

FINDING EFFECTIVE SOLUTIONS TO REDUCE FOOD WASTE AND FOOD INSECURITY IN CANADA

ISSUES BRIEF | FALL 2015

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PURPOSE: To respond to the National Zero Waste Council's (NZWC) proposal for the Government of Canada to introduce a federal tax incentive for businesses to donate food they cannot sell to charities serving Canadian households in need ([National Zero Waste Council: Food Working Group](#)); and to call for more systemic, not simplistic, solutions that effectively address the separate problems of food waste and food insecurity.

PROBLEM:

The Problems of Food Waste and Food Insecurity in Canada

It has been estimated that up to 40% of food is wasted along the food supply chain from farm to fridge and beyond. The annual cost of this food waste in Canada is estimated to be \$31 billion dollars.¹ The United Nations' Food and Agricultural Organization estimated that the cumulative cost of associated wastes (energy, water, land, labour, capital investment, infrastructure, machinery, transport, etc.) represents only 29% of the true cost of food waste and is approximately two and a half times greater than the "face value" of wasted food.² Using this formula, the true cost of food waste in Canada would be \$107 billion. Analysis of where food waste occurs across the food supply chain in Canada reveals that 47% occurs in the home after food has been purchased by consumers; 34% occurs between the farm, processing, transportation and distribution; and only 19% occurs in retail, restaurants and hotels.³ In addition to this, the greenhouse gas emissions footprint of food waste is significant, including about 20 per cent of Canada's methane emissions, a more potent greenhouse gas than carbon dioxide, coming from landfills.⁴

Food insecurity has now reached crisis proportions in many parts of Canada, with more than 4 million Canadians in 2012 (the most recent year for which national data is available), struggling to afford the food they need.⁵ This is an increase of more than 600,000 since 2007 and represents nearly 1 in 8 households struggling to afford the food they need. Evidence continues to mount that the health and well-being of Canadians experiencing food insecurity is jeopardized as a result.⁶ Food insecurity

¹ Gooch, M. and Felfel, A. (2014). "27 Billion" Revisited: The Cost of Canada's Annual Food Waste.

² United Nations Food and Agriculture Organization. (2014) If we had to pay the bill to nature, what would food waste cost us?

³ Gooch, M. and Felfel, A. (2014).

⁴ Environment Canada. (2011). National Inventory Report 1990-2009: Greenhouse Gas Sources and Sinks in Canada.

⁵ Tarasuk, V, Mitchell, A, Dachner, N. (2014). Household food insecurity in Canada, 2012.

⁶ Tarasuk, V. et al. (2015). Association between household food insecurity and annual health care costs; Fitzpatrick, T. et al. (2015). Looking Beyond Income and Education: Socioeconomic Status Gradients Among Future High-Cost Users of Health Care.

erodes people's health, predisposing them to the development of physical and mental health problems and making them less able to manage any chronic health conditions they have.

NZWC Food Waste Tax Incentive Proposal

The NZWC has launched a campaign to get municipalities across the country to endorse a recommendation for federal tax credits for businesses to donate food they cannot sell to charities serving Canadian households in need.

The NZWC's proposed tax credit is very similar to the tax credits for businesses proposed by Food Banks Canada in 2010 and 2012.⁷ The primary difference is that the new tax credit is presented as necessary to stimulate waste reduction, whereas before it was proposed in recognition of corporate social responsibility and as a means to stimulate more donations to food banks.

While all food waste unquestionably needs to be reduced, including corporate food waste, using tax dollars to incentivize the donation of unsaleable products to food banks and other charitable food programs is not an effective way to reduce food waste, nor is it an effective response to the very serious problem of household food insecurity in our communities. Indeed, it must be unequivocally stated that people who experience food insecurity must be treated with dignity and deserve the same access to food that other Canadians enjoy – not food waste streams.

Not an effective way to reduce food waste

Food producers, processors and retailers in Europe and North America have taken important steps to reduce their waste. These initiatives include: measuring and costing waste, setting reduction targets, taking action to reduce waste and embedding a culture of waste minimization. For example, Tesco is publishing its food waste numbers and waste reduction targets. Food donations are a part of this strategy, but do not need to be further incentivized as part of a comprehensive waste reduction plan that should be addressing the upstream causes of food waste.

As outlined in the executive summary of the report commissioned by the NZWC, *Tax Incentive Options for Charitable Food Donations Making the Business Case*,

“prior to deciding on whether to offer a tax incentive for food donations, governments want to know how it could benefit the economy, the environment, and society.”

Research cited in the same executive summary questions whether this is the case with the current proposal:

“The greatest financial opportunity for businesses is not through redirecting food waste from landfill to food banks, composting, or producing energy from bio-

⁷ Food Banks Canada. (2012). Stimulating Canada's Charitable Sector: A Tax Incentive Plan for Charitable Food Donations

digesters; it is preventing food waste at source. Not doing so creates enormous economic, environmental, and social costs for businesses and society.”

While corporate donors save disposal costs by donating unsaleable products to food banks and other charitable programs, it is important to recognize that the disposal costs of such discarded food are actually transferred to the charitable sector. These include the costs of transportation and storage, but also the labour required to handle food deemed unsaleable. As well, food charities assume the disposal costs for food donations that they cannot distribute, either because the food is of unsuitable quality for consumption or because it is not suitable for household use.

Such problems with industry donations are very common currently, suggesting that not all of the ‘edible’ food waste donated to food charities by food manufacturers and retailers will be saved from landfills. The evidence is, therefore, not clear how much any increase in food donations will result in reduced organic material entering the waste stream or just end up being sent to the landfill or for composting by the charitable recipients rather than the donors.

There are currently four existing incentives for producers, suppliers and retailers to donate to food banks and other charitable food programs. First, in the 1990s, most provinces and territories introduced ‘Good Samaritan’ legislation to absolve donors of liability for the health and safety of food donated to food banks. This legislation frees the food industry to donate products that do not comply with the standards applied to food retail and food service operations in Canada. Second, food producers, suppliers and retailers are currently able to write donated food off as a business loss. Third, food producers, suppliers and retailers benefit financially from savings on waste disposal tipping fees. Fourth, these businesses garner public goodwill from their generous support of food charities.

The newly proposed tax credit will further enhance the already existing benefits accruing to the corporate food sector presumably by increasing profit margins.

For more than 30 years now, we have had charitable food assistance providers forging partnerships with food producers, manufacturers, and retailers to collect edible ‘leftovers’ for their clients. Industry already donates the lions’ share of the food being distributed through food banks in most urban centres. Food Banks Canada’s 2012 version of the current proposal for tax credits claimed that the introduction of such credits would ‘recognize’ businesses for current practices, but lead to only modest increases in food donations. How much of the edible food currently going into landfills and composting could and would be salvaged if further tax credits are implemented is anyone’s guess.

Given the high labour demands and financial costs that food banks incur in handling donated food waste, how much more donated food waste do charitable food providers have the capacity to manage? Burnout is common in the food charity sector. Most, if not all, of the labour in charitable food programs is unpaid and workers are constantly

struggling to get the financial and in-kind supports necessary to keep their operations afloat.⁸

Not an effective way to reduce food insecurity

The term food insecurity refers to inadequate or insecure access to food due to financial constraints - struggling to put food on the table because there isn't enough money for food. In 2012 (the most recent year for which national data is available), over 4 million Canadians were affected by food insecurity.⁹ This is an increase of more than 600,000 since 2007. Rates of household experiencing food insecurity are highest in Canada's north and in the Maritimes, topping out at 45% in Nunavut, but even in central and western Canada, more than 1 in 10 households report struggling to afford the food they need.

Those most at risk of food insecurity are households with inadequate, insecure incomes, precarious employment, rising costs of living, and little savings or assets to draw upon in times of particular financial hardship. While social assistance recipients are at very high risk of food insecurity, almost 2/3 of food insecure households are employed.¹⁰ Food insecurity rates are reduced by policy interventions that improve the material circumstances of those struggling to afford the food they need, but to date reducing food insecurity has not been a policy priority federally or provincially.

Food insecurity erodes people's health, predisposing them to the development of physical and mental health problems and making them less able to manage any chronic health conditions they have. Over the course of a year, Ontario adults in severely food insecure households consume about 2.5 times the health care dollars of those in food secure settings.¹¹ Adults who experience food insecurity have an increased likelihood of being in the top 5% of health care users (i.e., the high-needs patient group that accounts for about two-thirds of all health care spending in the province).¹² These findings speak not only to the extraordinary health disadvantage associated with food insecurity in our country, but also to the high public cost of this problem.

The NZWC Issues Brief argues that tax credits for businesses donating food to charities serving Canadian households in need would "improve public health and education outcomes and reduce associated costs to the public purse." This incorrectly assumes that charitable food programs and food banks improve their clients' food security, and therefore increasing the flow of donated food waste to food banks will improve the health and education outcomes of individuals that experience food insecurity. Yet, there is no

⁸ For an account of one food charity's decision to end their operations an example, see Peterborough This Week (September 2, 2015) OPIRG will close its food cupboard on Oct. 17. Retrieved from <http://www.mykawartha.com/news-story/5824781-opirg-will-close-its-food-cupboard-on-oct-17>

⁹ Tarasuk, V, Mitchell, A, Dachner, N. (2014).

¹⁰ Tarasuk, V, Mitchell, A, Dachner, N. (2014).

¹¹ Tarasuk, V. et al. (2015).

¹² Fitzpatrick, T. et al. (2015).

evidence that 30 years of food banking in Canada has reduced food insecurity.¹³ Most people living in food-insecure households do not use food banks, and those who do are not rendered food-secure by the experience.¹⁴ Using food banks does not even reduce the severity of households' food insecurity.¹⁵

Both the magnitude and severity of food insecurity in Canada are many times greater than the scale of food charity operations currently. It is inconceivable that donations could ever be scaled up and then sustained at the level needed to maintain all those people who are currently struggling to afford the food they need.

Notably this tax policy proposal was adopted several years ago in the US. However, there is little evidence that corporate tax credits have had any meaningful impact on either food insecurity or food waste in that country. An estimated 70 billion pounds of food are wasted each year in the US, but donations to Feeding America (the national food bank network) diverted only 3.7% of this food to charitable programs in 2014.¹⁶ It is also the case that the US with its focus on food assistance programmes (public and charitable) continues to experience some of, if not the highest, rates of food insecurity in the Global North: the prevalence of food insecurity in the US is more than double that in Canada.¹⁷

Beyond the issues about the effectiveness of this proposal to reduce food waste or food insecurity, ethical questions must be raised. As a society are we okay with a two-tiered food system that involves the use of surplus and wasted food to feed hungry and surplus people? Or do we believe that people who experience food insecurity should be treated with dignity? After all food is a basic human need and fundamental human right, and as such a matter for public policy.

Why then would we be giving millions of dollars in tax credits to corporate donors to give their waste to programs for people who cannot afford to meet basic needs? If anyone deserves investments of public tax dollars, it is the people using food banks, not corporate donors.

SOLUTIONS:

The Need for Systemic Solutions to Reduce Food Waste and Food Insecurity

Food waste is a critical issue that requires leadership across sectors and jurisdictions. Reducing and preventing retail food waste requires looking at the entire food supply chain. A recent analysis of where food waste occurs across the food supply chain in Canada revealed that: 47% occurred in the home after food had been purchased by consumers; 34% occurred between the farm, processing, transportation and distribution;

¹³ Riches, G. and Tarasuk, V. (2014). Canada: Thirty Years of Food Charity and Public Policy Neglect. In Riches, G. and Silvesti, T. First World Hunger Revisited: Food Charity of the Right to Food.

¹⁴ Loopstra, R. and Tarasuk, V. (2012) The Relationship between Food Banks and Household Food Insecurity among Low-Income Toronto Families.

¹⁵ For a very clear illustration of this problem from the perspective of their clientele see The Stop. (2014). A Predictable Emergency. Retrieved from <http://thestop.org/wp-content/uploads/predictableemergency-backgrounder-thestop.pdf>

¹⁶ Feeding America (2015) Feeding Families, Feeding Hope. 2015 Annual Report.

¹⁷ Tarasuk, V, Mitchell, A, Dachner, N. (2014).

and only 19% occurred in retail, restaurants and hotels, which is the primary target for the proposed tax incentive.¹⁸ From this it can be seen that clearly a 'whole of chain' approach would produce greater opportunities and benefits than focusing on an individual sector, especially as the NZWC proposal is only targeting the last category.

The tax incentive as it stands will not encourage the retail sector to improve the efficiency of their food supply and demand. Rather, the tax incentive encourages poor logistical planning by rewarding businesses that generate more food waste. Considerably greater financial and environmental benefits would result if food waste was prevented in the first place.

To effectively address food waste we need to take a whole of chain, whole of society approach that broadly engages all those that will need to be part of the solution, including businesses, community organizations, citizens and other governments, to advance some the solutions outlined below:

1. Utilize, as well as advocate and partner on, policy and programs that drive change and support innovative solutions across the food supply chain and across society to reduce food waste, such as: bans on organic waste in landfills, policy related to packaging and labelling (i.e. around "best before" dates)
2. Taking a 'whole of chain approach' to reduce waste at every step in the food system and promote value chains that enhance relationships between producers, processors, distributors, foodservice providers, retailers and others to have the greatest financial and environmental benefits for businesses
3. Engage citizens and businesses through community-based social marketing programs to inform and educate citizens on waste reduction opportunities
4. Collaborate with not-for-profit agencies and community actions that educate the entire population to reduce food waste and divert food that would be wasted along the supply chain for general consumption, and not just as a strategy to feed people experiencing food insecurity
5. Support composting initiatives and expand food scraps recycling programs, including education campaigns that ensure effective use

The primary cause of food insecurity is income poverty. From a public policy perspective addressing widespread food insecurity in Canada is essentially a matter for income security and income distribution not food distribution and increased food aid. A dignified response informed by human rights is required; in other words, adequate wages and social security benefits including EI and social assistance rates. An adequate Basic Income/GAI should be on the Federal policy table. Furthermore, affordable housing requires the priority attention of our Federal and provincial governments. These are the policies for which municipalities and the Federation of Canadian Municipalities should be advocating if they desire to improve the food security of their residents.

We urge the National Zero Waste Council to delay further action on their proposal. We would invite a broad dialogue with businesses, community organizations, citizens and governments, which will all need to be part of the solutions to reduce food waste.

¹⁸ Gooch, M. and Felfel, A. (2014).