



Australian Government

Department of Agriculture

Exporter Supply Chain Assurance System Regulatory Performance Report

1 September to 30 November 2019

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1 OVERVIEW

The Exporter Supply Chain Assurance System (ESCAS) requires exporters to have commercial arrangements with supply chain partners (i.e. importers, feedlots, abattoirs) in importing countries to provide humane treatment and handling of feeder and slaughter livestock¹ from arrival through to point of slaughter. As ESCAS only applies to feeder and slaughter livestock, the statistics in the report refer only to feeder and slaughter exports. ESCAS does not apply to the export of breeder livestock. ESCAS is underpinned by the following key principles – animal welfare, control and traceability – whereby the exporter must demonstrate, through a system of reporting and independent auditing of their supply chains:

- animal handling and slaughter meets World Organisation for Animal Health (OIE) animal welfare standards (animal welfare)
- the exporter has control of all supply chain arrangements (including having agreements in place with supply chain partners) for the transport, management and slaughter of livestock, and that all livestock remain in the supply chain (control)
- the exporter can account for all livestock through the supply chain (traceability).

If issues arise, ESCAS requires exporters to address any non-compliance matters within their supply chains. This may be managed by undertaking additional steps or corrective actions at facilities (for example delivering training or upgrading infrastructure), removing non-compliant facilities from a supply chain, or not exporting any further livestock to a supply chain.

Additionally, the ESCAS regulatory framework enables the Department of Agriculture to assess information about reported non-compliances with ESCAS requirements and take regulatory action where appropriate. Reports are generally received through one of four pathways: self-reported by exporters, reported by third parties (for example animal welfare organisations or private citizens in an importing country), reported by industry, or identified by the department itself. Reports are assessed by the department using the [guideline for the management of non-compliance](#).

In response to ESCAS non-compliance, the department may apply regulatory actions to an ESCAS, or in more serious instances to an exporter or an entire market. This may include cancelling an ESCAS, varying an ESCAS to remove facilities or apply additional conditions, or suspending or cancelling an exporter's licence. Regulatory action is applied based on the nature of the non-compliance, and any corrective actions implemented by the exporter is taken into consideration.

¹ 'Livestock' refers to cattle, sheep, goats, deer, buffalo and camelids.

2 PERIOD SUMMARY: 1 SEPTEMBER TO 30 NOVEMBER 2019

Below is a summary of the number of feeder and/or slaughter livestock exported, number of reports received, and number of assessments completed during this period (1 September to 30 November 2019).

2.1 Livestock exported

During this period 537,652 livestock were exported under ESCAS arrangements. Fourteen countries imported these livestock. The number by species exported to each country is presented in Table 1.

Table 1 Summary of livestock exported - 1 September to 30 November 2019

Country	Buffalo	Cattle	Goats	Sheep	Total
Brunei Darussalam		659			659
China		4360			4360
Indonesia	1536	162414			163950
Israel		22519			22519
Japan		4570			4570
Jordan		283		39733	40016
Kuwait		217		101878	102095
Malaysia		3643	1447	11683	16773
Philippines		1326			1326
Qatar		1100		50000	51100
Russia		16378			16378
Sarawak		66			66
United Arab Emirates		287		29000	29287
Vietnam	1767	82786			84553
Total	3303	300608	1447	232294	537652

2.2 Reports received and completed

During this period, the department received three reports of non-compliance with ESCAS requirements. These reports involved a supply chain in Indonesia, Israel and Vietnam. A summary of reports received and completed is presented in Table 2.

Table 2 Summary of reports received and completed - 1 September to 30 November 2019

Report type	Outstanding reports as at 31 August 2019	Reports <i>received</i> in current period	Assessments <i>completed</i> in current period	Assessments remaining in progress as at 30 November 2019 ²
ESCAS	2	1	1	2
Self-reports ³	0	2	2	0
Total	2	3	3	2

² A summary of assessments in progress is provided in Section 6 of this report.

³ These reports were received within the required time frame, appropriate corrective action was implemented by the exporter and no regulatory action was taken by the department. A summary of these reports is provided in Section 5 of this report.

3 SUMMARY OF ESCAS NON-COMPLIANCE ASSESSMENTS

3.1 Overview of findings

An overview of findings for assessments completed in this period is provided in Table 3. A detailed summary for each assessment is provided in Section 4 of this report.

Table 3 ESCAS regulatory performance assessments completed - 1 September to 30 November 2019

#	Date reported	Type	Market	Species	Australian Animals involved	Exporter	Summary of issues	Non-compliance finding
174	Oct 2019	Self-reported by exporter	Vietnam	Cattle	16	Livestock Shipping Services Pty Ltd	Loss of control and traceability	Major

3.2 Actions taken in response to ESCAS non-compliance reports

A range of regulatory, corrective and preventative actions were taken in response to confirmed non-compliance during the reporting period.

Corrective actions implemented by exporters in this period included:

- Providing additional training to supply chain staff
- Performing a physical reconciliation of animals in market to verify the accuracy of the traceability reports
- Firing facility staff responsible for non-compliance
- Removing a non-compliant facility from the supply chain
- Sending an exporter representative to oversee compliance in market

4 ESCAS REGULATORY PERFORMANCE ASSESSMENTS

4.2 VIETNAM

Background

The Exporter Supply Chain Assurance System (ESCAS) was implemented in Vietnam on 31 December 2012.

As at 30 November 2019, a total of 98 consignments of livestock have been exported by sea under ESCAS arrangements to Vietnam in 2019, including 250,927 cattle and 3,362 buffalo. Vietnam is the second largest market for both cattle and buffalo in 2019.

As at 30 November 2019, there are 8 Australian exporters with approved supply chains to export livestock to Vietnam.

The department has previously published assessments of 66 reports relating to non-compliance in Vietnam. The assessments can be found at [Regulatory Compliance Investigations](#).

As at 30 November 2019, no reports of non-compliance are under assessment for Vietnam.

Report #174: Cattle exported to Vietnam – Minor non-compliance

Incident Report

On 30 October 2019, the Department of Agriculture received a self-report from Livestock Shipping Services Pty Ltd (LSS) of non-compliance with ESCAS control and traceability requirements in Vietnam. LSS reported possible loss of control of cattle from their supply chain.

Exporter actions

LSS' third party control and traceability provider advised LSS of the issues on 30 October 2019. On 3 November 2019, following an internal investigation, LSS provided a full report to the department detailing loss of control and traceability of 16 Australian cattle from two ESCAS approved facilities:

- On 28 October 2019, 7 cattle were transported outside the supply chain from an approved abattoir. Following an investigation, LSS' third party control and traceability provider advised that the cattle were delivered to a facility in Bai Do village, however no documentary evidence is available to confirm the destination of the cattle. This was the first and only shipment of LSS cattle to be delivered to the abattoir that leaked the cattle.
- On 29 October 2019, an approved feedlot presented documentation for the transport of 9 cattle to an approved abattoir, however the feedlot did not have recent sales contracts for cattle to this abattoir. LSS' third party control and traceability provider determined through their investigation and interviews with feedlot staff that the cattle were transported to Bai Do village, however no documentary evidence is available to confirm the destination of the cattle. LSS sent a representative to Vietnam to conduct interviews with key personnel from the facilities and its third party control and traceability provider to determine appropriate and effective corrective actions, and verify the accuracy of its third party control and traceability provider's investigation findings.

In response to the non-compliance on 28 October 2019, LSS immediately ceased supply to the abattoir and applied to remove the abattoir from their supply chain on 3 November 2019.

In response to the non-compliance on 29 October 2019, three feedlot staff (the Animal Welfare Officer (AWO) and 2 others) were identified to be responsible for the non-compliance and their employment was immediately terminated. A new AWO was employed and made aware of this incident and the consequences of non-compliance with ESCAS requirements during their induction training.

LSS provided traceability documents including details of the 16 animals which left the approved supply chain. LSS advised the department that their third party control and traceability provider conducted a physical reconciliation of all remaining cattle within the supply chain and did not identify any further issues.

Department assessment and conclusions

At the time of the report, the abattoir was only approved for LSS and the feedlot was approved for LSS and 1 other exporter. Following enquiries with the other exporter, no non-compliance was identified in their supply chain.

Based on the evidence and information provided, the department determined there was loss of control and traceability of 16 Australian cattle from two ESCAS approved facilities, resulting in unknown animal welfare outcomes. LSS' control and traceability systems identified and addressed the issue. The department accepted the actions taken by LSS and did not take any regulatory action against the exporter. This incident will be taken into account when considering any applications for the abattoir to be reapproved.

In assessing this matter against the guideline for management of non-compliance, the department recorded a major non-compliance with ESCAS control and traceability requirements against the LSS Vietnam cattle supply chain.

5 ESCAS ISSUES IDENTIFIED AND ADDRESSED BY EXPORTERS

Exporters provided reports to the department regarding the below markets. The reports complied with the department's ESCAS self-reporting requirements. The reports were received within the required time frame, appropriate corrective action was implemented by the exporter and no regulatory action was taken by the department.

Table 4 ESCAS Issues Identified and addressed by exporters - 1 September to 30 November 2019

#	Market	Species
1	Indonesia	Cattle
2	Israel	Cattle

6 SUMMARY OF ASSESSMENTS IN PROGRESS AS AT 30 NOVEMBER 2019

Table 5 provides an overview of all regulatory performance assessments in progress as at 30 November 2019. The status of all reviews can be found at [Regulatory Compliance Investigations](#).

Table 5 Summary of ESCAS regulatory performance assessments in progress as at 30 November 2019

#	Date reported	Type	Market	Species	Report
169	August 2019	Animals Australia	Kuwait	Sheep	Loss of control and traceability
172	August 2019	Animals Australia	Indonesia	Cattle	Animal welfare concerns