

## VICTIM IMPACT STATEMENT

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Name: **SCOTT GALLACHER**

*The victim must be informed:*

- that the information is being ascertained for submission to the judicial officer sentencing the offender if they are found guilty or plead guilty to the offence;
- that the information might also be used by a judicial officer for the purpose of giving a person accused of the offence a sentence indication;
- that the information must be true
- that the information must be recorded and may be verified in the manner set out at the bottom of this form; and
- about who may properly see or make or keep copies of the information ascertained, and about the orders, directions, and conditions, relating to disclosure and distribution of it, that may be made.

Statement to take narrative form and to cover the following:

**Victims details** if appropriate  
- eg, age, occupation, gender, living arrangements/marital status, relationship to offender (if any), ethnic origin.

**Physical injuries**  
- include type and extent of injuries, long/short term effects, whether treatment/absence from work/hospitalisation reqd, medical/dental reports.

**Financial costs**  
- include costs of treatment, replacement/repair costs, loss of wages/income, incidental costs.

**Emotional harm**  
- include changes in behaviour, lifestyle, personal reaction. Include details of treatment, counseling as appropriate. Attach any relevant reports.

**Any other effects**

I am the Deputy Director-General Regulation and Assurance of the Ministry for Primary Industries (MPI), and I was appointed as a Deputy Director-General in August 2011.

The Ministry for Primary Industries (MPI) was formed in April 2012 and incorporated the former agencies; the Ministry for Agriculture and Forestry, the Ministry of Fisheries and the New Zealand Food Safety Authority. MPI is the public service department of New Zealand charged with overseeing, managing and regulating the farming, fishing, food safety, animal welfare, biosecurity and forestry sectors of New Zealand's economy.

As the food safety regulator for New Zealand, MPI is focused upon protecting the health and wellbeing of consumers, both in New Zealand and overseas. MPI helps guard the international reputation of New Zealand's food products, and sets and maintains the relevant food standards.

The blackmail letters, sent to the CEOs of Fonterra and Federated Farmers by the accused in late November 2014, were a credible threat to food safety as

*I have given the information in this Victim Impact Statement knowing that it is for submission to the judicial officer sentencing the offender and might be used by a judicial officer for the purpose of giving a person accused of the offence a sentence indication, and know that the information must be true. The information is true to the best of my knowledge and belief.*

Signature: \_\_\_\_\_ (victim)

Date: 18/03/2016

**OR (if it is not practicable for the victim to sign)**

*I have advised the victim that the information in this Victim Impact Statement is for submission to the judicial officer sentencing the offender, and it might also be used by a judicial officer for the purpose of giving a person accused of the offence a sentence indication, and that the information must be true. I have read it to the victim and am satisfied that the victim approves of it.*

Signature: \_\_\_\_\_ Name: \_\_\_\_\_

Designation: \_\_\_\_\_ Date: \_\_\_\_\_

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they contained infant formula mixed with sodium fluoroacetate (1080 poison), along with a threat to contaminate such formulas. This was of the most serious concern to MPI because it presented a direct threat to the lives of infants in New Zealand and overseas.

Additionally, this action had the potential to seriously jeopardise (or temporarily close) New Zealand's overseas markets for infant formula and dairy exports, with significant consequences for the New Zealand economy.

The receipt of blackmail threats made to Fonterra and Federated Farmers was deemed to be a food safety emergency, and MPI immediately initiated a large scale all of government response utilising the national security system framework.

Due to the severe impacts that carrying out such a threat would have had on public health, and the consequential impact on the economy, staff from the Ministry of Health, the Ministry of Foreign Affairs and Trade, the Department of Prime Minister and Cabinet, the Ministry for the Environment, the Department of Conservation, Worksafe New Zealand, the Environmental Protection Authority and the National Poison Centre were also embedded in the response.

Response coordination and operational activities included:

- The rapid development and validation of high throughput tests for 1080 contamination in raw milk and dairy powders;
- Working with dairy companies and retailers to put measures in place to ensure that infant formula manufactured and sold in New Zealand was safe, that the supply chain, from farm to consumers, was secure and that this was confirmed through commercial and regulatory testing of raw milk and milk formula products for 1080 contamination;
- Working with retailers, laboratories and police to ensure development and implementation of a suspect product handling protocol to facilitate rapid testing for 1080 contamination.

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- Working closely with regulatory authorities in key overseas markets to inform them early about the threat and how it was being managed, to ensure minimum risk to overseas consumers and any consequential impacts on existing trade.
- Working closely with the Department of Conservation and the Environmental Protection Authority to ensure all stocks of 1080 held in New Zealand were secure;
- Working closely with Police to ensure dissemination of information to smaller retailers such as dairies, service stations and pharmacies.
- Developing media information for New Zealand consumers to encourage vigilance in checking tins of infant formula for signs of tampering, and establishing the associated procedures to examine and test suspect any tins of infant formula;
- Working with the Ministry of Health, national paediatric and other medical specialists to develop an appropriate human health response, including the development of communications material for medical professionals such as GPs and nurses, and subsequent support for Ministry of Health responses to public queries concerning 1080 via Plunketline, Healthline and the National Poison Centre;
- Preparation of extensive communication materials and information to be released to consumers and markets when the threats were publicly announced (including one million advisory pamphlets distributed to retailers around New Zealand); and
- Active monitoring of social and mainstream media, for consumer responses to the threat both in New Zealand and internationally.

The response to the 1080 threat was one of the most challenging responses MPI, and the range of other agencies also involved, had ever staged. Complex interactions and negotiations were required on international and domestic fronts, across government agencies, with testing agencies, with manufacturers, exporters, retailers and consumers in New Zealand and overseas:

- MPI committed 22 full-time staff and almost 100 additional staff to the response, consuming approximately 22,000 hours of work over at least a nine month period with certain peaks and troughs of activity.

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- Other government agencies contributed more than 7,000 work hours.
- The total personnel cost to the Government has been conservatively estimated at \$3 million.
- The response incurred 'other costs' of \$1 million.

The response incurred significant opportunity cost in diverting resources to respond to the threat. Ministers and officials at all levels of government, including the Prime Minister, were closely engaged in the response to ensure that all necessary steps were taken, and that all parts of government were working effectively together.

The threat has resulted in ongoing costs associated with the testing of milk products for 1080:

- More than 760 samples of dairy products were tested by MPI between January 2014 and June 2015, at a total additional cost of approximately \$200,000.
- An additional 150,000 tests for 1080 were carried out under guidance from MPI, and paid for by the dairy industry.

MPI and the dairy industry continue to test milk products for the presence of 1080 to provide ongoing assurances that our dairy products are safe. MPI continues to work closely across all aspects of the dairy supply chain to ensure 'end to end' integrity of infant formula products.

MPI and MFAT undertook additional intensive work with overseas markets to ensure continued confidence in NZ dairy product safety, and to maintain market access for NZ producers. MPI and MFAT continue to negotiate and protect access to overseas markets for New Zealand producers, but as a result of this response, this now occurs with a strong emphasis on food defence initiatives and additional assurance through regulatory change.

Had these extensive interactions with overseas dairy markets not been successful, New Zealand would have faced a real risk of suspension of trade in dairy products to major overseas markets, a substantial fall in dairy export revenue (up to NZ\$4.2 billion over 12 months) and a 3% (NZ\$7.5 billion) reduction in nominal GDP in the 2015 calendar year.

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In sum, the distribution of contaminated infant formula in the blackmail letters to the CEO's of Fonterra and Federated Farmers presented a credible threat to the lives of infants, and jeopardised New Zealand's hard-earned reputation as a supplier of safe food. The large scale response by MPI and other government agencies expended considerable cost and effort to ensure the health and wellbeing of consumers.

The primary focus of MPI, and the range of other New Zealand government agencies involved, was to provide assurance to parents and caregivers that New Zealand infant formula was safe. The scale, duration and intensity of the response required meant that it involved significant direct costs, and also considerable pressure and stress for the large numbers of staff involved.

I would like to conclude by paying tribute to the way in which staff at MPI, other government agencies, and all stakeholders (including manufacturers and retailers) dedicated time and effort to this response in a highly committed and professional manner throughout.