licence. In this situation the NZ Medicines regulations allow the product to be rapidly licenced for use in New Zealand for a named patient. Should this be required, we anticipate it would take 2-3 days.

### ***Recall of animal feed***

20. Fonterra's animal feed subsidiary, NZAgbiz, has issued a product recall for specified batches of Ancalf calf milk replacer and Brown Bag milk replacer, both of which are suspected to contain the affected WPC.

### ***International market reactions***

21. We have notified all international markets directly affected by the potential contamination, and also some unaffected markets. The World Health Organisation's International Food Safety Authorities Network (INFOSAN) has been notified.

22. [REDACTED]

23. [REDACTED]

24. [REDACTED]

25. [REDACTED]

26. [REDACTED]

27. A fuller report on market reactions is available in Appendix 1.



## Trade impact assessment

28. MPI and MFAT are working to assess the impacts of this event on New Zealand's trade. All affected markets and product types will be assessed, including the impact on New Zealand's market share and knock-on impacts. An initial analysis of the current trade is that total export revenue from dairy for the year to 30 June 2013 was NZ\$13.4 billion. Of this, China dairy product exports comprise NZ\$3.17 billion (23 percent).
29. Exports peak and trough throughout the year. August exports are usually around 5 percent of total annual exports of dairy products. This ramps up to a peak in November to February where it averages 10 percent per month.
30. The annual value of infant formula exported from New Zealand is NZ\$0.46 billion. Trade with China and Hong Kong is 60 percent of this, NZ\$0.27 billion.
31. A Global Dairy Trade auction is scheduled at midnight this Tuesday (NZ time). Fonterra are considering whether to proceed, and we will update you as soon as we hear.

## Structure of the response

32. The response is structured and managed within documented pre-established preparedness frameworks:
  - Food Incident Response Protocol, which provides direction and operational guidance to be followed in the event of such food related incident responses so that key tasks are delivered in a timely, cohesive and co-ordinated manner; and
  - MPI Trade Response Guide, which provides a similar framework for MPI responses that have an impact on New Zealand's ability to trade internationally.
33. The operation of those response frameworks is dynamic and supporting structures, actions plans, tasks, risk assessments and objectives are regularly assessed and updated.

## Key features of the MPI response frameworks

34. MPI Food Safety and Trade response frameworks are based on the Coordinated Incident Management System (CIMS) model used across government for emergency responses. They have:
  - Defined roles and responsibilities/ Job Cards
  - Response Action Plans/Work stream Plans/Situation Reports
  - Transition to BAU/close out report/debriefs
  - MoH interface for food safety and public health issues
  - MFAT representation
  - Communications
  - Liaison with industry and Overseas Markets

- Liaison roles to link to the other response arms.

### ***Key components of the WPC response structure***

#### ***Response Strategic Leadership Team***

35. The Response Strategic Leadership (RSL) is the governing body and made up of the Senior MPI Officials and other agency representatives (MoH, MFAT, DPMC, NZTE). The RSL is ultimately responsible to provide overall strategic direction and monitor the response.
36. A response structure with multiple work streams supports RSL decision-making. There is a specific Response Manager role that manages the response in accordance with the direction of RSL and agreed outcomes. A diagram showing the work delivery streams and key staff is in Appendix 2.

### **Response objectives**

37. The objectives of the response are to:
  - Protect consumer health (globally)
  - Protect New Zealand's reputation for safe production and trade in dairy products and maintain market access
  - Keep all relevant parties informed in a structured and timely manner
  - Document the incident, and the systems and processes that are used to safeguard against such an incident
  - Investigate the incident and determine any liability
  - Learn from the incident and avoid any reoccurrence.

### **Response priorities**

38. The response priorities activities are:
  - Updating the Director-General statement under the Animal Products Act 1999 and the Food Act 1981;
  - Securing supply of domestic infant formula;
  - Determining the strain of *C botulinum*;
  - Continuing to liaise with international markets, Fonterra, Nutricia and Vitaco;
  - Responding to issues and concerns raised by the media;
  - Confirming the scope of contamination through forward tracing;
  - Determining the scale of potential trade impacts.

### **Background**

39. Almost 38 metric tonnes of the affected WPC has been used as an ingredient in more than 870 tonnes of infant formula, juice/dairy beverage, yoghurt, body building powder and also in stock food. The event occurred when a product was re-processed using a disused production line which had not been cleaned appropriately.

40. The affected WPC was the last three batches produced at the Hautapu plant in the 2011/12 season. The equipment causing the event has since been disposed. Fonterra advises that testing of prior batches has shown no contamination.
41. The precise strain of *C. botulinum* is not yet known, and confirmation will require off-shore testing. While the strain remains unknown, MPI is taking a cautionary approach, proceeding on an assumption that the contamination may affect human health.

#### **Further updates**

42. The next update will be provided on 5 August and there will be daily updates from then until further notice. Any breaking news will be advised to Ministers promptly.

#### **Minister / Minister's Office**

Seen / Referred

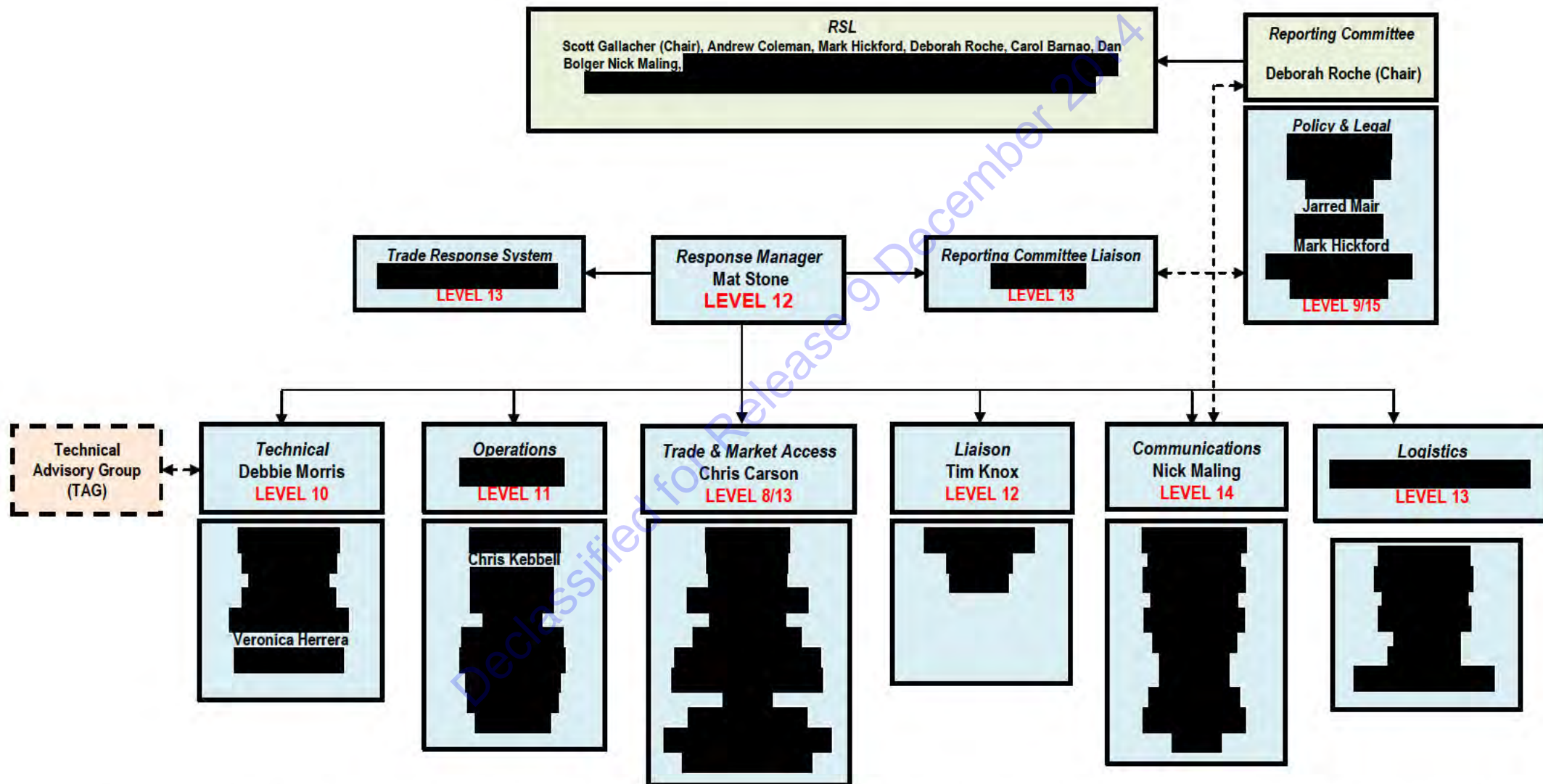
/ /2013

*Appendix 1 is withheld under 6(a)*



## APPENDIX 2: Response structure

### WPC 2013 Response



Responses are fast moving with new information constantly coming to hand. The information in this briefing is accurate to the best of our knowledge and ability. Any corrections will be made in subsequent briefings. 10

[Names withheld under s.9(2)(a)]

AM13-088

Ministry for Primary Industries  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** Scott Gallacher  
Acting Director-General

**Contact:** Scott Gallacher [REDACTED] [Withheld under s.9(2)(a)]

**To:** Hon Nikki Kaye  
Minister for Food Safety

**Cc:** Rt Hon John Key, Prime Minister  
Hon Bill English, Minister of Finance  
Hon Steven Joyce, Minister for Economic Development  
Hon Nathan Guy, Minister for Primary Industries  
Hon Murray McCully, Minister of Foreign Affairs  
Hon Tim Groser, Minister of Trade  
Hon Tony Ryall, Minister of Health  
Hon Jo Goodhew, Associate Minister of Primary Industries

**Date:** 5 August 2013

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**Whey protein concentrate response: contamination issue update 4**

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1. Things are very fluid, with new information still coming to hand. This Aide Memoire represents the latest confirmed situation as at 4.30pm 5 August.

**Current situation**

2. On Friday 2 August 2013, Fonterra notified MPI that three batches of Whey Protein Concentrate (WPC) were potentially contaminated with *Clostridium botulinum*.
3. Further notifications have been received by MPI since. MPI, companies and verifiers have been tracing the movement of this WPC and the products that it has been made into, and any distribution or sales. Our knowledge of these products is still incomplete.
4. This morning at 7.15am, Fonterra notified MPI of an additional seventeen 25kg bags of contaminated WPC. All of this product was exported to the Danone manufacturing plant in Australia. We are working to determine whether this broadens the range of Nutricia products known to be affected and / or the markets receiving potentially contaminated Nutricia products. Today MPI is sending verification staff to Fonterra's data centres in Auckland and Melbourne.



5. This new event may create the need for a new Director-General's Statement, and the Director-General is considering a product recall.

#### **Human health update**

6. There have been no reports of human health issues associated with the contaminated WPC. The notification and advice systems are fully operational and reports are investigated as they arrive.

#### **Infant formula recall and tracing of product**

7. Within New Zealand, Nutricia infant formula products are potentially affected. Nutricia products comprise a substantial proportion of the infant formula market.
8. Nutricia has issued a product recall for limited batches of Karicare Infant Formula Stage 1 (0-6 months) and Karicare Gold Plus Follow-on Formula Stage 2 (6-12 months), based on the new information from Fonterra. The Nutricia limited batch product recall will slightly reduce the availability of Stage 1 formula as a substitute for Stage 2 formula.
9. On 4 August 2013 at 8:30pm, the Director-General of MPI issued a revised Statement under the Animal Products Act 1999 and Food Act 1981. The Statement recommends that consumers do not consume Nutricia Karicare Stage 1 Infant Formula for babies from birth or Nutricia Karicare Stage 2 Follow-on formula products for children from 6 months old.
10. The revised Statement was issued because Nutricia has been unable to identify to MPI all the products that may have been contaminated through incorporation of the affected WPC, and the locations of potentially contaminated products. We are still in the process of verifying which products and which batches contain the whey protein, and their location. This includes products produced for both New Zealand and international markets.

#### **Ensuring supply of infant formula and confidence about its use**

11. We are maintaining close contact with the Food and Grocery Council, the Infant Nutrition Council, Foodstuffs, Progressives, Nestle, Heinz and Nielson.

12. [REDACTED]

13. [REDACTED]

[Withheld under s.9(2)(b)(ii)]

[Withheld under s.9(2)(b)(ii)]

14. [Redacted]
15. [Redacted]
16. [Redacted]

#### International market reactions

[s.6(a)]

17. [Redacted]
18. [Redacted]
19. We are working to provide clarification to trading partners about unaffected products, being those not containing WPC and those produced independently of Fonterra.
20. A fuller report on market reactions is available in Appendix 1.

#### Trade impact assessment

21. MPI is working with Treasury to determine trade impacts and understand potentially affected product flows into international markets. Priority has been given to understanding the economic impact. This work is ongoing, with several scenarios being modelled. Initial information will be available over the next few days.

#### Response priorities

22. The response priority activities are:
  - Keeping a watching brief on supply of domestic infant formula;
  - Determining the strain of *C botulinum*;
  - Continuing to liaise with international markets, Fonterra, Nutricia and Vitaco;
  - Responding to issues and concerns raised by the media;
  - Confirming the scope of contamination through forward tracing;
  - Determining the scale of potential trade impacts.
  - Set up a Technical Advisory Group to provide specialist advice across the response.



## Background

23. Almost 38 metric tonnes of the affected WPC has been used as an ingredient in more than 870 tonnes of infant formula, juice/dairy beverage, yoghurt, body building powder and also in stock food. The event occurred when a product was re-processed using a disused production line which had not been cleaned appropriately.
24. The affected WPC was the last three batches produced at the Hautapu plant in the 2011/12 season. The equipment causing the event has since been disposed. Fonterra advises that testing of prior batches has shown no contamination.
25. The precise strain of *C. botulinum* is not yet known, and confirmation will require off-shore testing. While the strain remains unknown, MPI is taking a cautionary approach, proceeding on an assumption that the contamination may affect human health.

## Further updates

26. The next update will be provided on 6 August and there will be daily updates from then until further notice. Any breaking news will be advised to Ministers promptly.

## Minister / Minister's Office

Seen / Referred

/ /2013

*Appendix 1 is withheld under 6(a)*

AM13-088

**Ministry for Primary Industries**  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** **Scott Gallacher**  
Acting Director-General

**Contact** Scott Gallacher [REDACTED] *[Withheld under s.9(2)(a)]*

**To:** Hon Nikki Kaye  
Minister for Food Safety

**Cc:** Rt Hon John Key, Prime Minister  
Hon Bill English, Minister of Finance  
Hon Steven Joyce, Minister for Economic Development  
Hon Nathan Guy, Minister for Primary Industries  
Hon Murray McCully, Minister of Foreign Affairs  
Hon Tim Groser, Minister of Trade  
Hon Tony Ryall, Minister of Health  
Hon Jo Goodhew, Associate Minister of Primary Industries

**Date:** **6 August 2013**

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**Whey protein concentrate response: contamination issue update 5**

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1. Things continue to remain relatively fluid with new information still coming to hand. This Aide Memoire represents the latest confirmed situation as at 6.30pm 6 August.

**Key points**

2. MPI now has confidence there is no contaminated product beyond the two product lines being recalled by Nutricia.
3. There have been no human health cases in New Zealand and we are watching the international situation.
4. While there has been a slight increase in usual demand for infant formula, supermarkets have good level of stock and replenishing is going well.

[s.6(a)]

5. [REDACTED]

**Human health update**

6. There have been no reports of human health issues associated with the contaminated WPC. The notification and advice systems are fully operational and reports are investigated as they arrive.



7. Australia has reported three cases of botulism in the past year but all of these arose from breast feeding.
8. The Ministry of Health is providing information and advice to health professionals through its website. The Ministry of Health is also calling round DHBs to ensure they are aware of the latest advice.
9. Plunket and other community organisations have been pointed to MPI's website information and MPI has been actively working with Plunket throughout the course of the day to ensure consistency of messaging.

### **Infant formula recall**

10. Within New Zealand, only infant formula products produced by Nutricia under the brand name Karicare are potentially affected. Karicare infant formula comprises a substantial proportion of the market.
11. Following discussions with the Director-General of MPI, last night (5 August) Nutricia agreed to extend its product recall to include all batches of:
  - Karicare Stage 1 New Baby Infant Formula (From Birth)
  - Karicare Gold+Stage 2 Follow On Formula (From 6 Months)
12. The Director-General has issued a revised Statement under the Animal Products and Food Acts that advises that these products should not be consumed.
13. The recall notice issued by Nutricia and the revised Statement by the Director-General are consistent and provide clear direction to consumers. On the basis of the information we have been provided, MPI now has confidence there is no contaminated product beyond the two product lines being recalled by Nutricia. All of MPI's and other agencies messages are focused on delivering this very clearly.

### **Tracing of product**

14. MPI is continuing to verify data with the assistance of Fonterra and Nutricia for any product that contains the contaminated WPC. We are physically verifying and reconciling product in warehouses and at ports in New Zealand as part of this process.
15. There are consignments that were:
  - identified in transit between warehouses, retail settings and ports in New Zealand, which are being returned to Nutricia's warehouses where they are being physically verified;
  - identified in transit between New Zealand and Australia, and controls will be applied upon arrival at either our end or theirs respectively; and

- in warehouses overseas under the supply chain control of Nutricia, and MPI has provided regulators in other countries specific information allowing them to apply their own regulatory controls.
16. In a very few situations, we are informed by Nutricia that product in overseas markets has been distributed to retail. Nutricia is actively working with relevant overseas regulators.
17. As indicated above, MPI now has confidence there is no contaminated product beyond the two product lines being recalled by Nutricia. But our reconciliation process has highlighted that certain volumes of those products have entered domestic circulation.
18. We have attached, for your reference, a table that provides you with a high level overview of the current situation in terms of MPI's ongoing reconciliation and tracking process, in terms of not just New Zealand, but overseas markets. This highlights the extent to which MPI is attempting to verify the whereabouts of all product, on the basis of the information provided by Fonterra.

#### **Ensuring supply of infant formula**

19. We understand, following discussions with the Food and Grocery Council, that there has been a slight increase in usual demand: supermarkets have good level of stock and replenishing is going well.
20. We will continue to provide daily updates on the supply situation and are in daily communication with industry.
21. Within a couple of days, we anticipate being able to supply information on:
- Supplier's stock levels
  - Stock in the retail system
  - Actual sales volumes
  - A forecast of future sales.

#### **International market reactions**

22. [REDACTED]
- [REDACTED]
- [REDACTED]

[Withheld under s.6(a)]



[Withheld under s.6(a)]

23.

24. A fuller report on market reactions is available in Appendix 1.

#### **Trade impact assessment**

25. A separate briefing is being prepared for Ministers on trade impacts.

#### **Diagnostic testing of the Fonterra WPC contamination**

26. There are a large number of strains of *Clostridium botulinum*. Testing for these strains is time consuming because of the sample enrichment period that cannot be shortened, and the number and complexity of the strains.
27. In the case of the contaminated WPC, Fonterra isolated *Clostridia* bacteria and through further analysis identified the bacteria as either non-toxic *Clostridium sporogenes* or toxic *Clostridium botulinum*.
28. Fonterra provided three bacterial isolates to AgResearch, but it has so far been unable to determine through molecular testing which of the two bacteria are present. AgResearch injected cultured material from the samples into mice, one of which died. AgResearch interpreted this as being consistent with the presence of botulinum toxin.
29. MPI considers that the AgResearch interpretation needs to be validated. MPI has initiated multiple testing procedures in New Zealand and overseas. This includes MPI's Diagnostic Laboratories, Massey University, the US Department of Homeland Security and the US Centre for Disease Control. We expect to receive various test results over the next 1-4 weeks.

### Strategic next steps

30. The strategic objectives over the coming weeks will include:

- Protecting domestic and overseas consumer health
- Ensuring a secure domestic supply
- Tracing and confirming contaminated product
- Ensuring ongoing market access and assurance
- Rebuilding confidence in new Zealand's diagnostic and scientific capabilities
- Determining the appropriate time for Ministers to reengage with international markets.

### Tomorrow's response priorities

31. The response priority activities are:

- Keeping a watching brief on supply of domestic infant formula;
- Determining the strain of *C botulinum*;
- Continuing to liaise with international markets, Fonterra, Nutricia and Vitaco;
- Responding to issues and concerns raised by the media;
- Confirming the scope of contamination through forward tracing;
- Determining the scale of potential trade impacts.
- Using the Technical Advisory Group to provide specialist advice across the response.

### Background

32. On Friday 2 August 2013 at 1230, Fonterra notified MPI that three batches of Whey Protein Concentrate (WPC) were potentially contaminated with *Clostridium botulinum*. Botulism is caused by either the ingestion of the toxin or the bacteria.
33. MPI, companies and verifiers have been tracing the movement of this WPC and the products that it has been made into, and any distribution or sales. Our knowledge of these products is still incomplete.
34. Almost 38 metric tonnes of the affected WPC has been used as an ingredient in more than 870 tonnes of infant formula, juice/dairy beverage, yoghurt, body building powder and also in stock food. The event occurred when a product was re-processed using a disused production line which had not been cleaned appropriately.
35. The affected WPC was the last three batches produced at the Hautapu plant in the 2011/12 season. The equipment causing the event has since been disposed. Fonterra advises that testing of prior batches has shown no contamination.

36. The precise strain of *Clostridium* is not yet known, and MPI is working with domestic and international laboratories to confirm the strain. Results of various tests are expected in 1-4 weeks. While the strain remains unknown, MPI is taking a precautionary approach, proceeding on an assumption that the contamination may affect human health.

#### **Further updates**

37. The next update will be provided on 7 August and there will be daily updates from then until further notice. Any breaking news will be advised to Ministers promptly.

#### **Minister / Minister's Office**

Seen / Referred

/ /2013

Declassified for Release 9 December 2014

*Appendix 1 is withheld under 6(a)*

AM13-096

**Ministry for Primary Industries**  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** Scott Gallacher  
Acting Director-General

**Contact** Scott Gallacher [REDACTED] *[Withheld under s.9(2)(a)]*

**To:** Hon Nikke Kaye  
Minister for Food Safety

**Cc:** Rt Hon John Key, Prime Minister

Hon Bill English, Minister of Finance

Hon Steven Joyce, Minister for Economic Development

Hon Nathan Guy, Minister for Primary Industries

Hon Murray McCully, Minister of Foreign Affairs

Hon Tim Groser, Minister of Trade

Hon Tony Ryall, Minister of Health

Hon Jo Goodhew, Associate Minister for Primary Industries

**Date:** 6 August 2013

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**Whey Protein Concentrate Response – Update 6 August 2013**

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**PURPOSE**

This briefing is to advise you of the current situation regarding Whey Protein Concentrate Response (WPC).

**SITUATION ANALYSIS – PRODUCT RECONCILIATION PROCESS**

Approximately 38 tonnes of known contaminated WPC material – an ingredient of final products (e.g. infant formula) was identified:



## Security Level – In Confidence

- as an immediate response, MPI is focused on consumer safety and accounting for the final products; and
- it is not possible for MPI to establish the percentage of WPC that has been accounted for at this stage (further details are provided in appendices 1 and 2).

### High level summary

	Status	Identified products in New Zealand
What we know	Identified product	<ul style="list-style-type: none"><li>• the recalled products are:<ul style="list-style-type: none"><li>- Karicare Stage 1 New Baby Infant Formula (from birth) – all batches</li><li>- Karicare Gold+ Stage 2 Follow On Formula (from six months ) – all batches</li></ul>the recall does not affect any other Nutricia Karicare products.</li><li>• Known affected product is secured in company owned warehouses and third party stores (exact quantities to be confirmed).</li><li>• a number of offshore authorities have been notified – some product is being removed from shelves in accordance with local regulations.</li></ul>
Areas where we are seeking further clarity	Re-imported product	<ul style="list-style-type: none"><li>• MPI is aware of product that has been blended in Australia and re imported, MPI is currently tracing this product.</li></ul>
Information gaps	[REDACTED]	<ul style="list-style-type: none"><li>• product could have been sent by individuals through the postal system – MPI has no visibility on these products. [REDACTED]</li></ul>

[s.6(a)]

### Progress of the MPI Response Team to date

The MPI Response Team is continuing to verify data with the assistance of Fonterra and Nutricia for any product that contains the contaminated WPC. We are physically verifying and reconciling product in warehouses and at ports in New Zealand as part of the process.

There are consignments:

- that were identified in transit between warehouses, retail settings and ports in New Zealand, which are being returned to Nutricia's warehouses where they are being physically verified;



## Security Level – In Confidence

- identified in transit between New Zealand and Australia, and controls will be applied upon arrival at either our end or theirs respectively; and
- in warehouses overseas under the supply chain control of Nutricia, and MPI has provided regulators in other countries specific information allowing them to apply their own regulatory controls.

In a very few situations we are informed by Nutricia that product in overseas markets has been distributed to retail. MPI has provided overseas regulators specific information allowing them to apply their own regulatory controls, and Nutricia is actively working with those regulators on consumer recalls in those situations.

Physical verification by the MPI Response team in these last two situations of product in overseas markets is not possible, and we will rely on information from overseas regulators provide us in relation to these circumstances.

**Minister / Minister's Office**

Seen / Referred

/ /2013

## Appendix 1

### FONTERRA:

- **Hautapu processing plant:**
  - Reconciliations completed for human consumption material (including how much they produced and where it went);
  - Reconciliations in progress for “Loss stream” products (products of insufficient quality for human consumption) that has been downgraded to animal feed
- **Waitoa processing plant:**
  - Currently awaiting written confirmation on the status of reconciliation. MPI staff are actively pursuing this information.
- **Darnum (Victoria, AUS) processing plant:**
  - A MPI safety auditor is visiting the Darnum plant and working with two auditors (from Dairy Food Safety Victoria) to verify records for products received from Hautapu and dispatched from Darnum back to NZ.
- **Auckland – Head office:**
  - MPI have a team working closely with Fonterra staff to verify all records of affected product. We are awaiting those results.

### NUTRICIA

- MPI Staff are confirming information records of all affected materials received from Fonterra.
- In terms of incoming product records and the flow through of product that is being sent to other processors [REDACTED] MPI officials are coordinating with these companies to locate any product in stores.
  - MPI staff are overseeing the return of containers from the ports.
- MPI has been working to confirm all exports of affected product and to notify our trading partners (back over the last 6 months).

[s.9(2)(b)(ii)]

### DOMESTIC RECALL OF NUTRICIA PRODUCTS

Note that Nutricia have broadened their recall to include all Karicare Stage 1 New Baby Infant Formula and Karicare Gold+ Stage 2 Follow on Formula products, but we are awaiting information in terms of batches.

- MPI staff are pursuing this information.
- Given the lack of information and urgency of the situation, a total recall of these products is a fair and measured response.
- It is anticipated that consumers will seek a refund from the retailer.



Version 5, 6 Aug-2013, 3.00pm

Indicates under MPI control

Indicates unknown location/quantities

	MATERIAL CODE	MATERIAL DESCRIPTION	Intended Market	WATCH	TOTAL PALLETES Produced	Total INPHE Item	Material Used	Cypher Used	Enterprise Pallet Used	Total Exported	Total to be exported	Stock on Hand in MF Auck	Stock on Hand in MF Christchurch	Stock on Hand in MF Manurewa	Stock on Hand in MF Huttville	Stock on Hand in MF Huttville	Stock on Hand in MF Huttville	Location	At 3 PM (on the ship)	At one store to Distributor	At one store to KA
1	12931	Karicare Plus 2	AU	3152	21	17,568	IF GOS Base 122	1314064100	919120, 919175, 919199, 919205, 919229, 919250, 919267, 919274, 919281, 919298, 919346, 919377	17,568	0	0	0	0	0	0	0	With Nutricia (Domestic) Confirmed by MPI			
2	12931	Karicare Plus 2	AU	3153	21	17,523	IF GOS Base 122	161072	22079812, 22079813, 22079813, 22079817, 22091669	14,911	0	2,583	0	0	9	0	0	With Nutricia (Domestic) Confirmed by MPI			
3	22961	Apimil Gold Plus 2	AU	3200	82	70,182	IF GOS Base 122	1314064100	919137, 919151	0	0	54,160	0	0	0	404	0	NZ Warehouse Under reconciliation and verification by MPI 10 cans used for samples 60 cans removed by Nutricia 100 cans removed by Nutricia (Inventory records are being interrogated for 424)			
4	11931	Karicare Plus 1	AU	3204	35	29,538	IF GOS Base 122	161077	22045925, 22081931, 22081933, 22081934, 22081935, 22081938, 22081939, 22081940	0	0	27,810	0	0	1,728	0	0	NZ Warehouse Confirmed by MPI 5/6/13			
5	21961	Apimil Gold Plus 1	AU	01185	64	57,372	IF GOS Base 122	161073	Treacability was based on the whole Cypher used because Dairy Goat does not have individual pallet records for each cypher used.	0	55,800	1,572	0	0	0	0	0	Blocked at NZ Port to be returned to Mainfreight Under reconciliation and verification by MPI			
6	21961	Apimil Gold Plus 1	AU	01186	117	104,832	IF GOS Base 122	161073	Treacability was based on the whole Cypher used because Dairy Goat does not have individual pallet records for each cypher used.	0	19,800	85,032	0	0	0	0	0	Blocked at NZ Port to be returned to Mainfreight Under reconciliation and verification by MPI			
7	21961	Apimil Gold Plus 1	AU	01187	129	115,746	IF GOS Base 122	161073	Treacability was based on the whole Cypher used because Dairy Goat does not have individual pallet records for each cypher used.	0	16,200	99,546	0	0	0	0	0	Blocked at NZ Port to be returned to Mainfreight Under reconciliation and verification by MPI			
8	21961	Apimil Gold Plus 1	AU	01188	29	25,444	IF GOS Base 122	161073	Treacability was based on the whole Cypher used because Dairy Goat does not have individual pallet records for each cypher used.	0	5,400	19,944	0	0	0	0	0	Blocked at NZ Port to be returned to Mainfreight Under reconciliation and verification by MPI			
9	91960	China Karicare Gold plus 1	CH	3142	69	59,412	IF GOS Base 122	161074	22080413, 22080414, 22080415, 22080416, 22080417, 22080418, 22080419, 22080420, 22080421, 22080422, 22080423, 22080424, 22080425, 22080426, 22080427, 22080428, 22080429, 22080430, 22080431, 22080432, 22080433, 22080434, 22080435, 22080436, 22080437, 22080438, 22080439, 22080440, 22080441, 22080442, 22080443, 22080444, 22080445, 22080446, 22080447, 22080448, 22080449, 22080450, 22080451, 22080452, 22080453, 22080454, 22080455, 22080456, 22080457, 22080458, 22080459, 22080460, 22080461, 22080462, 22080463, 22080464, 22080465, 22080466, 22080467, 22080468, 22080469, 22080470, 22080471, 22080472, 22080473, 22080474, 22080475, 22080476, 22080477, 22080478, 22080479, 22080480, 22080481, 22080482, 22080483, 22080484, 22080485, 22080486, 22080487, 22080488, 22080489, 22080490, 22080491, 22080492, 22080493, 22080494, 22080495, 22080496, 22080497, 22080498, 22080499, 22080500, 22080501, 22080502, 22080503, 22080504, 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[illegible]



6 August 2013

Document Number: B13-121

## Whey Protein Concentrate Issue: economic impacts

### Purpose:

To provide you with an update on the economic impacts of the current Whey Protein Concentrate issue ahead of this evening's meeting of BGA Export Ministers.

Minister	Action Required:
Minister for Primary Industries	<p><b>Note</b> the contents of this briefing.</p> <p><b>Agree</b> to forward a copy of this briefing to</p> <ul style="list-style-type: none"><li>• Rt Hon John Key</li><li>• Hon Craig Foss</li><li>• Hon Chris Tremain</li><li>• Hon Maurice Williamson</li><li>• Hon Pita Sharples</li><li>• Hon Tony Ryall</li></ul> <p>Hon Paula Bennett</p>
Minister of Finance	<p><b>Note</b> the contents of this briefing.</p>
Minister of Trade	
Minister for Foreign Affairs	
Minister for Food Safety	
CC Associate Minister for Primary Industries	

### Contact for telephone discussion (if required)

	Name	Position	Work	After Hours
Responsible Manager	Jarred Mair	Director, Sector Policy, MPI Policy Branch		[s.9(2)(a)]



## Key Messages

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1. Currently the only significant known market restriction in place is in China against imports of whey and dairy base powders. Regulators in other markets are monitoring our response.

2.



[s.9(2)(b)(ii)]

3. While current impacts appear relatively limited, there is a significant risk to the reputation of New Zealand dairy products or primary products more generally.
4. Officials are currently conducting more detailed economic analysis modelling the economic impact of six scenarios and will have more information by the end of tomorrow, Wednesday 7 August.
5. The results of the regular fortnightly Global Dairy Trade auction tonight will provide a good indication of the immediate market reaction in respect of milk powders.
6. While domestic supply of infant formula products will be impacted by the product recall, manufactures and retailers remain confident about supply at this stage.

## Recommendations

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7. Officials noting rec—tbc.

**Noted**

## Briefing Overview

8. This briefing provides an update and overview of:
  - a. Impact on domestic infant formula market supply;
  - b. Initial impact on exchange rate and share prices;
  - c. Economic and fiscal impacts; and
  - d. Market access situation.

### Impact on Domestic Infant Formula Market Supply

9. We understand, following discussions with the Food and Grocery Council, that there has been a slight increase in usual demand: supermarkets have good level of stock and replenishing is going well.
10. We will continue to provide daily updates on the supply situation and are in daily communication with industry.
11. Within a couple of days, we anticipate being able to supply information on:
  - Supplier's stock levels
  - Stock in the retail system
  - Actual sales volumes
  - A forecast of future sales.

### *Nutricia share of market*

12. The infant formula market in New Zealand is worth \$1.1m per week (\$57m pa). This equates to 47 tonnes of product.

13. [REDACTED] [Withheld under s.9(2)(b)(ii)]

14. [REDACTED]

### Initial impact on exchange rate and share prices

15. On Monday morning when the financial markets opened, Fonterra shareholders' fund (FSF) unit price fell by nine percent in response to Fonterra's announcement. The FSF unit price recovered somewhat during the day climbing from a low of \$6.50 to \$6.86. The FSF unit price seems to have stabilised and climbed back up to around \$7 at 3pm NZT on Tuesday 6 August. Shares in Synlait Milk Ltd appear to be relatively unaffected.
16. New Zealand's exchange rate has also been impacted but falls in the exchange rate appear to have stabilised and showing signs of recovering.




Table 1: Market adjustments following Fonterra's announcement on Fri 1 August

	Fri 1 August	Mon 5 August	Tues 6 August (2:30pm)
Fonterra shareholders' Fund unit price (units held by external investors)	\$7.18	\$6.86	\$7.05
Synlait Milk Ltd share price	\$2.62	\$2.7	\$2.71
NZD/AUD exchange rate	\$0.889	\$0.872	\$0.878
NZD/USD exchange rate	\$0.7961	\$0.7768	\$0.7837

## Economic and fiscal Impacts

### *Economic impact*

17. At this stage, the economic and fiscal impacts of the whey protein concentrate issue appear to be minimal in part owing to the way the issue has been managed and the measured response of our trading partners. It is the low point in the annual dairy production and export cycle, further reducing the impact. However, if the bans continue for some time or are extended to other products or markets, the impact could increase, especially as the dairy season progresses.
18. A key indicator for that will be Fonterra's GlobalDairyTrade auction to be held overnight Tuesday 6 August (NZ time). There could also be wider reputational effects on other New Zealand exporters, for example, difficulties or additional costs negotiating export contracts. An update on the results of the auction will be available first thing Wednesday morning.
19. Fonterra recently raised its forecast payout to farmers for the 2013/14 season from \$7.00/kg of milk solids to \$7.50/kg on 31 July. 
20. A fall in world dairy prices would be reflected in lower commodity prices and terms of trade for New Zealand, a larger current account deficit, lower returns to dairy farmers and lower nominal GDP and ultimately lower tax revenue. There would also be likely to be some offsetting factors; a lower NZ dollar would offset some of the fall in global dairy prices and make other sectors of the economy more competitive internationally.

[Withheld under s.9(2)(b)(ii)]

21. A broader economic assessment is being carried out modelling the impact of six scenarios and we will have more information by the end of Wednesday. The scenarios are in relation to:
- A general decline in demand for New Zealand dairy products in China of 10, 30, and 50 percent; and
  - Temporary complete disruption to all New Zealand's milk powder exports for varying periods of time of 1, 3, and 6 months. This analysis will shed light on the impact on world prices and responses by competitors.

*Fiscal impact*

22. As a co-operative, Fonterra is not a major tax-paying entity as it distributes its profits to its farmer suppliers/shareholders. A fall in dairy returns would be reflected in lower corporate and other persons tax paid by dairy farmers, but – as noted above – there is some leeway with regard to the latest dairy prices so no impact is considered likely at this stage relative to our Budget forecasts.
23. Other possible impacts on tax revenue from reduced demand for New Zealand dairy exports would be via lower business investment by dairy producers as their incomes were reduced, leading to lower GST revenue. At this stage, this effect is considered to be unlikely or minimal.
24. Lower sales of infant formula in the domestic market are considered unlikely to impact on GST revenue at this stage as users shift to other brands.

*Other possible impacts*

25. [REDACTED]
26. [REDACTED]
27. A fall in the value of Fonterra's units on the stock market may affect the balance sheets of supplier shareholders, some of whom already hold considerable debt.

[Withheld under s.9(2)(b)(ii)]



## Overview of Market Access Situation on Country-by-Country Basis

28. As at 3pm NZT on 6 August, the following restrictions are in place against New Zealand products:

[Withheld under s.6(a)]

[REDACTED]

[REDACTED]

[REDACTED]

- d. New Zealand officials are in communication with offshore regulators to provide as much information as possible and maintain the confidence of regulators, and to forestall or prevent as much as possible the imposition of unnecessary restrictions against New Zealand exports.

DRAFT  
Declassified for Release 3 September 2014



## Appendix: Reference tables with dairy export data

Table 1: NZ dairy exports to potentially affected countries, year ended June

NZ dairy export, year ended June 2013 (excluding other dairy, i.e., food preparation, icecream, chocolate)

<b>Export value (NZD\$ million)</b>							
	WMP	SMP	Casein	Whey	Butter	Cheese	Total
China	\$1,918	\$448	\$186	\$92	\$166	\$100	\$2,910
Australia	\$31	\$24	\$32	\$1	\$70	\$212	\$371
Malaysia	\$157	\$157	\$21	\$0	\$43	\$27	\$406
Thailand	\$110	\$127	\$1	\$0	\$30	\$16	\$284
Saudi Arabia	\$144	\$86	\$29	\$0	\$96	\$69	\$424
Vietnam	\$92	\$76	\$2	\$0	\$61	\$7	\$238
Russia	\$0	\$0	\$6	\$0	\$119	\$7	\$132
Philippines	\$94	\$178	\$21	\$0	\$62	\$59	\$413
Hong Kong	\$39	\$116	\$0	\$0	\$16	\$17	\$188
Chinese Taipei	\$118	\$60	\$9	\$3	\$56	\$35	\$281
Sri Lanka	\$192	\$10	\$1	\$0	\$2	\$2	\$207
Singapore	\$123	\$97	\$55	\$3	\$34	\$10	\$322
Total (possibly) affected country	\$3,018	\$1,380	\$362	\$100	\$756	\$561	\$6,176
World	\$5,105	\$1,979	\$1,674	\$104	\$1,910	\$1,442	
<b>Export volume (Thousand tonnes)</b>							
	WMP	SMP	Casein	Whey	Butter	Cheese	Total
China	484	105	15	10	38	19	671
Australia	6	5	3	0	16	43	73
Malaysia	41	39	3	0	11	6	99
Thailand	29	33	0	0	7	3	72
Saudi Arabia	38	22	4	0	24	16	104
Vietnam	23	19	0	0	16	1	60
Russia	0	0	1	0	31	1	33
Philippines	23	44	3	0	15	13	98
Hong Kong	6	8	0	0	4	3	20
Chinese Taipei	29	14	1	0	13	8	65
Sri Lanka	51	3	0	0	0	0	55
Singapore	34	26	6	2	9	2	79
Total (possibly) affected country	764	317	35	13	184	117	1,430
World	1,273	463	177	14	465	310	
<b>Market share by products (by value)</b>							
	WMP	SMP	Casein	Whey	Butter	Cheese	Total
China	38%	23%	11%	89%	9%	7%	24%
Australia	1%	1%	2%	1%	4%	15%	3%
Malaysia	3%	8%	1%	0%	2%	2%	3%
Thailand	2%	6%	0%	0%	2%	1%	2%
Saudi Arabia	3%	4%	2%	0%	5%	5%	3%
Vietnam	2%	4%	0%	0%	3%	0%	2%
Russia	0%	0%	0%		6%	0%	1%
Philippines	2%	9%	1%	0%	3%	4%	3%
Hong Kong	1%	6%	0%	0%	1%	1%	2%
Chinese Taipei	2%	3%	1%	3%	3%	2%	2%
Sri Lanka	4%	1%	0%	0%	0%	0%	2%
Singapore	2%	5%	3%	3%	2%	1%	3%

Total (possibly) affected country	59%	70%	22%	96%	40%	39%	51%
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[illegible]



Table 3: WMP: Key suppliers in potentially affected markets (Year ended June 2012)

Potentially affected markets	Key suppliers				
	<i>New Zealand</i>	EU 27	Argentina	Australia	Uruguay
Australia	94%	1%	0%	0%	0%
China	95%	2%	0%	2%	0%
Hong Kong	47%	25%	0%	7%	0%
Malaysia	67%	1%	0%	8%	0%
Russia	22%	75%	0%	3%	0%
Singapore	48%	13%	0%	28%	1%
Sri Lanka	81%	0%	0%	15%	0%
Chinese Taipei	83%	4%	0%	12%	0%
Thailand	73%	1%	0%	5%	0%
Vietnam	84%	4%	0%	1%	0%
World	53%	22%	11%	6%	3%

Table 4: SMP: Key suppliers in affected markets (Year ended June 2012)

Potentially affected markets	Key suppliers				
	EU 27	United States	<i>New Zealand</i>	Australia	Uruguay
Australia	20%	2%	78%	0%	0%
China	21%	11%	59%	9%	0%
Hong Kong	43%	2%	34%	16%	0%
Malaysia	21%	21%	44%	13%	0%
Russia	94%	3%	0%	3%	0%
Singapore	26%	8%	33%	30%	0%
Sri Lanka	4%	17%	51%	27%	0%
Chinese Taipei	9%	3%	57%	30%	0%
Thailand	34%	15%	35%	16%	0%
Vietnam	45%	45%	7%	2%	0%
World	35%	27%	23%	9%	2%

Table 5: Casein: Key suppliers in affected markets (Year ended June 2012)

Potentially affected markets	Key suppliers				
	EU 27	New Zealand	United States	Argentina	Australia
Australia	13%	70%	16%	0%	0%
China	35%	49%	8%	4%	5%
Hong Kong	29%	58%	7%	0%	0%
Malaysia	57%	31%	1%	0%	2%
Russia	100%	0%	0%	0%	0%
Singapore	11%	58%	25%	0%	4%
Sri Lanka	88%	0%	0%	0%	0%
Chinese Taipei	37%	39%	16%	0%	0%
Thailand	86%	2%	2%	0%	3%
Vietnam	66%	2%	11%	3%	0%
World	41%	37%	11%	4%	4%

Table 6: Whey: Key suppliers in affected markets (Year ended June 2012)

Potentially affected markets	Key suppliers				
	EU 27	United States	Argentina	Australia	New Zealand
Australia	57%	30%	0%	0%	12%
China	52%	29%	6%	3%	8%
Hong Kong	79%	13%	0%	2%	4%
Malaysia	63%	25%	1%	6%	4%
Russia	100%	0%	0%	0%	0%
Singapore	38%	36%	7%	8%	4%
Sri Lanka	16%	0%	0%	14%	12%
Chinese Taipei	28%	40%	2%	6%	21%
Thailand	62%	22%	0%	12%	0%
Vietnam	45%	43%	5%	1%	0%
World	48%	33%	6%	4%	4%

Table 7: Butter: Key suppliers in affected markets (Year ended June 2012)

Potentially affected markets	Key suppliers				
	New Zealand	EU 27	Australia	United States	Argentina
Australia	89%	7%	0%	1%	0%
China	88%	7%	4%	1%	1%
Hong Kong	41%	21%	31%	1%	0%
Malaysia	67%	5%	25%	1%	2%
Russia	27%	52%	4%	0%	8%
Singapore	35%	35%	20%	2%	2%
Sri Lanka	59%	5%	30%	0%	0%
Chinese Taipei	60%	22%	12%	1%	5%
Thailand	66%	5%	26%	2%	0%
Vietnam	90%	3%	5%	0%	0%
World	57%	21%	6%	6%	3%



Table 8: Cheese: Key suppliers in affected markets (Year ended June 2012)

Potentially affected markets	Key suppliers				
	EU 27	New Zealand	United States	Australia	Argentina
Australia	36%	49%	14%	0%	0%
China	13%	40%	20%	23%	1%
Hong Kong	30%	19%	14%	35%	0%
Malaysia	13%	32%	11%	43%	1%
Russia	96%	1%	0%	0%	3%
Singapore	27%	11%	9%	46%	2%
Sri Lanka	65%	11%	1%	18%	0%
Chinese Taipei	11%	24%	30%	18%	13%
Thailand	27%	28%	7%	33%	1%
Vietnam	59%	25%	3%	5%	1%
World	55%	14%	13%	9%	4%

DRAFT

Declassified for Release 9 December 2014

Table 9: Export volume and value of Whey and Dairy Base Powder to China year ending 30 June:

June Year	Value (NZD\$ million)					Volume (tonnes)			
	NZ Whey to China	NZ dairy base powder to China	NZ Whey to world	NZ dairy base powder to world		NZ Whey to China	NZ dairy base powder to China	NZ Whey to world	NZ dairy base powder to world
Jun-09	\$23	\$0	\$47	\$16		5,191	35	17,135	2,120
Jun-10	\$22	\$1	\$33	\$4		4,176	67	10,120	746
Jun-11	\$37	\$2	\$55	\$13		5,208	253	9,960	908
Jun-12	\$66	\$7	\$96	\$46		6,810	447	13,071	2,193
Jun-13	\$92	\$33	\$104	\$147		10,037	2,376	13,762	7,826

AM13-098

**Ministry for Primary Industries**  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** **Scott Gallacher**  
Acting Director-General

**Contact** Scott Gallacher [REDACTED] *[Withheld under s.9(2)(a)]*

**To:** Hon Nikki Kaye  
Minister for Food Safety

**Cc:** Rt Hon John Key, Prime Minister  
Hon Bill English, Minister of Finance  
Hon Steven Joyce, Minister for Economic Development  
Hon Nathan Guy, Minister for Primary Industries  
Hon Murray McCully, Minister of Foreign Affairs  
Hon Tim Groser, Minister of Trade  
Hon Tony Ryall, Minister of Health  
Hon Jo Goodhew, Associate Minister for Primary Industries

**Date:** **7 August 2013**

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**Whey protein concentrate response: contamination issue update 6**

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1. The response continues to be relatively fluid with new information still coming to hand. This Aide Memoire represents the latest confirmed situation as at 4.30pm 7 August.

**Key points**

2. We are making good progress on confirming the extent of the contamination. Audits and physical inspections are increasing our confidence that we have determined the full extent of the contamination.
3. While there has been a 20 percent increase in the usual demand for infant formula, supermarkets have five days stock and replenishing is going well.
4. There have been no human health cases in New Zealand or internationally and we are continuing to monitor the situation.
5. The trade response remains focussed on providing specific information to markets. [REDACTED]

[Withheld under s.6(a)]

## **MPI operations update**

6. Audits and physical inspections in Auckland, Hamilton and Victoria, Australia are increasing our confidence that we have determined the full extent of the contamination. MPI is continuing to verify data with assistance of Fonterra and Nutricia for any products that contain the contaminated WPC. We are physically verifying and reconciling product in warehouses and at ports in New Zealand as part of this process.
7. The priority remains getting a comprehensive picture of the location of all contaminated products. This will allow us to notify our trading partners about product safety and for Nutricia to narrow the domestic recall notice. Any narrowing of the scope of the recall notice needs to be based on good tracing information.

## **Communications update**

8. The key communications activities include:
  - the MPI website being promoted as the best source of up-to-date information
  - communications targeting Maori and Pacific Island parents and caregivers are being progressed through radio and community networks
  - making a YouTube video providing advice to parents about infant formula
  - implementing an online and print advertising campaign with Nutricia.
  - a press conference today by the Directors-General of Primary Industries and Health
  - a clarifying media statement was subsequently released with respect to the Fonterra notification to AsureQuality of this issue
9. Calls to MPI Helpline are down to about 50 from about 250 per day.

## **Compliance investigation**

10. MPI has commenced a formal compliance investigation into the incident. It is critical that the investigation does not impede the operational response. At this stage, the focus is on planning, including:
  - reviewing the regulatory requirements;
  - identifying the information pertaining to the decisions of different parties; and
  - reviewing relevant legislation, particularly sections that relate to powers and offences.
11. Any investigation would consider the decisions made by the organisations involved in the incident and response.



### **Domestic infant formula supply security**

12. In a teleconference with the Food and Grocery Council, we heard from

[Redacted]

13. The Food and Grocery Council is developing a Domestic Supply Report that will provide a summary report of stocks of infant formula. We expect to be able to provide this to Ministers in tomorrow's briefing.

### **Domestic and overseas public health**

14. There have been no reports of human health issues associated with the contaminated WPC. The notification and advice systems are fully operational and reports are investigated as they arrive.
15. Australia has reported three cases of botulism in the past year but all of these were associated with breast-fed babies rather than formula-fed. MPI and the Ministry of Health are working together and continue to monitor the international situation for cases of infant botulism.
16. The Ministry of Health is providing information and advice to health professionals through its website. This includes a botulism factsheet for health professionals.
17. Plunket and other community organisations have been directed to MPI's website information and MPI has been actively working with Plunket throughout the course of the day to ensure consistency of messaging. PlunketLine and Healthline are still receiving an increased number of calls, but the total number of calls received has reduced since the peak on 5 August.

### **Market access and assurance**

18. [Redacted]
19. [Redacted]

[Withheld under s.6(a)]

20.

21.

22.

23.

24. A fuller report on market reactions is available in Appendix 1.

### Financial impact

25. Key conclusions we can draw from the overnight Global Dairy Trade auction are that:

- although the auction result was 2.4 percent lower than the previous auction, demand for dairy products remains strong
- the market is still buying the majority of Fonterra products, indicating it has not lost confidence in the Fonterra brand; and
- Fonterra has achieved premium prices for comparable products.

26. MPI will provide an update with more economic analysis about the financial impact of the WPC issues as data becomes available.

### Update on stakeholders

27. MPI is holding daily meetings with Fonterra, Nutricia, Food & Grocery Council and Dairy Companies Association of NZ. All these stakeholders are operating cooperatively. Fonterra has staff working with MPI to assist with the response.

### Forward focus and next steps

28. MPI's top priorities are product control and verification. This includes:
- Physical confirmation of the location of at risk product and application of movement control;
  - Data reconciliation to trace the location and status of product;
  - Physical audit of industry data systems; and
  - Advice to overseas markets and competent authorities.
29. Where risk assessment highlights particular concerns, these are actioned through physical inspection and audit of industry premises. The outcome of the product control and verification process is containment of at-risk product and confidence in individual commodities through to consignment level.
30. The objectives over the coming days and weeks will include:
- Protecting domestic and overseas consumer health, as well as consumer confidence
  - Ensuring a secure domestic supply of infant formula
  - Tracing and confirming contaminated product domestically and internationally
  - Ensuring ongoing market access and assurance, by liaising with international markets and key exporters
  - Determining the scale of potential trade impacts
  - Rebuilding confidence in New Zealand's diagnostic and scientific capabilities
  - Determining the strain of *Clostridium*
  - Determining when Ministers should reengage with international markets
  - Progressing the compliance investigation.

### Further updates

31. The next update will be provided on 8 August, with daily updates until further notice. Any breaking news will be advised to Ministers promptly.

### Minister / Minister's Office

Seen / Referred

/ /2013

*Appendix 1 is withheld under 6(a)*



<b>Distribution</b>
Minister
Minister's Advisor
Minister's Office

**Ministry for Primary Industries**  
Manatū Ahu Matua



7 August 2013

Document Number: B13-034

## Whey Protein Concentrate Response: Points raised by Healthline and Plunketline

### Purpose:

To address points raised by Healthline and Plunketline regarding the Whey Protein Concentrate response.

Minister	Action Required:	Minister's Deadline
Minister for Food Safety	Agree to forward a copy of this briefing to Hon Tony Ryall and other interested Ministers.	As soon as convenient.

NOTE: Plunket, Healthline and the Ministry of Health are being provided with up-to-date information as it changes. Plunket issued a media release today reiterating MPI's messaging.

### Contact for telephone discussion (if required)

	Name	Position	Work	After Hours
Key Contact	Dan Bolger	Deputy Director-General, Office of Director-General		
Principal Author		Manager, Forestry and Plant Sector		

[s.9(2)(a)]

## POINTS RAISED BY HEALTHLINE AND PLUNKET

We understand that Plunketline and Healthline have raised the points in bold below. This report provides comment on these issues.

### **Concern that open cans of recalled product are not always being accepted by supermarkets**

1. Plunket has also shared this concern with us. We do not have good information on the extent to which this is happening. The media is reporting that Nutricia will provide refunds for returned open product.
2. We have asked Plunketline and Healthline to direct callers to MPI so they can advise us of the stores. MPI will then advise Nutricia of the relevant stores so they can work with them.
3. Our advice is for people to return affected product to the place of purchase. Retailers have been advised to isolate all returned products and put it on hold in their storage facilities.

### **Issues about which products have been recalled**

4. We understand that some supermarkets appear to be accepting returns of Stage 3 infant formula products. Stage 3 products have not been recalled. It is a commercial decision by supermarkets if they wish to accept customer returns of Stage 3 products.
5. Both MPI and Ministry of Health (MoH) websites<sup>1</sup> have details about the recalled products, including product images (below).



6. At this stage, MPI's focus is alerting people about the affected products.
7. Plunket has included images of unaffected products, as well as affected product, on their information sheet (attached as an appendix).<sup>2</sup>

<sup>1</sup> <http://www.mpi.govt.nz/food/food-safety/whey-protein-contamination>  
<http://www.health.govt.nz/news-media/news-items/whey-protein-contamination-information-parents-and-health-advice>

[Withheld under s.9(2)(b)(ii)]

### **Stock supplies: some callers reporting supermarkets being out of stock**

8. MPI had a teleconference with the Food and Grocery Council at 12.30pm today. At this teleconference, retailer behaviour was described as settled with no evidence of panic buying. It was reported that there has been a shift to Heinz Watties and Nestle products.

9.

10.

### **Pharmacy stock: have they removed the product from their shelves?**

11. The largest pharmacy group, Pharmacy Brands, which includes Amcal, Care Chemist, Unichem, Radius and Life Pharmacy, is liaising with the Food and Grocery Council on the recall. We understand that Pharmacy Brands is currently working through its supply chain to get details of product availability and is supplying recall and product information from both Nutricia and Plunket to consumers.

### **Information for parents on transitioning to a different infant formula**

12. The following advice to parents on what to expect when changing formula is provided on MPI, MoH and Plunket websites:<sup>3</sup>

"There shouldn't be any problem in changing formula, just select the right one for your child's age. Be patient as baby may not like the new formula straight away so try smaller feeds more often to give your baby a chance to get used to it. Sometimes babies' poos might change slightly in consistency – this is nothing to be concerned about as long as baby is feeding well, having regular bowel motions, and is otherwise well.

Do not add anything to the new formula – make it up exactly as recommended. Do not add any sugar or sweetener of any kind to the formula."

### **Information about safe disposal of products: some people are concerned about placing cans in household rubbish**

13. MPI's updated advice is for people to return affected product to where they purchased it. We are in the process of removing references to advice that people can dispose of affected product in household rubbish.

<sup>2</sup> <http://plunket.org.nz/assets/News--research/Karicare-Product-Sheet-Plunket.pdf>

<sup>3</sup> <http://www.mpi.govt.nz/food/food-safety/whey-protein-contamination/q-and-a-about-whey-protein-contamination>

<http://www.plunket.org.nz/news-and-research/media-releases/infant-formula-recall/>

<http://www.health.govt.nz/news-media/news-items/whey-protein-contamination-information-parents-and-health-advice>



14. The important thing is to ensure that affected product is not accidentally used.
15. As noted in paragraph 3, retailers have been advised by MPI to isolate and hold all returned product. MPI will provide advice to retailers on disposal; disposal will be monitored.
16. We do not want people feeding affected product to pets as different animals will respond differently, depending on the *Clostridium* strain.

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## Recommendations

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17. MPI recommends that you:

- b) **Agree** to forward a copy of this briefing to Hon Tony Ryall and other interested Ministers.

**Agreed / Not Agreed**

Dan Bolger  
Deputy Director General  
Office of the Director General

Hon Nikki Kaye  
Minister for Food Safety

/ / 2013










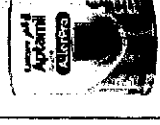
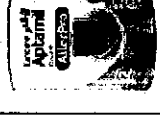

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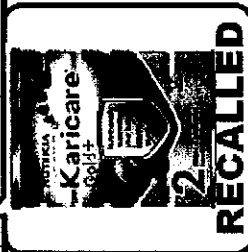
## Appendix: Images of recalled Karicare products

Plunket

Plunket clarification for families and whānau: potential infant formula contamination

## Nutricia Karicare product range age 0-12 months

Karicare		Karicare Gold+		Karicare Aptamil							
Karicare Stage 1 New Baby	Karicare Stage 2 Follow On	Karicare Gold+ Stage 1 New Baby	Karicare Gold+ Stage 2 Follow On	Karicare Aptamil Gold +	Karicare Aptamil Gold + HA Infant Formula	Karicare Aptamil AR All Ages	Karicare Aptamil Delact	Karicare Aptamil Gold Pepti Junior	Karicare Aptamil Gold + Allerpro Infant Formula	Karicare Aptamil Gold + Allerpro Follow On	Karicare Feed Thickener
											



Parents should follow the advice of the Ministry for Primary Industries who are the official source of information

Only two lines of Nutricia Karicare infant formula have been recalled, pictured here. The recall does not affect any other Nutricia Karicare products.

This is an evolving situation - please keep referring to mpi.govt.nz for the most up-to-date official information.

For health concerns or further information on use of infant formula contact:

Plunketline: 0800 933 922  
Healthline: 0800 611 116

If you are concerned about your child's health, contact your GP.

For queries about other aspects of this food safety issue, call MPI's consumer helpline: 0800 693 721 or visit [mpi.govt.nz](http://mpi.govt.nz)

VERSION 1, 6 AUGUST 2013



Briefing to Ann Kaye & Ryall due tomorrow

**Points raised by Healthline & Plunketline to follow up:**

- Some supermarkets are not accepting opened cans of recalled product
- Some supermarkets are accepting returns for stage 3 products – but it seems to be inconsistent across the country
- Callers have mentioned some supermarkets have sold out of stock because of panic buying – how are stock supplies across the country?
- Need to create a sheet with images of the recalled products as well as the Karicare products which are safe to continue using to reduce confusion around which products are affected
- Apparently some pharmacies stock infant formula – have they removed the product from their shelves?
- Information for parents on how to transition to a new infant formula
- Information about how to safely dispose of the products – people are concerned about placing cans in the household rubbish

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## **Information for Ministers – updated as of 7/8/13 at 12pm**

### **What infant formula products have been commercially recalled in New Zealand?**

The recalled products are:

- Nutricia Karicare Stage 1 New Baby Infant Formula (from birth) – all batches
- Nutricia Karicare Gold+ Stage 2 Follow On Formula (from six months ) – all batches

The recall does not affect any other Nutricia Karicare products.

### **Public information campaign**

Now that there is a definitive recall across the two product lines, MPI is assisting Nutricia to ramp up public information. This includes:

- National advertising of statutory recall notice
- Radio advertising
- Facebook advertising
- Online advertising
- People can get information and advice from Healthline 0800 611 116, Plunketline 0800 933 922, MPI's consumer helpline 0800 693 721

Ministers are speaking regularly with food and grocery industry members regarding supply of existing alternative infant formula products.

### **What has the Government done in response to this issue?**

The Government has taken the following actions:

- Placed officials from the Ministry for Primary Industries at Fonterra sites in Auckland, Hamilton and Australia to verify information and to obtain a complete picture of the products and locations affected by the contaminated powder.
- MPI officials have conducted a physical check of the plant in the Waikato to confirm the pipe suspected of causing the contamination has been changed.
- A ministerial response team has been established for a whole-of-government approach to the issue.



- Ministers have spoken with food and grocery industry members, and have been assured that they have no immediate concerns about the ability to supply existing alternative infant formula.
- Ministers have also been advised that the industry is putting in place arrangements to secure the on-going supply of alternative infant formula products.

### **High level background**

- On Friday 2 August 2013, Fonterra notified MPI that three batches of Whey Protein Concentrate (WPC) were potentially contaminated with *Clostridium botulinum*.
- Further notifications have been received by MPI since. MPI, companies and verifiers have been tracing the movement of this WPC and the products that it has been made into, and any distribution or sales.

### **How much product has been contaminated?**

- Almost 38 metric tonnes of the affected WPC has been used as an ingredient in more than 870 tonnes of infant formula, juice/dairy beverage, yoghurt, body building powder and also in stock food.
- Fonterra has reported that contamination potentially occurred when whey protein concentrate was processed in a dirty pipe at Fonterra's Hautapu plant.
- The affected WPC was the last three batches produced at the Hautapu plant in the 2011/12 season.
- The equipment causing the event has since been decommissioned. Fonterra advises that testing of prior batches has shown no contamination.

### **How can you be sure no one has been affected by the bacteria?**

- There have been no reports of human health issues associated with the contaminated WPC.
- The Ministry of Health is monitoring this situation carefully.

### **How did this happen?**

- Contamination potentially occurred when whey protein concentrate was processed in a dirty pipe at Fonterra's Hautapu plant.

### **How can you be sure other products have not been contaminated also?**

- The affected WPC was the last three batches produced at the Hautapu plant in the 2011/12 season.
- The equipment causing the event has since been decommissioned. Fonterra advises that testing of prior batches has shown no contamination.
- We are continuing tracing and taking a precautionary approach to the products that have been contaminated, both domestically and internationally.

### **What effect will this have on the economy?**

- The issue with whey protein concentrate affects only a small proportion of Fonterra's dairy exports
- [Redacted]  
[Withheld under s.9(2)(b)(ii)]
- [Redacted]
- [Redacted]
- Obviously very concerned about wider reputational issues, rather than just the suspensions per se.
- [Redacted]

[Withheld under s.(6)(a)]

### **What markets have been affected?**

**[See table appended for latest information] (separate email)**

### **What testing has been done?**

- The precise strain of *C. botulinum* is not yet known, and confirmation will require off-shore testing. The timing of this is currently being confirmed.
- MPI has initiated testing by ESR of stored product in New Zealand that has been identified as containing the potentially contaminated product.
- While the strain remains unknown, MPI is taking a cautionary approach, proceeding on an assumption that the contamination may affect human health.

### **What is Clostridium Botulinum/Botulism?**

- *Clostridium botulinum* is a food poisoning bacteria that can cause botulism and infant botulism.

### **On issues of supply?**

- On supply of ready mixed formula used in hospitals, we were assured this is not affected.
- We are maintaining close contact with the Food and Grocery Council, the Infant Nutrition Council, Foodstuffs, Progressives, Nestle, Heinz and Nielson.
- We have been advised that industry is putting in place arrangements to secure the on-going supply of other products and have no immediate concerns about their ability to do that.

### **Information for concerned consumers**

- People with health concerns should contact Healthline or Plunketline for advice
- If people have questions about a product they should contact MPIs consumer helpline
- Parents and caregivers should continue to regularly check the MPI website for updated information.

### **Why have regulatory systems allowed a lag of more than a year?**

- At the appropriate time, we need to establish whether there are any improvements need to our regulatory systems, or whether this was an issue of appropriate notification from Fonterra.

### **Why do procedures that MPI has with Fonterra not trigger information sharing?**

- Under current law, Fonterra operates under a risk management plan that includes provisions for notification of any food safety risks, or potential risks.

### **Haven't learned the lessons from DCD?**

- One of the criticisms during DCD issue was that government didn't respond fast enough. In this case, the government stood up a response



and made public statements about the situation with hours of first becoming aware of it.

**Staff cuts?**

- MPI staff can't act on something they are not aware of. Fonterra didn't inform MPI about the issue until Friday afternoon.

**Does the unacceptable lag time between the manufacture and the announcement of contamination have anything to do with the Ministry of Primary Industries' restructuring and staff cuts?**

- MPI staff can't act on something they are not aware of.
- Fonterra didn't inform MPI about the issue until Friday afternoon.

**What systems does MPI have in place to checking for potential contaminations?**

- All operators are required to have a Risk Management Programme (RMP) and are verified to ensure they are following their risk management plans, including notifying MPI of any non-compliances.
- MPI also has a range of pathogen programmes in place. We also undertake systems audits.

Declassified for Release 3 December 2014

Declassified for Release 9 December 2014

AM13-102

**Ministry for Primary Industries**  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** **Scott Gallacher**  
Acting Director-General

**Contact** Scott Gallacher [REDACTED] [Withheld under s.9(2)(a)]

**To:** Hon Nikki Kaye  
Minister for Food Safety

**Cc:** Rt Hon John Key, Prime Minister  
Hon Bill English, Minister of Finance  
Hon Steven Joyce, Minister for Economic Development  
Hon Nathan Guy, Minister for Primary Industries  
Hon Murray McCully, Minister of Foreign Affairs  
Hon Tim Groser, Minister of Trade  
Hon Tony Ryall, Minister of Health  
Hon Jo Goodhew, Associate Minister for Primary Industries

**Date:** **8 August 2013**

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**Whey protein concentrate response: contamination issue update 7**

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**Key points**

1. We are making excellent progress on confirming the extent of the contamination.
2. [REDACTED] [s.9(2)(b)(ii)]  
[REDACTED] Retailers also confirmed there is no panic buying, and restocking is going well.
3. There have been no human health cases in New Zealand or internationally and we are continuing to monitor the situation.
4. MPI is setting up a Technical Advisory Group (TAG) to provide the Government with independent technical advice on matters relating to the WPC response. The TAG will meet for the first time early next week.



5. MPI has commenced an investigation to determine whether Fonterra and any other New Zealand food manufacturer that used the contaminated WPC have complied with their regulatory obligations under the Risk Management Programme.

### **Operations update - tracing and recall**

#### **Domestic**

6. We are continuing to trace the location of all affected Nutricia product, overseas and in New Zealand. Based on information from Fonterra and Nutricia, MPI understands that 67,878 affected cans entered the New Zealand market from the beginning of May. About 40,000 of those cans have been detained by MPI in the supply chain, and about [REDACTED]

[s.6(a)]

[REDACTED] The remainder are subject to recall, and are either being held by retailers or have been sold. We are currently seeking information on the number of cans being held by and returned to retailers, and will provide this information when it is available.

#### **International**

7. We are now close to having full confidence of where certified affected product was sourced from and which markets it has gone to. We have provided this information to relevant regulators in the countries concerned, and each market is putting in place appropriate measures.
8. Product has also been parallel exported to countries that do not require official certification. MPI does not hold information about the volume or destination of these exports. We are working with the exporters and importing countries to trace these as far as possible [REDACTED]

[s.6(a)]

9. The Acting Director-General of MPI has issued Notices of Direction under the Animal Products Act 1999 to all known parallel exporters instructing that the affected Nutricia products may not be exported until further notice.

#### **Domestic infant formula supply**

10. The teleconference with Food and Grocery Council and retailers early this afternoon confirmed there is 2-3 weeks supply of infant formula available in New Zealand. Retailers also confirmed there is no panic buying, and restocking is going well.

11. [REDACTED]

[s.9(2)(b)(ii)]

12. MPI now understands that Nutricia had instructed AsureQuality to hold its non-affected products. Based on discussions with Nutricia today, we expect that Nutricia will start resupplying these unaffected products into the distribution chain. This will further relieve any supply pressure across some product categories.

### **Domestic and overseas public health**

13. There have been no reports of human health issues associated with the contaminated WPC. The notification and advice systems are fully operational and reports are investigated as they arrive. MPI and the Ministry of Health are working together and continue to monitor the situation, both in New Zealand and internationally.
14. PlunketLine is still receiving about double its normal number of calls. However, the total number of calls received has reduced since the peak on Monday 5 August. Healthline is now receiving about its normal number of calls.

**Table 1: Calls to PlunketLine and Healthline from 1 August 2013 – 7 August 2013**

	1 August	2 August	3 August	4 August	5 August	6 August	7 August
Plunketline	■	■	■	■	■	■	■
Healthline	■	■	■	■	■	■	■

15. Immunoglobulin (anti-toxin) can assist with speed of recovery, but does not materially alter the clinical outcome. As previously advised, a human immunoglobulin product ('BabyBIG') is available from the United States. A District Health Board can obtain supplies of BabyBIG from the US supplier if it was required, which would take 2-3 days.
16. PHARMAC are also procuring six vials of an equine anti-toxin product suitable for use in humans, but the preferred product for treating infant botulism is BabyBIG (even with the delay).

### **Diagnostic testing of the WPC contamination**

17. The original diagnosis of *Clostridium botulinum* in Fonterra's WPC was made by AgResearch. MPI considers that the AgResearch diagnosis needs to be validated, and has initiated multiple testing procedures in New Zealand and overseas. This includes through MPI's Diagnostic Laboratories, Massey University, the US Department of Homeland Security and the US Centre for Disease Control. We will start to receive some results from these tests early next week, but a full picture may take up to 4 weeks to emerge.

## Technical Advisory Group

18. MPI is setting up a Technical Advisory Group (TAG) to provide the Government with independent technical advice on matters relating to the WPC response. MPI is planning to hold the first TAG meeting early next week. The TAG will be asked to provide advice on a range of issues including:

- Advice on the biology of *C botulinum*;
- The diagnostic procedures being used by MPI to confirm the identity of the bacteria;
- The risk analyses that may inform any further recall decisions;
- Technical recommendations on proposed response actions.

19. The proposed membership of the TAG is:

Name	Organisation	Area of expertise
[REDACTED]	ESR	Food Microbiology
[REDACTED]	Massey University	Genetic/Epidemiology
[REDACTED]	Massey University	Food Safety
[REDACTED]	Massey University	Food Microbiology
[REDACTED]	Capital & Coast	Public Health Specialist
[REDACTED]	AUT	Food Microbiology
[REDACTED]	Capital & Coast	Public Health Specialist
[REDACTED]	MPI	Chief Science Adviser

## Carry over contamination between batches of product

20. The production of infant formula involves processing and blending a number of base ingredients, one of which is whey protein concentrate. During processing, small amounts of material from the previous batch can remain in parts of the processing equipment and be present in the subsequent batch.
21. Any contamination present, such as *C botulinum* bacteria, is progressively diluted in the subsequent product. MPI is assessing at what point infant formula processed after batches using contaminated WPC is safe.
22. The results of two different assessments indicate that the first two or three blends following an affected batch would be non-conforming i.e. they might contain unacceptable levels of *C botulinum* bacteria.
23. At the appropriate time, this information may help the Acting Director-General to consider narrowing the current advisory Statement. It may also be used to inform Nutricia's decision to release additional batches and blends of infant formula product currently secured in Auckland.



## Abbott Laboratories

24. Abbott Laboratories is a large American pharmaceutical and healthcare products company. [REDACTED] Fonterra manufactures infant formula product for Abbott at its Waitoa plant. Formula was contaminated directly with the use of the affected WPC as an ingredient and also through carryover to subsequent production.

[s.9(2)(b)(ii)]

25. MPI, Fonterra and Abbott have held three teleconferences today and these went a long way to resolve Abbott's concerns. The company had expressed frustration about the quality of information it was receiving about the contamination and recall. New Zealand Ambassador in Washington, Mike Moore, met today with Abbott's [REDACTED] (Divisional VP, Global Affairs and Policy, Global Government Affairs and Policy).

[s.9(2)(a)]

26. A particular concern related to the extent to which Abbott product is considered potentially affected. [REDACTED]

[s.6(a)]

27. [REDACTED] expressed his thanks for the high degree of cooperation he had received from New Zealand in the last 48 hours. There are now very good communications between MPI, Fonterra and Abbott.

[s.9(2)(a)]

## Market access and assurance

28. Appendix 1 provides a status update for all markets. Key points are set out below:

29. [REDACTED]

30. [REDACTED]

31. [REDACTED]

32. [REDACTED]

[Withheld under s.6(a)]



33.

[s.6(a)]

### **Economic impact**

34. The results from Wednesday morning's Global Dairy Trade dairy products auction indicate demand for global dairy products remains strong and the market is taking a measured view of the current situation.
35. In general, prices remain high. The 2.4 percent fall in global dairy prices followed a 5.3 percent rise in the previous auction. Prices are the sixth highest on record and are over 70 percent higher than a year ago.
36. The Fonterra price premium for skim and whole milk powder relative to other companies remains steady at 14 percent and 27 percent respectively.
37. MPI is working with MFAT and Treasury to model and understand the financial and fiscal impacts of this incident on New Zealand.

### **Investigation**

38. MPI has commenced an investigation to determine whether Fonterra and any other New Zealand food manufacturer that used the contaminated WPC have complied with their regulatory obligations under the Risk Management Programme. If liability is established under the Animal Products Act 1999 or the Food Act 1981, the person or company will be held to account.

### **Communications update**

39. Calls to the MPI food safety consumer helpline have dropped considerably.
40. A public information campaign is underway and will run until at least Tuesday next week. Press advertisements are appearing in the major daily newspapers. Websites that parents and caregivers are likely to visit have been targeted along with mainstream websites. Nutricia is also running statutory recall notices in national print media, radio advertisements and displaying food recall notices in stores.
41. MPI website advice to parents and caregivers in Maori, Chinese, Hindi, Korean, Samoan and Tongan has been updated.

**Forward focus and next steps**

42. The objectives over the coming days and weeks will include:

- Protecting domestic and overseas consumer health, as well as consumer confidence
- Ensuring a secure domestic supply of infant formula
- Tracing and confirming contaminated product domestically and internationally
- Ensuring ongoing market access and assurance, by liaising with international markets and key exporters
- Determining the scale of potential trade impacts
- Rebuilding confidence in New Zealand's diagnostic and scientific capabilities
- Determining the strain of *Clostridium*
- Determining when Ministers should reengage with international markets
- Progressing the compliance investigation.

**Minister / Minister's Office**

Seen / Referred

/ /2013

*Appendix 1 is withheld under 6(a)*

AM13-106

**Ministry for Primary Industries**  
Manatū Ahu Matua



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**Aide-memoire:**

**From:** **Scott Gallacher**  
Acting Director-General

**Contact** Scott Gallacher [REDACTED] [Withheld under s.9(2)(a)]

**To:** Hon Nikki Kaye  
Minister for Food Safety

**Cc:** Rt Hon John Key, Prime Minister  
Hon Bill English, Minister of Finance  
Hon Steven Joyce, Minister for Economic Development  
Hon Nathan Guy, Minister for Primary Industries  
Hon Murray McCully, Minister of Foreign Affairs  
Hon Tim Groser, Minister of Trade  
Hon Tony Ryall, Minister of Health  
Hon Jo Goodhew, Associate Minister for Primary Industries

**Date:** **9 August 2013**

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**Whey protein concentrate response: contamination issue update 8**

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**Key points**

1. Fonterra advised overnight (8 August) that one 25kg bag of contaminated WPC was provided to the Fonterra Research and Development Centre (FRDC), Palmerston North in late 2012. We were not previously aware of this bag. Tracing and communications actions are underway.
2. Nutricia is pushing hard for the scope of the product recall to be narrowed. MPI has developed a plan to support a decision on whether and to what extent the recall can be narrowed. We expect the Acting Director-General to be in a position to make this decision by mid-late next week.

[s.6(a)]

3. [REDACTED]



## Resource update

4. This has been a cross-government effort over the past week. MPI has a large workforce dedicated to this response, with approximately 110 people from across all branches now involved. The response is requiring MPI to reprioritise business as usual delivery, but we are backfilling staff to the extent possible. Approximately 25 staff from other agencies are working out of MPI's Wellington office Pastoral House, with additional contributions from across government. There is also a broad range of overseas staff (primarily MFAT) being brought into play.
5. With the response now entering its second week, we are rotating staff to ensure their health and safety. We will have a full workforce on hand over the weekend.
6. The response is being led by the Response Strategic Leadership (RSL), which comprises MPI, Department of Prime Minister and Cabinet, Ministry of Health, Ministry for Foreign Affairs and Trade, and New Zealand Trade and Enterprise. Multiple work streams support RSL decision making:
  - The **Operations Workstream** is tracing product in the domestic and international markets, and verifying information provided by Fonterra, Nutricia and other companies.
  - The **Technical Workstream** is concentrating on identifying the bacterium and strain, establishing the Technical Advisory Group, liaising with health authorities on medical advice, and establishing commercial arrangements for any testing requirements that markets might impose.
  - The **Liaison Workstream** is managing interactions with Fonterra, Nutricia, Informant Formula Export Association, Food and Grocery Council, Ministry of Health and other external groups.
  - The **Market Access Workstream** is working with overseas posts and liaising with affected markets. It is also answering queries from markets not directly affected.
  - The **Communications Workstream** is managing media relations, preparing media releases, supporting our 0800 number and website processes, and keeping internal staff informed.
  - The **Reporting Workstream** prepares the daily ministerial update, DG Statements, responses to Parliamentary Questions, and provides other Ministerial support.



## Operations update - tracing and recall

### *New information from Fonterra*

7. Fonterra advised overnight (8 August) that one 25kg bag of contaminated WPC was provided to the Fonterra Research and Development Centre (FRDC), Palmerston North in late 2012. Fonterra has subsequently advised that it first learnt of this situation on Tuesday.
8. The FRDC distributed the WPC to staff for use in various product development trials (yoghurts, sports drinks) that included taste testing, as well as to a student at Palmerston North Girls High School for a science project. The student developed a sports drink and, over a 10 week trial period, provided that drink to approximately 50 students. The trial ended in April 2013.
9. Fonterra, MPI and the local Medical Officer of Health were on site at the school talking with the Principal today. Fonterra, and the Ministers of Health and Food Safety issued media releases today after students and parents had been notified.
10. MPI's technical team has carried out an urgent safety assessment, taking into account the last exposure and residual risk given time since potential exposure. On the basis of this assessment, we conclude there are no current risks associated with the exposure.

### *Domestic*

11. Based on initial advice from Fonterra, MPI has been saying that 38 tonnes of contaminated WPC was processed into 870 tonnes of product. As the Operations team has progressively verified Fonterra's data, it has now identified 990 tonnes of finished product. Some data is still to be verified.
12. Our media communications will stop using the 870 tonne figure until we can verify a final figure.

### *International*

13. International markets are continuing to seek definitive information on the quantity and location of potentially contaminated products in their countries. There are multiple routes by which infant formula reaches consumers in other countries. Each of these presents different challenges in confirming distribution and use details.

•

[s.6(a)]

[Withheld under s.6(a)]

- [REDACTED]
- [REDACTED]

14. We have high quality information on the first category of exports, and are now focussing our efforts on tracing exports through the second pathway. It will not be possible to get information on the third pathway (but the volume of exports in this category is relatively small).

#### **Forward planning**

15. Nutricia, supported by the Food & Grocery Council, are pushing hard for the scope of the product recall to be narrowed, arguing that all of the at-risk product is now identified and controlled.
16. MPI has developed a plan to support a decision on whether, and to what extent, the recall can be narrowed. We expect the Acting Director-General to be in a position to make this decision by mid-late next week. The plan includes concluding our domestic tracing work, seeking advice from the Technical Advisory Group, seeking input from our Legal team, and aligning our communications with any decision.

#### **Domestic infant formula supply**

17. The Food and Grocery Council and retailers have confirmed there is 2-3 weeks supply of infant formula available in New Zealand. Retailers have also confirmed there is no panic buying, and restocking is going well.
18. MPI's risk assessment of Nutricia product examined the carry over risk of non-affected product being contaminated by equipment following the processing of the affected product. Three batches of potentially contaminated non-affected product were identified; two are already covered by the recall notice but one is not. This third product is a Stage 3 formula. It is being detained and held by AsureQuality. Nutricia is fully cooperating in the hold of this third batch.

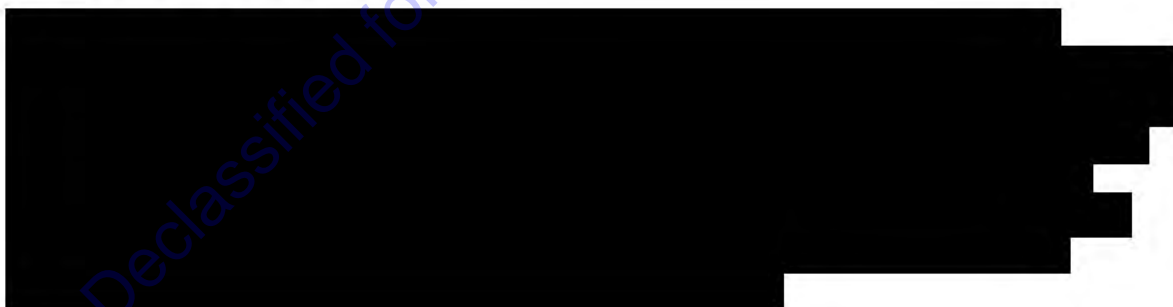

### Domestic and overseas public health

19. The New Zealand Paediatric Surveillance Unit advises that no notifications of acute flaccid paralysis (AFP) have been received to 9 August.
20. PlunketLine is still receiving close to double its normal number of calls, but call numbers have reduced since the peak on Monday 5 August. Plunketline report that callers are still confused about the specific products that have been recalled. Healthline is now receiving its normal number of calls.
21. The Ministry of Health continues to update key health professional groups as new information comes to hand. On Thursday 8 August, the Ministry of Health website was updated with new factsheets for health professionals, including updated information about clinical assessment and testing.

### Diagnostic testing of the WPC contamination

22. The original diagnosis of *Clostridium botulinum* in Fonterra's WPC was made by AgResearch. MPI considers that the AgResearch diagnosis needs to be validated, and has initiated multiple testing procedures in New Zealand and overseas. This includes through MPI's Diagnostic Laboratories, Massey University, the US Department of Homeland Security and the US Centre for Disease Control.
23. We will start to receive some results from these tests early next week, but a full picture may take up to 4 weeks to emerge.

### Market access and assurance

24. 
25. 
26. MFAT is providing on its website consolidated information on the international market access situation.

[Withheld under s.6(a)]



27. Appendix 2 provides a status update for all markets. Key points are set out below:

28. [Redacted]

29. [Redacted]

30. [Redacted]

31. [Redacted]

32. [Redacted]

33. [Redacted]

[Withheld under s.6(a)]

#### **Impact on exports**

34. Appendix 1 provides a summary of the financial impacts of this incident on New Zealand's exports. A more detailed report will be provided, with fiscal impacts, as soon as practical.

#### **Investigation**

35. MPI has commenced an investigation to determine whether Fonterra and any other New Zealand food manufacturer that used the contaminated WPC have complied with their regulatory obligations under the Risk Management Programme. If liability is established under the Animal Products Act 1999 or the Food Act 1981, the person or company will be held to account.



### **Communications update**

36. Calls to the MPI food safety consumer helpline have dropped considerably.
37. A public information campaign is underway and will run until Tuesday next week. Press advertisements are appearing in the major daily newspapers. Websites that parents and caregivers are likely to visit have been targeted along with mainstream websites. We will be stepping down the scale of our advertising progressively over the next few days.
38. Nutricia is also running statutory recall notices in national print media, radio advertisements and displaying food recall notices in stores.
39. MPI website advice to parents and caregivers in Maori, Chinese, Hindi, Korean, Samoan and Tongan has been updated.

### **Forward focus and next steps**

40. The objectives over the coming days and weeks will include:
  - Protecting domestic and overseas health, as well as consumer confidence
  - Ensuring a secure domestic supply of infant formula
  - Tracing and confirming contaminated product domestically and internationally
  - Ensuring ongoing market access and assurance, by liaising with international markets and key exporters
  - Determining the scale of potential trade impacts
  - Rebuilding confidence in New Zealand's diagnostic and scientific capabilities
  - Determining the strain of *Clostridium*
  - Determining when Ministers should reengage with international markets
  - Progressing the compliance investigation.

### **Minister / Minister's Office**

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/ /2013

## Appendix 1: Potential Economic Impacts of WPC incident

41. MPI has undertaken initial modelling of the potential economic impacts of the current suspension of specific dairy trade to China. MPI has also modelled several additional scenarios of suspensions to trade in key milk powder products. This is a summary of that work.
42. The Treasury will build on this analysis to model any fiscal and wider economic impacts.

### Key points

43. The current trade situation is stable – there are currently very few market impacts.

44. [REDACTED]

45. If there are no more trade suspensions, the economic impact will be minimal.

4. [REDACTED]

46. [REDACTED]

[REDACTED]

47. [REDACTED]

48. [REDACTED]

<sup>1</sup> These figures represent end of year to June 2013.

[Redacted]

[Withheld under s.9(2)(b)(ii)]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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[Withheld under s.9(2)(d)]

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[Withheld under s. 9(2)(d)]

[REDACTED]			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Appendix 2 is withheld under 6(a)