

# **Improving the Food Safety Framework in NSW – an SME Perspective**

**A Discussion Paper  
resulting from a NSW Food Safety Roundtable on 13 April 2005**

## **INTRODUCTION**

The NSW Government is very much aware of the importance of food safety, not only for the well-being of consumers, but also for the well-being of our food industry.

The food industry is, of course, a major player in the Australian and NSW economies, and our producers and processors have long enjoyed an enviable reputation as a source of high quality, safe food products. However our continued commercial success is dependent on maintaining this reputation.

Globalisation is driving many changes that have the potential to impact, positively or negatively, on our performance in the area of food safety, including:

- technological innovations in production, processing, packaging and logistics;
- competing consumer demands for convenience, indulgence, functionality and safety;
- the increasing speed and reach of communication through the internet; and
- the convergence of regulatory systems, both nationally and internationally.

Our food industry, including our food safety regulatory framework, needs to be responsive to these changes.

## **CONTEXT FOR ROUNDTABLE**

The State Government considers that the responsibility for ensuring safe food is shared by all parts of the value chain, including business, government and consumers.

While the Government has moved to significantly streamline the regulation of food safety in NSW, with the establishment last year of the NSW Food Authority, it is aware that there are ongoing issues regarding the efficiency and effectiveness of the current arrangements, particularly among small-to-medium enterprises (SMEs).

Accordingly, the Hon Ian Macdonald, Minister for Primary Industries and the Hon David Campbell, Minister for Small Business, decided that it would be desirable to hold a consultative “roundtable”, to bring together a range of industry and government representatives to identify and address these issues.

The roundtable was organised by the NSW Food Authority and the NSW Department of State and Regional Development, and chaired by Ms Lynn Scott, Chairperson of the Small Business Development Corporation of NSW. It included representation from a wide cross-section of industry sectors and value chain segments, including:

- growers/producers;
- processing;

- packaging;
- equipment/machinery manufacturing;
- transport and logistics;
- research and development;
- diagnostic/consultancy services;
- education and training; and
- Commonwealth, State and local government regulation.

The Roundtable included a number of regional as well as metropolitan participants, and a mix of representatives from industry bodies as well as small businesspeople, who could comment from first-hand experience.

The Roundtable took the form of a half-day workshop, facilitated by Samara Kitchener, Director of Consumer and Corporate Services with the NSW Food Authority. It was designed to draw out the key issues, canvass preferred scenarios, and identify specific actions that could be taken by industry and government to move towards an “ideal world” situation.

## **EXPERIENCES AND ISSUES**

### **1) Duplication of inspections**

Probably the major issue raised by industry representatives was the multiplicity of inspections and audits that they are currently required to undergo – by the NSW Food Authority, by Environmental Health Officers from their local councils, by third-party auditors acting on behalf of supermarket chains, etc. Such multiple inspections are time-consuming, costly and frustrating for the businesses concerned.

### **2) Inconsistency in inspections**

Almost as significant as the multiplicity of audits and inspections, from an industry perspective, is the lack of consistency among the various auditors/inspectors. Again, this can generate substantial costs, delays and frustration.

### **3) Effectiveness of inspections**

There is a view among industry practitioners that, currently, inspections are more a matter of process (“tick and flick”) than a careful scrutiny based on set, standard criteria. Some queried whether inspectors could be expected to be proficient across a diverse range of industry sectors, and highlighted the need for independent accreditation of inspectors.

### **4) Need for simplicity and common-sense in approach to regulation**

A perception among SME operators is that current regulatory arrangements are cumbersome and demanding, in terms of the amount of information required, and that they bear little relation to the actual level of risk. There was some comfort in the presentation which identified the risk based approach to food regulation, with most regulatory resources aimed at the higher risk business, and less to lower risk operations.

#### **5) Need for an appeals process**

Industry representatives noted that there needs to be a transparent appeals process for enterprises that are unhappy with the outcome of a food safety inspection. This was regarded as particularly important in view of other concerns mentioned above regarding inconsistencies in interpretation among inspectors/auditors.

#### **6) Language and cultural barriers**

Some industry representatives noted that inspectors/auditors need the communication skills and cultural sensitivity to work effectively with small businesspeople from a non-English speaking background (NESB). There could be a tendency among inspectors to view NESB operators as likely to be unaware of food safety requirements, and to overlook/undervalue their industry experience and training, which are often substantial.

#### **7) Outcome based standards v. need for guidance for managers/owners**

While appreciating the flexibility provided by an outcomes-based approach to food safety, SME operators highlighted that they need simple, practical guidance in how to achieve such outcomes. While there is an enormous amount of data available, very few operators have the time or skills to identify sources and digest the key information. This is a particular issue for businesses which do not have ready access to the internet.

#### **8) Need for operator training**

There is currently no mandatory, standardised training in safe food handling practices that employees in the food processing and food service industries must complete as a prerequisite to employment in these industries. This was regarded as a fundamental gap that should be addressed as a priority.

#### **9) Incentives for improved performance**

It was considered that there should be scope for companies that are achieving good food safety outcomes to receive some tangible benefits, such as reductions in insurance premiums or easier access to finance.

#### **10) Level playing field vis-à-vis imports**

Some industry participants expressed concern that the current NSW regulatory arrangements impose costs on local processors which may not apply to imports. A particular problem was identified with “counterfeit” food products, whereby branded products are copied in a low-cost overseas country and imported.

## **SUGGESTED ACTIONS**

Much of the discussion at the Roundtable related to the current regulatory framework, focussing on ways of easing the regulatory burden on SMEs. The main conclusion in this respect was that the regulatory impact could be reduced through increased simplicity, consistency and transparency in food safety regulations, and in the way they are implemented and enforced. Besides this focus on the regulatory burden, the group also showed considerable interest in exploring other ideas for achieving better food safety outcomes.

Among the specific ideas suggested at the Roundtable were the following:

### **1) Ongoing consultation and communication between the NSW Food Authority and SMEs**

It was generally agreed that the process of consultation between the NSW Food Authority and SMEs should continue, by establishing a specific mechanism such as a Small Business Consultative Committee/Working Group.

The Food Authority should also develop a communication plan for improving its ongoing communication with SMEs. Such a plan could draw on the tools available from other stakeholders (industry newsletters, conferences, exhibitions, etc). It should also include a regional workshop program, recognising that many regional companies prefer to receive their information face-to-face or in hard copy, rather than electronically.

### **2) Better integration of the NSW Food Authority's inspection/audit activities with local government and independent auditors**

This is seen as the key to minimising the problems identified with duplication and inconsistency in inspection/audit activities. The NSW Food Authority is already moving to develop a Food Regulation Partnership to explore a mandated and resourced role for local government in this area. It is also developing a protocol which will allow greater use of certified, third party auditors to undertake inspections according to Food Authority requirements, thereby further avoiding duplication.

### **3) Training in Responsible Food Handling**

It was agreed that the concept of mandatory, standardised food handling training as a prerequisite for employment in the food processing and food services sectors, should be seriously considered. The Responsible Service of Alcohol certificate required under NSW liquor laws was cited as an example of what is required, and an online training course already developed by the Queensland Government was cited as a possible model.

### **4) Practical guidance for SMEs**

It was agreed that, while regulatory arrangements should continue to be based on outcome-based standards, SMEs need additional, practical guidance, such as self-assessment tools and information kits (perhaps customised for different industry sectors) to help companies introduce their own HACCP-based food safety plans. It was noted that the Victorian Government has already developed templates along these lines.

As an initial project, it was suggested that guidelines could be developed for the farmers' markets sector, in conjunction with the Australian Farmers Markets Association.

**5) Baseline research**

It was suggested that research be undertaken to provide a baseline from which to measure the effectiveness of the NSW food safety framework in reducing the incidence and severity of food-borne disease outbreaks, and that this research be regularly updated and communicated to industry.

**6) Relating food safety to the bottom line**

It was suggested that a meeting be sought with representatives of the Insurance Council to explore the idea of discounted insurance premiums for companies based on their food safety performance and the availability of certified, auditable food safety plans.

It was also suggested that a series of case studies be developed and communicated to industry, to show how effective food safety systems can lower costs and improve profitability (or conversely, how breakdowns in such systems can impact a business).

**7) Promotion of best practice**

Ideas for encouraging SMEs to pursue best practice in food safety included group visits to the premises of "champion" companies to inspect HACCP in action; development of an ongoing cluster/network of interested SMEs to share information about effective approaches, emerging issues, available technologies, etc (DSRD is looking to develop such a cluster in Western Sydney); and use of mentors to address common food safety issues, such as how to handle product recalls and how to deal with product tampering/contamination.

It may be useful to establish an awards program to recognise industries, companies and individuals who are making a significant difference in terms of enhanced food safety outcomes.

**8) Truth in labelling for imported products**

It was suggested that stronger regulatory action is required to ensure truth in labelling for imported products.

**THE WAY FORWARD**

Participants in the Roundtable agreed that, as a next step, their deliberations would be captured in this Discussion Paper for consideration and for subsequent feedback by the participants.

The discussion paper and the industry response will be presented through the Small Business Development Corporation of NSW to Ministers Macdonald and Campbell, and will subsequently serve as the background for a proposal to form a Small Business Consultative Committee/Working Group, which will be responsible for overseeing the next stages.