

# SecondBite

## Food Distribution Activities

# Social Return on Investment Report

### Summary Report



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# About Social Ventures Australia

Social Ventures Australia (SVA) works with innovative partners to invest in social change. We help to create better education and employment outcomes for disadvantaged Australians by bringing the best of business to the ‘for purpose’ sector, and by working with partners to strategically invest capital and expertise.

SVA Impact Investing introduces new capital and innovative financial models to help solve entrenched problems.

SVA Consulting shares evidence and knowledge to build social sector capacity. We work with non-profits, major funders and governments to strengthen their capacity to access and manage capital, talent and evidence, measure impact, and deploy new approaches to delivering services, to achieve profound social change.

## About this Summary Report

This Summary Report provides an overview of the SecondBite National Food Distribution Activities Evaluative Social Return on Investment Analysis. It includes an outline of the project approach and key findings from the analysis. For more details on the project approach and findings see *SecondBite National Food Distribution Activities Evaluative Social Return on Investment Analysis: Full Report*.

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# Executive Summary

## Context and project approach

- SecondBite is committed to making a positive difference to people by identifying sources of nutritious surplus fresh food and produce that would otherwise go to waste, and facilitating its safe and timely distribution to agencies and people in need.
- In 2013, Social Ventures Australia Consulting (SVA) was engaged to analyse, measure and value the impact of SecondBite's national food distribution activities. The methodology selected to complete this task was Social Return on Investment (SROI).
- SROI is an internationally recognised methodology used to understand, measure and value the impact of a program or organisation. It is a form of cost-benefit analysis that examines the social, economic and environmental outcomes created and the costs of creating them.
- This analysis is an evaluative SROI analysis that looks at the investment made and the stakeholder outcomes experienced as a result of SecondBite's national food distribution activities during the 2012 calendar year.

## Conclusions

- During the 2012 calendar year, 2.5 million kilograms of fresh food received by food agencies through SecondBite were used to support community food programs. These programs supported people who are homeless, in a crisis situation or in general need of support.
- An investment of \$3.7m in the 2012 calendar year created \$10.2m of social, economic and environmental value for stakeholders. This results in an SROI ratio of 2.75:1. That is, for every \$1 invested in SecondBite's food distribution activities, \$2.75 of value was created for stakeholders.
- Since the 2010 financial year, SecondBite has significantly increased the value created for stakeholders. The SROI ratio increased from a revised 2010 SROI ratio of 1.65:1 to a 2012 SROI ratio of 2.75:1.<sup>1</sup> This is more than a 65% increase in the value created through the organisation for every dollar invested.

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<sup>1</sup> The revised 2010 SROI ratio applies the measurement and calculation methodology used for the current analysis. More information on the adjusted ratio is included in section 6 of this summary report.

# 1. About SecondBite

SecondBite is committed to ensuring access to fresh, nutritious food for people in need across Australia. It does this by rescuing and redistributing surplus fresh food, building community capacity in food skills and nutrition, and advocating for an end to food insecurity. Food is donated by farmers, wholesalers, markets, supermarkets, caterers and events and is provided to food agencies at no cost. This high-quality surplus food is redistributed to community food programs that support people who are homeless, women and families in crisis, youth at risk, indigenous communities, asylum seekers and new arrivals.

Since SecondBite was established in 2005, the organisation has redistributed more than 7 million kilograms of food, which equates to 14 million meals for people in need. It has also grown into a national organisation rescuing and distributing fresh food in every state and territory of Australia.

## Food distribution activities

SecondBite distributes food to food agencies using three models, outlined in Table 1.1 below.

Distribution model	Description
Direct Delivery	<ul style="list-style-type: none"><li><i>Company Direct Delivery:</i> SecondBite collects, stores and distributes food direct to food agencies</li><li><i>Partnership Direct Delivery:</i> SecondBite collects and distributes food direct to agencies. However, food is stored at a 3<sup>rd</sup> party facility</li><li><i>Sub-Contractor Direct Delivery:</i> SecondBite subcontracted organisations collect, store and distribute food direct to food agencies</li></ul>
Community Connect	<ul style="list-style-type: none"><li>Community Connect facilitates the redistribution of surplus fresh food from local food donors direct to food agencies and local community groups</li></ul>
Drop off	<ul style="list-style-type: none"><li>SecondBite collects, stores and distributes food to an identified food hub/drop off point where food agencies collect food</li></ul>

Table 1.1 – Food distribution models

## Research and Development

Through innovation, education and advocacy, SecondBite aims to contribute to the alleviation of food insecurity in Australia. SecondBite's long term goal is to ensure that all Australians have access to adequate nutritious food needed for their health and well-being. Alongside the food distribution activities, which are the focus of this report, SecondBite has a dedicated research and program development team with three key priority areas – Develop, Educate & Change.

- Develop - Support SecondBite's current and new fresh food rescue initiatives
- Educate - Build food skills and capacity in SecondBite recipient agencies and their clients
- Change - Why is there community food insecurity? Why is there food waste? What can we do?

## 2. Understanding SecondBite's impact

### Overview

In 2013, Social Ventures Australia Consulting (SVA) was engaged to analyse, measure and value the impact of SecondBite's national food distribution activities. The methodology selected to complete this task was Social Return on Investment (SROI).

The current analysis is an evaluative SROI analysis that looks at the investment made and the stakeholder outcomes experienced as a result of SecondBite's food distribution activities during the 2012 calendar year. It builds on the completion of a SROI analysis conducted by SVA for SecondBite's food distribution activities during the 2010 financial year.

This section of the report includes an overview of Social Return on Investment and the project approach.

### Social Return on Investment

SROI is an internationally recognised methodology used to understand, measure and value the impact of a program or organisation. It is a form of cost-benefit analysis that examines the social, economic and environmental outcomes created and the costs of creating them.

The SROI principles form the basis of an SROI and are included in Table 2.1 below.

Principle	Description
Involve stakeholders	Stakeholders should inform what gets measured and how this is measured and valued.
Understand what changes	Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended.
Value the things that matter	Use financial proxies in order that the value of the outcomes can be recognised.
Only include what is material	Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact.
Do not over claim	Organisations should only claim the value that they are responsible for creating.
Be transparent	Demonstrate the basis on which the analysis may be considered accurate and honest and show that it will be reported to and discussed with stakeholders.
Verify the results	Ensure appropriate independent verification of the analysis.

Table 2.1 – SROI Principles<sup>2</sup>

<sup>2</sup> See the SROI guide, released in May 2009 and updated in January 2012, is available at:  
[http://www.thesroinetwork.org/publications/doc\\_details/241-a-guide-to-social-return-on-investment-2012](http://www.thesroinetwork.org/publications/doc_details/241-a-guide-to-social-return-on-investment-2012)



## Project approach

SROI is a stakeholder informed methodology that involves engaging closely with stakeholders to identify and understand the changes created through a program or activity. Stakeholder engagement formed a central part of this analysis and was completed to identify the different changes created for stakeholders through the SecondBite food distribution activities. During the project, SVA completed 24 stakeholder interviews and surveyed 247 food agencies through SecondBite's annual recipient survey.

Based on the initial scoping of the project and stakeholder consultation, stakeholders were included in the analysis if they experienced a unique and material change as a result of SecondBite's food distribution activities during the 2012 calendar year.

Stakeholders included in the SROI analysis are listed in Table 2.2 below.

Stakeholder group	Rationale for inclusion in the SROI analysis
Food agencies	<ul style="list-style-type: none"><li>Community food agencies use food provided through SecondBite to support people in need</li><li>During the 2012 calendar year, over 550 community food programs across Australia received food through SecondBite's food distribution activities</li></ul>
Food donors	<ul style="list-style-type: none"><li>Food donors provide food that is distributed by SecondBite to food agencies. The food provided by food donors is critical to the function and operation of SecondBite</li><li>During the 2012 calendar year, Coles was the largest food donor, providing around 60% of the total food rescued by SecondBite. Other food donors include farms, logistic companies, markets, retailers, catering companies and packing sheds</li></ul>
Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC)	<ul style="list-style-type: none"><li>To measure and value the environmental impact of a program or activity within an SROI, a specific stakeholder needs to be identified. This stakeholder is considered as the custodian of the environment and while it may not have an active involvement with the program or activity, its inclusion provides a basis for assessing the environmental impact alongside the social and economic impacts</li><li>DSEWPaC has been identified as the custodian of the environment in Australia for this analysis. As part of its role, the department supports the implementation of the National Waste Policy, which sets the direction for Australia over the next 10 years to produce less waste for disposal, and manage waste as a resource to deliver economic, environmental and social benefits</li></ul>
Financial investors	<ul style="list-style-type: none"><li>Financial investors provide financial support to SecondBite and also provide volunteer support in some cases. Financial investors include corporate bodies and foundations, philanthropic foundations and the general public</li></ul>
Volunteers	<ul style="list-style-type: none"><li>Volunteers provide support to SecondBite in the collection and distribution of food to food agencies.</li></ul>

Table 2.2 –Stakeholder groups included for the SROI analysis

### Clients at food agencies

Supporting individuals and families who are food insecure is the core focus of SecondBite. In particular, food agency clients are the end beneficiaries of SecondBite's work, receiving the food provided to the food agencies. However, SecondBite itself does not work directly with individuals and the provision of food by agencies is often provided alongside other support and assistance. Food agencies also have complete control over how they use the food received. For these reasons, the impact of SecondBite's activities on clients is not considered in the analysis.

# 3 Stakeholder activity and outcomes

## Overview

SROI provides a framework to structure thinking and understanding about the impact a program or organisation creates for stakeholders. As part of the current analysis, the activity and outcomes created for stakeholders through SecondBite's national food distribution activities have been identified to help develop an understanding of SecondBite's impact.

This section of the report outlines stakeholder activity and the key stakeholder outcomes generated through SecondBite's food distribution activities.

## Food agencies

SecondBite provided food to more than 550 community food programs during the 2012 calendar year. These programs support people who are homeless, in a crisis situation or in general need of support.

In total, 2.5 million kilograms of fresh food received by food agencies through SecondBite was used to support people in need. Food agencies that received food through SecondBite varied in size and purpose, including large charities that deliver a wide range of social services. For all agencies, the primary use of food was for food parcels (providing fresh food direct to clients) and cooked dine-in community meals.

The consistent supply of fresh food supported food agencies to provide increased and secure access to food for their clients as well as ensure fresh food was a central part of clients' daily diets. In addition, the provision of fresh food at no cost allowed agencies to increase the scale of their food programs, establish new food programs to address an identified need or potentially direct resources towards other activities.

*"SecondBite provides fresh food that we use in meals and supports our organisation to address food security within the community... Without SecondBite, the quality and amount of food provided would simply not be possible."*

*-St Mary's House of Welcome, March 2013*

## Food donors

Food donors are critical to the operation of SecondBite. Working alongside SecondBite allows food donors to help organisations that support people in need. For some donors it also helps address the problem of food and waste management within their own business.

During the 2012 calendar year, Coles supplied 60% of food distributed by SecondBite while the remaining 40% of food was provided by other donors including growers, market traders, supermarkets and caterers.

As a result of organisations participating in and supporting SecondBite's food distribution activities, food donors were able to fulfil their commitments to community engagement and activity and build awareness of food insecurity within and across their organisation. In addition, some donors experienced decreased waste management costs as a result of food donations decreasing the amount of waste produced and associated expenditures.

*"Our business wants to support people who are disadvantaged and sees a strong social return from providing food to SecondBite."*

Fresh fruiterer, March 2013

#### **Coles Community Food with SecondBite**

In late 2011, SecondBite and Coles officially announced their national partnership: Coles Community Food with SecondBite. The partnership is a food rescue initiative where Coles has partnered with SecondBite to donate fruit, vegetables and bakery items which do not meet their in-store quality standards, but which are still safe and nutritious to eat. This is a national program with a local focus, enabling communities around Australia access to fresh surplus food that would otherwise go to waste.

At the beginning of the 2012 calendar year, the partnership involved 45 stores nationwide. By the end of 2012, the number had grown to 363 stores with even more stores keen to participate in the future. Store interest in the program places SecondBite and Coles in a strong position to achieve their target of 500 stores participating in the Coles Community Food with SecondBite program by mid-2014. In total, Coles donated around 60% of the total fresh food received by SecondBite during the 2012 calendar year.

As a result Coles Community Food with SecondBite, Coles experienced a range of economic and social outcomes. There were clear commercial benefit to the partnership for Coles. Put simply, the reduction in food waste for Coles generated a reduction in waste management costs. The social outcomes experienced by Coles included increased participation in the community, aligning with the company's broader community engagement and sustainability agenda, as well as increased awareness of food insecurity within the organisation itself.

*"Coles Community Food with SecondBite is underpinned by the issue of food insecurity and the opportunity we have as a national company to do address the issue ...Coles stores throughout Australia now provide food to SecondBite to support community organisations. But the value of the partnership is not just seen for SecondBite. As a company, we have reduced our waste and waste costs. There is also increased job satisfaction among team members as consumable food that was previously thrown away is now used to support those in need."*

Coles representative, March 2013

## **Department of Sustainability, Environment, Water, Population and Communities**

As noted in Section 2, to measure and value the environmental impact of a program or activity within an SROI, a specific stakeholder needs to be identified. This stakeholder is considered as the custodian of the environment and while it may not have an active involvement with the program or activity, its inclusion provides a basis for assessing the environmental impact alongside the social and economic impacts DSEWPaC has been identified as the custodian of the environment in Australia to this end.

In this context, it is important to note that the majority of the food that SecondBite redistributes to agencies would have gone to landfill. And food landfill produces carbon. As a result, diverting food from landfill has been assumed to reduce carbon emissions, which has been identified as a significant environmental outcome attributed to DSEWPaC. This outcome has been evidenced by SecondBite and other organisations researching the environmental impact of food waste.<sup>3</sup>

### **Financial investors**

As a charitable non-profit organisation, SecondBite relies on outside funding to operate.

During the 2012 calendar year, SecondBite was supported by a number of corporate foundations and organisations, philanthropic foundations and the general public. Financial investors supported SecondBite to help address food insecurity within the community, help address the environmental impact of food waste and fulfil company or individual social commitments.

Funding was provided to support SecondBite's operating costs, specific programs or the purchase of assets such as warehousing and distribution vehicles. In addition to financial support, some investors provided SecondBite with in-kind and volunteer support during the 2012 calendar year.

*“Our involvement with SecondBite has led to a number of changes for our company...Staff have an increased understanding of the issue of food insecurity within the community and we are able to fulfil our commitments to working in and with the community.”*

ISPT, February 2013

### **Volunteers**

The support of volunteers is critical to the impact of SecondBite's food distribution activities. As noted in Section 2, volunteers provide support to SecondBite in the collection and distribution of food to food agencies

During the 2012 calendar year, 620 volunteers across Australia committed their time to help SecondBite redistribute food. This equated to 24,000 volunteer hours.

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<sup>3</sup> See SecondBite, “Food Rescue, A Fresh Approach - Report 2: The Environmental Impact of Fresh Rescued Food, 2012.

# 4 Measuring and valuing outcomes

## Overview

A critical component of any SROI analysis is the measurement and valuation of stakeholder outcomes. This is because SROI analyses seek to include the economic, social and environmental values that are often excluded from markets in the same terms as used in markets, that is money.

This section of the report outlines the stakeholder outcomes measured as part of this analysis and the valuation of these outcomes.

## Measured outcomes

Applying the SROI principles, three key stakeholder outcomes are measured as part of this analysis and are outlined in Table 4.1 below.

Item	Quantity	Description
<b>Food agencies</b>		
Outcome 1: Increased consistency of fresh food supplied to food agencies	2.5m kgs food	Quantity of food used by food agencies
<b>Food donors</b>		
Outcome 2: Decreased waste management costs	2,788 fewer bin pickups	Reduction in bin pickups for Coles
<b>DSEWPaC</b>		
Outcome 3: Decreased environmental impact from landfill	4,451 tonne reduction in CO2 emissions	Decreased CO2 emissions generated as a result of decreased land fill

Table 4.1: Measured outcomes

Notes:

Decreased waste management costs have been measured for participating Coles stores only

## Valuation of stakeholder outcomes

Using selected financial proxies identified through stakeholder consultations and desktop analysis underpinned by a valuation approach in line with SROI best practice, the estimated value created for all of the outcomes experienced by each stakeholder group has been calculated and is included in Table 4.2 below.

Outcome	Value (\$'000)	Value (%)
<b>Food agencies</b>		
Outcome 1: Increased consistency of fresh food supplied to food agencies	9,837	97
<b>Food donors</b>		
Outcome 2: Decreased waste management costs	223	2
<b>DSEWPaC</b>		
Outcome 3: Decreased environmental impact from landfill	102	1
<b>Total</b>	<b>10,162</b>	<b>100</b>

Table 4.2 – Value created for each stakeholder group



# 5 Measuring the investment

## Overview

This section of the report describes the investment considered for this SROI analysis.

## Investment

The investment considered in this analysis is the value of stakeholder's inputs for the operation of SecondBite during the 2012 calendar year including the food distribution activities.

An outline of the investment included this analysis is outlined in Table 5.1 below.

Measured investment	Value (\$'000)	Description
<b>Financial investors</b>		
Funding support	3,510	<ul style="list-style-type: none"><li>SecondBite operating requirements are supported by financial and in-kind donations from corporate foundations and organisations, philanthropic foundations and the general public.<sup>4</sup></li></ul>
<b>Volunteers</b>		
Volunteer time	170	<ul style="list-style-type: none"><li>The support of volunteers is critical to the impact of SecondBite's food distribution activities. Without volunteers, SecondBite would not be able to distribute the same quantity of food to food agencies.</li></ul>
<b>Total</b>	<b>3,680</b>	

Table 5.1 – Investment summary

### Value of food donations

- Considering the inputs of food donors (i.e., food donations) as an “investment” and placing a value on the donations is complex. The reasons food donors provide food to SecondBite vary and may depend on seasonal and market fluctuations and internal management decisions. While the donation of food may have formed part of a donor’s philanthropic activity, it is just as likely that it was food that would otherwise have been placed in waste. As a result, from the perspective of many of the food donors, the food has zero or negative value as the food is generally considered waste and it will cost the grower or retailer to have it removed to landfill.
- Food donations are also central to the SecondBite model. SecondBite could conceivably purchase services or hire more employees to replace volunteers, but the model would not be viable if they had to purchase food.
- For these reasons, the valuation of the food donors’ inputs for SecondBite’s operations is \$0 and as such has not been identified as an investment.

<sup>4</sup> During the 2012 calendar year, a small number of food donors also provided financial and in-kind donations to support SecondBite’s operating requirements.

# 6 SROI Ratio Calculations

This section of the report calculates the SROI ratio based on the stakeholder outcomes valued in Section 4 and the investment detailed in Section 5.

## SROI ratio

The SROI ratio compares the returns from a program relative to the investment required to deliver the program using a comparable unit, the Australian dollar.

**SecondBite's food distribution activities have delivered an SROI ratio 2.75:1 based on the investment and operations in the 2012 calendar year.**

**That is, for every \$1 invested, approximately \$2.75 of social, economic and environmental value is created.**

**Value of benefits**

\$10.2m

**SROI Ratio**

2.75:1

**Value of investment**

\$3.7m

### *About the SROI Ratio*

A number of issues need to be considered when interpreting the SROI ratio. Some of the key issues include:

- The values for the project benefits is an estimate and provides an indication of the value generated through the food distribution activities only
- The SROI ratio represents the additional value created, based on the SROI principles. This is the unique value that is created by the food distribution activities attributable to the investment for this specific period
- SROI ratios should not be compared between organisations without having a clear understanding of each organisation's mission, strategy, program or stakeholder logic, geographic location and stage of development. A judgement about whether a return is good or bad can only be made when using comparable data.

## **2010 SROI**

The current evaluative analysis builds on the 2010 SROI Baseline analysis approach and findings. In particular, it tested and refined the outcomes experienced by stakeholders and reviewed the measurement approach adopted for the earlier analysis. As a result, the approach adopted to estimate the value of change created through SecondBite's food distribution activities for the 2012 calendar year differs somewhat from the approach adopted in 2010. The revised approach focuses on measuring only those outcomes that were experienced by all stakeholders within a stakeholder group and adopted a uniform valuation approach.

Using the approach applied for the current SROI to the 2010 data shows that SecondBite's operations in 2010 delivered a revised SROI ratio of 1.65:1 based on the outcomes generated from the investment, which was valued at \$1.25m. This indicates that for every \$1 invested in the 2010 financial year, approximately \$1.65 of social, economic and environmental value was created. It also highlights the increased value created through SecondBite's food distribution activities between 2010 and 2012.

While a detailed review of value drivers was beyond the scope of this analysis, some of the reasons for the increase in value are likely to include:

- Between 2010 and 2012, there was a significant increase in the quantity of food delivered through the Community Connect distribution model. This model is a cost effective and efficient way of delivering food to food agencies
- In 2011, the Coles Community Food With SecondBite Program was launched which provides a high quantity of food collected and delivered through SecondBite
- Between 2010 and 2012, SecondBite became a national organisation with an increased public profile within the community generating additional food donors and supporters.

# 7 Summary of findings

A number of conclusions have been developed based on the SROI modelling and analysis.

- During the 2012 calendar year, 2.5 million kilograms of fresh food received by food agencies through SecondBite were used to support community food programs. These programs supported people who are homeless, in a crisis situation or in general need of support.
- An investment of \$3.7m in the 2012 calendar year created \$10.2m of social, economic and environmental value for stakeholders. This results in an SROI ratio of 2.75:1. That is, for every \$1 invested in SecondBite's food distribution activities, \$2.75 of value was created for stakeholders.
- Since the 2010 financial year, SecondBite has significantly increased the value created for stakeholders. The SROI ratio increased from a revised 2010 SROI ratio of 1.65:1 to a 2012 SROI ratio of 2.75:1. This is more than a 65% increase in the value created through the organisation for every dollar invested. While a detailed review of value drivers was beyond the scope of this analysis, some of the reasons for the increase in value are likely to include:
  - Between 2010 and 2012, there was a significant increase in the quantity of food delivered through the Community Connect distribution model. This model is a cost effective and efficient way of delivering food to food agencies
  - In 2011, the Coles Community Food With SecondBite Program was launched which provides a high quantity of food collected and delivered through SecondBite
  - Between 2010 and 2012, SecondBite became a national organisation with an increased public profile within the community generating additional food donors and supporters.
- The consistent supply of food supported food agencies to address the needs of their clients more effectively, enabling them to deliver new food programs, expand existing programs or reallocate funding to support other activities. This in turn provided clients with increased access to food and the opportunity to live healthier lives.

**END OF REPORT**