SALEYARD VERIFICATION REVIEW

BACKGROUND

During 2010 Australian Meat Industry Council (AMIC) received feedback from processing industry members that there is a degree of variation between Pre Sale Catalogues (PSC) and Buyer Reconciliation Reports (BRR) when compared, via audit, with the information contained in original National Vendor Declarations (NVD). The Australian Meat Processor Corporation (AMPC) in working with AMIC, commissioned a review (BlueSky Agribusiness) of the current practices associated with livestock traceability from the saleyard to the processor.

PROJECT OBJECTIVES

The objectives of the project were:

- To review the current practices and systems employed by Saleyards and Agents that support NVD/NLIS/ERP data capture, recording, verification, reporting (pre and post sale) and transfer from the saleyard to the processor;
- To identify the issues, inconsistencies, gaps and risks to achieving effective data verification that meets processor requirements;
- To establish principles or guidelines that address the identified risks, gaps and issues;
- To provide recommendations for integrating the principles/guidelines into current practices to enhance verification processes.

INDUSTRY REVIEW

Blue Sky Agribusiness (BSA) conducted surveys with the following institutions and contacts:

- 12 saleyards in the Eastern and South Eastern states (accounting for approximately 1.3 million cattle sold per year and 7.2 million sheep per year);

- A selection of the major beef and sheepmeat processors within Australia;
- The Chief Executive Officer of the Australian Livestock and Property Agents (ALPA) together with representatives from 5 chosen agency companies in Queensland, New South Wales and Victoria (both face-to-face and via telephone)
- The Chairman of the NLIS Monitoring Committee and the Manager of the Sheep NLIS program
- The Australian Meat Industry Council's (AMIC) Manager of Livestock and Product Integrity
- The leading supplier of saleyard software systems in Australia, Livestock Exchange (LE).

KEY FINDINGS

From the discussions with the above participant groups across Australia, it was clear that there were several similarities between saleyards regarding the pre-sale and post-sale information management, as shown in Tables 1 and 2 respectively:

Species	Current Receival Protocols
Cattle	• All cattle must arrive with an NVD • NLIS scanning occurs on arrival • NVDs are placed in boxes etc for specific agents • All information is entered the night prior • Pre sale catalogues are developed for agents review
Sheep	• Sheep penned by agent, agent drover, saleyard staff or contractor direct off truck • NVDs received are provided directly to the agents

Table 1: Pre Sale Information - Similar Protocols

Species	Current Receival Protocols
Cattle	• Reconciliation between buyers books and saleyard sales information • Animals drafted into sale pens • Buyers' reconciliation includes NLIS information, NVD information and

	financials. All this is generated from the software systems
Sheep	• NVDs scanned , emailed or faxed and sent to the buyer • Stock drafted into sale pens • Reconciliation between buyers books and saleyard sales information • Mob based movements undertaken day of sale or by 12.00 pm day after sale

Table 2: Post Sale Information – Current Protocols

The same situation applied to the processors that were interviewed, in their management of information upon receival of livestock (Table 3):

Species	Information receival and verification systems
Export Cattle	• Buyer Reconciliations are emailed from the saleyard to the establishment • Audits are done on saleyards, most notably using the hard copy NVD to review information of the Buyers Reconciliations • Errors are identified and addressed on a daily basis
Export Sheep	• 100% of the hard copies of NVDs are demanded by processors from each saleyard for each line of sheep purchased • Every NVD received is verified and changed until correct via the agent • NVDs that need to be chased up are over 20% of total NVDs received per day • The main issue regarding verification are the secondary PICs on NVDs and reconciling these against NLIS tags received
Domestic	• Over 60% of Buyers Reconciliations are emailed whilst 40% are faxed • Error rates higher in sheep NVDs than cattle

Table 3: Processors Information and Verification systems – Similar Protocols

RISK MATRIX

There are a number of areas of risk that were identified in the review, for purposes of advising industry in general of options to enhance communication for information management. A general observation was that there may be need for further examination of information management systems employed across the supply chain into the future.

A risk matrix was established to identify areas for possible improvement or further communication across the industry (supply chain) and to quantify areas of possible liability, loss or other issue that may occur with regard to verification of traceability and information management. Some of these risks were associated with a common denominator and led to flow on risks for the buyer, whilst other were more generic. The risks were categorised as follows:

Risk	Negligible	Marginal	Critical	Catastrophic
Certain	Re-verification of information from saleyards	Loss of Traceability	Agent company not traded by processor	
Likely	Price Discrepancy	Wrong livestock delivered	Delayed production in processing	
Possible		Market Ineligibility	Endemic Disease (OJD) spread	Market Failure - Company
Unlikely				Market Failure - Industry
Rare				Exotic Disease Outbreak

Table 4: Saleyard verification – Risk matrix

ISSUES ARISING

Throughout this review was clear that there were a number of risks arising from saleyard verification systems and their applications within the supply chain. These issues can be classed into three key areas, being:

- **Risks relating to the application of Standards**
- **Risks relating to Procedures**
- **Risks relating to lack of Resources**

The main issues within these three areas have been captured in Table 5:

Standards
• There were risks associated with the determination of responsibility for verification of information
• There were risks relating to the consistent application of rules about what should be supplied, when and how
• There were risks relating to possible inconsistencies in the application of buyer requirements
• There were some risks applying to the processes for sheep Identification and related procedures and guidelines
• There were some inconsistencies with the implementation and management of the NSQA program and the outputs of verification
• There was some inconsistency in Pre vs. Post sale weighing of livestock and how this impacted on saleyard verification systems
Procedures
• There were some risks relating to the consistency of traceability procedures and related differences in regulations
• There were differences in procedures between privately owned, agent managed and council operated saleyards
• There were differences noted in vendor responsibilities
• There was some lack of utilisation of pre-sale catalogues
• There was in some instances, a lack of standard operating procedures (SOPs) that were consistent across all saleyards traded by individual buyers
• There were differences in agent and vendor relationships noted through the inconsistent

application of penalties at some saleyards (i.e. one may penalise and lose a client)
Resources
• There were risks in relation to a lack of agent training in procedures for verification in some instances
• There were risks around the lack of application for the e-DEC or implementation and online system
• In some cases, there was a lack of financial support for the agent/saleyard industry to implement improvements
• There needed to be closer links with saleyard software suppliers on better use of current systems and implementation of new innovations

Table 5: Issues arising from research

With the information that has been captured through survey, interviews, site visits and research, it is clear that there are opportunities for enhancing communication and the standardisation of practices such that information is verified and exchanged between saleyard/agent and buyer/processor in a consistent and quality assured manner.

SUMMARY OF OUTCOMES FROM THE REVIEW

ISSUE 1 – PROVIDING GUIDANCE

Whilst processors implement a range of procedures to counter non-compliance in the information they received, systems at saleyard for the receival of information, processing of information and then provision of information vary greatly. Currently processors have to implement a range of different measures to verify the information they are receiving from saleyards on livestock purchased. **There is room for improving 1) the communication of requirements and 2) the standardisation of these requirements from a processor perspective. Options might include establishing processor related SOPs on a national level that can communicate to agents, saleyards and producers the key information needs and practices that would result in efficiencies.**

ISSUE 2 – ENHANCING OPERATIONAL ARRANGEMENTS

With an SOP, guideline or standard in place for processing, communication can then occur with the other sectors of the supply chain to determine how further standardisation in practice may be achieved. It may be possible to integrate this information into existing saleyard programs and engage Governments as support for further extension.

One option is to develop whole of supply chain Standard Operating Procedures (SOPs) that can be fitted into any saleyard system in order to manage the standard's required outcomes. These SOPs would be made up of an element, then outcomes, key objectives followed by some work instructions.

ISSUE 3 – COMMUNICATION

A strong communication program is vital for the enhancing the current practices for verification across the supply chain. This communication approach would need to engage the stakeholders from each sector and agree key messages that could be consistently applied from an operational

perspective and be underpinned by SOPs, guidelines or resource material that each sector could build into their existing systems. Further examination of information management systems based on the data required by each sector also warrants examination.