



Australian Government

**Department of Agriculture,
Water and the Environment**

Exporter Supply Chain Assurance System Regulatory Performance Report

1 July to 30 September 2020

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1 OVERVIEW

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

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

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

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

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

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

2 PERIOD SUMMARY: 1 JULY TO 30 SEPTEMBER 2020

Below is a summary of the number of feeder and/or slaughter livestock exported, number of reports received, and number of assessments completed during this period (1 July to 30 September 2020).

2.1 Livestock exported

During this period 245,236 livestock were exported under ESCAS arrangements. Nine countries imported these livestock. The number by species exported to each country is presented in Table 1.

Table 1 Summary of livestock exported - 1 July to 30 September 2020

Country	Buffalo	Cattle	Goats	Sheep	Total
Brunei Darussalam		1553			1553
Indonesia	2010	116661			118671
Japan		3956			3956
Kuwait		199		35345	35544
Malaysia		7665		6170	13835
Philippines		6223			6223
Sarawak		130			130
United Arab Emirates		160		15000	15160
Vietnam	1288	48876			50164
Grand Total	3298	185423	0	56515	245236

2.2 Reports received and completed

During this period, the department received 10 reports of non-compliance with ESCAS requirements. These reports involved supply chains in Indonesia, Israel, Japan, Jordan, Kuwait, and Vietnam. A summary of reports received and completed is presented in Table 2.

Table 2 Summary of reports received and completed - 1 July to 30 September 2020

Report type	Outstanding reports as at 30 November 2019	Reports <u>received</u> in current period	Assessments <u>completed</u> in current period	Assessments remaining in progress as at 30 September 2020 ²
ESCAS	2	6	3	5
Self-reports ³	0	4	4	0
Total	2	10	7	5

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

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

3 SUMMARY OF ESCAS NON-COMPLIANCE ASSESSMENTS

3.1 Overview of findings

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

*Table 3 Assessments **completed** - 1 July to 30 September 2020*

#	Date reported	Source	Market	Species	Australian animals involved	Exporter	Summary of issues	Non-compliance finding
176	Dec 2019	Self-reported by exporter	Vietnam	Cattle	45	Frontier International Northern Pty Ltd	Loss of control	Minor
177	May 2020	Independent Observer	Kuwait	Sheep	2	Rural Export & Trading (WA) Pty Ltd	Animal welfare	Minor
178	July 2020	Animals Australia	Kuwait	Sheep	0	N/A	N/A	No confirmed non-compliance

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 actions applied by the department in this period included:

- Applying additional monitoring, oversight and reporting conditions

Corrective actions implemented by exporters in this period included:

- Providing additional training to supply chain staff

4 ESCAS REGULATORY PERFORMANCE ASSESSMENTS

4.3 KUWAIT

Background

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

As at 30 September 2020, there are 2 Australian exporters with approved supply chains to export livestock to Kuwait.

Since 2011, the department has previously completed assessments of 25 reports relating to non-compliance in Kuwait. The assessments can be found at [Regulatory Compliance Investigations](#). As at 30 September 2020, no reports of non-compliance are under assessment for Kuwait.

Report #177: Sheep exported to Kuwait – Minor non-compliance

Incident Report

Footage from the Independent Observer (IO) aboard a Rural Export & Trading (WA) Pty Ltd (RETWA) consignment of sheep to Kuwait in March 2020 showed two sheep being removed from the discharge platform and placed into the tray of a utility vehicle (ute). One person moving the sheep to the ute was observed pulling one sheep by its leg. The onboard stockman and Australian Government Accredited Veterinarian (AAV) noticed this at the time and retrieved the sheep back to the platform.

The department provided the video footage to RETWA for their investigation.

Exporter actions

RETWA advised that the people observed in the footage moving the sheep into the ute were an importer employee and a port livestock handler. RETWA advised that the importer employee was intending to transport the sheep to a nearby government laboratory for testing under the direction of the Kuwaiti Government.

RETWA advised that their importer will provide clearer instructions for the transport of sheep for testing, make improvements to transport infrastructure and provide remedial training to discharge staff on handling.

Department actions and conclusions

The department has investigated the incident and has determined that one sheep was handled in a manner non-compliant with ESCAS requirements during the discharge of a consignment in Kuwait.

The department applied conditions to RETWA's ESCAS approval requiring additional ongoing monitoring to ensure that livestock are handled and transported appropriately from collection at the port or feedlot through to point of delivery at the Kuwait government laboratory.

In assessing this matter against the [Guideline for the Management of Non-compliance](#), the department recorded a *minor* non-compliance with ESCAS animal welfare requirements against the RETWA Kuwait sheep supply chain.

Report #178: Sheep exported to Kuwait – No confirmed non-compliance

Incident Report

On 23 July 2020, the Department of Agriculture, Water and the Environment received a report from Animals Australia of alleged non-compliance with ESCAS control and traceability requirements in Kuwait. Animals Australia reported that 15 sheep were observed at one facility in Kuwait on 22 July 2020, prior to Eid-al-Adha (31 July to 3 August 2020). Animals Australia reported that “the seller confirmed that: the sheep were Australian, and they were available for private sale and slaughter”. The report included photographs of sheep in the facility as well as location details. No animal welfare issues were reported.

Department assessment and actions

At the time of the report, two exporters had approved supply chains for sheep in Kuwait.

The department compared the Global Positioning System coordinates provided by Animals Australia against exporter supply chain records. The department identified that the facility in the Animals Australia report was not approved in either of the exporters' supply chains.

The department reviewed the photographs provided by Animals Australia and determined that although the sheep appeared to be a similar breed (merino type) to those sourced from Australia, there was insufficient evidence to confirm they had been sourced from Australia. Animals Australia confirmed they had provided all available evidence to support their claim.

The department required both exporters to determine whether any Australian sheep they had exported were in the facility in question and if so, provide a management plan to remove the sheep and return them to the approved supply chain. The exporters were also required to provide property of origin lists for all sheep exported to Kuwait since 1 January 2020, full reconciliation reports for all sheep consignments exported to Kuwait from 1 January 2020 and current control and traceability contracts and documentation for Kuwait sheep supply chains.

Exporter actions

Of the two exporters, only one had sheep in its Kuwait supply chain between 1 January 2020 and the time of the incident and denied any loss of control. The exporter disputed the claim made by Animals Australia that the sheep observed were sourced from Australia for of the following reasons:

1. Many of the sheep observed had not had their tails docked nor evidence of mulesing. Both are common animal husbandry practice for sheep exported from Australia.

2. Under the Australian Standards for the Export of Livestock 2.3, sheep sourced for export with horns must have those horns tipped. The horned sheep observed in the photographic evidence provided had un-tipped horns.

The exporter sent a representative to the facility on 27 July 2020 who provided photos and video of sheep in the feedlot matching the appearance of the sheep in photographs provided by Animals Australia. Ear tags were clearly visible, and the department confirmed they were not Australian National Livestock Identification System tags. No evidence of removed tags was observable in any of the photo or video evidence provided.

Department conclusions

Based on the evidence and information provided by Animals Australia and exporters, the department determined there was insufficient evidence to confirm if the sheep observed were sourced from Australia. In assessing this matter against the [Guideline for the Management of Non-compliance](#), the department did not record a non-compliance with ESCAS control and traceability requirements against either exporter's supply chain.

4.3 VIETNAM

Background

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

As at 30 September 2020, there are 9 Australian exporters with approved supply chains to export livestock to Vietnam.

Since 2011, the department has previously completed assessments of 71 reports relating to non-compliance in Vietnam. The assessments can be found at [Regulatory Compliance Investigations](#). As at 30 September 2020, 2 reports of non-compliance are under assessment for Vietnam.

Report #176: Cattle exported to Vietnam – Minor non-compliance

Incident Report

On 20 April 2020, the Department of Agriculture, Water and the Environment received an initial report from Frontier International Northern Pty Ltd (FIN) of non-compliance with ESCAS control requirements in Vietnam. FIN provided its final report to the department on 24 April 2020, with additional information on 1 May 2020, detailing the movement of 57 Australian cattle to a facility outside their approved supply chain.

On 17 April 2020, the importer advised FIN that a number of cattle in a feedlot were in poor condition and recommended 'emergency slaughter' was the most appropriate course of action. The cattle were from a consignment that discharged in Vietnam on 14-15 April 2020. FIN's in-market animal welfare officer assessed the cattle and agreed with the importer's assessment. FIN investigated the cause of the poor condition of the cattle, however could not identify a single cause. The cattle were not observed to be in poor condition during the voyage or discharge and were isolated to the single feedlot. No similar issues have been reported at this time in subsequent consignments of cattle to this feedlot or importer.

FIN considered four abattoirs within its approved supply chain to perform the slaughter. However, given the high number of cattle, the importer identified an abattoir outside of FIN's approved supply chain as the most appropriate. FIN advised that this was due to its capacity to "process relatively large batches of cattle" and "experience with emergency slaughter". FIN also advised that the feedlot and abattoir were under common control, allowing for effective control and traceability of any transferred cattle.

On 17 April 2020, 14 cattle were transferred out of FIN's approved supply chain, with another 31 cattle being transferred to the abattoir over 19-20 April 2020. FIN's in-market animal welfare officer was present for cattle leaving the feedlot and arrival at the abattoir. The animal welfare officer inspected the facility prior to slaughter commencing and was on site to oversee the process. Footage of the slaughter process for all cattle was recorded and retained, along with individual tag data to maintain traceability.

On 1 May 2020, FIN advised the department that a further 12 cattle were delivered to the abattoir on 26 April 2020 for slaughter and that their animal welfare officer was again present to oversee the transport and slaughter process.

Department assessment and conclusions

The department approved the abattoir in FIN's supply chain on 30 April 2020.

At the time of the incident, the abattoir was ESCAS approved for other exporters, but was not included in FIN's approved supply chain. FIN staff had previously inspected the facility on two occasions and intended to add it to their supply chain, however COVID-19 related movement restrictions imposed by the Vietnamese government had delayed installation of FIN's control and traceability system equipment.

Based on the information provided, the department concluded that 57 Australian cattle left FINs supply chain and were slaughtered in an ESCAS approved abattoir that was at that time not approved as part of FIN's supply chain. FIN self-reported the incident and provided a detailed account including the rationale behind its actions. The department has determined that whilst appropriate mitigation strategies were in place, FIN knowingly breached their ESCAS requirements on three occasions without providing the department any prior notice of their intended actions. The department accepted the actions taken by FIN and did not take any further regulatory action against the exporter.

In assessing this matter against the [Guideline for the Management of Non-compliance](#), the department recorded three minor non-compliances with ESCAS control requirements against FIN's Vietnam cattle supply chain.

5 ESCAS ISSUES IDENTIFIED AND ADDRESSED BY EXPORTERS

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

Table 4 ESCAS issues identified and addressed by exporters - 1 July to 30 September 2020

#	Market	Species
1	Indonesia	Cattle
2	Vietnam	Cattle
3	Indonesia	Cattle
4	Japan	Cattle

6 SUMMARY OF ASSESSMENTS IN PROGRESS AS AT 30 SEPTEMBER 2020

Table 5 provides an overview of all regulatory performance assessments in progress as at 30 September 2020. The status of all reviews can be found at [Regulatory Compliance Investigations](#).

Table 5 Summary of ESCAS regulatory performance assessments in progress as at 30 September 2020

#	Date reported	Source	Market	Species	Report
179	July 2020	Self-report	Jordan	Sheep	Loss of control, traceability animal welfare concerns
180	August 2020	Animals Australia	Indonesia	Cattle	Loss of control, traceability, and animal welfare concerns
181	August 2020	Animals Australia	Israel	Cattle	Loss of control
182	August 2020	Third party	Vietnam	Cattle	Loss of control, traceability, and animal welfare concerns
183	September 2020	Self-report	Vietnam	Cattle	Animal welfare concerns