

Exporter Supply Chain Assurance System Regulatory Performance Report

1 March 2016 to 31 May 2016

TABLE OF CONTENTS

| | | |
|-----|---|----|
| 1 | Incident report..... | 1 |
| 2 | Period summary: 1 March 2016 – 31 May 2016 | 2 |
| 3 | ESCAS non-compliance reviews..... | 3 |
| 3.1 | Overview of findings..... | 3 |
| 3.2 | Actions taken in response to ESCAS non-compliance reports | 4 |
| 4 | ESCAS REGULATORY PERFORMANCE REVIEWS | 5 |
| 4.1 | INDONESIA..... | 6 |
| | Background | 6 |
| | Report # 50: Cattle exported to Indonesia | 6 |
| | Report # 70: Cattle exported to Indonesia | 7 |
| | Report # 96: Cattle exported to Indonesia | 8 |
| 4.2 | ISRAEL | 10 |
| | Background | 10 |
| | Report # 56: Cattle exported to Israel | 10 |
| | Report # 71: Cattle exported to Israel | 11 |
| 4.4 | KUWAIT..... | 14 |
| | Background | 14 |
| | Report # 61 and # 68: Sheep exported to Kuwait..... | 14 |
| | Report # 75 and # 78: Sheep exported to Kuwait..... | 16 |
| | Report # 84 and # 85: Sheep exported to Kuwait..... | 19 |
| | Department Actions..... | 22 |
| 4.5 | MALAYSIA | 24 |
| | Background | 24 |
| | Report # 83: Cattle exported to Malaysia..... | 24 |
| | Report # 100: Goats exported to Malaysia..... | 25 |
| 4.3 | VIETNAM..... | 26 |
| | Background | 26 |
| | Report # 58: Cattle exported to Vietnam | 26 |
| | Report # 60: Cattle exported to Vietnam | 28 |
| | Report # 91: Cattle exported to Vietnam | 29 |
| | Report # 97: Cattle exported to Vietnam | 31 |
| 5 | Summary of reviews in progress as at 31 May 2016..... | 33 |

1 INCIDENT REPORT

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 (e.g. delivering training, upgrading infrastructure), by removing non-compliant facilities from a supply chain or 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 MARCH 2016 – 31 MAY 2016

From 1 March 2016 to 31 May 2016, more than 773,000 livestock (cattle, sheep, buffalo, and goats) were exported in 144 consignments approved under Exporter Supply Chain Assurance System (ESCAS) requirements from Australia to 14 markets (Table 1) by 18 exporters.

Table 1 - Markets for Australian Livestock exported under ESCAS - 1 March 2016 to 31 May 2016

| | | |
|----------------------|----------|-----------|
| Brunei Darussalam | China | Indonesia |
| Israel | Japan | Jordan |
| Kuwait | Malaysia | Oman |
| Philippines | Qatar | Russia |
| United Arab Emirates | Vietnam | |

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

17 non-compliance investigations were completed and published by the department in 14 reviews with 13 findings of non-compliance (Table 2). During this period, the department recorded three critical, six major and four minor findings of non-compliance against exporter ESCAS supply chains.

Table 2 Summary of findings of ESCAS non-compliance - reviews completed 1 March 2016 to 31 May 2016

| Market | Reports | Finding | | | | |
|--------------|-----------|----------|----------|----------|--------------|-------------------|
| | | Critical | Major | Minor | No confirmed | No non-compliance |
| Indonesia | 3 | | | 2 | | 1 |
| Israel | 2 | | 1 | | | 1 |
| Kuwait | 6 | 2 | 4 | | | |
| Malaysia | 2 | | | | | 2 |
| Vietnam | 4 | 1 | 1 | 2 | | |
| Total | 17 | 3 | 6 | 4 | 0 | 4 |

3 ESCAS NON-COMPLIANCE REVIEWS

3.1 Overview of findings

An overview of findings for reviews completed in the period 1 March 2016 to 31 May 2016 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 March 2016 to 31 May 2016

| # | Date | Type | Market | Species | Animals reportedly involved | Exporter | Non-compliance finding |
|-----|----------------|---------------|-----------|---------|-----------------------------|--------------|------------------------|
| 50 | December 2014 | Self-Reported | Indonesia | Cattle | 165 | Austrex | Minor |
| 56 | April 2015 | Third Party | Israel | Cattle | More than 25 | LSS | No Non-compliance |
| 58 | May 2015 | Third Party | Vietnam | Cattle | 6 | ILE | Critical |
| 60 | June 2015 | Self-Reported | Vietnam | Cattle | 13 | SEALS | Minor |
| 61 | June 2015 | Industry | Kuwait | Sheep | 130 | Emanuel, LSS | Major |
| 68 | July 2015 | Third Party | Kuwait | Sheep | 450 | Emanuel, LSS | Major |
| 70 | July 2015 | Self-Reported | Indonesia | Cattle | 17 | Wellard | No Non-Compliance |
| 71 | August 2015 | Third Party | Israel | Cattle | More than 7 | LSS | Major |
| 75 | August 2015 | Industry | Kuwait | Sheep | 104 | Emanuel, LSS | Major |
| 78 | August 2015 | Industry | Kuwait | Sheep | 400 | Emanuel, LSS | Major |
| 83 | September 2015 | Third Party | Malaysia | Cattle | Unknown | Halleen | No Non-Compliance |
| 84 | September 2015 | Industry | Kuwait | Sheep | More than 500 | Emanuel, LSS | Critical |
| 85 | October 2015 | Third Party | Kuwait | Sheep | More than 3000 | Emanuel, LSS | Critical |
| 91 | October 2015 | Third Party | Vietnam | Cattle | 5 | SEALS | Major |
| 96 | February 2016 | Self-Reported | Indonesia | Cattle | 53 | Austrex | Minor |
| 97 | February 2016 | Self-Reported | Vietnam | Cattle | 40 | Austrex | Minor |
| 100 | April 2016 | Self-Reported | Malaysia | Goats | 17 | P & D | No Non-Compliance |

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:

- removing non-compliant facilities from ESCAS supply chains
- placing extra conditions onto a supply chain requiring additional criteria to be audited and reported on
- requiring the review of an existing exporter supply chain management plan to be approved by the department before implementation
- requiring the development of exporter supply chain management plans to be approved by the department before implementation
- implementing auditing of exporter compliance with their supply chain management plans
- upgrading the non-compliance finding from a previous report to *critical* based on information provided by the exporter as part of a subsequent investigation.

Corrective actions implemented by exporters this period included:

- removing non-compliant facilities from ESCAS supply chains
- providing additional training to staff at facilities
- suspending supply of livestock to a facility and restraint box while an investigation was completed
- revised processes and implemented improved control and traceability measures
- appointing AWOs to oversee animal welfare and control and traceability requirements at facilities
- liaising with importers and facilities to reiterate ESCAS requirements
- increasing auditing requirements
- placing exporter and importer representatives at abattoirs while Australian cattle remaining in the supply chain were slaughtered
- auditing facilities and having them added to their approved supply chains.

4 ESCAS REGULATORY PERFORMANCE REVIEWS

Markets

- Indonesia
- Israel
- Kuwait
- Malaysia
- Vietnam

Exporters

| | | | |
|---------|--|---------|-------------------------------------|
| Austrex | Australian Rural Exports | LSS | Livestock Shipping Services |
| Emanuel | Emanuel Exports Pty Ltd | P&D | P & D Exports Pty Ltd |
| ILE | International Livestock Exports | SEALS | South East Asian Livestock Services |
| Halleen | Halleen Australasian Livestock Traders | Wellard | Wellard Rural Exports |
| EMS | EMS Rural Exports | | |

Acronyms and abbreviations

| | | | |
|-------|--|-----|------------------------------|
| ESCAS | Exporter Supply Chain Assurance System | AWO | Animal Welfare Officer |
| NLIS | National Livestock Identification System | MLA | Meat & Livestock Australia |
| RFID | Radio Frequency Identification Device | PIC | Property Identification Code |

4.1 INDONESIA

Background

As at 31 May 2016, a total of 74 consignments of livestock were exported under ESCAS arrangements to Indonesia in 2016, including 262,597 cattle making it the largest market for cattle by volume. There are currently seven Australian exporters that are approved to export livestock to Indonesia.

As at 31 May 2016, there are seven reports previously published relating to Indonesia resulting in eight findings of non-compliance being recorded against exporter supply chains. The reviews for these reports can be found at:

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

Report # 50: Cattle exported to Indonesia

Incident report:

On 16 December 2014, the Department of Agriculture and Water Resources received a self-report from Australian Rural Exports Pty Ltd (Austrex) detailing non-compliance with ESCAS requirements. The report was about the slaughter of cattle in an abattoir that operates two ESCAS approved slaughter boxes. While the Austrex cattle were slaughtered in an ESCAS approved restraint box at the abattoir, it was not the restraint box included in their supply chain.

Department assessment:

The exporter's traceability system accounted for cattle at all points throughout the approved supply chain. This enabled the exporter to provide full details of all cattle slaughtered in the incorrect restraint box, including RFID numbers, date, time and location of slaughter. No adverse animal welfare outcomes were identified.

The department determined that 165 Australian cattle exported under ESCAS requirements in two consignments approved by the department in March and May 2014 were slaughtered in the incorrect box. At the time, this restraint box was approved for use by two other exporters and had been audited on 20 August 2014. Since the self-report the restraint box has been approved for use in the Austrex supply chain and has had further successful audits. The abattoir's use of the box was compliant with OIE animal welfare standards.

Exporter action:

As soon as the error was identified the exporter implemented the following corrective actions:

- stopped the supply of all cattle to the incorrect restraint box at the approved abattoir in this supply chain
- confirmed that all livestock had been handled and slaughtered in accordance with ESCAS animal welfare standards
- reviewed their traceability records for all other active consignments to ensure they had been slaughtered in Austrex's approved restraint box
- implemented improved control measures at the abattoir with clear distinctions between different exporter supply chains. This included the importer improving the coordination and communications between their Animal Welfare Officer and field staff to ensure that ESCAS requirements were being fully met.
- added the restraint box to the supply chain.

Department action:

The corrective actions implemented by the exporter addressed the non-compliance and no additional conditions were applied to the supply chain. Since the event, the exporter has sent further consignments to this supply chain; the action has been effective, with no further instances of the abattoir using the wrong restraint box for Austrex cattle.

Department conclusions:

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 minor non-compliance against Austrex's cattle supply chain to Indonesia.

Report # 70: Cattle exported to Indonesia

Incident report:

On 10 July 2015, the department received a self-report from Wellard Rural Exports Pty Ltd (Wellard) advising of non-compliance with their Exporter Supply Chain System (ESCAS) control and traceability requirements in Indonesia.

On 5 July 2015, a truck carrying 17 cattle from an approved feedlot to an abattoir in Wellard's supply chain in Indonesia was stolen. The truck was owned and operated by a third party company. Wellard provided a copy of the report to Indonesian police and its translation along with an RFID scan list of the stolen cattle to the department.

Department actions:

The department contacted Wellard on 6 November 2015 requesting an update on the police investigation and recovery of the stolen cattle. On 13 November 2015, Wellard advised that none of the stolen cattle could be located and recovered. Wellard also advised that the

trucks were not recovered and the driver is no longer employed by the truck company. The trucking company is still used by the importer and there have been no further issues.

Department conclusions:

The department considered the reports received and has recorded no non-compliance for this incident. The department noted that the exporter and the importer had no control over the theft of the truck. No further regulatory action was applied.

Report # 96: Cattle exported to Indonesia

Incident report:

On 10 February 2016, the department received a self-report from Australian Rural Exports Pty Ltd (Austrex) detailing non-compliance with ESCAS requirements for a consignment that arrived in Indonesia in June 2015. The report stated that 53 cattle were slaughtered in an ESCAS approved abattoir that was not in Austrex's approved supply chain.

Austrex identified the problem when preparing the end of processing report for the consignment. The importer recorded that the cattle were sent to an abattoir that is not listed in Austrex's ESCAS. The abattoir is ESCAS approved for another exporter.

Department Assessment:

The department accepts Austrex's assessment that the movement of their cattle to a facility approved for another exporter was due to human error by the importer.

The facility where the cattle were processed was audited in March and November 2015 and was found to be compliant with ESACS animal welfare standards.

Exporter actions:

After identifying the error, the exporter implemented the following corrective actions:

- Confirmed that these were the only cattle sent to this facility and ensured that no further Austrex cattle were sent to it.
- Investigated the matter to confirm that the facility where the cattle were processed was ESCAS approved in another exporters supply chain and provided the compliant audit reports to the department.
- Contacted the importer to review ESCAS requirements.
- Applied for a variation to add the unapproved facility to their supply chain on 22 February 2016. This was approved by the department on 8 March 2016.

Department actions:

The department is satisfied the corrective actions implemented by the exporter addressed the non-compliance and no additional conditions were applied.

Department conclusions:

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 minor non-compliance against Austrex's Indonesia cattle supply chain.

4.2 ISRAEL

Background

As at 31 May 2016, a total of five consignments of livestock were exported under ESCAS arrangements to Israel in 2016, including 43,698 sheep and 28,490 cattle making it the fifth largest market for sheep and the third largest for cattle by volume. There are currently five Australian exporters that are approved to export livestock to Israel.

As at 31 May 2016, there are eight reports previously published relating to Israel resulting in three findings of non-compliance being recorded against exporter supply chains. The reviews for these reports can be found at:

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

Report # 56: Cattle exported to Israel

Incident report:

On 20 April 2015, the department received a complaint from Animals Australia reporting non-compliance with Exporter Supply Chain Assurance System (ESCAS) animal welfare requirements at a feedlot in Israel. They stated that Australian cattle were standing up to their hocks in manure and mud at the feedlot on 9 April 2015.

Animals Australia submitted photographs and video evidence to the department showing Australian cattle standing up to their hocks in deep wet bedding. The cattle had visual ear tags showing that they were from the Israel supply chain of Livestock Shipping Services (LSS). The ear tags numbers could be read for 25 animals.

No problems with bedding or drainage were identified during an independent audit of the feedlot on 23 June 2015. LSS advised that an importer representative attended the feedlot at the time of the complaint and identified pen cleaning as a potential issue. In response, feedlot management reported that the pens were to be cleaned the following week to coincide with Israeli environmental regulations.

Department assessment:

Cattle from LSS' supply chain were housed on unsatisfactory bedding at an approved feedlot in Israel. The length of time for which the cattle were held in these conditions cannot be determined. No other animal welfare issues were apparent.

Although Animals Australia did not provide the name of the feedlot, they reported the region where it was located. LSS only had one approved feedlot in this region at the time of the complaint. In addition, LSS advised that the photographs and video appeared to have been taken at the ESCAS approved feedlot.

LSS was cooperative with the department in responding to requests for information on this incident.

Department actions:

The department requested further information from LSS on 9 February and 10 March 2016 regarding this complaint. The department required LSS to provide evidence that any bedding or drainage problems at the feedlot had been resolved. On 14 March 2016, LSS sent the department photographs of the feedlot that showed dry flooring in laneways and pens.

The department added an additional condition to LSS' cattle supply chain to Israel, making it a condition of the ESCAS approval that flooring and bedding are specifically assessed and commented on during future independent audits of the feedlot.

Department conclusions:

The department concluded that at least 25 cattle from LSS' cattle supply chain to Israel were standing in deep wet bedding at an approved feedlot in Israel in April 2015. Recent photographs of the feedlot demonstrate dry flooring in pens and laneways, indicating that this problem has been resolved. The department has applied a condition to LSS' Israel cattle supply chain that a specific assessment of flooring and bedding is made during future independent audits of the feedlot in question.

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 not recorded a non-compliance against LSS' cattle supply chain to Israel.

Report # 71: Cattle exported to Israel

Incident report:

On 3 August 2015, the Department of Agriculture and Water Resources received a complaint from Animals Australia reporting non-compliance with Exporter Supply Chain Assurance System (ESCAS) control and animal welfare requirements in Israel. Animals Australia stated that Australian cattle were slaughtered at an unapproved abattoir in Israel. In addition, they reported that the facility practised rope casting of cattle for restraint prior to slaughter and that the abattoir had a restraint box which was inappropriately positioned in a corner and not in use.

Animals Australia submitted photographs and video evidence to the department on a USB drive. The photographs and video were reportedly taken on 7 March 2015 and showed the abattoir, restraint box and live cattle with National Livestock Identification System (NLIS) and visual ear tags. In seven photographs, visual ear tags could be clearly read revealing that

the animals were from the Israeli supply chain of exporter Livestock Shipping Services (LSS). Video and photographs of slaughter were not provided.

LSS had the abattoir audited on 10 March 2015 and submitted an application to the department to have it included in their ESCAS approvals on 23 March 2015. The abattoir was subsequently approved on 26 March 2015 and remains in LSS Israel cattle supply chain.

Department assessment:

The department concluded that at least seven cattle from the LSS Israel supply chain were moved to the abattoir before it was audited and approved. It cannot be determined if slaughter processes at this time met ESCAS requirements. However, given that the abattoir had a compliant audit on 10 March 2015 it is considered likely that standard operating procedures and processes consistent with ESCAS requirements would have been in place at this time.

On 17 September 2015, Israeli officials advised that they considered the location of the restraint box to be adequate and that it was used for all cattle processed at the facility. They further noted that their previous independent audits of the abattoir (non-ESCAS) had not raised any concerns with the box's position.

On 9 February 2016 the department sought opinion from an Australian industry representative, on the photographs submitted by Animals Australia. The representative confirmed that the restraint box was well positioned in the corner and the cattle race ran directly into it. There was no evidence to support the report of rope casting for restraint prior to slaughter.

LSS was cooperative with the department in responding to requests for information on this incident, however, the dates provided for livestock movements and slaughter in Israel were found to be inconsistent with information provided from other parties.

Department actions:

The department matched the seven ear tags to an LSS consignment which left Australia on 27 December 2014. The department sought information from LSS on movement and slaughter dates for these cattle. LSS advised that the cattle were moved to a feedlot on 2 February 2015 and were then sent for slaughter at the Haifa abattoir on 30 March 2015. The cattle were slaughtered on 31 March 2015.

The department requested verification of slaughter dates from the Israeli government authorities. The department received written confirmation from Israel that these cattle were slaughtered at the abattoir on 8 March 2015, which is consistent with the information provided by Animals Australia.

LSS maintains that the records it provided to the department are accurate.

Department conclusions:

Based on the information from Israel's authorities and the dates of the photos taken by Animal's Australia (which were confirmed through metadata analysis) the department concluded that some cattle from LSS supply chain were slaughtered at the Haifa abattoir before it was ESCAS approved. There was no evidence to support the allegation of rope casting of cattle at the facility or inappropriate positioning of the restraint box. It was not possible to determine if cattle were processed in compliance with ESCAS standards, however it is considered likely that they were based on a compliant audit on 10 March 2016.

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 major non-compliance against LSS' cattle supply chain to Israel. A major non-compliance finding has been recorded due to concerns about compliance with ESCAS control and traceability requirements in this supply chain. The fact that animals were sent to an abattoir that had not been audited against ESCAS requirements or added to the approved supply chain, and that neither the importer, nor LSS identified the non-compliance were relevant factors.

4.4 KUWAIT

Background

As at 31 May 2016, a total of 14 consignments of livestock have been exported under ESCAS arrangements to Kuwait in 2016, containing 273,443 sheep and 100 cattle making it the largest market for sheep and the smallest for cattle by volume. There are currently four Australian exporters that are approved to export livestock to Kuwait.

As at 31 May 2016, there is one compliance investigation under assessment with the department relating to Kuwait and six reports previously published resulting in seven findings of non-compliance being recorded against exporter supply chains. The reviews for these reports can be found at: <http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-regulatory-compliance>.

Report # 61 and # 68: Sheep exported to Kuwait

Incident report:

On 8 June 2015, Livestock Shipping Services (LSS) advised the Department of Agriculture and Water Resources that they were aware of Australian sheep outside of ESCAS approved supply chains in Kuwait (Report #61) and were investigating the information. This report related to a visit by Meat and Livestock Australia (MLA) to Al Rai market on 6 June 2015 when approximately 130 Australian sheep were observed outside of approved supply chains. MLA reported this information to all exporters to Kuwait on 7 June 2015.

On 18 June 2015, the department received notification from MLA about the 6 June 2015 visit. MLA also provided photographs of six ear tags from sheep observed during the visit to Al Rai market.

On 17 July 2015, Animals Australia reported (Report #68) they had observed no less than 450 Australian sheep outside of approved supply chains at Al Rai market in Kuwait on 16 July 2015. They also reported that on 16 July 2015 they had observed sheep restraint and slaughter practices at an ESCAS approved abattoir that did not meet ESCAS animal welfare standards. The report included video of sheep at the Al Rai market and abattoir and a list of nine ear tags from the Al Rai market.

Twelve of the ear tags provided by MLA and Animals Australia were Australian sheep National Livestock Identification System (NLIS) ear tags. These tags bear a property identification code (PIC) that is registered to a property in Australia.

As the reports from LSS (Report # 61), MLA and Animals Australia (Report # 68) were received around the same time and relate to the same matter, they were combined for investigation.

Department assessment:

The department contacted the four exporters to Kuwait and requested property of origin lists for consignments exported to Kuwait during the period January 2015 to June 2015. The department also asked exporters to review the tag numbers provided by MLA and Animals Australia against these property lists to determine whether the sheep in the market were from their consignments.

EMS had not exported sheep to Kuwait since August 2014, no tags were linked to EMS consignments and it was considered unlikely that any EMS sheep remained in the supply chain.

LSS reported that two of the nine AA tags linked to properties from which they had purchased sheep and that these sheep may have been exported to Kuwait.

Emanuel could not match any tags provided by the department to the property of origin lists for their consignments.

ILE could not match any tags provided by the department to the property of origin lists for their consignments.

The department assessed the photographs and video provided to determine whether non-compliance with ESCAS control and traceability and animal welfare standards had occurred. The tag numbers provided were checked against departmental records for exported sheep.

The video showed approximately 150 sheep at Al Rai market. The merino type sheep at the market were assessed as likely to be of Australian origin, and many were recently shorn indicating recent arrival from Australia. Some of these sheep had green or red paint marks on the wool; coloured paint or other distinguishing marking is a condition required by the department for Australian sheep in Kuwait ESCAS supply chains but is also widely used in other circumstances. Some handlers were moving sheep by their hind limbs and one animal had fore and hind legs tied. There were also fat-tailed breed sheep in the market pens. Based on their appearance it is unlikely that these sheep were of Australian origin.

The sheep inside the abattoir were not merino type and could not be confirmed as being of Australian origin. There was insufficient evidence of handling and slaughter practices to assess compliance with ESCAS animal welfare standards.

There was no evidence of sheep being offered for private sale in the abattoir yards. The abattoir is an approved ESCAS facility (approved since March 2012), therefore there is no non-compliance associated with holding animals of Australian origin. The abattoir is permitted to sell Australian sheep to the public, providing the animal remains in the supply chain and are processed in an ESCAS-compliant manner within the abattoir.

The department assessed the six photos and the list of tag numbers and determined the following:

- twelve tags were National Livestock Identification System (NLIS) tags showing property identification codes (PICs) for ten properties
 - two tags were exclusively linked to Emanuel consignments

- three tags were linked exclusively to LSS consignments
- one tag was linked to both LSS and Emanuel
- four PICs were not linked to any consignments exported at the time of the report.
- two tags were not NLIS tags and were not traceable
- one tag number was incomplete and was not traceable.

Exporter actions:

Both LSS and Emanuel reported that they reviewed management of their supply chains, but no corrective actions were initiated at the time by any exporter. However all were subject to additional control, traceability and reporting conditions.

Department actions:

[See below for department actions for all reports relating to Kuwait in the Regulatory Performance Report March - May 2016](#)

Department conclusions:

The department concluded that the sheep identified in the photographs were of Australian origin, were exported under ESCAS arrangements and were found outside approved supply chains. It is unlikely animal handling and slaughter practices in these locations meet ESCAS animal welfare standards.

A small number of sheep were definitively linked to consignments exported by Emanuel and LSS. It is likely that other sheep in the market were also of Australian origin based on their appearance, indicating sizeable leakage from the approved supply chains.

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 major non-compliance with ESCAS control and traceability and animal welfare requirements against both the Emanuel and LSS supply chains to Kuwait.

Report # 75 and # 78: Sheep exported to Kuwait

Incident report:

On 24 August 2015, Emanuel Exports (Emanuel) and Livestock Shipping Services (LSS) reported to the Department of Agriculture and Water Resources that they had been notified of non-compliance with ESCAS control requirements for sheep exported to Kuwait (Report #75). Emanuel exports also reported on behalf of EMS Rural Exports (EMS), a related exporter.

The reports from Emanuel/EMS and LSS related to a visit to Al Rai Markets by industry representatives on 18 August 2015 during which approximately 104 Australian Merino sheep were observed outside of approved supply chains. The sheep did have ear tags, however no individual tag numbers were collected. Both reports stated that further information would be provided if it became available. On 26 August 2015, Meat and Livestock Australia (MLA) contacted the department providing the same information and noting that they had provided the information to the exporters to the market.

On 28 August 2015 and 1 September 2015, further correspondence was received from Emanuel/EMS and LSS respectively, notifying the department that they had received additional information relating to loss of control in Kuwait reporting that Australian Merino sheep had been seen during subsequent visits to Al Rai and Kabd markets (Report #78).

On 28 August 2015, the department also received correspondence from MLA providing further detail to the exporter reports and stating that approximately 400 Australian Merino sheep seen outside of approved supply chains during visits by representatives to the Al Rai and Kabd Markets on 27 August 2015. Eighteen photographs were provided of sheep and ear tags were observed during the visit. Once again, MLA confirmed that they had already provided this information to the exporters to the market.

Department assessment:

No tags numbers or photographs were provided in Report #75, and the department did not request any further information from the exporters.

The department requested that each of the exporters to Kuwait supply their property of origin lists for checking against the tag numbers provided in Report #78. The department assessed the 18 photographs of tags and determined the following:

- ten tags were National Livestock Identification System (NLIS) tags showing property identification codes (PICs) for eight properties:
 - three PICs were exclusively linked to Emanuel consignments
 - four PICs were exclusively linked to LSS consignments
 - one PIC was not linked to any consignments exported at the time of the report.
- four tags were not NLIS tags and were not traceable
- four tags were illegible.

These findings confirmed that sheep were lost from both Emanuel and LSS supply chains. The exporters' control and traceability systems did not identify that sheep were lost from their supply chains.

Emanuel had stated in their original report that they had checked their property of origin lists from February to July and had found no evidence that the sheep in the markets were from their supply chain. The department notified Emanuel that tags had been linked to their consignments and requested that they examine later consignments. Confirmation was received that they had sourced sheep from the properties identified by the department.

LSS did not include information relating to the tag numbers in their original report. The department requested that LSS check the tags shown in the photographs against their own records to determine if the sheep were from their supply chain. LSS responded that they had identified four properties in their records, confirming the department's findings.

Departmental records allowed the importers of the sheep to be identified, but did not allow the department to determine which of the ESCAS approved facilities were the source of the sheep in the markets.

Exporter actions:

No corrective actions were initiated at the time by either exporter, however both were subject to additional control, traceability and reporting conditions and implemented additional supply chain control measures for the high-risk Eid al Adha period the following month, as outlined in Reports 84/85.

Department actions:

[See below for department actions for all reports relating to Kuwait in the Regulatory Performance Report March - May 2016](#)

Department conclusions:

The department concluded that the sheep identified in the photographs were of Australian origin, were exported under ESCAS arrangements and were found outside approved supply chains.

A small number of sheep were definitively linked to consignments exported by Emanuel and LSS. It is likely that the other sheep in the market observed by MLA were also of Australian origin based on their appearance, indicating sizeable leakage from the approved supply chains.

No information was available relating to the animal welfare outcomes for these animals.

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 major non-compliance with ESCAS control and traceability and animal welfare requirements against both the Emanuel and LSS supply chains to Kuwait.

Report # 84 and # 85: Sheep exported to Kuwait

Incident report:

On 24 September 2015, the Department of Agriculture and Water Resources received a self-report from Emanuel Exports (Emanuel), International Livestock Export (ILE) and EMS Rural Exports (EMS) relating to sheep outside of ESCAS approved supply chains in Kuwait. The report was based on a visit to the Middle East during the September Eid-al-Adha (Eid) period together with Meat and Livestock Australia (MLA). A self-report relating to the same matter was received from Livestock Shipping Services (LSS) on 1 October 2016.

On 6 October 2015, MLA provided the same report for Kuwait and reported some handling and slaughter practices that did not meet ESCAS standards in two approved facilities. The exporter and MLA reports for Kuwait included observations from 10-25 September 2015, and were classified together as an 'industry report' (Report #84).

The industry report advised:

- there were over 500 Australian sheep observed outside the supply chain in Al Rai market on three separate days in September 2015 (noting that each merchant can only hold 50-100 sheep at a time). Pictures and tag lists were provided for investigation.
- that Australian sheep reportedly purchased from Al Rai market arrived at the first ESCAS approved abattoir. Other sheep seen in vehicles near the abattoir did not arrive indicating that the sheep may have been slaughtered at unapproved facilities.
- that a Damara sheep with an Australian ear tag was moved and slaughtered not in compliance with ESCAS requirements at a second ESCAS-approved abattoir.

Also on 6 October 2015, Animals Australia reported non-compliances observed in Kuwait during the Eid period (Report #85). The report included video and observations from 23-25 September 2015.

Animals Australia reported:

- that no less than 3000 Australian sheep were observed in the Al Rai and Souk livestock markets (Souk is located across the road from the Al Rai livestock market) at five separate selling merchants. Many sheep had their ear tags removed. A list of ear tags was provided for sheep observed at the markets.
- Australian sheep being dragged and placed into car boots and inappropriately transported during the heat of the day, to be taken for private slaughter
- Australian sheep being slaughtered in makeshift 'slaughter rooms' in the Al Rai market
- that some of the sheep of Australian origin observed had paint marks on the head or back but not all sheep of Australian origin had paint marks on them. Coloured paint or other distinguishing marking is a condition required by the department for

Australian sheep in Kuwait ESCAS supply chains but is also widely used in other circumstances.

- the handling of Australian sheep at a third ESCAS approved abattoir which caused suffering and distress, and that an Australian sheep was slaughtered on the floor of the slaughter room without using the required restraints.

Department assessment:

The department's assessment of the industry report (Report #84) and the Animals Australia report (Report #85) concluded that there were hundreds of sheep of Australian origin observed outside approved supply chains in Al Rai and Souk markets.

The video supplied by Animals Australia included images of Al Rai market, Souk market and inside an ESCAS approved abattoir.

The video of Al Rai and Souk Market showed sheep of Australian origin with images of:

- sheep trussed in the pens and being carried and placed into private vehicles (boot or seat of cars, back of truck)
- handlers dragging sheep by the hind limbs
- one sheep trussed and in lateral recumbency and panting heavily at Souk market
- what appeared to be makeshift slaughter rooms at Al Rai market. There was no direct video of slaughter but the location of the slaughtered animals indicated sheep were slaughtered while trussed on the ground. At least one of the sheep in the video was of Australian origin. There were other merino type sheep in the video that are considered likely to be of Australian origin.

The department concluded that these videos showed adverse animal welfare outcomes for sheep of Australian origin outside of approved supply chains in Kuwait.

The video inside the ESCAS approved abattoir showed slaughtered animals on the floor. There was no video of slaughter practices but the arrangement of the slaughtered animals on the floor suggests that these animals may have been slaughtered on the floor without the use of the ramp and table as required under ESCAS. Assessment of the video did not support any conclusions about compliance with ESCAS requirements at the facility.

The department contacted all exporters to Kuwait (Emanuel, EMS, ILE and Livestock Shipping Services (LSS)) and requested property of origin lists for consignments exported to Kuwait during the months prior to September 2015. The department also requested responses to the Animals Australia report and MLA observations at the second abattoir. The department used the property of origin lists provided by the exporters to check ear tag numbers against those provided from the industry (63) and Animals Australia reports (70).

Emanuel reported that 36 of the 133 ear tags reported were linked to 4 consignments exported by Emanuel but they could not confirm that these were from their supply chain. Emanuel outlined the measures they had put in place to ensure supply chain compliance, including steps taken by their importer, tight control of sales during Eid, additional staff in Kuwait during the Eid period, and stopping supply of sheep to traders suspected of selling

sheep to unapproved facilities. Emanuel concluded that if leakage had occurred from their supply chain, it would have been due to stealing or smuggling, which was outside of their control.

ILE reported that one ear tag was linked to an ILE consignment exported in May 2015. ILE advised that they only exported Awassi sheep, reconciliation reports for September had not shown any loss of control in their supply chain, and the representative in Kuwait during Eid did not observe any Awassi sheep outside of their supply chain. ILE suggested that the one animal may have been smuggled by an unknown trader and held for some time before being taken to Al Rai market.

EMS advised that they were unable to link any of the ear tags to the consignment they had exported in June 2015 (prior to this EMS last exported in August 2014). EMS concluded that it was not plausible that any of the sheep seen by the MLA representatives during Eid (September) as the sheep exported in June would have been slaughtered before September.

LSS reported that:

- 27 of the 133 ear tags provided could be linked to LSS consignments. However, they stated that this does not necessarily mean that the animals belonged to LSS as many exporters can buy animals from the same property.
- they had carried out an internal investigation in Kuwait, had several representatives in the market immediately prior to and during the Eid period, and had dedicated significant resources to managing the flow at critical control points in the supply chain. Their reconciliation reports showed no evidence of leakage from their supply chain, and they had queried the importer and had interviewed all supply chain participants.
- their supply chains' preventative action and supply chain management strategy was working and they were unable to determine where breaches may have occurred. LSS recognised that the Eid period represents a higher risk period for management of sheep in the supply chain and stated they were considering amending their Kuwait sheep supply chain strategy to accommodate increased oversight of facilities in the lead up to and during the Eid period.

With regard to the handling and slaughter non-compliances observed at the second abattoir, LSS stated that this was an isolated incident, it was observed by the regional supply chain manager, corrective action was taken immediately, and the importer met with the facility management to ensure ongoing compliance is a priority. They further noted that no adverse animal welfare outcomes were observed from this incident. The other exporters did not provide a response to this issue.

The department assessed the ten photos and the list of 133 tag numbers and determined the following:

- 125 tags were National Livestock Identification System (NLIS) tags showing property identification codes (PICs) for 88 properties
 - 36 tags were linked exclusively to Emanuel consignments
 - 26 tags were linked exclusively to LSS consignments

- 30 tags were linked to both LSS and Emanuel
- 33 tags were not conclusively linked to any consignments exported at the time of the report.
- eight tags were not NLIS tags and were not traceable.

Exporter actions:

LSS conducted an internal investigation of supply chain leakage, and took corrective action in response to the incident at the second abattoir. Although exporters had implemented preventative measures within their supply chain (see above), no corrective action was taken by any exporter with regard to Australian sheep observed at Al Rai and Souk markets.

Department actions:

[See below for department actions for all reports relating to Kuwait in the Regulatory Performance Report March - May 2016](#)

Department conclusions:

The department concluded that many sheep identified in the photographs and video were of Australian origin, were exported under ESCAS arrangements and were found outside approved supply chains. Of the several hundred sheep observed, 26 tags were exclusively linked to LSS, 36 tags were exclusively linked to Emanuel, and 30 tags were linked to both LSS and Emanuel.

Some Australian sheep at Al Rai and Souk market were handled in a manner that is not consistent with ESCAS requirements and it is likely many Australian sheep at Al Rai and Souk market were not slaughtered in an ESCAS approved facility or in compliance with ESCAS requirements. Some animals sold outside the approved supply chain were returned to an ESCAS approved abattoir for slaughter; for these, there was no evidence to suggest slaughter of these animals was not in compliance with ESCAS requirements.

There was insufficient evidence to determine non-compliance with the Kuwait ESCAS condition requiring paint-marking of sheep upon entry and departure from the feedlot.

The department concluded that there is an ongoing low level non-compliance with ESCAS control and traceability requirements in the Kuwait supply chains, with adverse animal welfare outcomes where animals are handled and slaughtered outside approved facilities. 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 critical non-compliance with ESCAS control and traceability and animal welfare requirements against both the Emanuel and LSS Kuwait sheep supply chains.

Department Actions

From October 2013, in addition to normal ESCAS requirements, exporters of sheep to Kuwait have been subject to additional conditions as detailed in reports 39 and 44 ([Regulatory Performance Report July - November 2015](#)). The continued reports and confirmation of ESCAS non-compliance in Kuwait indicates that the current regulatory action and exporter processes have been ineffective in reducing ongoing low level leakage from approved supply chains. In response to reports received in 2015 the department has implemented the following actions:

- Raised the risk-rating for all facilities in Kuwait to *high*, requiring them to be audited four times a year.
- Directed LSS to undertake a review of their current supply chain management plan to be provided to the department. The plan must include additional actions to be implemented for the high risk period over Eid al Adha.
- Directed Emanuel, EMS and ILE to prepare a supply chain management plan. The plan must include additional actions for the high risk period over Eid al Adha.
- The plans will be reviewed on an ongoing basis and approved by the department.
- Exporter compliance with the plan will also be audited by the department.

4.5 MALAYSIA

Background

As at 31 May 2016, a total of 112 consignments of livestock have been exported under ESCAS arrangements to Malaysia in 2016, including 23,515 goats, 26,214 sheep and 18,128 cattle making it the largest market for goats, the smallest for sheep and the fifth largest market for cattle by volume. There are currently twelve Australian exporters that are approved to export livestock to Malaysia.

As at 31 May 2016, there are four compliance investigations under assessment with the department relating to Malaysia and six reports previously published resulting in two findings of non-compliance being recorded against exporter supply chains. The reviews for these reports can be found at: <http://www.agriculture.gov.au/export/controlled-goods/live-animals/livestock/regulatory-framework/compliance-investigations/investigations-regulatory-compliance>.

Report # 83: Cattle exported to Malaysia

Incident report:

On 27 September 2015, the department received a complaint from a third party, reporting that Australian cattle exported to Malaysia were being sold outside the Halleen Australasian Livestock Traders (Halleen) approved supply chain. The report stated that cattle were sold to buyers during discharge from the vessel at the port of Lamut and at the importers premises. The report was accompanied by four images of cattle in trucks and in a facility.

Department assessment:

Halleen provided the department with a full reconciliation of cattle which included National Livestock Identification System (NLIS) numbers and the date that the animal was scanned into each facility. These details indicated that the number of cattle which were approved for export and subsequently discharged at the port, were received into facilities within the exporters approved supply chain.

Images of the cattle provided to the department did not show any identifiable tags or other forms of identification. It was not possible from these photographs to establish the exporter of these animals, or if a non-compliance with ESCAS requirements had occurred.

Department actions:

The department has considered the report received and has not recorded a non-compliance for this incident. The investigation was unable to confirm the report that the cattle were being sold outside the exporters approved supply chain.

The department considers no further action in relation to this allegation is required.

Report # 100: Goats exported to Malaysia

Incident report:

On 21 April 2016 the department received correspondence from P&D Exports Pty Ltd reporting a road accident (truck rollover) in Malaysia involving 60 Australian goats. The accident occurred on 18 April 2016 when a truck was transporting goats exported by P&D Exports Pty Ltd from Kuala Lumpur International Airport to an ESCAS approved feedlot. Photographs and footage from the accident were not provided.

P&D Exports Pty Ltd confirmed that 17 goats were either humanely euthanised due to injuries or died as a result of the accident. The remaining 43 goats were recovered and delivered to the ESCAS approved feedlot.

Department assessment:

The department accepted that a total of 17 mortalities resulted from the accident. The remaining goats were recovered and delivered to an ESCAS approved feedlot.

P&D has exported 183 consignments to Malaysia since ESCAS was introduced to this market on 1 September 2012. This is the first road accident reported.

4.3 VIETNAM

Background

As at 31 May 2016, a total of 40 consignments of livestock have been exported under ESCAS arrangements to Vietnam in 2016, containing 111,871 cattle and 1194 buffalo making it the second largest market for cattle and the largest market for buffalo by volume. There are currently nine Australian exporters that are approved to export livestock to Vietnam.

As at 31 May 2016, there are two compliance investigations under assessment relating to Vietnam with the department and fourteen reports previously published resulting in seventeen findings of non-compliance being recorded against exporter supply chains. The reviews for these reports can be found at:

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

Report # 58: Cattle exported to Vietnam

Incident report:

On 13 May 2015, the department received a report from Animals Australia about non-compliance with Exporter Supply Chain Assurance System (ESCAS) control and traceability, and animal welfare requirements for cattle exported to Vietnam.

Animals Australia reported that:

- Australian cattle were being sold to unapproved facilities where they were slaughtered in a manner not compliant with ESCAS requirements, and
- Australian cattle were being moved to China.

The report included video of non-compliant slaughter taken at an unapproved abattoir on 22 April 2015 and three National Livestock Identification System (NLIS) tags numbers.

Department Assessment:

The department assessed the video provided by Animals Australia which showed six cattle of Australian appearance, four being held in a pen and two being slaughtered in a facility with no animal handling equipment or restraint box.

The video showed two Australian cattle tied to posts by ropes around the neck. The first animal is visibly distressed, struggles against the rope restraint, slips and falls multiple times and injures its horn stump. The animal is struck in the head with a sledgehammer and falls to the ground. The second animal is struck twice with a sledgehammer before collapsing. Both animals are dragged by the head, legs and tail to the butchering area. One animal appears to still be conscious while being dragged, whereas the others level of consciousness

could not be determined from the video. There is no evidence that unconsciousness or death are checked prior to dressing procedures being performed.

The video showed very poor animal welfare outcomes for these cattle. The holding pen, handling, restraint and slaughter practices at this abattoir did not comply with ESCAS animal welfare standards.

Five cattle have numbered ear tags. The tags link these cattle to a consignment exported by International Livestock Exports (ILE) to their Vietnam supply chain on 23 January 2015. ILE reported the loss of 822 cattle from this supply chain in March 2015 (see Report 54 - [Report #54 - July - November 2015 Regulatory Performance Report](#)).

Exporter actions:

ILE confirmed that the six cattle identified in this report were from the group of 822 cattle that went missing in March 2015. ILE's original investigation suggested all of these cattle have been slaughtered at other ESCAS approved abattoirs, as outlined in Report 54.

On viewing this video provided as part of this report and making further inquiries, ILE reported that the cattle in Report # 54 were intentionally moved outside the approved supply chain by the director of the importing company. The cattle were taken to local markets and sold to persons who operate unapproved backyard abattoirs such as those shown in the video. ILE also stated that the importer had falsely reported slaughter and reconciliation data to them. This information was provided to the department by ILE during the investigation of Report #54 and was relied upon by ILE as accurate at the time of provision.

Corrective actions taken in by the exporter in response to Report # 54 included:

- notifying the importer that cattle remaining in the relevant feedlot could not be moved to abattoirs without prior approval from ILE
- no further supply of cattle to the importer and feedlot
- organising additional audits of the supply chain facilities from which the cattle were moved, and
- adding two compliant abattoirs to their supply chain.

Department actions:

Following this report, the department did not approve the export of any Australian cattle to the feedlot and importer in this supply chain for any exporter. In June 2015, once exporters confirmed that no Australian cattle remained in the supply chain, the department removed the importer and feedlot from all exporter supply chains and had not re-approved it at the time of publication.

No further information or evidence was provided in the complaint to provide support to the reported movement of cattle into China for the department to investigate the matter further.

Department conclusions:

The department is satisfied these cattle were part of the group of the cattle that were removed from ILE's supply chain in March 2015. The corrective actions taken by ILE and the department to remove the importer and feedlot address the non-compliance.

An addendum has been added to Report 54 to reflect the new information provided by ILE that their importer sold the cattle in local markets, and to record a *critical* non-compliance for loss of control and traceability and animal welfare requirements.

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 upgraded the minor non-compliance from Report 54 to a *critical* non-compliance with ESCAS control, traceability and animal welfare requirements against the ILE supply chain to Vietnam.

Report # 60: Cattle exported to Vietnam

Incident report:

On 31 May 2015, the Department of Agriculture and Water Resources received a self-report from South East Asian Livestock Services (SEALS) detailing non-compliance with ESCAS requirements. The report was about the movement of 13 cattle to from one abattoir in their supply chain to another unapproved abattoir.

SEALS reported that their importer advised them that cattle were sent from an approved feedlot to an approved abattoir on 25 May 2015. At the approved abattoir, the ear tags were removed from the cattle which were then sold to an unapproved abattoir. The unapproved abattoir had previously been part of the exporters supply chain but was removed by the department from all exporters supply chains due to animal welfare problems identified in the Bai Do region. Prior to removal the unapproved abattoir was audited in January 2015 with no adverse animal welfare outcomes identified.

Exporter actions:

After identifying the non-compliant removal of tags from cattle and movement from the approved abattoir to a non-approved abattoir, the exporter implemented the following corrective actions:

- suspended the supply of cattle to the abattoir which removed ear tags and on sold the cattle.

- requested the importer employ an additional animal welfare officer at the feedlot to monitor movements from the feedlot to all abattoirs in the supply chain. The additional animal welfare officer was employed in June 2015.
- while Australian cattle remained in the feedlot, exporter and importer employees were sent to all abattoirs in the supply chain to supervise the transfer and slaughter of cattle and collect all Radio Frequency Identification Device (RFID) tags. The importer also reconciled daily records of transferred cattle, truck numbers and slaughtered cattle which were sent to all relevant parties in the supply chain.

Department Assessment:

This report from SEALS identified poor understanding of ESCAS control and traceability requirements in their Vietnam supply chain. Abattoirs may only remove ear-tags as a record that animals have been slaughtered. By removing ear tags prior to slaughter, abattoirs can falsely claim animals had been slaughtered there. Removing ear tags can make traceability impossible, undermining ESCAS control requirements. On-selling cattle from one abattoir to another without prior approval from supply chain management also demonstrates a disregard for ESCAS control principles.

The department assessed the actions taken by SEALS to address these problems in their supply chain as effective. These included immediately stopping the supply of cattle to the abattoir that removed the tags and on-sold the cattle, and adding an additional animal welfare officer to monitor movements to and between all facilities in the supply chain.

Department actions:

The department was satisfied with the corrective actions implemented by the exporter and no additional conditions were applied to the supply chain. The department removed the abattoir that on sold the cattle from the supply chain in June 2015.

Department conclusions:

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 minor non-compliance against the SEALS Vietnam supply chain.

Report # 91: Cattle exported to Vietnam

Incident report:

On 29 October 2015, the department received correspondence from a member of the public in Vietnam reporting non-compliance with ESCAS control and traceability, and animal welfare requirements for cattle exported to Vietnam.

The report included five photographs of Brahman type cattle, reportedly taken on 2 October 2015 at an abattoir in Bao Loc City, Vietnam.

It was also reported that the cattle were slaughtered in a manner not complaint with ESCAS however, no evidence was provided to support this claim.

Department assessment:

The photographs showed five Brahman type cattle standing in a shed. The cattle did not have any ear tags but did have holes in their ears which suggests that their ear tags were removed. A brand was visible on several of the cattle. The brand was linked to a property with the assistance of the relevant state government department.

Seven exporters had approved cattle supply chains in Vietnam at the time of the report being received. The department contacted all exporters with approved supply chains in Vietnam and requested them to review their property of origin list and advise the department if they had sourced cattle from the property. Five exporters had not sourced cattle from the property. One exporter had sourced 59 cattle from the property and confirmed that all cattle remained within their supply chain and were located at a single feedlot.

The seventh exporter, South East Asian Livestock Services (SEALS), confirmed they had sourced and exported 108 Brahman and Droughtmaster bulls from the property for a consignment that arrived in Vietnam on 17 July 2015.

SEALS informed the department that they had been advised by another exporter that five cattle, possibly from the SEALS supply chain, were sighted at an unapproved facility. Three photographs were provided to SEALS. The photographs were date stamped 4 October 2015 and showed Brahman type cattle, without ear tags. A brand was visible on one animal and was the same as the brand in the photographs provided to the department. The cattle in the photographs provided to SEALS were similar in appearance to the cattle in the photographs provided to the department and may have been the same animals.

On 6 October 2015 a SEALS representative visited the facility where the photographs were taken. The representative was advised that they had already been sold. There was no evidence of an abattoir on-site or nearby.

After checking their records, SEALS advised that a total of 51 cattle were supplied to one ESCAS approved abattoir, including seven bulls sourced from the property linked to the brand:

- Four bulls were supplied and recorded as being slaughtered on 21 August 2015, and
- Three were part of a group of five bulls that were supplied to the abattoir and were recorded as being slaughtered on 2 October 2015. SEALS suspected this group was moved out of the approved abattoir and appeared in the photographs.

Exporter actions:

SEALS advised the importer not to send any further cattle to the abattoir, removed the abattoir from the approved ESCAS and ceased supply to the importer while corrective actions were being applied. SEALS implemented additional processes at the point of slaughter requiring abattoir operators to scan the RFID tag and photograph the animal being slaughtered. The photograph must show the NLIS tag and include metadata (geolocation, time and date) to demonstrate date, time and place of slaughter. Abattoir staff were trained in these processes. Supply to the importer resumed in February 2016—without the abattoir responsible for the loss of control in the approved ESCAS.

Department actions:

The department accepted that the corrective actions taken by SEALS were sufficient to address the non-compliance. The department also removed the abattoir from the two other exporter supply chains in which it was approved.

Department conclusions:

The department concluded that the non-compliance most likely occurred as determined by SEALS and that the corrective actions taken by SEALS sufficiently addressed the issue.

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 *major* non-compliance with ESCAS control and traceability and animal welfare requirements against the SEALS supply chain to Vietnam.

Report # 97: Cattle exported to Vietnam

Incident report:

On 23 February 2016, Australian Rural Exports Pty Ltd (Austrex) self-reported a non-compliance with ESCAS requirements to the department. The report was about the movement and slaughter of 40 cattle from Austrex's supply chain to an ESCAS approved abattoir which is not in Austrex's supply chain. The movement was identified by the importer's traceability manager during their weekly traceability check.

Department assessment:

The department accepts Austrex's assessment that the movement of their cattle to a facility approved for another exporter was due to human error by the importer.

The facility was approved in another exporter's supply chain and was audited on 26 April 2015, 3 December 2015 and 19 January 2016. All audits reported the facility to be compliant with ESCAS animal welfare standards and no non-compliance issues were observed.

Exporter actions:

As soon as the movement was identified the exporter implemented the following corrective actions:

- Confirmed the correct facilities were being used for the animals remaining in the supply chain.
- Provided additional training on ESCAS requirements and the difference between exporter supply chains to employees.
- The exporter's animal welfare officer visited the abattoir to inspect the facility and ensure it met ESCAS requirements. The exporter later applied to have the abattoir included in the approved supply chain, and the application was approved by the department.
- Discussions were held between sales staff and supply chain officers to remind them that the supply chain was being varied and the facility was not to be used until approved by the department.
- The abattoir was added to Austrex Vietnam Cattle supply chain on 8 March 2016.

Department actions:

The department accepted the corrective actions implemented by the exporter were adequate to address the non-compliance and no additional conditions were applied to the supply chain.

Department conclusions:

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 minor non-compliance against the Austrex supply chain to Vietnam.

5 SUMMARY OF REVIEWS IN PROGRESS AS AT 31 MAY 2016

Table 4 provides an overview of all regulatory performance reviews in progress as at 31 May 2016. 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 4 Summary of ESCAS regulatory performance reviews in progress as at 31 May 2016

| Web # | Market | Species | Report | Date | Received from |
|-------|----------------------|---------------|--|----------------|---------------------------|
| 79 | Oman | Sheep | Animals outside supply chain and animal welfare concerns | September 2015 | Animals Australia |
| 80 | Malaysia | Sheep / goats | Animals outside supply chain | September 2015 | Industry |
| 86 | Oman | Sheep | Animals outside supply chain and animal welfare concerns | October 2015 | Industry |
| 87 | Oman | Sheep | Animals outside supply chain and animal welfare concerns | October 2015 | Third party |
| 88 | United Arab Emirates | Sheep | Animals outside supply chain and animal welfare concerns | October 2015 | Industry |
| 89 | United Arab Emirates | Sheep | Animals outside supply chain and animal welfare concerns | September 2015 | Animals Australia |
| 90 | Malaysia | Cattle | Animals outside supply chain | October 2015 | Industry |
| 93 | Kuwait | Sheep | Animals outside supply chain and animal welfare concerns | December 2015 | Self-reported by exporter |
| 94 | Turkey | Cattle | Animals outside supply chain and animal welfare concerns | December 2015 | Department identified |
| 98 | Vietnam | Cattle | Animals outside supply chain | March 2016 | Self-reported by exporter |
| 99 | Vietnam | Cattle | Animals outside supply chain | April 2016 | Self-reported by exporter |
| 101 | Malaysia | Cattle | Loss of control and traceability | May 2016 | Self-reported by exporter |
| 102 | Malaysia | Cattle | Loss of control and traceability | May 2016 | Self-reported by exporter |
| 103 | Israel | Cattle | Adverse animal welfare concerns | June 2016 | Third Party |