Exporter Supply Chain Assurance System
Regulatory Performance Report

1 September to 30 November 2018
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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 livestock\(^1\) from arrival through to point of slaughter\(^2\). 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 and Water Resources 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, third parties (for example animal welfare organisations or private citizens in an importing country), 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.

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\(^1\) ‘Livestock’ refers to cattle, sheep, goats, deer, buffalo and camelids

\(^2\) As ESCAS only applies to feeder and slaughter livestock, the statistics in the report refer only to feeder and slaughter exports.
2 PERIOD SUMMARY: 1 SEPTEMBER – 30 NOVEMBER 2018

Below is a summary of the number of livestock exported, number of reports received, and number of assessments completed during this period (1 September – 30 November 2018).

2.1 Livestock exported

During this period, 460 178 livestock were exported under ESCAS arrangements. Fourteen countries imported these livestock. The number of species exported to each country is presented in Table 1.

Table 1 Summary of livestock exported - 1 September to 30 November 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Buffalo</th>
<th>Cattle</th>
<th>Goats</th>
<th>Sheep</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>799</td>
<td></td>
<td></td>
<td></td>
<td>799</td>
</tr>
<tr>
<td>China</td>
<td>3 927</td>
<td></td>
<td></td>
<td></td>
<td>3 927</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1 387</td>
<td>187 822</td>
<td></td>
<td></td>
<td>189 209</td>
</tr>
<tr>
<td>Israel</td>
<td>35 356</td>
<td></td>
<td>15 059</td>
<td></td>
<td>50 415</td>
</tr>
<tr>
<td>Japan</td>
<td>4 140</td>
<td></td>
<td></td>
<td></td>
<td>4 140</td>
</tr>
<tr>
<td>Jordan</td>
<td></td>
<td>49 638</td>
<td></td>
<td></td>
<td>49 638</td>
</tr>
<tr>
<td>Kuwait</td>
<td></td>
<td>22 886</td>
<td></td>
<td></td>
<td>22 958</td>
</tr>
<tr>
<td>Malaysia</td>
<td>296</td>
<td>4 456</td>
<td>3 018</td>
<td></td>
<td>22 184</td>
</tr>
<tr>
<td>Oman</td>
<td></td>
<td>14 788</td>
<td></td>
<td></td>
<td>14 788</td>
</tr>
<tr>
<td>Philippines</td>
<td>4 691</td>
<td></td>
<td></td>
<td></td>
<td>4 691</td>
</tr>
<tr>
<td>Qatar</td>
<td>208</td>
<td></td>
<td>25 000</td>
<td></td>
<td>25 208</td>
</tr>
<tr>
<td>Russia</td>
<td>11 575</td>
<td></td>
<td></td>
<td></td>
<td>11 575</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>32</td>
<td></td>
<td>11 000</td>
<td></td>
<td>11 032</td>
</tr>
<tr>
<td>Vietnam</td>
<td>949</td>
<td>48 665</td>
<td></td>
<td></td>
<td>49 614</td>
</tr>
<tr>
<td>Total</td>
<td>2 632</td>
<td>301 743</td>
<td>3 018</td>
<td></td>
<td>460 178</td>
</tr>
</tbody>
</table>

2.2 Reports received and completed

During this period, the department received a total of nine reports of non-compliance with ESCAS requirements. These reports involved supply chains in Indonesia 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 2018

<table>
<thead>
<tr>
<th>Report type</th>
<th>Outstanding reports as at 31 August 2018</th>
<th>Reports received in current period</th>
<th>Assessments completed in current period</th>
<th>Assessments remaining in progress as at 30 November 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESCAS</td>
<td>14</td>
<td>1⁴</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Self-reports⁵</td>
<td>0</td>
<td>8</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>9</td>
<td>17</td>
<td>6</td>
</tr>
</tbody>
</table>

³ A summary of assessments in progress is provided in Section 6 of this report.
⁴ This report is currently under assessment and the results will be published on the department's website when completed.
⁵ 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 4 ESCAS regulatory performance assessments completed 1 September to 30 November 2018

<table>
<thead>
<tr>
<th>#</th>
<th>Date reported</th>
<th>Type</th>
<th>Market</th>
<th>Species</th>
<th>Animals involved</th>
<th>Exporter</th>
<th>Summary of issues</th>
<th>Non-compliance finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>146/</td>
<td>January February</td>
<td>Self-reports</td>
<td>Vietnam</td>
<td>Cattle</td>
<td>959</td>
<td>ILE Austrex</td>
<td>Loss of control and traceability. Unable to recover animals.</td>
<td>Critical</td>
</tr>
<tr>
<td>147</td>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>149</td>
<td>March 2018</td>
<td>Animals</td>
<td>Kuwait</td>
<td>Sheep</td>
<td>468</td>
<td>Emanuel EMS ILE LSS</td>
<td>Loss of control and traceability. No confirmed animal welfare issues.</td>
<td>Minor Minor Minor Minor</td>
</tr>
<tr>
<td>150</td>
<td>March 2018</td>
<td>Self-report</td>
<td>Japan</td>
<td>Cattle</td>
<td>28</td>
<td>Edwards</td>
<td>Loss of control and traceability. No confirmed animal welfare issues.</td>
<td>Major</td>
</tr>
<tr>
<td>153</td>
<td>April 2018</td>
<td>Animals</td>
<td>UAE</td>
<td>Sheep</td>
<td>1,513</td>
<td>Emanuel EMS</td>
<td>No loss of control and traceability, animals in approved facilities.</td>
<td>Minor Minor</td>
</tr>
<tr>
<td>154</td>
<td>April 2018</td>
<td>Animals</td>
<td>Oman</td>
<td>Sheep</td>
<td>250</td>
<td>Emanuel EMS Wellard</td>
<td>Loss of control and traceability.</td>
<td>Major Major Minor</td>
</tr>
<tr>
<td>156</td>
<td>June 2018</td>
<td>Self-report</td>
<td>UAE</td>
<td>Sheep</td>
<td>3000</td>
<td>Emanuel</td>
<td>Loss of control, no animal welfare concerns.</td>
<td>Minor</td>
</tr>
<tr>
<td>158/</td>
<td>August 2018</td>
<td>Self-report &amp; Animals</td>
<td>Kuwait</td>
<td>Sheep</td>
<td>60</td>
<td>Emanuel</td>
<td>Loss of control, addressed by exporter.</td>
<td>Minor</td>
</tr>
<tr>
<td>159</td>
<td></td>
<td>Australia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.

Regulatory action applied by the department this period included:

- Suspending and removing importers and facilities from approved supply chains
- Applying additional monitoring, oversight and reporting conditions
- Requiring the development and implementation of a revised Supply Chain Management Plan
- Requiring ongoing corrective procedures to prevent reoccurrence of non-compliance

Corrective actions implemented by exporters this period included:

- Removing sheep from unapproved facilities and returning them to approved feedlots
- Updating contractual arrangements with supply chain partners
- Providing additional training to supply chain staff
- Installing traceability systems (Closed Circuit Television) in facilities to improve monitoring and oversight of livestock
- Scheduling additional independent audits
- Ceasing supply of livestock to importers, abattoirs and feedlots until issues were rectified
- Increasing the frequency of data checks to improve monitoring of traceability
- Reinforcing ESCAS control and traceability requirements with importers
4 ESCAS REGULATORY PERFORMANCE ASSESSMENTS

4.1 JAPAN

Background

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

As at 30 November 2018, a total of 24 consignments of livestock have been exported by sea under ESCAS arrangements to Japan in 2018, including 11,306 cattle. Japan is the eighth largest market for cattle in 2018.

There are currently three Australian exporters with approved supply chains to export livestock to Japan.

The department has not previously published any assessments of non-compliance in Japan.

Report #150: Cattle exported to Japan – Major non-compliance

Incident report

On 29 March 2018, the Department of Agriculture and Water Resources received a self-report from Edwards Livestock Company Pty Ltd (Edwards) detailing non-compliance with Exporter Supply Chain Assurance System (ESCAS) control requirements in Japan.

On 22 March 2018, Edwards received an email from an importer in Japan which identified the movement and processing of cattle in facilities outside of their approved supply chain. A total of 28 cattle were moved to and processed in two unapproved abattoirs—27 at Abattoir A in February to March 2018, and one at Abattoir B in May 2017.

Exporter actions

After becoming aware of the non-compliance, Edwards contacted their importer in Japan and instructed them to cease supply to unapproved facilities until initial audits were completed and approval received from the department.

Edwards arranged for initial audits to be conducted on 2 April and 30 May 2018 at Abattoir A and B respectively, both of which found the abattoirs to be compliant with ESCAS requirements. Edwards submitted applications to the department to add the abattoirs to their supply chain on 20 April and 3 July 2018. These were subsequently assessed and approved on 3 May and 30 July 2018 for Abattoir A and B respectively.

Department Assessment

Edwards provided details for all cattle which left the approved supply chain, including ear tag numbers and dates of slaughter in the abattoirs, demonstrating all 28 animals remained traceable through to point of slaughter.

Abattoir A was not approved in any exporter supply chain during the time it received the 27 cattle, nor had it been previously approved. Abattoir B was approved in the Edwards Japan cattle supply
chain until August 2016, at which time it was removed due to non-supply of livestock. The facility was however approved in the supply chain of another exporter at the time of receiving the cattle.

The department reviewed the independent performance audit for Abattoir B provided by the other exporter. The audit had been performed at in accordance with the required schedule and no non-compliance identified. Edwards conducted and provided initial audit reports and the department subsequently approved both abattoirs in the Edwards Japan cattle supply chain.

**Department actions and conclusions**

It was concluded 28 Australian cattle exported under ESCAS requirements were moved and slaughtered outside Edward’s approved supply chain. No animal welfare issues were identified.

The department’s review of Edwards’s control and traceability systems revealed their monitoring and verification processes were not effective in monitoring the movement and slaughter of livestock within the supply chain. As a result Edwards did not become aware that cattle had been sent outside of the supply chain until 3 and 11 months after the movement had occurred for Abattoir A and B respectively. Additionally, deficiencies in communication by the exporter of supply chain variations to supply chain partners, post-export movement records, and a lack of ongoing in-market ESCAS training with supply chain partners contributed to the non-compliance.

Once becoming aware of the incident, Edwards required the movement of livestock to unapproved facilities be ceased. However, the importer ignored this instruction and another six cattle were slaughtered in Abattoir A five days after receiving this direction. Additionally, Edwards did not immediately review their reconciliation processes and implement appropriate corrective actions in order to prevent recurrence. The exporter has since reiterated ESCAS control and traceability requirements to the importer and repercussions for continued failure to comply.

In order to effectively manage compliance with ESCAS control and traceability requirements, the department required Edwards to review the causes of this incident and develop and implement a supply chain management plan (SCMP) to address the shortcomings identified with their livestock reconciliation and communication procedures, and to implement more robust agreements with supply chain partners.

Edwards have implemented increased monitoring and oversight processes in their supply chain including the receipt of fortnightly movement reports from their importers, and internal reconciliation processes against corresponding exported cattle tag lists in order to ensure any issues with control are identified and addressed in a timely manner. The exporter has also implemented additional processes for communicating supply chain variations to supply chain partners in future.

The department was satisfied the exporter’s amended processes were sufficient to address the non-compliance and provide assurance that ESCAS control and traceability requirements would be maintained moving forwards. Additional conditions have since been applied to the approved supply chain including requiring all cattle be managed in accordance with the SCMP, additional reporting requirements, and that a departmental control and traceability audit be conducted prior to 1 May 2019 in order to determine the implementation, effectiveness and compliance with the SCMP.

In assessing this matter against the **guideline for the management of non-compliance**, the department recorded a major non-compliance with ESCAS control requirements against the Edwards supply chain.
4.2 KUWAIT

Background

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

As at 30 November 2018, a total of 12 consignments of livestock have been exported by sea under ESCAS arrangements to Kuwait in 2018, including 217 665 sheep and 535 cattle. Kuwait is the second largest market for sheep and the third smallest market for cattle in 2018.

There are currently two Australian exporters approved to export feeder and slaughter livestock to Kuwait.

The department has previously published assessments of 17 reports relating to non-compliance in Kuwait. From these reports, 17 findings of non-compliance have been recorded against exporter supply chains or facilities. The assessments can be found at Regulatory Compliance Investigations.

As at 30 November 2018, no further reports of non-compliance are under assessment for Kuwait.

Report #149: Sheep exported to Kuwait – Minor non-compliance

Incident Report

On 5 March 2018, the Department of Agriculture and Water Resources received a report from Animals Australia of non-compliance with ESCAS control and traceability requirements in Kuwait. Animals Australia reported observations at a facility in Kuwait on 2 March 2018, alleging that:

- Exactly 423 Australian merino sheep and approximately 45 sheep of other breeds (also from Australia) were available for private sale and slaughter. Some of these sheep were tagged and others had evidence of their tags being removed.
- Verbal admission of supply of Australian sheep from the vendor and admission that the sheep were imported by the brother of the facility owner.
- The vendors displaying ‘aversive’ behaviour towards the Animals Australia representative that led them to ‘believe that all people within the premises understand they are breaching the Australian ESCAS.’

The report included location details, photographs and video footage of sheep, and a photograph of one ear tag that was recorded at the facility.

Department assessment

At the time of the report, four exporters had approved supply chains for sheep 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, Emanuel and ILE had unloaded consignments in Kuwait.
The department compared the Global Positioning System (GPS) coordinates provided by Animals Australia against exporter supply chain records. The department identified that the facility in the Animals Australia report was not an approved facility in any of the exporters' supply chains.

The department reviewed the photographs and video footage provided by Animals Australia. The video showed at least 400 sheep in pens at the holding shed. Some of the sheep in the photographs and video footage were determined to likely be of Australian origin, based on identifying physical characteristics including merino-type breed, tail-docking and mulesing. Additionally one of the photographs provided by Animals Australia appeared to have physical characteristics of an Awassi or Awassi cross breed sheep. The same photograph shows an ear tag which was unable to be enhanced by the department and therefore could not be linked to any exporters.

Examination of the sheep in the photographs and video footage did not demonstrate the removal of ear tags as reported by Animals Australia.

Discussions in the video regarding admission by the supplier that the sheep 'are not born in Kuwait but sent by ship to Kuwait from Australia' could not be substantiated. The department was unable to assess the claim surrounding the vendors' behaviour, as no evidence was provided to support the allegations.

After assessing and reviewing the information provided, the department was unable to determine which supply chain or exporter the sheep originated from.

**Exporter review and actions**

The department provided all relevant information from Animals Australia to Emanuel, EMS, ILE and LSS for them to conduct their own investigations into the allegations.

Emanuel and EMS are related companies and provided one combined response. The exporters informed the department that they had checked their records in market and no animals had been sent to facilities that were not approved within their supply chain.

ILE informed the department that they only export Awassi and Awassi-cross breeds and that the evidence provided by Animal Australia showed only Merino and possibly Dorper/Damara breeds. ILE informed the department that the animals shown in the photographs were not from their supply chain, however the department determined that one animal had visual characteristics common to the Awassi breed and therefore the department could not definitively confirm that the sheep in the photograph was not an Awassi cross-breed.

LSS informed the department that the facility was not approved as part of their supply chain and that they checked with their Kuwait supply Chain Manager and he was also unaware of this facility.

All exporters denied any non-compliances had occurred in relation to their Kuwait supply chains.
Department actions and conclusions

Based on evidence and information from Animals Australia and exporters, the department determined there were Australian sheep observed outside the approved supply chain at the holding shed in Kuwait and that these sheep remained outside of the approved ESCAS supply chain facilities.

The department reviewed the information provided and determined that it demonstrated loss of control and traceability of sheep in Kuwait. The department was unable to confirm which ESCAS supply chain the sheep originated from.

As a result the department continues to work with exporters to reduce the risk of such events reoccurring such as ensuring each exporter has a Supply Chain Management Plan (SCMP) for Kuwait. Compliance with the SCMP is a condition of ESCAS approval and the department audits the SCMP on a regular basis.

In assessing this matter against the guideline for the management of non-compliance, the department recorded a minor non-compliance with ESCAS control and traceability requirements against all exporters’ Kuwait sheep supply chains.

Reports #158 and 159: Sheep exported to Kuwait – Minor non-compliance

Incident report

On 23 August 2018, the Department of Agriculture and Water Resources received a notification from Emanuel Exports Pty Ltd (Emanuel) regarding non-compliance with Exporter Supply Chain Assurance System (ESCAS) control and animal welfare requirements in Kuwait during Eid-al-Adha (Eid) (celebrated between 22 and 24 August 2018).

Emanuel reported that on 22 August 2018, non-compliance was observed within an approved abattoir in their Kuwait sheep supply chain. Sheep were observed being handled in non-compliant manner (caught and dragged by the legs to the abattoir) by un-trained staff. It was also reported that the slaughter table in the abattoir had been moved aside and sheep were being slaughtered on the floor. Emanuel’s ESCAS stipulates that approval is for slaughter on a table. Emanuel reported approximately 20 sheep had been slaughtered on the floor prior to their arrival at the abattoir. In their report, Emanuel detailed the corrective actions that were taken immediately on 22 August 2018.

Subsequently on 29 August 2018, the department received a report from Animals Australia about non-compliance with ESCAS control and animal welfare requirements in Kuwait during Eid.

Animals Australia reported sheep were observed being handled in a non-compliant manner in approved market pens as well as inside an ESCAS approved abattoir. It was reported that animals were being dragged and slaughtered on the floor. Video footage taken at the market and abattoir was provided with the report.

Exporter actions

Prior to Eid commencing, Emanuel undertook additional risk management measures appropriate to the number of animals in market. Emanuel’s supply chain consultant (SCC) and supply chain officer
(SCO) arrived in Kuwait in advance of Eid to carry out risk assessments of facilities processing Emanuel livestock. The SCC observed compliant handling and processing at the abattoir. The SCC additionally met with facility operators to run through key operational requirements for Eid and reinforce ESCAS compliance requirements.

Emanuel took immediate action to implement corrective action in response to the non-compliance. An Emanuel representative provided a demonstration to abattoir staff on the correct catching technique for sheep. Later that day, the Emanuel representative observed abattoir staff compliantly handling sheep.

The Emanuel representative additionally placed the slaughter table back into the correct position and the importer’s SCO strongly reiterated to abattoir staff that all slaughter of Australian animals was to take place on a table. Emanuel observed compliant handling and slaughter practices and no further non-compliance was identified at the abattoir during Eid.

Following Eid, Emanuel’s importer met with the abattoir’s management and supervisors to show them the Animals Australia video, highlight the non-compliances, instruct corrective actions and reiterate the importance of compliance with standard operating procedures (SOPs) for handling and slaughter of Australian sheep. Emanuel has not identified any further non-compliance at the abattoir.

Department assessment

Emanuel was the only exporter to have sheep in Kuwait during Eid 2018.

The abattoir reported by both Emanuel and Animals Australia was approved in the Emanuel supply chain as well as that of one other exporter at the time. No non-compliance was identified in the second exporters supply chain as they had no livestock in market during Eid.

The abattoir is not approved for slaughter on the floor in the Emanuel supply chain. Based on the video footage provided by Animals Australia, and reports from Emanuel, non-compliant slaughter of at least 20 sheep occurred resulting in poor animal welfare outcomes.

The department reviewed Independent Performance Audit Reports (IPARs) for the abattoir. No non-compliances with ESCAS control or animal welfare were identified during these audits. The most recent audits were completed in June 2018.

Department actions and conclusions

The department determined that non-compliance with ESCAS control and animal welfare requirements had occurred. The department determined that multiple Emanuel sheep were slaughtered in an unapproved manner (on the floor), a number of these demonstrating non-compliance with ESCAS animal welfare requirements.

Emanuel took prompt action to investigate and apply corrective action in response to the non-compliance. The actions taken by Emanuel were appropriate to address the non-compliance.

In assessing this matter against the guideline for the management of non-compliance, a minor non-compliance with ESCAS animal welfare requirements was recorded against the Emanuel Kuwait sheep supply chain.
4.3 OMAN

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

As at 30 November 2018, a total of five consignments of livestock have been exported under ESCAS arrangements to Oman in 2018, including 40 114 sheep. Oman is the third smallest market for sheep in 2018.

There are currently three Australian exporters approved to export feeder and slaughter livestock to Oman.

The department has previously published assessments of nine reports relating to non-compliance in Oman. From these reports, six findings of non-compliance have been recorded against exporter supply chains and facilities. The assessments can be found at Regulatory Compliance Investigations.

As at 30 November 2018, no further reports of non-compliance are under assessment for Oman.

Report #154: Sheep exported to Oman – Major and Minor non-compliances

Incident Report
On 11 April 2018, Animals Australia notified the Department of Agriculture and Water Resources of an alleged non-compliance with Exporter Supply Chain Assurance System (ESCAS) control, traceability and animal welfare requirements in Oman.

Animals Australia reported that between 30 and 31 March 2018, more than 1,200 Australian sheep were observed at seven locations across Oman being sold by 19 vendors outside of approved supply chains. Australian sheep were observed at one of these locations again on 9 April 2018. Animals Australia also reported:

- On-selling from unapproved facilities to private buyers for home slaughter or non-compliant on-site slaughter.
- Non-compliant handling at all facilities.
- Sick, injured and heat affected sheep as well as a lack of water in the pens at one facility.

Animals Australia provided video footage and 32 screenshots of sheep in the various locations. There was footage of numerous sheep with ear tags and 25 screenshots showing identifiable tags. There was also footage of conversations between vendors and Animals Australia representatives. Subtitles were displayed in the footage. Aerial shots of facility locations were also provided.

Department assessment
The department reviewed supply chain records and determined that Emanuel Exports Pty Ltd (Emanuel), EMS Rural Exports Pty Ltd (EMS), Phoenix Exports Pty Ltd (Phoenix) and Wellard Rural Exports Pty Ltd (Wellard) had approved supply chains for sheep in Oman at the time of the report.
The department compared the Global Positioning System (GPS) coordinates provided by Animals Australia against exporter supply chain records. The department identified that one facility in the Animals Australia report was ESCAS approved in the Emanuel, EMS and Wellard supply chains and one facility in only the Wellard supply chain. The remaining five facilities were not ESCAS approved in any of the exporters’ supply chains.

The department assessed all the evidence provided by Animals Australia and the ESCAS non-compliance findings are outlined below:

A. Videos

The videos were taken on 30 March, 31 March and 9 April 2018 at seven different facilities. Some of the sheep in the video were determined to be of Australian appearance, based on identifying physical characteristics including merino-type breed, tail-docking and mulesing. The videos showed at least 100 sheep of Australian appearance in facilities that are not approved in any ESCAS supply chains, demonstrating loss of exporter’s control and traceability. None of the footage provided showed on-selling from unapproved facilities to private buyers for home slaughter or non-compliant on-site handling and slaughter. There were at least 150 sheep of Australian appearance shown in the footage at approved facilities. Table 1 summarises the main findings from the videos provided by Animals Australia.

Table 1 – Department assessment of Animals Australia videos.

<table>
<thead>
<tr>
<th>Facility Reference Number:</th>
<th>Video assessment:</th>
<th>ESCAS non-compliance findings:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Facility 1 (Unapproved)</strong></td>
<td>Two videos provided for this facility:</td>
<td>• Loss of exporter’s control with sheep outside of approved supply chains.</td>
</tr>
<tr>
<td></td>
<td>Video 1:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Approximately 40 sheep in pens.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ear tags visible on a few sheep, mainly the rams.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Video 2:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Aerial footage of sheep at the facility.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Four sheep of Australian appearance were visible with ear tags and notches in the pen.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Footage of on-site slaughter facilities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Trimmings from previously butchered sheep or goats are visible – unable to determine if Australian.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Subtitles from the translator indicate that the vendor confirmed on site slaughter or sheep available for home slaughter.</td>
<td></td>
</tr>
<tr>
<td><strong>Facility 2</strong></td>
<td>Approximately 50 sheep of Australian appearance seen in the footage. Four sheep with ear tags clearly visible.</td>
<td>• Non-compliant handling.</td>
</tr>
<tr>
<td>Facility Reference Number:</td>
<td>Video assessment:</td>
<td>ESCAS non-compliance findings:</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------</td>
<td>-----------------------------</td>
</tr>
</tbody>
</table>
| (Approved for Wellard, unapproved for Emanuel & EMS) | • There was non-compliant handling shown with sheep being dragged by their leg.  
• The investigators voice was muted so unable to determine if the subtitles were correct and enable verification of the conversation about sheep available for home slaughter.  
• One ewe of Australian appearance with a newborn lamb. The ewe and lamb had been separated into their own pen with feed visible. |  |
| Facility 3 | • There was non-compliant handling shown with sheep being dragged by their leg and then being inappropriately placed into an overloaded trolley.  
• Approximately 100 sheep of Australian appearance were shown in holding pens. Majority of these had visible ear tags and notches. | • Non-compliant handling. |
| Facility 4 (Unapproved) | • Two sheep of Australian appearance were visible with ear tags.  
• There was non-compliant handling shown with sheep being lifted by their leg.  
• Footage of on-site slaughter facilities.  
• Footage of discussions with vendor about buying the two sheep. | • Loss of exporter’s control with sheep outside of approved supply chains.  
• Non-compliant handling. |
| Facility 5 (Unapproved) | • Three sheep of Australian appearance were visible with ear tags and notches.  
• The investigators voice was muted so unable to verify the subtitles. The subtitles alleged the conversation between the investigator and vendor was about the sheep being Australian and available to be put in the buyers car to take home for slaughter. | • Loss of exporter’s control with sheep outside of approved supply chains. |
| Facility 6 (Unapproved) | • Approximately 20 sheep of Australian appearance were shown in holding pens. Majority of these had visible ear tags and notches.  
• Two sick sheep of Australian appearance were viewed with nasal discharge.  
• One sheep of Australian appearance shown was quite lame. | • Loss of exporter’s control with sheep outside of approved supply chains.  
• Sick or injured sheep were not humanely disposed of or segregated and treated appropriately.  
• Lack of clean water available and accessible to the sheep. |
<table>
<thead>
<tr>
<th>Facility Reference Number:</th>
<th>Video assessment:</th>
<th>ESCAS non-compliance findings:</th>
</tr>
</thead>
</table>
|                           | • At least two sheep of Australian appearance shown with laboured respiration and one of those was open mouth panting.  
  • No water was visible in the footage of the pen.  
  • Footage of on-site slaughter facilities.  
  • Trimmings from previously butchered sheep are visible – unable to determine if Australian.  
  • One carcase being butchered. | • No alternative arrangements were made to alleviate heat stress. |

**Facility 7**  
(Unapproved)  
• Approximately 30 sheep of Australian appearance were shown in holding pen. Majority of these had visible ear notches.  
• There was non-compliant handling shown with sheep being lifted and dragged by their leg.  
• Footage of conversation between the investigator and vendor about the sheep being Australian and available to be put in the buyers car  
• Loss of exporter’s control with sheep outside of approved supply chains.  
• Non-compliant handling.

**B. Screenshots:**

Thirty two screenshots from the video footage as well as five GPS aerial shots of locations were included in the report. The screenshots provided supporting evidence to the video and the non-compliances reported (sheep of Australian appearance in unapproved facilities and subsequent non-compliance with ESCAS animal welfare requirements). The screenshots also provided close up images of ear tags that allowed the department and exporters to conduct their investigations.

**C. Ear tags:**

The ear tag information provided by Animals Australia was provided to all exporters with Oman supply chains to compare against their Property Identification Code (PIC) lists. The ear tags provided were able to be linked to Emanuel, EMS and Wellard consignments.

**Exporter actions**

The department provided all relevant information from Animals Australia to Emanuel, EMS, Phoenix and Wellard for them to conduct their own investigations into the allegations.

Phoenix was able to demonstrate they did not have any sheep in their Oman supply chain at the time of the incident and took no further action.

Wellard provided the department with a compliant audit report from 27 and 28 March 2018, which was conducted at the two approved facilities identified in the footage. Wellard confirmed that the
sheep shown in the video footage were supplied by Wellard and that all sheep had been accounted for at these two approved facilities. On 17 April 2018, Wellard confirmed there were no animals remaining at these two approved facilities.

Wellard agreed that the video footage showed a clear animal handling issue on the day and took immediate action to rectify the situation after assessing the footage. They arranged for additional livestock handling training to occur and advised they had enhanced their supervision at the two facilities.

None of the ear tags shown at the other five unapproved facilities could be linked back to Wellard.

Emanuel and EMS are related companies. The companies provided combined responses to the allegations as well as corrective actions taken. Emanuel and EMS confirmed that one facility was approved in their supply chains. The exporters confirmed from their initial investigation of the video footage and screenshots that they could identify 13 of the ear tags in the unapproved facilities, and were able to link them to Emanuel/EMS consignments. They also confirmed that the ear tags identified at facility three were Emanuel and EMS sheep at their approved facility.

Emanuel and EMS sent their Middle East supply chain consultant (SCC) to investigate the allegations in Oman and visit the facilities reported by Animals Australia. On 15 and 16 April 2018, the SCC completed visits to all facilities in the Animals Australia report and their findings are summarised in table 2 below. The SCC refuted the allegation that 1200 sheep were observed outside the supply chain in Oman as he viewed significantly fewer numbers while in market.

Table 2: Exporters’ supply chain consultant findings.

<table>
<thead>
<tr>
<th>Facility Reference Number:</th>
<th>Exporter supply chain consultant (SCC) Findings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility 1</td>
<td>• Six ear tags can be linked back to the exporter.</td>
</tr>
<tr>
<td>(Unapproved)</td>
<td>• There were 28 sheep of Australian appearance remaining at the facility which were collected on 15\textsuperscript{th} April and returned to an approved facility.</td>
</tr>
<tr>
<td>Facility 2</td>
<td>• Only three sheep of Australian appearance could be seen at the market.</td>
</tr>
<tr>
<td>(Approved for Wellard, unapproved for Emanuel &amp; EMS)</td>
<td>• None of the sheep tags identified in Animals Australia’s report could be linked back to the exporters at that time.</td>
</tr>
<tr>
<td></td>
<td>• The in-market records showed that the importer moved sheep to this facility on 5\textsuperscript{th} April and were being held in two pens on lease. The sheep had been wrongly delivered to the facility because of an error in the importer’s management of the supply chain.</td>
</tr>
<tr>
<td></td>
<td>• Records showed 150 sheep were delivered to the facility. Eighteen were slaughtered before the error was identified and the remaining sheep were collected and returned to an approved facility.</td>
</tr>
<tr>
<td></td>
<td>• The importer did not notify the exporter as he was confused due to the facility being ‘approved’ for another exporter. Also the importer admitted it was an error on their behalf which led them to not advising the exporter.</td>
</tr>
<tr>
<td>Facility Reference Number:</td>
<td>Exporter supply chain consultant (SCC) Findings:</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>• Corrective actions were undertaken by the importer to rectify the situation, which included removal of the sheep back to their feedlot. Records were provided as evidence to the SCC, which included consolidated sales reports and delivery notes.</td>
</tr>
<tr>
<td>Facility 3</td>
<td>• Approved facility in the exporters’ supply chains.</td>
</tr>
<tr>
<td>(Approved for Wellard, Emanuel and EMS)</td>
<td></td>
</tr>
</tbody>
</table>
| Facility 4                | • Only one ear tag could be linked back to the exporter.  
| (Unapproved)              | • There were only two sheep of Australian appearance remaining at the facility which were collected on 15 April and returned to an approved facility. |
| Facility 5                | • Three ear tags could be linked back to the exporter.  
| (Unapproved)              | • There were 14 sheep of Australian appearance remaining at the facility which were collected on 15 April and returned to an approved facility. |
| Facility 6                | • Three ear tags could be linked back to the exporter.  
| (Unapproved)              | • On 15 April 2018, there were no remaining sheep onsite. |
| Facility 7                | • Six ear tags could be linked back to the exporter.  
| (Unapproved)              | • There were 32 sheep of Australian appearance remaining at the facility which were collected on 15th April and returned to an approved facility. |

Emanuel and EMS also confirmed there was evidence in the video footage of non-compliant animal handling and restraint. The Middle East SCC provided corrective action training to employees of another importer which was undertaken at their approved facility. They advised that the individuals shown in the video footage conducting the non-compliant handling were not associated with the operations of the approved importer.

Initially the exporters temporarily ceased supply of Australian sheep to Oman in order for the importer to reconcile their supply chain. The exporters also reported that they have implemented several corrective actions. The exporters provided several photos to support this.

Corrective actions taken by Emanuel and EMS included:

• Reclaiming all remaining animals and returning them to the approved feedlot.
Facility closures – One of the exporter’s facilities was closed and ceased slaughter at the abattoir.

Discontinued supply to certain market pens and butchers.

Correct animal handling training was conducted for the individuals shown in the footage.

Emanuel’s importer will continually develop their facilities to ensure improved animal welfare.

Improving the level of accountability and traceability for the persons in ‘charge of the animals’, as well as data checks on a weekly and monthly basis within the supply chain.

Emanuel’s importer is working with the municipality government to gain support for their animal welfare initiatives in the market.

Department actions and conclusions

The department determined the sheep shown in the video and photographs were exported from Australia due to physical breed characteristics, ear tagging and notching consistent with that used in Australia. The information provided by Animals Australia demonstrated non-compliance with ESCAS control and animal welfare requirements.

Approximately 250 sheep of Australian appearance were observed in the videos and screenshots provided by Animals Australia, however they reported larger numbers observed. The department considers it likely more sheep than what was viewed in the footage were outside approved supply chains, resulting in adverse animal welfare outcomes.

Wellard accepted that non-compliant handling practices were identified at the ESCAS approved facility and took corrective actions to address the non-compliant handling. The department determined the actions taken by Wellard were appropriate to address the non-compliance.

Emanuel and EMS accepted that loss of control had occurred in their supply chains, however they refuted the claims of non-compliant animal handling as it was not conducted by their importer. The exporters took prompt action to investigate and implement actions in response to the non-compliance.

In assessing this matter against the **guideline for the management of non-compliance**, a minor non-compliance with ESCAS animal welfare requirements was recorded against the Wellard Oman sheep supply chain. A **major** non-compliance with control, traceability and animal welfare requirements was recorded against both the Emanuel and EMS Oman sheep supply chains.
4.4 UNITED ARAB EMIRATES

Background

The Exporter Supply Chain Assurance System (ESCAS) was implemented in the United Arab Emirates on 1 September 2012.

As at 30 November 2018, a total of 10 consignments of livestock have been exported by sea and air under ESCAS arrangements to the United Arab Emirates in 2018, including 61,120 sheep, 840 goats and 159 cattle. The United Arab Emirates is the fifth largest market for sheep and the smallest market for both cattle and goats.

There are currently three Australian exporters approved to export feeder and slaughter livestock to the United Arab Emirates.

The department has previously published assessments of six reports relating to non-compliance in the United Arab Emirates. From these reports, seven findings of non-compliance have been recorded against exporter supply chains. The assessments can be found at Regulatory Compliance Investigations.

As at 30 November 2018, no further reports of non-compliance are under investigation for the United Arab Emirates.

Report #153: Sheep exported to the United Arab Emirates – Minor non-compliance

Incident report

On 3 April 2018, Animals Australia notified the Department of Agriculture and Water Resources of an alleged non-compliance with the Exporter Supply Chain Assurance System (ESCAS) animal welfare, control and traceability in the United Arab Emirates (UAE). A formal complaint was received on 9 April 2018.

Animals Australia reported observations of non-compliance at two market/abattoir facilities on 27 and 28 March 2018 as follows:

- Seven traders selling live sheep to public buyers.
- Australian sheep being dragged to and loaded into private vehicles and removed from the approved supply chain for slaughter.
- Australian sheep observed with ear tags removed.

Animals Australia provided video footage and photographs of sheep in the market/abattoir facilities and vehicles. Seven sheep had identifiable ear tags.

Department assessment

The department reviewed supply chain records and determined that Livestock Shipping Services Pty Ltd (LSS), Emanuel Exports Pty Ltd (Emanuel), EMS Rural Exports Pty Ltd (EMS) and Lembiru Livestock Pty Ltd (Lembiru) had approved supply chains for sheep in UAE at the time of the report.
The department notified all exporters of Australian sheep to UAE of the Animals Australia report. LSS and Lembiru were able to demonstrate they did not have any sheep in their UAE supply chain at the time of the incident.

The department compared the GPS coordinates provided by Animals Australia against exporter supply chain records. The department identified that the market/abattoir facilities in the Animals Australia report were approved in both the Emanuel and EMS supply chains.

Both exporters have market pens which are attached to abattoirs that are approved in their supply chains and are detailed in their supply chain management plans (SCMP). No loss of control had occurred due to these market/abattoir facilities being approved. It was however identified that several of the market pens identified in the report, even though approved, did not have all their details outlined in the current SCMP.

The department placed the Emanuel and EMS UAE supply chains under immediate suspension until further investigations were completed and required that

- all importers and feedlots be notified immediately to cease supply of sheep to the two market/abattoir facilities identified by Animals Australia.
- Emanuel and EMS determine if there were any Australian sheep remaining at the two market/abattoir facilities.
- if there were animals remaining at the two market/abattoir facilities, arrange for the animals to be removed and processed at another ESCAS approved facility within the approved supply chain or, provide the department with proposed additional actions to be implemented to ensure that all Emanuel and EMS sheep remaining at the market/abattoir facilities were handled and slaughtered in accordance with ESCAS requirements.
- slaughter of remaining animals was not to commence until the department had agreed to the management plan.

The video evidence provided showed sheep being transported in stock crates fixed to the back of utility vehicles which is consistent with the exporters approved SCMP. No adverse animal welfare outcomes associated with transport were observed in the video, however one instance of inappropriate restraint was observed in one of the market/abattoir facilities.

No photographs or video evidence was provided to support the claims of sheep being dragged, transported in private vehicles or being removed from the approved supply chain and therefore the department was unable to assess this further.

Review of the sheep in the photographs or video footage did not demonstrate the removal of ear tags reported by Animals Australia and therefore this was unable to be assessed further.

Discussions in the video relating to the on-selling of Australian sheep could not be substantiated. No supporting video evidence was provided that demonstrated sheep were sold, transported or slaughtered outside of the approved supply chain.
Exporter actions

Emanuel and EMS are related companies. The companies provided combined responses, proposed actions and evidence of implementation. Immediate actions required by the department were commenced by Emanuel and EMS on 10 April 2018.

On 11 April 2018, Emanuel and EMS provided a report addressing the complaint.

On 11 April 2018, both exporters notified the importer to cease sales and the remaining 432 Australian sheep determined to be in the market pens of the approved abattoirs were not sold privately and were processed through the abattoir instead.

In regard to the allegation of control and traceability non-compliance, Emanuel and EMS reported the two market/abattoir facilities in the Animal Australia report were approved in their SCMP for sheep to the UAE. Emanuel contended the seven traders identified in the Animals Australia report were five traders operating from seven approved market pens.

The identifiable ear tags were confirmed to be amongst sheep supplied by Emanuel in the months preceding the report with the exception of one breeder tag.

Emanuel and EMS investigated their SCMPs regarding whether any ear tags were removed from their sheep. The animals that were observed by Animals Australia at the market/abattoir facilities had already been slaughtered at the time of the exporter’s investigations. As such, the exporters were unable to determine if the ear tags had been removed. Emanuel’s approved feedlot advised the exporters that all sheep left the facility with ear tags intact. The SCMP stated that checks are conducted by the Supply Chain Officer and Animal Welfare Officer four times a week. These checks did not result in any sheep being observed without ear tags.

Emanuel and EMS refuted claims that sheep were moved outside of the supply chain. They confirmed the stock crates which were fixed to the back of utility vehicles identified in the video are the approved transport method to move sheep from the trading pens to the approved abattoirs.

Emanuel and EMS denied claims that sheep were dragged or moved by private vehicles and observed that compliant loading ramps and vehicles were evident in the Animals Australia report. Also both exporters agreed that had the investigator not requested the trader to unnecessarily catch, handle and display the sheep that the inappropriate handling would not have occurred.

Department actions and conclusions

The department reviewed the information provided by Animals Australia and Emanuel and EMS. Based on this information the department determined that the market/abattoir facility records in the Emanuel and EMS UAE SCMP were inaccurate.

The department required the exporters investigate the market pens identified in the Animals Australia report which were not listed in their SCMP, and an updated SCMP reflecting the current market pens was to be provided to the department. Emanuel and EMS acknowledged their SCMP was not accurate at the time of the report and an updated SCMP was provided to the department on 4 May 2018.
In assessing this matter against the guideline for the management of non-compliance, minor non-compliance with ESCAS and animal welfare requirements was recorded against the Emanuel and EMS UAE sheep supply chains.

Report #156: Sheep exported to the United Arab Emirates – Minor non-compliance

Incident report

On 18 June 2018, Emanuel Exports Pty Ltd (Emanuel) notified the Department of Agriculture and Water Resources of non-compliance with Exporter Supply Chain Assurance System (ESCAS) control and traceability requirements in the United Arab Emirates (UAE).

Emanuel reported that 3,000 sheep were moved from their UAE supply chain to ESCAS approved facilities in Emanuel’s supply chain in Oman. Emanuel reported that their UAE importer thought that cross-border movement was allowed as a one-off approval had been previously granted. The importer did not notify Emanuel of the movement prior to the transfer.

Exporter actions

On 22 June 2018, Emanuel provided a report of their investigation. Emanuel reported a total of 3,000 sheep were transferred from UAE to Oman over two days – 13 and 14 June 2018 (1,500 sheep per day). Emanuel reported that all animals arrived in Oman safely, ‘in good health and there were no transit injuries or mortalities’. The sheep were transported to one feedlot and three abattoirs in Oman – all ESCAS approved in Emanuel’s supply chain.

Emanuel provided trucking receipts, details of the trucks’ cargo and weights, an import permit issued by the Omani government for 3,000 sheep, stock reconciliations from both the UAE and Omani importers, and a declaration from the UAE supply chain officer confirming that ESCAS animal welfare and traceability requirements were met for all sheep that were transferred to Oman. All supporting documents showed the 3,000 sheep were able to be traced at all points along both supply chains.

In response to the unapproved cross-border movement, Emanuel took the following corrective actions:

- Reprimanded the importer’s management of their supply chain.
- Reviewed ESCAS requirements and documentation with the importer, reinforcing responsibilities and obligations around the movement of animals between facilities.
- Placed an embargo on further cross-border movement without prior approval.
- Updated their UAE Supply Chain Management Plan (SCMP) to include:
  - A review of the process for investigating non-compliance.
  - The requirement for further reporting from importers:
    - Emanuel must be notified if more than 750 sheep are intended to be moved in a single transfer prior notification to the movement occurring
    - Emanuel must be notified from neighbour country supply chains (i.e. Qatar and Oman) if they intend to receive Australian sheep from another supply chain.
  - The requirement for prior approval to be sought from the department before moving animals across international borders.
Department assessment

The department had previously approved a single cross-border transfer between Emanuel’s UAE and Oman supply chains in August 2017 under additional conditions to maintain oversight of the animals. However at the time of the transfer that is the subject of this report (13 and 14 June 2018), Emanuel was not approved for a cross-border movement between UAE and Oman.

Following review of the documents provided by Emanuel, no animal welfare issues have been identified, and the sheep remained in ESCAS approved facilities albeit in two different supply chains.

The department reviewed previous Independent Performance Audit Reports (IPARs) for the facilities. No non-compliances with ESCAS control, traceability or animal welfare requirements have been identified in these audit reports.

Department actions and conclusions

The department did not suspend the importers or facilities as no animal welfare issues have been identified, and the sheep remained in ESCAS approved facilities. Both the UAE and Oman importer were able to demonstrate they had maintained traceability of all sheep and corrective actions were taken by Emanuel.

The department required Emanuel to update their SCMP to include ongoing procedures to prevent reoccurrence.

In assessing this matter against the guideline for the management of non-compliance, a minor non-compliance with ESCAS control requirements was recorded against the Emanuel UAE sheep supply chain.
4.5 VIETNAM

Background

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

As at 30 November 2018, a total of 75 consignments of livestock have been exported by sea under ESCAS arrangements to Vietnam in 2018, including 181,066 cattle and 2,790 buffalo. Vietnam is the second largest market for both cattle and buffalo in 2018.

There are currently ten Australian exporters with approved supply chains to export livestock to Vietnam.

The department has previously published assessments of 43 reports relating to non-compliance in Vietnam as well as 11 reports that complied with the department’s self-reporting requirements. From these reports, 43 findings of non-compliance have been recorded against exporter supply chains or facilities. The assessments can be found at Regulatory Compliance Investigations.

As at 30 November 2018, there are a further two reports of non-compliance under investigation for Vietnam.

Reports #146 and 147: Cattle exported to Vietnam – Critical non-compliance

Incident report

On 9 January 2018 and 2 February 2018, two exporters notified the Department of Agriculture and Water Resources of non-compliance with Exporter Supply Chain Assurance System (ESCAS) control and traceability requirements in Vietnam. Both exporters reported movement of cattle outside their approved supply chains.

On 9 January 2018, International Livestock Exports Pty Ltd (ILE) reported a loss of control of 174 cattle which had left an approved feedlot on 4 January 2018 and were transported to an ESCAS approved feedlot outside ILE’s supply chain.

On 29 January 2018, Australian Rural Exports Pty Ltd (Austrex) staff were verbally advised that feedlot staff removed the ear tags from an unknown number of cattle and transported them to an ESCAS approved abattoir outside Austrex’s supply chain. On 2 February 2018, Austrex reported a physical head count of cattle at an approved feedlot did not match the traceability data.

Both reports involve the same importers and feedlot, therefore the reports have been combined for publication.

Exporter actions and findings

ILE

Traceability data received from the importers showed that 174 cattle were scanned out of an approved feedlot on 4 January 2018 and were not scanned into another facility. ILE reported that
despite multiple requests for information, the two importers who owned the cattle did not notify ILE or their control and traceability provider of the movement. Following repeated requests from ILE, the importers provided updated movement reports showing the cattle were transported to an ESCAS approved feedlot outside ILE’s supply chain. ILE’s control and traceability provider visited the feedlot and verified that the cattle were at the premises.

The importers had requested to add the second feedlot to ILE’s supply chain, however the feedlot was not approved at the time of the movement.

ILE reported that the second feedlot had initially refused access to ILE’s control and traceability representatives to install traceability systems (for example Closed Circuit Television (CCTV)) to monitor the ILE cattle which were moved there. ILE’s control and traceability provider was given access on 11 January 2018 and installed the CCTV systems at the feedlot.

ILE organised an independent auditor to conduct an audit of the feedlot. The audit report was provided to the department on 12 January 2018 and found the feedlot to be compliant with ESCAS requirements. The department subsequently assessed and approved a variation to the ILE supply chain approving the feedlot to ensure oversight was maintained of the livestock that had already been moved there. No further cattle were permitted to be transported to the feedlot.

On 6 April 2018, ILE’s control and traceability provider received verbal confirmation from Feedlot 2 that the cattle were sent to an abattoir approved in ILE’s supply chain. The importer, feedlot and abattoir could not provide traceability information to support this. ILE provided a list of the 174 cattle that had lost traceability.

Corrective actions taken by ILE included:

- Organising and provided an independent audit of the feedlot to confirm compliance with ESCAS requirements
- Applying to add the feedlot to their supply chain to allow better management of the animals that were moved there
- Installing CCTV at the feedlot to allow monitoring of the cattle
- Performing reconciliations of the cattle at the feedlots in their supply chain
- Notifying the importer that no further cattle could be supplied to the feedlot
-Suspending the relevant feedlot and placed pending consignments to the supply chain on hold until the investigation was completed
- Performing and provided a full reconciliation of all remaining animals in the supply chain with no report of any further non-compliance
- Transferring all remaining cattle at the first feedlot to another ESCAS approved feedlot in their supply chain
- Removing the importers and feedlots from their supply chain in July once confirmation was received that no animals remained in the non-compliant feedlots
Feedlot 1:

On 25 January 2018, a physical count of cattle at an approved feedlot did not match the traceability records provided by the feedlot and importers. Austrex received traceability data consisting of photographs and scans of Radio Frequency Identification (RFID) tags which had already been removed from the cattle prior to departing the feedlot. The feedlot management reported the RFIDs were removed from the cattle at the feedlot as there was no importer Animal Welfare Officer (AWO) to scan the tags at the approved abattoir where they were sent, so they were keeping the RFIDs at the feedlot to maintain the traceability records.

On 2 February 2018, Austrex staff scanned the removed RFID tags at the feedlot and compared these with the traceability information provided by the importer as well as the physical head count of the cattle remaining at the feedlot. Findings found 126 head were not at the feedlot as stated in the traceability data.

Following further investigation, Austrex found that 424 cattle at the feedlot did not have accurate traceability data:

- 383 cattle had RFIDs removed at the feedlot. The end of processing reports for these cattle state that they were transported to and slaughtered in an approved abattoir. The importers could not provide trucking dockets for the movement of cattle to the abattoir, nor could they provide further proof that the animals were slaughtered at the specified abattoir.

- 41 head had reportedly arrived at the feedlot with no RFID tags. Austrex reported that the feedlot had refused to replace the RFIDs against Austrex’s clear instructions. The end of processing reports for these cattle state that the cattle remained in the supply chain but were not able to be traced back to the original tag list.

Feedlot 2:

Austrex staff performed a reconciliation of the animals remaining an approved feedlot. The physical head count of the animals showed that 118 cattle were not transported to this feedlot as stated by the traceability data. The cattle remained at a second feedlot (Feedlot 2).

On 28 February 2018, Austrex staff conducted a head count of cattle at Feedlot 2 and noted that the cattle were penned with breeder cattle - some having no RFIDs, some with only visual tags and some cattle with no identification at all. Austrex staff replaced 361 missing RFID tags at the feedlot in February and March 2018. Austrex required the feedlot to keep the Austrex cattle separate from breeder animals and to only transport them to one approved abattoir to maintain control.

Although Austrex required the importers to notify Austrex of any further movement of cattle, the 361 cattle were not scanned out of the feedlot and transported to an approved abattoir. Sales documents between the importer and the abattoir match the reported movement, however as the cattle were not scanned out of the feedlot, no further traceability information is available. The importers’ AWO was on-site for the slaughter of the animals.
Austrex have attempted to request additional traceability information from the importers, however Austrex have advised that the importers’ traceability staff and their management in control of ESCAS have resigned and there are no replacement staff. Austrex removed the importers from their supply chains and they are no longer approved in any other exporters’ ESCAS.

Corrective actions taken by Austrex included:

- Retagging cattle with missing tags and rescanned to update the traceability
- Arranging for all remaining animals at the feedlots to be transported to and processed in only two abattoirs to maintain control.
- Requiring the importers to notify Austrex prior to any movement of cattle from the feedlots.
- Performing reconciliations of the cattle at the feedlots in their supply chain.
- Removing the importers and feedlots from their supply chain once confirmation was received that no animals remained in the feedlots.
- Providing ‘extensive’ training to the importers in regard to ESCAS control and traceability procedures

Department assessment

The importer and feedlot were previously suspended in June 2015 in response to report 126. They were reapproved in June 2017 after corrective actions had been implemented to address the issues identified at the time.

No non-compliance with ESCAS control, traceability or animal welfare requirements had been identified during previous Independent Performance Audit Reports (IPARs) of the feedlots or abattoirs. The most recent audits prior to this report were completed in December 2017. The feedlots and abattoirs had a risk rating of low.

Department actions and conclusions

The department removed the importers and feedlots from the exporter’s supply chains following confirmation that no livestock remained at the feedlots, or under the control of the importers.

Despite the reports from the importers that all animals were slaughtered in approved abattoirs, animal welfare outcomes could not be confirmed for 959 cattle (both exporters’ livestock) as RFID tags were not scanned and therefore traceability was not maintained. Multiple exporter requests to gain further traceability data from the importers have been unsuccessful.

In assessing this matter against the guideline for the management of non-compliance, a critical non-compliance with ESCAS control and traceability requirements was recorded against the ILE and Austrex cattle supply chains.

This incident will be taken into account when considering any applications for the importers or feedlots to be reapproved.
5 ESCAS ISSUES IDENTIFIED AND ADDRESSED BY EXPORTERS

The following reports were received from exporters and 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.

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

Table 5 ESCAS Issues Identified and addressed by exporters - 1 September to 30 November 2018

<table>
<thead>
<tr>
<th>#</th>
<th>Market</th>
<th>Exporter</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Indonesia</td>
<td>Australian Rural Exports Pty Ltd (Austrex)</td>
<td>On 20 September 2018, Australian Rural Exports Pty Ltd (Austrex) notified the department of non-compliance with the Exporter Supply Chain Assurance System ( ESCAS) animal welfare requirements in their Indonesia cattle supply chain. Austrex reported that on 15 September 2018 a truck carrying 16 head of cattle lost control and was involved in an accident. Of the 16 cattle on the truck, seven were able to be transported to approved abattoirs for slaughter, two were dead on site and six were emergency slaughtered on site using a stunner. All animals were accounted for and no loss of control or traceability was reported.</td>
</tr>
<tr>
<td>2</td>
<td>Indonesia</td>
<td>Australian Rural Exports Pty Ltd (Austrex)</td>
<td>On 10 October 2018, Australian Rural Exports Pty Ltd (Austrex) notified the department of non-compliance with Exporter Supply Chain Assurance System (ESCAS) control requirements in their Indonesia cattle supply chain. Austrex reported that on 10 September 2018, 402 head of cattle were inducted into an ESCAS approved feedlot not in their supply chain following discharge of a consignment into Indonesia. Austrex reported that the animals were moved to the feedlot because Austrex staff thought it was approved. The feedlot had had a compliant audit undertaken, however the Austrex office in Indonesia had not yet requested to add the feedlot into the supply chain. Austrex submitted a variation to add the feedlot to their approved ESCAS on 10 September 2018. The application was subsequently assessed and approved by the department. No animal welfare issues were identified and no further non-compliances have been reported.</td>
</tr>
<tr>
<td>3</td>
<td>Vietnam</td>
<td>Frontier International</td>
<td>On 8 September 2018, Frontier International Northern Pty Ltd (FIN) notified the department of non-compliance with</td>
</tr>
<tr>
<td>#</td>
<td>Market</td>
<td>Exporter</td>
<td>Details</td>
</tr>
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</tr>
<tr>
<td></td>
<td>Vietnam</td>
<td>Frontier International Northern Pty Ltd (FIN)</td>
<td>On 14 September 2018, Frontier International Northern Pty Ltd (FIN) notified the department of non-compliance with Supply Chain Assurance System (ESCAS) control requirements in their Vietnam buffalo supply chain.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>FIN reported that on 12 September 2018, one animal was emergency slaughtered due to illness in an unapproved abattoir. The animal was slaughtered in accordance with ESCAS requirements and no animal welfare issues were identified.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>FIN had submitted an ESCAS variation on the 4 September 2018 to add the unapproved abattoir to their supply chain which was under assessment by the department at the time the animal was slaughtered. The feedlot staff acknowledged they had incorrectly sent the animal to the abattoir and admitted it had been overlooked that the ESCAS variation</td>
</tr>
<tr>
<td>#</td>
<td>Market</td>
<td>Exporter</td>
<td>Details</td>
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<tr>
<td>5</td>
<td>Vietnam</td>
<td>Frontier International Northern Pty Ltd (FIN)</td>
<td>On 4 September 2018, Frontier International Northern Pty Ltd (FIN) notified the department of non-compliance with Exporter Supply Chain Assurance System (ESCAS) animal welfare requirements in their Vietnam cattle supply chain. FIN reported that on 31 August 2018 staff at an approved abattoir used a rope to pull one animal into the restraint box. FIN provided video footage of the incident. FIN contacted the abattoir owner immediately and sent an Animal Welfare Officer (AWO) to attend the facility on 1 September 2018. An exporter supply chain AWO reported that during their visit to the abattoir, staff reported that they had unsuccessfully attempted to move the animal into the restraint box on two separate occasions on different days. Staff acknowledged that it was non-compliant practice. During the AWOs visit to the abattoir, training was undertaken with both the importer’s and abattoir’s AWOs on correct animal movement using cattle talkers. It was reiterated to staff that using alternate methods such as using a rope to move stubborn animals is not acceptable. An Australian based FIN representative met with the abattoirs AWO on 7 September 2018 and ensured they understood the correct practices for animal handling. No further non-compliances have been identified at the abattoir.</td>
</tr>
<tr>
<td>6</td>
<td>Vietnam</td>
<td>Frontier International Northern Pty Ltd (FIN)</td>
<td>On 9 November 2018, Frontier International Northern Pty Ltd (FIN) notified the department of non-compliance with Exporter Supply Chain Assurance System (ESCAS) control requirements in their Vietnam cattle supply chain. FIN reported that on 6 November 2018, 18 cattle were sent to an ESCAS approved abattoir outside FIN’s supply chain. FIN reported that importer staff made an error and sent the cattle to the wrong abattoir, as they were originally destined for an abattoir within FIN’s supply chain. FIN sent their in-market Animal Welfare Officer (AWO) to the abattoir on 7 and 8 November 2018 and instructed the abattoir to not slaughter any FIN animals until approval was given from the department. One animal was emergency</td>
</tr>
<tr>
<td>#</td>
<td>Market</td>
<td>Exporter</td>
<td>Details</td>
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</table>
|    | Vietnam    | North Australian Cattle Company Pty Ltd (NACC)                          | slaughtered due to illness and being unable to recover - no animal welfare issues were identified.  
FIN met with the importer to reinforce the requirement that facilities must be approved for the exporter prior to transport to the facility.  
FIN submitted an ESCAS variation to add the abattoir to their supply chain on 9 November 2018. The application was subsequently assessed and approved by the department. No further non-compliances have been identified at the facilities. |
| 7  | Vietnam    | On 14 September 2018, North Australian Cattle Company Pty Ltd (NACC) notified the department of non-compliance with Exporter Supply Chain Assurance System (ESCAS) animal welfare requirements in their Vietnam cattle supply chain.  
On 10 September 2018, NACC was notified by their third party assurance provider that staff at an approved abattoir used poor slaughtering techniques and did not stick two animals within an ‘acceptable’ timeframe after stunning. Both animals were stuck within two minutes of stunning.  
Importer and NACC representatives visited the abattoir over the next four days. Under the ESCAS requirements, there is no time requirement for penetrative stunning, however the interval should be kept as short as possible. The abattoir owner confirmed they would make amendments to the infrastructure around the restraint box to allow for quicker processing. No further delays in sticking have been identified at the abattoir. |
| 8  | Vietnam    | South East Asian Livestock Services Pty Ltd (SEALS)                      | On 17 October 2018, South East Asian Livestock Services Pty Ltd (SEALS) notified the department of non-compliance with Exporter Supply Chain Assurance System (ESCAS) control requirements in their Vietnam cattle supply chain.  
SEALS reported that on 13 October 2018, 19 cattle were sent to an ESCAS approved abattoir outside SEALS’ supply chain.  
SEALS reported that the abattoir had had a compliant audit undertaken, however SEALS had not submitted a variation to the department requesting the facility be added to their supply chain. The importer believed the abattoir was approved for SEALS.  
SEALS immediately instructed the abattoir to not slaughter any SEALS animals until it was approved. Despite the direction, one animal was slaughtered on 15 October 2018. No animal welfare issues were identified. |
<table>
<thead>
<tr>
<th>#</th>
<th>Market</th>
<th>Exporter</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td>SEALS met with the importer on 16 October 2018 to reinforce the requirement that facilities must be approved for the exporter prior to transport to the facility. SEALS submitted an ESCAS variation to add the abattoir to their supply chain on 15 October 2018. The application was subsequently assessed and approved by the department. No further non-compliances have been identified at the facilities.</td>
</tr>
</tbody>
</table>
SUMMARY OF ASSESSMENTS IN PROGRESS AS AT 30 NOVEMBER 2018

Table 6 provides an overview of all regulatory performance assessments in progress as at 30 November 2018. The status of all reviews can be found at Regulatory Compliance Investigations.

Table 6 Summary of ESCAS regulatory performance assessments in progress as at 30 November 2018

<table>
<thead>
<tr>
<th>#</th>
<th>Date reported</th>
<th>Type</th>
<th>Market</th>
<th>Species</th>
<th>Report</th>
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</thead>
<tbody>
<tr>
<td>144</td>
<td>October 2017</td>
<td>Animals</td>
<td>Israel</td>
<td>Sheep</td>
<td>Animal welfare concerns</td>
</tr>
<tr>
<td>155</td>
<td>May 2018</td>
<td>Department identified</td>
<td>Vietnam</td>
<td>Cattle</td>
<td>Loss of control and traceability, animal welfare concerns</td>
</tr>
<tr>
<td>160</td>
<td>August 2018</td>
<td>Animals</td>
<td>Jordan</td>
<td>Sheep</td>
<td>Loss of control and traceability, animal welfare concerns</td>
</tr>
<tr>
<td>161</td>
<td>August 2018</td>
<td>Animals</td>
<td>Malaysia</td>
<td>Sheep and goats</td>
<td>Loss of control and traceability, animal welfare concerns</td>
</tr>
<tr>
<td>162</td>
<td>August 2018</td>
<td>Animals</td>
<td>Israel</td>
<td>Cattle</td>
<td>Loss of control and traceability, animal welfare concerns</td>
</tr>
<tr>
<td>163</td>
<td>November 2018</td>
<td>Self-report</td>
<td>Vietnam</td>
<td>Cattle</td>
<td>Loss of control and traceability</td>
</tr>
</tbody>
</table>