



**Submission in
response to the Inquiry
into food security in
Australia**

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Introduction

Foodbank Australia welcomes the opportunity to provide a submission in response to the Standing Committee on Agriculture's *Inquiry into Food Security in Australia*.

It should be noted that Foodbank's response to the Terms of Reference is in the context of the formal definition of 'food insecurity' as defined by the Food and Agriculture Organisation of the Nations United Nations, which states that "A person is food insecure when they lack regular access to enough safe and nutritious food for normal growth and development and an active and healthy life. This may be due to unavailability of food and/or lack of resources to obtain food"¹. As such, this submission considers the supply chain (agriculture, manufacturing, transport infrastructure, retail etc); how food is produced, consumed and exported; and issues such as reducing waste and minimising the impact of shocks to the supply chain ecosystem. The submission also considers what is influencing access to and availability of food for people in Australia, in particular those who are vulnerable.

In the past, food relief has been viewed as something undertaken in times of crisis ie providing a safety net to people in exceptional circumstances for a limited time. As food insecurity has become increasingly pervasive, chronic and intractable, the food relief sector has been forced to increase its reach and capacity by establishing complex large-scale networks of food donors, implementing purchasing programs and diversifying food relief distribution beyond the traditional charity network. This sector has become larger and more engrained morphing into somewhat of an alternative food system – one that is relied upon, but not adequately resourced, to address all the depth and breadth of food insecurity.

Foodbank's submission provides commentary on the Terms of Reference from the perspective of a food relief organisation responsible for sourcing and distributing food to vulnerable Australians year-round, including during times of emergency . Given most Foodbanks across Australia are currently in the midst of their busiest time of year, exacerbated by serious and ongoing flooding across large parts of the eastern seaboard, this submission is necessarily brief. We would be pleased to provide supplementary evidence at a later date should it be of use to the Committee.

About Foodbank

As a national food relief organisation with a physical footprint in every state and territory, Foodbank is currently facilitating the provision of food relief to more than 306,000 households a day. In the last 12 months alone, Foodbank sourced the equivalent of 87 million meals, distributing essential food and groceries via a network of more than 2,950 charities;

¹ Food and Agriculture Organisation of the United Nations (2022) *Hunger and food insecurity* <https://www.fao.org/hunger/en/>

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through school breakfast programs across 2,890 schools, and directly through Foodbank hubs and pop-ups.

Foodbank works with the entire Australian food and grocery sector including farmers, wholesalers, manufacturers and retailers (see Figure 1 below) who donate and redirect surplus product to Foodbank warehouses for distribution nationally. Foodbank accepts donations of ambient, chilled, fresh food, private label products and personal and household care items. Products may be out of specification, close to expiry, deleted product, surplus to requirements or have damaged or incorrect packaging. The Foodbank 'surprise chain' is supplemented by collaborating with farmers, manufacturers, packaging and transport/logistics providers to purchase and manufacture in-demand food items that are not readily available via rescue channels to ensure these products are available for food relief year-round.

Figure 1: Foodbank Australia's National Food and Grocery Partners



In addition to everyday food relief activities, Foodbank plays a key role in times of natural disasters and other community emergencies, including the COVID-19 pandemic. Every State and Territory Foodbank is involved in disaster relief, whether it be providing essential supplies to support the work of emergency services and first responders, providing in-demand products to evacuation centres and displaced community members, and/or providing ongoing

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assistance to affected communities during the months and years it takes to recover. This includes Foodbank's vitally important role as a key enabler to the 196 Commonwealth-funded Emergency Relief (ER) providers across Australia.

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 foodbanking operations, legislative compliance, programs and reporting processes are assessed. As a GFN member, we benefit from shared learning and peer support, including opportunities to learn from other foodbanks across the globe how they prepare for and respond to disasters, whether that be Feeding America's response to Hurricane Katrina or more recently, the Federation of Polish Food Banks' response to the war in Ukraine. This knowledge sharing was invaluable in the early days of the COVID-19 pandemic, with foodbanks in countries impacted very early in the pandemic alerting us to what we could expect to see in the days and weeks ahead, whether that be panic-buying, hard lockdowns or impacts on volunteering and supply chains.

Case for a National Food Security Strategy

Foodbank has long been calling for the development and implementation of a National Food Security Strategy². In 2019, prompted by the rapidly worsening rate of food insecurity in Australia at the time, and a recognition that there is currently no cohesive, national policy platform underpinning the goal of individual food security in Australia, Foodbank called for a commitment to long term, bi-partisan, whole-of-government strategy to underpin the efforts of the public, private and non-profit sectors in addressing Australia's food security crisis. The lofty goal of this strategy was to meet the food relief needs of every food insecure person in Australia. The case for the strategy was outlined in a formal submission³ to the Federal Government, and in October 2019, Foodbank partnered with KPMG⁴ to outline how a National Food Security Strategy could deliver a coordinated approach to addressing food insecurity in Australia, through a five-stage delivery model, moving from Ambition, Strategy and Operating Model, to Implementation Strategy and Roadmap to Monitoring and Assurance Framework.

A recent global report published by Consumers International⁵ states that there is an urgent need to increase protections for consumers as more than half of the world's population is seriously affected by the current cost-of-living crisis. The recent *Foodbank Hunger Report*

² <https://www.foodbank.org.au/national-food-security-strategy/?state=au>

³ Foodbank Australia (April 2019) *The Case for a National Food Security Strategy* <https://www.foodbank.org.au/wp-content/uploads/2019/04/Case-for-National-Food-Security-Strategy-2019.pdf?state=au>

⁴ KPMG Australia (October 2019) *National Food Security Strategy*

⁵ Consumers International (2022) *Consumers in Crisis: An Action Agenda for Future Food Systems* <https://www.consumersinternational.org/media/438025/future-food-systems-report.pdf>

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2022⁶ stated that in Australia 64% of the people surveyed said the rising cost of living means they cannot meet their household food needs. The Consumers International report noted not only the challenges, but also proposed solutions, all of which are relevant to the *Inquiry into food security in Australia*:

“Through the lens of consumer rights and needs, it is clear that governments must act now to build food systems that are fair and sustainable, built on resilience and diversity. To do this there needs to be an action agenda to:

- 1. Protect consumers in crisis, now and in future – through emergency support for the vulnerable; action against excessive prices; and international co-operation to guarantee access for all.*
- 2. Build supply chains rooted in food sovereignty and agroecology – by connecting producers and consumers in local food systems; investing in shared infrastructure; and shifting subsidies to prioritise people and planet.*
- 3. Transform food environments to make good food accessible for all – through stronger standards on safety, nutrition, and sustainability; making good food more affordable; and transforming the information ecosystem.*
- 4. Develop inclusive and ambitious food governance frameworks – by engaging a diversity of voices; establishing cross-cutting governance; and implementing decision-making frameworks that centre social and environmental wellbeing.”*

Foodbank understands the National Food Supply Chain Alliance, representing the Independent Food Distributors Australia, National Farmers’ Federation, Seafood Industry Australia, Australian Meat Industry Council, Australian Association of Convenience Stores, AusVeg, Restaurant & Catering, MGA Independent Retailers and Timber Merchants Australia, and Refrigerated Warehouse & Transport Association of Australia, has made similar calls⁷ for the establishment of Australia’s first ever National Food Security Plan.

It is clear that there is a groundswell of support for leadership, coordination and resourcing to deliver food security in Australia, and beyond. There is no time to waste in bringing together all relevant stakeholders to ensure Australia can better plan for and respond to disruptions to our increasingly fragile food and grocery supply chains, ensuring that a reliable food and grocery supply can be achieved for all, including Australia’s most vulnerable communities.

This very inquiry demonstrates the political appetite for change, and the Terms of Reference highlight the growing risks and external shocks to food security in Australia that require bipartisan, enduring solutions. Foodbank is hopeful that this inquiry will serve as the catalyst for a food security strategy or plan to be taken from concept to reality.

⁶ Big Village and Foodbank Australia (2022) *Foodbank Hunger Report 2022* <https://reports.foodbank.org.au/foodbank-hunger-report-2022/?state=au>

⁷ <https://nff.org.au/media-release/food-industry-warns-government-of-long-term-food-supply-chain-disruptions/>

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Recommendation 1:

That the Australian Government immediately develop a long-term, whole-of-government strategy to underpin the efforts of the public, private and non-profit sectors in addressing food security in Australia.

National Production, Consumption and Export of Food

Foodbank is confident that many of the farmers, suppliers, manufacturers, retailers and transport/logistics companies who donate products, services and/or funds to Foodbank will more than capably provide the data the Committee is seeking on national production, consumption and export trends.

Of relevance to the Terms of Reference is Foodbank's suggested solutions to two key barriers to donation of surplus and/or out of spec products to food relief organisations for distribution to vulnerable Australians who may not otherwise be able to consume these products, largely due to affordability issues.

As the committee will no doubt hear from other respondents, contractual obligations often require farmers and manufacturers to over-produce products to ensure they have sufficient volume to meet the required specification standards, quantity and shelf-life/date code requirements. This can result in surplus and/or out-of-spec products that do not make it to market, leaving the producer with a series of decisions to make about whether to destroy, plough in, dump or donate these products.

In the *National Food Waste Strategy Feasibility Study*⁸, FIAL noted that Australia produces and exports significant quantities of food per capita, meaning there will be more food loss and waste in primary production and processing compared to other countries. We produce enough food to feed the Australian population three times over, yet 7.6 million tonnes of food is wasted per year. The Fight Food Waste Cooperative Research Centre⁹ has determined that 25% of all the food produced in Australia goes to waste, costing the Australian economy \$36.6 billion per annum and contributing 3% of Australia's greenhouse gas emissions¹⁰.

⁸ FIAL (2021) *National Food Waste Strategy Feasibility Study*

<https://workdrive.zohopublic.com.au/external/06152b9ff5971843391f39fc4d32a847e56fb907c167a4a645887b0a4bc43000>

⁹ <https://fightfoodwastecrc.com.au/>

¹⁰ FIAL (2021) *National Food Waste Strategy Feasibility Study*

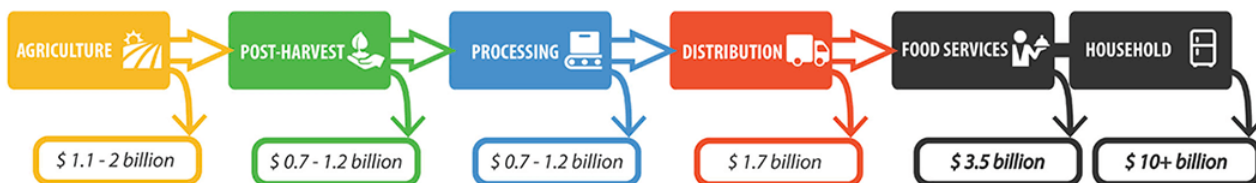
<https://workdrive.zohopublic.com.au/external/06152b9ff5971843391f39fc4d32a847e56fb907c167a4a645887b0a4bc43000>

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Figure 2: Value Chain Food Waste/Losses in Australia¹¹

VALUE-CHAIN FOOD WASTE/LOSSES IN AUSTRALIA: \$36.6 BILLION PER ANNUM



As a signatory to the 2030 Agenda for Sustainable Development, Australia has committed to halve food waste by 2030 (Sustainable Development Target 12.3: “By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses”¹²). Food rescue is a proven solution to reduce food loss and waste and boost food relief. It is a solution to both food insecurity and unnecessary CO₂ emissions, yet only 0.2% of Australia’s surplus food is donated, with the bulk going to landfill.

The financial benefits to Government and the economy of avoiding or redirecting food waste are significant. In fact, every dollar invested in food waste prevention delivers \$7 back to the economy¹³, and every dollar a company invests in food loss and waste reduction delivers a \$14 return¹⁴.

There are huge opportunities to rescue greater volumes of food across the supply chain, and closer to the source across all regions of Australia. A 10-fold increase in rescued food would meet 10% of Australia’s target to halve food waste. This requires investment in sector capacity and incentives for participating businesses. A national food waste tax incentive would act as a meaningful catalyst in incentivising the donation and transportation of food that may otherwise end up in landfill, helping achieve Australia’s food waste targets and provide more food for food relief.

Food Donation Tax Incentive

Despite the clear environmental, social and economic benefits of donating food to food relief, Australia’s current tax framework does not motivate food producers to donate excess stock. In fact, in tax terms, donating is no different to dumping, even though donating the product generally costs the donor more, given the product will need to be picked, packed and

¹¹ Fight Food Waste Cooperative Research Centre (2022), <https://fightfoodwastecrc.com.au/>

¹² United Nations, <https://sdgs.un.org/goals/goal12>

¹³ FIAL (2021) *National Food Waste Strategy Feasibility Study*

<https://workdrive.zohopublic.com.au/external/O6152b9ff5971843391f39fc4d32a847e56fb907c167a4a645887b0a4bc43000>

¹⁴ Champions 12.3 (2017) *The Business Case for Reducing Food Loss and Waste*

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transported. Between labour shortages and transport/logistics affordability and availability challenges, the financial costs of donating surplus product to food relief can be in excess of alternate disposal costs.

Foodbank is recommending that Australia's tax settings be recalibrated to incentivise donations to food relief. Experience in other countries, including the USA, France, Canada and the Netherlands, shows that tax incentives are the most effective way to increase the redirection of food donations to food relief.

The National Food Donation Tax Incentive proposal¹⁵ (summarised in Appendix 1), developed by KPMG Australia with the support of the Fight Food Waste Cooperative Research Centre and Australia's food relief sector recommends a two-tiered tax incentive based on the ability to offset a percentage of costs related to food donations from taxable income. Its aim is to encourage food producers to donate surplus product to food relief rather than sending it to landfill.

KPMG has now completed a follow-up project¹⁶ where it consulted widely with the food industry to determine the feasibility and potential effectiveness of the proposed tax incentive. Interviews were conducted with 33 companies representing both national and local businesses along the whole food supply chain. The overwhelming message is that there is whole-of-sector support for the scheme. In fact, companies are highly passionate about the potential of the incentive to really shift the dial on redirecting surplus to food relief.

Foodbank has consulted widely with industry and a range of stakeholders on the proposed National Food Waste Tax Incentive, and more than 30 food, grocery and allied businesses, peak bodies and not for profit organisations such as the National Farmers' Federation, the Country Women's Association, the Australian Food and Grocery Council, OzHarvest, SecondBite, Australian Trucking Association, Sydney Markets and the Australian Logistics Council to name but a few.

We have been very encouraged by the support for the proposal from a growing number of State Governments, most recently the South Australian and NSW Governments. The NSW Legislative Assembly's Committee on Environment and Planning included in its *Food production and supply in NSW report*¹⁷ released last month the following recommendation:

¹⁵ KPMG (2020) *A National Food Waste Tax Incentive* <https://home.kpmg/au/en/home/insights/2020/09/food-relief-australia-tax-system.html?state=au>

¹⁶ KPMG (2022) *Australian National Food Donation Tax Incentive Implementation Analysis*

<https://home.kpmg/au/en/home/insights/2022/11/food-donation-tax-incentive-australia-reduce-food-waste.html?state=au>

¹⁷ NSW Legislative Assembly Committee on Environment and Planning (November 2022) *Food production and supply in NSW* <https://www.parliament.nsw.gov.au/ladocs/inquiries/2841/Report%20-%20of%20production%20and%20supply%20in%20NSW.pdf>

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“that the NSW Government advocates for reform at the federal level to enable farmers and logistics companies to claim the cost of transporting donated surplus food as tax credits”.

The business case has been made. Stakeholder support has been secured. All that is left is political leadership.

Recommendation 2:

That the Federal Government urgently introduce a National Food Donation Tax Incentive to immediately reduce food loss and waste and improve food security in Australia.

Surplus with Purpose

As mentioned above, in the instance of fresh produce and/or other agricultural products not making it to market, the costs associated with harvesting, picking and packing the product and then transporting it to a food relief organisation act as a barrier to donation. This long-standing problem has been exacerbated by recent and ongoing labour shortages and the escalating cost of transport, in particular, chilled transport, owing to the fragility of the national supply chain network. This is further exacerbated by Australia appearing to have comparatively low levels of cold storage capacity per capita, significantly impacting shelf life and quality of products post farm-gate¹⁸.

In response to this barrier to donation, Foodbank has initiated a ‘Surplus with Purpose’ program to make reductions in food loss on farm. The intention of the program is to enable growers to apply to the *Surplus with Purpose* fund to offset the costs involved in making available surplus edible food that may not have otherwise been donated to Foodbank.

Foodbank has piloted this initiative with bananas, working with growers to rescue fruit that would otherwise be left on plantation and paying for packaging and transport costs. Foodbank is now ready to scale this program to many other produce types. Foodbank is working with its existing corporate support network to grow the fund. A Federal Government contribution to the fund would deliver a strong signal to corporate Australia that this is akin to a public private partnership, capable of delivering positive environmental, economic and social outcomes.

Foodbank suggests that this program would be of particular relevance to the Department of Agriculture, Fisheries and Forestry, Department of Infrastructure, Transport, Regional

¹⁸ FIAL (2021) *National Food Waste Strategy Feasibility Study*

<https://workdrive.zohopublic.com.au/external/06152b9ff5971843391f39fc4d32a847e56fb907c167a4a645887b0a4bc43000>

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Development, Communications and the Arts and Department of Climate Change, Energy, the Environment and Water given the potential for this program to assist in driving employment opportunities both on-farm and throughout the supply chain, stimulating regional economies, and reducing food loss and food waste whilst increasing the volume of fresh nutritious food that Foodbank can offer to vulnerable communities.

Recommendation 3:

That the Federal Government partner with Foodbank Australia on the funding and development of its 'Surplus with Purpose' program to minimise food loss on farm and facilitate the enhanced donation of edible, surplus food that would otherwise go to waste.

Access to key inputs such as fuel, fertiliser and labour, and their impact on production costs

Foodbank does not have any specific observations or recommendations pertaining to this focus area of the Terms of Reference.

The impact of supply chain distribution on the cost and availability of food

It is important that the Committee consider the cost and availability of food to all communities across Australia, including those who are food insecure. The term 'food insecurity' covers a range of experiences, from being uncertain about getting enough food and compromising on nutrition, right through to disrupted eating patterns and reduced food intake. Whilst food insecurity in Australia is not a new phenomenon, the compounding effect of the global pandemic, cost of living crisis, income crisis and climate crisis has brought the problem into sharp focus, revealing just how many people are going hungry and requiring the services of the food relief sector for support.

Foodbank Hunger Report 2022

Each year, Foodbank releases the *Foodbank Hunger Report*, looking at the incidence of food insecurity in Australia; where it's happening, why it's happening and who it's happening to. The *Foodbank Hunger Report 2022*¹⁹ was released 11 October 2022, helping uncover and inform the

¹⁹ Big Village and Foodbank Australia (2022) *Foodbank Hunger Report 2022* <https://reports.foodbank.org.au/foodbank-hunger-report-2022/?state=au>

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extent and severity of experience with food insecurity among Australian households in the past 12 months.

This year's report found that in the past 12 months, more than 2 million households (21%) across Australia experienced severe food insecurity, which means they ran out of food because of financial limitations and at worst went entire days without eating.

Households with children were even more likely to experience severe food insecurity, with 32% reporting that they were severely food insecure – 1.5 times greater than the national average (21%).

Food insecurity has been on the rise over the last 12 months, with 23% of Australian households perceiving that they now struggle financially to access food more often compared with last year. Again, those with dependent children were more likely to have felt the pressure than those without.

The main reasons reported for experiencing severe food insecurity in 2022 were increased/high living expenses (64%) (with the cost of food and groceries confirmed as the top cause followed closely by energy and housing costs) and reduced/low income or government benefits (42%), in addition to other factors such as a change of household living arrangement (24%) or natural disasters (19%).

This is the first time in the 10+ year history of the *Foodbank Hunger Report* that natural disasters have been cited specifically as a contributing factor to food insecurity. Given the field work for this year's report was conducted in July 2022, before this latest flooding event took hold, it is reasonable to expect that this percentage will increase in next year's report.

Food insecurity is impacting a diverse range of households. However, some are more susceptible to experiencing food insecurity than others, such as households with dependent children (52%), those with young adults 18–24 years old (60%), those unemployed/looking for work (52%) or households currently renting (45%). More than half of food insecure households (54%) had someone in paid work and nearly a third of households with mortgages (30%) have experienced food insecurity in the past year. This diversity is likely to increase due to the range of external factors impacting households which may never have experienced food insecurity before. These factors include the increasing cost of living, the frequency and severity of natural disasters and the ongoing challenge of COVID-19. These are important findings for the committee to consider in the context of supply chain distribution and the cost and availability of food.

The *Foodbank Hunger Report 2022* found that on any given day, more than half a million householders are struggling to put food on the table. However, on a typical day, 306, 000

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households are receiving food relief, leaving a quite significant gap. The report delved into why this is so. More than 90% of respondents were aware of the different types of formal food relief available, but despite this, only a third reported accessing help from these services in the last 12 months, and about the same number said they reached out to family and friends for support. Overall, only approximately half of those people who need help are actually reaching out for assistance. The single biggest reason is shame and embarrassment, followed by a belief that others deserve the help more. Foodbanks across Australia remain focused on food relief accessibility, dignity and inclusivity as means to reducing this gap.

Impacts of Supply Chain Disruption on Food Relief Supply and Demand

As covered in more detail below, supply chain disruption impacts food relief from both a supply and demand perspective. The fragility of Australia's road, rail and shipping networks has been in sharp focus in the last two years, and it has been pleasing to note a recognition within the Australian Government, specifically within the Department of Home Affairs, of the importance of including Foodbank Australia alongside commercial food and grocery suppliers, manufacturers, retailers and transporters when Supply Chain and Food and Grocery National Coordination Mechanisms are stood up. This is in recognition of Foodbank's scale, capacity and reach in terms of sourcing and distributing food relief at scale, as well as the importance of connecting Foodbank to government agencies and commercial providers who can provide immediate, additional assistance with the sourcing and transportation of in-demand products.

Throughout the pandemic, the National Coordination Mechanism and Supermarket Taskforce Food Supply Working Group became of critical importance to Foodbank Australia, positively influencing the ability of Foodbanks across the country to source and distribute essential food relief, particularly during times of extreme supply chain disruption. In addition to providing a forum for us to receive real-time information and updates to assist in planning for and responding to food and grocery supply chain related issues (from pallet shortages to AdBlue shortages to shipping delays to shortages of essential products), the forum also provided an avenue for troubleshooting, resulting in unrivalled collaboration across the entire supply chain.

What has been particularly positive about our involvement in the above-mentioned forums is the recognition at all levels of government that food supply for vulnerable cohorts is of equal – if not more – importance than the food supply for the general population. The inclusion of 'goods for vulnerable cohorts' in the ACCC authorisation granted in February 2022 in response to the impacts of the South Australian floods on road and rail corridors is to be commended and is evidence of the importance of including vulnerable cohorts in reducing systemic disaster risk.

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What has not been as well considered is the impact of natural disasters on Foodbank's supply. The current floods have impacted some of the country's most fertile and productive growing regions, impacting the quality and supply of fresh produce, milk and grains to name a few. This has meant that some Foodbanks have had to apply product limits to their charity members, reducing supply to individual charities to ensure all charity members have access to at least a little.

In the case of fresh produce, the current flood event has resulted in the retailers relaxing their specification standards, meaning there is less 'imperfect' and/or surplus product for food rescue. This has meant a significant reduction in the volume of fresh fruit and vegetables being donated to Foodbank, and with vulnerable cohorts increasingly unable to afford to buy fruit and vegetables at the supermarket, demand is extremely high. As such, Foodbank is now purchasing large volumes of fruit and vegetables – at significant cost (>\$100k per week), which is unsustainable, particularly when considering that Foodbank Australia receives base funding of \$750,000 per year from the Department of Social Services – the only Federal funding that Foodbank Australia is in receipt of.

Current Federal funding arrangements for Australia's food relief sector are inadequate and no longer fit for purpose – if they ever were. The food relief sector received additional funding in response to COVID-19 to ensure an immediate uplift in food relief volumes, reach and impact to meet the needs of local communities. Almost \$20m of the \$200m Community Support Package administered by the Department of Social Services was shared between Foodbank, OzHarvest and SecondBite to support Commonwealth-funded Emergency Relief organisations through increased food and grocery supplies and alternate distribution mechanisms. Similarly, the sector received emergency funding from the Federal Government in 2020 to assist in the response to the devastating Black Summer Bushfires.

Unfortunately, funding for everyday food relief – outside of times of natural disaster and the global pandemic – has not been as adequate or responsive. With more than a million people per month now in need of food relief, it is important that the sector be adequately resourced, with multi-year funding agreements in place to ensure the maximum efficiency of taxpayer funds by supporting programs and activities capable of delivering food relief year-round.

As Australia finds a new normal in an environment of ongoing natural disasters, escalating cost of living pressures and the lengthy and complex pandemic response and recovery, it is clear that 'business as usual' has changed. The need for food relief remains persistently high, and Federal funding for the sector should reflect the depth of food insecurity across Australia.

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Recommendation 4:

That the Federal Government make an annual commitment of \$45 million to ensure food relief is available to those experiencing food insecurity year-round.

The potential opportunities and threats of climate change on food production in Australia

Foodbank's exposure to climate and disaster risks must be considered from both a supply and demand perspective given our ability to source sufficient volumes of in-demand products, especially fresh produce, is seriously affected by climate, and demand for food relief increases markedly during times of crisis, noting that food relief clients are disproportionately vulnerable²⁰.

Supply

As mentioned above, Foodbank works with the entire Australian food and grocery industry from farmers and wholesalers to manufacturers and retailers to source food and groceries. Approximately 74% of the 48.1 million kilograms of food and groceries sourced by Foodbank last year was sourced through 'food rescue' as well as proactive product donations of full-life products. The remainder was sourced through proactive manufacturing and purchasing. 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.

Foodbank has a proud track record of excellence in efficiency, effectiveness and impact. Through our relationship with the Australian Food and Grocery Council, Foodbank works closely with the majority of Australia's food and grocery companies and retailers to source in-demand food and grocery items. These strong partnerships not only help address food insecurity, but they also allow Foodbank to support local manufacturing, which has a multitude of benefits to local communities, particularly those in regional areas. It should be noted that State/Territory Foodbanks also have established relationships with an additional 1,800+ local food and grocery donors.

In addition to fresh produce, it is essential for food relief charities to have access to a dependable and cost effective supply of high-demand key staple items e.g. milk, rice, pasta, cereal, tinned fruits and vegetables. However, sufficient volumes of these key staple foods do

²⁰ National Recovery and Resilience Agency (2022) *Developing the Second National Action Plan Discussion Paper* <https://www.aidr.org.au/media/9331/ndrrf-second-national-action-plan-discussion-paper-v1-final.pdf>

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not come from traditional rescue channels. This is because their supply chains are extremely efficient with little waste, owing to long shelf lives, lack of new product launches or promotions and predictability of demand. In a program that is unique to Foodbank Australia, our *Collaborative Supply Program* sees us working with food companies and their suppliers – including farmers – to collaboratively manufacture the items needed at little or no cost to Foodbank. Pre-pandemic, this program would see us secure \$5–7 worth of product (retail value) for every dollar invested. This program improves the reliability of supply of in-demand foods and helps convert our ‘surprise chain’ to a ‘supply chain’.

Unfortunately, the ongoing flooding across much of NSW and Victoria (currently creeping into South Australia) has greatly impacted some of the country’s most productive and important food bowls, affecting not only this year’s growing seasons and harvests, but likely next season as well. This follows years of drought in eastern states, followed by the devastating bushfires of 2019/20. This latest natural disaster, combined with on-farm labour shortages, ongoing supply chain disruption, renewed COVID-related absenteeism in the manufacturing sector and ongoing global supply challenges from shipping delays to the war in Ukraine (affecting fertiliser, raw ingredient, and packaging supply), is impacting Foodbank’s supply, as well as our gearing. Whilst we are yet to fully realise the impacts of this confluence of current challenges, it is likely that we will only be able to secure \$3–5 worth of product (retail value) for every dollar invested this year.

It appears likely that natural disasters will occur more frequently and with greater impact across Australia in the years ahead. As such, Foodbank needs to be prepared for ongoing supply disruption, and investigate and activate all available options to shore up supply in an increasingly volatile environment. Foodbank argues that governments must play a key role in assisting Foodbank to prepare for and respond to future disruption.

At present, there is no standing arrangement or program to allow the food relief sector to promptly ‘draw down’ on a dedicated emergency food relief fund to facilitate rapid response locally or at scale.

The Australian Government already has such a mechanism for disasters overseas. The Australian Humanitarian Partnership is a \$10 million a year pre-approved funding envelope that can be rapidly deployed to a pre-selected agencies with Ministerial approval. Australia also donates \$11 million a year to the United Nations Central Emergency Response Fund, which has the same function.

This initiative would allow food relief providers to quickly amplify on times of heightened need without adverse impacts on everyday food relief activities. By providing funding to maintain a rapidly scalable emergency food relief capability with a keen focus on preparedness as well,

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the food relief sector will be able to draw on product reserves and then activate promptly, providing essential relief in real time and at scale through existing trusted networks.

It is important that this program or fund consider not only the emergency response and recovery phase, but also the important preparedness phase, noting the recent Productivity Commission finding that 97% of all disaster funding is spent on recovery and clean-up, with only 3% spent on mitigation, preparedness and resilience²¹.

Recommendation 5:

That the Federal Government establish a rapidly disbursable stand-by fund of at least \$10m per annum for emergency food relief following a crisis or natural disaster, as well as for mitigation, preparedness and resilience.

Demand

Foodbanks across Australia experience heightened demand for food relief during times of crisis. This includes natural disasters such as bushfires, floods and cyclones, as well as localised or far-reaching economic shocks such as localised lockdowns, periods of high unemployment and underemployment, and increased cost of living pressures. As highlighted by the Australian Council of Social Service (ACOSS)²², “people affected by poverty and disadvantage are often the first and hardest hit by the impacts of a changing climate and have the least capacity to cope, adapt and recover”. For example, insurance costs are prohibitive for vulnerable cohorts, meaning they are often under-insured, if insured at all, leaving them completely vulnerable and without a plan for the future when bushfires, floods or cyclones significantly damage their homes or leave them uninhabitable.

Those in social housing or temporary accommodation also often experience higher utilities costs due to the challenges of heating and cooling homes without insulation. Recent sharp increases in electricity prices (approaching 20% in some states) are compounding this, both from a client and provider perspective. Not only will electricity costs further stretch families and individuals already experiencing hardship, but the essential frontline service providers assisting them will face considerable increases to their own electricity costs. Experience tells us that some frontline services who currently utilise chillers and freezers to store fresh produce and other essential food relief will no longer be able to afford the running costs, and will cease providing food relief, meaning Foodbanks across the country will need to look at alternate distribution methods to ensure food relief reaches those who need it.

²¹ Productivity Commission (2014) *Natural Disaster Funding Arrangements Volume 1*
<https://www.pc.gov.au/inquiries/completed/disaster-funding/report/disaster-funding-volume1.pdf>

²² <https://www.acoss.org.au/climate-and-energy/climate-change-resilience/> (accessed 1/6/2022)

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Whilst disaster relief and providing food relief to Emergency Relief providers were previously a small part of some Foodbanks' activities, they now represent a significant program area, and with expectations of increased frequency and severity of natural disasters, a key challenge will be ensuring there is sufficient supply to meet demand, without adversely affecting day to day food relief activities.

Summary of Recommendations

1. *That the Australian Government immediately develop a long-term, whole-of-government strategy to underpin the efforts of the public, private and non-profit sectors in addressing food security in Australia.*
2. *That the Federal Government urgently introduce a National Food Donation Tax Incentive to immediately reduce food loss and waste and improve food security in Australia.*
3. *That the Federal Government partner with Foodbank Australia on the funding and development of its 'Surplus with Purpose' program to minimise food loss on farm and facilitate the enhanced donation of edible, surplus food that would otherwise go to waste.*
4. *That the Federal Government make an annual commitment of \$45 million to ensure food relief is available to those experiencing food insecurity year-round.*
5. *That the Federal Government establish a rapidly disbursable stand-by fund of at least \$10m per annum for emergency food relief following a crisis or natural disaster, as well as for mitigation, preparedness and resilience.*

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Appendix

Proposed Food Waste Tax Incentive: Overview

The proposed Food Waste Tax Incentive (NFWTI) will likely take the form of a refundable (cash) or non-refundable (credit) tax offset made for the donation of food and related services (e.g. freight, logistics, transport) to food relief organisations.

As an overall policy, the NFWTI is designed to provide a top up incentive through the tax system, but not completely reimburse those who donate food or services – there is still an element of benevolence involved in the scheme.

The amount a taxpayer is eligible to receive will be dependent on the annual aggregated turnover of a business.

Businesses with **up to \$20M** annual **aggregated** turnover (paying corporate tax at a 25% rate)....

Are eligible to receive a refundable tax offset equal to **45%** of the lesser of:

- (1) the production costs of goods donated and related services, **or**
- (2) The total market value (at the time of donation) of the goods donated and related services.

When accounting for the tax deduction **foregone** (at 25%), this means a business receives a **net tax incentive of 20%**.

Businesses with **over \$20M** annual **aggregated** turnover (paying corporate tax at a 30% rate)...

Are eligible to receive a non-refundable tax credit equal to **40%** of the lesser of:

- (1) the production costs of goods donated and related services, **or**
- (2) The total market value (at the time of donation) of the goods donated and related services.

When accounting for the tax deduction **foregone** (at 30%), this means a business receives a **net tax incentive of 10%**. This 10% incentive is carried forward if the company is in a tax loss position.

*The incentive is **capped** at the **lesser of the production cost of the goods** at the time of donation **or** the **market value** of the goods at the time of donation to avoid exploitation of the scheme, and to account for significant fluctuations in production costs and value, particularly due to unanticipated circumstances such as extreme weather.*





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