



Ms Julie Bird
Chair
Hort Innovation
Level 7, 141 Walker Street
NORTH SYDNEY NSW 2060

27 January 2021

Dear Julie,

HARPS

The Australian Banana Growers' Council (ABGC) writes to draw your attention to the worsening situation with Harmonised Australian Retailer Produce Scheme (HARPS), which Hort Innovation (HIA) has ownership and oversight of. HARPS impacts on all horticultural industries and has had a long and troublesome history due to the lack of meaningful explanation and consultation with growers. The latest issue is the release of Version 2 of HARPS pre-Christmas with the intention of not taking on board growers' views on the practicalities of the new requirements.

ABGC requests HIA to:

- 1) immediately suspend HARPS V2 particularly the additional training which adds additional costs to growers; and
- 2) conduct an independent review into HARPS: the corporate structure, how it has been monetised by the consultant who designed the program and the associated and linked training organisation that is currently the sole HARPS-approved training provider.

ABGC notes three inter-related matters with HARPS Version 2:

- Oversight by Hort Innovation
- The continuation of a very poor consultation and information process with growers
- Technical issues with the new version.

Oversight of HARPS

ABGC notes that the intention of the initial (levy-funded) Horticulture Australia project in 2012 was to help growers with food safety by having one food safety certification scheme. Instead, we now have HARPS: a scheme that has created additional concerns, time and costs for growers for no reported food safety gains.

Tier 2 growers to be exempt from HARPS: ABGC believes that Tier 2 growers should be exempt from requiring HARPS certification if accredited to a GSFI base scheme. That is, growers who supply produce to Tier 1 suppliers (those with a vendor number) should be required to only have the one GSFI-accredited base food safety scheme (i.e. either Freshcare, Global GAP, SQF or BRC Global) instead of being required to have HARPS as well.

Requirements of HARPS not included in Freshcare (and other schemes), such as retailer labelling requirements and notifying the retailer when there is a food safety breach, should be the

responsibility of the business that has the relationship with the retailer, i.e. the Tier 1 suppliers, and not Tier 2 (small and medium-sized) growers.

ABGC appreciates that the HARPS management company (One Direction ANZ Pty Ltd) has a vested interest in not agreeing to the above exemption of Tier 2 growers from HARPS, so it requires HIA to intervene, as part of its oversight and governance role.

Governance: ABGC also believes that HIA should consider perceived conflicts of interest. Firstly, there has been a lack of information on how the company that was delivering a HIA-funded HARPS project ended up with the HARPS intellectual property and being the management company for it. The change in governance and management structure was not publicly communicated to industry until December 2020 via the HARPS Newsletter, and that had a limited distribution.

Secondly, it seems like a conflict of interest where the company who wrote the new rules for HARPS v2, then makes training for it compulsory (and charges \$295). Also, one of the people who was involved in writing HARPS v2 (Quality Associates) is currently the only HARPS-approved HARPS training provider.

The cost of the on line training is \$295 for two hours for over 3,300 suppliers, the number noted as members on the HARPS website. This seems excessive and not a fair cost recovery exercise i.e. revenue of \$885,000. Furthermore, the HARPS website estimates that there are 14,000 suppliers in Australia of horticultural produce so there is a potential market of \$4.13m (14000 x \$295); a large revenue for any training organisation.

It is suggested that HIA effectively communicate details on these matters to industry to increase awareness, understanding and confidence that the standard is being effectively managed. ABGC would prefer to see HARPS sitting under a not-for-profit group such as Freshcare, where training is delivered at cost rather than be used for profit.

Furthermore, while levies funded the HARPs project, there has been no HARPS report made available to growers on the HIA site or any other way since 2015.

ABGC requests HIA consider that HARPS is a grower-funded and owned entity, not a retailer one. The HARPS documentation continues to note that HARPS is a retailer-led scheme. Unfortunately, this is too true: HARPS management appears to have chosen to produce a retailer-oriented scheme that takes little account of growers, particularly small to medium-sized growers. Growers consequently feel like they have been taken for granted and have had unnecessary costs and time foisted on them by HARPS management. The fact is that growers fund most of HARPS, both through HIA for the HARPS project and via operational contributions, i.e. a HARPS approval fee of \$295 for each audit that goes directly back to HARPS management. Growers also have the additional training costs of HARPS v2 and HACCP training.

Consultation Process

The poor consultation process for HARPS v1 is detailed in the Appendix. Many of the issues raised since the arrival of HARPS remain unresolved and HARPS v2 now exacerbates these.

It appears from the timing and notices about HARPS v2 consultation that HARPS management did not want feedback from concerned growers. The consultation period for HARPS v2 opened prior to Christmas and was to close 15 January. Notification of this to individual growers didn't happen until industry bodies and Freshcare alerted members to it. Also, the HARPS newsletter of December 2020 (to registered HARPS users) did not discuss the consultation process.

Some horticultural peak industry bodies, including ABGC requested the deadline for feedback on HARPS v2 to be extended to the end of February. However HARPS management provided only a two-week extension consultation now extended to end Jan.

In addition, HARPS management require the feedback on HARPS v2 to be emailed in on a particular HARPS form. This is not ideal - due to retailers (who form most of the HARPS steering committee) being able to see from the email address who the feedback is from. As a consequence, many growers will not be emailing in their comments as they do not want to potentially jeopardise supply contracts.

Also, the comments that are provided will go to HARPS management, who have no obligation to accommodate them. Indeed, HARPS v2 is planned to go live on 1 March.

This poor consultation process and information exchange does nothing to encourage growers to spend time on HARPS or develop a better food safety culture in their businesses. Feedback from our members is that small and medium-sized growers (who are deemed Tier 2 suppliers) see HARPS as just a compliance and market access mechanism, devised by HARPS management on behalf of the major retailers to shift food safety and other risks from their retail businesses to growers, who cannot pass the compliance costs on.

Technical Issues

ABGC is submitting the attached technical matters on the required HARPS Comments Form for HARPS management.

Key areas are the requirements for training and un-composted green waste. Also, ABGC proposes that inappropriate requirements be deleted so that auditors don't audit against them. This is preferable to the current approach of enabling each grower to seek exemptions on each of these from retailers.

In addition, ABGC suggests a dispute resolution mechanism to help growers where businesses believe an auditor's judgement of a HARPS requirements is unreasonable. If there was such a dispute resolution mechanism and a helpful and objective hotline for growers to explain the requirements, it would improve the food safety culture. In other words, it is suggested HIA consider this "carrot" approach, rather than just the "stick" approach adopted to date by HARPS management.

Finally

Industries need to ensure the continuation of food safety despite HARPS issues, but many growers are angry and/or incredulous at the poor processes involved and the HARPS requirements, which are over and above, or repetitious of, the base scheme. Growers have noted that the initial objective was to simplify growers' food safety requirements and/or make it less costly, but the result has been an increasing complexity and cost. This dichotomy between growers' expectations of the initial HARPS project and HARPS v2 is causing tensions. Many of these would be addressed if Tier 2

growers, that are accredited to a GSFI base scheme, were exempted from HARPS. Alternatively, there is likely to be a long while until there is any constructive understanding of the issues involved.

It is recommended that HIA immediately suspend HARPS V2 particularly the additional training until there has been a thorough and independent review commissioned by the HIA Board of the above matters.

HIA staff could contact ABGC's CEO Jim Pekin for any queries on the attached technical comments.

Yours sincerely,

A handwritten signature in black ink that reads "S. Lowe". The signature is written in a cursive, flowing style.

Stephen Lowe
Chair

APPENDIX

Original intention for HARPS

The initial reason Horticulture Australia put out a tender in 2012 for a harmonised produce scheme was so that there'd be one food safety certification scheme that was to replace the multiple requirements for those growers who supplied multiple major retailers. This was to reduce growers' workloads and costs.

However, the successful tenderer for the work (Kitchener Partners) developed with retailers a scheme (HARPS) that is required in addition to the base food safety scheme. HARPS Version 1 harmonized those elements that were over-and-above individual requirements of each of the major retailers, and not the base schemes, albeit the HARPS retailers all agreed to accept a suite of GFSI-benchmarked base schemes, including Freshcare, SQF, BRC and GLOBAL.G.A.P.

Issues with HARPS Version 1

ABGC corresponded with HIA and the HARPS Project team several times since the release of HARPS V1 in 2016, pointing out that banana growers have raised concerns about the operation and implementation of the scheme, and the cost and time burden it places on them. We proposed that practical solutions to managing food safety must be found but retailer-led needs should be balanced with the needs of suppliers to reduce bureaucratic, impractical and unnecessary requirements. For example, the standard application of HARPS requirements is the same for fruit with inedible peel, like bananas, as it is for produce with edible peel. Also, it was not clear to growers who do not have direct sales with the major retailers if they were required to be HARPS-registered as Tier 2 suppliers.

ABGC noted that HARPS had increased rather than decreased growers costs. Audit requirements and associated documentation substantially increased with HARPS as growers needed to meet the requirements of two different certification schemes instead of only one. The HARPS project acknowledged that this was the case and particularly those transitioning from Codex HACCP alone, to a base scheme, and to HARPS.

ABGC also noted to the HARPS project and HIA that HARPS auditors have various and inconsistent interpretations of the requirements, which further contributed to the angst.

Minimal consultation with growers and poor communication resulted in many growers of the various commodities confused and frustrated with the HARPS requirements.

The consultation over HARPS version 1 was not via peak industry bodies but mostly online and via a HARPS 1300 Helpline. As a consequence, by June 2019 many banana growers were still unclear as to how HARPS mapped against existing HACCP and Freshcare schemes, as there was considerable duplication.

In addition, some agents and growers remained unclear as to whether a grower was required to be HARPS registered. Some growers may still be in this situation! The HARPS "decision graphic" was not clear on this. ABGC believes most of the banana industry (ie nearly all north Queensland banana growers) would be Tier 2 Suppliers and therefore are required to have HARPS. This is because they mostly supply cartons of loose product in final retail packaging to a Tier 1 Supplier.

The HARPS project noted in response to ABGC's correspondence that "retailers have not received any direct feedback from banana growers relating to issues that have been raised by the ABGC". There was a commercial reason why growers did not raise these matters directly or indirectly with their customers!