



AUSTRALIAN  
**FOOD &  
GROCERY**  
COUNCIL

## **AFGC SUBMISSION**

**RESPONSE TO: PROTECTING CRITICAL  
INFRASTRUCTURE AND SYSTEMS OF NATIONAL  
SIGNIFICANCE CONSULTATION PAPER**

16 September 2020

*Sustaining Australia*

## EXECUTIVE SUMMARY AND RECOMMENDATIONS

The Australian Food and Grocery Council (AFGC) welcomes the opportunity to make this submission to the *Protecting Critical Infrastructure and Systems of National Significance Consultation Paper*.

The food and grocery manufacturing and supply sector provides Australians with food and non-food grocery products to meet their everyday needs. The wide range of products comes from many manufacturers and suppliers and passes along a complex supply chain network of many wholesalers and distributors to reach consumers through many channels. These include large supermarkets, convenience stores, restaurants, cafes and institutional canteens. The products, the manufacturers and paths to consumers are manifold, geographically dispersed across the nation and very substitutable. This is the basis of the resilience of the sector.

The response to the 2020 bushfires demonstrated that the supply chain can quickly recover from catastrophic naturally occurring events, even when destruction is great and relatively widespread. The sector does, however, rely on critical inputs from overseas as has been highlighted by the COVID-19 pandemic. Although some product shortages occurred during the initial COVID-19 lockdown in Australia through collaboration across the supply chain the needs of virtually all Australians were met.

COVID-19 has increased awareness across the sector at company level of the need to reduce reliance on manufacturing inputs from overseas. Companies are updating their business practices and continuity plans for commercial reasons and to meet their fundamental legal obligations to protect their companies and its shareholder value. Risk assessment, including cyber security risk and mitigation are key approaches to comply with those obligations.

The AFGC supports the concept of the Positive Security Obligation but does not consider the introduction of regulation is required to ensure food and grocery manufacturing and supply companies meet that obligation.

### Recommendation

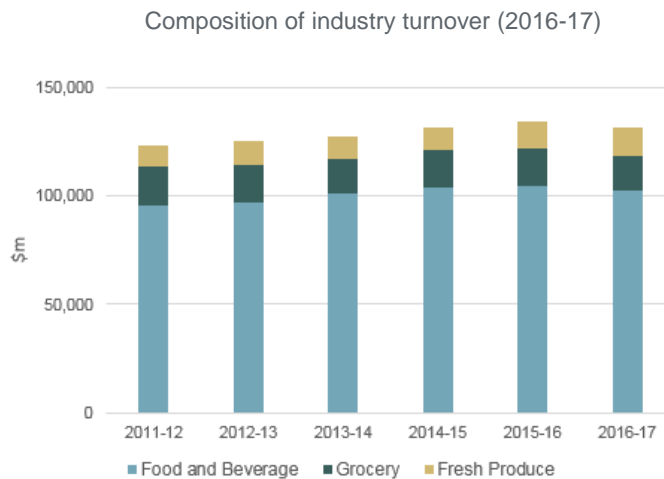
The AFGC recommends:

1. **new regulations imposing Positive Security Obligations on entities responsible for critical infrastructure does not extend to the food and grocery manufacture and supply sector**
2. **active engagement by Government with the food and grocery manufacturing and supply sector to identify industry best practice for critical infrastructure protection and to promulgate it across the sector, and**
3. **the AFGC and Government work together through the *Critical Infrastructure Centre* and the *Trusted Information Sharing Network Food and Grocery Group* to support the growth, profitability and resilience of the sector and its contribution to the COVID-19 recovery of Australia's economy.**

## PREFACE

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia’s food, drink and grocery manufacturing industry.

There are over 180 member companies, subsidiaries and associates who together comprise 80 per cent of the gross dollar value of the processed food, beverage and grocery products sectors.



With an annual turnover in the 2016-17 financial year of \$131.3 billion, Australia’s food and grocery manufacturing industry makes a substantial contribution to the Australian economy and is vital to the nation’s future prosperity.

The diverse and sustainable industry is made up of over 36,086 businesses and accounts for over \$72.5 billion of the nation’s international trade. These businesses range from some of the largest globally significant multinational companies to small and medium enterprises. Industry made \$2.9 billion in capital investment in 2016-17 on research and development.

Food, beverage and grocery manufacturing together forms Australia’s largest manufacturing sector, representing 36 per cent of total manufacturing turnover in Australia.

The food and grocery manufacturing sector employs more than 324,450 Australians, representing almost 40 per cent of total manufacturing employment in Australia.

Many food manufacturing plants are located outside the metropolitan regions. The industry makes a large contribution to rural and regional Australia economies, with almost 42 per cent of the total persons employed being in rural and regional Australia.

It is essential to the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government’s economic, industrial and trade policies.

## INTRODUCTION

The Australian Food and Grocery Council (AFGC) welcomes the opportunity to make this submission to the *Protecting Critical Infrastructure and Systems of National Significance Consultation Paper* (the Consultation Paper). The AFGC submission is in two parts:

1. **General comments** in which the AFGC describes the food and grocery manufacturing sector in some detail highlighting the characteristics which make it resilient and identifying the pinch-points which may interrupt supply, and
2. **Specific comments** responding to the questions posed in the Consultation Paper.

The comments provided reflect both feedback from the members of the AFGC and views of the Secretariat which includes individuals with a good understanding of the structure and operation of the food and grocery sector.

## GENERAL COMMENTS

### ROLE OF THE FOOD AND GROCERY MANUFACTURING AND SUPPLY SECTOR

The primary function of the food and grocery manufacturing and supply sector is to provide Australians with the food and non-food grocery products which they frequently and repeatedly purchase to meet their everyday needs. The products are fast moving consumer goods (FMCG) typically bought almost daily in some cases (bread, milk) or less frequently such as cosmetics and washing powder. The broad categories include food (from fresh foods through to long shelf-life products such as tinned soups and pasta), health care products such as toothpaste, skin creams and over-the-counter medicines (e.g. paracetamol), home-care products (e.g. detergents, fly spray, shoe polish) and many miscellaneous items. They are purchased primarily from supermarkets, but also from convenience stores, petrol stations and increasingly on-line. In the case of food, purchasing also occurs through other retail outlets including restaurants, fast food restaurants, cafes, pubs, clubs and hotels. Food may also be provided through institutions such as childcare centres, hospitals and aged care facilities and canteens in schools, defence and police facilities and prisons.

### ENTITIES OF THE FOOD AND GROCERY MANUFACTURING AND SUPPLY SECTOR

Food and non-food grocery items are both manufactured in Australia and imported depending on the item. Products manufactured in Australia may be made wholly from locally sourced materials. Frequently, however, they include imported ingredients or specialist components such as food additives, including flavours and colourings and processing aids. They may also require material inputs which are critical to manufacture including packaging materials, disinfectants, and special machines and replacement parts which may also be sourced locally, or from overseas. Other inputs include power (electricity or gas) and water which are (obviously) sourced locally. Finally, human resources are required which whilst largely sourced locally, may from time to time require specialists from overseas to both commission new manufacturing equipment (if imported) and maintain existing manufacturing equipment. Human resources are also a requirement to run the businesses. Food and grocery manufacturing contain many skilled job functions which are essentially unique to the sector.

The businesses which comprise the food and grocery sector include:

- manufacturers of retail ready products. They sell their products directly to the retail channel (supermarkets, convenience stores etc., caterers) or to wholesalers and distributors, and into food service
- manufacturers of ingredients, food additives and processing aids. Their products go to the manufacturers of retail ready food products
- importers – these companies import retail ready products, ingredients, food additives and processing aids and supply directly to wholesalers and distributors, retail outlets, food manufacturers or into the food service sector
- wholesalers and distributors take fresh foods (i.e. horticultural products, eggs, meats, fish) and packaged foods from the manufacturers and importers and supply them to retailers and food service organisations
- retailers ranging from very large supermarket chains through the corner stores selling products directly to the consumer, and
- food service organisations in the private and public sector supplying out of home food and takeaway meals through to restaurants and canteens from very small to very large.

The non-food part of the sector is similar with manufacturers and suppliers of retail ready products and their components supplying downstream business and the retailers. Generally, however, the supply chain of these products is a somewhat less complex reflecting its smaller size and fewer entities.

In both food and non-food grocery, and size of businesses along supply chains varies from very large multi-national companies to very small companies. Generally speaking, however, the 80:20 would apply where a large portion of the total supply is manufactured and retailed by a relatively small number of large organisations.

## **STRUCTURE, FUNCTION AND RESILIENCE OF THE FOOD AND GROCERY SUPPLY SECTOR.**

The food and grocery supply sector comprises very many different business entities and types bringing products to the Australian community. Whilst it is described as a supply chain which, broadly speaking, moves materials from production regions and facilities through to consumers, the reality is that it is more accurately to describe it as a network. The very wide range of food and grocery products are moved to market by very many business entities along very many physical paths. It is this structure and function which provides the food and grocery supply sector with considerable resilience. That resilience stems essentially from substitutability along the whole supply chain vis:

1. for virtually all food and grocery products a number of similar products is available from alternative suppliers which can be readily substituted
2. for all categories of products there are several manufacturers – if the production from one manufacturer drops or ceases, production from other manufacturers can increase to make up the overall shortfall
3. there is flexibility in the physical movement of products, particularly within Australia as a great majority of product is moved by road. Thus, if there is a disruption in a distribution centre or warehouse, product can be shipped from an alternative storage facility, and

4. for most Australians there is a wide choice as to where they shop. If their favourite brand is not in one retail outlet, it may well be available in another.

In addition to the substitutability of both product and supply chain pathways the dispersed nature of the physical facilities and infrastructure contribute to the resilience of the food and grocery sector. Thus, the sector has a built-in resilience limiting its vulnerability to all but the most widespread disruption.

## RESPONSE TO THE 2019-20 BUSHFIRES

The 2019-20 bushfires were widespread and highly damaging to bushland, properties and infrastructure. Notwithstanding the destruction, the emergency response by the food and grocery sector, working with government agencies at Commonwealth and State level was very effective at getting supplies of product through to affected communities and bringing facilities back into operation.

The AFGC has characterised the response as being essentially two-pronged viz:

1. **re-establishing normal supply chains.** Retailers worked urgently to bring supermarket stores back into operation after they were forced to shut down due to power failures or failures of other services such as internet connections. In some cases perishable stock (including chilled and frozen foods) had to be discarded and replenished. Furthermore there were situations when whole teams of employees had to be flown into to relieve staff immediately affected by the bushfires. The retailers worked closely with food and grocery suppliers to ensure goods were available to be transported either by road, air or sea. These arrangements were managed in close collaboration with authorities, and with the fire, police and defence services. This rapid re-establishing of 'routine' supply chains allowed consumers in affected areas to purchase the day-to-day food and grocery products they needed from retail outlets.
2. **utilising Foodbank and similar charities to supply goods to affected areas.** Many Australians directly affected by the bushfires due to loss of homes and personal property or, as in the case of stranded holiday makers, being unable to return to their homes required the assistance of charities. Foodbank ( [www.foodbank.org.au](http://www.foodbank.org.au) ) is the major charity supported by many food and grocery manufacturers and suppliers. Foodbank has a long history of responding to natural disasters in Australia. It was able to organise shipments of goods and establish outlet facilities to provide food and grocery products to those who needed it. Working with authorities to help coordinate shipments and understanding what goods were needed in which regions went a long way to ensuring those persons most affected by the bushfires received the goods they needed in a timely fashion.

The response to the bushfires demonstrated the substantial resilience of food and grocery supply sector. By reallocating stock and drawing stock from alternative distribution centres manufacturers, wholesalers and retailers were able to effectively keep products flowing even to the most affected regions. Although the size of bushfires was unprecedented the operations were re-runs of previous emergencies such as the bushfires in Victoria in 2009 and the Queensland floods of 2010.

## RESPONSE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic and the impact in Australia is still playing out at time of writing. It is the case, however, that to date, and with a few exceptions, the food and grocery supply sector has successfully kept supplies of products moving along the supply chain in sufficient quantities to meet the needs of all Australians. The shortages of products which occurred during the initial the COVID-19 wave and nation-

wide lock-down was caused solely by an unprecedented upsurge in consumer demand. Some of the demand shift and increase was caused by closure of out-of-home eating (i.e. cafes, clubs, pubs, restaurants etc.) which led consumers to eat more at home, and therefore purchase more supermarket goods. The reason behind the panic buying which occurred for some products was uncertain. It may have been driven by social media.

The food and grocery supply sector responded primarily by increasing manufacture and bringing some products forward down the supply chain. In addition measures such as temporarily removing curfews from stock delivery to supermarkets, deliveries directly to supermarkets rather than via distribution centres, and manufacturers and suppliers actively allocating stock to areas where shortages were more acute (i.e. remote and indigenous communities). A significant contribution to ensuring continuity of supply across Australia was the interim authorisation provided by the Australian Competition and Consumer Commission to the major retailers to collaborate in estimating demand and allocating supply. This allowed all players in the supply chain to respond collectively to market demand signals originating in different localities across the community.

It should be appreciated, however, that despite the success of the food and grocery supply sector in meeting the initial COVID-19 challenge, fragility in the supply chains was revealed. Although Australia produces a surplus of food commodities, the food manufacturing sector is critically reliant on imports for specialist ingredients and other components of food (food additives, colourings, flavourings and processing aids). In addition other inputs such as packaging, disinfectants and personal protective equipment (PPE) used during manufacture are largely imported. Shortages of many of these inputs occurred requiring alternative sources to be identified by companies. In some cases – for example with PPE – government assistance was sought, and provided to secure stocks of critical inputs.

The current situation in Stage 4 lockdowns in Victoria has also highlighted some difficulties in maintaining supply chain flows. The restrictions on workforce numbers in warehouses and distribution centres have had a marginal impact on supply to date (16 September 2020). This has to some extent been because products have been diverted from NSW and other parts of Australia to meet demand in Victoria. Notwithstanding this, the food and grocery sector is on the brink of ramping up manufacture to build stock for the extra demand expected over the Christmas period across Australia. This usually commences with planning in July but has been delayed in 2020. Concerns have been raised that the routine stock build will commence too late and there will be shortages of supply over the Christmas. This may be exacerbated if demand is then subject to panic buying as consumers respond to shortages by purchasing amounts above their usual habits out of fear that some or many products may become scarce.

## **BUSINESS CONTINUITY PLANNING**

Good management practice Australia includes the identification of risks to business and mitigation strategies. Indeed this approach to protecting the business is an obligation imposed on the directors and senior management of companies to protect shareholder value under legislation such as the Corporations Act. Thus the boards and management of food and grocery companies, and particularly the larger corporations have sophisticated management processes and reporting to protect the company from known risks. Indeed continuity planning to allow the business to continue operations, or rapidly return to operations in the event of a major disruption, are an integral part of risk assessment and mitigation for companies.



Food and grocery manufacturing and supply businesses have recognised for many years the potential damage which may result from breaches in product integrity (i.e. safety and quality) caused by the breakdown their control of the supply chain. Indeed, food and consumer laws in Australia demand that consumer products are fit-for-purpose – that is essentially safe if used as intended. Food safety regulations require companies to develop food safety operating plans which rely on the preventive approach. This is the classic HACCP<sup>1</sup> protocol which identifies naturally occurring hazards (chemical, physical, radiological, and microbial) and implements controls to eliminate or reduce risks associated with them to acceptable levels.

Food and grocery companies adopt similar approaches to mitigate risk associated with human behaviour, be the motivation personal gain, simple malice or both. Food fraud is a constant risk where a lower quality food or food component is covertly substituted for another. It may, or may not, result in a food safety concern but it always results in the consumer being misled as to the true nature of the product. This may lead to legal action against the company and its directors. It can also cause substantial damage to the company's brands and the trust the consumers have in them leading to a sizeable commercial impact on the business.

Companies are aware that food adulteration which is intended to result in a health hazard may also lead to an extortion attempt. Again companies have adopted VACCP and TACCP<sup>2</sup> approaches to identify and mitigate risks.

More recently companies have become more aware of the importance of cyber security to protect their operations. As with many other businesses they are heavily reliant on IT hardware and software to run many of their operations. Its integrity and the data it stores are of great value and breaches of cybersecurity are potentially very damaging.

## **RESILIENCE OF THE FOOD AND GROCERY SECTOR**

The physical infrastructure on the food and grocery sector and its supply as a whole cannot be considered to be a vulnerable asset. There are many manufacturing facilities, there are many supply chain routes (primarily road) to many warehouses, distribution centres and retail outlets. Moreover the recent bushfire response demonstrate the ability of the sector to re-route supply chains and establish 'pop-up' distribution centres. Australia is a large country and, with the possible exception of drought, it is highly unlikely that a nationwide natural event would substantially diminish food and grocery production and manufacturing capacity. Notwithstanding this, it is the case that the sector is reliant on sourcing critical inputs from overseas for many manufactured products. Pinch points in the supply chain do exist. If operations of major ports in Australia were disrupted for extended periods, food and grocery manufacture would also suffer due to the lack of supply. Equally, major disruptions in supply chains overseas from natural disasters or geopolitical events have the potential to disrupt food and grocery manufacturing. The COVID-19 pandemic has highlighted this risk to the food and grocery sector and companies are looking to diversify supply chains and sources of critical inputs to mitigate as much of that risk as possible.

Apart from supply chain risks it should also be noted that the sector is vulnerable to disruptions of key domestic services - power and telecommunications. The disruption of power supplies in South Australia due to an extreme weather event in 2016 prevented many retail outlets from operating simply because the internet was down preventing the use of internet banking transactions. Consumers were unable to use

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<sup>1</sup> HACCP – Hazard Analysis Critical Control Point.

<sup>2</sup> VACCP – Vulnerability Analysis Critical Control Point; TACCP – Threat Analysis Critical Control Point.



their credit and charge cards. It could be argued that the simple act of purchasing food and grocery products is even more vulnerable today with the discouragement of cash transactions in retail outlets as a risk mitigation of COVID-19 virus transmission.

The food and grocery sector supply chain is extremely sophisticated with many examples of automation. The workforce, however, plays a key role. If the COVID-19 pandemic had caused large scale absenteeism from workplaces there is no doubt that supply chains would have been unable to operate in their normal fashion. Emergency measures would have to be introduced to ensure that key supplies reached all Australians. Pandemic planning in the past has included considering extreme scenarios such as a 50% reduction in available staff. The AFGC encourages this planning to be updated in the coming months and years as Australia governments review and refine their approaches to emergency planning post COVID-19.

### THE NEED FOR ADDITIONAL OBLIGATIONS

The AFGC supports the concept of Positive Security Obligations canvassed in the Consultation Paper. The AFGC considers, however, that food and grocery sector already meets the expectations of such a concept. This is particularly the case for large corporate entities, which are often multi-national in nature. And it is these large companies which have by far the greatest awareness of their responsibilities to maintain food and grocery supply to their customer base (i.e. wholesalers and retailers) and ultimately to the consumers of their products.

The AFGC does not consider any addition regulatory burden is required to ensure the food and grocery sector increases the level of protection of their operations. Rather, the AFGC considers that continued engagement between the Government and the sector to review current the resilience and fragility of the sector and the development of policies and projects to improve resilience is a more practical and ultimately more effective approach. The AFGC stands ready to work in partnership with Government to this end.

### SPECIFIC COMMENTS – RESPONSE

The AFGC has attempted to respond comprehensively to the questions within the Consultation Paper. However, as the AFGC is an industry association not all the questions have a direct relevance.

1. *Do the sectors above capture the functions that are vital to Australia's economy, security and sovereignty? Are there any other sectors that you think should be considered as part of these reforms (e.g. manufacturing)?*

The AFGC considers Agriculture should be clearly differentiated from the food and grocery sector. Agriculture is responsible for providing many of the inputs to the food and grocery sector. Apart from horticultural products, however, most of those inputs go through a substantial transformation before being bought by consumers. For example, consumers buy bread, not wheat and they buy pasteurised, homogenised milk rather than raw milk. Moreover, the agriculture sector is structured differently from the food and grocery sector requiring a different set of considerations and protections to safeguard the productive capacity of the industry

2. *Do you think the current definition of Critical Infrastructure is still fit for purpose?*

Yes, but it could be expanded. The AFGC considers that expanding the definition to include the workforce of critical infrastructure industries should also be considered. The current COVID-19 pandemic has shown

that industries may be vulnerable if substantial proportions of the work force are unable to work or prevented from working due to 'lock down' interventions.

3. *Are there factors in addition to interdependency with other functions and consequence of compromise that should be considered when identifying and prioritising critical entities and entity classes?*

The AFGC considers that there are many interdependencies which should be 'mapped' to better inform the management of a crisis or emergency when it occurs. For example, the supply of food and grocery products to the consumer relies heavily on internet Electronic Funds Transfers to allow purchases. There will be many more examples.

4. *What are the common threats you routinely prepare for and those you have faced/experienced as a business?*

The AFGC is an industry association. As such the organisation itself is not a critical entity.

5. *How should criticality be assessed to ensure the most important entities are covered by the framework?*

Criticality may be assessed both subjectively and objectively. One criterium would be the size of the sector and its players, which would have a direct relationship with the magnitude of the impact on the wellbeing of the community if it ceased to function effectively. On the other and, relatively small business playing a pivotal role may also have a severe impact if their operations were curtailed.

6. *Which entities would you expect to be owners and operators of systems of national significance?*

Generally, large, centralised corporations and government agencies would be the owners and operators of systems of national significance. Similar to the point made in the previous question, some smaller entities may have a very important and central role in the community.

7. *How do you think a revised TISN and Critical Infrastructure Resilience Strategy would support the reforms proposed in this Consultation Paper?*

The key role of the TISN and its individual sector groups will be to communicate the CIRS across their sector. Building awareness, promoting the Strategy and carrying out mock exercises will be key to being able to implement the Strategy when it is needed.

8. *What might this new TISN model look like, and what entities should be included?*

The AFGC does not have strong views on the details of the model, except to state that its effectiveness will be greatly increased if inter-sector alignment and communication can be optimised. This reflects the critical role each of the organisations play and also the interdependencies

9. *How else should government support critical infrastructure entities to effectively understand and manage risks, particularly in relation to cross sector dependencies? What specific activities should be the focus?*

The AFGC does not have strong views in this area. Presumably with an increased focus on protecting critical infrastructure the Government will convene/establish a central agency/functional group to manage the issue and slowly build capability and capacity to manage the issue effectively.

10. *Are the principles-based outcomes sufficiently broad to consider all aspects of security risk across sectors you are familiar with?*

Yes, the principles are broad enough to encompass all sectors and are consistent with established risk identification and management approaches.

*11. Do you think the security obligations strike the best balance between providing clear expectations and the ability to customise for sectoral needs?*

Yes. The obligations are clear. There is no need for specificity in a high-level overarching strategy, which this consultation paper foreshadows.

*12. Are organisations you are familiar with already operating in-line with these principles, or do you think there would be a significant time and/or financial cost to meet these principles?*

The AFGC considers that many companies in the food and grocery supply sector are already meeting the obligation principles described in the document, and particularly the larger entities. Food and grocery companies have been aware of the vulnerability of their supply chains and products. Food fraud and food adulteration for economic gain or malicious intent is a centuries old challenge to food companies. Modern day business practice of TACCP and VACCP including the protection of infrastructure and business operations. See the earlier General Comments section for greater detail.

*13. What costs would organisations take on to meet these new obligations?*

From the AFGC's understanding a majority of the additional costs would be in compliance reporting, if the sector was subject to increased regulatory requirements. At this stage the AFGC does not anticipate there would be substantial costs associated with modifying current business practices.

*14. Are any sectors currently subject to a security obligation in-line with these principles? If so, what are the costs associated with meeting this obligation? Does this obligation meet all principles, or are enhancements required? If so, what?*

Publicly listed food and grocery companies have an obligation to protect shareholder value under ASIC Corporations law. To do so they need to have active risk assessment and management of potential threats to their business. See further discussion of this issue in General Comments.

*15. Would the proposed regulatory model avoid duplication with existing oversight requirements?*

The AFGC understands the Critical Infrastructure Centre of the Department of Home Affairs is not considering the regulatory model would apply to the food and grocery sector.

*16. The sector regulator will provide guidance to entities on how to meet their obligation. Are there particular things you would like to see included in this guidance, or broader communication and engagement strategies of the regulator?*

Not applicable.

*17. Who would you consider is best placed to undertake the regulatory role for sectors you are familiar with? Does the regulator already have a security-related regulatory role? What might be the limitations to that organisation taking on the role?*

Not applicable.

*18. What kind of support would be beneficial for sector regulators to understand their additional responsibilities as regulators?*

Not applicable.

*19. How can Government better support critical infrastructure entities in managing their security risks?*

The AFGC considers ongoing promotion and guidance material developed specifically for the sector is the best means of assisting companies to appropriately manage their security risks. More specifically, cyber security is probably in need of the greatest attention as the rate of change in Information Technology is great and it is a substantial challenge for companies to keep pace with developments.

*20. In the AusCheck scheme, potential and ongoing employees in the aviation, maritime, health and major national event security sectors undergo regular national security assessments by the Australian Security Intelligence Organisation and criminal history assessments to mitigate the risk of insider threats. How could this scheme or a similar model be useful in the sectors you are familiar with?*

The AFGC is unfamiliar with the AusCheck scheme, except for being aware of its existence. It is possible that there would be value in extending its coverage to the food and grocery supply sector. More information on the possible implications is required.

*21. Do you have any other comments you would like to make regarding the PSO?*

The AFGC supports the concept of the PSO considering it an extension of the good business practice and a community service. The need for it to be underpinned by regulation would need to be justified on a sector by sector basis.

*22. Do you think there are other preparatory activities that would assist in proactively identifying and remediating cyber vulnerabilities?*

The AFGC has no suggestions for preparatory activities in addition to those listed in the Consultation Paper.

*23. What information would you like to see shared with critical infrastructure by Government? What benefits would you expect from greater sharing?*

The most important information for the food and grocery sector is understanding what best practice looks like. The Government can assist in preparing material, running workshops and organising testing exercises for participating companies. The AFGC may be able to assist with these activities for the food and grocery sector.

*24. What could you currently contribute to a threat picture? Would you be willing to provide that information on a voluntary basis? What would the cost implications be?*

The AFGC would welcome the opportunity to engage further with the Critical Infrastructure Centre on behalf of its membership. The AFGC has the ability to gather information from its members and provide an aggregate picture of the sector and how it manages its infrastructure, including in providing protection for physical and cyber assets.

*25. What methods should be involved to identify vulnerabilities at the perimeter of critical networks?*

The AFGC does not have sufficient expertise to respond to this

*26. What are the barriers to owners and operators acting on information alerts from Government?*

Owners and operators need to have an initial appreciation of the activity/strategy of the Government in this space including the expectations Government has on them protecting critical infrastructure. In addition, they need to have both the capacity and the capability to respond. Not all owners and operators (i.e. some SMEs) will necessarily have the skills and/or resources required.

*27. What information would you like to see included in playbooks? Are there any barriers to co-developing playbooks with Government?*

The AFGC has not developed any views on this issue.

*28. What safeguards or assurances would you expect to see for information provided to Government?*

The AFGC would like to see confidentiality of information provided respected by Government. It should not be shared unless the entity provides clear permission that it may be. The AFGC also considers that if the information provided indicates a non-compliance with any regulation, the regulator should work with the entity to understand the basis of the non-compliance, and assist the entity becoming compliant. The information should not be used as a basis for enforcement action, or penalties.

*29. In what extreme situations should Government be able to take direct action in the national interest? What actions should be permissible?*

The AFGC has not considered this issue in depth. However, the AFGC would support the Government taking direct action when there is an imminent threat of considerable magnitude to a critical infrastructure. The exact parameters which would lead to such an intervention need to be developed and agreed.

*30. Who do you think should have the power to declare such an emergency? In making this declaration, who should they receive advice from first?*

The AFGC has not considered this question and so has no response.

*31. Who should oversee the Government's use of these powers?*

The Parliament should have ultimate oversight through its power to legislate and change legislation if required. Any operational agency which wields the power should have appropriate independence from direct interference by government but should also have appropriate guidelines for on its operations.

*32. If, in an exceptional circumstance, Government needs to disrupt the perpetrator to stop a cyber attack, do you think there should be different actions for attackers depending on their location?*

From a practical point of view, it is likely that domestically based attackers will be easier to thwart than those overseas if they can be tracked to a physical location. Otherwise steps taken in the 'ether' are likely to require similar ranges of responses irrespective of their physical location.

33. *What sort of legal protections should officers (both industry and Government) undertaking emergency actions be afforded?*

The AFGC has not considered this issue.

34. *What safeguards and oversight measures would you expect to ensure the necessary level of accountability for these type of powers?*

The AFGC would consider the types of safeguards and oversight measures currently used for existing regulatory agency would need to be applied.

35. *What are the risks to industry? What are the costs and how can we overcome them? Are there sovereign risks to investment that we should be aware of?*

The food and grocery sector already commits substantial resources to protecting business systems, physical infrastructure and its workforce. The AFGC is aware that the Critical Infrastructure Centre does not consider additional regulatory obligations are required.

36. *Does this mix of obligations and assistance reflect the roles and responsibilities of Government and industry in protecting critical infrastructure? How would private sector management of risk change with the proposed increased role for Government?*

The AFGC is unaware of any obvious steps which the industry has taken to align with the Government's proposals for protecting critical infrastructure. The AFGC would welcome the opportunity to engage further with the Government to ensure that everything is being done that can be done to protect the food and grocery sectors supply chain and primary function, within the constraint of applying the principle of proportionate response.

## CONCLUSION

The AFGC has welcomed the opportunity to respond to this Consultation Paper. It notes, however, the very short time allowed for a very complex issue. More time is required to gather more considered views from its membership. The AFGC makes the point that individual companies are heavily distracted by managing the ongoing COVID-19 crisis. Their focus is making sure the current food and grocery supply chain continues to operate smoothly to keep products flowing to consumers, rather than spending time considering government and/or industry actions which might be required to increase the resilience and protection against future emergencies. The AFGC assumes, therefore, that this consultation is the first of a number of consultations in the coming months. Over that time the AFGC will refine its views and work with Government on policy options which will not only protect the food and grocery sector from future shocks, but support its growth, profitability and contribution to the broader COVID-19 recovery of Australia's economy.