



BeefBank Limited

ABN 49 162 222 282 a registered DGR Charity

Submission to the Senate Economics Legislation Committee

Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024

This submission is made by BeefBank P/L, a registered charity wholly-owned and operated by the Rotary Club of Brisbane Centenary in Brisbane, Queensland.

BeefBank acquires livestock, usually live beef cattle, and arranges for the slaughter, butchering and transport of this meat. This product is packaged into small lots, often 1kg or 500g parcels of mince or diced meat, which can then be distributed through the larger 'wholesale' food agencies such as Foodbank to those agencies more directly involved in providing food or meals to those in necessitous circumstances.

BeefBank, therefore, operates behind the public face of the larger and better-known food charities but has nevertheless gained a respected profile with its suppliers which are, in the main, livestock producers.

During the decade or more that BeefBank has been operating, the charity has never seen demand for our product so strong. More recently, FoodBank has made representations to BeefBank to start up operations nationally - no mean feat for a small Rotary Club. BeefBank has, therefore, now started operations in Melbourne and in West Australia as well as our more established 'home' area of South East Queensland. To do so means expanding our operations and fund-raising considerably. Over the past decade, BeefBank has been supplying roughly 100,000 meals per year. Last year, due to demand, this figure was over 140,000 meals. However, because the demand is so high, we are currently planning a major event, the Great Australian Charity Cattle Drive, in which we aim to raise several million dollars. We will, nevertheless, still be a small supplier within the food relief industry.

BeefBank's interest in this proposed legislation is that we rely heavily on donated cattle and, more recently, donated sheep. As a registered charity, BeefBank is able to



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provide a receipt for the market value of the livestock, but this is fairly useless since the supplier is caught by the trading stock provisions of subsection 70-90 (1) and subsection 70-90 (1A). These require the producer or donor to include, as assessable income, the market value of the donation. In other words, the supplier receives nil benefit for the donation which increases the expense for the supplier and makes it very difficult for BeefBank to acquire livestock despite the enormous goodwill we find in the agricultural industry. Quite simply, the cost of donating can simply be too much. We have certainly seen that suppliers are often reluctant to donate more than one or two cows because of the cost and the lack of a tax deduction or of any other incentive. In fact, it was only recently reported that a major supplier of vegetables was cutting back on his donations to Foodbank because of the cost. This is exactly the same situation that BeefBank faces.

An ordinary donor who gives cash to a charity will get the full amount of that donation as a tax deduction regardless of the source of funds. It seems somewhat discriminatory to penalize suppliers of food simply because of the trading stock provisions of the Income Tax Assessment Act 1997 do not allow a similar concession.

The Rotary Club of Brisbane Centenary and its charity, BeefBank, therefore, fully support the aims of the proposed Bill.

However, we would like to take the opportunity to comments of some of the provisions that have been tabled:

419-5 Who is entitled to (a) food donation tax offset.

1. The proposed legislation refers only to companies. Whilst many agricultural producers operate under the umbrella of a company structure, very many more, particularly smaller producers, operate within a family trust or even as a sole trader. BeefBank receives livestock from a wide variety of suppliers, many of whom do not operate under a company structure. The Bill, as it currently stands, would lock out a substantial number of suppliers. Perhaps the word 'entities' could be substituted for the word 'companies'.
2. The proposed legislation imposes turnover restrictions. Presumably this is to limit the ability of some of the very major companies to make use of



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these provisions to reduce their tax liability, although it is not clear to the Rotary Club of Brisbane Centenary, or to BeefBank, exactly what the logic is behind this measure or why it is necessary. In particular, some very large agricultural producers, and, especially, cattle producers, could be locked out which would certainly act against the best interests of charities such as BeefBank who would then be denied access to these suppliers. However, if there is a particular reason for these turnover limits, it is suggested that many groups operate a number of subsidiary companies so it might still be possible for very large companies to circumvent this provision simply by channelling donations through a smaller qualifying subsidiary. Perhaps the definition needs to encompass group entities rather than single companies. It is submitted that this provision needs further consideration.

419-20 Food donations expenditure

Our proposal would prefer to see something rather more simple for the very small supplier. It is noted that some suppliers, especially some of the suppliers that BeefBank uses out in the bush in western Queensland, will not have the accounting resources to gather and provide the detail required under the Bill:

- a. Ideally, BeefBank would like to see a change in the trading stock provisions to allow donations to a registered food charity (such as BeefBank). This would be relatively easy to do simply by a small change to S70-90. This has the merit of being much more easily understood and much simpler to implement.
- b. The provisions regarding food donations expenditure look unnecessarily convoluted. Primary producers, although often highly sophisticated in managing their business, nevertheless usually use a relatively straight-forward accounting system of costs incurred (inputs) versus income received (outputs). The proposal under the Bill appears more applicable to a manufacturing structure where advanced cost accounting systems are in place. Surely, a much easier and certainly much simpler method to determine the value of food donations expenditure is to take the market price of the donation. This has merit in that the term 'market value' is easily



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- understood and is also a term used elsewhere in the Income Tax Assessment Act 1997.
- c. Further, it makes sense to value a donation of cattle or other primary produce in exactly the same manner as one would value, say, a donation of painting to a national art gallery which, again, is market value.
 - d. Market value is also the value of the donation to the food agency. It would, therefore, also make it easier and more relevant for reporting purposes (since there *will* be reporting to assess the effectiveness of the legislation).
 - e. The tax offset would thus be calculated by reference to the market value of the donation, together with any other direct expenses necessary to get product to the food agencies (such as transport, but which, obviously, could not also be claimed for a second time as part of the ordinary course of business) less any consideration received as per 419-20 (4), (5) and (6).

Subsection 63-10(1)

The Rotary Club of Brisbane Centenary and its charity, BeefBank, fully support the intention that the refundable tax offset would be able to be carried forward. BeefBank frequently gets more donations of cattle in times of drought and depressed prices, but this is also the time when the agricultural sector is trading at a loss and may not be able to fully take-up any refundable tax offsets.

The Government currently pours a huge amount of taxpayers' money into food subsidies and food insecurity. It has been suggested that, if left to market forces and the application of useful tax provisions (i.e., ones that food donors can understand and apply easily), that the loss in tax revenue might be more than offset by the reduction in the cost of payments and other similar welfare measures to assist food insecurity....a win for both private enterprise and the Government!

In summary, our charity operates in a very basic industry and measures to provide incentives also need to be basic and easy to implement. Our suppliers operate relatively unsophisticated accounting systems and might not be able to



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work with the provisions as they currently stand. Indeed, primary producers may, in fact, be put off because of the difficulty, time, and effort required to implement the current provisions.

The Rotary Club of Brisbane Centenary and BeefBank, nevertheless, congratulates Senator Dean Smith on this initiative which has our absolute support.

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Nicholas Curry
On behalf of BeefBank P/L and the Rotary Club of Brisbane Centenary



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