



**Australian Government**  
**Department of Agriculture**

# Compliance Review Report

Cattle Exported to Vietnam

July 2014



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## **Summary**

In February 2014 North Australian Cattle Company (NACC) self-reported a non-compliance with the Exporter Supply Chain Assurance System (ESCAS) requirements to the Department of Agriculture (the department).

NACC provided a further report that included a reconciliation of cattle, in which they advised that 514 cattle had been slaughtered at abattoirs that were not included in the company's approved supply chain. The investigation determined that of the 514 cattle, 262 cattle were slaughtered at an abattoir included in another exporter's approved supply chain, 226 were slaughtered at abattoirs which met the World Organisation for Animal Health (OIE) animal welfare recommendations and used stunning and 26 cattle were slaughtered at abattoirs that did not meet OIE animal welfare recommendations.

The department has recorded a critical non-compliance against the NACC Vietnam supply chain. The department accepted that the actions taken by the exporter in this case sufficiently addressed the concerns and therefore no regulatory action was taken.

## **1. Conduct of the Investigation**

On 28 February 2014 North Australian Cattle Company (NACC) self-reported a non-compliance with the Exporter Supply Chain Assurance System (ESCAS) requirements to the Department of Agriculture (the department). The report was in relation to the movement of cattle outside of the exporter's approved supply chain for a consignment of 2638 cattle exported to Vietnam on 7 January 2013.

ESCAS requirements for feeder and slaughter livestock exported to Vietnam took effect from 1 January 2013. The consignment of cattle that was the subject of this investigation is the first consignment exported to this supply chain since the introduction of ESCAS requirements for Vietnam.

The focus of the investigation was to determine if non-compliance with ESCAS requirements occurred and whether the World Organisation for Animal Health (OIE) animal welfare recommendations were met.

NACC provided the department with a reconciliation of cattle exported to, and slaughtered in, its approved supply chain in Vietnam. NACC also provided an end of processing report which gave details on livestock that were known to leave the approved supply chain and arranged for audits to be conducted on five unapproved abattoirs where cattle were slaughtered.

The department reviewed the documentation submitted by NACC for the consignment as well as the department's approval conditions for the consignment. The department also reviewed the corrective actions taken by NACC following this incident

## **2. Investigation Findings**

The investigation found that apart from the requirement that cattle may only be moved to facilities included in the approved supply chain, the company had complied with all other conditions of their ESCAS approval.

Of the 514 cattle sold outside the approved abattoirs, 262 cattle were slaughtered at one abattoir which was included in another exporter's approved supply chain and met OIE standards.

The remaining 252 animals were sold to seven abattoirs that were not included in NACC's approved supply chain. The department has since approved the inclusion of three of these abattoirs in the exporter's supply chain. Of the 252 cattle, 226 were slaughtered at these three abattoirs which met OIE animal welfare recommendations and use stunning.

The four remaining facilities, through which 26 cattle were slaughtered, were audited and were found not to meet OIE animal welfare recommendations. The audit found that non-compliances in these four facilities included:

- one abattoir did not have an unloaded ramp
- two abattoirs used electrical stunning not complaint with OIE animal welfare recommendations
- three abattoirs did not have a restraint box and the fourth abattoir had an inadequate restraint box
- all of the abattoirs had other infrastructure problems
- none of the abattoirs had a radio frequency identification (RFID) tag reader
- at one abattoir animal handling did not meet OIE animal welfare recommendations.

An inconsistency in the number of livestock discharged was noted in some documents reviewed by the department. Records show that 2638 animals were loaded onto the vessel and there were three mortalities. The stockman's end of voyage report states that 2635 animals were discharged and the Master's report states that 2634 cattle were discharged. This discrepancy of one animal was unresolved and resulted in the exporter stating that for future consignments, NACC would ensure that records are better cross-checked against cattle loaded, ships records, quarantine count and numbers discharged into the feedlot (from importer).

### **3. Actions taken by the Exporter**

NACC advised the department that the auditors employed by them to audit the supply chain alerted them to the breach. NACC took immediate action and informed the importer that no further contracts or shipments could be negotiated until all issues had been resolved.

NACC arranged with the importer for weekly reconciliations of stock on hand and stock slaughtered until all animals had been processed. The final animal was slaughtered on 6 April 2014.

NACC also arranged for both a Meat & Livestock Australia (MLA) consultant and a NACC employee to visit all abattoirs in the supply chain to work through the issues identified. They also arranged for the importer to employ an Animal Welfare Officer (AWO) at the new facilities to ensure animal handling and slaughter of the livestock was carried out in accordance with the requirements.

NACC further stated that they would only export to this importer in the future under the following conditions:

- Three facilities were removed from the supply chain where it was identified that there was a risk of further unauthorised movement of animals to facilities outside the approved supply chain.
- Sufficient and appropriate abattoirs are added to expand the supply chain.
- Training is conducted at each additional facility in the supply chain, particularly with regard to slaughter practices.
- Animal Welfare Officers would be implemented and trained at each (additional) facility.
- Ensure adequate stunning equipment is available and utilised at each facility in the supply chain.
- An experienced NACC ESCAS and Operations Coordinator to provide additional training on NLIS tags and scanning processes prior to the shipment arriving and immediately upon cattle arriving
- Reduce the proportion of slaughter to feeder cattle exported in each consignment so as to reduce the commercial pressure to slaughter all cattle quickly.

The department considered the actions taken by the exporter and accepted that the actions appropriately addressed concerns. A critical non-compliance was recorded against the NACC Vietnam supply chain.

### **4. Investigation Conclusions**

The investigation concluded that some of the cattle in the consignment were not managed, handled and slaughtered in accordance with OIE recommendations. The investigation determined that 26 cattle were slaughtered at abattoirs that did not meet OIE animal welfare recommendations.

The investigation concluded that there was a loss of control with the exporter's ESCAS arrangements. The department has recorded a critical non-compliance against the NACC Vietnam supply chain.