



Australian Government

**Department of Agriculture
and Water Resources**

Exporter Supply Chain Assurance System Regulatory Performance Report

1 June 2017 to 31 August 2017

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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 livestock from arrival in the importing country up to the point of slaughter. 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:

- 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 trace or account for all livestock through the supply chain (traceability).

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

Additionally, the ESCAS regulatory framework enables the Department of Agriculture and Water Resources to review and investigate reported non-compliance with ESCAS requirements and take regulatory action where appropriate. Reports are generally received through one of four pathways: third parties (for example, Animals Australia or private citizens in an importing country), industry, directly from exporters, or identified by the department itself. Reports are reviewed by the department using the *Guideline for the management of non-compliance* (<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/non-compliance>).

In response to an ESCAS non-compliance, the department may apply regulatory actions to an ESCAS supply chain 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 (see section 3.2), cancelling or suspending an export licence, or reprimanding an exporter. Regulatory action is applied based on the nature of the non-compliance and level of associated risk, with any corrective actions implemented by the exporter to mitigate risks taken into consideration.

2 PERIOD SUMMARY: 1 JUNE 2017 – 31 AUGUST 2017

From 1 June 2017 to 31 August 2017, nearly 630 000 livestock (buffalo, cattle, goats and sheep) were exported in 86 consignments approved under ESCAS requirements from Australia to 14 markets (Table 1) by 16 exporters.

Table 1 - Markets for Australian Livestock exported under ESCAS - 1 June to 31 August 2017

Brunei Darussalam	Indonesia	Israel
Japan	Jordan	Kuwait
Malaysia (incl. Sarawak)	Oman	Qatar
Singapore	Thailand	Turkey
United Arab Emirates	Vietnam	

During this period, the department received reports of non-compliance with ESCAS requirements involving supply chains in Indonesia, Kuwait, Oman and Vietnam.

Five non-compliance investigations were completed and published by the department with five findings of non-compliance (Table 2). During this period, the department recorded one critical, two major and one minor finding of non-compliance against ESCAS supply chains or facilities.

Table 2 Summary of findings of ESCAS non-compliance - reviews completed 1 June 2017 to 31 August 2017

Market	Reviews	Finding				
		Critical	Major	Minor	No confirmed	No non-compliance
Indonesia	1					1
Israel	1			1		
Kuwait	1		1			
Turkey	1		1			
Vietnam	1	1*				
Total	5	1	2	1		1

* Non-compliance was recorded against a facility.

3 ESCAS NON-COMPLIANCE REVIEWS

3.1 Overview of findings

An overview of findings for reviews completed in the period 1 June to 31 August 2017 is provided in Table 3. A detailed summary for each review is provided in Section 4 of this report.

Table 3 ESCAS regulatory performance reviews completed 1 June to 31 August 2017

#	Date	Type	Market	Species	Animals reportedly involved	Exporter	Non-compliance finding
134	March 2017	Self-report	Vietnam	Cattle	189	Austrex	Critical*
135	February 2017	IPAR	Turkey	Cattle	150	ILE	Major
136	April 2017	Animals Australia	Israel	Sheep	6	LSS	Minor
138	June 2017	Animals Australia	Kuwait	Sheep	600	Emanuel	Major
139	June 2017	Self-report	Indonesia	Cattle	1	Austrex	No non-compliance

**Non-compliance was recorded against a facility. The department will consider the findings of this report when assessing any future applications to add the facility to an exporter's supply chain.*

3.2 Actions taken in response to ESCAS non-compliance reports

The department and exporters have implemented a range of regulatory, corrective and preventative actions in response to confirmed non-compliance.

Regulatory action applied by the department this period included:

- suspending and/or removing non-compliant facilities from ESCAS supply chains
- requiring all exporters to implement additional traceability oversight of all facilities in the importer's supply chain
- raising the risk rating of facilities
- requiring additional reporting conditions from exporter supply chains
- requiring exporters to amend SCMPs to ensure that control and traceability systems are effective and trader agreements are being implemented
- requiring exporters to provide processing reports
- suspending processing at facilities until further information was received from exporters.

Corrective actions implemented by exporters this period included:

- removing facilities with identified non-compliance
- employing an accredited translator to assist with contact/translation difficulties
- implementing additional oversight of animal welfare, control and traceability systems at facilities and key points of ESCAS supply chains

- increasing monitoring and visits to livestock markets and approved facilities to identify any loss of control and traceability of livestock
- the application of random paint markings on livestock sent to approved abattoirs to identify the possible source of control and traceability loss.

4 ESCAS REGULATORY PERFORMANCE REVIEWS

Markets

- Indonesia
- Israel
- Kuwait
- Turkey
- Vietnam

Exporters

Austrex	Australian Rural Exports Pty Ltd	Emanuel	Emanuel Exports Pty Ltd
EMS	EMS Rural Exports Pty Ltd	FIN	Frontier International Northern Pty Ltd
Halleen	Halleen Australasian Livestock Traders Pty Ltd	ILE	International Livestock Exports Pty Ltd
LSS	Livestock Shipping Services Pty Ltd	NACC	North Australian Cattle Company Pty Ltd
SEALS	South East Asian Livestock Services Pty Ltd	Wellard	Wellard Rural Exports Pty Ltd

Acronyms and abbreviations

AWO	Animal Welfare Officer	AAV	Australian Government Accredited Veterinarian
ESCAS	Exporter Supply Chain Assurance System	IPAR	Independent Performance Audit Report
RFID	Radio Frequency Identification Device	NLIS	Australian National Livestock Identification System
PIC	Property Identification Code	SCMP	Supply Chain Management Plan
SCO	Supply Chain Officer	SOP	Standard Operating Procedures

Description of Supply Chain Elements

Depot	A facility where livestock is rested between journey(s) or holding facilities in a particular region where livestock are delivered from farms for assembly before a journey.
Feedlot	A facility where livestock are gathered to be fattened for market.
Abattoir	A facility used for the slaughter of livestock and production of meat or meat products

4.1 INDONESIA

Background

The Exporter Supply Chain Assurance System (ESCAS) was implemented in Indonesia on 8 July 2011.

As at 31 August 2017, a total of 99 consignments of livestock have been exported under ESCAS arrangements to Indonesia in 2017, including 485 buffalo and 326 087 cattle making it the largest market for cattle to date. There are currently eight Australian exporters with approved supply chains to export livestock to Indonesia.

The department has previously published reviews of 13 reports relating to ESCAS non-compliance in Indonesia. From these reports, 10 findings of non-compliance have been recorded against exporter supply chains and facilities. The reviews can be found at: <http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-regulatory-compliance>.

As at 31 August 2017, there are no reports of non-compliance under investigation for Indonesia.

Report #139: Cattle exported to Indonesia – No non-compliance

Incident Report

On 8 June 2017, the Department of Agriculture and Water Resources received a self-report from Australian Rural Exports Pty Ltd (Austrex) about non-compliance with Exporter Supply Chain Assurance System (ESCAS) animal welfare requirements for cattle exported to Indonesia.

Austrex advised that during an independent performance audit of an abattoir on 19 April 2017, it was observed that one cow was not handled calmly and effectively and vocalised during rotation in the Mark IV¹ restraint box. The abattoir also has several non-Mark IV slaughter lines approved.

The Mark IV restraint box had only been used for the initial and performance audits of the supply chain, and was not regularly used to process animals. No Austrex cattle remained at the abattoir following the audit.

¹ Mark IV type box includes any box that restrains the animal and puts it in a laterally recumbent position for unstunned slaughter.

Exporter actions

Austrex later reported that the handling of the animal in the race was compliant and the animal vocalized due to the restraint box being unbalanced. After becoming aware of the issue, Austrex immediately implemented the following corrective actions:

- Austrex visiting staff member at the abattoir, immediately stop all processing to the Mark IV slaughter line with the importer and abattoir
- Austrex planned to perform training with the abattoir and importer, but identified that the Mark IV restraint box needed to be moved to a better position in the abattoir before they commence any training.
- Austrex removed the restraint box from their supply chain.

Department assessment

Only Austrex had the Mark IV restraint box approved in their supply chain.

The abattoir was first approved in November 2014 and currently has a risk rating of *low*. The Mark IV restraint box was initially approved in November 2016, with a risk rating of *medium*. The abattoir has not been involved in any previous reports of non-compliance, and all previous IPARs have shown no non-compliance. The last compliant audit was completed November 2016.

Department actions and conclusions

The IPAR and the visiting on-sight Austrex staff immediately identified non-compliance with ESCAS animal welfare requirements and demonstrated that the systems in place identified the non-compliance. Austrex did not report the incident to the department within the required timeframe, however Austrex immediately implemented corrective actions that addressed the issues. The department did not suspend the abattoir as Austrex were the only exporter to have the Mark IV restraint box approved and no other exporters reported non-compliance in the other slaughter lines in the facility.

In assessing this matter against the guidelines for management of non-compliance (<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/non-compliance>), the department did not record a non-compliance with ESCAS against Austrex.

4.2 ISRAEL

Background

The Exporter Supply Chain Assurance System (ESCAS) was implemented in Israel on 1 September 2012.

As at 31 August 2017, a total of 3 consignments of livestock have been exported under ESCAS arrangements to Israel in 2017, including 20 768 cattle and 37 000 sheep. There are currently four Australian exporters with approved supply chains to export livestock to Israel.

The department has previously published reviews of 13 reports relating to non-compliance in Israel. From these reports, 6 findings of non-compliance have been recorded against exporter supply chains and facilities. The reviews can be found at:

<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-regulatory-compliance>.

As at 31 August 2017, there is one report of non-compliance under investigation for Israel.

Report #136: Sheep exported to Israel – Minor non-compliance

Incident Report

On 19 April 2017, Animals Australia provided a report to the Department of Agriculture and Water Resources about non-compliance with the Exporter Supply Chain Assurance System (ESCAS) animal welfare requirements during unloading of sheep at the Port of Eilat, Israel on 9-11 March 2017. The report included a 2:24 minute video of the unloading. Animals Australia reported the video showed injured sheep being unloaded, including being thrown and pushed, and other sheep being hit, thrown, kicked and pulled down the ramp by the leg.

Department assessment

The department confirmed the report involved a consignment of sheep and cattle exported by Livestock Shipping Services Pty Ltd (LSS) in February 2017. They unloaded 20,925 sheep over a 24 hour period at Eilat, Israel during March 2017. The department contacted LSS and asked them to respond to the information provided in this report.

The department assessed the video provided. It showed sheep baulking and turned around in the unloading ramp, leading to non-compliant handling, including various animal handlers:

- Grabbing three different sheep by the front leg and pulling them down the ramp.
- Throwing one sheep on to the ramp by the wool.
- Sheep being hit with long sticks and noise devices.

The video showed one sheep being unloaded limping and unable to bear weight on one leg, and one other sheep being unloaded that falls several times on the ramp and is unable to right itself to a standing position. This sheep is carried off the ramp by two handlers following several attempts assisting it to stand up.

The department's assessment of the video was that a small number of sheep were subject to unacceptable handling practices, and that the management of the two sick or injured animals was non-compliant with ESCAS animal welfare standards.

Corrective actions taken by exporter

LSS reviewed the information provided by Animals Australia and agreed that non-compliant handling occurred during unloading.

The response provided by LSS identified issues that led to the non-compliant handling, including an insufficient numbers of pilot sheep available. Pilot sheep are handled and trained to lead other sheep through passages in a calm and effective manner, but must be provided with sufficient rest to ensure their welfare. It was noted that pilot sheep were being rested when the non-compliant handling occurred.

LSS provided a supplementary report prepared by the AAV with their response. The AAV advised they had identified the issues during discharge and the following actions were taken in immediate response to the non-compliant handling:

- The AAV advised and instructed handlers when inappropriate handling was observed. He was satisfied they responded to correction and no further incidents were observed.
- The AAV advised these handlers were to be monitored by other staff, and that handlers be replaced as they became tired or stressed during the unloading.

The AAV's supplementary report also acknowledged that a small number of sick and injured sheep were not identified until their unloading had commenced and the animals were already on the ramp. They advised the following actions were taken to manage the sick or injured animals:

- Efforts made to assist sheep on the ramp.
- Allowed to rest and recuperate before further transport.
- Identified for immediate treatment on arrival at the receiving feedlot.

LSS stated they trusted decisions made by AAVs in the management of sick or injured animals to comply with animal welfare standards. They confirmed that euthanasia is available if the AAV determines that animals are not fit to unload, but the decision was made to treat the animals involved in this incident at the feedlot.

LSS reviewed the handling incidents and the management of the sick sheep and along with recommendations from the AAV, updated voyage instructions were developed, focusing on planning and unloading of sheep. These specify:

- The number of pilot sheep to be trained in order to ensure calm and effective handling, whilst maintaining the welfare of pilot sheep.
- A space maintained at the top of the ramp to segregate and treat or dispose of sick and injured animals before unloading.

LSS engaged an additional consultant to supervise their next unloading of a vessel at Port Eilat in June 2017. LSS confirmed the updated voyage instructions were implemented and an adequate number of pilot sheep were trained. No animal welfare incidents were reported for this unloading.

Department actions and conclusions

The department reviewed the information provided by LSS and determined the handling of a small number of sheep and the management of two sick sheep was non-compliant with animal welfare requirements. The department added additional reporting condition to the LSS supply chain, and additional requirements to the End of Voyage reports provided by the shipboard AAV.

Corrective actions implemented by the exporter were adequate to address the non-compliance. As of 31 August 2017 LSS has sent one subsequent consignment to Israel. The shipboard AAV reported no animal welfare issues during unloading of this consignment.

In assessing this matter against the guidelines for management of non-compliance (<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/non-compliance>), the department has recorded a *minor* non-compliance against the LSS Israel sheep supply chain for non-compliance with ESCAS animal welfare requirements.

4.3 KUWAIT

Background

The Exporter Supply Chain Assurance System (ESCAS) was implemented in Kuwait on 1 March 2012.

As at 31 August 2017, a total of 23 consignments of livestock have been exported under ESCAS arrangements to Kuwait in 2017, including 354 cattle and 373 829 sheep making it the second largest market for sheep to date. There are currently four Australian exporters with approved supply chains to export livestock to Kuwait.

The department has previously published reviews of 15 reports relating to non-compliance in Kuwait. From these reports, 13 findings of non-compliance have been recorded against

exporter supply chains and facilities. The reviews can be found at:

<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-regulatory-compliance>.

As at 31 August 2017, there are no reports of non-compliance under investigation for Kuwait.

Report #138: Sheep exported to Kuwait – Major non-compliance

Incident Report

On 6 June 2017, the department received a report from Animals Australia of non-compliance with ESCAS control and animal welfare requirements in Kuwait. The report stated on 1 June 2017 no less than 600 Australian sheep were available for private sale at Al Rai livestock market. Australian sheep were observed trussed and placed in private cars and vans. The outside temperature was 45°C. The report included photographs and video of sheep, and details from four ear tags that were recorded at the Al Rai market.

Department assessment

Four exporters have approved supply chains in Kuwait, Emanuel Exports Pty Ltd (Emanuel), EMS Rural Exports Pty Ltd (EMS), International Livestock Exports Pty Ltd (ILE) and Livestock Shipping Services Pty Ltd (LSS). The department reviewed consignment records and confirmed that in the six weeks prior to this incident all exporters had unloaded consignments in Kuwait. The department contacted all exporters of sheep to Kuwait, who were asked to investigate and respond to information in the report from Animals Australia.

The video provided by Animals Australia was reviewed by the department. The video showed at least 200 sheep in pens at Al Rai market. The sheep in the video and photographs were determined to be of Australian origin, based on Australian National Livestock Identification System (NLIS) ear tags being visible on many of the sheep, and identifying physical characteristics including merino-type breed, tail-docking and mulesing. In the video, five sheep are seen trussed in a car park and laneway, five sheep are handled by leg or wool pulling, and two sheep are placed in a private van.

The department reviewed weather records indicating the maximum temperature reached 41°C. Sheep in the video were protected indoors and do not appear heat stressed while they were at the Al Rai market. Heat stress is likely to have impacted the animals sold to private buyers and transported by unapproved methods.

After reviewing the ear tag information provided by Animals Australia against the Property of Origin lists provided for exporter consignments, the department determined:

- Two ear tags were brands that corresponded to Property Identification Codes (PICs) exclusively sourced for consignments exported by Emanuel.
- The other two tags could not be linked to any exporter consignments.
- None of the ear tags could be directly linked to EMS, ILE or LSS consignments.

Exporter review and actions

Emanuel/EMS

Emanuel and EMS are related companies and provided one combined response. After they were alerted to the non-compliance, importer representatives from the Emanuel supply chain visited the Al Rai market on 7 June 2017 and found 306 Australian sheep outside the approved supply chain. Emanuel implemented the following corrective actions:

- instructed anyone with Australian sheep at the market that they must be returned to the approved supply chain, and
- collected the sheep and returned them to the approved supply chain.

Details were not collected to identify which exporter's approved supply chain the sheep were from, although it was noted some sheep did not have ear-tags. The Emanuel importer supply chain representatives were unable to determine from which facility or how the sheep had left the approved supply chain. They investigated control and traceability data at all approved facilities and could not identify discrepancies in their records, which accounted for all animals.

Emanuel acknowledged two tags reported by Animals Australia were from consignments they exported and that the transport and handling of the sheep in the report was non-compliant with ESCAS requirements.

Following their response to this report Emanuel advised that the following corrective actions have also been taken:

- Increased regular monitoring of the Al Rai market to identify any further Australian sheep outside approved supply chains.
- Random paint markings are being applied to animals being sent to approved abattoirs in order to identify the source of any animals that may leave the approved supply chain.
- Unannounced visits and reconciliations at approved abattoirs to verify facility control and traceability records.
- Restricted supply to all customer orders to reduce availability of sheep.
- Reinforced to all facilities that loss of control and traceability—including not maintaining effective records—would invoke non-compliance policies and consequences.

ILE:

ILE only exports Awassi and Awassi-cross breeds, no animals from this type supply chain were observed in the Al Rai market.

LSS:

An importer representative reviewed control and traceability records for the LSS supply chain and reported no sheep had left approved supply chain. An LSS consultant visited Al Rai market on 8 June 2017 following the incident, and confirmed that no Australian sheep were present.

LSS delivered training in July 2017 to all supply chain partners, to reinforce the importance of ESCAS control and traceability requirements.

All exporters:

Exporters considered that total sheep numbers in the report were exaggerated.

Department actions and conclusions

Based on evidence and information from Animals Australia and exporters, the department determined there were between 306 – 600 Australian sheep observed being sold outside the approved supply chain at Al Rai Market, with some of these handled and transported in a manner non-compliant with ESCAS requirements.

Previously published reports have included similar issues with animals outside the approved supply chain found at the Al Rai market. All exporters were required to implement supply chain management plans (SCMP) in 2016 in response to these reports. Compliance with the SCMP is a condition of ESCAS approval and the department has audited exporters against their SCMP during 2017.

Exporters took prompt action consistent with their SCMP to investigate and apply corrective action in response to the non-compliance. The actions taken by Emanuel and LSS were appropriate and immediately addressed the non-compliance.

The department required all exporters to review their control and traceability data verification processes as Australian sheep were confirmed outside the approved supply chain, yet exporter systems were not able to identify the loss of control. Exporters were required to amend their SCMPs with actions implemented in response to this report, to ensure that control and traceability systems are effective and that trader agreements are being implemented. The department intends to audit SCMPs on a regular basis.

In assessing this matter against the guidelines for management of non-compliance (<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/non-compliance>), the department recorded a *major* non-compliance with ESCAS control and animal welfare requirements against the Emanuel Kuwait sheep supply chain.

4.4 TURKEY

Background

The Exporter Supply Chain Assurance System (ESCAS) was implemented in Turkey on 1 March 2012.

As at 31 August 2017, a total of 2 consignments of livestock have been exported under ESCAS arrangements to Turkey in 2017, including 78 303 sheep making it the fifth largest market for sheep. There is currently one Australian exporter with approved supply chains to export livestock to Turkey.

The department has previously published reviews of 3 reports relating to non-compliance in Turkey. From these reports, one finding of non-compliance have been recorded against exporter supply chains and facilities. The reviews can be found at:

<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-regulatory-compliance>.

As at 31 August 2017, there are no reports of non-compliance under investigation for Turkey.

Report #135: Cattle exported to Turkey – Major non-compliance

Incident Report

On 29 March 2017, the department identified non-compliance with exporter supply chain assurance system (ESCAS) requirements in an independent performance audit report (IPAR) provided for the International Livestock Exports Pty Ltd (ILE) – Turkey – Cattle supply chain.

The IPAR provided in March 2017 included an audit report for an abattoir which was not approved in the ILE ESCAS (Abattoir A). The department requested information from ILE regarding the unapproved abattoir and why it was included in the IPAR. On 11 April 2017, ILE reported they had identified 150 cattle were moved outside of their approved supply chain.

ILE stated they had identified a total of 54 cattle which had been transported to and slaughtered at Abattoir A on five occasions between 18 July 2016 and 22 February 2017; and another 96 cattle which were transported to and slaughtered at a second unapproved abattoir (Abattoir B) on 12 December 2016.

Department assessment

Department records showed that the ILE – Turkey – Cattle supply chain was approved in May 2016 and two consignments totalling 10,807 cattle were exported by ILE to the Turkey supply chain in June 2016.

Abattoir A was not approved in any exporter supply chains during the time it received the 54 ILE cattle, nor had it been previously. Abattoir A was subsequently approved for both ILE and another exporter— Livestock Shipping Services (LSS) with a *High* risk rating.

Abattoir B was approved in another exporter's ESCAS (LSS) with a *Medium* risk rating at the time in which the 96 cattle were received. All audits provided since approval in December 2015 have identified no non-compliance.

The IPAR provided by ILE for Abattoir A, conducted on 22 March 2017, reported that animal handling and slaughter at Abattoir A complied with ESCAS animal welfare requirements, as did an IPAR conducted at Abattoir B on 27 December 2016. No non-compliance was identified during either audit. ILE intended to add Abattoir A to the supply chain once upgrades were completed.

Exporter review and actions

ILE acknowledged in their report that loss of control and traceability had occurred.

They had received weekly reports on the movement of animals, but had not identified the movement to the unapproved abattoirs as they were recorded as emergency slaughters from the feedlot. ILE advised that some language barriers had occurred whilst the IPARs were being organised.

Following the report, ILE applied to have Abattoir A added to their supply chain and advised that no further animals would be sent to Abattoir B. They employed an accredited translator to address the language barriers.

Department actions and conclusions

Based on the information provided in the IPAR and report from ILE, the department determined that 150 animals were slaughtered at two abattoirs not approved in the ILE supply chain. ILE was not aware that cattle had been sent to either abattoir.

ILE did not notice in its review of weekly reports from its supply chain that on one occasion 94 animals had been sent to Abattoir B, also not in their supply chain. There were three facilities approved in the ILE cattle supply chain for Turkey.

As a result of this report, the department raised the risk ratings of all three facilities involved—the feedlot that sent the cattle, and the two unapproved abattoirs that received the cattle. The risk ratings for these facilities were increased to *High* for all exporter approved supply chains in April 2017, requiring their audit frequency to four times per year.

In assessing this matter against the guidelines for management of non-compliance (<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/non-compliance>), the department recorded a *major* non-compliance with control requirements against the ILE Turkey cattle supply chain.

The ILE Turkey cattle supply chain was closed at the request of the exporter in July 2017. The department will consider the findings of this report when assessing any future ESCAS applications for Turkey.

4.5 VIETNAM

Background

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

As at 31 August 2017, a total of 43 consignments of livestock have been exported under ESCAS arrangements to Vietnam in 2017, including 2 762 buffalo and 115 061 cattle making it the largest market for buffalo and second largest for cattle. There are currently nine Australian exporters with approved supply chains to export livestock to Vietnam.

The department has previously published reviews of 40 reports (including seven sub-reports) relating to non-compliance in Vietnam. From these reports, 38 findings of non-compliance have been recorded against exporter supply chains and facilities. The reviews can be found at: <http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-regulatory-compliance>.

As at 31 August 2017, there are no reports of non-compliance under investigation for Vietnam.

Report #134: Cattle exported to Vietnam – Critical non-compliance

Incident Report

On 24 March 2017, the Department of Agriculture and Water Resources received a self-report from Australian Rural Exports Pty Ltd (Austrex) about non-compliance with Exporter Supply Chain Assurance System (ESCAS) traceability requirements for cattle exported to Vietnam.

Austrex advised that while reviewing the traceability records for their Vietnam supply chain, they noted the number of animals recorded as slaughtered in the traceability data from one abattoir was higher than expected and exceeded the daily slaughter capacity.

Exporter actions

After identifying the potential non-compliance, Austrex implemented the following actions:

- Received the traceability data straight from the Animal Welfare Officer (AWO) at the abattoir as well as from the importer in their weekly traceability report. The AWO at the abattoir was directly employed by the importer. The traceability data from the abattoir was completed by the importer AWO. The traceability data from the abattoir showed the same number of head slaughtered as the data from the importer.
- Reviewed the on-site Standard Operating Procedures (SOP) log books at the abattoir and found that the number of head recorded as being processed in the log books was less than the number slaughtered in the traceability data received from the importer (a discrepancy of 189 head of cattle).
- Reconciled the number of animals that arrived at the abattoir, animals slaughtered, stock on hand, number of stunner cartridges used and slaughter counts in the log book. Austrex determined that the on-site log books were accurate, and the traceability data received was inaccurate.
- Further investigated the traceability data and found multiple images of same animal had been uploaded in fast succession with unique Radio Frequency Identification Devices (RFID) stamps. Austrex asserted that the reason for this is that the same animal was photographed while scanning different RFIDs. Austrex could not confirm whether the 189 head of cattle were slaughtered in the abattoir or removed from the supply chain.
- At the time of the report, 76 head of Austrex cattle remained in the abattoir. The Austrex Supply Chain Officer (SCO) was on-site at the abattoir for the slaughter of the remaining animals and did not observe any further non-compliance.

Department assessment

Austrex identified the discrepancies of the traceability data and demonstrated that their audit systems in place were able to identify the non-compliance. The company did however implement corrective actions that addressed the issues in a timely manner.

At the time of the report, the abattoir was approved in the supply chains of three other exporters – Frontier International Northern Pty Ltd (FIN), North Australian Cattle Company Pty Ltd (NACC) and South East Asian Livestock Services (SEALS); the importer was approved in the supply chains of three other exporters - NACC, SEALS and Wellard Rural Exports Pty Ltd (Wellard). No non-compliance was identified in these exporters' supply chains.

The abattoir was first approved in July 2015 and had a risk rating of *low*. The abattoir has not been involved in any previous reports of non-compliance, and all previous IPARs have shown no non-compliance. The last compliant audit was completed December 2016.

Department actions and conclusions

Due to the falsified slaughter records and duplicate photographs provided by the abattoir/importer AWO, it is likely that the animals were on-sold outside of the approved supply chain.

The department suspended the abattoir from all exporters supply chains on 29 March 2017. No other exporters reported non-compliance in their supply chains.

While none of the other exporters identified issues with the facilities, the department has required all exporters that send livestock to this importer to implement additional traceability oversight of all facilities in this importer’s supply chain until further notice.

In assessing this matter against the guidelines for management of non-compliance (<http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/non-compliance>), a *critical* non-compliance with ESCAS control and traceability requirements was recorded against the abattoir for the provision of falsified records. This incident will be taken into account when considering any application for the abattoir to be reappraised.

5 ESCAS ISSUES IDENTIFIED AND ADDRESSED BY EXPORTERS

These reports were received from exporters and complied with the department’s ESCAS self report 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.

The department reviewed the information provided and did not investigate any further, the reports are recorded here for information purposes only.

Market	Exporter	Details
Kuwait	Emanuel Exports Pty Ltd	On 27 July 2017 30 sheep were observed for sale at Al Rai market. The origin of the sheep was determined by the use of markings applied to the sheep. The sheep were collected from Al Rai market and returned to the approved abattoir. Corrective action was implemented against the trader responsible consistent with the Emanuel Kuwait supply chain management policy.

6 SUMMARY OF REVIEWS IN PROGRESS AS AT 31 AUGUST 2017

Table 7 provides an overview of all regulatory performance reviews in progress as at 31 August 2017. The status of all reviews can be found on the department's website www.agriculture.gov.au/export/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-regulatory-compliance.

Table 7 Summary of ESCAS regulatory performance reviews in progress as at 31 August 2017

Web #	Market	Species	Report	Date	Received from
137	Israel	Cattle	Animal welfare concerns	April 2017	Animals Australia
140	Oman	Sheep	Loss of traceability/animal welfare concerns	July 2017	Third Party