

19 August 2024

Dear Committee

Thank you for the opportunity to lodge a submission in response to the Inquiry into the Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024. Food Industry Engineering is pleased to see this important initiative being progressed by the Australian Parliament.

We would like to convey our strong support for the Bill, as it would not only help many Australians in need but also reduce food loss and waste; help stimulate regional economies; acknowledge the generosity of farmers and growers; and support small and medium businesses during a particularly challenging economic period.

Australia currently wastes more than 7.6 million tonnes of food each year costing the economy over \$36.6 billion¹. 70%² of this food is perfectly edible and redirecting it to food relief would potentially deliver \$2 billion³ in social return. If tax settings are recalibrated to incentivise donations to food relief charities, then industry would have an additional reason to do the right thing. Experience in other countries, including the USA, France, Canada and the Netherlands, where similar incentives have been operating successfully for many years, confirms that tax incentives are far and away the most effective way to positively impact donations to food relief charities.

Having worked in the food processing industry for over 25 years, we see many examples of food which is of good nutritious “eating quality” going to waste – either due to buyer specifications demanding certain aesthetic standards, or simply oversupply for the commercial market. This food is a major resource which can help alleviate food insecurity in Australia. But producing this product has incurred significant costs to producers, and it is reasonable that donation is incentivised, provided a little benefit also back to producers and their communities.

Over the last few years, we have worked with FareShare/Second Bite in assisting development of shelf-stable meals using rescued food, and have been impressed by the efforts and professionalism of this sector as they assist those in need. But they are so often limited by the quantity of food available – so incentivising more donations has the potential to significantly increase the assistance available to those in need.

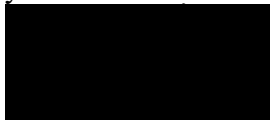
We support the following amendments to the proposed Bill:

- Expansion of the eligibility to entities other than Constitutional Corporations, such as Trusts and Partnerships, as many food-related businesses (eg family farms) take this form.
- That the type of registered food charity be expanded to include those entities registered as a Public Benevolent Institution under the Australian Charities and Not-for-profits Commission Act 2012.
- That the 40 percent offset is available to entities with an aggregated turnover of at least \$20 million and less than \$250 million for the income year (with the 30 percent offset for entities with an aggregated turnover of \$250 million or more for the income year). This will allow more medium sized businesses (e.g. family

businesses and small transport operators), many who operate with high turnover but low margins, to obtain a tax incentive associated with the offset claim.

We believe these amendments would significantly improve the eligibility, application and impact of the proposed tax incentive and strongly encourage the Committee to recommend the earliest possible passage of the amended Bill.

Yours sincerely



Gordon Young
Owner

Notes:

1. https://www.stopfoodwaste.com.au/about/#why_reduce
2. <https://workdrive.zohopublic.com.au/external/ba011474a921ef40d77287a482fc9b257083a646708e3b38b6debeea81cdf81b>
3. <https://home.kpmg/au/en/home/insights/2020/09/food-relief-australia-tax-system.html>