



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL



AFGC SUBMISSION
**Incentivising Food Donations to
Charitable Organisations**

20 August 2024

PREFACE

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, beverage and grocery manufacturing sector.

With an annual turnover in the 2021-22 financial year of \$144 billion, Australia's food and grocery manufacturing sector makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity.

The diverse and sustainable industry is made up of over 17,000 businesses ranging from some of the largest globally significant multinational companies to small and medium enterprises. Each of these businesses contributed to an industry-wide \$3.2 billion capital investment in 2021-22.

Food, beverage and grocery manufacturing together forms Australia's largest manufacturing sector, representing over 32 per cent of total manufacturing turnover in Australia. The industry makes a large contribution to rural and regional Australia economies, with almost 40 per cent of its 271,000 employees being in rural and regional Australia.

It is essential to the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

Throughout the COVID19 pandemic, the food and grocery manufacturing sector proved its essential contribution to Australian life. Over this time, while our supply chains were tested, they remain resilient but fragile.

The industry has a clear view, outlined in *Sustaining Australia: Food and Grocery Manufacturing 2030*, of its role in the post-COVID19 recovery through an expansion of domestic manufacturing, jobs growth, higher exports and enhancing the sovereign capability of the entire sector.

This submission has been prepared by the AFGC and reflects the collective views of the membership.

The AFGC welcomes the opportunity to provide a submission to the Senate Economics Legislation Committee inquiry into the *Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024*.

Food and grocery manufacturers play a critical role in addressing household food insecurity. They are committed to this cause and often donate excess food, create specialty products, and partner with food relief charities. These partnerships see manufacturers supply ambient, fresh, chilled, and frozen foods and household and personal care products to support vulnerable Australians nationally and within their local communities.

While many food and grocery manufacturers acknowledge their role in combatting food insecurity, the associated costs can be significant for companies grappling with labour shortages, rising input and ingredient prices, and limited access to affordable logistics and transport. In the current tax system, when manufacturers have a product that doesn't make it to market, it is treated the same way, whether donated or dumped. As a result, these companies often find competing economic, social, and environmental priorities when making decisions on surplus food.

The AFGC strongly supports this bill and recommends:

- 1. The Committee to recommend the earliest possible passage of this bill to increase food donations and transform the food relief sector by increasing donations, reducing food waste, and ensuring more reliable support for vulnerable Australians.**
- 2. To amend the bill so 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).**
- 3. 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.**
- 4. 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.**

By expanding the eligibility, it could allow for more small and medium sized businesses who operate with high turnover but low margins, to obtain a tax incentive associated with the offset claim. This change will improve the eligibility, application and impact of the proposed tax incentive.

The bill is a game-changer for the food relief sector. It has the power to significantly change how food and grocery manufacturers participate in food relief by overcoming cost barriers to establish reliable, consistent, and effective supply chains for food relief charities.

OVERCOMING COST BARRIERS FOR SUSTAINABLE OUTCOMES

There is no tax recognition for contributing to the warehousing, transportation and logistics required to donate food to charities. These costs can be significant and a barrier to participating in food relief and food waste reduction activities. They can be even more significant in rural, regional and remote Australia, where there is less access to services. Companies that cannot absorb the additional costs associated with donating surplus products to food charities might see these items end up in landfill despite their desire to participate in food relief efforts. The tax incentive will help more manufacturers overcome these cost barriers to increase donations which is greatly needed given the rise of food insecure households. The proposed broadened eligibility and application of this bill will also enable more small and medium sized businesses overcome these cost barriers leading to more sustainable and socially responsible choices.

The food and grocery manufacturing industry also faces increased challenges and complexity with growing and costly sustainability demands, which can overwhelm companies and complicate decision-making processes. Food waste contributes to 3 percent of Australia's total greenhouse gas emissions; therefore, incentivising food donations offers dual benefits: reducing environmental impacts and uplifting vulnerable communities¹. The proposed tax incentive will enable companies to commence participating in the food relief sector and, for those already involved, could increase their participation. This incentive will ensure that surplus products that would otherwise be discarded to landfill benefit households in need. Additionally, by diverting food from landfill, food and grocery manufacturers will support Australia's ambition to halve food waste by 2030 and meet its commitments under the United Nations Framework Convention on Climate Change by reducing greenhouse gas emissions².

The Kellanova case study below demonstrates the significant social and environmental impact of food donations from food and grocery manufacturers. Kellanova has donated 1.8 million kilograms of food over the past decade, consisting of in-date, short-shelf-life, or damaged stock. This food, which might have otherwise become waste, has been redirected to support food relief partners, making a real difference in the lives of those in need.

¹ [National Food Waste Strategy Feasibility Study](#)

² [National Food Waste Strategy](#)

KELLANOVA CASE STUDY

Background

Kellanova aims to donate around 5 million serves of food annually to food relief organisations in Australia and New Zealand (NZ). In 2023, they refreshed the Kellanova Better Days Promise with an ambition to feed 400 million people by the end of 2030. Food donations are a combination of in date, short shelf-life, or damaged stock.

Partnerships & Collaborations

Kellanova has a national partnership with Foodbank Australia and also regularly donates food to other organisations such as Oz Harvest, Secondbite and the Ronald McDonald House Charities.

Key Impacts

Over the last decade, Kellanova has donated over 60 million serves or roughly 1.8m kilos of food to support food relief charities and community-based organisations working to provide meals to people in need across Australia and NZ.

These food donations assisted in reducing food waste and provided relief for vulnerable households.

Tax Incentive Benefits

While currently Kellanova does get a tax deduction to support its food donations, this does not include additional expenses such as logistics costs associated with delivering this food to partners. The proposed tax incentive will assist with these logistical costs and could allow for an expansion of food donations.

CONSISTENT AND RELIABLE SUPPLY CHAINS

Cost challenges are not only cost-prohibitive for food donations but also dictate how manufacturers choose to participate in food relief activities, which can stifle innovation and collaboration with charities. Currently, the food relief sector relies on inconsistent and irregular contributions, creating an insecure supply chain, which Foodbank Australia calls a 'surprise chain.' By removing cost barriers, food and grocery manufacturers can enter more formal arrangements with charities, increasing reliability and turning a 'surprise chain' into a supply chain.

The proposed tax incentive can also create opportunities for companies to develop or expand innovative solutions. Many food and grocery manufacturers collaborate with food relief organisations to build purpose-fit solutions. An example of this growing collaboration is Chobani's partnerships with Foodbank Australia and its various state-based agencies (particularly Foodbank Victoria). In 2012, the relationship began with donations of minimum life on receipt stock and has evolved to address food insecurity creatively and on a broader scale, including the regular weekly donations in a form that Foodbank Victoria/NSW can rely on to feed everyday people in need. In 2023, they also launched the Food for Good pilot program in the Greater Dandenong area to combat local food insecurity. Following a review, the partnership moved to larger community centres for greater impact. In 2024, Chobani supported three Foodbank Farm to Families Markets in the area, which will distribute more than 9,000kg of food and approximately 1600kg of Chobani products across the program. This innovative initiative significantly improves access to nutritious food for families hesitant to use traditional food relief services. Collectively

through these donations and programs, Chobani donated 118,575kg of food in 2022, and 145,678kg of food in 2023.

CHOBANI CASE STUDY

Background

As a leading food and drink manufacturer, Chobani's mission is to leverage platforms, resources, and influence to close the gap and ensure that good food is considered a right rather than a privilege. Chobani's partnership with Foodbank Victoria began in 2012 with minimum life on receipt stock donations. In 2020, Chobani expanded its support due to the COVID-19 pandemic by committing to weekly donations to both Foodbank Victoria and Foodbank NSW.

Partnerships & Collaborations

In partnership with Foodbank Victoria, they launched the Food for Good Market pilot program at local schools in the Greater Dandenong area to improve access to nutritious food for families hesitant to use traditional food relief services. A total of 9,577kg of food was distributed throughout the program including 1,468kg of Chobani products. Following a review, Chobani chose to maximise impact by moving the markets to larger community centres and agencies and supported three Foodbank Farm to Families Markets within the City of Greater Dandenong.

Key Impacts

Hosting markets at local schools allowed families to select fresh produce and Chobani products in a familiar, stigma-free setting. The three Farm to Families Markets will distribute approximately 3,000kg of food in addition to 550kg of nutritious and delicious Chobani product made fresh for the markets.

Tax Incentive Benefits

The proposed tax incentive could allow for Chobani's continued and expanded investment in their support for programs like Farm to Families and the donation of stock to food relief agencies like Foodbank by overcoming cost barriers of transporting food product donations.

Other examples include food manufacturers partaking in the Foodbank's Collaborative Supply Chain Program, which sees manufacturers developing items like specialty pasta sauces or baking fresh loaves of bread daily to ensure vulnerable households and community members can access nutritious and delicious foods. It is important to note that while these collaborative partnerships are taking place, there were 2.3 million households who experienced severe food insecurity in the last 12 months.³ With food relief organisations under immense pressure with the ongoing cost-of-living crisis, more is needed to encourage and incentivise companies of all sizes to join or expand their food relief support.

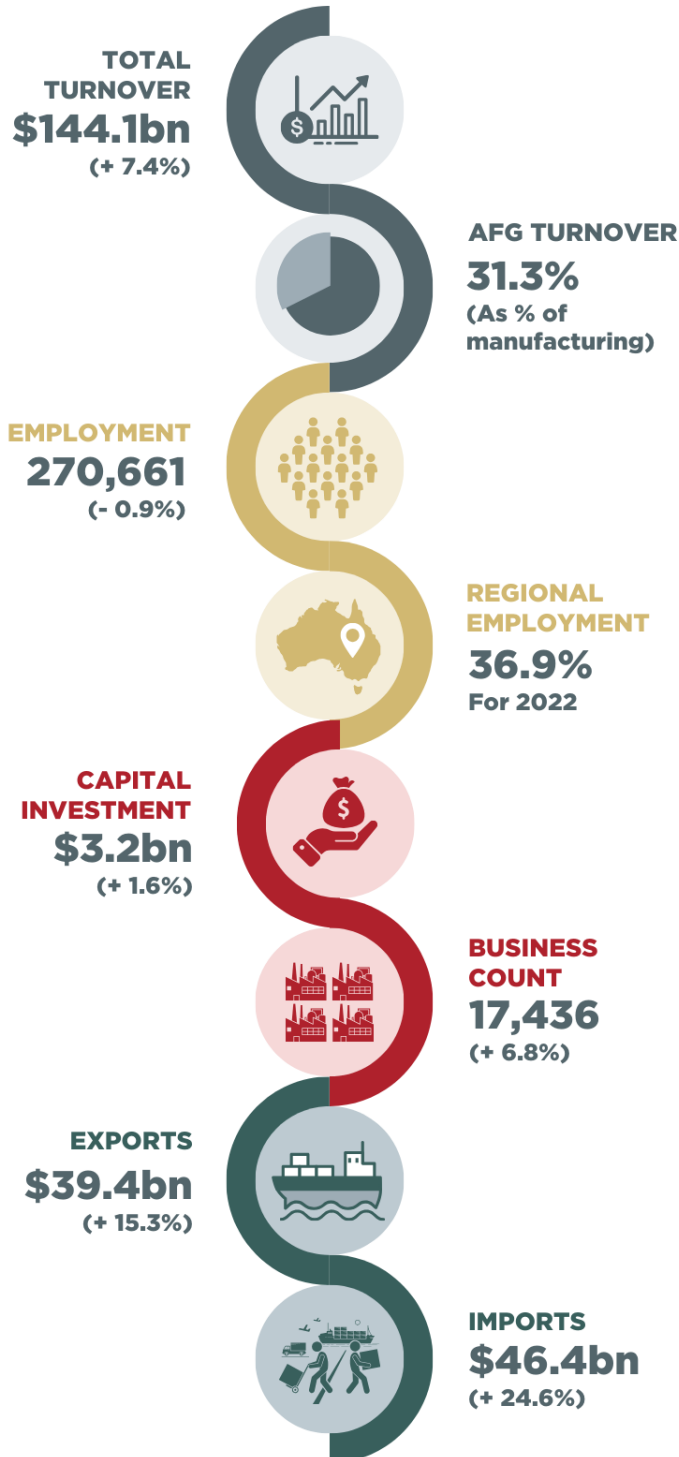
CONCLUSION

The AFGC would like to thank the Committee for the opportunity to make a submission on the *Incentivising Food Donations to Charitable Organisations Bill*. We would also like to acknowledge Foodbank Australia, End Food Waste Australia, and other food relief organisations across Australia for their continued commitment to ending food insecurity and advocacy efforts to help Australians in need.

³ [Foodbank Hunger Report 2023](#)

State of Industry 2021-22

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The figures on this page exclude the fresh food sector and are based on 2021-22 ABS data.

1: This is total number of employees, head count basis and does not include seasonal employees.

2: Gross fixed capital formation for food, beverage and tobacco manufacturing subsector is taken as indicator of capital investment.