

Tax incentive to prevent food waste

Frequently asked questions

Q: What is food waste?

There are two types: avoidable and unavoidable. Avoidable food waste is nutritious food that is safe to consume but discarded owing to excessive production, cosmetic imperfections, damage to packaging and looming best before dates, etc. Unavoidable food waste includes rinds, cores, peels and other elements that are inappropriate for human consumption.

Q: How much food is being wasted?

Globally, one third of all food is being wasted from field to fork.¹

In Canada, an estimated \$31 billion² worth of food is discarded annually. Metro Vancouver estimates that 165,000 tonnes³ of nutritious food from businesses who process food, sell food or provide meals is winding up in landfills across Canada every year – enough food to provide 400 million meals (based on the standard calculation of 0.4 kg of food = 1 meal).

Q: Where in Canada is food being wasted in the value chain?

The length of it, as indicated in the table below.

A commercial tax incentive, as proposed by the National Zero Waste Council, would address food waste from processing to retail, which accounts for 43% of food unnecessarily wasted.

Supply Chain Stage	Percentage of Total Food Waste ⁴
Farm	10%
Processing	20%
Transport and distribution	4%
Restaurants and hotels	9%
Retail	10%
Consumers	47%

¹ Food Loss and Food Waste webpage. Food and Agricultural Organization of the UN. <http://www.fao.org/food-loss-and-food-waste/en/> retrieved on June 23, 2016

² Gooch, Martin V. and Felfel, Abdel. "27 Billion" Revisited: *The Cost of Canada's Annual Food Waste*, 2014. Page 5. <http://vcm-international.com/wp-content/uploads/2014/12/Food-Waste-in-Canada-27-Billion-Revisited-Dec-10-2014.pdf> retrieved on June 30, 2016.

³ Internal memo, Metro Vancouver, December 2014.

⁴ Gooch, Martin V. and Felfel, Abdel. "27 Billion" Revisited: *The Cost of Canada's Annual Food Waste*, 2014. Page 12. <http://vcm-international.com/wp-content/uploads/2014/12/Food-Waste-in-Canada-27-Billion-Revisited-Dec-10-2014.pdf>

Q: Why not focus on individual, consumer waste – 47% of the total?

We need to do this, too, but it is trickier.

Local authorities are beginning to address consumer food waste, through educational programs such as Metro Vancouver’s [Love Food Hate Waste](#) program. However, a broad approach that works to reduce food waste both upstream and downstream, along all points of a value chain, is more likely to succeed in reducing food waste overall. The National Zero Waste Council’s proposed tax incentive is an upstream waste reduction tool that complements other individual, consumer-oriented waste reduction initiatives.

Q: Why aren't businesses already donating nutritious food?

Many are, but they face unnecessary barriers:

- **Cost:** It is often less expensive to throw away food than donate it. A tax incentive would change that.
- **Brand protection:** Processors and producers don’t always control brands they manufacture, and aren’t entitled to donate. *There are ways to remove brand information, however, prior to donating.* See British Columbia’s Centre for Disease Control’s [Industry Food Donation Guidelines](#) (2015).
- **Local knowledge:** Many don’t know the locations of local food banks and community kitchens. To find out, ask Food Banks Canada’s [Retail Food Program](#) at 1-877-535-0958; visit [United Way Centraide](#) or <http://www.211.ca/>; or check with your local municipality.
- **Food safety concerns:** Businesses needn’t worry as provinces have legislation strictly limiting the liability of food donors. As mentioned, BC Centre for Disease Control has [guidelines](#) to support donors and agencies in developing safe processes.
- **Infrastructure and storage space:** Some companies say there are no local agencies to receive donations. This is seldom the case – ask [Food Banks Canada](#) to connect you with a local food bank – but a tax incentive would help companies strengthen processes and build capacity to work with local food communities.

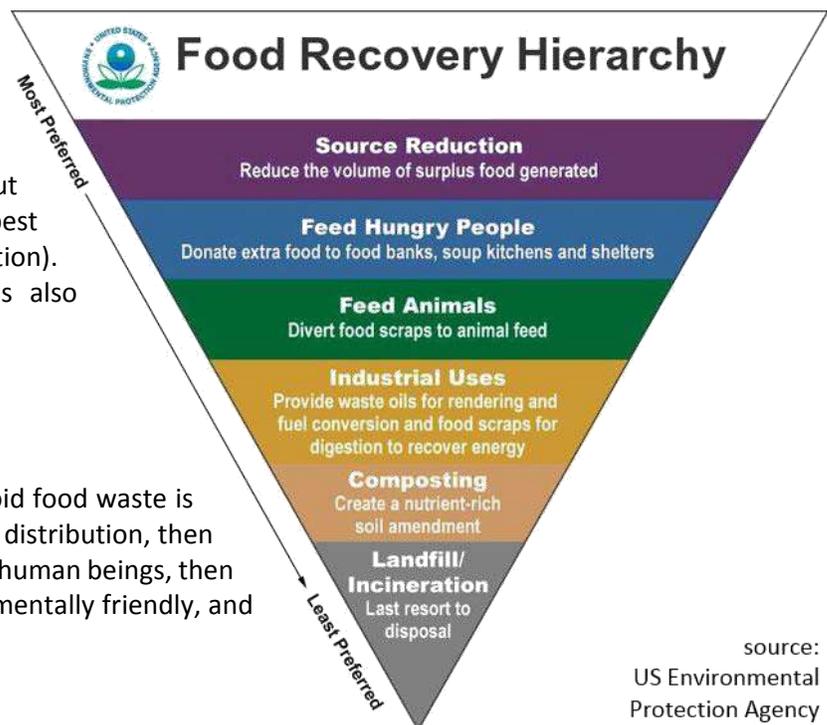
Q: Why not compost all food waste?

Because much of it is nutritious. Producing and distributing a bunch of carrots or other food requires water, energy, labour and other resources; but composting nutritious food is not the best use of these resources (see next question). The municipal cost of composting is also significantly higher than donation.

Q: What’s the food waste hierarchy?

A model for the best use of food.

Experts agree that the best way to avoid food waste is to reduce unnecessary production and distribution, then direct surplus nutritious food to needy human beings, then animals. This is cost-effective, environmentally friendly, and socially beneficial.



source:
US Environmental
Protection Agency

Q: Why should our government give businesses another tax break?

A tax incentive should be designed to increase donations of nutritious foods. The United States saw donations almost double within three years of introducing a tax incentive for food donations similar to what the National Zero Waste Council is proposing. Carefully designed, as a tax credit or deduction, an incentive would serve to offset costs of operational changes required to separate nutritious food from food that should be discarded, to store, and possibly transport food to registered charities.

Q: Wouldn't this tax break reward businesses and do little to combat poverty?

The aim of the tax incentive is to reduce food waste and related economic and environmental harm -- not eradicate poverty. Critics of tax incentives argue that the current system of charitable food donations and support offered by businesses does not combat hunger, and that it is better to invest in poverty reduction, the root cause of hunger. The proposed tax incentive, however, would in no way hinder investments in addressing root causes of poverty, while delivering immediate benefits:

- Boosting donations of food by saving businesses and municipalities on the costs of production, collection, processing and disposal of food waste; and
- Reducing levels of greenhouse gas emissions from landfills.

Q: What else can be done to decrease food waste?

The National Zero Waste Council believes that a national food waste reduction strategy, with a suite of tools, is needed to tackle this multifaceted problem. This will call on the federal government to:

- Set a national food waste reduction target
- Stimulate increased donations of food to charities through a tax incentive
- Through the Canadian Food Inspection Agency, reduce confusion over “best before”, “use by”, “sell by” and “expiry dates
- Trigger innovation in food-and-energy recovery technologies by ensuring their eligibility in existing research and development streams
- Partner with the Council in supporting a national advertising campaign connecting reducing food waste with cutting greenhouse gases.

Local and regional governments can also support the reduction of food waste through:

- **Best practices** developed by leaders in food rescue and food-waste reduction.
- **Programs and incentives** that direct surplus, nutritious food to humans, then other uses, as outlined in food waste hierarchy above.
- **Terminology:** Use a common set of definitions that distinguish between household and industrial food waste and adjust monitoring practices accordingly.
- **Harmonization of food-waste regulations and practices** across municipal and regions.
- **Introducing school curricula** that teach skills for food waste reduction: e.g., food planning, preparation and preservation.
- **Clarifying date-labelling:** Communicate more clearly the meaning of best-before, use-by and expiry dates, related to food safety, nutrition, and supply management.
- **Funding:** Offer grants or other support to address the logistic challenges of matching donors with food-rescue agencies, and support industry partners in developing more effective tracking systems to identify areas where food waste can be reduced.
- **Measuring food waste:** Canada has very patchy, inadequate data on levels of food waste, and waste in general. Our federal, provincial and municipal governments could collaborate in addressing this gap.

Q: What kind of tax incentives are offered in other countries/jurisdictions? Here are a few:

- **Ontario**, since 2013, has given a 25% tax credit to farmers who donate products to local food banks and food-rescue organizations.
- **Quebec** announced a similar tax credit in 2015, so that farmers now receive a 50% tax credit based on the fair market value of product donated to food banks.
- **British Columbia**, as of the 2016 tax year, similarly allows [farmers to claim a tax credit](#) for food donations. The tax credit is 25% of the eligible amount of the farmer’s qualifying gifts.
- **Other countries** have tax incentives in place at the federal level:

Country	Tax Incentive	Carryover	Limitation	Notes
United States	Cost of good + half for appreciation		Up to 10% of company’s taxable income (increase to 15% has been proposed)	Individual states may also have tax incentives (e.g. Iowa offers the Farm to Food donation credit)
France	60% of cost of donation	Five years		
Spain	35% of net book value of donated food			

Q: Could you recommend other recent information sources on food waste & measures to prevent it?

Here are three:

- [A Roadmap to Reduce U.S. Food Waste by 20 Percent](#)
(ReFED (Rethink Food Waste Through Economics and Data), 2016)
Includes among its top recommendations “Commonsense policy adjustments ... to *scale federal food donation tax incentives*” and assesses the value per ton of food waste of this and 26 other measures to reduce food waste.
- [A Comparative Study on EU Member States’ legislation and practices on food donation](#)
(European Economic and Social Committee, European Union, 2014)
Maps key hurdles preventing food donation, by identifying best practices and by developing recommendations on how to legislate or interpret legislation to facilitate food donation.
- [Counting the Cost of Food Waste: EU Food Waste Prevention](#)
(British House of Lords, 2014)
Offers a detailed overview of the issue and recommends fiscal measures, among other tools.

Q: What has been the response of municipalities to the Council’s proposed tax incentive?

Strong and positive. As of June 2016, 19 cities across Canada had passed resolutions calling on the Federation of Canadian Municipalities and federal government to support the proposal. These include Halifax, Montreal, Laval, Gatineau, Ottawa, Calgary, Edmonton and Metro Vancouver. The City of Toronto has also tabled, and is considering, the proposal, and the executive board of the FCM has done the same.