

## **Chapter 26**

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### **Pigmeat Recall Scheme**



## Pigmeat Recall Scheme

26.1 In 2008, Ireland's pig industry had a farm gate value of €333 million, making it the third most significant industry within Ireland's agricultural sector, after the beef and dairy sectors. The total value of the output of the sector was in the order of €1 billion and the number of people employed in the industry was around 7,000.

26.2 Routine sampling of pigmeat products conducted by the Department of Agriculture, Fisheries and Food (the Department), under the National Residue Monitoring Programme, detected the presence of Polychlorinated Biphenyl (PCB) in pork fat in November 2008. As this could be an indicator of unacceptable dioxin contamination, further tests were carried out on both pigs and animal feed. The source of the pork was identified and samples were taken of all animal feeds used on the pig farm in question. The tests confirmed contamination in the animal feed and the animals themselves. It was subsequently determined that oil used in the drying process in the course of manufacture of feedstuffs had been the source of the contamination.

26.3 It was discovered that thirteen loads of oil had been supplied to the feed manufacturing plant at the source of the contamination from the same supplier between May and October 2008. The Department has stated that the contaminated batch of oil had been delivered in late August 2008.

26.4 The contaminated feed had been supplied to 48 farms – ten pig farms and 38 beef cattle farms. At the time, these pig farms produced 8% of national pork output. They supplied eight abattoirs, which, in turn, produced over 90 % of the national pork output.

26.5 On 6 December 2008, the Food Safety Authority of Ireland (FSAI) ordered the recall from the domestic and international markets of all Irish pigmeat products sourced from animals slaughtered between the beginning of September 2008 and 6 December 2008.

26.6 A number of days after the recall, the European Food Safety Authority (EFSA) issued an opinion stating that following its risk assessment there was no health risk to anyone who had consumed potentially contaminated pork products in the three months prior to the recall of all Irish pork products. The Department has stated that the EFSA took into account the fact that exposure at high levels of dioxin only began in September 2008 and any excessive dietary exposure had been mitigated by the swift and effective measures that had been taken to recall Irish pork and pork products.

## Compensation Schemes

26.7 The Department put in place two schemes to provide financial assistance to producers and primary and secondary processors<sup>224</sup> affected by the dioxin contamination

- the Pig and Cattle Disposal Scheme
- the Pigmeat Recall Scheme.

26.8 Under the Pig and Cattle Disposal Scheme, support has been provided for the removal, slaughter and rendering of both pigs and cattle from holdings affected by the dioxin contamination. €9.5 million has been paid out under the Pig and Cattle Disposal Scheme with further compensation claims totalling €849,000 awaiting the outcome of legal decisions before settlements are made. €8.8 million has been paid to pig producers under this scheme.

26.9 The Pigmeat Recall Scheme was confined to processors who had suffered losses as a result of the recall and to product relating to animals slaughtered in Ireland between 1 September 2008 and 6 December 2008, which could not be shown to be uncontaminated.

26.10 Annex A outlines the scope of the Pigmeat Recall Scheme in more detail.

### Chapter Focus

This chapter, which focuses on the Pigmeat Recall Scheme reports the results of audit enquiries into

- the financial outturn of the Scheme
- the management and control of the Scheme
- the pigmeat traceability system in place facilitating the recall of contaminated food following the dioxin incident and
- the inspection and control programme that is in place to routinely detect contamination.

## Financial Outturn

26.11 To date the sum of €102 million has been paid under the Pigmeat Recall Scheme, €7 million to 135 applicants (mostly processors) and €5 million to four renderers<sup>225</sup>. Potentially, up to €27 million may be due in respect of claims awaiting final processing under the 'value added' category of product<sup>226</sup>. The Department believes that payments in respect of the 'value added' element will ultimately be substantially less than this amount. Figure 123 sets out the breakdown of the amount paid to date under the scheme.

<sup>224</sup> A primary processor's operations are focused around the operation of a production line for slaughtering animals and processing them into prime cuts of meat. Secondary processors prepare prime cuts for the wholesale, retail or catering trades.

<sup>225</sup> A renderer processes animal by-product materials for the production of tallow, grease and high-protein meal and bonemeal.

<sup>226</sup> 'Value added' product is defined as processed pigmeat products, food preparations or composite products that include affected Irish pigmeat, or processed pigmeat. This would include, for example, pies, pizzas and meatballs.

**Figure 123 Pigeat Recall Scheme – Payments by Category**

<b>Claimant Category</b>	<b>€m</b>
Primary Processors	41.8
Secondary Processors <sup>a</sup>	51.9
Rendering	5.1
Costs Associated with Overseas Claims	3.0
Miscellaneous	0.1
<b>Total</b>	<b>101.9</b>

Source: Department of Agriculture, Fisheries and Food

Note: a Payments to Secondary Processors are in respect of approximately 10,000 tonnes of product, 16% of which relates to raw materials, 16% to work in progress and 68% for finished product.

26.12 The EU Commission provided co-funding for the schemes. However, this support was limited to product under the control of slaughterhouses. The value of Ireland's claim under the co-financing regulation amounted to €7.9 million. The Directorate-General for Agriculture and Rural Development maintains that the Department may not have fully complied with the requirements of the co-funding and may propose to the Commission the exclusion of certain expenditure from the co-funding.

26.13 The Accounting Officer stated that the EU Commission's audit process is not concluded, nor had any decision been taken in relation to an exclusion of co-funding. He stated that from a total EU claim involving 7,512 tonnes, the Commission queried the inclusion of 429 tonnes of product returned from customers, valued at approximately €450,000. The Commission believed that only products in store and under the control of processors on 6 December 2008 were eligible for co-funding and that this would not apply to products returned from customers. The Department is contesting the Commission's preliminary conclusions and has been asked to provide additional material in support of its case. It is continuing to engage with the Commission on the matter.

### **Conclusion – Financial Outturn**

€102 million has been paid out under the scheme. There are contingent liabilities of a further €27 million. There is a risk that a small element of the EU co-funding of €7.9 million may not be received.

### **Scheme Management**

26.14 The Pigeat Recall Scheme operated in conditions of emergency. Nonetheless, it is important that to the extent possible compensation should only be paid in instances where destruction of eligible product can be substantiated.

26.15 Varying rates of compensation applied according to the categorisation of product and processor type.

## **Basis of Compensation**

### ***Primary Processors – Eligible Product***

- Fresh, chilled or frozen product in store on 6 December 2008
- Product acquired or returned after 6 December 2008

### ***Secondary Processors – Eligible Product***

- Finished goods and work in progress
- Raw material

### ***Transport and Rendering***

Rendering and transport costs associated with the recall were eligible under the scheme.

### ***Basis of Valuation***

The Department required applicants under the scheme to indicate on the relevant documentation the product categories, the amount being claimed in that category and the relevant valuation.

Valuations used for each product were to be no greater than the wholesale market price for the product as recorded and verifiable by the processor, and net of VAT and discounts where these applied.

Where identical products were marketed and priced at different values, a weighted average value was to be calculated and used for all such products.

For work in progress and raw materials, processors were to ascribe a valuation appropriate to their individual operation.

Processors would make records relating to prices and valuations available to the Department for scrutiny on request.

26.16 In attempting to ensure that compensation is based on documented evidence there were a number of risks to public funds

- evidence of origin of product might not be available
- it might be difficult to distinguish product slaughtered prior to the commencement date of 1 September 2008 from that slaughtered after that date
- because of the self-valuation process adopted, applicants for compensation might inflate claims or categorise product in a way that maximised compensation
- there might be inadequate capture of the amount of product sent to renderers
- some products might be destroyed prior to establishment of eligibility.

26.17 In fact, all these risks fell to be dealt with in the course of administration of the scheme.

### ***Excluding Ineligible Product***

26.18 The audit noted cases where there was some uncertainty as to the eligibility of product included in processor claims. In the case of one processor, the Department was not satisfied with the evidence made available to confirm the origin of contaminated and uncontaminated products. However, it made an agreement with the company to pay a further €2.29 million in addition to the €8.2 million that it had previously satisfied itself was the amount payable. As it was not clear why this had taken place the matter was queried with the Department.

26.19 The Accounting Officer stated that the Department's initial assessment of the claims referred to resulted in refusal of payment of almost €4 million to the processor. This was in respect of approximately €1.1 million of uncontaminated product and €2.6 million of contaminated product with a further €300,000 in other claims. The processor appealed the refusal decision which was reviewed by a higher level review group which included the Department's Director of Legal Services. As a result of this review, the Department accepted the processor's case that it had suffered loss on the uncontaminated product because it had to freeze it due to lack of approved storage space and, as the product had a limited shelf life, it was rendered valueless.

26.20 In regard to the cost of the contaminated product, the Department's inspections confirmed the source of the contamination claimed by the processor. The Accounting Officer stated that the Department decided to settle these claims by the processor, for €2.29 million, being 90% of the value of the uncontaminated product and 50% of that contaminated. It refused payment of the remaining €300,000 in other claims. He also stated that the decision was made having regard to all the circumstances of the case, including clear evidence of destruction of product, and in the interests of avoiding potentially costly litigation.

26.21 In another case, that of a processor who had received in the order of €30 million, or about 30% of the total paid under the scheme up to the end of 2010, documents relating to some of the claims processed indicated that the Department officers validating the shipment of the product to the renderers had recorded that the eligibility of the product under the scheme had not yet been established.

26.22 The Accounting Officer stated that the Department subsequently authorised payment of €10.7 million for 3,449 tonnes of product in the cases referred to. This included just under €9 million for product slaughtered between 1 July 2007 and 1 September 2008 and €1.75 million for uncontaminated but unsaleable product. He noted that product slaughtered prior to 1 September 2008 or slaughtered within the eligible period and uncontaminated but unsaleable was initially ineligible pending EU approval. This approval was eventually received in October 2009. The claim was then processed for payment in December 2009.

26.23 The procedure of security sealing consignments sent from processors to renderers was not uniformly applied with smaller processors appearing to be exempted from these controls. There was a risk that this practice might have led to the addition, subsequent to veterinary certification, of ineligible product to the loads transferred and, ultimately, payment by the Department for that product.

26.24 The Accounting Officer stated that some of the smaller processors used the services of dedicated meat disposal freight companies who would collect meat unfit for human consumption from various processors on the same day. These containers would not be sealed. With the exception of product which was destroyed in the UK, the other consignments were authorised by County Council veterinary staff who may not have had access to seals. He said, however, comfort should be taken from the fact that all consignments were paid on the lowest recorded weight and in cases where seals were absent, weighbridge documents, truck registration and trailer identification were present.

### **Correct Valuation of Product**

26.25 The Department carried out an initial 16 valuation audits on secondary processors who had claimed compensation valued at approximately €34.9 million or 67% of all claims from secondary processors. It was found that 50% of the claims were overvalued and not all processors had used the methodology laid down by the Department. Average reductions of 3% were required and in three cases reductions of between 17% and 23% were imposed.

26.26 The Accounting Officer informed me that, in the case of the 16 processors subject to valuation audits, payments totalled €1.5 million, which was a reduction of €3.4 million. He noted that this was not solely valuation related but also included reductions for ineligible product. Disallowances as a result of excessive valuation were in the region of €450,000.

26.27 The audit review was generally unable to establish from the relevant forms examined whether the product was raw material, work in progress<sup>227</sup> or finished goods. This raised a concern as to whether the correct valuations were used for compensation calculation. Furthermore, in its own audits, the Department found that 15% of claims were 'unreasonable' in that they claimed no work in progress was involved<sup>228</sup>.

26.28 Responding to my enquiries, the Accounting Officer noted that there were two issues involved – valuations and work in progress. He said the Department proactively identified and dealt with these issues to ensure that the correct valuations were claimed by secondary processors. The Department identified claims where there was either no work in progress recorded on the final claims or where the volume of work in progress was judged to be very low. Department auditors were asked to visit processors to confirm valuations and inspectors were also asked to visit the plants to examine the processing records and check the level of processing and work in progress. This resulted in substantial disallowances.

26.29 He stated that the Department was able to determine valuations for primary product but knew that secondary processors would have to be audited to ensure that correct valuations were claimed. A trader notice was issued in March 2009, inviting processors to submit final claims which explained the valuation method to be used. However, following queries from processors and queries by the Department on claims received, a further notice was issued in May 2009, reminding processors of the valuation method. Auditors from the Department were asked to review valuations claimed by selected processors.

26.30 The Accounting Officer said that following a review of the reports from its auditors, the Department found it necessary to issue a third trader notice advising secondary processors that it was aware of a high incidence of overclaims and recommending that processors who had not been subject to an audit to review and if necessary revise their claims. Where necessary, processors were contacted by officials in the Department for an explanation, a revised claim was requested and payments reduced. Post payment audits found three overpayments which have either been recouped or are in the process of being recouped.

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<sup>227</sup> The Department agreed to pay 80% of the value of a product if the product was still in the work in progress stage at the time of the recall. Where the work in progress exceeded 80%, processors were informed that they would only be paid 80% of the value of the product.

<sup>228</sup> Full product value was not payable if the Department regarded it as work in progress rather than finished product at the time of the recall.

26.31 He informed me that inspectors from the Department's Control Division were asked to visit plants to check on the level of processing of products. Some companies were able to claim higher than the 80% work in progress valuation (which he stated was a guide level) where they could prove that the value of their goods was higher due to the products being in the final stage of processing i.e. slicing or awaiting packaging. Others had to submit revised claims. The total disallowances, which affected six processors was €35,000.

### ***Validating Destruction of Product***

26.32 The review noted a number of instances where pigmeat product had been sent for destruction before the Department could determine its eligibility under the scheme. 637 tonnes of product belonging to two major retailers were destroyed in this way. In other cases, the examination found that the Department could not verify whether the product had been destroyed.

26.33 The Accounting Officer said that, in these instances, the Department had no alternative but to pay compensation as the products sent for destruction by retailers had been destroyed in the days after the introduction of the product recall. He emphasised that the recall had been introduced by the Food Safety Authority of Ireland to ensure that contaminated food did not enter the food chain. Retailers cleared their shelves of all pigmeat products as the short shelf life of most pigmeat products did not give the retailers or their suppliers the time to establish whether the products were contaminated or not. While the Department was able to weigh all the consignments sent for destruction it could not establish a record of the products in each consignment.

26.34 He stated that retail claims differed from the product element of the scheme as it was accepted that a consistent form of proof was not possible in most cases, given that removal, dispatch and destruction all took place at the hands of a third party. However, applicants were asked to provide the best proofs available for consideration by the Department. Where available the appropriate completed departmental forms<sup>229</sup> were provided by retailers. Otherwise declarations were obtained from retailers that provided equivalent information on the date and place of dispatch, product details, quantities and the place and date of rendering. Examples of appropriate supporting proofs included invoiced refund claims from retailers, product details, relevant quantities, valuations, credit notes and details of any payments made or replacement product supplied.

26.35 The Department contacted the major Irish retailers early in 2009 to secure their agreement to supply itemised spreadsheets for each of their pigmeat suppliers who were affected by the product recall. The retailers emailed spreadsheets to the Department listing the value of supplier claims, details of the products, rate per kilogram per product and other associated costs. However, retailers were unable to supply the weights for all products for each supplier.

26.36 Retailer documentation to their suppliers contained a mix of weights for some products or the number of units for others so the Department was unable to calculate the weight for each retailer, which could then be used to ensure that the sum of all retail claims did not exceed the total weight destroyed by each retailer. In the case of retailer claims to the value of €1.2 million examined in the audit, the Accounting Officer stated that the claims were paid on the basis of statements from the retailers, account details, invoiced refund claims and credit notes. In some cases, the rates for products claimed in retail

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<sup>229</sup> Key documents in the scheme included the PRS2 and PRS3 forms. The PRS2 recorded details of the categories, origin and weights of product being sent for rendering. It was completed by the processor and validated by the Department official on site. The PRS3 was the movement record for the product between the processor and the rendering plant. It was a split document, one half of which was prepared by the processor and validated by the supervising Department officials or Local Authority veterinary staff, the other side completed by management at the rendering plant and validated by the Departmental staff at that plant.

claims were higher than would have been expected for the category of claim. They appeared to be retail rates. This was queried by the Department and resulted in revised claims which led to disallowances of €145,000.

## Conclusion – Management of the Scheme

The scheme was an emergency measure introduced to cope with the adverse market and consumer impact of dioxin contamination in pigmeat products. Although the scheme was introduced in December 2008, final EU approval to the original scope and subsequent amendments put into effect by the Department was not received until October 2009.

A substantial proportion of product sent for rendering by the retail trade and attracting compensation was product which could not be verified by the Department as eligible under the scheme. The key security control over pigmeat product being dispatched for rendering – consignment sealing – did not operate in the case of many smaller processors. In these cases, which were largely managed by veterinary officers from local authorities, seals were not readily available at the time of dispatch. The integrity of the product while in transit would have been at a less than optimal level in these cases.

The Department had substantial difficulties in ensuring the correct valuation policies were applied by pigmeat processors, in particular secondary processors. Around 50% of claims submitted by secondary processors amounting to €35 million were found by the Department to have been overvalued prior to payment. The Department invested considerable administrative and audit effort to ensure that these anomalies were dealt with.

## Product Traceability

26.37 In order to minimise risks to human health and financial loss arising from contamination incidents, national authorities should have systems in place that allow for speedy identification of contaminated product and affected animals.

26.38 In the dioxin case, deboned meat from contaminated animals could not be readily separated from deboned pigmeat from unaffected animals with the result that a product recall had to include all pigmeat product produced between the specified dates.

26.39 The EU defines traceability as *‘the ability to trace and follow a food, feed, food-producing animal or substance intended to be, or expected to be incorporated into a food or feed, through all stages of production, processing and distribution’*<sup>230</sup>. The Department is responsible for EU legislation in this regard.

26.40 The status of traceability in the pigmeat sector can be summarised as follows

- there is no EU or national legislation requiring traceability systems for pigmeat products to producer source
- there is traceability of pigs to the farm of origin from abattoir records. However, once a pig carcass has been deboned, the individual meat cuts cannot easily be traced back to the farm of origin.

<sup>230</sup> Regulation (EC) No 178/2002.

26.41 In regard to the latter point, the Department states that this is because of commercial constraints placed on production facilities i.e. pigs of the same carcass weight (originating from various farms) are placed in the same chill which results in the mixing of carcasses from different origins. It said that this was necessary for commercial reasons as supermarket clients demand cuts within a very tight weight range. The Department noted that all boxed product could be traced back to farms whose pigs were slaughtered on the same day.

26.42 Departmental papers show that the Department had considered the option of a partial recall of product. However, it emerged that pigs had moved from the ten pig farms to which contaminated feed had been supplied to a further 18 herds. The Department was unable to establish categorically that all pigs from these herds had been slaughtered at the seven largest slaughter plants. Therefore, it was decided that the scope of the recall would extend to all slaughter plants.

### **Conclusion – Traceability**

Inability to trace some pigmeat product back to farm of origin led to a wider recall than might otherwise have been the case. While accepting the Department's view that the industry complies with EU requirements in regard to traceability it would be useful for it to review national agricultural practice in traceability systems in comparable countries to determine if there are cost-effective methods to improve traceability of all pigmeat products and reduce the risk of financial loss to the Exchequer.

### ***Views of the Accounting Officer***

26.43 The Accounting Officer stated that, in general, Irish traceability systems are regarded as being at least on a par with those in other EU Member States. The approach taken to the recall was also guided by the urgency of the need to restore confidence in the Irish pigmeat industry, the protracted period over which the relevant slaughtering had taken place and the fact that much of the product had already travelled through a complex supply chain. He said the scope to improve systems had nonetheless been discussed on a number of occasions since the dioxin incident at meetings between the Department and meat industry representatives.

26.44 He stated that it is intended that a standard return template will be used in the event of a similar incident recurring, so that information supplied by different food business operators to facilitate traceability can be processed more efficiently. Finally, he said that the stakeholders were also monitoring other developments, particularly in relation to bar coding and a proposed scheme to DNA type Irish boars, which may contribute to improved traceability.

## Food Safety Inspection Regime

26.45 Primary responsibility for food safety rests with Food Business Operators (FBOs)<sup>231</sup>. A central element of this responsibility is to draw up and have in place a Hazard Analysis and Critical Control Point (HACCP) plan. The plan must include sampling of the critical control points in the processes, i.e. 'self checks'.

26.46 FBO's also carry out residue monitoring. The Department issues annual directions to each primary processor specifying the minimum range of substances which must be checked for and minimum testing levels. The Department has stated that it makes clear to FBO's that the directions regarding the minimum levels of testing are without prejudice to their own risk assessments.

26.47 A multi-annual National Control Plan (NCP) is jointly prepared by the FSAI and the Department. It determines the structure and the systems of controls for food, feed, animal health and animal welfare in Ireland. The National Residue Monitoring Programme (NRMP) and the National Feed Inspection Programme (NFIP) are key control measures within the NCP.

26.48 The Department has informed me that annual directions issued by the Department to the FBOs in relation to residue testing do not cover testing for PCB's or dioxin contamination. Testing for PCB's continues to be carried out under the Department's testing programme and, since the beginning of 2011, testing is also carried out for dioxins.

### ***National Residue Monitoring Programme***

26.49 The NRMP is mainly designed to monitor compliance with EU legislation. It is concerned with two key elements

- monitoring for the use of certain banned substances (e.g. growth promoting hormones) and
- monitoring the levels of authorised medicines and environmental contaminants, for which maximum levels (maximum residue limits) have been set.

26.50 The level of testing to be undertaken nationally on an annual basis is set down by way of EU Directive. In Ireland, the distribution of the national allocation as between primary processors supervised by local authorities and those supervised by the Department reflects the relative throughput of each sector. This distribution is overseen by the FSAI. Local authorities supervise primary processors with lower throughput and are responsible, by means of a formal service contract, to the FSAI<sup>232</sup> for delivery of the NRMP in that sector. On the other hand, the Department is responsible for supervision of higher throughput primary processors in regard to residue testing. The FSAI also has a service contract in place with the Department for delivery of those responsibilities.

26.51 Of the 98 samples taken by the Department for PCB testing in 2008, 25 had been taken prior to the test that detected the residue leading to the recall. When a sample in November showed positive for PCB, a further 69 samples were taken of which 38 showed positive.

26.52 The Department require all samples to be sealed. The sample taken on 19 November 2008 that resulted in the discovery of the dioxin contamination had no seal when received in the Department's

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<sup>231</sup> A Food Business Operator is the person or entity responsible for ensuring that the requirements of food law are met in the business under their control.

<sup>232</sup> The FSAI has overall responsibility, nationally, for implementation of food safety legislation.

laboratory. Of ten subsequent samples issued to a laboratory for screening of PCB's, eight were listed by the laboratory as not sealed.

26.53 The review noted that the six abattoirs that received product from the contaminated farms from 1 September 2008 to the date of the discovery of PCBs on 19 November 2008 carried out slaughtering. PCB or dioxin contamination was not discovered by the Department during this time.

26.54 The Accounting Officer stated that while the seal on the outer container that held the samples was not present on arrival in the laboratory in certain cases, this did not in any way affect the traceability of the sample. He said traceability was ensured through the documentation accompanying the samples and, in particular, a duplicate labelling system under which each individual sample container (within the outer container) has a uniquely numbered label affixed to it and the duplicate is affixed to the sampling documentation. Since 2008, the Department had introduced an alternative sealing system (which was important from the point of view of sustaining a criminal prosecution for a residue breach). This new system provides for a dedicated sealing container within the closed outer container. He noted that seals on outer containers were vulnerable to being torn off inadvertently during transit.

26.55 The Accounting Officer also stated that because of the lack of previous history in relation to detection of dioxins in animal product in Ireland, it was not possible to implement any particular targeting criteria under the NRMP, in terms of checking for PCBs, other than ensuring a geographic spread and distribution across the year. This system succeeded in detecting the problem, subsequently traced to the feed chain.

### ***National Feed Inspection Programme***

26.56 The objective of the National Feed Inspection Programme is to ensure that feedstuffs or feeding practices do not constitute a hazard to human or animal health or the environment. Its scope is the safety of feedstuffs throughout all stages of the food chain.

26.57 Unannounced inspections are carried out at all stages of the feed chain to check compliance with legislation<sup>233</sup>. Inspection involves the examination and assessment of various processes, documentation or facilities and equipment. The Department operates a risk based inspection regime that takes account of

- experience gained from previous inspections
- known high risk contaminants and
- specific requirements issued from the EU.

26.58 According to the Department, a total of 8,192 unannounced inspections in feed operator premises have been carried out between the years 2007 and 2010. Some 2,100 compliance shortcomings were found in just under 1,000 inspections or 12% of these feed operators. The Department has stated that most of these shortcomings were minor in nature.

26.59 The Department also carries out audits at approved manufacturers and certain other feed business establishments such as food recyclers. These audits are pre-notified to the firms and involve an examination of the control procedures in place.

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<sup>233</sup> The applicable EU legislation is Regulation 882/2004 and Regulation 183/2005. These Regulations were given effect in Irish law by Statutory Instrument 432 of 2009 (replacing Statutory Instrument 910 of 2005, which was in place at the time of the dioxin incident).

26.60 A total of 277 audits have been carried out between 2007 and 2010. Some compliance deficiencies were found in all of the cases.

26.61 In regard to non-compliance noted in NFIP inspections, the Accounting Officer said that the vast majority of non-compliance in unannounced inspections was minor in nature, mainly in relation to hygiene and non adherence to aspects of HACCP plans or protocols laid down in quality manuals. He also stated that all audits will by their nature highlight one or more deficiencies in procedures. Corrective actions and a timeframe for completion are agreed with feed business operators following an audit.

26.62 Dioxin contamination had not been found under this programme between 2002 and the November 2008 detection. In 2002 dioxin had been found in a fish feed additive for consumption by cattle. In that case, the contamination was assessed as not constituting a health concern for humans.

26.63 Tests carried out for dioxins in 2009 and 2010, resulted in one positive sample in 2009 and three in 2010. The sample in 2009 related to the dioxin incident precipitating the disposal and recall schemes. The positive samples in 2010 related to seaweed meal.

26.64 The Accounting Officer has informed me that the Department reviews its control regime both internally and with the industry on an ongoing basis, taking into account its control results.

### **Conclusion – Monitoring**

The Department's monitoring and testing regime did not pick up dioxin contamination emanating from affected farms or in slaughterhouses in the period between the end of August 2008 and mid-November of that year.

Overall, the results of inspections suggest a high level of non-compliance with feed safety and hygiene regulations at various points in the food chain. Many of these instances may be relatively minor but the scale of the shortcomings suggest a need for the Department to consider the broad lessons arising out of inspections and promote an improvement programme based on the key findings.

## Conclusion

The Pigmear Recall Scheme was introduced in December 2008 as an emergency measure to address health concerns and minimise the economic damage that the contamination of meat products could do to Ireland's reputation as a producer of quality food products. The ambit of the scheme altered in the course of the year after its introduction with the final terms being approved in October 2009.

Implementing effective administrative processes to prevent excessive payments under the scheme in the case of valuations applied by processors to products submitted for compensation proved difficult. Large quantities of pigmeat product were destroyed before the Department had verified that it was eligible under the scheme. In addition, around 50% of claims submitted by secondary processors were found by the Department to have been overvalued.

Overall, the Department coped reasonably well with the administration of a compensation scheme based on incomplete records.

There is a limit to the extent to which pigmeat product may be traced back to the farm of origin, particularly where pigmeat has been mixed into value added items. This had the effect of forcing a wider and deeper and more expensive recall scheme than might otherwise have been the case with full traceability.

There appears to be a significant level of non-compliance by food business operators with food safety and hygiene regulations which the Department and other State regulatory agencies should consider in terms of how this may be improved so as to minimise the risks of future contamination incidents that have the potential to threaten the reputation of the industry.



## **Annex A Scope of the Pigmear Recall Scheme**

### ***Original Scope***

At the commencement of the scheme in December 2008 the scope of product eligible for compensation was pigmeat product manufactured from animals slaughtered in Ireland on dates between 1 September and 6 December, 2008 in the following situations

- the product had left the control of the primary and secondary processors and was in free circulation on 6 December, 2008, was returned to the processor or his agent, was receipted for and was verified by the Department; or
- the product was sent directly by retailers to meat renderers for destruction, with verification documents being provided to the primary and/or secondary processors and made available to the Department; or
- the product remained under the control of the processors, and could not be shown conclusively to the satisfaction of the Department to be uncontaminated; or
- the product remained under the control of primary and secondary processors and, due to the expiry or sell by dates could not enter free circulation in the marketplace.

### ***Scope Extensions***

Over the course of 11 months – December 2008 to October 2009, the Department broadened the scope of the original Schemes. By October 2009 compensation had been made available on a more extensive basis and, in particular, in respect of

- an additional cull of 40,760 pigs
- an additional 230 tonnes of beef products held under the control of processors and withdrawn from the market as a result of dioxin contamination
- pigmeat products manufactured in Ireland from a mix of Irish sourced and foreign pigmeat
- pigmeat that had been incorporated into meat products for which the primary and secondary processors bear a legal liability to reimburse the tertiary processors
- 800 tonnes of product destroyed in the early days of the scheme that may also have included uncontaminated product (including foreign product)
- product stated by processors to be unsaleable or unmarketable and manufactured between 1 July 2007 and 6 December 2008
- product manufactured between 1 July 2007 and 1 September 2008 that had been exported
- transport and other costs of processors in bringing eligible product to the point of disposal.

In October 2009, the Department received EU sanction to include the above elements in the scheme.

