



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

15 October 2025

Mr Paul Denny
Assistant Secretary
Food Policy Branch
Department of Agriculture, Fisheries and Forestry
GPO Box 858
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via email to: foodsecurity@aff.gov.au

Dear Mr Denny

Feeding Australia: National Food Security Strategy – Discussion paper

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to comment on the National Food Security Strategy Discussion paper. Our interest in the issues raised in the discussion paper is longstanding and in the past 3 years we have made several submissions on similar issues raised in the discussion paper. For small businesses operating in Australia's food system the areas of concern we have consistently raised are:

- vulnerability to the economic, climatic, and supply chain risks
- rising insurance costs threaten affordability and coverage
- unequal bargaining power with major supermarkets, wholesalers, and large processors.

There are approximately 2.6 million small businesses in Australia, approximately 97 per cent of all businesses are small businesses. They collectively generate approximately \$600 billion in economic activity each year and employ 5.36 million people – 42 per cent of the private sector workforce. Small businesses and family enterprises can be found across all parts of the food system, from production, through marketing and distribution, to retailing and consumption.

Small businesses operating in Australia's food system are diverse. They include Indigenous-owned enterprises and those led by culturally and linguistically diverse people, and are located in major urban centres and in regional, rural and remote communities. These businesses do more than supply food, they create local jobs, preserve cultural traditions and strengthen community resilience. A National Food Security Strategy must be inclusive and recognise the unique contributions of all small businesses to ensure the food system is resilient and sustainable for Australians.

We consider that our '***Energising Enterprise** – 14 steps to boost Australia's small and family businesses'* policy agenda raises many issues pertinent to developing and implementing a national food security strategy. Consequently, in our specific answers to 4 of the 6 questions (Questions 1, 2, 4, and 5) presented in the discussion paper, we draw heavily on the suggestions contained in this policy agenda.



Question 1 – What other principles should government, industry and community prioritise to support the development of the strategy and why are these important?

ASBFEO considers the 4 principles to guide the development of a National Food Security Strategy, found in section 1 of the discussion paper, capture at a macro-level the most important aspects of a resilient and sustainable food system. We were particularly encouraged to see the authors will be taking both a whole-of-food system and collaborative approach to developing the strategy.

Against these first two guiding principles, we would like to draw attention to the third step in the **Energising Enterprise** policy agenda. This step encourages the Australian Government to consider requiring key policy formulation documents such as Cabinet submissions, new policy proposals, Regulation impact assessments, etc. to include a formal small business impact statement.

We estimate that small business account for over 90 per cent of all businesses involved in the food system. It is therefore crucial the authors consider the impacts on small business as they develop the strategy. To support the authors in this area we would suggest that a dedicated small business reference group be established within the National Food Council.

The assessment of impacts on small business should not be treated in isolation but rather embedded throughout the strategy. However, they should also be drawn out and presented in single impact statement as an appendix to the main strategy.

As stated in the discussion paper, the complexity of the food system means that acting in one part of the system can have ramifications elsewhere, sometimes in unpredictable ways. We therefore consider in addition to the 4 published principles, a guiding principle recognising the importance of right-sized regulation be added. The discussion paper already alludes to the importance of, and benefits arising from, smart and robust regulatory systems. However, we consider that this issue should be elevated to a guiding principle rather than simply a component of ‘Productivity, innovation and economic growth’ key priority area.

The complex regulatory environment and its often-cumulative compliance burden creates enormous challenges for many small businesses. Including right-sized regulation as a fifth guiding principle will, in our opinion, ensure this will remain a key focus when assessing the impact of any potential regulatory solutions as the strategy is developed. This should both reduce the possibility of unforeseen ramifications occurring and should at least ensure any regulatory approach is the result of careful deliberation.

Question 2: What timeframe should the strategy work towards – short (1 to 2 years), medium (5 to 10 years) or long (10-plus years) term, and why?

In its current Corporate plan, the Department of the Treasury recognises that ongoing global uncertainty poses a risk to the outlook for economic activity, commodity prices, etc.¹ The National food security preparedness Green Paper (April 2025) prepared by the Australian Strategic Policy Institute specifically comments that “...*regional instability has the potential to affect the flow of*

¹ Department of the Treasury, *Corporate Plan 2025–26 to 2028–29*, p3



*exports and imports critical for the agriculture sector and food system.*² The Government's recent announcement of its 2035 target and path to net zero is also expected to have significant impacts on Australia's food system. For this reason, ASBFEO suggests the food strategy have a life of 5 years – i.e. 2028-33 – and that it be reviewed midway through this period. Such an approach means the strategy can, if necessary, be refocused to ensure it is responding to changes in global economic conditions, geopolitical risks, effects of climate change, and continues to be aligned with the Government's 2035 target and path to net zero.

Question 4: Do the proposed key priority areas and whole of system considerations adequately represent the actions needed for an effective food security strategy? If not, what is missing?

ASBFEO considers that both the proposed key priority areas and whole of system considerations capture in aggregate the key issues which should be considered in developing the strategy. We provide detailed commentary against two of the three proposed key priority areas – 'Productivity, innovation and economic growth' and 'Competition and cost of living' in our answer to Question 5. We have no specific views on the whole-of-system considerations other than advocating for access to adequate insurance cover on commercially viable terms, as a mean of managing climate risk.

Question 5: What actions could the strategy take to address challenges under each key priority area?

ASBFEO provides the following comments on the three proposed key priority areas – 'Resilient supply chains', 'Productivity, innovation and economic growth' and 'Competition and cost of living'.

Resilient supply chains

Resilient supply chains are critical to the sustainability and success of small businesses operating across the food sector. These businesses are often disproportionately affected by disruptions, whether caused by natural disasters, or geopolitical tensions. Unlike larger enterprises, small businesses typically lack the scale and resources to absorb prolonged interruptions, making recovery slower and more costly, which in turn have detrimental effects on their local communities.

To ensure continuity and rapid recovery, it is essential that small businesses are supported in building supply chain resilience. This includes:

- access to real-time information and risk forecasting tools to anticipate and respond to disruptions,
- diversification of supply sources and transport routes to reduce dependency on single points of failure,
- investment in local and regional infrastructure that supports agile logistics and storage,

² Henderson A and Coyne J (2025), *National food security preparedness Green Paper*, Australian Strategic Policy Institute (ASPI), p9



- collaboration with government and industry bodies, including the Office of Supply Chain Resilience, to develop tailored strategies that reflect the unique needs of small businesses.

Government support should be proactive and coordinated, working closely with the small business sector to co-design solutions that are practical, scalable, and regionally responsive. This includes ensuring that small businesses are included in national resilience planning and have access to funding, training, and digital tools that enhance their ability to withstand and recover from supply chain shocks.

By embedding small business needs into the broader national food strategy, Australia can foster a more inclusive, adaptive, and secure food system. A system that ensures continuity of supply and economic stability, particularly for regional communities.

Productivity, innovation and economic growth

Against this key priority area, we note the authors draw attention to:

- recent trends showing a slowdown in productivity growth for the agricultural sector,
- the vulnerability of food systems to environmental and climatic challenges.

We have long argued that providing greater support to small businesses to navigate regulatory requirements while fostering innovation, is a way of turning around Australia's declining productivity growth. This includes ensuring that regulation is right-sized, reflecting the capacity and context of small businesses and ensuring they are equipped with the tools and resources needed to operate effectively in an increasingly complex operating environment.

We draw attention to step 13 of the *Energising Enterprise* report, which calls for expanding digital learning and practical support through enterprise-specific capacity building and technology deployment. This may include enhancing business systems and regulatory technology (reg-tech) solutions and promoting practical uses of generative Artificial Intelligence to streamline compliance, improve decision-making, and boost productivity.

Competition and cost of living

Against this key priority, we were pleased that the discussion paper recognises the detrimental impact Coles and Woolworths monopsony power has on the supply chain, and the role of the Food and Grocery code as a key protection measure. We highlight the impact of this power imbalance in step 9 of the *Energising Enterprise* report, i.e. Banning unfair trading / business practices, which distorts competition and harms small business.

Another area of reform we have been championing is step 5 of the *Energising Enterprise* policy agenda – i.e. establishing a Small business and Industry codes List in the Federal Circuit and Family Court of Australia. We consider that this is a practical solution to the systemic barriers that small businesses face in enforcing their legal rights by providing a more accessible, affordable and timely avenue for resolving commercial disputes.

Question 6: What actions could the strategy take to address challenges under these whole-of-system considerations?



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Climate change and sustainability

To support food security in Australia and a whole-of-system approach it is necessary to consider the unique vulnerabilities and contributions of small and family businesses across the supply chain, particularly in helping them mitigate the effects of climate change and embed sustainable practices into their operations. This requires equipping these enterprises with the knowledge, tools and resources needed to understand climate risks, adopt low-impact technologies, and navigate evolving regulatory and market expectations. These enterprises are often the most exposed to climate risk, regulatory complexity and market volatility, yet they are also key drivers of innovation, regional employment, and community resilience.

Moreover, a major concern for small and family businesses, particularly those in regional and remote areas is the ability to access adequate insurance cover at commercially viable terms. This is critical for businesses recovering from natural disasters as it directly affects their capacity to return to operations as quickly as possible. To further support small businesses in embedding sustainable practices, we advocate for the provision of practical toolkits, education programs and targeted incentives that help reduce waste and improve resource efficiency.

The ASBFEO has a strong interest in the success of small business that participate in various sectors of the food system. This includes our ongoing engagement on supply chain resilience and building small business knowledge and understanding of sustainable practices and the use of technology to support innovation. We are more than happy to explore with you the insights gained over several years, reviews and inquiries if this would be helpful.

If you require any further information, please do not hesitate to contact the Advocacy team via email at advocacy@asbfeo.gov.au.

Yours sincerely

The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman