

SecondBite

Ending Waste. Ending Hunger.

24 January 2022

Hon Michael Sukkar MP
Minister for Housing and Assistant Treasurer
The Treasury
Langton Crescent
PARKES ACT 2600
AUSTRALIA

Dear Assistant Treasurer,

Thank you for the opportunity to provide a submission in relation to priorities for the 2022-23 Budget.

Food waste and food insecurity have been significant issues for many years, but the last two years have presented unprecedented challenges. Drought, bushfire and COVID-19 have impacted the ability of affected communities and Australia's most vulnerable to access or purchase food - millions go hungry and tonnes of food is wasted.

More than a third of the food produced for human consumption in Australia is wasted. This could be used to deliver significant social, environmental and economic benefits for the community and Government.

This submission outlines:

- issues and challenges for SecondBite and the sector
- potential for significant increases in food rescue and relief accessing primary food production and manufacturing
- need for improved capacity and more expansive distribution of rescued food
- significant opportunities for SecondBite, the sector and Government to work together to minimise food waste, maximise food relief to those most in need and save Government and the economy millions of dollars.

Yours sincerely



Steve Clifford
CEO

Pre-budget Submission January 2022

Introduction

Food waste, food insecurity and the resultant social, environmental and economic impacts continue to be significant challenges for Governments, the food rescue and relief sector and those in need. This has been exacerbated significantly as a result of the combination of drought, bushfire and COVID-19, impacting the ability of affected communities and Australia's most vulnerable to access or purchase food - millions go hungry and tonnes of food is wasted.

More than a third of the food produced for human consumption in Australia is wasted. Approximately 31% of this waste occurs in primary production, and a further 24% of waste occurs in manufacturing¹.

This submission outlines:

- issues and challenges for SecondBite and the sector
- potential for significant increases in food rescue and relief accessing primary food production and manufacturing
- need for improved capacity and more expansive distribution of rescued food
- significant opportunities for SecondBite, the sector and Government to work together to minimise food waste, maximise food relief to those most in need and save Government and the economy millions of dollars.

Disadvantage, food waste and food insecurity in Australia - Overview

The OECD reports that 12% of Australia's population live in relative income poverty, while 38% are vulnerable to falling into poverty if they missed out on 3 months' income².

Each year we waste around 7.6 million tonnes of food across the supply and consumption chain. Food waste costs the Australian economy around \$36.6 billion each year³.

¹ FIAL, *A Roadmap for reducing Australia's food waste by half by 2030*, 2019

² OECD, *How's Life? 2020: Measuring Well-Being*. <https://doi.org/10.1787/9870c393-en>.

³ Australian Government. *Tackling Australia's Food Waste*. Department of Agriculture, Water and the Environment, 2021. <https://www.awe.gov.au/environment/protection/waste/food-waste>.

One in six Australian adults haven't had enough to eat in the last year. On top of this, 1.2 million children have gone hungry during the same period⁴.

Food waste and environmental impacts

Food waste can happen at any point in the life cycle of a product, and for a variety of reasons. In the case of fresh produce, much of the waste occurs at the farm gate and in the sorting and grading process, where fruit and vegetables that do not meet the quality and aesthetic standards set by retailers and consumers are discarded⁵. Other causes of food waste include delays, improper handling or temperature issues in storage and transport, as well as inconsistencies in projected and actual demand for certain food products, where more food is produced than can be sold⁶.

Food waste that ends up in landfill generates greenhouse gases as it breaks down, including carbon dioxide and methane. Every tonne of food that ends up in landfill emits 1.9 tonnes of greenhouse gases (CO₂-e), equivalent to the emissions from an average car consuming more than 16 tanks of petrol⁷.

Food insecurity and hardship

Australians experiencing personal hardship are more likely to experience food insecurity. When food insecure Australians were asked why they did not have enough food and could not afford to buy more, 35% responded they had an unexpected or large bill, 30% responded that their household was living on a low income or pension and 30% responded that they had to pay rent / mortgage payments. Other responses included living off savings and have run out, hours/pay reduced at work, lost employment, illness, family breakdown, domestic violence and homelessness⁸.

Research from 2019 also found that while personal hardship can make a person vulnerable to food insecurity in the short-term, it can lead to long-term negative emotional, financial and physical impacts that create additional challenges for people⁹.

Food insecurity and health

Food insecurity takes a significant toll on a person's physical health. Close to one in two Australians experiencing food insecurity (47%) feel tired or lethargic. Food insecurity can also have a devastating effect on an individual's mental health: seven in ten (70%) Australians experiencing food insecurity experience high or very high levels of psychological distress compared to only one in eight (13%) of the general population¹⁰. Food relief makes a difference to the health and wellbeing of people in food insecurity. While the main benefit

⁴ Foodbank, *Foodbank Hunger Report 2021*. Foodbank Australia. <https://reports.foodbank.org.au/wp-content/uploads/2021/10/2021-Foodbank-Hunger-Report-PDF.pdf>.

⁵ Maryam Rezaei, and Bin Liu. *Food Loss and Waste in the Food Supply Chain*. Food and Agriculture Organization of the United Nations, 2017. <http://www.fao.org/3/a-bt300e.pdf>.

⁶ National Food Waste Strategy: Halving Australia's food waste by 2030, Commonwealth of Australia 2017, 8.

⁷ Watch My Waste. *Food Waste Greenhouse Gas Calculator*. Watch My Waste, 2016. <https://watchmywaste.com.au/food-waste-greenhouse-gas-calculator/>.

⁸ Foodbank, *Foodbank Hunger Report 2021*. Foodbank Australia. <https://reports.foodbank.org.au/wp-content/uploads/2021/10/2021-Foodbank-Hunger-Report-PDF.pdf>

⁹ Foodbank, *Foodbank Hunger Report 2019*.

¹⁰ Foodbank, *Foodbank Hunger Report 2019*.

of receiving food relief is alleviating immediate hunger (40%), 27% have felt their mental wellbeing improve, and a quarter (26%) report improvements in their physical health¹¹.

Food insecurity and domestic violence or women at risk

Women are at greater risk of food insecurity and feel the impacts more strongly than men. In 2019, more than one in four women in Australia (27%) experienced food insecurity. The events that make women vulnerable to food insecurity can also look different. Women experiencing food insecurity are more likely than men to have experienced domestic violence in their lifetime (53% compared to 32%). They are also more likely to have raised children on their own for an extended period (49% compared to 28% males)¹².

Many other Australians are food insecure, including those experiencing or at risk of homelessness, people who are socially isolated, asylum seekers or refugees and those living in remote and Indigenous communities¹³.

Food insecurity and the impact of COVID-19

COVID-19 has had significant negative impacts on the provision of food to those in need as well as the health and wellbeing of the food insecure.

Due to COVID-19, SecondBite reports that in the last 12 months:

- for more than 60% of agencies, volunteer numbers were disrupted
- for more than 60% of agencies, ability to meet demand was disrupted
- for more than half (55%) of agencies, their ability to source food was disrupted
- for nearly half (49%) of agencies, on site meals programs were disrupted¹⁴.

More than half of food insecure Australians (53%) say they have experienced a decline in their mental health since COVID-19 was declared a pandemic. This is unsurprising considering the extreme stress these Australians are experiencing regarding their financial situation and their inability to access basic needs such as food. But beyond the stress, there are other emotions such as anxiety, shame and guilt as people want to contribute to those around them and look after their families. The most common emotions experienced as a result of not having enough food include stress (49%), depression (46%), anxiety (41%) and sadness (39%)¹⁵.

The challenge of food insecurity remains substantial. This has been exacerbated significantly as a result of the combination of drought, bushfire and COVID-19, impacting the ability of affected communities and Australia's most vulnerable to access or purchase food – millions go hungry and tonnes of food is wasted.

¹¹ Foodbank, *FoodBank Hunger Report 2020*.

¹² Foodbank, *FoodBank Hunger Report 2019*.

¹³ Natalia Bortolin, Jaqueline Priestly, and Janice Sangster. "Food provision among food relief agencies in rural Australia, and perceived barriers and enablers to provide healthy food." *Aust. J. Rural Health* (2018) 26, 86–92.

¹⁴ SecondBite, *Agency Pulse Survey COVID impact and Christmas 2021*, 2 November 2021

¹⁵ Foodbank, *Foodbank Hunger Report 2020*.

Brief overview of SecondBite

SecondBite is helping to end food waste and end hunger in Australia

SecondBite began in 2005 with one couple – Ian and Simone Carson. Gathering a committed group of friends, they would visit market stalls in Melbourne at the end of a day, collect surplus food and drop it to a local charity that ran a food program.

Today SecondBite is one of the largest and most effective food rescue and relief charities in Australia, with warehouses in Victoria, NSW, QLD, SA and WA (refer below to *Comparison of Australian food rescue/relief charities in FY19/20*). SecondBite collaborates with growers, manufacturers and retailers to divert edible food from landfill. SecondBite rescues surplus and unsold food, including fruits and vegetables, meat, eggs and dairy products, breads and packaged pantry foods.

Comparison of Australian food rescue/relief charities in FY19/20

| Charity | Income (\$000's) | Expenses (\$000's) | Surplus/(Loss) (\$000's) | Food Distributed (million meals) | Meal output per \$1 expended | Cost per meal (\$) |
|-------------------------|------------------|--------------------|--------------------------|----------------------------------|------------------------------|--------------------|
| Foodbank (consolidated) | 89,296 | 65,631 | 23,665 | 87.90 | 1.34 | 0.75 |
| OzHarvest | 18,898 | 18,496 | 402 | 29.49 | 1.59 | 0.63 |
| SecondBite | 10,966 | 10,139 | 827 | 45.40 | 4.48 | 0.22 |

Source: All information sourced from ACNC website and publicly available FY19/20 Annual Reports of above organisations

In areas where it is efficient to do so, SecondBite collects and delivers food directly. SecondBite also runs a Community Connect model that connects charities to collect donated food from supermarkets in other areas and regions.

In Financial Year 2020/21, SecondBite rescued and redistributed 48.7 million meals and is on target to deliver 50 million meals in 2021/22.

The output of delivered meals in 2020/21 equates to a 76% increase in just three years since 2017/18 (27.6 million meals) – indicating significant growth in demand for the services of SecondBite.

Rescued food is provided to charities free of charge

SecondBite provides the rescued food completely free of charge to charities that run food programs helping to feed hungry Aussies. These charities turn the food into food relief packages, comforting meals and much more.

Over 1,300 charities around Australia rely on SecondBite to provide free food for their programs.

As indicated in the *Comparison of Australian food rescue/relief charities in FY19/20*, SecondBite is the most efficient food rescue charity in Australia. (In financial year 2020/21, SecondBite again recorded a cost per meal of 22c). Every \$1 donated enables us to deliver enough food for approximately five meals (with 500 grams of food for each meal).

SecondBite's Vision

An effective and reliable national food rescue and distribution system.

Ensuring good food destined for waste reaches people facing hunger and food insecurity requires a national food rescue and distribution system. No single organisation can claim to address the full complexity – it requires collaboration, integration, scale, localisation and agility. SecondBite sees a future where primary production, manufacturing, retail, logistics and community agency sectors work in harmony.

SecondBite's Mission

To be the partner of choice for the rescue of good food destined for waste and to redirect it to community organisations which reduce food insecurity and hunger.

SecondBite's role in delivering on the vision of an effective and reliable national food rescue and redistribution system is to be the absolute expert and first choice when a primary producer, manufacturer or retailer identifies that they may have food that is destined for waste.

Challenges for SecondBite and the sector

Challenges include:

- Food insecurity was on the rise pre-COVID. The global pandemic is significantly impacting Australia and demand for food is growing at a rapid rate.
- Supply of food through the retail network can vary and the greatest proportion of available free food (destined for waste) is untapped (i.e., primary producers and manufacturers).
- We need to be able to rescue more food and transport it to those most in need. We also face the challenge of limited capacity for distribution at the agency end. We need (to facilitate) greater capacity to deliver/distribute food at the coal face.
- Staff/volunteer resourcing has been difficult, particularly during COVID.

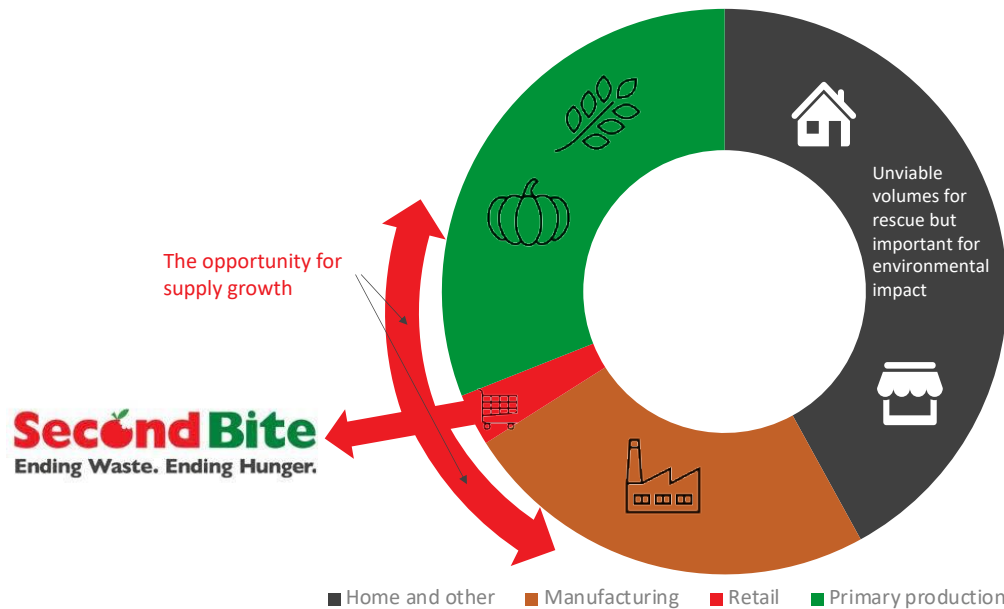
Tapping into the supply of food from primary producers and manufacturers

SecondBite exists to ensure that good food destined for waste reaches people facing hunger and food insecurity. In doing so we address critical social, environmental and economic challenges.

“Good food destined for waste” recognises that more than a third of the food produced for human consumption in Australia is wasted every year. Approximately 31% of this waste occurs in primary production, where up to a half of that waste is due to retailer quality standards and consumer expectations that overemphasise appearance (size, shape, blemishes etc). When an orange crop is marked by a hailstorm, mushrooms are

overproduced and unviable to package or transport or bananas are undersized, they become “good food destined for waste”.

A further 24% of waste occurs in manufacturing and over 40% occurs in homes and restaurants. Only about 4% occurs in retail. Until recently most of SecondBite’s effort has been successfully intercepting that 4% of waste that has occurred in retail, as food has become unsalable but still edible in Coles and other retailers around the country. In fact, a huge proportion of SecondBite’s supply has come from this source.



SecondBite now seeks to build on this success and reach deeper into the supply chain to source more food from primary producers and manufacturers.

Supporting/facilitating greater capacity to distribute food

Rescuing more food is critical to feeding more in need. Equally challenging is the ability and capacity of the agency network to distribute food.

SecondBite works with over 1,300 community food programs and agencies across Australia to distribute food to those in need. A specific challenge is the capacity and capability of the community agency network to accommodate variations and increases in food for distribution.

As previously stated, demand for food relief is increasing. Compared to this time last year, three out of four agencies (73%) have experienced an increase in demand for food relief, with 46% seeing demand increase significantly.

More than half of agencies have seen demand for food increase among unemployed people, those experiencing homelessness, single parent families and the elderly. Demand has increased most among the unemployed.

In addition to the increased demand, COVID-19 has had significant negative impacts on the ability to distribute food to those in need. As stated earlier, SecondBite reports that in the last

12 months for more than 60% of agencies, volunteer numbers were disrupted and for more than 60% of agencies, their ability to meet demand was disrupted¹⁶.

Regional partner agencies have been affected by the depletion of volunteerism, which has severely hampered the ability to provide food and social services. Most of our partner agencies are run by or rely on volunteers, many of whom are at or beyond retirement age. Therefore, a significant portion of the volunteers are well within COVID-19's high-risk range and are required to isolate from agency duties.

SecondBite's ability to distribute is reliant on re-establishing and maintaining a sufficient and reliable front-line workforce, so in concert with our ability to move bulk quantities of food we need to ensure that our regional partner agencies are adequately equipped to receive and distribute the food we provide.

Working with Government to meet the challenges

We need to work more closely with and garner support from Government to enable SecondBite to tap into the supply of food from primary producers and manufacturers and support SecondBite, its agency partners and the sector's capacity to distribute food.

The best way to achieve this is for government to:

- flatten out the unpredictability and variability of funding streams.
- provide more untied funding enabling SecondBite to plan and run the business according to where demand and need is located.
 - Untied funding provides flexibility to meet the challenges of food supply, demand variability and workforce challenges and to achieve greater economies of scale, that is rescue and distribute more food more efficiently and effectively. (We know when we receive additional Business as Usual/untied funds these convert into even more meals).
 - Providing SecondBite with additional untied government program/baseline funding will enable us to work with and resource selected agency and other distribution channels to accommodate the increasing bulk quantities of food – to meet the increasing demand.

The benefits to Government, SecondBite and the sector

Environmental, economic and social impacts of food waste cost the Australian economy about \$36.6 billion a year. As part of this, Australian Governments invest significant public funds in corrective action to rectify the impacts resulting from food waste and insecurity.

While the existence and impacts of food waste and insecurity have been abundantly evident prior to the outbreak of COVID-19, the pandemic has impacted and shed a bright light on the issue. Investment in action is required early (rather than later) to mitigate the impacts, that is, to reduce food waste and insecurity and the ongoing flow costs to Government, the environment and the economy.

If SecondBite, in conjunction with Government, does not take this significant step to increase untied baseline funding, we will continue to operate with marginal growth and limited ability

¹⁶ SecondBite, *Agency Pulse Survey COVID impact and Christmas 2021*, 2 November 2021

to meet the ever-increasing demand. Agency partners will be forced to purchase additional product or go without, and prospective donors will send perfectly good food to landfill.

SecondBite is a lean operation structured to make decisions and flex to the needs of the sector. At this point in time, it is ideally positioned to build new partnerships with primary producers and manufacturing, in addition to its existing strong relationships with retail and commercial partners, transport companies and food relief agencies. SecondBite values its long-standing partnership with Coles. A critical benefit of the development of partnerships with primary producers is that SecondBite will not be as dependent on Coles for supplies of food, particularly to meet growth in demand from those suffering from food insecurity, but also in periods of interrupted supply such as the recent Omicron outbreak (where traditional retail supplies were significantly diminished and SecondBite sourced produce directly from farmers).

Provision of funding is needed to improve our capacity through expanded warehousing, vehicles, third party logistics and resources to tap into the supply of food from primary producers and manufacturers plus collaborate with regional food share organisations. This will enable significant improvements in quantities of rescued food and enhance our food relief services in areas of greatest population and need, including more remote areas across Australia. Remote populations suffering from food insecurity are a high priority group and have been identified through the ABS and our own data as some of the most at-risk communities¹⁷.

What is the Return on Investment for Government and Australia?

The Return on Investment (ROI) in food rescue and relief for Government across social and environment and economic outcomes is significant.

SecondBite is the most cost-effective food rescue and relief organisation in Australia providing approximately five (5) meals for every dollar invested. The immediate impact or return for Government is that for every additional dollar invested SecondBite will provide a minimum of 5 meals to those in need. Given the economies of scale of accessing increasingly greater quantities of bulk food from primary producers and manufacturing, we are very confident that this will enable an even greater number of meals for every dollar invested. This has been evidenced in our own operations in Queensland, where more cost-effective bulk delivery of food (compared with smaller loads and fleet movements in other states) results in a lower cost per meal – between 13c and 17c, which means approximately six (6) to seven (7) meals are provided for every dollar invested.

The financial benefits to Government and the economy are substantial. As indicated earlier, food waste costs the Australian economy around \$36.6 billion each year¹⁸. The National Food Waste Strategy Feasibility Study Final Report 2021 states that for every dollar invested in food waste prevention in Australia the average return on investment is over \$7-\$10¹⁹.

(This is conservative as it only considers savings related to food waste prevention and does not consider the return on investment of food relief and its social impacts).

For example, investment by Government of \$2m in 2022/23 in our key goals of food rescue from primary producers and manufacturing and improved

¹⁷ SecondBite, *Our Impact FINANCIAL YEAR 2019/2020*.

¹⁸ Australian Government. *Tackling Australia's Food Waste*. Department of Agriculture, Water and the Environment, 2021. <https://www.awe.gov.au/environment/protection/waste/food-waste>.

¹⁹ FIAL, *National Food Waste Strategy Feasibility Study Final Report 2021*

distribution will return a minimum of \$14m to \$20m in savings to Government and the economy. A further \$2m in 2023/24 will deliver a similar result.

Stop Food Waste Australia



Making the business case for action



Research in 17 countries around the world has shown that **half of the businesses achieved a return on investment for food waste prevention programmes of 14 to 1 or better**, with 99% of activities delivering a net positive return. Working together, as part of a voluntary commitment program, businesses can achieve real change faster and more cost-effectively

Source: Champions 12.3 – [The business case for reducing food loss and waste \(2017\)](#)

For every dollar invested in food waste prevention in Australia the average return on investment is over \$7-10.

Source: FIAL (2021) – [National Food Waste Strategy Feasibility Study](#)

“Food loss and waste – an A\$25 billion opportunity by 2030. Reducing food loss and waste presents a major opportunity to enhance production and unlock new value addition.”

Source: [FIAL – Doubling Australian Food and Agribusiness by 2030 \(Sept 2020\)](#)

Summary

Providing untied Government funding for the purposes of sourcing bulk rescued food from primary producers and manufacturers, as well as enhancing the distribution channels, will enable SecondBite and the sector to deliver significant social, environmental and economic returns for all Australians, particularly those most in need. This will create meaningful step change in food rescue and relief, provide profile to the dual issues of food waste and food insecurity, and attract greater interest and investment to meet the challenge.

Thank-you for considering the SecondBite proposal. If you would like to discuss it further do not hesitate to make contact.