





2024–25 Pre-Budget Submission

Australia's Food Relief Sector: supporting Aussie families doing it tough

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Introduction

Foodbank, OzHarvest and SecondBite, referred to collectively in this submission as the 'national food relief sector', welcome the opportunity to provide a submission in response to the Federal Government's call for individuals, businesses and community groups to submit their ideas and priorities for the 2024–25 Budget. Collectively we provide over 80% of the total food relief in Australia and feed over a million people per month.

Australia's food relief sector has a proud history of shining a spotlight on food insecurity and food waste in Australia, redirecting food that may otherwise be wasted to food relief, delivering safe, nutritious, and culturally appropriate food to those who need it most. The sector also plays a critically important role in helping Australia reach the UN Sustainable Development Goal of halving food waste by 2030 contributing to the sustainability of the national food system and helping to mitigate the impact of climate change.

In addition to everyday food relief activities, the national food relief sector plays a key role in response to natural disasters and emergencies, as well as in times of peak demand such as during the current cost-of-living crisis.

About Foodbank

Foodbank works with the entire Australian food and grocery sector including farmers, wholesalers, manufacturers and retailers who donate and redirect surplus product to Foodbank warehouses for sorting, sharing and redistribution nationally. Foodbank also works with the transport and logistics sector to ensure maximise efficiencies in both sourcing and distributing bulk food relief. Foodbank also proactively works with the food industry to manufacture and/or procure key staple foods which are not reliably or consistently available through other supply channels. In 2022, Foodbank sourced the equivalent of 82 million meals (225,000 meals a day) from over 80 food and grocery donors, shared the stock within its network and distributed it to over 2,600 charities and directly through Foodbank hubs and pop-ups as well as through school breakfast programs in nearly 3,000 schools. Foodbank also aims to educate through nutrition and food skills programs aimed at adults and children alike.

About OzHarvest

OzHarvest collects quality surplus food from more than 3,000 businesses, including supermarkets, restaurants, cafes, hotels, retailers, and retail food outlets reaching as wide as possible into the food supply chain. Every week over 250 tonnes of food is saved from going to landfill and delivered to 1,900+ charitable agencies. OzHarvest also provides education programs and operates a free food supermarket in Sydney. Since inception OzHarvest has delivered over 240 million meals and saved over 82,000 tonnes of food from landfill. In addition to food relief, OzHarvest creates positive change through three education programs including:

- FEAST a curriculum-aligned program for primary (years 5 –6) and high school (years 7-8) students, raising awareness about food waste and healthy eating and inspiring future changemakers.
- NEST tailored workshops to create community connections and teach people in need nutrition education and how to cook healthy meals on a budget.
- Nourish a hospitality qualification and life skills training program with pathways to employment for vulnerable youth who face barriers to traditional education.

In Sydney OzHarvest also operates a free rescued food supermarket and the Refettorio, which offers free lunches in a restaurant environment to those experiencing food insecurity.

About SecondBite

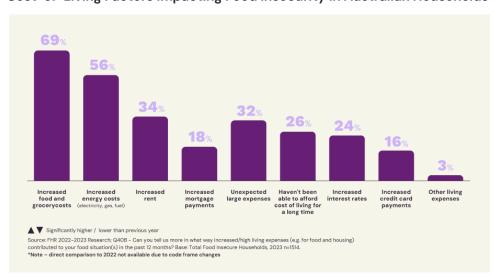
SecondBite collaborates with growers, manufacturers and retailers to divert quality food from landfill. SecondBite collects food, aggregates, and sorts it in warehouses across Australia, to help ensure the best possible mix of food for direct delivery to charity partners. In areas which are difficult to get to, SecondBite facilitates a Community Connect model that connects charities to collect donated food from supermarkets. SecondBite has grown to provide the equivalent of 50 million meals annually for those in need across Australia, working with 1,300 charities who run food programs.

Food Insecurity in Australia

Foodbank Hunger Report 2023

The Foodbank Hunger Report 2023¹, released in October 2023, conveys the concerning prevalence of food insecurity in Australia. Driven by cost-of-living pressures across the community, there has been an increase in the number of households impacted by food insecurity over the past 12 months, with 3.7 million, or 36 percent, of households experiencing food insecurity in the past year. Food insecurity is now being experienced in homes it has never touched before, with 77 percent of food insecure households experiencing it for the first time in the past year.

The report confirms the face of hunger is changing. More than half of food insecure households have someone in paid work (60 percent), and those experiencing food insecurity for the first time are younger, with mid to higher incomes. A full-time job or a home is not enough to shield against food insecurity for many. At least 60% of all food insecure households have someone in paid work and half of all renters and a third of mortgage holders struggled to put a meal on the table. The research also reveals that food is the pressure valve for the households doing it tough. It is the most likely item to be sacrificed to make ends meet. Almost all (94 percent) of food insecure households tried to mitigate the cost-of-living pressures by reducing their spend on food and grocery items. In a move that may have future public health consequences, nearly half said they reduced their purchasing of fresh produce and protein.



Cost-of-Living Factors Impacting Food Insecurity in Australian Households²

¹ Foodbank Australia Limited (2023) *Foodbank Hunger Report 2023* https://reports.foodbank.org.au/foodbank-hunger-report-2023/?state=au

² Foodbank Australia Limited (2023) *Foodbank Hunger Report 2023* https://reports.foodbank.org.au/foodbank-hunger-report-2023/?state=au

If you factor in the marginally food secure (who <u>worry</u> about having money for food), we are fast heading towards a reality where half the population (currently 48 percent) will know what food insecurity is because they are experiencing it in some form themselves.

Food Insecurity in Australian Households²



2024-25 Federal Budget Priorities

1. Increase baseline funding for food relief in line with demand

Investing in a strong food relief sector is smart social, environmental and economic policy. Access to food relief can prevent people from drifting into a deeper level of vulnerability and is a crucial aspect of recovery pathways. Early intervention reduces budgetary pressures on Australia's social security, education, healthcare and justice systems, and food relief providers are a vital link in the broader emergency relief and civil society ecosystem. Food relief is a common entry point for people seeking assistance for the first time, once they have accessed food, they can be referred to other services.

The Department of Social Services base grant funding – a combined total of \$1.5 million per annum across the three organisations – is inadequate to meet historical need let alone current demand levels in the community. Enhanced multi-year funding agreements must be introduced to ensure the maximum efficiency of taxpayer funds by enabling the planning and implementation of programs capable of delivering food relief efficiently and effectively.

The inadequacy of base funding for the national food relief sector to be able to meet the rapid increase in demand for food relief arising from the global pandemic was recognised by the Federal Government, with additional funds provided during COVID 19 to facilitate an immediate uplift in food relief volumes, reach and impact to meet the needs of local communities. Over \$38m of the \$200m Community Support Package was shared between Foodbank, OzHarvest and SecondBite to support Commonwealth-funded Emergency Relief Providers through increased food and grocery supplies and alternate distribution mechanisms. Additional ad hoc funding allocations were also provided in response to recent flooding in multiple states. 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. According to the *Foodbank Hunger Map*, the national food relief sector needs to increase its volumes by 11% to meet the need of those actively seeking assistance from food relief charities. Based on current operating costs, this would require an additional \$10 million in annual funding.

On top of the existing gap and the clear trend of growing food insecurity, it should be noted that the cost of doing business has risen significantly for the national food relief sector. Access to chilled transport is extremely challenging at present, and very costly when it can be secured. The cost of ambient transport has also increased significantly, and infrastructure/storage costs are also skyrocketing. Add to this the recent, dramatic increases in utilities costs, and the challenges of attracting and retaining employees in a challenging workforce environment, and it's clear that the national food relief sector – and indeed the charity sector more broadly – is also being impacted by the cost of living crisis

As Australia finds a new normal in the world of the 'polycrisis'³, where the compound impact of a cost-of-living crisis, income crisis, climate crisis, the wars in Ukraine and the Middle East and ongoing supply chain disruption is being experienced by a growing number of people, 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.

Recommendation 1:

A first-year commitment of \$10 million is required to help the national food relief sector ensure food is available for those currently seeking food relief from charities. This first year commitment should be complemented by the development of multi-year funding agreements appropriate to deliver locally led needs assessments and more holistic distribution models as well as robust and flexible rescue and procurement systems to meet the need.

2. Improve natural disaster preparedness and responsiveness

Whilst disaster relief was previously a relatively small part of the sector's overall efforts and output, it is now a significant program area, especially for Foodbank. The increased frequency and severity of disasters has only heightened the urgency of ensuring national food relief organisations are resourced adequately in order to prepare for and respond to disasters as required, without cannibalising everyday food relief functions.

The Australian Government, through its National Emergency Management Agency (NEMA) has highlighted that "preparedness, prevention and resilience building efforts are critical to reducing the impacts of natural disasters on Australian communities". Current government funding arrangements do not allow national food relief organisations to invest in this critically important preparedness, prevention or resilience building.

Despite a commitment of up to \$1 billion over five years through the Disaster Ready Fund (DRF), of which \$200m has already been allocated via Round One projects, the fund does not currently allow national charities to apply for national projects in their own right, preventing the benefits of economies of scale to be fully realised. Current DRF arrangements require a 50% co-contribution from the applicant, and applications must be lodged through State/Territory governments through separate – and inconsistent – application processes and timelines.

It is evident from DRF Round 1 successful applications that there has been a strong emphasis on 'disaster aversion' projects such as levee building and alert systems with much less support awarded to community organisations working to support affected people. It is also clear that there remains no

³ Tooze, Adam (2022) Chartbook #130 Defining Polycrisis – From Crisis Pictures to the Crisis Matrix https://adamtooze.com/2022/06/24/chartbook-130-defining-polycrisis-from-crisis-pictures-to-the-crisis-matrix/

mechanism for national charities or national peak bodies to make direct DRF applications, noting that our work is not focused on reducing the risk of a disaster happening, but reducing the impact of additional issues such as hunger, malnutrition and supply chain disruption when disaster events occur.

The sector is strongly supportive of the DRF, but the guidelines must be immediately amended to facilitate the funding of projects of national scale that could see essential food and grocery items and much-needed transport support secured ahead of disaster season to help bolster the supplies of local, place-based food relief outlets.

At present, the only mechanism for Federal funding to be administered for the purposes of bolstering supplies during times of disaster is via a variation to our existing base funding through this Department of Social Services Financial Wellbeing and Capability programs. These grant agreements stipulate that funds should be prioritised to Commonwealth–funded Emergency Relief providers, of which there are almost 200 nationally. For context, the sector distributes food relief via a network of approximately 3,000 charities combined, which means that we are limited in our potential impact without being in breach of our funding agreements.

It should not be the sole responsibility of DSS to facilitate Federal funding for disaster preparedness or responsiveness from a food relief perspective. If we are to be genuinely resilient, there must be a standalone fund made available to the food relief sector to enable appropriate preparation and immediate and ongoing uplift in the provision of essential food relief services.

If funding was provided for disaster preparedness purposes, not only would we be able to achieve a more impressive return on investment, but we would also not be placed in the unenviable position of deploying essential food and grocery items to disaster relief at the cost of everyday food relief, particularly given the challenges confronting so many communities at present, arising from the ongoing impacts of the cost of living crisis.

We would welcome NEMA's support in a meaningful percentage of DRF funding rounds being allocated to 'programs of national significance' with funds routed to national scale community sector organisations, including national food relief organisations

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. We would welcome NEMA's support for our request for the establishment of rapidly disbursable standby funding of \$20m per annum for emergency food relief following a crisis or natural disaster, as well as for mitigation, preparedness and resilience.

The Australian Government has already set a precedent for such a mechanism for disasters overseas. The Australian Humanitarian Partnership was a \$10 million a year pre-approved funding envelope that could be rapidly deployed to 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. In Australia, natural disasters are a regular occurrence. We need to expect, prepare and plan for these times at home, as we do overseas. It is important that this program or fund consider not only the emergency response and recovery phase, but also the important preparedness phase, as highlighted above.

Recommendation 2:

- » That 10% of each round of the Disaster Ready Fund (\$20m) be allocated specifically to emergency food relief, to be facilitated by national food relief organisations, with half of this funding to be used for pre-purchase and storage of emergency hampers and related goods for immediate deployment when disaster events occur. The remaining 50% of funds would be drawn down during disaster events to cover additional costs such as chilled and ambient transport, storage, labour, additional product sourcing etc.
- The establishment of rapidly disbursable stand-by funding of \$20m per annum for emergency food relief following a crisis or natural disaster as well as for mitigation, preparedness and resilience. This funding will 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, 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.

3. Adopt a National Food Donation Tax Incentive

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"⁴). 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 economy⁵, and every dollar a company invests in food loss and waste reduction delivers a \$14 return⁶.

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.

Despite the clear environmental and social benefits of donating food to food relief, between labour shortages and transport affordability challenges, the cost of donating surplus product is often in excess of alternate disposal methods. 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.

⁴ United Nations, https://sdgs.un.org/goals/goal12

⁵ FIAL (2021) National Food Waste Strategy Feasibility Study

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

⁶ Champions 12.3 (2017) The Business Case for Reducing Food Loss and Waste

The Australian tax system misses an opportunity to support businesses to recover some of the costs of donating wholesome but unsellable food in a way that is a cost to Government only once the donation is made.

The National Food Donation Tax Incentive proposal⁷, developed by the Fight Food Waste Cooperative Research Centre, Australia's food relief sector and KPMG, recommends a two-tiered tax incentive based on the ability to offset a percentage of costs related to food donations from taxable income. It is broadly in line with the current R&D incentive system.

The proposed incentive takes the form of a refundable (cash) or non-refundable (credit) tax offset for the donation of food and related services (eg transport and storage) to food relief organisations. The proposal is designed to provide an incentive through the tax system, but not to completely reimburse those who donate food or services. There is still an element of benevolence in the scheme.

The eligible amount will depend on the annual aggregated turnover of the business:

- For smaller businesses (with aggregated annual turnover of up to \$20 million), for instance family farms, the proposal is to provide a tax break that would equate to a 20% cash back.
- For larger businesses (with aggregated annual turnover of between \$20 million and \$1 billion) it would be a 10% credit on their tax bill.

To ensure the incentive is targeted and sustainable, a \$1 billion annual turnover cap is recommended to exclude large, national and international enterprises.

KPMG has now completed a follow-up project⁸ 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.

More than 50 food and grocery businesses, peak bodies and not-for-profit organisations have confirmed their support for the NFDTI. These include the National Farmers' Federation, the Country Women's Association, the Australian Food and Grocery Council, Australian Trucking Association, Sydney Markets and the Australian Logistics Council.

There is also support for the proposal from a growing number of State Governments, including those in South Australia and NSW. The NSW Legislative Assembly's Committee on Environment and Planning included in its Food production and supply in NSW report⁹ released last year the following recommendation: "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".

Recommendation 3:

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

⁷ 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

⁸ KPMG (2022) Australian National Food Donation Tax Incentive Implementation Analysis

 $[\]underline{\text{https://home.kpmg/au/en/home/insights/2022/11/food-donation-tax-incentive-australia-reduce-food-waste.html?state=australia-reduce$

⁹ 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-

4. Invest in sector capacity building including infrastructure and logistics

The Australian food relief sector, while making significant efforts to address food insecurity, faces considerable challenges and is in need of substantial expansion given the demand levels mentioned above. The existing network is already at capacity and, as indicated by the *Foodbank Hunger Map*, falls short in adequately meeting the growing demands of vulnerable populations across the country.

One of the primary barriers to ensuring every household seeking food relief has access to it is the persistent rise in the number of Australians experiencing food insecurity. The cost of living crisis, combined with natural disasters of increasing frequency and severity, and the myriad circumstances leading to enhanced vulnerability have exacerbated the situation, leading to an increased demand for food assistance. The national food relief sector, already stretched thin, is struggling to keep pace with this escalating need. Additionally, regional disparities in access to food relief services highlight the need for improved distribution of resources, to ensure areas are not underserved and thereby exacerbate the challenges faced by already marginalised communities.

Furthermore, logistical and infrastructural constraints hinder the efficient distribution of food to those in need. Issues such as limited transportation, storage facilities, and workforce contribute to delays and inefficiencies in delivering essential food items to vulnerable populations. To ensure a more robust and equitable food relief system, a considerable expansion is imperative. Increased funding, improved coordination among stakeholders, and the establishment of additional distribution points are necessary to enhance the capacity of the Australian food relief sector and better meet the pressing needs of those facing food insecurity.

Recommendation 4:

That the Federal Department of Infrastructure, Transport, Regional Development, Communications and the Arts work with the national food relief sector to identify and prioritise infrastructure investment within the next financial year capable of building capacity and improving the impact and reach of food relief nationally, facilitating economic growth in cities and regions and improving food security across Australia.

5. Support the sector's educational and skills-training programs

The sector's educational and skills training programs are critical to helping Australia meet its 2030 food waste reduction target and to strengthen Australia's food literacy and food security. These programs raise awareness and provide practical skills to address these challenges. The sector delivers a range of education and skills training programs to different audiences in diverse settings across community, school and industry sectors.

Food Literacy and Nutrition Education

Food literacy programs delivered by the sector include healthy eating and cooking education at different life stages and in settings including schools and community groups. Ocmmunity education is often delivered in charity agency settings to clients who receive food from the food relief and rescue sector. Ensuring food relief is complimented by food literacy and nutrition education ensures positive longer-term outcomes for participants.

¹⁰ OzHarvest Education Programs Foodbank WA Healthy Eating Programs Foodbank Vic Cooking Classes

¹¹ The role of a food literacy intervention in promoting food security and food literacy–Oz Harvest's Nest program, Nutrients, July 23 2020.

The sector also delivers programs in schools for primary and high school children, for example OzHarvest's Food Education and Sustainability Training program (FEAST) is a curriculum-aligned food waste behaviour change program. It is a STEM project-based learning program focusing on food and sustainability. Professional development training is provided to the teachers who then deliver the program in their schools.

The majority of funding for these programs is through corporate partnerships and other philanthropy. Government investment will allow for expansion of these programs to a wider range of schools and community groups.

Industry Skills development

The food rescue and relief sector works with all parts of the food supply chain to minimise and find solutions to food waste while ensuring any surplus food is redirected to people. This involves working closely with farmers, food manufacturers, supermarkets and other retailers and in some settings training and educating staff about minimising food waste and ensuring surplus food is diverted to feed people. Further funding will allow for this work to be expanded which will help assist in the minimisation of food waste and increased food relief.

Recommendation 5:

That the government establish a food education fund that annually provides \$5m to the national food relief sector to expand existing programs and work aimed at minimising food waste and increasing food security, including through nutrition education.

Government Report on Food Security in Australia

On 7 December 2023, the House Standing Committee on Agriculture tabled its report relating to the inquiry into food security in Australia – *Australian Food Story: Feeding the Nation and Beyond*¹².

The comprehensive inquiry commenced in October 2022 following a referral from the Minister for Agriculture, Fisheries and Forestry, Murray Watt. It examined ways to strengthen and safeguard Australia's food security, focusing on production, supply chains and key inputs, as well as climate change, biosecurity and food insecurity. Over the course of the inquiry, the Committee held 24 public hearings, visited numerous sites around Australia, and received 188 written submissions.

The report observes that, despite Australia being one of the most food secure countries in the world, food security is a challenge for many in our community—particularly those on lower incomes and in remote communities.

The national food relief sector supports the report's key recommendation of the formulation of a comprehensive National Food Plan, with clear objectives and measurable targets set out in regular updates and action plans. The national food plan will engage the whole food system, from paddock to plate and beyond. It will deal with the production and distribution of food, supply chain resilience, access to food, good nutrition (diet and health), and the management and disposal of food waste and other waste products. It will address the health implications of the food system. It will also address the national security implications of food security—identifying and addressing vulnerabilities, particularly regarding food system infrastructure and vital inputs.

¹² https://www.aph.gov.au/Parliamentary_Business/Committees/House/Agriculture/FoodsecurityinAustrali/Report

The report states that: "Part of the comprehensive National Food Plan should be to identify and address the causes of food insecurity across the food system. The focus should be on ensuring that everyone has access to nutritious food on an ongoing basis in accordance with the United Nations Food and Agriculture Administration's definition of food security."

The national food relief sector also supports the following recommendations from the report and asks for details of how and when the Government will action these recommendations:

Recommendation 18

5.111 The Committee recommends that the Australian Government incorporate measures to eliminate food waste into the proposed National Food Plan, including:

- A national public education campaign aimed at the elimination of household food waste.
- Repurposing food waste—for example as animal feed or processed food.
- Supporting food donation.
- Establishing regional food hubs.
- Better management of the cold chain.
- Improving data sharing across the food supply chain.
- Increasing federal funding for the food relief sector.
- Creating a circular economy.

Recommendation 19

5.112 The Committee recommends that the Australian Government provide an incentive through the tax system for those who donate food or related services, based on the Food Waste Tax Incentive developed by KPMG and the Fight Food Waste Cooperative Research Centre.

Recommendation 29

7.69 The Committee recommends that the Australian Government conducts surveys of household food insecurity every 3 years using the United States Department of Agriculture Household Food Security Survey Module (HFSSM) as a model.

Recommendation 30

7.70 The Committee recommends that the Australian Government, in conjunction with the State and Territory Governments, develop a school curriculum for food and nutrition education, including the universal development of basic cooking skills.

Recommendation 31

7.71 The Committee recommends that the Australian Government, in conjunction with the State and Territory Governments, consider the feasibility of introducing a schools meals program.

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