



November 2, 2012

Wellard statement on Bahrain and Pakistan sheep issue

The events that unfolded with our shipment to Pakistan were unprecedented in more than 30 years of exporting livestock.

After the sheep were seized from us, many suffered terrible cruelty and we believe this is unconscionable.

We, like all Australians, were shocked at the events that occurred in Pakistan, and we are not exporting sheep there anymore.

We know and understand the Australian community demands Australian animals be treated humanely and respectfully at all times whether they are in Australia or overseas. We agree.

Our unwavering focus throughout this event has been on the care and welfare of the animals while keeping the Australian Government and public informed.

Once the sheep were taken from our control, we did everything in our power to bring them back into our care, to preserve our animal welfare standards and those expected by the Australian public.

The tragedy of this event is that the sheep were culled only metres from a world class facility that Wellard helped to develop for the processing of livestock farmed in Pakistan.

The Australian live export industry has achieved international agreements and advances that have led to considerable improvements in animal welfare in our end market over the past decade.

Obviously a failure has occurred in this instance and we are already meeting with the Australian Government to review what went wrong. We also continue to seek insights from key stakeholders about how to strive for further improvements to secure animal welfare in landing ports.

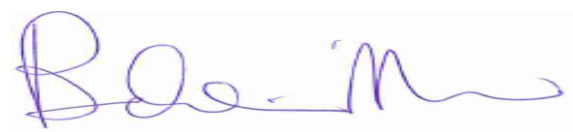
What is clear, however, is that failures in Pakistan do not mean that all sheep exports to all destinations should be banned. We do not accept that because of one incident in one facility in one country that all sheep exports to all facilities in all countries in the Middle East should be stopped. That's not fair on the many people and communities who have embraced the international animal welfare standards we require.

What it does mean is that if any importer can't meet international animal welfare standards, such as in this case, they will lose the right to receive our sheep.

The sheep were healthy and at all times complied with overseas health standards. This was supported by a number of independent veterinary tests. A virus called scabby mouth was claimed to cause many of the issues that confronted Wellard and the sheep. Scabby mouth is present in every country in the world that has sheep and goat flocks; cannot be transferred to humans through meat; is not identified by the World Organisation for Animal Health (OIE) as a notifiable disease; and neither Bahrain nor Pakistan have listed it as a health concern for the import of livestock.

This event has reinforced our commitment to keep driving improvements so every single sheep we export is handled and processed according to both our and international animal welfare standards.

Yours Sincerely



Mauro Balzarini

Managing Director

Wellard

The incident in further detail

Bahrain

Our vessel, the MV Ocean Drover, had successfully discharged more than 50,000 sheep in Oman and Qatar, before arriving in Bahrain where it was prevented from unloading. The reasons behind that decision are still unclear to us.

In an attempt to resolve the issue, the Ministry in charge of quarantine in Bahrain ordered an independent veterinary inspection of the sheep. The independent panel found the sheep were healthy and the importer was provided quarantine approval as a result. Unfortunately confusion still ensued. The vessel was ordered out of the port by the Minister of Interior, contradicting the approval from the Ministry of Agriculture and it was unclear when the issue would be resolved.

The sheep on board had plenty of space, food and water, and were under the care of an AQIS accredited veterinarian, two professional Livecorp-accredited stockmen and 45 on-board officers and crew. However, in the interests of animal welfare and risk mitigation, and after already waited for almost two weeks, we began to implement our contingency plan. The news of the rejection became public in the Middle East and, later, in Australia.

We contacted PK Livestock in Pakistan. PK Livestock had the right infrastructure (a modern abattoir, built to Australian standards with Australian equipment) and Wellard had confidence in its operator through a 20 year relationship with its owner. That relationship included a joint charity program providing meals to widowed mothers in Pakistan and Wellard had also just purchased 10 bulls for a cattle breeding program in Pakistan

(<http://www.abc.net.au/rural/wa/content/2012/08/s3571775.htm>).

PK Livestock agreed to purchase the sheep for its export processing operations at its modern abattoir, so the vessel was directed to sail to Pakistan.

Pakistan

The events in Pakistan have been well documented.

The Sindh Livestock Department took control of the sheep, forcing our employees from the feedlot where the animals were being kept. It then commenced a cull of the sheep.

The cull was ordered on the basis of animal health. At no stage did Wellard accept those animal health concerns were true, and numerous independent tests proved that to be the case.

The manner in which they were culled was unacceptable to Wellard, which employed every measure it could to stop the culling, including:

- Applying (through PK Livestock) for court injunction against further culling
- Pleading directly with the Sindh High Court to instigate a court-directed independent expert assessment of the sheep
- Direct negotiations to convince the Sindh Livestock Department of their error

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- Contracting an independent veterinary expert to assess the health of the sheep (he said they were disease free)
 - Engaging with Pakistan's High Commissioner to Australia
 - Assisting Australia's High Commissioner in Pakistan with his diplomatic efforts
 - Attempting to get the Pakistan Federal Government to intervene directly
 - Blowing the whistle on the improper slaughter practices in the media.

As a result of our efforts the cull was halted, and additional independent tests were sought.

Throughout this period we had 4-6 Wellard staff in Pakistan at all times doing everything they could to regain control and take care for the sheep.

Unfortunately the Sindh Livestock Department was ultimately able to finish the cull. The Department did assure PK Livestock that the cull will be completed humanely and according to OIE standards. Wellard doesn't believe this occurred, but is unable to verify as our personnel were excluded from the site due to security concerns.

We have removed Pakistan from our list of accredited import countries as a result.

The future

Wellard is acutely aware of the calls to ban the live export from Australia as a result of this issue.

Those calls promote the false promise that the live trade from Australia will be replaced by the carcass trade from Australia. Unfortunately that is divorced from reality.

Australia does not have a monopoly on live export. We are just one of 14 major seaborne suppliers of sheep and cattle

The recent events in Bahrain provide an important 'real world' case study.

Since the Ocean Drover was unable to unload in Bahrain, no Australian sheep have been exported there. That hasn't translated into an increase in exports of chilled carcasses from Australia, and, according to our market sources, Bahrain has actually cancelled orders of Australian mutton. Instead Bahrain has imported tens of thousands of sheep from countries with much lower animal welfare and animal health standards (<http://www.gulf-daily-news.com/NewsDetails.aspx?storyid=340303>) and (<http://www.gulf-daily-news.com/NewsDetails.aspx?storyid=340439>). This is counterproductive to global animal welfare, and at the same time our farmers have witnessed a 40% reduction in their sheep prices and therefore their income – an impact which will be felt throughout the Australian rural community.

Australia has played a leading role in improving animal welfare standards and we can continue to perform that role if we participate rather than abrogate.

When we began exporting we experienced voyage mortality rates 4-5% and many sheep were handled and slaughtered incorrectly in the Middle East. Now the mortality figure is below 1% (comparable to rates on farms in Australia) and our sheep must pass through abattoirs which meet World Animal Health Organisation (OIE) standards. If they don't, those facilities are cut from our supply chain.

At Wellard we do everything possible to reduce risk, through adherence to Australian standards, investment in new ships, funding and adoption of research and development.....and we will continue to do so.

The live trade can be conducted safely and in accordance with Australian animal welfare standards

To protect and enhance animal welfare Australia has the toughest pre-export, shipping and end-market regulations (through ESCAS) in the world for live export. It requires that all Australian livestock exports are slaughtered humanely at abattoirs that comply with World Animal Health Organisation (OIE) welfare standards. The key is that we continue to consistently apply these standards, be open and transparent and take positive action if anyone fails to respect them.

This has been a sad and difficult chapter, but we need to continue to spread Australia's high animal welfare standards throughout the world, so all animals, Australian or otherwise, are treated humanely and with respect.

Relevant documents

1. The Bahrain permission to unload
2. Australian High Commissioner statement
3. OIE Vet assessment - sheep disease free and fit for human consumption
4. Pirbright result – sheep disease free and fit for human consumption
5. Proof Wellard had began to implement ESCAS at PK Livestock before the Bahrain issue emerged
6. Dow University results – negative for anthrax

1. Authorisation from the Bahrain Agriculture Ministry to unload the sheep

TRANSLATION FROM THE ARABIC LANGUAGE

JOB NO TH 12239

Kingdom of Bahrain
Ministry of Municipalities & Agricultural Affairs
Office of the Undersecretary
Phone: 17501555-17501550, Fax: 17224129, PO Box 53 Manamah Bahrain
90 Years of Municipality Leadership

Ref: 993/2012
Date: 30/8/2012

The respected Brother Ibrahim Mohammad Ali Zainal
Chairman of the Board – Al-Bahrain Livestock Company

Re: Sheep Consignment to the Kingdom

With reference to the above subject, we wish to inform you that the Ministry, who is keen on ensuring that contagious diseases do not come into the Kingdom, has commissioned veterinary experts from outside the kingdom in order to evaluate the health status of the sheep which is imported via MV Ocean Drover, and based on their recommendations and on the exchange of information with the Quarantine and Veterinary Control Section in the Agricultural Affairs, the following has been decided:

Firstly: Any sheep proven to be infected with any of the contagious diseases shall not be allowed entry and shall be disposed of onboard the ship.

Secondly: The sheep which is not infected shall be allowed entry, after taking precautionary veterinary measures on board the ship prior to disembarking it, in accordance with the approved veterinary health measures.

In closing, we kindly request that you take the necessary measures towards the above mentioned, and that you liaise with the Quarantine and Veterinary Control Section in the Agricultural Affairs, in relation to the consignment referenced above.

Kind regards,
Dr Nabeel Mohammad Aboul Fat'h
The Undersecretary of the Ministry of Municipalities & Agricultural Affairs

I certify that this is a true and accurate translation, from the Arabic language, of the presented document.



Khalil Indayhid
JP (WA 6260); BSc., Arabic <=> English Translator, NAATI Accreditation No 17037, Professional Level (III)
07 September 2012

2. Letter from Australian High Commission in Islamabad in support of the sheep



AUSTRALIAN HIGH COMMISSION ISLAMABAD

17 September 2012

Response of Australian High Commissioner to press on Australian sheep consignment

The confusion around the delivery of a consignment of live sheep to Pakistan earlier this month is unfortunate, as is the suggestion that Australia would export diseased or inferior animals that would not be consumed at home. Australia is the world's leading supplier of high quality live cattle, sheep and goats to countries around the world, in particular throughout the Middle East and South-East Asia. We are held in high standing as a world leader in animal welfare and live exports. Our animal health status is one of the highest in the world, and this has been independently verified by the World Organisation for Animal Health (OIE).

The livestock delivered to Pakistan were inspected by the Australian Government and assessed to meet international standards. The animals were certified for export by the Australian Government and meet Pakistan's animal health requirements for imported sheep. The animal health requirements were verified with Pakistani officials before Australia issued the animal health certificate. The welfare and animal health of the sheep was closely monitored by an accredited veterinarian onboard the vessel and no major disease issues were reported. The animals were inspected by Pakistan's veterinary health officials on arrival and were approved as meeting Pakistan requirements.

The same ship that carried the sheep to Pakistan also delivered sheep to Muscat in Oman and Doha in Qatar where they were unloaded without incident and are being processed. The shipment of sheep was diverted to Pakistan to ensure the welfare of the sheep - not because of any significant human or animal health risk.

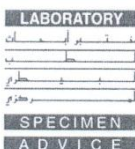
To the best of our knowledge, the sheep remain healthy and pose no risk for human consumption. There have been suggestions that they have scabby mouth. This is a common, minor disease in all sheep populations of the world. Scabby mouth is not notifiable to the World Organisation for Animal Health (OIE), the international body which deals with animal health matters. Nor is there any suggestion that there are risks to human health from eating animals with scabby mouth. In relation to other reported concerns, bacteria such as actinomyces, salmonella and E. coli are part of normal gut flora and are present in livestock throughout the world, and in this form pose no threat to human health. The sheep do not have foot and mouth disease – Australia is free of this and most other serious infections. We are surprised and concerned therefore, that culling of the animals has been initiated.

Australia has a reputation as a market leader in the export of live animals. While our current trade with Pakistan is low, both Australian and Pakistani exporters want to see the indices improve. To do this, we need the cooperation of federal and provincial authorities to ensure barriers are not placed on trade that are more restrictive than necessary for the protection of human and animal health.

The tests undertaken by the OIE show the sheep pose no human or animal health risks to Pakistan. For this reason, it is unclear why further testing was undertaken on sheep that were reported as healthy on initial examination. If necessary, any further verification of the health status of the sheep should be conducted by an OIE-accredited laboratory. I am confident that independent advice on the health of the animals will allow an early resolution to the confusion around the consignment.

Peter Heyward
Australian High Commissioner

3. Independent veterinary assessment, contracted by Wellard, affirming the disease-free status of the sheep in Pakistan



Inspection of sheep at PK Livestock & Meat Co. on 19/09/2012 at 01:00 P.M.

As an independent veterinarian specialized in exotic animal diseases I was asked by Wellard Rural Exports to inspect sheep from Australia for infectious diseases which arrived in Karachi after being rejected by Bahrain Government.

During the inspection I personally went into 2 pens which harbored hundreds of sheep and I also had a look at many animals which had been Halal slaughtered. I especially checked eventual lesions around the lips, nose and eyes, and also between the feet.

My conclusion of the inspection is:-

- a) The animals were in good shape and exhibited no fever.
- b) None of the animals were lame which would indicate some blisters at the coronary band often seen in FMD
- c) When inspecting dead sheep no lesions were detected between the toes.

My investigation clearly emphasizes that these sheep do not suffer from any infectious diseases whatsoever and should be professionally slaughtered for meat production without any delay to avoid any suffering and also to avoid welfare concerns.

It is of paramount importance to stop now the needless and unnecessary culling of healthy animals.

Prof. Ulrich Wernery
Scientific Director of CVRL Dubai.

CENTRAL
VETERINARY
RESEARCH
LABORATORY

دبي: ٥٩٧
الإمارات العربية المتحدة
فاكس: ٣٣٦٨٦٣٨
هاتف: ٣٣٧٥١٦٥

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4. The Pirbright Institute report, commissioned by the Sindh High Court, proving the health of the sheep



Dr Jef M. Hammond,
Head of Vesicular Disease Reference Laboratories,
Head of WRLFMD, OIE and EURL's for FMD and SVD,
The Pirbright Institute,
Ash Road, Pirbright, Woking, Surrey. GU24 0NF.
United Kingdom.

08/10/2012

To whom it may concern

I wish to inform you that the sheep samples numbered 1 to 102 received from Pakistan on 3rd October 2012 and tested here at the reference laboratories, Pirbright have tested negative for the presence of antibodies to Bluetongue Virus, PPR Virus and FMD virus. Please see enclosed reports. The interpretation of these results is that because no antibodies to these disease agents were found then the sheep were not infected with these diseases and there is no reason to exclude them from being processed for human consumption on these grounds subject to the usual meat inspection processes.

Signed

Dr Jef Hammond
Head of Vesicular Disease Reference Laboratories'
The Pirbright Institute'
Ash Road, Pirbright,
Woking, Surrey. GU24 0NF.
United Kingdom.

jef.hammond@pirbright.ac.uk

Please note that on 4th October 2012 the Institute for Animal Health changed its name to The Pirbright Institute.

The Pirbright Institute Ash Road, Pirbright, Woking, GU24 0NF UK
t +44 (0)1483 232441 f +44 (0)1483 232448 e enquiries@pirbright.ac.uk



A company limited by guarantee, registered in England no. 559784. The Institute is also a registered charity.
Director: Professor John Fazakerley BSc, MBA, PhD, FSB, FRCPath.
The Pirbright Institute receives strategic funding from BBSRC.

Preventing and controlling viral diseases
www.pirbright.ac.uk

5. Proof Wellard had begun implementing ESCAS in Pakistan in March 2012 – well before the incident occurred

From: Stephen Meerwald
Sent: Thursday, 15 March 2012 5:47 PM
To: Garry Robinson
Subject: ESCAS Pakistan

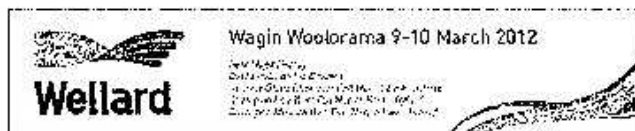
We need a full set of ESCAS documents to be sent to Tariq ASAP so that he can start working on ESCAS compliance ASAP (as a fall back position).

Can you organise?

Stephen Meerwald

Managing Director

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T +61 8 9432 2800 | F +61 8 9432 2880 | M +61 403 389 189 | E S.Meerwald@wellard.com.au | Video IP 203.59.54.191



From: Garry Robinson
Sent: Saturday, 28 April 2012 8:32 PM
To: David Ker
Cc: Fred Troncone
Subject: ESCAS Pakistan

David, Hi,

I have touched on ESCAS with Tariq about getting it sorted in Pakistan and have sent him documents in relation to what is required. Can you when you get there on this occasion make a GAP analysis so we know what may need to be addressed prior to an audit for sheep and cattle. I can see that soon we will need the opportunity to send him something to keep ships full. [REDACTED]

Discuss as required.

Thanks regards Garry

Garry Robinson

General Manager, Middle East & North Africa

6. Results from Dow University showing the sheep were free of Anthrax



Sample Receiving Date: 22-09-2012, 23-09-2012

Specimen: Swabs in Transport Media

Lab #	Sheep ID#(Ear Tag #)	Gram Stain	Culture Reports
01	Bxw1	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
02	BXW1	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
03	LC7	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
04	LC7	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
05	HIP	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
06	HIP	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
07	JXP	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
08	JXP	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
09	DZTX9	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
10	PX97	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
11	P6E	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
12	P6E	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
13	D7	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
14	LL7	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
15	O7D	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
16	7WD	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
17	HIP	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
18	Hip	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
19	N2P	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
20	N99CL	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
21	N9C	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated
22	N99C	No Bacillus anthracis like organism seen	No Bacillus anthracis is isolated

Ms. Samina Baig
Microbiologist
Pathology Department
Dow University of Health Sciences

Dr. Zameer Ahmed Khanzada
Assistant Professor
Dept. of Laboratory Animal Sciences
Dow University of Health Sciences

Prof. Dr. M. Rafiq Khanai
Professor & Chairman
Pathology Department
Dow University of Health Sciences

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Laboratory Address : KDA Scheme 33, Gulzar-e-Hijri, Qina Campus, Near Suparco Chowk, University Road, Karachi. Tel: 021 - 926 1488
 021-926 1486-7 (Ext: 258), Fax: 9221-4690807, e-mail: dcm@duhs.edu.pk
Collection Center I : Civil Hospital Collection Center, Baba-e-Urdu Road, Karachi-74200. Tel: 021-921 5754-7, Fax: 021-9215763.
Collection Center II : Jinnah Hospital Road Collection Center, NILGID, Sarfaraz Rafique H.J. Shaheed Road, Opp N.I.C.V.D. Karachi-35.
Collection Center III : Mairi Chest Clinic, Christen Colony, Near Zam Zam Ice Factory, Malir, Karachi. Ph: 021-4402 430.