



Focus: Relationships/collaboration

This case study summarises how Foodbank SA has developed strong relationships with food businesses, all levels of government and an extensive group of service providers to deliver millions of meals to people in need.

Introduction

Foodbank SA is a not-for-profit organisation that sources donations of food from food companies and distributes them to welfare agencies that feed people in need.

The largest hunger-relief organisation in South Australia, Foodbank SA has distributed more than 5 million kilograms of food to South Australian welfare groups since opening in 2000. Each year, this provides millions of meals for marginalised people.

Demand for Foodbank's services has risen, on average, by 25 per cent a year. Despite the good economic conditions of recent years, poverty levels have risen and welfare groups are seeing a significant rise in the number of people asking for help.

About 65 per cent of the food is sourced in South Australia and the balance comes from interstate donor food companies.

Membership of Foodbank SA is open to welfare groups that provide food assistance to disadvantaged people.

Business overview

During the past eight years Foodbank SA has built an efficient and highly effective food-relief organisation that is used by about 500 welfare groups across the state.

Foodbank SA distributes food to the welfare sector on a cost-recovery basis, allowing welfare groups to make significant cost savings, which enables them to better serve the growing welfare demand, or alternatively, redirect savings to other assistance programs.

Foodbank SA has enjoyed a strong partnership with the Government of South Australia. The government provided critical seed funding for business start-up in 2000, assisted with an annual operating subsidy during the past eight years and, most recently, provided a capital grant of \$1.85 million for the purchase of Foodbank's distribution centre at Edwardstown.

Foodbank also is involved in community aid programs, in partnership with groups such as the Australian Red Cross, Save the Children Australia and Rotary, to deliver school breakfast and nutrition programs throughout the state, including into remote indigenous communities.

"There is significant potential to extend our assistance to more people through such collaborations," said Leigh Royans, Foodbank SA General Manager (pictured above left, with Chairman Stephen Gerlach).

Foodbank SA has also opened a branch in Mount Gambier to service marginalised people in the Limestone Coast and is planning to open a second branch in 2009 to service the state's north and west.



How to move forward?

Since opening in 2000 Foodbank has become by far the state's largest hunger-relief organisation, growing from supporting 120 registered welfare groups in its first year to about 500 groups in 2008.

In 2007-08, Foodbank SA distributed 1 million kilograms of food to welfare agencies. It is anticipated that demand will reach beyond 2 million kilograms a year by 2015.

To cope with this predicted growth, Foodbank SA has developed key relationships with the business, government and welfare sectors.

Its success could not have been possible without a strong commitment from the South Australian Government; and assistance from federal and local government, community organisations such as Rotary, Lions and Freemasons, and business across all sectors, particularly the food and grocery industry.

“The food industry has a good understanding of, and respect for, our role in the community, which has resulted in increasing donations of food each year.”

Foodbank also runs programs to secure a regular supply of nutritional staple foods with service groups and philanthropic organisations. It also has other staple programs that involve several companies brought together to solve a particular product supply problem – these are called ‘food alliances’.

Foodbank SA pioneered these food alliances in 2002 to provide a regular supply of staple foods, and they have since been taken up by Foodbank Australia, the peak body representing state Foodbanks throughout Australia.

They involve different companies and organisations donating one part of the supply chain in the manufacture of sought-after staple products. The alliances between several companies reduces the burden of donating that previously fell to individual companies. By spreading the donations across many companies involved in a product supply chain, the programs are more sustainable over a longer period, resulting in more consistent, ongoing supplies.

Value chain specifics?

Understanding the entire food industry – from paddock to plate – has been critical to Foodbank SA's successful delivery of service.

Detailed knowledge of its welfare agency clients, as well as companies that may be in a position to assist, has helped Foodbank SA to grow significantly since 2000.

“Many families are under severe pressure. In addition to rising utility, transport and food costs, they are being squeezed out of the housing market and the availability of low-rental homes has fallen, with Adelaide experiencing the tightest rental market of all Australian capital cities,” Leigh said.

“Foodbank SA has become a lifeline for those families and individuals experiencing food insecurity, by providing essential support for welfare agencies to deliver food assistance to those in need. And, without the support Foodbank SA receives from hundreds of food companies and financial partners, their plight would be even more precarious.”

What have they learned?

Foodbank has developed strong alliances throughout the sector, learning along the way what is required to service the growing number of people in need.

An example of a strong understanding of this is a program administered by Foodbank Australia, which supplies canned baked beans. Every six months, SPC Ardmona provides about 400,000 cans of baked beans to Foodbank through a ‘food alliance’. Apart from donating its manufacturing expertise, infrastructure and labour, SPC also donates labelling and some minor ingredients for this project. Visy Industries supplies both cans and cartons. Unilever provides tomato paste and Manildra the sugar. ANZ Bank donates cash to buy navy beans and starch at bulk-buy preferential rates. Toll Group donates the freight to deliver the finished product, canned baked beans, to the various state Foodbanks for distribution to the needy.

Today, Foodbank Australia runs many such food alliances, ensuring a regular supply of many staple foods for the country's welfare programs. Foodbank SA also administers supply alliances for breakfast cereal through Sanitarium, pasta supplies with San Remo Macaroni Co., and canned meals via Rotary and Lions clubs.

Critical success factors?

Key strengths of Foodbank SA have been its close relationship with customers – hundreds of South Australian welfare agency food-relief programs; its desire to continually engage its customers in meaningful research; challenging the organisation to self-improve and problem-solve; focusing on building a network of partnerships across many different stakeholder groups; and developing several community programs that further its key hunger-relief goals.

“We regularly survey and hold counsel with our welfare agency members, to gain an understanding of their key needs to run food relief programs, and importantly, understand any changes in the sector,” Leigh said.

“One of the major challenges we face is to provide welfare agencies with ongoing supplies of the staple foods most in demand by the state’s needy, such as bread, breakfast cereal, long-life milk, baked beans, rice, pasta, soups and canned foods.”

To achieve this, Foodbank has developed several staple foods programs in partnership with food businesses and other organisations. Increasing the range of programs will continue to be a focus into the future.

Foodbank SA is also a partner with Save the Children Australia (SCA), Australian Red Cross and Rotary in delivering nutrition programs, which supply an essential breakfast to thousands of school children in more than 100 schools in urban, rural and Aboriginal communities.

SCA has reported increased attendance rates and learning outcomes for indigenous and non indigenous children on these programs - over 100,000 meals per year are being provided to South Australian children that otherwise would have missed breakfast. Instead, they now receive a nutritional kick-start to the day.

Another key success factor is the relationship with Zero Waste SA, which recently provided a grant for expanded infrastructure, recognising the important role of Foodbank SA in diverting food waste away from landfill, and into higher and better usage.



Challenges?

Foodbank SA has identified four key challenges. They are to:

- meet predicted growth in demand for its services
- provide welfare agencies with ongoing supplies of the most-needed staple foods
- extend its reach into regional South Australia
- secure ongoing sponsors’ support to help fund operating costs and expand infrastructure needs.

“Despite the past decade of economic growth, poverty levels have risen in Australia and more people are finding it hard to make ends meet,” Leigh said.

“The cost of essential items such as food, rent, energy and fuel has risen sharply in recent years, outstripping the growth in income levels for the poor.

“This has put low-income families under severe pressure, particularly those reliant on CPI-indexed social security, and on part-time or insecure employment.”

What does this case study show?

The case study highlights how Foodbank SA has applied value chain thinking and management in the interest of the most important food chain in SA - the food chain for those unable to afford food.

Crucial to satisfying compound growth in demand is leverage of Foodbank's charitable status (Public Benevolent Institution) in conjunction with Australian Taxation Office Deductible Gift Recipient (DGR) status of donated food with commercial business: donations attract tax deductibility equivalent to the market value of the food on the day that it is gifted.

"This alignment creates strong mutual interest involving Foodbank and our alliances with other charitable organisations, and with business and government," Leigh said.

"With the gap between the rich and poor widening, and with about two million Australians now living in poverty, Foodbank SA is well positioned to help improve nutritional health care for thousands of families that are finding things very tough.

"As Foodbank SA has developed, so too has the face of hunger changed in Australia. Whilst the traditional welfare model may have once been support to the homeless, jobless and the physically and/or mentally challenged, the face of welfare is very different today. The aged, singles, and the 'working poor' have become the new battlers in Australia. Having a job no longer insures against poverty."



The next step?

Foodbank has continued to develop innovative programs aimed at delivering more consistent supply of staple foods most in need for welfare feeding programs.

With the first regional Foodbank branch in Mount Gambier operating successfully, work has started on developing a branch to service the northern, western and Eyre Peninsula regions, which are experiencing high levels of food insecurity.

"Recognising this need, Centacare Catholic Family Services has made a significant financial contribution to establish the branch and a second major sponsorship is being finalised."

It is expected this northern branch will be opened during 2009. Once again, Foodbank SA will engage with key local stakeholders to ensure a sustainable business solution to help address food insecurity to the region.

"After eight years of operations in the state, we are in the good position of knowing our business and our clients intimately. We are now looking to move forward and extend our services further, both by enhancing our service-delivery model and also by seeking out new markets and engaging with new people, with the one clear focus, to help South Australians in need," Leigh said.

Food in SA – A snapshot

Food is vital to South Australia's economy.

The agrifood industry currently contributes \$11.5 billion to the state's economy each year – and accounts for 145 000 South Australians jobs.

The majority of South Australian food industry businesses are small to medium operators.

Agri-food products contribute approximately 25% of exports from South Australia. Wine exports add a further 25%.

South Australia's major export markets are Japan, USA and Hong Kong - with products such as Meat, Seafood, Fruit and Cheese on tables and kitchens worldwide.

Under the South Australian Food Plan – which underpins the future development and growth of the State's food sector – a key target is to increase the value of finished foods by 8% per year.