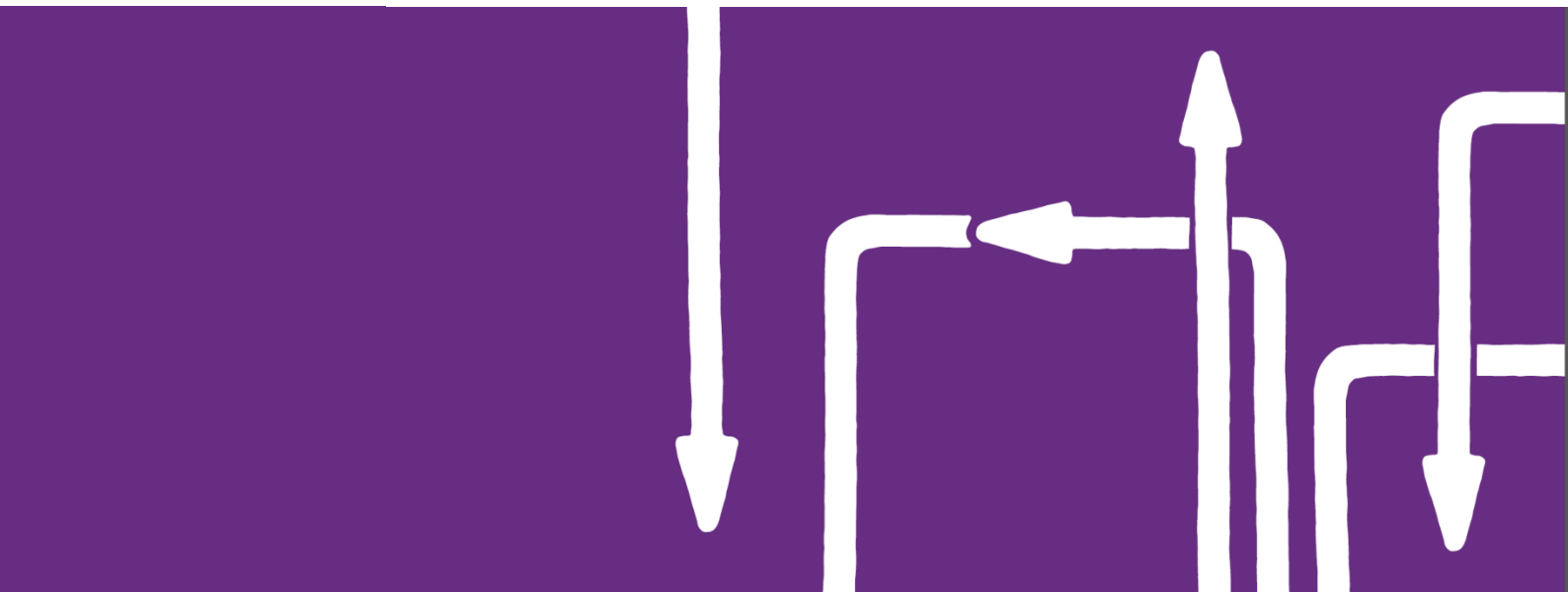




Submission in response to Inquiry into the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill 2017

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1. Introduction

Foodbank Australia welcomes the opportunity to provide a submission in response to the *Inquiry into the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill 2017*. It should be noted that the short timeframes associated with this review at one of our busiest times of year have limited our capacity to undertake a thorough review of the proposed reforms, so our comments should be considered preliminary at this stage. However, as a charity with Deductible Gift Recipient status, we felt it very important to ensure our brief feedback was provided to assist the Committee in its deliberations.

What is Foodbank?

Foodbank is Australia's largest food relief organisation, operating on a scale that makes it crucial to the work of the front line charities that are feeding vulnerable Australians. Foodbank provides 67 million meals a year (183,000 meals a day) to more than 2,600 charities around the country, accounting for more than 70% of the food distributed by food rescue organisations nation-wide.

Foodbank is also the largest supporter of school breakfast programs in Australia, providing food for 1,750 schools nationally (both directly and via programs run by other organisations). Foodbank provides regular breakfasts to more than 100,000 students at schools around the country and on top of this, more than 200,000 children seek food relief from our charities every month.

As the only Australian food relief organisation to be an accredited member of the Global Foodbanking Network (GFN), Foodbank Australia goes through a rigorous re-certification process every two years whereby our operations, legislative compliance, programs and reporting processes are assessed by the GFN. Our most recent re-certification in December 2016 confirmed that Foodbank Australia is exceeding the requirements of membership, with "a stunning example of high level food banking at its very best". Operationally, we were reported to have "an unprecedented dedication to warehouse and operational safety... [with] outstanding attention to keeping and maintaining a safe and efficient work environment". We were found to be "fully transparent in all aspects of [our] operations" with "support of in-kind services...strong and ongoing".

Foodbank is registered with the Australian Charities and Not for Profits Commission (ACNC) and endorsed as a Deductible Gift Recipient (DGR). Our DGR status allows us to receive tax deductible contributions, which is vitally important given the modest funding we receive from Government to provide our essential services of public benefit right across the country.

How Foodbank sources its food and groceries

Foodbank works with the entire Australian food and grocery industry from farmers, wholesalers, and manufacturers to retailers to source food and groceries. Approximately 32 million kilograms of the 37 million kilograms of food and groceries sourced and distributed by Foodbank last year was sourced through 'food rescue'. The remaining 5 million kilograms was sourced through proactive manufacturing and purchase of product by Foodbank, as well as product donations. In addition to food rescue, food and grocery companies and retailers make food/grocery donations to Foodbank as part of their commitment to corporate social responsibility. Many companies choose to make regular donations by increasing their production run or drawing straight from inventory in order to ensure that their product is consistently available to charities. They may also make special one-off donations at the time of natural disasters.

Collaborative Supply Program

Foodbank is the only charity in Australia that collaborates with suppliers, manufacturers, and transporters in an innovative program to ensure consistent supplies of essential food items in its warehouses every day. The Collaborative Supply Program ([click here](#) to view a short video explaining the program) sees food

manufacturers produce sought-after products using spare production capacity. Suppliers donate or subsidise the ingredients, packaging and delivery of the products to spread the commitment and enhance the sustainability of the program. Through this program, we are able to provide consistent supplies of breakfast cereals, fresh and long life milk, pasta and pasta sauce, canned fruit, baked beans and sausages. **In 2017, we saw 3.2 million kilograms of food manufactured through the program, with every dollar invested in the program delivering \$5 worth of food – clearly a sound investment.**

The GFN has commended Foodbank Australia on its “world-leading” Collaborative Supply Program, which is recognised as demonstrating global best practice in sourcing food. Foodbank is now regularly called upon by other GFN members to guide them on the development of similar programs in their countries, given the unrivalled success of the program, which is regularly assessed not only in terms of volumes of food produced, but also the investment gearing.

Primary Produce Programs

Despite being more likely to be food insecure than their metro counterparts, farming communities work closely with Foodbank to donate grain, rice, milk, meat, eggs and fresh produce. Foodbank sources these essential products through relationships right along the supply chain, partnering with farmers, produce market associations, and peak bodies from paddock to plate. This farm fresh produce is either provided directly to our charity network to be provided to food recipients, used in Foodbank production kitchens, or used as manufacturing ingredients for the Collaborative Supply Program. For example, donated grain can be milled and used to produce pasta and breakfast cereal, while meat can be used for sausages.

School Breakfast Programs

Foodbanks across the country assist more than 1,750 schools around Australia through the direct and indirect delivery of School Breakfast Programs. Many of the nutritious products used in these School Breakfast Programs are sourced via the Key Staples Program. Given the geographic spread and range of socio-economic circumstances, Foodbank prides itself in its ability to be flexibly and dynamic in terms of delivery and distribution models, to ensure the best possible outcomes for children at these schools. Some Foodbanks also deliver nutrition education programs for adults and children alike to encourage improved nutrition literacy in the community.

A number of universities have recently completed (or are in the process of completing) independent, peer-reviewed assessments of the School Breakfast Programs in WA, SA and Victoria. For example, the Victoria Institute (Victoria University) has recently published an interim report on the *Evaluation of the School Breakfast Clubs Program in Victoria*, with compelling findings on the impact of the program on children’s concentration levels, engagement in class activities and academic outcomes.

Foodbank’s role in responding to natural disasters and other emergencies

Foodbank also plays a key role in times of community emergencies and natural disasters. Every State/Territory Foodbank is involved in disaster relief, providing essential supplies to support the work of emergency services and first responders as well as ongoing assistance to affected communities during the months and years it takes to recover. As a recent example, both Foodbank Queensland and Foodbank NSW/ACT were involved in food hampers and essential supplies to communities affected by Cyclone Debbie and the associated flooding across both Queensland and NSW.

Foodbank’s role in addressing food waste

Foodbank’s food and grocery rescue operations play a key role in addressing Australia’s \$20 billion food waste problem, redirecting and/or repurposing approximately 32 million kilograms of food and groceries that may otherwise end up in landfill, **saving more than 54 million kilograms of CO₂ emissions every year.** Foodbank worked closely with the Federal Department of the Environment and Energy, our sector

peers and our supply chain colleagues in the development of Australia's first ever National Food Waste Strategy, noting the critically important role that Foodbank plays in rescuing and redirecting food that would otherwise be sent to landfill.

Foodbank's contribution to the UN Sustainable Development Goals

Foodbank's activities across Australia play a key role in delivering on at least five of the UN Sustainable Development Goals, which are aimed at ending poverty, protecting the planet and ensuring prosperity for all. Foodbank's operations are strongly aligned to the following five goals:



ZERO HUNGER

Everyone in Australia should have enough safe and nutritious food to thrive. A country with zero hunger can positively impact our economy, health, education, equality and social development. Achieving zero hunger is fundamental to building a better future for everyone

NO POVERTY & REDUCED INEQUALITIES

By providing essential food relief, Foodbank assists front-line charities to build the resilience of the poor and those in vulnerable situations. Overcoming inequality will help drive economic growth and is critical to achieving social cohesion, and decreasing political and social tensions

RESPONSIBLE CONSUMPTION & PRODUCTION

Sustainable consumption and production is key to reducing future economic, environmental and social costs and strengthening economic competitiveness. Foodbank plays a critically important role in assisting the Australian Government to achieve this goal through its food rescue activities and partnering with stakeholders along the supply chain to reduce food waste and food loss.

PARTNERSHIPS FOR THE GOALS

The Foodbank model engenders multi-stakeholder partnerships throughout the entire food and grocery supply chain. These partnerships mobilise and share knowledge, expertise, technology and financial resources to deliver outcomes

Australia will present its first Voluntary National Review on our progress towards the 2030 Agenda at the UN High Level Political Forum in July 2018, and it is hoped that Foodbank's activities will be highlighted as a key contributor to Australia's progress on Sustainable Development Goal 2 – Zero Hunger in particular.

2. The need for reform

It is important to state from the outset that **Foodbank Australia unequivocally supports the need for transparency regarding political donations**, and for Australians to have full confidence in the electoral system. We understand the need for legislation to stay up to date with contemporary practice, and recognise that the existing legislation (the *Commonwealth Electoral Act 1928*) is now somewhat outdated, particularly in its ability to block donations by foreign entities attempting to influence Australian electoral outcomes. However, the Bill appears to go considerably further than simply facilitating increased transparency and accountability pertaining to political donations, and Foodbank Australia's reading of the Bill suggests that it would introduce unprecedented, new restrictions and obligations on organisations

engaged in advocacy on election issues, including the charity sector. Given the charity sector is already regulated in Australia, having been the subject of a review not even a year ago, **Foodbank Australia requests that the Bill be amended to refine its scope and remove the potential for legislative duplication and overlapping regulatory burdens**, as per the requirements of [The Australian Government Guide to Regulation](#).

3. Financial Donations to Foodbank

As outlined in the [2017 Foodbank Hunger Report](#), despite our best efforts to source and distribute more food and groceries, approximately 65,000 people seeking food relief are unable to be assisted by charities each month. Put simply, food relief demand is outpacing supply.

As mentioned above, approximately 32 million kilograms of the 37 million kilograms of food and groceries secured by Foodbank last year was sourced through 'food rescue', via established relationships all the way along the supply chain. The remaining 5 million kilograms was sourced via proactively purchasing, or manufacturing (through the *Collaborative Supply Program* mentioned above) targeted food and grocery items to ensure we can provide a regular, consistent supply of food recipients' 'most wanted' food and grocery items. The funds necessary for us to secure this additional food, as well as the transport and logistics cost associated with sourcing, storing and transporting large quantities of chilled and ambient product in a country as vast as ours are significant. Whilst we are incredibly lean and efficient, with demand continuing to outstrip supply, we are becoming increasingly reliant on fundraising to ensure we can assist the 652,000 Australians a month who receive food assistance from Foodbank, noting that more than a quarter of these food recipients are children.

Whilst Foodbank Australia receives funding of some \$750,000 per annum from the Department of Social Services to assist with our Key Staples Program, this funding is due to expire 31 December 2018 and there has been no indication as yet as to whether additional funds will be forthcoming. As such, fundraising will only become more important to Foodbank moving forward.

Whilst the vast majority of funds raised by Foodbank are from domestic sources, a small amount of funding is received from corporate partners with global head offices located offshore. In addition, as a member of the Global Foodbanking Network, whose head office is located in the United States of America, both Foodbank Australia and our state/territory Foodbanks are from time to time the beneficiaries of funding donated to the Global Foodbanking Network.

The overwhelming majority of funds donated to Foodbank Australia are 'tied funds', meaning the funding is donated for a particular program or activity, exclusively focused on increasing the volume of food and groceries flowing through our network, or increasing the number of people assisted. **At no point in Foodbank Australia's history have funds been donated for the purpose of assisting us in our advocacy activities.**

Foodbank Australia is concerned that the Bill is not specific enough in its wording to ensure that organisations such as ours, who are from time to time beneficiaries of funds from international sources to assist in the delivery of food relief, are not 'collateral damage' as a consequence of the proposed reforms. To be absolutely clear, external funds are central to Foodbank's ability to operate, and **restricting access to funds sourced from international foundations and the like would not only affect our organisation, but so too the 2600 charities and 1750 schools reliant on our food and grocery items. It would also increase the reliance of the charity sector on Government funds, which is completely at odds with Government's desire for the sector to be less reliant on government funds.**

4. DGR obligations in respect of advocacy

Foodbank's role in advocacy

As a registered charity with DGR status, Foodbank Australia's focus, particularly from a governance and reporting perspective, is our public charitable purposes (as per Clause 2 of the Foodbank Australia Constitution, copied below):

- (a) *The company is established for the public charitable purpose of relieving food insecurity in Australia.*
- (b) *To achieve this purpose, the company may, without limitation:*
 - (1) *obtain food, groceries and funds nationally for and on behalf of members from any available source including farmers, manufacturers, suppliers, retailers, corporates and individuals for distribution to organisations;*
 - (2) *act as coordinator on behalf of, and cooperate with, the members to enable more efficient collection, storage and distribution of food and groceries;*
 - (3) *seek to ensure that food achieves its optimal purpose and does not go as waste to landfill;*
 - (4) *seek to procure the most appropriate food and groceries for distribution to organisations and individuals;*
 - (5) *make representations on behalf of its members to the federal government and relevant departments and agencies;*
 - (6) *research and monitor the prevalence and impacts of, and solutions to, food insecurity;*
 - (7) *work with other organisations and the community to develop and strengthen the food relief sector;*
 - (8) *promote community awareness, engagement and volunteering in relation to the provision of food relief;*
 - (9) *act as owner and custodian of any intellectual property and trademarks relating to Foodbank ensuring their protection and promotion in the interests of the purpose of the company and its members; and/or*
 - (10) *engage in further public benevolent activities, but without prejudicing the classification of the company as an organisation falling within Division 50 of the ITAA 97 and a deductible gift recipient under Division 30 of the ITAA 97.*

Advocacy is therefore not only a legitimate activity for Foodbank Australia as a charity and DGR, but arguably also a purpose, and one that enables us to seek policy solutions to the root causes of food insecurity in Australia, not just respond to the symptoms.

Foodbank Australia is extremely concerned that clauses in the Bill would define advocacy on a public issue at any time as 'political campaigning', which would see legitimate advocacy activities treated as the equivalent of partisan electioneering, noting the definition in the *Electoral Act 1918*. It appears that this would be the case regardless of whether the advocacy is central to our purpose, and non-partisan in approach. To be clear, Foodbank is an apolitical organisation, and any advocacy activities undertaken by Foodbank Australia are for the express purpose of seeking long-term, whole-of-government, bi-partisan solutions to food insecurity in Australia. As such, **Foodbank Australia strongly recommends that the Bill make clear the distinction between foreign donations to political parties/actors and financial donations via philanthropy/corporate partnerships for charitable purposes.**

Advocacy Reporting

The review of [Tax Deductible Gift Recipient Reform Opportunities](#) conducted by Treasury in 2017 has already considered amendments to advocacy reporting requirements of organisations with DGR status. Our [submission](#) outlined in detail our thoughts on the proposed reforms, but in brief, given existing charity law, supported by ACNC guidance material, sets appropriate boundaries for charities regarding what advocacy activities are acceptable, as well as the administrative burden associated with superfluous reporting requirements, Foodbank Australia did not support the proposal that charities be required to provide additional information to the ACNC regarding their advocacy activities.

5. Summary of position

Foodbank Australia strongly supports the need for transparency regarding political donations, and welcomes reforms to existing legislation to facilitate this. However, **we cannot support the Bill in its current form** given the potential for unintended consequences that could have extremely adverse impacts on both charitable organisations and the beneficiaries they exist to serve. In the case of Foodbank Australia, restricting access to corporate/philanthropic funds from organisations based offshore could dramatically impact the ability of our network to assist the 3.6 million Australians experiencing food insecurity each year, more than a quarter of whom are children. Foodbank Australia requests that the Bill be urgently amended to ensure **financial donations via philanthropy/corporate partnerships for charitable purposes are not captured by the new legislation.**