Horticulture Innovation Australia

Final Report

National Governance Framework for Australian Seed Potato Certification: An Options Paper

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RMGC

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PT15005

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Contents

1 Summary

This report presents options for a national governance framework for Australian seed potato certification. This project and a related project (PT15004: Seed Potato Certification Standard Review) arose from a previous review in 2014 (PT13010) that recommended, a) the development of a governance framework for seed potato certification as well as b) a review/update of the National Standard for Certification of Seed Potatoes.

Although a National Standard exists, there is no national framework to guide seed potato certification. There are perceived/potential conflicts of interest and a lack of funding for communications. A national governance framework will provide independence and transparency, a framework within which certification can operate e.g. regular reviews of the National Standard, and allow funding for a governance group to operate e.g. publication of key documents.

A consultation process included all certification agencies as well as tissue culture labs, industry bodies, regulators and other members of the supply chain (seed buyers/exports). In addition, an industry workshop combined with PT15004 was convened by Hort Innovation and conducted in Melbourne on June 2nd, 2016.

A common theme from the consultation and workshop was the need to minimise costs and to have a funding source to enable a national body to operate. Other important aspects included the need for an Independent Chair, better communication e.g. publication of documents on-line, a dispute resolution function and maintaining biosecurity relationships.

The general consensus was that the governance group should include representation from all key segments including certification agencies, seed growers, mini-tuber labs, potato growers (both fresh and processing), regulatory representatives and peak industry bodies. The Australian Seed Potato Council (ASPC) or some form of this was seen as a potential vehicle, with members elected by an open call.

There was also general consensus that the roles of the governance body should include but may not be limited to:

- Scheme oversight e.g. scheme rules, National Standard (incl. regular review/update)
- Go-to function for new ideas and also mitigation, and
- Communication link to other groups (i.e. governance and technical).

While there was agreement about the need to include all key players some also recognised a need to keep the group small for efficiency. Based on this as well as other feedback and requirements, five governance structure options were developed:

- Option 1 - Small independent Oversight Group and a revitalised ASPC (recommended option)
- Option 2 - A large group responsible for all activities (ASPC with expanded membership)
- Option 3 - A mid-sized group responsible for all activities (similar to option 2 but smaller)
- Option 4 - Quality Assurance system
- Option 5 - Do nothing.

Under Option 1 there is a clear separation between governance and function of seed potato certification. A small oversight group enables streamlined decision-making and there would be minimal change to the existing system.

Options 2 and 3 are an expanded ASPC that include many people in the same room and a diversity of

opinion. Under both of these options the group would be responsible for all activities i.e. governance and function. A larger group may have difficulty in making decisions and would be more costly to operate. Conflicts of interest are likely to be difficult to manage.

Option 4, a Quality Assurance system may potentially provide greater rigour but this is not necessarily required. Implementation costs and ongoing costs would be greater than for Options 1, 2 or 3.

Option 5, i.e. do nothing, would not solve the issues outlined above.

Our preferred option for the governance structure is Option 1 on the grounds of simplicity, cost and functionality.

Requirements for accreditation for minituber/tissue culture labs were also reviewed and recommendations are provided in sections 8.2 and 10.2.

The project team considered and consulted with organisations suitable to house a governance group in order to meet Hort Innovation requirements for funding as well as provide independence. From this consultation, two organisations were identified as potentially suitable; the Australian Seed Authority (ASA) and Plant Health Australia (PHA).

Hort Innovation will engage with key stakeholders including certification agencies and the ASPC, to drive the implementation process. Implementation will encompass determining the appropriate housing organisation, development of charters for the two groups (including the process for membership and election) and development of the technical committee operational code.

There is no reason why this could not be achieved by end of 2016.

2 Keywords

Seed potato certification; governance; biosecurity; National Standard.

3 Introduction

A previous project (PT13010), and subsequent industry workshop held in Melbourne in September 2015 resulted in two investments by Horticulture Innovation Australia Ltd (Hort Innovation):

- PT15004 'Review and update of the National Standard for Certification of Australian Seed Potatoes' (Seed Potato Standards Review), and
- PT15005 'National Governance Framework for Australian Seed Potato Certification – An Options Paper'' (this report).

This report is a product of the second investment, PT15005. The objective of the work was to develop an options paper to identify a fit for purpose, cost effective and independent national governance framework for Australian Seed Potato Certification that meets biosecurity, trade and regulatory needs for key stakeholder groups. The structure must also be able to meet funding guidelines.

3.1 Terms of reference and scope of the work

The Terms of Reference for the project were:

1. Engage with all certification agencies that form the current Australian Seed Potato Council (ASPC) to identify current governance framework arrangements.
2. Engage with AUSVEG, the Peak Industry Body for potato growers and also The Potato Processing Association of Australia (PPAA), which is the peak industry body for potato processors, to identify and illustrate current governance framework arrangements (state and federal).
3. Review current seed certification governance arrangements including biosecurity, trade and regulatory considerations.
4. Identify cost effective governance framework structures that consider current certification governance arrangements and other certification schemes including considerations for minituber certification.
5. Develop an options paper that articulates seed certification framework options including considerations for minituber certification.
6. Present the findings to key potato industry stakeholders via an industry engagement workshop.
7. Present the findings to the Plant Health Committee (PHC) and Subcommittee for Quarantine and Domestic Market Access (SQDMA).
8. Provide information on the project to agencies responsible for industry communications (e.g. AUSVEG and PPAA) for dissemination through existing established communication channels.
9. Ensure comprehensive input by key user groups and other potato industry stakeholders in the execution of the project.
10. Provide feedback to Hort Innovation on opportunities (e.g. R&D) and issues identified through project activities.

4 Background

4.1 The current standard

The National Standard for Certification of Seed Potatoes was last officially updated in 2007. The purpose of the Standard is:

> "*to ensure that irrespective of the state of origin of seed potatoes, buyers will receive seed which has met an agreed standard*".

According to the 2007 version, the peak industry body AUSVEG has been the authority ultimately responsible for the administration and operation of the National Standard.

4.2 Current seed certification systems

There are currently four seed certification systems operating in Australia, some of which have evolved independently subsequent to the 2007 Standard:

- A QA based system in Crookwell NSW, http://www.seedpotatoes.com.au/index.html
- A state government (Department of Agriculture and Fisheries WA) run system in WA, https://www.agric.wa.gov.au/plant-biosecurity/potato-seed-certification
- A seed certification program operated through the Tasmanian Institute of Agriculture (TIA) in Tasmania, http://www.utas.edu.au/tia/news/vegetable-centre-news-folder/new-procedures-for-seed-potato-certification
- A scheme operated by the Victorian Certified Seed Potato Authority Inc (ViCSPA) servicing seed producers in Victoria and SA, http://www.vicspa.org.au/.

4.3 Previous review and blueprint development (PT13010)

This project (PT15005) arose from an earlier review (PT13010) and subsequent industry workshop in Melbourne. Two key recommendations that arose from the earlier work that informed this study were:

1. To develop a sound National Framework for Seed Potato Certification. The framework will describe the systems for field grown seed and minituber certification by accredited agencies and all processes required to achieve this. Project PT13010 recommended the following:

- Hort Innovation to drive the appointment of or appoint a 'Seed Potato Authority'
- The Authority to develop or instigate and oversee the formulation of the Seed Certification Framework and its stepwise implementation. This includes the rules for the Authority and an independent accreditation system for certifiers and minituber producers as well as seed potato certification guidelines
- The Australian Seeds Authority's set up (ASA (http://aseeds.net.au/governance), should be looked at as an example of how a seed potato certification system could be governed and funded.

2. The National Framework should allow individual certification schemes to operate under its umbrella so that they can meet specific regional or industry requirements, if deemed the best way to have an overall accepted, effective system. However, the Framework has to clearly outline minimum requirements that

all schemes must adhere to, including labeling, documentation, recording and reporting. This would specifically cover internal biosecurity risks. The Framework has to show alignment with national and international biosecurity rules and agreements.

These recommendations were based on the findings that:

1. Although a National Standard exists, there is no National Framework to guide Seed Potato Certification
2. There is no or little independent oversight
3. The current National Standard appears open to some interpretation and rules are being used inconsistently in each state
4. A greater degree of transparency about labeling and grading of seed potatoes was requested, and
5. The current system was seen as non-transparent.

The above points and further preliminary consultation and assessments of the seed certification situation showed that a more in-depth and inclusive consultative review process would benefit all sectors of the potato industry.

5 Methodology

5.1 Approach

The work under this investment is based on a consultative process; therefore this report is structured to respond to the terms of reference rather than in a traditional scientific format. The Terms of Reference both describe what is required and how the work should proceed. The terms of reference were developed from the September 2015 workshop held under the auspices of Hort Innovation.

Communications with PT15004: Seed Potato Certification Standard Review

The PT15005 project team maintained regular communications with project PT15004 via telephone and emails as well as teleconferences convened by the Hort Innovation Project Manager. Information relevant to PT15004 that was received from stakeholders was passed on the PT15004 project manager. In addition, stakeholders were encouraged to make submissions to the related project.

Governance checklist

To aid in discussions, a governance checklist was created that contained criteria important for governance of seed potato certification in Australia. The criteria were based on feedback received during earlier consultation and key requirements for certification schemes and bodies (e.g. from ISO/IEC 17065:2012).

The checklist was developed for the purpose of:

1. Enabling a 'stocktake' of scheme governance and management (existing processes, protocols, procedures, documentation and communications) relevant to the delivery of seed certification.
2. Refining criteria/requirements based on consultation/feedback.
3. Highlighting strengths and weaknesses in current arrangements and assist in identifying how to address any shortcomings.
4. Evaluating the sufficiency of the current governance arrangements of the National Standard and its implementation by state based seed certification schemes against essential and agreed criteria.

Although stakeholders found the checklist to be complex, it provided a basis for discussions about the criteria that should be used for development of governance options.

5.2 Consultation – Terms of Reference (Items 1,2,5 & 9)

The consultation process was extensive and followed that prescribed by the Terms of Reference. All certification agencies were consulted as well as tissue culture labs, industry bodies, regulators and other members of the supply chain (seed buyers/exporters). Contact was also made with some overseas agencies to better understand their governance systems. A number of email submissions were also received.

A complete list is provided in Appendix 1.

5.3 Desktop study – Terms of Reference (Item 3)

The desktop study included an examination of accreditation and certification systems used in other industries and sectors, including overseas seed potato certification schemes that need to address internal biosecurity requirements.

5.4 Industry Workshop – Terms of Reference (Items 4, 5 & 6)

An industry workshop, combined with project PT15004, was convened by Hort Innovation and conducted in Melbourne on June 2nd, 2016. The revised governance requirements, based on stakeholder feedback, were presented for further input. Industry representatives then worked in six subgroups to develop optional governance structures based on the feedback that had been received both in the workshop and during consultation.

5.5 Presentation of Findings (Items 7, 8 & 10)

The final report for PT15005 is to be presented upon its conclusion whereupon the next stage on the implementation of a governance arrangement can be decided.

6 Consultation and Desktop Study

This section summarises outcomes from consultation, desktop study, and industry workshop (Terms of Reference Items 1-6 & 9). The outcomes provide a basis for the design of governance options. The following is based on discussions we had in consultation with stakeholders listed in Appendix 1.

6.1 Certification agencies

All certification agencies highlighted the need to minimise costs of a governance system. Other important over-arching criteria included the need to maintain confidentiality and good data management and traceability.

Certification agencies reported that although the current system is working quite well for them and their associated seed growers, there is a need to formalise an oversight group and governance framework. The existing Australian Seed Potato Council (ASPC), made up of certifying agencies and seed grower representatives, currently is an informal, unfunded group that was formed after the discontinuance of the previous Seed Potato Advisory Group (SPAG). The ASPC aimed to take responsibility for activities previously in the SPAG portfolio.

All certifying agencies voiced that it was important to maintain and support the ASPC.

Biosecurity was recognised as an important facet of seed potato certification. Agencies also mentioned the importance of certification for internal and international trade, although this was not seen as its main purpose. It was made clear that certification cannot replace phytosanitary requirements of trading partners because they differ. Still, trading partners would value a robust certification system that aligned with phytosanitary requirements.

Other important comments received that were not directly related to governance included the following:

- There was general consensus that the supply chain is not fully aware of the difference between 'seed health' and 'seed quality'
- Certification cannot protect seed from 'mistreatment' during storage and transport
- There was agreement that communication between seed buyers and seed growers should be encouraged.

Comments on consultation with certification agencies

Discussions with agencies highlighted that the existing schemes differ in many aspects, including:

- Number of seed growers covered be the scheme
- Costs structures including the ability to 'subsidise' certification delivery
- Overall scheme management systems and auditing
- Data capture and management
- Certification officer training and succession
- Communication with seed growers
- The main markets for seed they certify e.g. seed for seed, fresh markets or processing
- Relationship with the tissue culture/minituber producers

- Level of independence (from seed growers).

A national governance system could be instrumental in aligning schemes where it is of advantage to agencies and growers (seed, fresh market and processing).

6.2 Tissue culture labs / minituber producers

A majority (three out of four) mentioned the need for an independent authority, which would provide oversight including a function of resolving differences.

Tissue culture laboratories (labs) and minituber producers are currently not represented on the ASPC. Labs and minituber producers are required to meet the relevant requirements set out in the 2007 National Standard and be accredited.

Labs and minituber producers (not all minituber producers have their own labs) are currently accredited by ViCSPA. This carries a potential conflict of interest, as ViCSPA owns a lab and mini-tuber production business, Toolangi Elite, and operates in direct competition with other minituber producers. Minituber producers expressed some concern given that a competitor (ViCSPA) could potentially access commercially confidential information about varieties and other commercial in confidence information.

Accreditation of labs involves visits/audits to check that the premises meet the requirements of the ViCSPA Standard and its protocols. Some inconsistencies were reported in the level of audit activities, number/timing of audits and what is involved in an audit and how it is recorded and reported. A different person undertakes the audit in each state and it is not clear how the auditors are selected or trained or if they are qualified auditors. ViCSPA employs a third party to audit the Toolangi Elite laboratory to manage their potential conflict of interest.

In conversations with labs it was difficult to establish how exactly the accreditation process worked. Labs appear to have developed many of their own procedures to ensure that disease and biosecurity risks are managed effectively.

Although there had not been any disputes, the lack of an independent 'go-to' group for resolution of potential disagreements and the conflict of interest were seen as a risk and was of concern to some labs.

Minituber producers also felt that although they were an important part of seed potato certification they presently had no active involvement or participation into the current system.

Again, the requirement to not increase costs was important to all in this group.

Other individual responses included:

- The need to separate minitubers, tissue culture, germplasm collections and G1+, for both the National Standards and biosecurity requirements (referring to transport interstate and overseas)
- Two of the minituber producers stressed the need for uniform protocols for movement of tissue culture and minitubers
- The need for consistent documentation between accredited lab facilities for movement of material.

6.3 Regulators

Regulators recognised that whilst they are not equivalent, a seed potato certification system/standard and regulated plant health requirements do have areas of overlap. It is thus important that where there are areas of commonality that a seed certification system can align or meet Plant Health Requirements both within Australia and also for export.

As part of this project, the members of Plant Health Committee (PHC - State and Commonwealth Plant Health Officers) were consulted individually to determine their current perceptions of the seed certification system and also their expectations. With the exception of NT and ACT, all jurisdictions were consulted either face to face or by telephone call. In addition, the chair of the Sub-Committee of Domestic Quarantine and Market Access (SDQMA) was interviewed. The same governance checklist that was used for other members of the supply chain was used as a prompt for these discussions, although often discussion extended beyond this. The responses from SDQMA are not treated separately as they are reflected in those of the various jurisdictions. After consultation each regulator was given the opportunity to correct the notes from their interview and amend if necessary. Each Jurisdictions' views are not detailed in this report; however we noted those areas of agreement and also areas where opinion differed. This section synthesises regulators' views.

6.3.1 Common responses

Regulators recognised that there were many areas within certification that are of no interest to them. Essentially, their only interest is in pathogens that are subject to interstate and international phytosanitary requirements. The major ones within Australia are: PCN, PSTVd, Bacterial Wilt and to some extent virus Y.

For overseas countries the requirements are more diverse and importing country requirements are on the Commonwealth's website, see: http://www.agriculture.gov.au/export/micor

Questions were raised whether current visual assessments were sufficient to identify new pests and diseases or some viruses.

With respect to governance or oversight there was little disagreement amongst regulators in their expectations of a National Seed Potato Certification Scheme. However there was a considerable disparity between states as to their current understanding of the existing system and how it met their expectations. Responses reflected the degree of government involvement in the schemes operating in their state. Seed certification in WA is operated by DAFWA, which sets it somewhat apart from the other schemes that have no direct government involvement. The ViCSPA scheme in Victoria operates outside of government nonetheless works alongside government and has government recognition. Victorian regulators' view is that the ViCSPA scheme is working well within their state. Seed potato certification in South Australia is also performed through ViCSPA.

Nonetheless, in Victoria and WA, there was still a degree of uncertainty as to how the schemes interacted nationally.

All regulators commented that it would be desirable that any national scheme or individual schemes operating under a National scheme are harmonised when it came to conforming with Plant Health Requirements.

All regulators would like to see any National scheme endorsed by growers and have across industry acceptance. This endorsement/acceptance occurring together with third party oversight would give PHC a high degree of confidence in signing off on the national scheme as it relates to Plant Health (biosecurity) and they would like to see this process formalised. A formal governance structure was also

seen as important for integrating changes in Plant Health Requirements into any certification scheme. Currently this area is seen as wanting as, due to a lack of national governance, a formal process of communication and alignment does not exist.

Some regulators expressed the view that seed certification could contribute to national plant health surveillance schemes. With the exception of WA, where the scheme is housed within government there is currently no integration of certification results into Plant Health Records.

Lastly in terms of housing any third party oversight there was general agreement that Plant Health Australia (PHA) could be an appropriate body to do this. There were no other bodies put forward or proffered.

6.3.2 Non-universal comments

As noted above, both, WA and Victoria expressed satisfaction as to how seed certification operated within their states and felt that most of the criteria for governance were being met. This was not the case with other jurisdictions.

Most (four out of six) jurisdictions were either unsure or did not think their expectations were being met with respect to independence or transparency in how the current scheme operates. They also recognised the need for a separation between those setting certification rules, those implementing them and those verifying compliance. Several also mentioned the need for a regular review process. This applied to tissue culture labs and seed certification of all generations (G1 to G5).

There was confusion about the Australian Seed Potato Council (ASPC), how it was constituted and its role. Regulators from two states thought ASPC was playing a role in governance and modernisation of the Standard whilst others did not see it as independent enough to do this; they were uncertain about its function and status or were unaware of it altogether.

Almost all regulators expressed concern about the inability to actually source the current National Standard and associated procedures and protocols. Only the DAFWA scheme was seen as readily accessible. This translated into a general comment about lack of transparency. One state mentioned the SASA (Science and Advice for Scottish Agriculture) system as being a good model to emulate. See https://www.sasa.gov.uk/seed-ware-potatoes

The area of tissue culture lab and minituber facility accreditation (auditing officers, procedures, processes, crops, production facilities etc.) also received considerable comment and again, there was significant uncertainty as to how this accreditation was done, against which standard and whether it was uniform for all facilities. There was agreement, amongst those states where tissue culture and minituber production were not occurring, that a suitable accreditation system would remove costs by saving the need for double inspections for tissue culture and minitubers where Plant Health Certificates are required, if auditing officers could also sign off on Plant Health Certificates for interstate movement.

6.4 Industry bodies

The following industry bodies were consulted:

- Australian Seed Potato Council (ASPC)
- AUSVEG
- Potatoes South Australia
- Potato Growers Association of Western Australia
- The Potato Processing Association of Australia (PPAA)
- Seed Potatoes Victoria Inc.

- WA Seed Potato Producers Inc.

A majority mentioned that either:

- The system was working well but needed fine-tuning and some level of alignment, or
- That the scheme in their state was working well as is e.g. WA.

Similar to the responses from minituber producers, respondents mentioned the need for independent governance/oversight. Two suggested the ASPC as a potential governance authority but with a changed structure and members elected representing the main segments of the industry as well as an independent chair.

One said that tissue culture labs/minituber facilities should be accredited and minitubers certified, but they were unaware of whether this was happening or not and, if occurring, what the standard and process was - suggesting that a more transparent system was required.

Again, most mentioned the need to not increase costs and one body requested that any changes need a cost:benefit analysis before being implemented.

Most bodies recognised biosecurity as the main purpose of seed potato certification but also that it supported trade/exports and a profitable industry.

Peak bodies felt that the system should be inclusive and that whole of industry acceptance was crucial.

It was suggested by some that accreditation of qualified people (other than officers employed at current Certification Agencies) would enable choice of supplier for seed certification services. Others were not entirely supportive of this idea when prompted about it, because of issues with transfer of information between certifiers about a seed crop, a potential issue of 'shopping around' and because the ability for certifiers to cover their costs may be reduced.

Other comments received that were not directly related to governance but important to the industry included the following:

- Three industry bodies raised the need for succession planning for certification officers. They felt that this was a risk when officers retired or left their current job
- There is a need to increase potato growers understanding of the cost of disease in a crop i.e. from using non-certified seed
- Certification Officers need ongoing training in disease identification e.g. tomato-potato psyllid.

6.5 Potato industry supply chain

Targeted consultation took place given that wide public consultation, with all of industry having several months to provide input, was conducted as part of PT13010. Appendix 1 contains the consultation list.

A common theme for all in the supply chain was to not increase certification costs or overcomplicate a governance approach of seed potato certification. 'Do not change what is working well for us' was a common sentiment. Still, all those who provided feedback agreed that transparency and independence (lack of conflict of interest) were important aspects for a national system and that the Australian system should be accessible on the Internet.

There was general agreement that a national standard and structured oversight could be beneficial. Most suggested to build on current industry structures and involve the ASPC.

A common complaint was not about seed certification but about the fact that growing, harvesting, handling, storage and transport (supply chain practices) of seed have a major influence on seed quality and that at present using certified seed was not always a guarantee for superior overall quality. It was felt that there needed to be a major effort to raise awareness of how quality can be lost and improve stewardship by all those in the supply chain.

6.5.1 Seed producers

This included consultation with seed producers and those as peak industry body representatives. Some seed producers would like to have a choice of certification agency. Some commented that they would like improved communication with their agency but most were content with this aspect of their relationship.

Only a few commented that they would like to have support in dealing with crops that did not meet certification standards.

6.5.2 Processors

We consulted with Simplot Australia Pty Ltd and the PPAA. Processors aim to use certified seed for all crops and their growers expect this. In some years, the supply of certified seed may be in short supply and processors would like to have the option of using disease free tubers from non-seed crops to meet production targets.

Processors expressed the view that a certification system should be transparent and flexible enough to allow for regional or industry specific differences as long as biosecurity is fully maintained.

They also felt that good governance could improve transparency but stressed that any changes must not increase costs. ASPC was seen as a group that should be involved in a new system.

6.5.3 Fresh market producers

Fresh market producers vary in the use of certified seed and in how they perceive its value. Growers who lean towards using farm kept seed argue that they cannot carry the cost of certified seed and/or that they do not believe certified seed is superior. This belief often appears to be a result of a bad experience with certified seed. However, most could not specify whether the perceived substandard seed quality was due to certification practices or poor supply chain practices.

Fresh market producers who wanted to see transparent systems and good governance thought that this may also 'fix' issues of supply chain management. Good communication about what to expect from seed certification may be required independently from setting up a governance structure.

General points made by industry customers included:

- Concerns that the current system lacks independence and transparency and has some conflict of interest issues
- Individual certification providers should be audited regularly (one suggestion was that they should be audited by each other (yearly) and independently every 3-5years)

- Annual industry meetings should be conducted to ensure that the national scheme is meeting industry expectations and there needs to be a formalised system for disputes
- The system should be under a QA approach using a HACCP approach/model
- There is a need for better engagement of seed growers in supply chain post farm gate
- The system should have oversight by an 'industry board of management' with an independent chair, and
- The system needs to provide support to certification/regulatory bodies and enhance their ability to perform their role.

6.5.4 Exporters

Exporters expressed concern about the effect a negative review and sudden change could have on their relationships in export markets. A key requirement for them is that a new structure (and standard) does not 'rock the boat'.

6.6 Overseas organisations involved in certification

Although not strictly part of the brief some additional consultation was performed with several overseas authorities in order to understand what forms of governance existed elsewhere.

Most schemes were operating within a government framework, which provided the necessary independence/separation between oversight and implementation.

The New Zealand quality assurance program (provided by New Zealand Seed Potato Certification Authority) had perhaps a system that most mirrored that of Australia (i.e. non-government) and in this situation there are two schemes operating. Both have outside auditing of their systems by independent agencies. These are SGS, JASANZ or Assure Quality. A governance group and technical committee provide oversight and scientific input to the system.

Canada is currently in transition and is trying to reconcile its QA system that is administered by the Canadian Food and Drug Agency and the needs of importing countries such as the USA.

7 Industry workshop

Industry consultation conducted for this investment confirmed earlier findings from PT13010 but importantly provided the background and themes for an industry workshop in Melbourne on June 2nd 2016. Recognising the importance of industry wide acceptance, personnel from across the supply chain representing a wide range of views were invited to participate by Hort Innovation.

Project teams for both PT15004 and PT15004 facilitated discussion around their respective briefs.

This project (PT15005) gave a short presentation of its main findings to provide the background for questions, discussion and working groups.

Following the presentation, the participants were divided into six groups each reflecting a mix of the supply chain. Groups were then tasked with developing an option for a National Governance Framework for Australian Seed Potatoes, based upon the feedback presented by the project team, and summarised on a white board as per below:

- Roles and responsibilities (Charter)
- Election/selection process
- Composition/number of members
- Biosecurity relationships including; Plant Health Deed awareness, co-regulation
- Communication – channels and who talks to whom, when, why and how, existing communication and extension channels
- Tissue culture lab/minituber producers' needs to be represented
- Funding.

7.1 Workshop outcomes

A copy of the original findings/workings from each group is presented in Appendix 2.

A common theme was the need to minimise costs and to have a funding source to enable a national body to operate.

Whilst there were differences in some details a number of common themes emerged from all groups and these are summarised below:

The governance body should have:

- An Independent Chair
- Representation from each state, certification agencies, tissue labs/mini-tuber producers, seed growers, and seed buyers (fresh and processing markets)
- Hort Innovation and AUSVEG as observers
- Regulatory representation e.g. Plant Health Committee (PHC) as observers
- Members to be elected via open call - not appointed
- Regular meetings (one to two meetings per year), phone hook-ups as needed
- Funding for establishment and ongoing activities (including for a website to contain information e.g. governance structure, scheme rules, standard, protocols, procedures, training events, relevant biosecurity information updates - i.e. providing transparency), and
- The current ASPC or some form of this was seen as a potential vehicle.

Roles of the governance body should include but may not be limited to:

- Scheme oversight e.g. scheme rules, National Standard (incl. regular review/update)
- Go-to function for new ideas and also mitigation, and
- Communication link to other groups (i.e. governance and technical).

Subsequent discussion around the composition and size of the governance group produced a number of concepts.

Large governance group

Some participants suggested the ASPC could take on the governance role, calling on input as required from industry (growers, processors, packers), PHC, regulators, technical experts. Therefore, one governance option is to expand on membership of the existing ASPC to create a governance group of 19 to 20 plus one observer comprising members as shown in Table 7-1.

Table 7-1: Large governance group.

Person(s) representing	Number	Comment
Independent chair	1	Independent or Elected
ASPC (Certification agencies plus seed grower reps)	8	Provided by ASPC with seed grower reps elected
Processing growers	2	Elected
Fresh market growers	2	Elected
Independent tissue labs / minituber facilities	2	Facilities may form an interest group to nominate a rep.
Packer/Exporter	1 or 2	Elected
PHC	1	Nominated by PHC
Peak industry bodies	2	PPAA, AUSVEG nominated
Hort Innovation (observer)	1	Provided by Hort Innovation

Small governance group

Others suggested creating a new governance body with one representative from the certification agencies (i.e. an ASPC delegate) and other industry bodies/groups (Table 7-2). In this option ASPC continues as an operational group making sure seed certification is aligned and well managed in all regions, ensuring training takes place for certification officers, data is managed etc. and having input into the regular review of the National Standard (e.g. providing delegates to an independent technical committee).

Table 7-2: Small governance group working alongside a reconstituted ASPC.

Person(s) representing	Number	Comment
Independent chair	1	From housing organisation
ASPC rep	1	ASPC nominated
PPAA rep	1	Nominated
AUSVEG rep	1	Nominated
Independent tissue labs	1	Elected
Seed potato grower reps	1	Elected
Packer/Exporter	1	Elected
PHC	1	Nominated
Hort Innovation (observer)	1	Nominated

Under this structure, that of the associated ASPC would require some consideration however it is suggested that it comprise a representative from each certification agency, one seed grower representative, one commercial grower representative, and one from each of the two peak industry bodies, i.e. a total of 8 persons plus a Chair. It could also stay at its present size however the more members the greater the cost. It is also acknowledged that by developing a charter (which would be required for any group option) this will go some way to defining composition.

Meetings

It is suggested that the meetings for ASPC could be held in Melbourne however there may be some benefit in the Oversight Group meeting in each relevant state on a rotating basis.

Technical Committee

In both options, the ability to call on a technical committee e.g. to assist with the Standard's review was mentioned. Whilst it is anticipated that the ASPC will make adjustments to the standard as required a formal independent review of the standard should occur every 5 years and be subject to competitive tender. This would be in addition to the annual review of the Standard by the ASPC.

Governance group size and nomination/election of members

There was discussion around the representation on each of the groups in the above options, as well as how they would be nominated and elected and how the Chair would be determined. These approaches are summarised below:

- Nomination of representatives may occur via general election with all members of each group/organisation voting for a representative of their group, or a group/organisation's management nominating (a) representative(s).
- Size i.e. number of representatives/members on the governance body. There was discussion about the need to include all key players but attendees also recognised a need to keep the group small for efficiency. This then raised the question as to whether there should be a representative from each of the certification agencies or one representative from the group of certification

agencies. A maximum of eight for the governance body was a common suggestion. This was the number thus suggested above.

- There was some divergence on options for Chair. Most wanted an independent chair (e.g. supplied by the organisation 'housing' the group, or selected via a committee after advertising the position) whilst some thought the Chair could be elected from within the group.

How to elect members from different groups and the Chair e.g. via an open call process with an interview panel or via nominations has to be decided (Hort Innovation has a process for, and could lead this, refer to Section 9.3).

A Constitution would need to be developed for the governance body as well as certification scheme rules for the national scheme the body oversees.

Other discussion topics

Workshop discussions also covered the following topics:

- Dispute resolution function. Each state scheme has its own dispute resolution function. The governance body would not cut-across this state role, but have a role in higher-level issues such as when there was a dispute between a party and the certification agency itself.
- The need for an independent technical committee that can be called upon for reviews of the National standard.
- Communication. There was a consensus for improved communication e.g. accessing information and documentation, such as the National Standard, online. This would help to increase transparency. The potential for a dedicated page in Potatoes Australia was suggested.
- Access and use of certification data by Regulators to bolster area freedom claims.
- Shipping point inspections versus place of origin when compiling a Plant Health Certificate especially when port is in another jurisdiction.
- Publication of key governance documentation pertaining to seed certification schemes, rules, standard, protocols, procedures as well as information on training events, relevant biosecurity information updates etc.

It was suggested that the outcomes form the workshop could be presented at the ViCSPA seed potato conference in August 2016.

From the consultation, desktop study and workshop five models were developed as options for a National Scheme and these are presented in section 9.

8 Synthesis

The previous section has provided a summary of enquiries and the views expressed by all those consulted. Whilst there were some individual views that pertained to particular aspects of the supply chain there was also a concordance of views on a number of aspects of the current system.

The study revealed that current seed certification agencies have varying internal data management systems; larger organisations have more refined systems. Despite the lack of a formal national system, seed certification officers are well trained. There is good traceability and the scheme in Victoria has been effective in reducing virus Y levels. ViCSPA and DAFWA both have excellent document control systems and were integrated into their respective state's biosecurity/plant health system.

The general consensus was that whilst there was need for some improvement or alignment and better communication, what we have is mostly working well at a local level so any changes should not be disruptive or costly.

8.1 Governance structure

It was the view that an even better system could result if an appropriate National Standard, including protocols and procedures and a well thought through, responsive governance process were set up.

There was a consistent opinion expressed during both the consultation and workshop that within the national context, areas where the current system requires improvement are:

- Implementation of a national governance framework, including a governance body (although there was less agreement about its composition) and industry wide acceptance of a national governance framework
- Acceptance of the framework by regulatory bodies
- Opportunity for a national governance body to meet regularly
- Funding to allow regular meetings of certification agencies
- The need to 'house' the governance body with an independent organisation that could provide administrative and some management support
- Good communication about certification matters
- Uniform, known scheme rules e.g. rules for data management, how often audits take place etc.

A shared view was that a serious effort and leadership by those who see a positive future for a progressive potato industry is required to achieve industry acceptance of a functional national system.

Another aspect that was mentioned was that certification agencies could be harmonised so that data can be collected nationally and this would have benefits in the biosecurity, trade and export segments.

Most people consulted also mentioned the need for some form of independent oversight to avoid potential conflicts of interest and provide transparency, however there were some who did not see this as a need.

Consultation did not provide clear guidance on the need for accreditation of certification agencies by an oversight body. Rather than an accredited scheme, one option for consideration is regular auditing of certification agencies. The governance body could call for tenders to audit the five certification bodies

e.g. for a five to six year period. The frequency of audits would need to be determined e.g. annual or every two years. As ViCSPA already have ISO9001, they might not require auditing as regularly as other bodies (e.g. every two years instead of every year), depending on the scope of their ISO9001 accreditation, which would need to be reviewed/confirmed.

Auditors would be independent and qualified e.g. via Exemplar Global. They would need systems knowledge and understanding of the industry. They would audit each of the certification bodies on how they conduct certification assessments and their systems i.e. whether their assessments comply with the rules and the intent of the National Standard. The auditors would report back to the governance oversight group, highlighting any issues or opportunities for improvement.

8.2 Requirements for accreditation of minituber/tissue culture labs

ViCSPA currently accredits minituber labs and while there are some concerns about conflict of interest, it was generally agreed that some form of audit or accreditation is necessary. Considering that minituber production is a form of seed production, albeit not in the field, they should be certified or accredited through a similar process to field grown seed.

Also considering the need to minimize costs, the following is recommended:

- Labs producing G0 seed are required to register with a certification agency of their choice. That is any certification agency that is approved by the governance body, and they can be located in a different state to the lab.
- Under the National Standard a set of criteria are laid down for minituber and tissue culture production that are agreed to by an independent technical committee (e.g. the group called on for reviews of the National Standard).
- Minituber/tissue culture labs have input to the technical group that makes decisions about the Standard criteria.
- Labs are required to be assessed/audited by an independent third party against the National Standard criteria by a certification agency. (This is the same general approach for certification of seed from G1 and above i.e. assessment against the National Standard.)
- There is opportunity to have some flexibility in choice of auditor.

The above approach allows labs to continue with ViCSPA or select another certification agency if they so choose.

9 Options for a National Scheme (Terms of Reference Item 5)

In providing the following options, two areas need to be considered:

- Obligations that need to be met for funding, and
- Potential agencies in which to house any scheme that conform with funding guidelines.

9.1 Prerequisites for Hort Innovation Funding

Lack of funding was seen as a constraint to the current system and thus in order to obtain any potential funding from Hort Innovation for APSC or any other body the core obligations that come with funding need to be addressed.

These core requirements are listed below. The following requirements, extracted from the Hort Innovation research agreement and procurement documentation, must be met before Hort Innovation can fund any service providers:

1.1 Must have an ABN and appropriate business structure. A company must be registered with ASIC, and company officers must comply with legal obligations under the Corporations Act. The entity must operate transparently.

1.2 Must declare existing or potential conflicts of interest (including any financial, personal or other interest or association, either direct or indirect) that may prejudice the successful delivery of a project.

1.3 Must have insurances for the Term of the investment and for a period of 7 years thereafter including:

> *1) adequate workers' compensation insurance as required by law;*
>
> *2) public liability insurance in the amount of at least $10 million for each claim;*
>
> *3) insurance in respect of loss or damage to Assets in accordance with clause 12.3(a)(ii); and*
>
> *4) where applicable given the nature of the Project, professional indemnity insurance in the amount of at least $5 million per claim that covers key activities to be undertaken by the Research Provider and its personnel in connection with the Project.*

1.4 Must not use project Funds:

> *1) for any agri-political activity (including any form of internal or external political campaigning); or*
>
> *2) for marketing activities.*

1.5 Must keep, at its principal place of business, accurate and comprehensive books and records that are separate from any other books and records of the Research Provider's business. These must be maintained for a period of 7 years after termination or expiry of the investment. These must be open to Audit.

1.6 Must have organisational capacity including relevant and recent performance on program/project types and scopes of work of a similar nature and organisational capacity to provide resources for the proposal.

1.7 Must have adequate technical skills including qualifications, competence, experience and responsibility aligned to the role of proposed project personnel.

1.8 Must have a sound record of past performance on similar program/projects including standard of outputs; completion on time including meeting milestones and deadlines; completion within agreed budget; achievement of quality aspects.

9.2 Governance Housing Options (Independent organisations able to house a governance group)

The project team considered and consulted with organisations suitable to house a governance group in order to meet Hort Innovation requirements for funding as listed above. In addition to the requirements for Hort Innovation funding, other criteria included:

- Independence (so that conflicts of interest are avoided and the industry's interests prevail)
- Understanding of the potato industry (or at least horticulture/agriculture generally)
- Understanding of certification and biosecurity
- Capacity to provide the required resources and services including publication of documentation (including a website) and secretariat roles (coordination of meetings, election of officers, secretariat support).

The following table lists the options/organisations identified as well as their suitability for the role.

Table 9-1: Governance 'housing' options

Option / organisation	Independent	Advantages/disadvantages/comments
A certification agency	✗	Not appropriate due to conflict of interest
AUSVEG	✗	Not appropriate due to conflict of interest
Hort Innovation	✗	Not appropriate as it is not within their brief
PHA	✓	Provides a link to PHC. PHA can be repository for data that can be used for area freedom. PHA would need to agree to the change as it represents a new role for them
Australian Seed Authority	✓	Would provide a link although not as strong as with PHA into plant health system Seed Authority is familiar with handling this type of model.
Audited QA scheme	✓	Costly to set up and potentially disruptive to start with
Formation of a new separate entity	✓	Can provide independence but establishment costs and ongoing compliance costs would be high (disadvantage).

From this list two organisations were identified as potentially suitable; the Australian Seed Authority and Plant Health Australia.

9.2.1 Australian Seed Authority (ASA)

The following information is summarised from an eight-page submission provided by ASA:

"ASA is a not-for-profit company jointly owned by the Australian Seed Federation (ASF) and Grain Producers of Australia (GPA). It was established in 2003 to take over the seed certification programs of the various State Departments of Agriculture which had operated such schemes for the industry, but which were withdrawing from their management.

ASA has had a series of 5 year licences from the Commonwealth Government to be the de-facto National Designated Authority for the OECD Seed Certification Schemes, and to be the Designated Authority for the International Seed Testing Association (ISTA) which is the accepted international authority on seed testing. ASA has to report to the Department of Agriculture on its operations and financial health. It also obviously reports to its joint owners and to the industry generally.

At the request of the seed industry, ASA also operates the Australian Seed Certification Scheme.

ASA has a board of seven (7) with three (3) nominees each from the ASF and the GPA and one independent Director. It employs a half time CEO, and a half time Executive Officer, who both work from home.

ASA receives no government funding, and is dependent on the fees it charges users of the schemes to fund its operations. It operates very frugally [its current turnover was provided to the project team].

ASA led the development of a formal training program for seed processors. It obtained funding, used industry leaders to develop the competencies required, and commissioned the development of training and assessment material. There is now a Certificate III in Commercial Seed Processing available to the seed industry."

Possible role for ASA

ASA believes it is a natural "fit" for the national governance body proposed in the [PT13010] Review (and this current project), supported by appropriate potato industry structures.

The structures and their representation would require further development and using the existing structures (e.g. ASPC) would be a starting point. ASA has experience in the establishment of technical advisory committees.

The ASA meets the Hort Innovation requirements for funding.

ASA emphasised that it is flexible and wants to respond to the needs of the seed potato and the potato industries.

ASA could provide rigour, transparency and accountability to a national potato seed certification scheme, and would seek the involvement of all sectors of the industry, and of AUSVEG and Hort Innovation in the development and implementation a governance framework.

9.2.2 Plant Health Australia (PHA)

Plant Health Australia is the national coordinator of the government-industry partnership for plant biosecurity in Australia.

The purpose of PHA is for government and industry to have a strong biosecurity partnership that minimises pest impacts on Australia, enhances market access and contributes to industry and community sustainability. PHA is funded equally by the Commonwealth, States and industry through Plant Health levies.

PHA plays a major role in the Australian Biosecurity and Plant Health System and is seen by its stakeholders as a neutral party in which biosecurity and plant health issues can be discussed and progressed. Its core aims are to:

- Minimise plant pest impacts
- Enhance Australia's plant health status
- Assist trade of Australia's produce
- Safeguard the livelihood of producers
- Support the future of Australia's plant industries and communities
- Preserve Australia's environmental health and amenity.

PHA was established in 2000 as a not-for-profit company, to service its members. The company has a national office located in Canberra and is run by a team of specialist staff and a skills-based Board.

PHA has a proud history of achievement in brokering agreements that have resulted in Australia's enviable pest-free status. PHA has led the development of tools, information and networks that have reduced the threat and potential impact posed by emergency plant pests.

We consulted with the PHA Chief Executive Officer and would need approval from Board if the PHA option is taken up.

9.3 Governance Structure Options

This section presents five options for a national governance framework for Australian seed potato certification and a discussion of the merits and demerits of each. For options 1-4, a Charter/Operating code defining roles and responsibilities needs to be developed.

The five options are:

- Option 1 - Small independent Oversight Group and a revitalised ASPC, Table 7-2, page 22
- Option 2 - A large group responsible for all activities (ASPC with expanded membership), Table 7-1, page 21
- Option 3 – A mid-sized group responsible for all activities (similar to option 2 but smaller)
- Option 4 - Quality Assurance system
- Option 5 - Do nothing.

Options 1, 2 and 3 are variations based on responses from the industry workshop. In preparing these three options it is noted that support for either a large or small sized group was split at the workshop and hence three options are presented.

These options have been based upon the outcomes of the workshop but also have taken into account the statutory obligations for accessing Hort Innovation funding.

Within the first three options there are several variations pertaining to where or under what body the governance group will be housed.

There are also alternatives as to how members are elected and which industry segments are represented.

- One approach is calling for nominations against a key set of selection criteria with members chosen by a selection panel e.g. convened by Hort Innovation
- The other and more difficult to manage approach (and also to ensure quality representation) is through an industry plebiscite after receipt of nominations
- A third alternative is for members to be nominated by the various groups based on a set of key criteria
- A fourth approach is a blend between nomination (i.e. peak bodies representatives) and nominations that are reviewed (i.e. for growers under different categories). Sound selection criteria would be required. Hort Innovation has an existing process and criteria for this as used for Strategic Investment Advisory Panels (SIAPs) nominations.

In all cases the election/nomination process would be overseen by the 'housing body' such as PHA or the Australian Seed Authority. Hort Innovation has an existing process for selection panels that could be used by the 'housing body'. The length (term) of each appointment will need to be decided and for the establishment of the group, staggered terms should be considered so that not all representatives are up for election at the same time.

9.3.1 Option 1 (Recommended Option)

A small Independent Oversight Group (9) including an independent Chair and interacting with a revised ASPC.

The structure of this arrangement is shown in the figure below and described in Table 7-2. A name for the group needs to be decided and 'National Seed Potato Advisory Committee' is provided here as a suggestion.

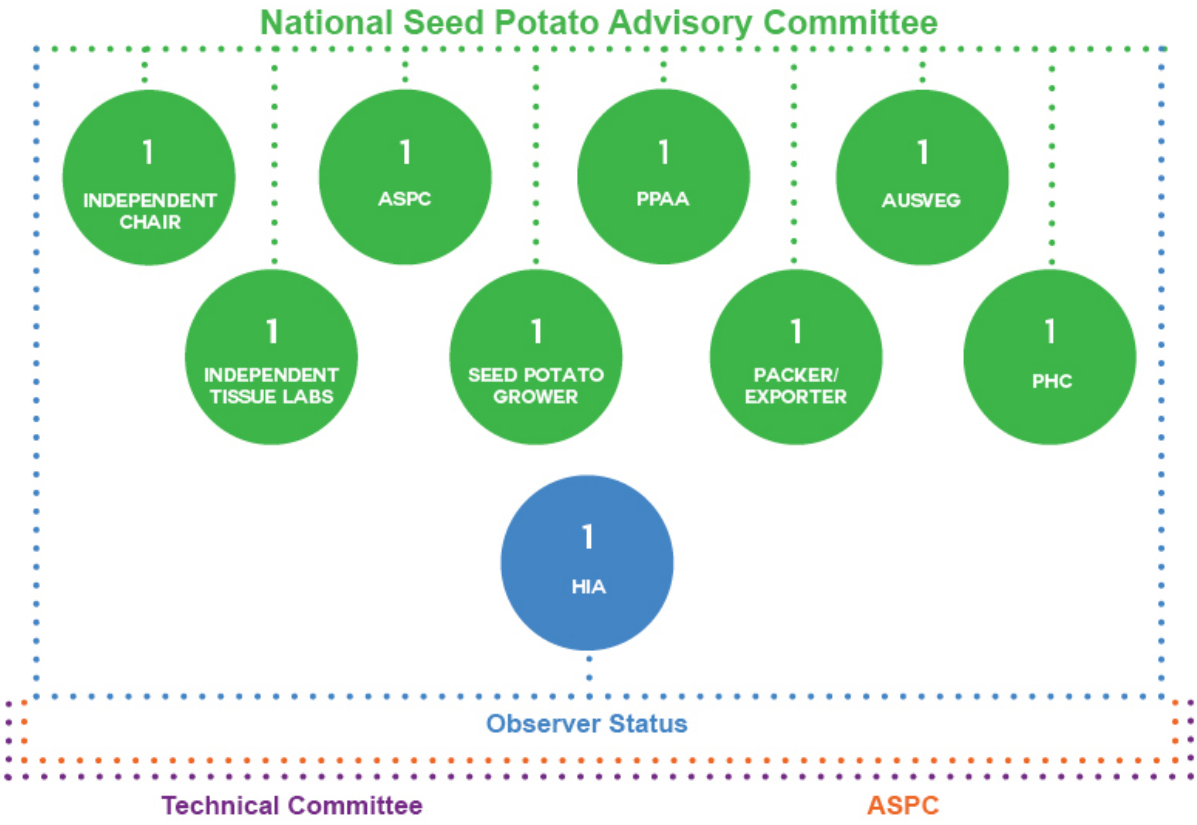


Figure 9-1: Small independent oversight group.

The structure includes representatives from each of the major interest groups. Although the diagram and associated Table 7-2 show a suggested membership that is solely industry based this does not need to be the case. The role of this group is more about corporate oversight than seed certification therefore it is not necessary that all members be involved in the potato industry. In fact there is likely to be a positive result by having some 'non-potato' personnel involved. If this was thought desirable then an even smaller group could be constituted. It is not uncommon for boards to not have the majority of members drawn from their own businesses.

The role of this group is merely to ensure that the national system is working in the interests of all parties and of Australia.

It would need to have a charter under which it operates, as would the associated ASPC to ensure that roles and responsibilities are clearly articulated and do not crossover.

Advantages:

- A clean structure with clear separation between governance and function of seed potato certification
- If housed at PHA or ASA (or other alternatives if identified), satisfies Hort Innovation funding requirements therefore access to funds for certification governance and related activities
- Minimal change to the existing system, thus the overall cost to levy-payers is minimised
- Addresses concerns of regulators regarding industry acceptance and transparency
- Avoids any potential claim for conflict of interest

- Provides a vehicle for harmonisation and contact with entire industry
- Small oversight group enables streamlined decision making
- Can be included in any National Plant Health/Biosecurity Framework
- Provides a mechanism for legacy
- Can be integrated into national communication and extension framework
- A strong mechanism for industry representation and a direct connect to biosecurity management via PHA (if the housing organisation)
- Direct connection with Hort Innovation and a strengthened role internationally
- Housing under ASA or PHA provides benefits from an experienced, well established and governed organisation
- Group can call upon technical specialists (e.g. virologists, pathologists) as required e.g. for review of the National Standard
- Would probably not require a great deal of change to membership structure of ASPC although method of election for both bodies would change

Disadvantages:

- Will not enable everyone from the various interest groups and certification agencies to be present

9.3.2 Option 2

This is a large group with members drawn from all interested parties and with an independent Chair; it is illustrated below and described in Table 7-1.

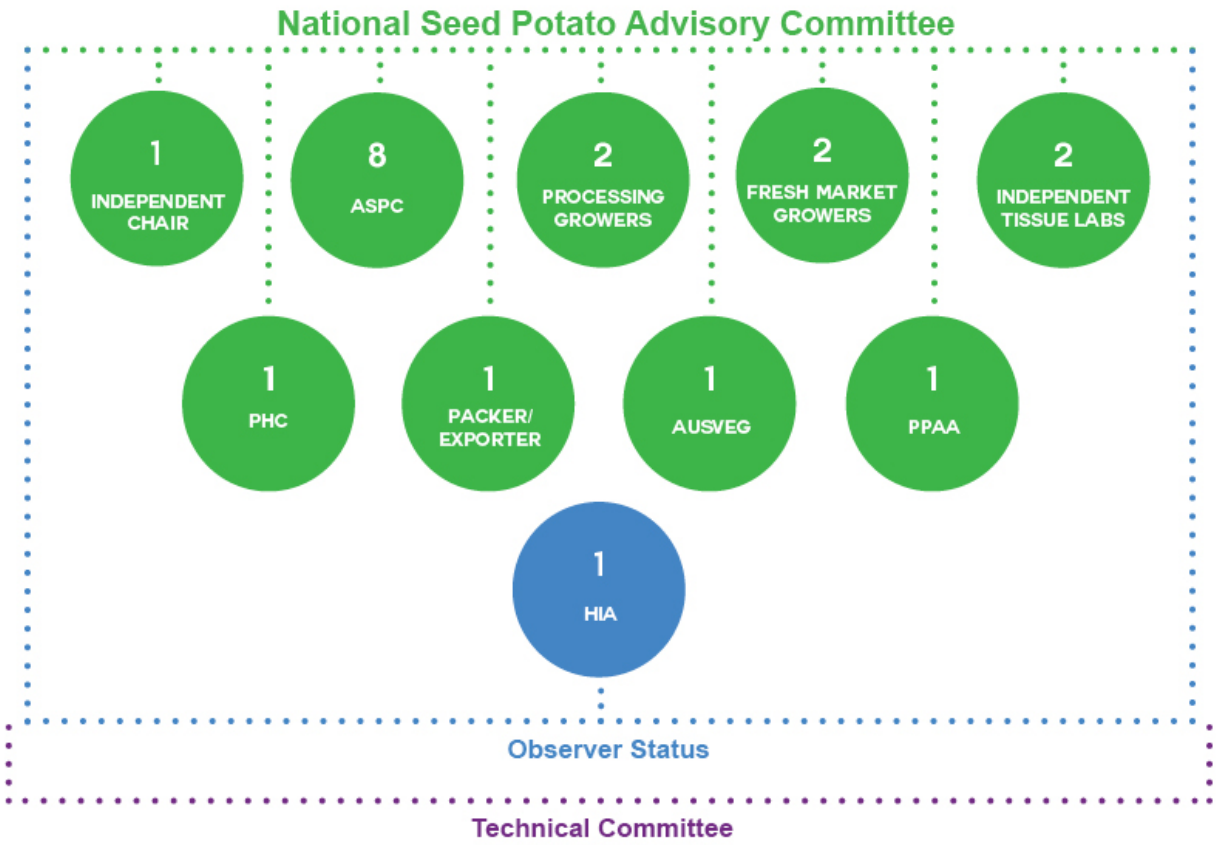


Figure 9-2: Large governance group (ASPC with expanded membership). Note that 'ASPC' includes four certification agencies plus four seed growers.

This large group would be a greatly expanded ASPC responsible for all activities/functions relating to seed certification including the National Standard and governance. In Figure 9-2, 'ASPC' includes four certification agencies plus four seed growers, i.e. the current ASPC representation. The seed grower members would need to be elected rather than appointed under this new group structure.

As with Option 1 the group can either call upon technical specialists e.g. an informal Technical Committee as required.

It could be seen as a transition arrangement to Option 1 to enable people to adjust to change, although a risk is that a big clumsy structure could be created and perpetuated.

Advantages:

- Many people in the same room at the same time so a large diversity of opinion with decisions reached by consensus and no single group able to hold a majority (depending on representation i.e. numbers, on the group)
- May still meet funding requirements (e.g. if housed by PHA or ASA) but will require considerable thought as to how this can be achieved and avoid conflicts of interest

– More closely resembles the view of many (but not all) who were present at the meeting on June 2nd

Disadvantages:

– Unwieldy and may have difficulty in making decisions or potentially drawn out decision-making processes
– Will be expensive to operate with higher administration cost and may require sub-committees to consider specific areas, further increasing cost
– Conflict of interest is likely to be difficult to manage
– Separation of governance/compliance/technical roles becomes difficult
– Potentially much longer meetings involving people in areas for which they do not need to be involved – greater cost again
– Added costs if transitioning from this Option, to Option 1

9.3.3 Option 3

Option three is similar to Option 2 but somewhat smaller. This would be mid-sized group with members drawn from all interested parties and with an independent Chair; it is illustrated below.

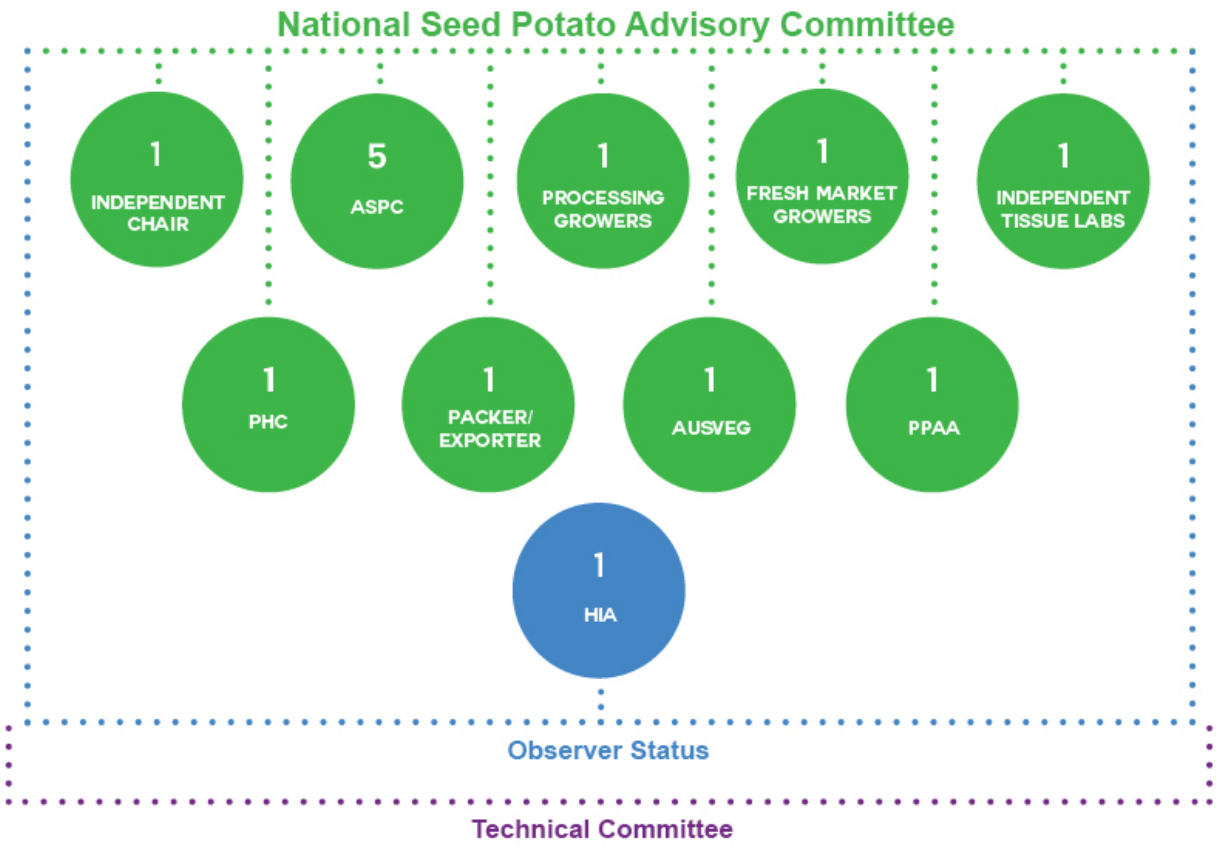


Figure 9-3: Mid-sized group (ASPC with expanded membership). Note that in this option 'ASPC' includes four certification agencies plus one seed grower.

This mid-sized group would be an expanded/modified ASPC responsible for all activities/functions

relating to seed certification including the National Standard and governance (i.e. the same responsibilities as described above for option 2). Although the group is responsible for all activities/functions and it is expanded to include members from other groups, it includes fewer seed grower representatives than Option 2.

As with Option 1 and 2 the group can either call upon technical specialists e.g. an informal Technical Committee as required.

As with Option 2 it could be seen as a transition arrangement to Option 1 to enable people to adjust to change. A risk is that a relatively large clumsy structure could be created and perpetuated.

Advantages:

- Relatively large number of people in the same room at the same time so a large diversity of opinion
- May still meet funding requirements (e.g. if housed by PHA or ASA) but will require considerable thought as to how this can be achieved and avoid conflicts of interest
- More closely resembles the view of some (but not all) who were present at the meeting on June 2nd
- Meeting travel costs would be less than Option 2

Disadvantages:

- Certification bodies hold a majority and therefore a potential imbalance may exist between the interests of different groups
- May have difficulty in making decisions or potentially drawn out decision-making processes
- Will be more expensive to operate compared to Option 1 with higher administration cost and may require sub-committees to consider specific areas, further increasing cost
- Conflict of interest is likely to be difficult to manage
- Separation of governance/compliance/technical roles becomes difficult
- Potentially much longer meetings involving people in areas for which they do not need to be involved – greater cost again
- Added costs if transitioning from this Option, to Option 1

9.3.4 Option 4

A QA system similar to current QA arrangements operating for food safety e.g. Freshcare or Global GAP.

This model would see the certification system move under the auspices of an accrediting body such as JSANZ or become an independent QA like system audited by registered auditors e.g. from AUSQUAL.

Advantages:

- Increased level of auditing with high quality audit standards
- Many growers are familiar with these systems
- It is similar to the NZ system, which is working well

Disadvantages:

- High cost system
- Could have potential disruption during transition from current system

- More effort required – may be excessive to requirements
- Will require considerable resources to implement
- Will require considerable change on all parties in the system and thus too great a disruption

9.3.5 Option 5

Do nothing.

This would not solve issues that have been highlighted previously in regards to differing systems, uncontrolled/undocumented changes to the Standards; lack of transparency, perceived conflict of interest. It would prevent access to funding to run an improved system.

Advantages:

- No further expenditure of levy funds
- Nothing further happens and no changes required or change management

Disadvantages:

- No funding as fails to meet Hort Innovation funding requirements, ASPC remains unfunded
- No mechanism for updating the National Standard on regular basis and integrating with R&D
- Not accepted or at best an ad-hoc acceptance by regulators, little confidence from Commonwealth in trade/biosecurity related matters
- Unlikely to achieve a national harmonisation
- No general industry acceptance, industry divisions will continue (could potentially impact exports)
- No legacy for future as no formal system
- Processors and packers will create their own systems to ensure seed meets their needs
- Biosecurity management may be substandard with no data available to claim area freedom.

In either Option 1, 2 or 3 the governance group or enlarged ASPC respectively, will need to be based within an independent organisation to meet funding requirements. Option 4 e.g. an accrediting body would already meet funding requirements but as with all options, would still need to go through Hort Innovation procurement processes.

9.4 Estimated costs

Estimated costs are shown in the following table for the five options. Agency costs include secretariat, basic documentation and basic website establishment and maintenance.

Table 9-2: Estimated costs.

Option	Estimated annual costs (agency)	Estimated costs (travel costs for attendees)	Other costs	Comments
Option 1 Small Independent Oversight Group and a revitalised ASPC	PHA: $24,000 plus travel ASA: to be confirmed; estimated one person, half time.	$4,000 per meeting + $4,000 for the associated ASPC	Meeting costs e.g. venue. Technical Committee travel and meeting costs. Independent review of the National Standard e.g. every 5 years. Australia's participation in UN meetings	Review after 12mths as this includes a setup cost which is not ongoing
Option 2 Large governance group (enlarged ASPC group)	PHA: $35,000 plus travel ASA: to be confirmed; estimated one person, half time.	$10,000 per meeting + $2-3,000 for sub-committee travel costs		As above although ongoing costs will be considerably higher
Option 3 Mid-sized governance group (enlarged/modified ASPC group)	PHA: $35,000 plus travel ASA: to be confirmed; estimated one person, half time.	$7,500 per meeting + $2-3,000 for sub-committee travel costs		
Option 4 QA system	More costly than options 1 and 2. Indicative cost: $50,000 - $100,000			Review after 12 months. Both the setup and ongoing costs will be considerably higher than Options 1, 2 or 3.
Option 5 Do nothing	N/A			

The estimated agency costs/resources for ASA is based on preliminary discussions with ASA. It is likely that the requirement will be less than 0.5 FTE, pending discussions with ASA and full understanding of the requirements and operations of the group.

In considering costings, the additional costs for attendees has not been included. This is only the cost of

the agency.

Under Option 1 attendee travel costs are likely to be approximately $4,000 per meeting for the Governance Group and $4,000 for those of the associated ASPC. Each group would meet once per year.

Under Option 2 travel costs would be approximately $10,000 per annum for the entire group. Should sub-committees need to meet then extra travel and time will need to be budgeted. It is suggested that this could be approximately a further $2-3,000 per annum. This would make total cost approximately $13,000 annually. It is also assumed that meetings would take place in Melbourne.

Under Option 3 travel costs would be greater than Option 1 but less than Option 2, depending on representation i.e. numbers.

Other costs

Other costs that need to be covered include the following:

1. **Australia's participation in UN meetings:**

   The level and extent of this participation will need to be determined although it is recognised that there is value in ongoing participation especially with broader industry involvement. UN meetings are conducted twice per year, one technical meeting per year, which is held in a different country each time, and one Bureau meeting per year usually held in Geneva (Nigel Crump, pers. comm).

2. **Technical committee meetings**:

   The cost of technical committee meetings will include travel costs and meeting costs. The payment of sitting fees needs to be decided.

If auditing of certification bodies is implemented, we estimate that this would require an auditor for one day per certification body plus travel time and costs, for each audit conducted. We recommend that the governance group once established decide if audits should be implemented or not.

10 Recommendations

10.1 Governance structure

Our preferred option for the governance structure is Option 1 on the grounds of simplicity, cost and functionality.

The next steps are that Hort Innovation will facilitate the implementation process.

This will include determining the appropriate housing organisation and development of charters for the two groups. This latter process is important, as it will inform membership criteria. The process for membership will also need to be decided and to be incorporated into the charters.

The charter will need to define roles and responsibilities, reporting arrangements, communication pathways, management of the Certification Standard and alignment with other related activities such as plant health.

There will also need to be an operational code for any technical committee and how it is to be constituted and to whom it is responsible.

There is no reason why this could not be achieved by end of 2016.

Once established, the governance group should decide if auditing of certification agencies should be implemented or not.

10.2 Accreditation of minituber / tissue culture labs

Minituber/tissue culture labs should be certified or accredited through a similar process to field grown seed; including:

- Labs producing G0 seed are required to register with a certification agency of their choice. That is any certification agency that is approved by the governance body, and they can be located in a different state to the lab.
- Under the National Standard a set of criteria are laid down for minituber and tissue culture production that are agreed to by an independent technical committee (e.g. the group called on for reviews of the National Standard).
- Minituber/tissue culture labs have input to the technical group that makes decisions about the Standard criteria.
- Labs are required to be assessed/audited by an independent third party against the National Standard criteria by a certification agency (this is the same general approach for certification of seed from G1 and above i.e. assessment against the National Standard.)
- The opportunity to have some flexibility in choice of auditor.

11 Intellectual Property/Commercialisation

No commercial IP generated.

12 Acknowledgements

We thank the many industry representatives for their time, input and suggestions to this project.

13 Appendix 1: Consultation list

Certification agencies

- Crookwell Potato Assoc Inc.
- Department of Agriculture and Food Western Australia (DAFWA)
- Tasmanian Institute of Agriculture (TIA)
- ViCSPA

Tissue culture labs / minituber producers

- Agronico
- Cottle Wolly
- Solan
- Toolangi-Elite

Regulators

- Department of Agriculture
- Chair of the Sub-Committee of Domestic Quarantine and Market Access (SDQMA)
- Members of Plant Health Committee (State and Commonwealth Plant Health Officers)

Potato industry supply chain

- Oakville Potatoes
- Simplot Australia Pty Ltd
- Thomas Fresh
- Unigrain Pty Ltd
- Fresh market grower, Tasmania

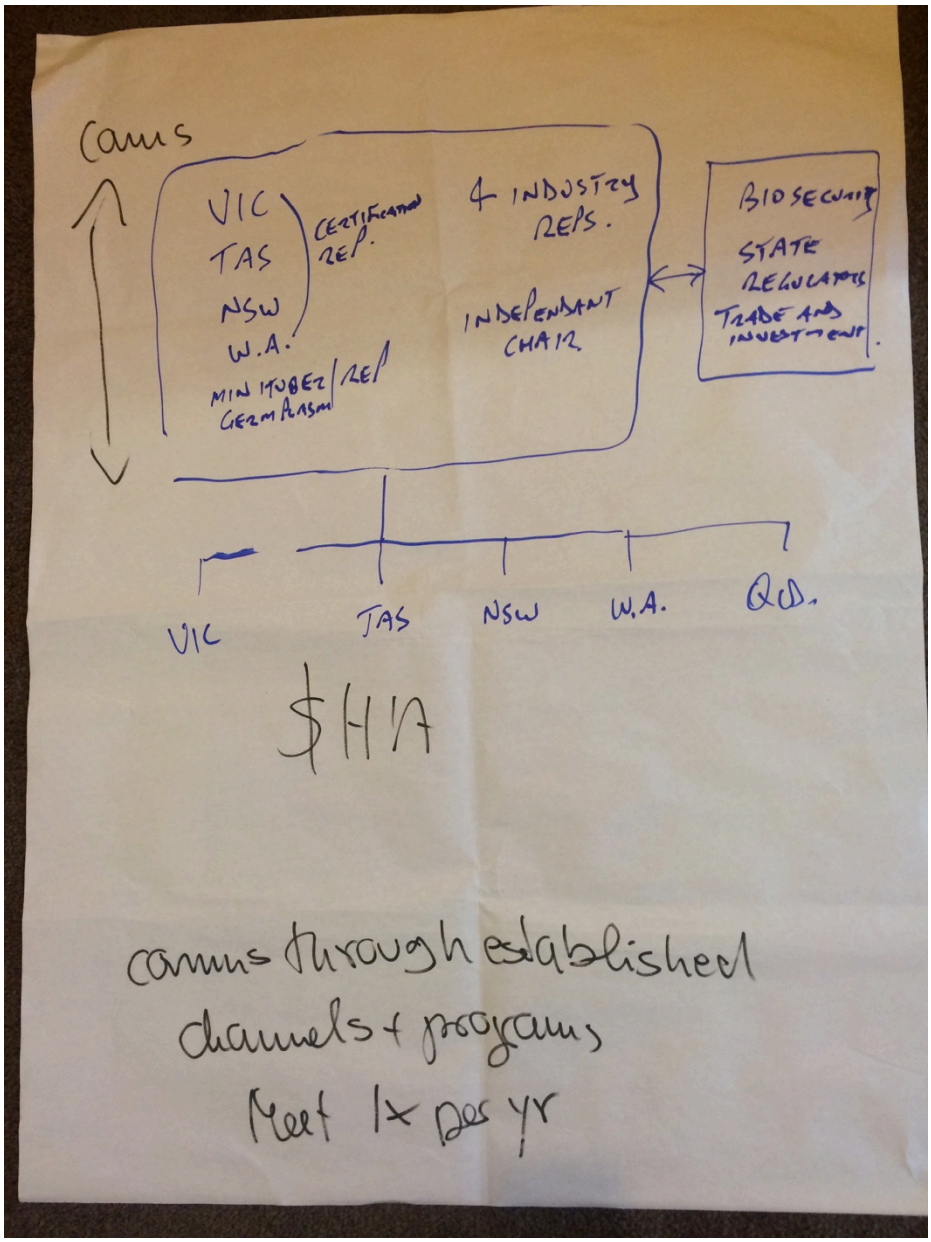
Industry Bodies

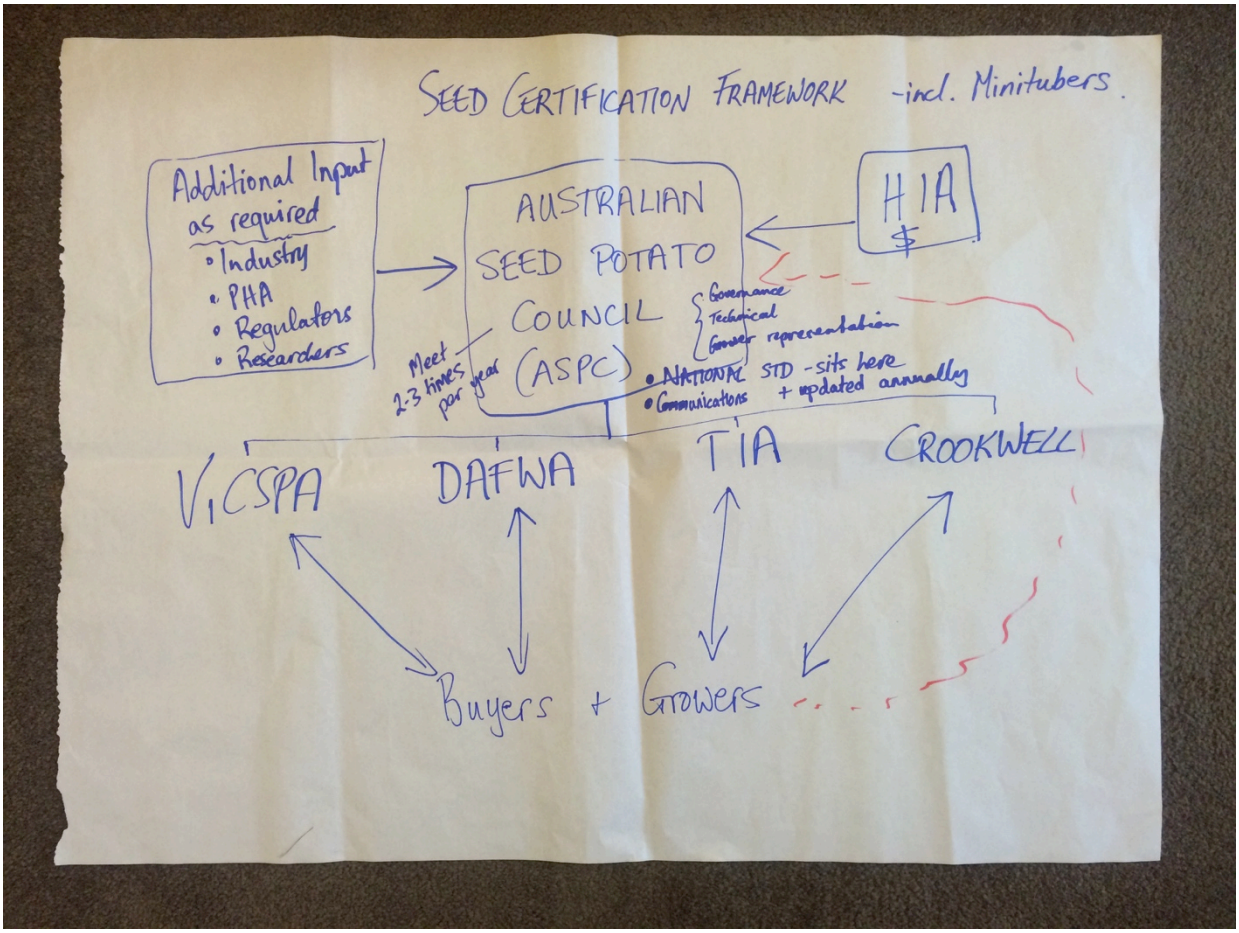
- Australian Seed Potato Council (ASPC)
- AUSVEG
- Potatoes South Australia
- Potato Growers Association of Western Australia
- The Potato Processing Association of Australia
- Seed Potatoes Victoria Inc.
- WA Seed Potato Producers Inc.

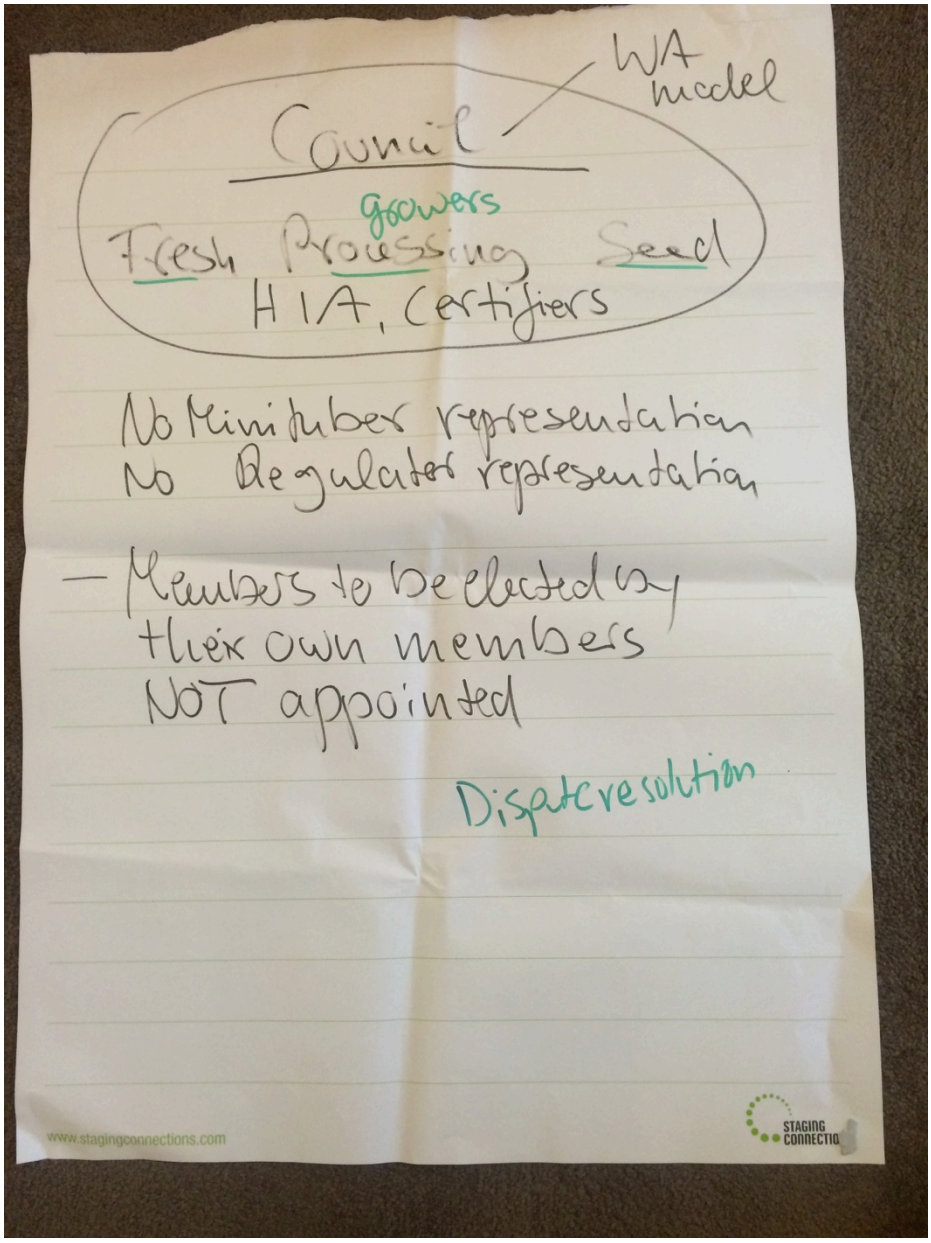
Overseas organisations involved in certification

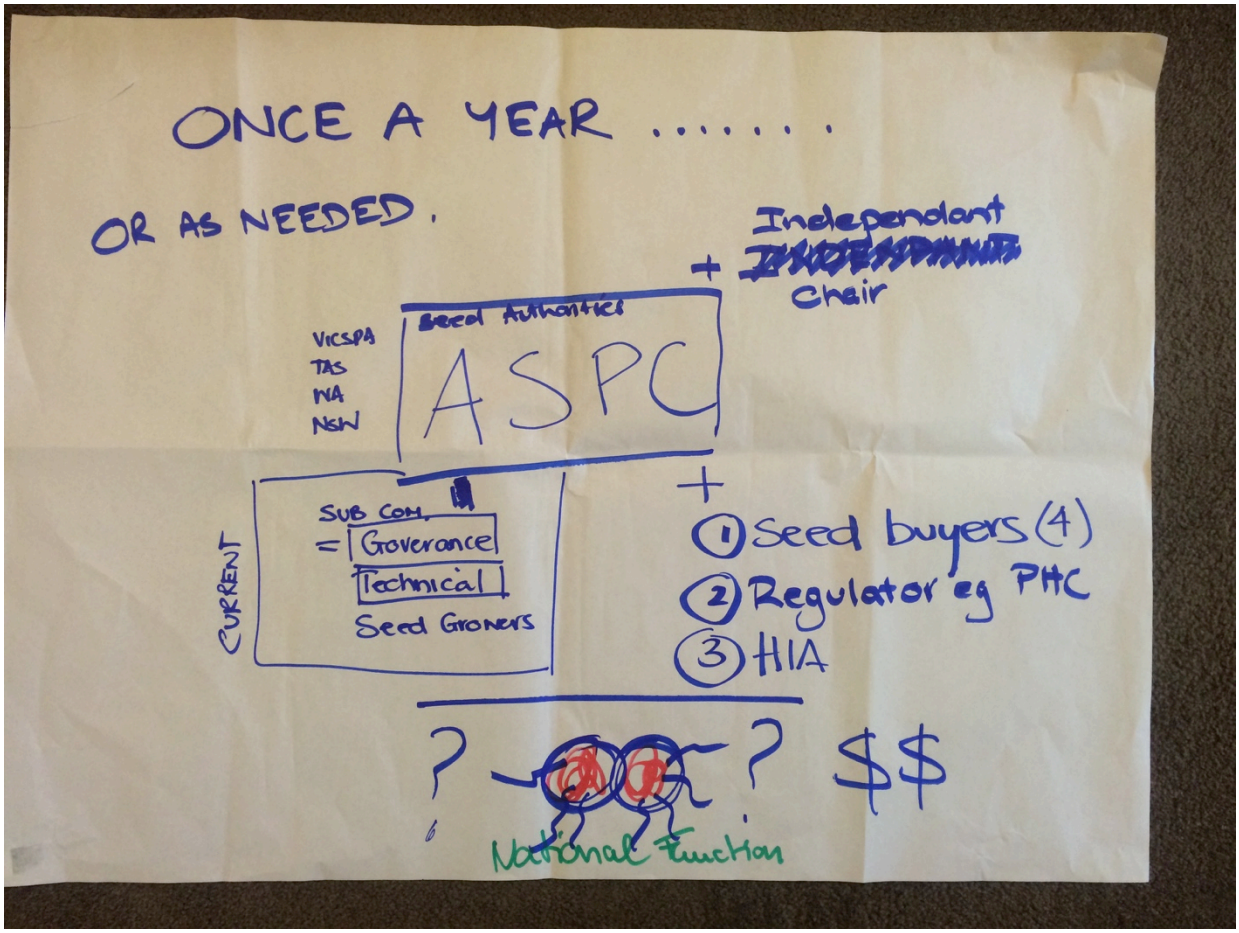
- Alex McDonald Ltd (New Zealand)
- HZPC Holland B.V. (The Netherlands)
- Potato Certification Service, Potatoes South Africa (South Africa)
- Southern Potato Co (Canada)

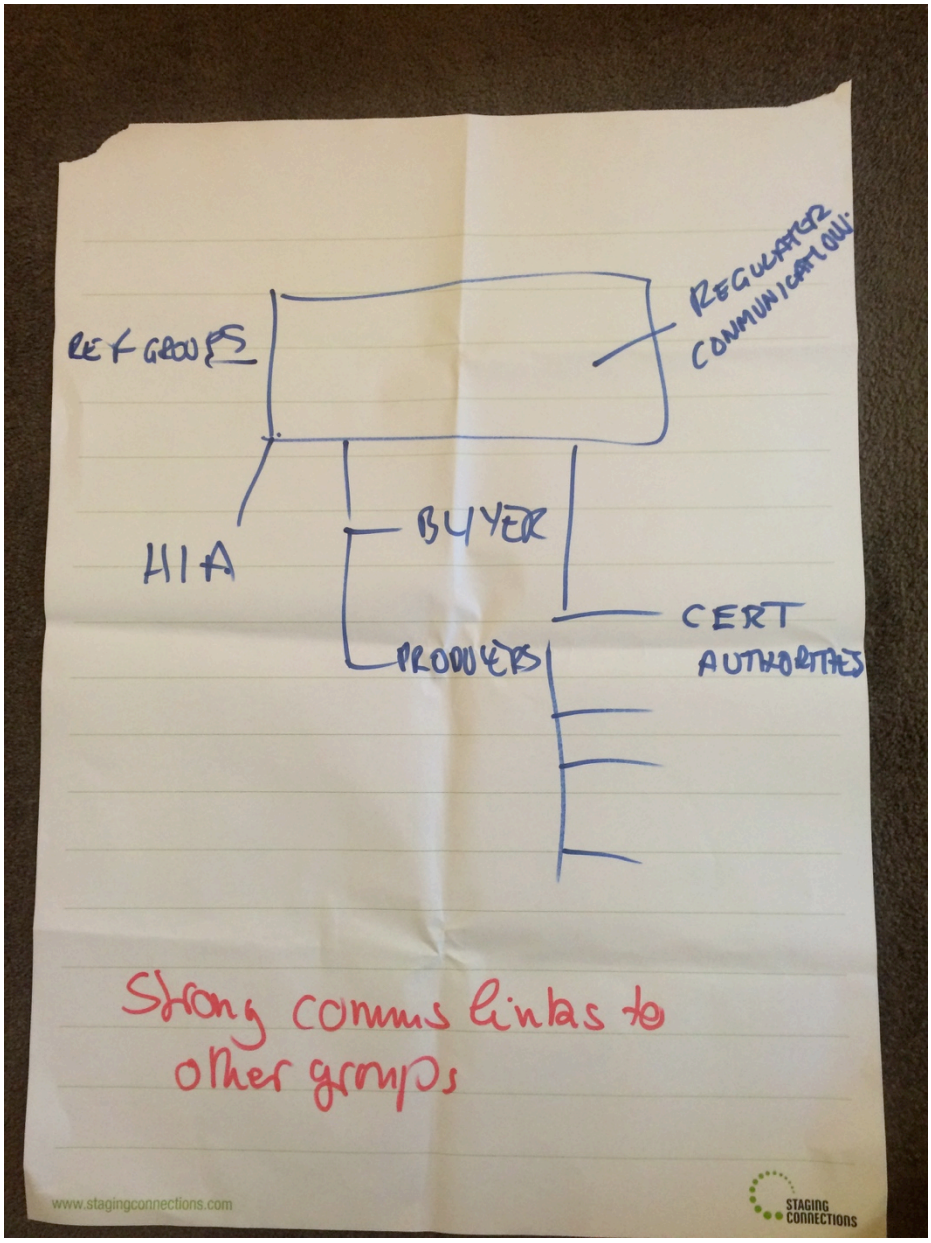
14 Appendix 2: Copy of workings from each group at the industry workshop

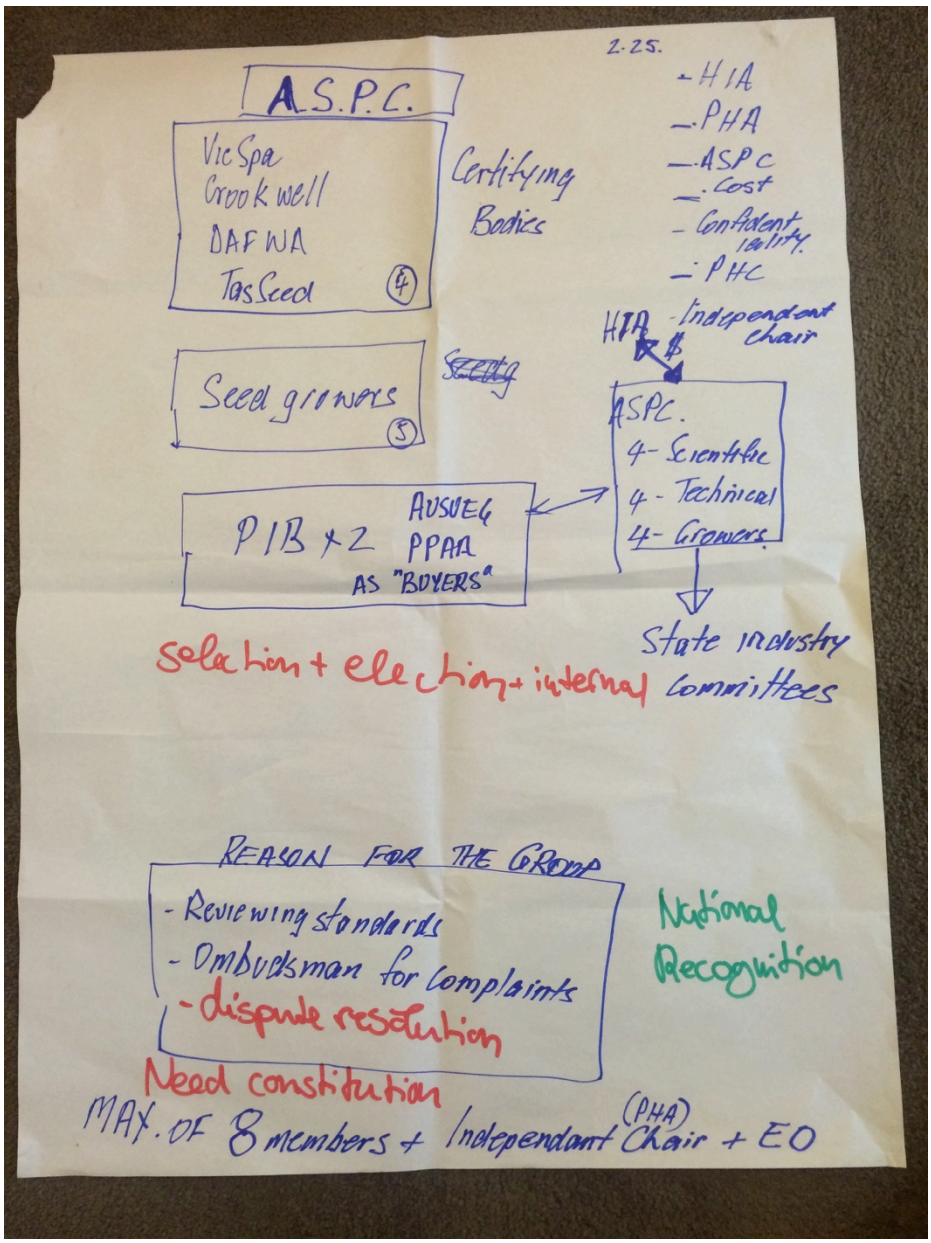



SEED CERTIFICATION FRAMEWORK -incl. Minitubers.
Additional Input as required
• Industry
• PHA
• Regulators
• Researchers
AUSTRALIAN SEED POTATO COUNCIL (ASPC)
Meet 2-3 times per year
Governance
Technical
Grower representation
• National STD - sits here + updated annually
• Communications
HIA $
VICSPA
DAFWA
TIA
CROOKWELL
Buyers + Growers


WA model
Council
growers
Fresh Processing Seed
HIA, Certifiers
No Minister representation
No Regulator representation
– Members to be elected by their own members NOT appointed
Dispute resolution
www.stagingconnections.com
STAGING CONNECTIO


ONCE A YEAR .....
OR AS NEEDED.
Independant
Chair
+
Seed Authorities
VICSPA
TAS
WA
NSW
ASPC
SUB COM.
= Goverance
Technical
Seed Growers
CURRENT
+
1 Seed buyers (4)
2 Regulator eg PHC
3 HIA
? ? $$
National Function


REF GROUPS
REGULATORY COMMUNICATIONS
HIA
BUYER
CERT AUTHORITIES
PROVIDERS
Strong comms links to other groups
www.stagingconnections.com
STAGING CONNECTIONS


2.25.
A.S.P.C.
Vic Spa
Crookwell
DAF WA
TasSeed
4
Certifying Bodies
- HIA
- PHA
- ASPC
- Cost
- Confident iality
- PHC
- Independant Chair
HIA
Seed growers
5
ASPC.
4- Scientific
4 - Technical
4- Growers
PIB x 2
AUSVEG
PPAL
AS "BUYERS"
State industry committees
selection + election + internal
REASON FOR THE GROUP
- Reviewing standards
- Ombudsman for complaints
- dispute resolution
National Recognition
Need constitution
MAX. OF 8 members + Independant (PHA) Chair + EO