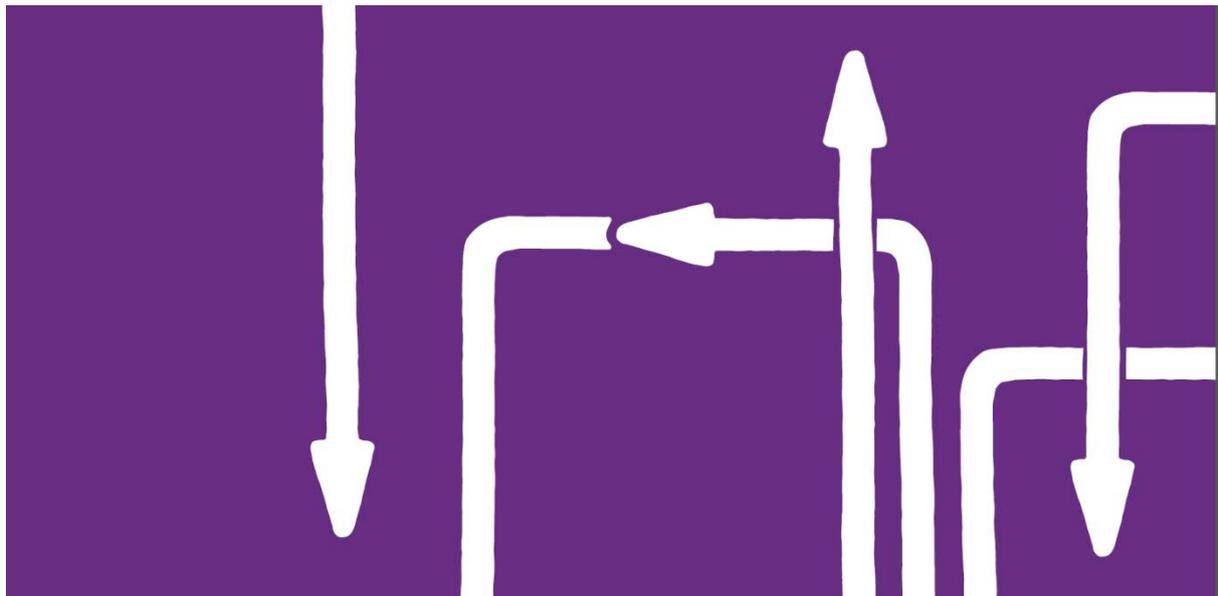




# **Pre-Budget Submission 2020-21: Investment with Impact**

## **Bridging the food relief gap to assist vulnerable Australians**

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## Executive Summary

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The priorities for the Australian Government include keeping our economy strong, keeping Australians safe and keeping Australians together. Ensuring regular, reliable access to sufficient, safe, nutritious and culturally relevant food is fundamental to achieving these priorities, however, it is clear from the *Foodbank Hunger Report 2019* that charities are not currently able to meet the rising demand for food relief. In fact, only 37% of charities are meeting the full needs of the people they assist and, in some cases, are having to turn away people empty-handed. Whilst Foodbank is doing an extraordinary job in assisting more people than at any time in our history, it is clear that substantially more must be done in order to give vulnerable Australians the hand-up they need to help keep our economy strong, and keep them safe and together.

The unprecedented increase in demand for food relief across the country, combined with supply chain disruption of food as a consequence of drought, bushfires and COVID-19 has led Foodbank to be extremely concerned about our ability to mobilise the volumes of emergency food relief required to meet the need ongoing, without appropriate resourcing. This will be an issue in the latter half of the financial year as government assistance measures are reduced and removed and the full impact of the economic recession will be felt.

Given our impressive track record in not just meeting but exceeding the Key Performance Indicators set by the Department of Social Services for our grant funding, it is clear that investing in Foodbank delivers strong returns, particularly in relation to disaster relief and long term social return on investment. The benefits of Federal Government investment in food relief are enduring, wide-ranging and relevant to multiple Ministerial portfolios. The long-term benefits of investing in these food relief initiatives are clear:

- As highlighted in the *Foodbank Hunger Report 2019*, the immediate benefits of food relief are tangible and ongoing. Those who access food relief see a number of benefits in their lives as a result of receiving assistance, from improvements in mental health to being able to better focus/concentrate (which can obviously have significant benefits for those studying or seeking employment) to seeing physical health improvements (which can reduce the burden on the health system) to being able to better plan for the future (again, of importance to those studying or seeking employment). This is particularly important during the pandemic and the ensuing economic recovery period.
- Foodbank's *Social Return on Investment* study found that for every kilogram of food donated, there is a \$23 social return on investment. This figure rises to \$110 for every kilogram of food donated to children through our School Breakfast Programs, noting that food insecurity not only affects a child's ability to engage at school, but also has long-term ramifications for human capital outcomes. The social return on investment of Foodbank's activities in 2018 was \$980 million.
- Assisting Foodbank to rescue more food along the supply chain is fundamental to Australia meeting its National Food Waste Strategy commitment to halve food waste by 2030, noting the importance of food rescue – at scale – in achieving this goal. Increasing food rescue is also essential to achieving Australia's 2030 climate change target to reduce emissions to 26-28% on 2005 levels by 2030 (noting that Foodbank's current activities save more than 81m kg CO<sub>2</sub> emissions per annum).

Foodbank has identified four investment initiatives as having the best capacity to deliver positive, immediate and long-term, tangible outcomes for food insecure Australians and is therefore seeking the inclusion of the following provisions in the 2020-21 Federal Budget:

### **1. Funding for Everyday Essentials**

*Lead portfolio: Social Services*

Foodbank is seeking a commitment of \$7 million per annum to enable us to source an appropriate level of daily essentials which, when combined with rescued foods, would bridge the food provision gap. Foodbank has established an *Everyday Essentials Program* through strong working relationships with over 30 Australian food manufacturers and suppliers. This program includes purchasing staple foods (eg pasta, pasta sauce, milk, cereal etc) at wholesale or preferential prices as well as working with food companies and their suppliers - including farmers - to manufacture the items needed at little or no cost.

### **2. Funding for Fresh Food Essentials**

*Lead portfolio: Infrastructure, Transport and Regional Development*

Foodbank is seeking a commitment of \$6.5 million per annum in transport funding, enabling us to source an additional 8.2 million kilograms of fresh fruit and vegetables - enough to meet the future needs of food relief charities nationally to provide for every Australian seeking food relief. At the same time, this volume would be prevented from becoming waste. Foodbank works closely with the farm sector and peak agricultural bodies at national and local level to capture as much fresh produce as possible. With funding for transportation, Foodbank would be capable of immediately increasing the volume being redirected to meet the fresh produce needs of the food relief sector thus preventing it from being ploughed back in or going to landfill.

### **3. Funding for Drought and Natural Disaster Relief**

*Lead portfolio: Drought, Rural Finance, Natural Disaster and Emergency Management*

Foodbank is seeking \$2.5m annually for ongoing drought and bushfire relief efforts national disaster preparedness funding for emergency supplies of food and groceries, as well as assistance with transport and logistics. This would ensure all State/Territory Foodbanks have a 'reserve' of essential products to mobilise at extremely short notice for emergency food relief for first responders, evacuation centres and displaced communities.

### **4. Food Relief Tax Reforms**

*Lead portfolios: Environment and Treasury and Finance*

Foodbank is seeking the introduction of a National Food Waste Tax Incentive in Australia (covering both the donation of food as well as related services, including freight, packaging, storage and distribution) to induce the redirection of food waste to food relief giving rise to large net social, economic and environmental returns for all Australians both now and into the future.

# 1. About Foodbank

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## What is Foodbank?

Foodbank is Australia's largest food relief organisation, operating on a scale and in a way that makes it crucial to the work of the front-line charities that are feeding vulnerable Australians. In the last 12 months, Foodbank provided the equivalent of 77 million meals (210,000 meals a day) to more than 2,400 charities around the country, accounting for more than 70% of the food distributed by food rescue organisations nation-wide including providing additional key staple food which are not readily available via rescue channels.

Foodbank is also the largest supporter of school breakfast programs in Australia, providing food for more than 2,500 schools nationally (both directly and via programs run by other organisations). Foodbank provides regular breakfasts to more than 132,000 students at schools around the country and on top of this, more than 200,000 children are provided with food relief via our charities every month.

In addition to our day-to-day food relief activities, Foodbank plays a key role in times of community emergencies and natural disasters. Every State and Territory Foodbank is involved in disaster relief, providing essential supplies to support the work of emergency services and first responders as well as giving ongoing assistance to affected communities during the months and years it takes to recover.

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. Foodbank is registered with the Australian Charities and Not for Profits Commission (ACNC) and endorsed as a Deductible Gift Recipient (DGR) and is a code-compliant member of the Fundraising Institute of Australia.

## 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 37 million kilograms of the 42.7 million kilograms of food and groceries sourced and distributed by Foodbank in 2019 was sourced through 'food rescue'. In a program that is unique to Foodbank, the remaining 5 million kilograms in 2019 (substantially more in 2020 due to COVID-19) was sourced through proactive manufacturing and purchasing, as well as product donations. Many companies choose to make regular donations by increasing their production run or drawing straight from inventory 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 most of the Australia's food and grocery companies and retailers (see image overleaf). Foodbank's model is not dissimilar to public private partnerships whereby the food and grocery industry, government and Foodbank are working together and sharing resources on key projects, exemplified by our Everyday Essentials Program mentioned below. Not only are these partnerships helping to address food insecurity, but they are also allowing Foodbank to support local manufacturing, which has a multitude of benefits to local communities, particularly those in regional areas.

## Foodbank Australia's food and grocery donors



Along with more than 1800 state based local food & grocery donors

### Everyday Essentials Program

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 fruit and vegetables. However, sufficient volumes of these key staple foods do 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.

Foodbank is unique amongst the food relief organisations in that it has established a highly efficient and effective *Everyday Essentials Program* to source key staple foods through strong working relationships with over 30 Australian food manufacturers and suppliers. This program includes purchasing foods at wholesale or preferential prices as well as working with food companies and their suppliers - including farmers - to collaboratively manufacture the items needed at little or no cost to Foodbank.

Through the *Everyday Essentials Program*, Foodbank is able to procure \$5 worth of food (retail value) for every \$1 invested and maintain key staple foods (rescued and procured) above 70% of the overall food volume sourced. This ensures reliable availability of foods that provide variety, convenience, nutritional value, and cultural appropriateness. In particular, it secures foods for families, people with special needs and school children, noting that the majority of food provided by Foodbank for School Breakfast Programs is purchased as opposed to rescued.

Despite the overwhelming success of the *Everyday Essentials Program*, both in terms of return on investment (gearing) and strong alignment with charities' food relief needs, the Government's investment in the program is not sufficient to meet the year-on-year increases in demand for food relief.

## 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 Foodbank *Everyday Essentials Program*. For example, donated grain can be milled and used to produce pasta and breakfast cereal, while meat can be used for sausages. In the last year, however, due to the ongoing drought, donations from this sector have declined dramatically. Foodbank received negligible rice this year due to the failure of the national crop and grain donations are also significantly down.

## School Breakfast Programs and Healthy Eating

Foodbanks across the country assist more than 2,500 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 Everyday Essentials Program. Given the geographic spread and range of socio-economic circumstances, Foodbank prides itself in its ability to be flexible 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 independent, peer-reviewed assessments of the School Breakfast Programs in WA, SA and Victoria. For example, Victoria University recently released an [\*Evaluation of the School Breakfast Clubs Program\*](#), with compelling findings on the impact of the program on children's concentration levels, engagement in class activities and academic outcomes.

An increasing number of state/territory Foodbanks are also playing a lead role in healthy eating and nutrition education, in school settings and beyond. For example, Foodbank Western Australia's has a series of programs and initiatives delivering healthy eating education and improved food security for people of all ages, with their impressive 'Superhero Foods' resources proving particularly successful.

## Foodbank's role in responding to drought, natural disasters and other emergencies

Foodbank is the only food relief organisation to play a key role in times of emergency and natural disasters such as fires, floods and cyclones. Foodbank Australia is also the only food relief organisation to sit on the Federal Government's Trusted Information Sharing Network - Food and Grocery Sector Group given our scale, reach and unrivalled transport and logistics efficiencies in times of crisis. Every State and Territory Foodbank is involved in disaster relief, providing essential supplies to support the work of first responders and emergency services as well as giving ongoing assistance to affected communities during the months and years it takes to recover. A very recent example of this is the role Foodbank played in the Black Summer Bushfires. This was on top of our ongoing food relief efforts across drought-affected communities, and our role in preparing for and responding to natural disasters, such as the pivotal role Foodbank NT played in assisting communities displaced by Tropical Cyclone Trevor last year.

As a trusted organisation forming part of the official emergency response network, Foodbank is able to act as a conduit for the generosity of the food industry which is always keen to assist with essential supplies to

stricken areas. Foodbank is capable of delivering what is needed, when and where it is needed in order to support the relief efforts efficiently and effectively. When the emergency first hits, this may be items such as bottled water, batteries, toilet paper and food that does not require refrigeration and cooking as there is no power in the area. Over time this may change to ingredients for hot meals to be prepared at evacuation centres and ultimately to hampers of key staples and household cleaning products for people returning to their homes.

Foodbank continues to work in a community long after the initial crisis has passed. Whether people are coping with damaged or even destroyed homes or disrupted income due to their place of work being closed, economic hardship is a challenge that remains after the clean-up has taken place. Food relief, for as long as it is needed, builds resilience helping people to get back on their feet.

## 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 37 million kilograms of food and groceries that may otherwise end up in landfill, **saving more than 81 million kilograms of CO<sub>2</sub> emissions every year**. Foodbank worked closely with the Federal Department of the Environment and Energy, our sector peers and supply chain colleagues in the development of Australia’s first ever *National Food Waste Strategy*, and was instrumental in the creation of the *Fight Food Waste Cooperative Research Centre*, 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 Australian play a key role in delivering on at least five of the 17 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

## 2. Food Insecurity in Australia

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### What is food insecurity?

According to the United Nations Food and Agriculture Organisation (UNFAO), food insecurity is "*the limited or uncertain availability of individuals' and households' physical, social and economic access to sufficient, safe, nutritious and culturally relevant food*". Addressing food insecurity is the primary objective of [Sustainable Development Goal 2: Zero Hunger](#) in the United Nations' [Sustainable Development Goals](#) (summarised below), to which Australia is a signatory.

### Food insecurity in Australia

Foodbank Australia is the only organisation to conduct annual analysis and reporting on the prevalence of and contributors to food insecurity in Australia. Not even government collects this data. The *Foodbank Hunger Report* is released annually, providing up to date statistics on the incidence, frequency and severity of food insecurity; the number of people seeking assistance and/or receiving food relief from Foodbank agencies; key demographics affected; changes in demand for food relief; contributors to food insecurity and the benefits of food relief to food insecure Australians.

The [Foodbank Hunger Report 2019](#) released in October 2019 revealed that more than 1 in 5 Australians (21% of the population), had experienced food insecurity in the previous 12 months, with women 1.5 times more likely to be exposed than men. The *Foodbank Hunger Report* also highlighted that food insecurity affects a diverse range of demographic groups, from young families to the elderly to students, under-employed people, people of Aboriginal and Torres Strait Islander descent, refugees and people with disabilities.

There is a range of food relief models delivered by charities, from street-based soup kitchens to supermarket-style outlets, providing everything from prepared meals, grocery hampers and vouchers. Prior to COVID-19 Foodbank provided food supplies to more than 815,000 people per month via this network. Despite reaching more people than at any point in our history, the *Foodbank Hunger Report 2019* reported only 37% of charities meeting the full needs of the people they assist and, in some cases, having to turn away people empty handed. In addition to this, there are significant areas, particularly in regional and remote Australia, where no food relief services exist.

COVID-19 has led to even higher levels of demand for food relief. Charities report a 20% increase on pre-pandemic (pre-12 March 2020) food relief clients. This figure is down from a 78% high immediately following the introduction of restrictions and before the impact of the JobKeeper, JobSeeker and Coronavirus Supplements kicked in. Demand from traditional food relief clients has remained the constant with the increase being made up by people who have never sought food relief before – the newly unemployed, temporary visa holders and international students.

### 3. Federal Government Funding to Date

In order to assist Foodbank to manufacture and supply everyday essential products to food insecure Australians, the Department of Social Services provided base funding of \$1 million per annum to Foodbank Australia from 2009-2014, with additional 'top up' (discretionary) funds in 2011, 2012, 2013 and 2014. The Department reduced this funding to \$750,000 per annum for the 2015-2018 period, with additional 'top up' (discretionary) funds of \$300,000 in 2015/16.

The current base funding of \$750,000 per annum is half of the funding received from DSS five years ago, despite the number of people Foodbank assists rising from 516,000 per month in 2014 to the current 815,000 per month (prior to COVID-19).

Financial Year	DSS Funds	Discretionary Funds	Total
2009/10	\$1,000,000	\$0	\$1,000,000
2010/11	\$1,000,000	\$350,000	\$1,350,000
2011/12	\$1,000,000	\$300,000	\$1,300,000
2012/13	\$1,000,000	\$400,000	\$1,400,000
2013/14	\$1,000,000	\$0	\$1,000,000
2014/15	\$1,000,000	\$500,000	\$1,500,000
2015/16	\$750,000	\$300,000	\$1,050,000
2016/17	\$750,000	\$0	\$750,000
2017/18	\$750,000	\$0	\$750,000
2018/19	\$750,000	\$0	\$750,000
2019/20	\$750,000	\$2m (Bushfires) 13.5m (COVID-19)	\$750,000
2020/21	\$750,000	\$0	\$750,000
2021/22	\$750,000	\$0	\$750,000
2022/23	\$750,000	\$0	\$750,000

#### *How the DSS funding is used – Everyday Essentials Program*

The annual DSS funding (both base and discretionary funding), delivered through the Financial Wellbeing and Capability Program (Financial Crisis and Material Aid – Food Relief Activity), has been used to increase the access of food relief charities nationally to a reliable and cost effective supply of high-demand staple foods via the *Everyday Essentials Program*. The products are drawn from a list of most-needed items as indicated by charities in Foodbank's annual survey and prioritised according to the degree of cost-efficiency that can be achieved with manufacturers through annual negotiations. It should be noted that these products are not reliably available or in sufficient volumes through food rescue (from any source including Foodbank's sister organisations), making this program invaluable to the sector.

## 4. Federal Budget 2020-21: Foodbank's Funding Needs

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Foodbank has identified four investment initiatives as having the best capacity to deliver positive, long-term, tangible outcomes for food insecure Australians and is therefore seeking the inclusion of the following provisions in the 2020-21 Federal Budget:

### 1. Funding for Everyday Essentials

Foodbank is seeking a commitment of \$7 million per annum to enable us to source an appropriate level of daily essentials which, when combined with rescued foods, would bridge the food provision gap. Foodbank has established an *Everyday Essentials Program* through strong working relationships with over 30 Australian food manufacturers and suppliers. This program includes purchasing staple foods (eg pasta, pasta sauce, milk, cereal etc) at wholesale or preferential prices as well as working with food companies and their suppliers - including farmers - to manufacture the items needed at little or no cost.

### 2. Funding for Fresh Food Essentials

Foodbank is seeking a commitment of \$6.5 million per annum in transport funding, to enabling us to source an additional 8.2 million kilograms of fresh fruit and vegetables - enough to meet the future needs of food relief charities nationally to provide for every Australian seeking food relief. At the same time, this volume would be prevented from becoming waste. Foodbank works closely with the farm sector and peak agricultural bodies at national and local level to capture as much fresh produce as possible. With funding for transportation, Foodbank would be capable of immediately increasing the volume being redirected to meet the fresh produce needs of the food relief sector thus preventing it from being ploughed back in or going to landfill.

### 3. Funding for Drought and Natural Disaster Relief

Foodbank is seeking \$2.5 million per annum for ongoing disaster relief efforts. This would fund food and groceries for relief hampers, but also additional bulk deliveries of food and grocery products into affected communities. It is critical to have enough appropriate stock on hand prior to any disaster as there is no guarantee that enough of the required items will be in the warehouses in the normal course of business and it takes up to 3 months to order in specific stock. Also included would be assistance with transport. Additional transport is required to take extraordinary stock to areas which may not normally be part of Foodbank's or the food and grocery industry's destinations, meaning pro bono is not an option in these circumstances. Also, extra mobile vehicles with ambient, chilled and frozen food storage capacity would be commissioned which could be used as mobile food hubs during normal times and then deployed to disaster areas to provide food storage and distribution capability in the absence of power or facilities. Finally, enhanced storage capacity in current Foodbank facilities (particularly in Queensland where a remodelling of the current warehouse is needed until a new warehouse can be funded) and funds for additional commercial storage should it be required to meet the throughput of stock. This does not include specific long-term infrastructure needs within our national network – particularly in Qld, Vic and WA – to increase overall capacity to cope with disasters on top of regular service.

### 4. Food Relief Tax Reforms

Foodbank is seeking the introduction of a specific food waste tax incentive in Australia (covering

both the donation of food as well as related services, including freight, packaging, storage and distribution) should further incentivise the reduction of food waste in Australia giving rise to large net social, economic and environmental returns for all Australians both now and into the future.

Details of the proposed National Food Waste Tax Incentive are contained within a separate submission.