



**Pacific Horticultural &
Agricultural Market Access
Plus Program**

Supported by Australia and New Zealand

CASE STUDY

HACCP: maintaining Pacific trade through remote audit and certification

A new model for remote-delivery of HACCP audit protects the income of export-oriented businesses and their farming household suppliers from impact of COVID-19

2021



THE THREAT

To trade successfully in agricultural and horticultural export markets, there is increasing pressure on exporters to comply with food safety and quality standards that can be independently verified by a third party. This may be a regulatory requirement for market access and/or an opportunity to capture a market that offers a premium price for high-quality produce.

A food safety management system based on HACCP¹ principles is a systematic approach to identifying and controlling hazards whether microbiological, chemical, or physical, that could pose a threat to the production of safe food. It involves identifying what could go wrong in a food system and planning how to prevent it.

HACCP certification is increasingly preferred by customers and, whilst a company may have an excellent HACCP plan, going through the process of certification ensures that this plan is independently verified to meet all relevant compliance standards. Under normal conditions, to become HACCP certified, it is necessary to pass a third-party certification audit that is conducted by a qualified food safety auditor who pays an on-site visit to the premises of the company in question. The audit itself involves an in-depth review of documented control systems and can take from 1-5 days, depending on the size and complexity of the business.

However, Pacific Island companies who wish to become HACCP certified face several challenges:

1. Limited in-country technical support available to progress towards HACCP certification.
2. High audit costs due to traditional dependence on a fly-in-fly-out system.
3. From March 2020, on-site audit missions have not been possible due to movement restrictions. This has put companies at risk of losing their HACCP certification and market access.



Assistance and support from PHAMA Plus have been extremely beneficial to HACCP Australia during these uncertain and unprecedented times of the COVID pandemic. Our business relationship has transitioned from a 'contractor or service provider' to a valued business partner in the Pacific.

**David Haberfield,
Senior Project Manager,
HACCP Australia**

¹ Hazard analysis and critical control points, or HACCP, is a systematic preventive approach to food safety from biological, and physical hazards in production processes that can cause the finished product to be unsafe and designs measures to reduce these risks to a safe level

THE CHANGE - DEVELOPMENT OF A REMOTE-AUDIT PLATFORM

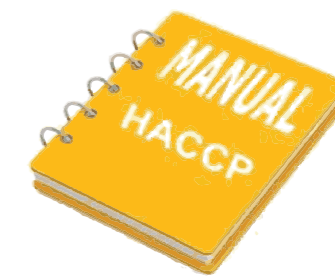
In response to this challenge, PHAMA Plus and HACCP Australia² re-focused their partnership to work on the development of a remote HACCP audit system that would allow Pacific Island export companies to either maintain their existing HACCP certification or to have their system audited for first time.

EMERGENCE OF A NEW AUDIT MODEL

The development of a remote audit platform provides a new model to enable Pacific Island businesses to retain their HACCP certification. It protects the export markets for these businesses, the employment they create and the livelihoods of farmers supplying them.

To kick-start the development of this new model, PHAMA Plus provided funding of AUD 48,810 for the planning, testing, and implementation of the new remote system. This was matched with co-investment of AUD 25,125 by HACCP Australia who proceeded to:

- Research remote audit standards, legal requirements, communication tools (e.g. Zoom, Teams, Skype, etc.).
- Conduct trials and testing of audit and communication platforms.
- Organise staff training on the procedures, tools, technical and communication challenges associated with operating a remote system.
- Invest in the latest computer and communication technologies for better and faster communication.



For **maintenance** of HACCP certification, the remote audit process involves:

- The company³ submits an audit request to HACCP Australia.
- HACCP Australia processes the application and checks for in-country support. Based on the application and availability of in-country support, HACCP Australia plans for a partial or full remote audit.
- For countries where in-country support⁴ is available, HACCP Australia uses a mixed approach, which involves the in-country support team gathering documents, conducting field inspections, and organizing meetings with auditors based in Australia and New Zealand.

For **first time certification**, there are some additional steps:

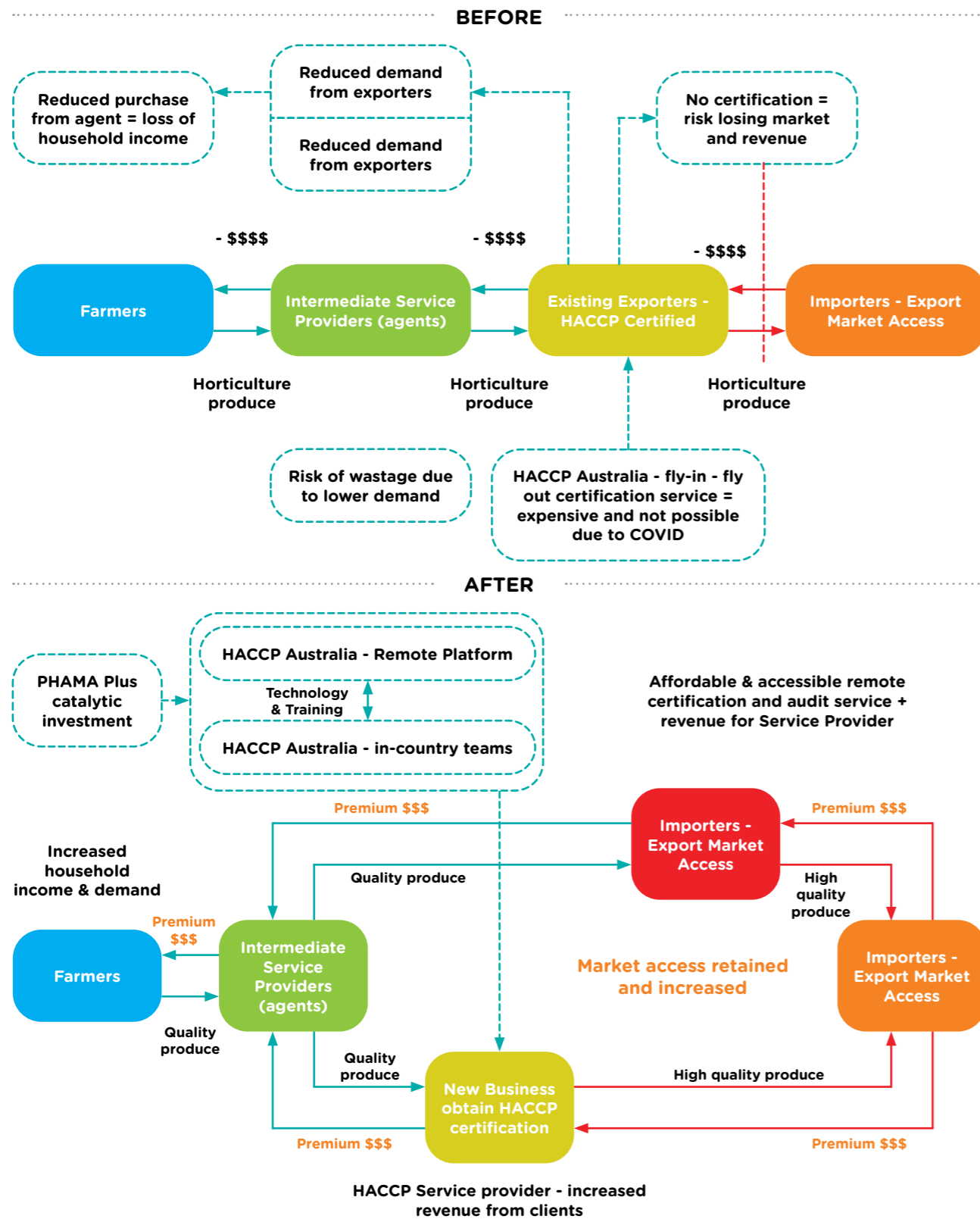
- If the food safety management system has been written in-house by the client, a complete detailed desktop audit is undertaken, where all HACCP documents and forms are reviewed and checked for compliance.
- During the audit, company records are reviewed to confirm that all systems are in place and operating correctly, as described in the HACCP Manual.
- Additional documents and supporting evidence are gathered during several follow-up sessions.
- The auditor will complete a 'live-tour' of the facilities and seek video clips and photographic evidence before sign-off and certification of the system.

² HACCP Australia is a project management company that provides audit and training services to the Pacific businesses. It is based in Australia.

³ These companies are HACCP certified companies

⁴ Currently, in-country support is available only in Fiji

To support the roll-out and adoption of the new model, PHAMA Plus provided a 50% concession on the audit fee of AUD 1500 to participating businesses.



THE BENEFITS AND VALUE OF REMOTE AUDIT CERTIFICATION

Since June 2020, HACCP Australia has reached-out to 69 businesses across 6 Pacific Island countries. Companies were made aware of the availability of the new remote audit service by HACCP Australia and their in-country staff member in Fiji. Support was also provided by the PHAMA Plus offices in each country. Following this awareness-raising work, 30 companies used the service and retained their HACCP certification for 2020/21. Up to June 2021, PHAMA Plus investment of AUD 23,000 in remote audit certification has been matched with an equal contribution by the benefiting companies.

With support from HACCP Australia, PHAMA Plus surveyed thirteen HACCP-certified companies in Fiji and the Solomon Islands. The survey found that the remote audit service allowed ten companies to **protect their existing export market business**, worth AUD 24 million. Similarly, three companies were found to have accessed new markets in Australia, New Zealand, and Europe after retaining their certification through the remote audit system. These companies reported additional exports of AUD 235,000.

The remote system has minimized audit costs. Three companies reported that they had saved money on auditor travel and accommodation costs, which would normally have been AUD 800-2000 per audit. HACCP Australia estimates that the remote audit system reduces the cost to companies by 30-45%. Of the thirteen companies surveyed, 10 said they would pay for the audit cost themselves in the future.

The new remote audit system benefited businesses operating in a number of PHAMA Plus priority sectors including kava, coconut, ngali nuts, ginger, roots crops, vegetables, and noni. Overall, the participating companies purchased commodities worth approximately AUD 10.8 million from farmers and suppliers. In addition, businesses have also benefitted through improved relationships with their staff, suppliers, and buyers. Two of the surveyed companies reported retention of HCCAP certification protected a combined 100 jobs across the two companies.

Remote audit benefits Ben's Trading in Fiji

Ben's Trading Limited is a Fiji based Taro and Cassava export company. Its major export markets are Australia, New Zealand, US, Nauru and Tuvalu. In 2020, Ben's Trading had its HACCP system audited using the remote audit platform. The company successfully retained its certification, resulting in the company maintaining exports of FJD 18 million and continued purchasing produce from 25,000 farmers.

BENEFIT TO FARM HOUSEHOLDS AND SUPPLIERS

84% of surveyed companies reported that farmers are offered a premium for compliance with minimum HACCP quality standards. Such requirements vary from company to company but mainly focus on food safety, hygiene, and product quality. With a farmer/supplier base of approximately 54,000⁵ households, an estimated 16% (8,621 households) received a premium price of AUD 0.23 per kg for their production during the survey period.

In the absence of the remote audit system, exporting companies would have lost access to export markets, which would have had a knock-on impact on their ability to continue buying produce from farmers. The direct consequence would have been: 1) Diversion of produce to sales at a lower price in the domestic market; 2) Possibility of produce 'dumping' due to reduced demand from buyers; 3) Reduction in household income; and 4) Loss of jobs along the value chain.



Kokonut Pacific Solomon Islands (KPSI) has a network of local Virgin Coconut Oil (VCO) Direct Micro-Expelling (DMEs) units located across the Solomon Islands. The DMEs are collectively owned by rural households. Despite the challenge of COVID-19, KPSI retained its HACCP certification through accessing the remote audit service. This helped the company maintain its domestic and export markets and allowed it to continue purchasing VCO from the DME units. As a result, a total of 494 farmers increased their income by AUD 300 per year.

*The income increase is also contributed by NASAA organic certification that KPSI successfully retained in 2020. PHAMA Plus supported KPSI to retain both HACCP and NASAA certification.

PROTECTING THE VIABILITY OF AN IMPORTANT SERVICE PROVIDER

HACCP Australia's business was significantly impacted by COVID-19 related movement restrictions. Compared to 2019, it experienced a drop in revenue for its Pacific operations of 35% in 2020 and 37% in 2021. HACCP Australia has stated that without the business created by the remote audit service, they could have faced insolvency and would have required a significant capital injection to stay in business. This would have also resulted in the loss of jobs for their in-country support contractor in Fiji, and further reduced the ability of Pacific Island businesses to access HACCP audit services. For the future, HACCP Australia does not see a return to its previous service delivery system but will rather move to a blended approach, where on-site visits are less frequent but nonetheless will be retained as an important part of overall capacity-building and standards-raising service across the Pacific Island countries.

⁵ This is an estimated number of households

CHALLENGES

Access to reliable and secure connectivity and technology is the biggest challenge of the remote audit system. In most Pacific Island countries, internet connectivity can be a challenge for businesses and addressing this could mean additional expenditure on technology, internet access and data. For HACCP Australia, adoption of the remote system increased audit times by 20-40%, primarily due to issues related to computers, data, connectivity, lack of understanding of the online tools and communication. Similarly, for new businesses aiming to acquire HACCP certification for the first time, additional confidence-building in the full remote-audit system may be required.

OPPORTUNITIES

The remote system provides flexibility and timely access to audit services for existing certified businesses. With the success of the pilot, the system can now be scaled-up to certify new companies. HACCP Australia could use a blended approach of remote and in-country support provision to expand its market, with beneficial, knock-on impact of wider availability of HACCP support services for Pacific Island countries, which has been an ongoing challenge for many years.

COVID-19 created the necessity to innovate and the remote service delivery platform has opened-up a new option for the provision of high-quality, affordable and accessible certification and audit services for Pacific Island countries. The impact of this new approach goes well beyond an emergency response to a lasting change to servicing hard-to-reach markets.



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