



AUSVEG Submission for Proposal P1052

Primary Production and Processing Requirements for high-risk horticulture

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Submitted on Behalf of AUSVEG by

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About AUSVEG

AUSVEG is the national peak industry body for Australia's over 3,500 vegetable and potato producers, who account for 3.83 million tonnes of vegetable production worth \$4.9 billion in farmgate value and over \$5 billion in retail value annually, which accounts for one third of Australia's \$15 billion horticulture industry and about seven per cent of the value of the Australian agriculture sector.

AUSVEG is committed to securing the industry's future and advocates for growers to all levels of government to ensure that the industry has a strong, active voice in the public sphere.

AUSVEG is also a service provider for industry projects that are funded from a variety of sources, including Hort Innovation, Plant Health Australia, the Department of Agriculture, Water and the Environment.

As the peak body for the vegetable and potato industry, AUSVEG considers food safety for the Australian consumer to be a high priority and is committed to providing safe and nutritious foods for consumers.

AUSVEG thanks FSANZ for the opportunity to comment on the proposed P1052 regulation for leafy vegetables, berries and melons and for engaging with us through the Standards Development Advisory Group (SDAG). AUSVEG defers to Freshcare's submission on specific technical aspects of the recommended standards.

The industry

Over 300 Australian growers produced over 227,000 tonnes of lettuce, leafy vegetables and herbs in 2020/21 from almost 6,000 hectares. While production occurs across the country to cater to consumer needs through the seasons, Victoria and Queensland make up the bulk of this production, producing over 77 per cent of the country's leafy green vegetables. Leafy vegetables, head lettuce and fresh herbs have a combined farm-gate value \$897 million, contributing 18.25 per cent to the overall value of vegetable production in 2020/21.

Food safety in the vegetable industry

The vegetable industry, including leafy vegetable growers, are strongly committed to providing safe and high-quality produce to Australian consumers. By virtue of that, and as

recognised in FSANZ Cost recovery implementation statement (CRIS) documents, growers and businesses undertake a range of quality assurance practices which, while voluntary, are often mandated by their customers or by the market.

AUSVEG's initial submission for Proposal P1052 highlighted the number of schemes undertaken by primary producers and processors, and are quoted here for reference again:

"growers and businesses producing leafy vegetables currently undertake a range of quality assurance practices as mandated by either the market or their large retail customers. These are detailed in SD2 by FSANZ, but broadly, Harmonised Australian Retailer Produce Scheme (HARPs) and Global Food Safety Initiative (GFSI) and GFSI benchmarked standards including BRC global standard for food, global G.A.P. integrated farm assurance standard, SQF food safety program, Freshcare food safety and quality and supply chain standards, SGS HACCP.

The discussion paper and supporting documents refer to the non-regulatory food safety schemes as voluntary. However, wholesale markets and all retailers require proof of a GFSI benchmarked system being operated on farm. Hence all levels of suppliers need supply a certificate that a GFSI benchmarked food safety system is currently operating. Where a grower is supplying indirectly to retail (i.e. via a wholesaler, agent or another growing business) this grower is still required to provide proof of an independently audited GFSI benchmarked food safety system in place.

Where a grower is supplying to a wholesaler in one of Australia's central market locations, changes to the Horticulture Code of Conduct in 2017 have seen the introduction of mandatory Horticulture Produce Agreements (HPAs). The standard HPA template provided by Fresh Markets Australia (FMA) includes a requirement for growers providing produce against these agreements to be operating a GFSI benchmarked food safety program."

Concerns on approach

AUSVEG has several concerns on the approach and premise on identifying leafy vegetables, berries and melons as candidates for regulation.

- **Regulating commodities vs regulating processes:** The discussion papers and proposed standards identify the three commodities as a risk, based on consumption in a raw and unprocessed state. This also holds true for many other fruit and vegetable products. To ensure that the Australian consumer truly has access to safe fresh produce, the approach should focus on regulating processes irrespective of the commodities, with a base-level approach that would see all primary production businesses required to submit to notification/registration, at zero or low cost.

- **Data reference points:** AUSVEG recognises that any food safety incident is a risk to the consumer. However, the data referred to in the FSANZ discussion papers have identified three food safety incidents between 2011 and 2019 in leafy vegetables in Australia (10 combined in the three identified commodities). These numbers are not statistically significant and are testimony to the high food safety standards that are in place on Australian farms. The reference to the international data is an effort to compare the Australian food safety standards to other markets. The smaller number of food safety incidents in Australia compared to the rest of the world demonstrates the difference in standards that exists, with Australian growers and consumers having access to a higher food safety regime.
- **Percentage of leafy vegetable growers under a food safety scheme (FSS):** Currently FSANZ estimates that 25 per cent of leafy vegetable growers undertake a food safety scheme (FSS). This data represents a skewed picture of the industry, stating that most leafy vegetables produced are not adhering to food safety standards, which is not reflective of the correct situation on ground. The data should look at hectares under production or tonnage of leafy vegetables produced that are covered by a food safety scheme. This is a true reflection of the product supplied in the market that is covered by a FSS. The majority of the leafy vegetable market is supplied by fewer larger leafy vegetable growers, particularly through the major retailers, and all these growers undertake a FSS to provide safe food to the market. It is therefore critical to look at the narrative from the perspective of total hectares or total tonnage of leafy vegetables under a FSS.

Regulation and Standards 4.2.7, 4.2.8 and 4.2.9

AUSVEG supports that all fresh produce in the market needs to be produced under food safety principles across the board, irrespective of business size or location.

AUSVEG will support FSANZ recommendation of Option 3 – Regulatory and non-regulatory based on the following elements being included as part of the gazetting and implementation of the standards:

1. 100% regulation recognition of industry FSSs

As mentioned earlier in this document, the vegetable industry undertakes a number of different FSSs. Mapping done by Freshcare, the horticulture industry-owned quality assurance certification body, providing internationally recognised assurance standards for the fresh produce and wine grape industries, shows that the Freshcare FSS in its entirety matches the requirements of the proposed standards. This demonstrates the quality and

standard of the industry food safety schemes to ensure production of fresh produce is under food safe principles.

Freshcare has mapped the requirement of the regulation to that of its FSS and is attached as appendix 1. ***This mapping is a confidential document and not for public consumption.***

It is imperative that grower businesses that already undertake a FSS are recognised as compliant under the proposed regulation without the further burden of additional administration and documentation to become compliant.

This is currently not the case in the proposed regulation and the CRIS document. Under the proposed standards and regulation, a leafy vegetable business that undertakes a FSS will have ongoing costs of \$1,540 annually to be compliant in the form of licensing and auditing costs. This is an unnecessary financial and administrative burden in an environment where the FSS is already meeting the needs of the standards.

AUSVEG recommends that the proposed regulation recognise the industry FSS and growers undertaking a FSS should only be required to submit a statement of declaration along with the scheme/certificate number to be recognised as compliant.

2. Risk and size-based approach to standards and regulation

Table 8 of the CRIS document details on-going costs of \$7,036 for businesses that have some form of a food FSS and \$12,533 for growers with no FSS. Growers who currently do not subscribe to a FSS are typically smaller growers who do not have the financial ability or human resources to undertake the process of auditing and certification. An ongoing cost of \$12,533 for a small business to remain compliant is unviable. This may push such businesses further under the radar or move to producing other non-regulated vegetables, thereby shifting the issue.

AUSVEG recommends that, for regulation to be successful, bringing smaller businesses in the fold of a FSS and regulation to identify critical risk points. Standards need to have a risk-based pathway, relevant to the size of the business and tonnage under production, ensuring that the core requirements of the food safety scheme are met.

Additionally, small business will require additional support as well as time to enable them to become compliant.

AUSVEG is in discussion with Freshcare to develop a FSS targeted to smaller growers.

3. Uniform implementation across the states

Grower production and supply chains are now national, with many growers running properties in multiple states, requiring produce to be shipped across state boundaries. Without uniform implementation of the regulation, further complexities and costs will be added to these farming businesses if they need to navigate varying state rules. In an environment that is becoming increasingly challenging, farming businesses simply cannot afford the further complexity of moving produce across states. A key question for jurisdictions to consider is will producers and/or processors that are located over multiple jurisdictions have to register with one jurisdiction or multiple jurisdictions and how will this be determined?

While we understand that this is a matter for different state jurisdictions, compliance should only come into effect once state jurisdictions have agreed on a uniform implementation plan.

AUSVEG recommends consistent implementation of standards across all jurisdictions.

4. Non-regulatory measures

Food incidences that the FSANZ proposal has highlighted since 2011 have been a result of a lapse in food safety processes. This alludes to a need to drive and inculcate a culture of food safety with added vigilance at key food safety events (e.g. a weather event or a change in staff). To ensure that all staff keep food safety at the forefront of their roles and that businesses introduce and push food safety as their culture and way of doing business, training is critical, as is a mechanism of continued checks and balances, with increased vigilance at key extraordinary events within the business (e.g. weather events).

Specific questions in the CRIS document

In response to specific relevant questions asked by FSANZ in the CRIS document, AUSVEG's responses are below:

1. *We estimate the following number of businesses in each sector. Is there alternative information you would like us to consider?*

The estimated number of primary production and primary processing businesses in Australia are:

- 750 for berries,
- 1,500 for leafy vegetables
- 225 for melons.

Publicly available data (ABS) identifies 302 lettuce growers. AUSVEG would like to understand how the 1,500 leafy vegetable growers were arrived at.

Additionally, as discussed prior, benchmark for safely produced leafy vegetables in the market should be either hectares under a FSS or tonnage of leafy vegetables produced under a FSS, and not the number of growers, which is giving a skewed picture of the industry.¹³

2. *We estimate that the following percentages of businesses are currently participating in a FSS. Is there alternative information you would like us to consider?*

The estimated proportions are:

- 75 per cent for berries
- 25 per cent for leafy vegetables
- 95 per cent for melons.

For leafy vegetables it is more important to understand hectares under a food safety scheme rather than number of businesses. Fewer larger businesses produce the majority of the leafy vegetables and generally undertake a food safety scheme. An indication of hectares under a FSS or tonnage produced under a FSS will be a more pertinent approach and provide a clearer picture of the reality on ground.

3. *We have assumed that, on average, businesses not on a FSS are already 50% compliant with the measures proposed by option 3 (regulation and non-regulation). Is there alternative information you would like us to consider?*

This may not be the case for smaller businesses producing leafy vegetables.

4. *We have estimated that if business are already 50% compliant, costs of regulation can be reduced by 50%. Is there alternative information you would like us to consider?*

As mentioned previously, even if leafy vegetable business are 50 per cent compliant, the additional cost of \$7,036 is cost prohibitive for many smaller growers.

5. *We have estimated the average length of the harvest and packing seasons. Is there alternative information you would like us to consider?*

The estimated seasons:

- 60 working days for berries
- 60 working days for melons
- 310 working days for leafy vegetables.

This is correct for leafy vegetables.

12. Do you agree with the following benefits of implementing option 3 (or can provide additional information about these benefits)?

- Health related benefits
- Improved capacity to effectively and efficiently manage a food safety incident, reducing costs
- Improved inventory and business management
- Potential additional export sales
- Government's improved capacity to effectively and efficiently manage a food safety incident
- A reduction in illness costs

There are very few benefits to regulation for businesses that are already operating a third party audited, GFSI system. The regulatory approach provides no commercial incentives, no access to export or domestic markets and will not enable an increased sale price for produce. A regulatory approach is unlikely to assist in category challenges following a food safety incident, as all producers in a category are impacted by an incident, not just the cause of an outbreak – regardless of trace back ability.

A regulatory approach directed at businesses that do not operate a FSS offers the most benefit to industry, government and community. It is for this reason that AUSVEG will support Option 3; however, FSANZ and regulators must concentrate compliance efforts in areas where risk is greatest and implement them uniformly across the country.

13. How might implementing option 3 affect business viability?

For businesses already operating a FSS, if the regulation is gazetted in its current draft form, without regulation recognition of industry FSS, it will add further administrative burden and cost to the business.

14. How might implementing option 3 specifically affect small businesses?

The ongoing costs for leafy vegetable growers who currently operate under a partial or no FSS is prohibitive to small businesses. The key reason that these businesses currently do not operate under a FSS is due to cost and administrative burden of the current FSSs. If regulation is implemented its current proposed form, small businesses will be unable to comply. They will either become unviable and close up operations, or go further under the radar and create additional food safety risk, or move out of production of leafy vegetables and produce a non-regulated crop, thereby shifting the food safety risk to another commodity.



AUSVEG supports bringing the entire industry under a food safety standard, irrespective of business size. To enable smaller businesses to operate under a standard, a FSS or regulation, there needs to be a risk and size based tiered approach to regulation that ensures a pathway for smaller growers to become compliant. Additionally, AUSVEG asks for a minimum period of three years for implementation of the standards.

As mentioned earlier in the document, AUSVEG is in discussion with Freshcare to develop a FSS that meets the needs of smaller growers while ensuring foundational food safety standards are met.

Recommendations

- AUSVEG will support Option 3 – Introducing a combination of regulatory and non-regulatory measures – based on the recommendations of our submission. Specifically:
 1. Regulation must recognise current industry FSSs as regulation compliant without need for any further administrative burden for compliance.
 2. Regulation needs to be consistently implemented across states to ensure continued movement of produce and ease of business for growers producing and moving produce across state boundaries. We call on all jurisdictions to work together to have mutually beneficial outcomes under the regulatory framework to minimise duplication and promote national consistency.
 3. Regulation to be risk and size based with an access pathway for smaller growers.
 4. We ask for an implementation plan that is developed with industry involvement and expertise and a period of three years for implementation.
 5. Regulation needs to be supported by non-regulatory measures to focus on improving training, process improvement and improved food safety culture and mindset within the industry.