



Unlocking National Productivity through Food System Reform

An inclusive, efficient and high-performing economy requires strategic investment in food security infrastructure and system-level reform.

	Reform	Budget impact	National benefit
1	Incentivise donations of surplus food	Neutral to positive	\$2 billion in social return; decreased waste; support for farmers
2	Future-proof food rescue and relief	Low, scalable	Immediate and measurable gains in productivity, health, climate mitigation and material circularity
3	Address root causes to reduce poverty and increase economic equality	Dependent on reform	Increased productivity and wellbeing

Household food insecurity is a growing challenge to national productivity

Over 3.4 million Australians are affected, leading to poorer health, lower workforce participation, and worse educational outcomes – leading to long-term costs and constrained economic growth. At the same time, Australia has a chronic problem of over-production of food: one-third of the food Australia produces goes to waste, with less than 0.2% rescued for human consumption. Food waste costs the Australian economy \$36.6 billion annually.

Strategic reform offers a rare triple benefit: improved productivity, social outcomes, and environmental efficiency. Food relief delivers high social returns and strengthens participation in work and learning – and can be achieved with rescued food, at low cost and maximising the value of existing food production. Reducing poverty and inequality is both a moral imperative and a successful economic strategy - improving national wellbeing, reducing reliance on crisis services, and delivering long-term savings and productivity gains.ⁱ

This submission outlines three policy levers for an inclusive and productive economy:

1. Incentivise private sector engagement in food system efficiency

Tax reform to incentivise the redirection of surplus food from landfill would (1) support the agriculture sector to get good food off farms, (2) reduce greenhouse gas emissions, (3) reduce landfill costs for businesses & government, (4) lift private sector engagement in food system efficiency, and (5) support vulnerable households with increased food access, reducing health costs and increasing productivity.

This policy is fiscally responsible and internationally proven. Modelling by PwC Australiaⁱⁱ shows that offering 30-45% of food donation expenditure as a refundable tax offset could generate \$2 billion in social return and up to 100 million additional meals each year for those experiencing food insecurity. Similar incentives in the US, France and Canada have demonstrably increased food recovery rates and enhanced private-sector participation in national food security goals, unlocking access to food that has already been grown or manufactured.



2. Underwrite essential food rescue and relief infrastructure

The food rescue & relief sector is increasingly understood to be critical national infrastructure. It (1) underpins the charity and social sector, (2) feeds a million people each month and (3) acts as a gateway to critical social support, e.g. housing and healthcare. Due to funding and resource limitations, food relief providers collectively currently only meet 31% of the need. Strategic federal investment is needed to underwrite and future-proof national food relief. The cost of inaction is high, in lost productivity, growing inequality, and increasing demands on the health system.

As critical national infrastructure, much of the sector is premised on the cost-effective utilisation of the one third of food grown in Australia currently that goes to waste. This food can be cheaply rescued by the sector to feed vulnerable people – increasing available consumable output from the same input. On the other hand, if the private sector were left to recover and redistribute surplus food through market mechanisms, the full cost of labour, logistics and infrastructure would apply. Avoiding food waste also (1) reduces methane emissions, with long-term savings in climate mitigation and net-zero targets, and (2) contributes to material circularity, improving national productivity. For every \$1 invested in food rescue, there are \$12 of delivered social, health and economic benefitsⁱⁱⁱ.

3. Address root causes: Reduce poverty and increase economic equality

Strategies to boost national productivity must include reforms that reduce the cost of living and increase cash access for people on insufficient incomes, especially single parents, First Nations households, renters and people on income support. Research shows decreased poverty rates lead to increased national productivity. We support a focus on systemic levers such as:

- Lifting income support payments above the poverty line (above \$80/day)
- Ensuring decent wages and progressive taxation to reduce socio-economic disparities
- Investing in affordable and secure housing
- Ensuring affordability of essential services like food, energy, transport, healthcare (and introducing targeted rebates as appropriate).

Conclusion

OzHarvest, alongside the food relief and rescue sector, is ready to partner with government to deliver immediate gains and long-term productivity improvements. These three policy levers represent high-impact, cost-effective opportunities to increase Australia's economic performance and social wellbeing. We welcome the opportunity to collaborate with Treasury to build a more inclusive, efficient, and productive economy for all Australians.

ⁱ Arestis, P. Productivity and inequality in the UK: a political economy perspective. *Rev Evol Polit Econ* **1**, 183–197 (2020). <https://doi.org/10.1007/s43253-020-00006-3>

ⁱⁱ KMPG (2020) A National Food Waste Tax Incentive Boosting food relief through Australia's tax system. <https://assets.kpmg.com/content/dam/kpmg/au/pdf/2020/national-food-waste-tax-incentive.pdf>

ⁱⁱⁱ OzHarvest (2023) Social Return on Investment calculations