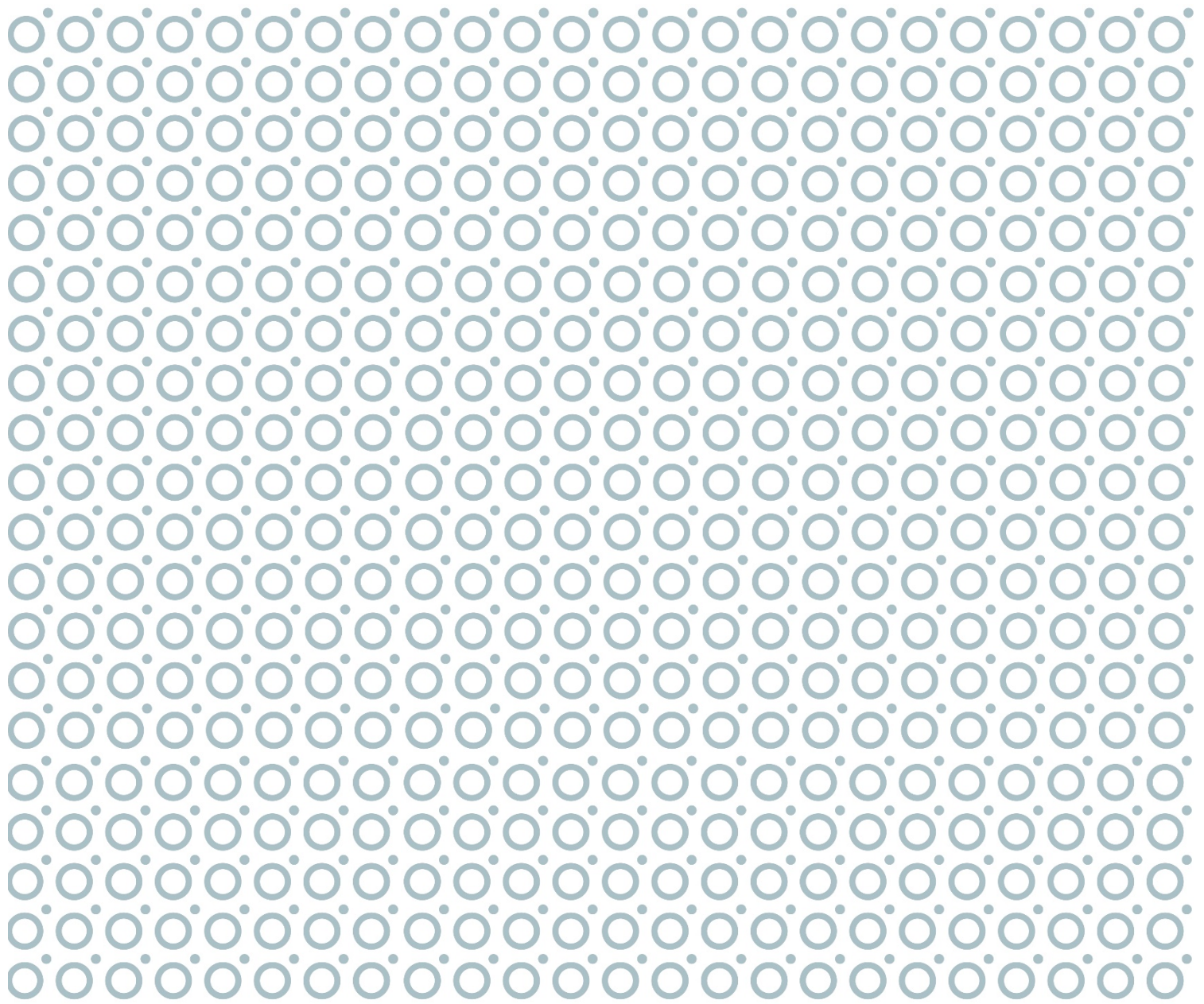




Cardinia Food Hub: BUSINESS CASE

FINAL DRAFT

Prepared for **Cardinia Shire Council** and **Sustain: The Australian Food Network**

April 2018

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1.0 Introduction

1.1 Background

This Business Case has been prepared by Simon McPherson of Global South Pty Ltd, for Sustain: The Australian Food Network and Cardinia Shire Council.

Simon Consulted to Sustain and the UN Global Compact: Cities Programme as host organisations, between September 2017 and February 2018, as part of his studies for the Executive Masters (MSc) in Cities at the London School of Economics.

This academic consultancy investigated the roles and interconnections, between internationally-networked coordination functions (specifically the UN Global Compact: Cities Programme and its City Partnerships project), and local implementation of projects which seek to address the prevailing urban challenges of inequality, affordability, health and climate change. City Partnerships seeks to facilitate and guide Sustainable Urban Development projects, delivered in partnership by cities (local government), the private sector and civil society.

This Business Case provided the setting for investigation of the challenges and opportunities affecting the planning and implementation of local projects which advance sustainable urban development.

This Business Case/Feasibility Study for a Food Hub in Cardinia, forms part of the longer-term Cardinia Food Circles project. The purpose of this Business Case is to guide implementation of a pilot Food Hub in Cardinia, to support local agriculture, farming and entrepreneurial food businesses, and enhance community health, food literacy, and food culture in Cardinia.

1.2 Process

Preparation of this report has involved:

- Review of various references, both local and international, including other Food Hub studies, such as:
 - South-East Food Hub: Evaluation Report (June 2016);
 - Wangaratta Food Hub Feasibility Study (2016);
 - Wyndham Food Hub Feasibility Study (2016);
 - Greater Bendigo Food Hub Feasibility Study (2015);
 - Evaluation Report: South East Food Hub – Lessons and Recommendations (2016);
 - Baw Baw Food Hub email coorespondence/newsletters;
 - Victorian Eco-Innovation Lab research reports.
- Engagement with various stakeholders, including:
 - Sustain: The Australian Food Network, through ongoing liaison;
 - Council officers, across Planning, Economic Development, Community Strengthening and Sustainability, through multiple workshops and meetings;
 - Cardinia Food Network, through a meeting on 1 November 2017;
 - The Cardinia food community, through the Cardinia Food Forum, held on 15 November 2017;

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- Business, including FarmGate Online, which operates between Melbourne and Gippsland;
- Latrobe Valley Authority, through Council workshops on 4 October 2017.
- Investigated the subject of urban food distribution, equity and systems in Melbourne and beyond, through:
 - Workshops at City of Darebin on 13 November 2017;
 - Workshops at William Angliss Institute on 14 November 2017;
 - The Urban Agriculture Forum, in February 2018, including a presentation of the Cardinia Food Hub project.

1.3 Stakeholder engagement inputs

The process of stakeholder engagement for this project, outlined above, has provided several key messages and themes, including:

Strong community commitment

Community representatives have strong interest in shopping and eating locally-produced food and thereby supporting local farmers, businesses and employment.

Many existing and planned initiatives

Cardinia contains and accesses a range of existing local food initiatives, including urban agriculture, fresh food distribution, and food education for schools and other groups. Tapping into and supporting these initiatives will be important.

Committed local growers deserving support

Many Cardinia-based farms and growers are committed to providing high quality, organic, seasonal food and responsibly caring for the land, while established retailers, cafes and community-based or social enterprises are demonstrating innovative and socially and environmentally responsible operations.

Households want alternative, choices

Households are interested in accessing better, fresher food, through avenues other than the major supermarkets. While price and affordability is an important consideration, consumers will consider trade-offs for quality, nutrition, freshness and provenance.

Producers are facing challenges

Pricing squeezes and production costs, competition, regulation, logistics challenges create a challenging and potentially discouraging environment for farmers and food growers in Cardinia.

Substantial existing facilities and capacity

Council-owned community centres, independent Community Houses, schools, halls, reserves and other facilities across Cardinia contain facilities with capacity for expanded usage, along with resources such as staff, management systems, insurances and amenities, which could contribute to a Food Hub's operations.

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Urban planning challenges

Urban sprawl is an ongoing threat to Melbourne's foodbowl, and continues to consume agricultural land in Cardinia, reducing productive capacity.

Transport and logistics is a central issue

Cardinia's geographic size and dispersed townships and development patterns, associated traffic congestion reinforced by ongoing strong population growth, and the distant location of Melbourne's wholesale market in Epping, all create significant access issues for producers, suppliers and consumers.

Supermarket's dominance is a town planning issue

The presence of major supermarkets across the growth area suburbs is related to their capacity to finance early town centre infrastructure, then recoup these costs through the Growth Area Infrastructure Contribution (GAIC), which is charged to land developers on a per-household basis.

1.4 Context

1.4.1 Cardinia

- Cardinia is expansive geographically, with dispersed population across large residential estates and numerous townships; the population of approximately 93,000 is spread across 128 sq.km, and 27 separate townships. The population is projected to grow substantially to 176,000 by 2016 (<http://forecast.id.com.au/cardinia>).
- Supermarkets currently dominate food retail and distribution, as is the case across Melbourne and most developed world cities;
- Cardinia reportedly has relatively low income levels and high levels of mortgage stress, and socio-economic conditions are creating pressure on families;
- Long-distance commuting creates personal time constraints for many households, and this affects food purchasing and eating habits;
- Cardinia contains many more fast food outlets than fresh food outlets (ratio of 6:1);
- Fresh food is readily available in Cardinia at supermarkets and some grocery stores, so there is an existing supply, but this varies with location;
- Cardinia is a key part of Melbourne's 'foodbowl', and contains many food growers and expansive agricultural areas, with connections to the Latrobe Valley and Gippsland region;
- Cardinia residents enjoy strong communities and networks, which have developed with population/development growth, and are manifest in township committees and community groups, for example;
- Community markets occur regularly, utilising reserves, halls and volunteers.

1.4.2 Food Hubs

There are very few Food Hubs in Australia, but the model is well developed in the US and Canada, for example. The embryonic development of a Food Hub movement in Victoria and Australia includes the following:

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- The South-East Food Hub pilot in Casey and Cardinia ran for a period, but was found to be unviable and has been discontinued, while reportedly seeking a new business model;
- The Baw Baw Food Hub has been operating since its 2013 inception as a small organic produce box delivery service. We are seeking further information from this organisation about its operations and business model (<https://bawbawfoodhub.org.au/>)
- CERES Fair Food is an organic food delivery system established to reconnect members to the farming families who grow our food. CERES (Centre for Education and Research in Environmental Strategies) is a not-for-profit community organisation which runs extensive environmental education programs, organic farms and community gardens, a market, eco shop, café, restaurant, catering service, community kitchen, as well as a permaculture and bushfood nursery.
- Food Hub Feasibility Studies have been produced for Wyndham, Wangaratta and Greater Bendigo, but these Food Hubs have not proceeded;
- Sustain and City of Darebin recently secured a grant to establish a new Food Hub at Alphington;
- Food Connect Brisbane is a social enterprise which seeks to *ethically and transparently engage local farmers to supply ecological food that is in season and super fresh and we pay them about four times the amount of the big food chains, so more of your dollars go directly to the growers. Their beautiful produce is then delivered all over Brisbane for everyone to enjoy.* <https://www.foodconnect.com.au/about-us>

1.4.3 Small-scale food distribution businesses

- FarmGate Online operates as a social enterprise, preparing customised boxes of fruit and vegetables from online orders, to schools and community facilities ('Farm Gates') where residents collect the boxes, and which receive a 10% fund-raising contribution. It currently 'almost matches' supermarket prices, or a little more expensive, but for reportedly better quality and fresher food. It currently operates from Dandy Fresh facilities in Clayton South.
- Farm2door also operates from Dandy Fresh, and delivers boxes of fruit and vegetables from online orders, direct to households, using overnight delivery to avoid traffic.
- YourGrocer.com.au performs home-delivery and online buying for around 80 local independent shops. It claims to be 'better value for money' than supermarkets.

1.5 Objectives

The primary Objectives for the Food Hub are to:

- Support local growers in Cardinia, and surrounding areas;
- Increase community access to good, fresh food;
- Influence the food system in Cardinia toward a more equitable, sustainable model;
- Establish a demonstration project for potential replication elsewhere;
- Operate as a self-sustaining business or charity/non-profit;
- Work with and support existing and future local food initiatives in Cardinia and surrounds.

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The secondary Objectives may include the following:

- Increase market opportunities for local growers;
- Expand and reinforce the food business ecosystem in Cardinia and the south-east region;
- Increase food literacy and better eating habits through community education;
- Increase home cooking skills and frequency of home-based meal sharing;
- Establish or reinforce community focal points/hubs and support social interaction;
- Encourage, facilitate and reinforce urban agriculture in Cardinia;
- Create local business and/or employment and skills training opportunities;
- Reduce food waste through processing, education and management;
- Support employment and local prosperity through business incubation.

1.6 Challenges to achieving the Objectives

It is presumed that to achieve the Objectives, the Food Hub will need to address various key challenges, as outlined below.

Price competitiveness

The potential retail/household distribution component of the Food Hub may need to be competitive with the price points of the supermarkets, to be seen as a viable alternative for households, given that a Food Hub will not match the range and scale of supermarkets.

Stakeholders have reported that ‘we will never match the supermarkets (on price)’ due to their economies of scale, but that ‘some consumers will choose to pay (potentially more) for better quality, fresher, local food’.

This issue challenges the objective for equitable access to good, fresh food. It is important that the Food Hub does not become a ‘boutique’ option geared to more affluent households, but that provides access for all.

It has also been reported that the communication of the value of spending locally will support the Food Hub’s operations. That is, engaging the community on the broader value of purchasing food from local growers and producers, and the benefits that this brings, will entice greater participation, even at slightly higher cost to households.

Avoiding detrimental competition or push-back

While a Food Hub is likely to be small in scale, at least initially, it will be important to avoid negative relationships or detrimental competition with existing food providers, retailers or distributors, such as supermarkets, grocers and markets.

Price fairness

Related and perhaps in tension with the above, providing fair pricing to food growers and producers is also essential, to support the ongoing viability and attractiveness of local food production, and to provide an alternative outlet for locally grown food.

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Convenience and enjoyment

Alongside pricing, creating a convenient, enjoyable alternative food retail experience for local people will be an important aspect in attracting people to use a Food Hub, given that households will likely need to also shop elsewhere for products not stocked by the Food Hub.

Convenience relates to location and accessibility (including walkability, car parking and public transport access), as well as amenity, comfort and safety.

Opportunities for social interaction and enjoyment may be generated through events, programmes, community engagement / co-creation, and should cater for the widest possible demographic range: aged, children, families, singles, couples.

Product range

Providing a good range of products, albeit seasonal and local where possible, will be an important aspect of a Food Hub's offer and operations, to ensure an attractive option for purchasers.

Business viability and sustainability

Establishing and running a multi-functional, multi-stakeholder Food Hub with a strong community focus and local economic development role, as a viable and profitable business, will be a key challenge, but is essential to the success of the project.

Distribution challenges

Food transport and distribution, particularly in relatively small volumes, to support smaller local food producers and in providing to small-scale customers, is increasingly challenging due to distances, traffic congestion and the economy of scale.

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2.0 Requirements for the Food Hub

This section sets out the various inputs required to establish and run the Cardinia Food Hub.

2.1 Resources

2.1.1 Administration

Ongoing management, coordination, development and expansion of the Food Hub will require skilled and experienced staff to manage its operations, potentially assisted by a community-based Board or management committee to support decision making.

2.1.2 Communications and marketing

Sharing the message and building support for the Food Hub will help ensure its ongoing viability, growth and presence in the Cardinia community. Development of a website and ordering system, as well as using systems to manage logistics, orders, deliveries etc. will be key.

2.1.3 Networking

Engaging with existing food businesses and operations, Council and authorities, community groups, community organisations such as schools, business groups, grower cooperatives and other stakeholders will be a key role for the Food Hub, requiring particular skills.

2.1.4 Professional inputs

Financial, IT, legal and other professional inputs will be required from time to time. Specialists in farming and urban agriculture will also be required. The educational functions of the Food Hub will require professional teaching/training staff. The business incubation functions will require experienced business advisors and mentors.

2.2 Produce

Access to good quality local produce, at fair prices, is an essential foundation for the Food Hub. Access to non-local Victorian and potentially interstate-grown produce may also be required, to expand the product range available to consumers.

The physical accessing and transportation of this produce, between the origin (farm), the Food Hub, and the destination (customer/consumer) is equally essential.

2.3 Facilities

2.3.1 Food storage

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Storage of food is required, including refrigeration, to maintain produce between receipt, processing and distribution.

2.3.2 Food processing

The functions of receiving and processing fresh produce for distribution may include:

- Food storage;
- Food packaging from bulk supplies;
- Preparation of household boxes for distribution;
- Packaging for individual orders, by household or cooperative/buying group;
- Sorting and preparation of supplies for industry and/or charity distribution;
- Food processing, for prepared meals and products.

2.3.3 Food growing

On-site (or off-site) growing is an optional function for the Food Hub, but a community garden or small growing facility may provide several benefits:

- Demonstration and educational opportunities for children and community members;
- Making the local food growing process highly visible and direct;
- Additional supply for Food Hub distribution;
- Agricultural research, testing species etc.

This could take various forms:

- Substantial urban farm;
- Community garden(s);
- Planter boxes outside building, and/or vertical garden;
- Greenhouse (small-medium size);
- Indoor 'high tech' facility, e.g. shipping container, hydroponics, LED lighting.

2.3.4 Education and training

Community engagement is seen to be an important function of a Food Hub in the Cardinia context. This may comprise:

- Food growing group classes;
- Cooking classes, utilising on-site kitchen facilities;
- Food literacy training for children and adults, in a seminar or classroom format;
- Engagement with schools and community groups.

2.3.5 Programming and events

Encouraging community engagement with the Food Hub will be enhanced by a regular and ongoing programme of events and social opportunities, which invite access and provide clear community benefit. This aspect will involve:

- Programming (planning, organising and delivering events and programmes);
- Communications and marketing;
- Evaluation and monitoring of uptake and impact;

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- Partnering with schools, cafes, food producers, community groups, sports clubs etc. to deliver programmes.

2.3.6 Business incubation

A Food Hub could play an important employment/economic development role in supporting new and existing businesses in the food sector, such as restaurants, cafes, food growers, food processors/suppliers and retailers.

This aspect may involve:

- Commercial kitchen for professional cooking training and use for production;
- Seminar rooms for classes and demonstrations;
- On-site business expertise and training programs;
- Partnership with other institutions such as universities and food businesses, such as the William Angliss Institute or other TAFE colleges.
- Commercial space/shared co-working space for start-up businesses to use.

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3.0 Scoping the Food Hub

This section sets out the current directions for the Food Hub, for consideration by Council and stakeholders.

3.1 Location

While the location of the proposed Cardinia Food Hub is flexible with a range of options, depending on the model/type of Food Hub, it seems appropriate that it take the form of a **networked or distributed organisation, with multiple locations and functions**, to provide for maximum accessibility to the Hub's operations as possible, across Cardinia (and potentially beyond).

Location considerations and opportunities include:

3.1.1 'Hub and spokes' model

The geographic expanse and dispersal of Cardinia's townships, and the imperative to reach as many households as possible, suggests a networked/distributed Food Hub model may be the optimal approach.

This may comprise a central 'hub' with connections to a range of operations or outlets across Cardinia.

3.1.2 Centralised aggregation/distribution point

The receiving, storage, packing and distribution of produce and goods should take place at a single location, which is separate from the community access functions of the Food Hub.

This location will provide for:

- heavy vehicle access/movement;
- access to the major road network;
- coolroom storage;
- space for expansion.

The potential has been identified for this 'hub' to be located in an existing commercial/industrial park in Cardinia, based on potential availability of warehouse space for rent, and established access for heavy vehicles, as well as minimal interface issues with residential areas.

3.1.3 Retail shopfront(s)

While not an essential aspect of a Food Hub, the potential to have one or multiple retail shopfronts would allow direct consumer/household access to local produce, within established retail centres and township main streets. Considerations include:

- Rental availability and likely higher prices;
- Likely limited space;
- Competition with/from other food retailers

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Zoning restrictions are likely to prevent this from being co-located with the central aggregation point.

3.1.4 Commercial kitchen(s)

A commercial kitchen within the Food Hub can provide for several functions:

- Food/cooking education and training;
- Business incubation (small food preparation or processing businesses could gain access to this shared facility);
- Value-adding to produce, through limited processing (meal preparation, peeling/cutting etc.).

It is understood that a kitchen could be established in the industrial setting of the central aggregation point, but it may be advantageous to locate this function for greater accessibility by residents, students, school groups etc.

It has also been identified that this function could (at least initially) occur where there is capacity in existing commercial kitchens in Community Centres, Community Houses and schools, for example.

3.1.5 Produce box distribution / access

While door-to-door delivery is unlikely to be viable, the delivery of produce boxes (standardised or customised) to central distribution points such as schools and community centres, presents an opportunity to combine localised accessibility, with opportunities for community interaction and programming at multiple sites.

3.1.6 Produce market

One or multiple produce markets could also provide direct household access to local produce. This could take several forms:

- Small Food Hub stall set up in multiple locations across the week/month (such as in Community Centres);
- Van or truck which opens regularly at specific sites;
- Larger outdoor market with access for stall holders from local producers/farms.

3.1.7 Market garden / kitchen gardens

Urban agriculture sites as part of the Food Hub could enhance supply of produce, while aiding food literacy and production education and R&D.

This would potentially incorporate on-site composting, perhaps with the opportunity for local residents to contribute food waste.

A formalised municipal food waste collection system may be considered by Council in the future, noting this presents a number of challenges, although it is done in many other cities, including London.

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3.2 Access

3.2.1 Heavy vehicle access

A Food Hub will require regular access by heavy vehicles, including:

- Incoming goods (deliveries from local producers and central Market at Epping, or Food Hub vehicle picking up produce), and
- Outgoing goods (deliveries to local distribution points
- Other servicing of equipment, materials etc. (refrigeration equipment, packaging, operational equipment, growing materials or equipment);
- Buses, such as for school groups or community groups accessing the Food Hub.

Therefore access to major roads, and on-site vehicle movement space is required, along with appropriate loading facilities (details to be explored).

Specific requirements such as the type and size of vehicles likely to require regular access, and the extent and form of loading dock/infrastructure required, will require further investigation.

3.2.2 Community access

The core community function of the Food Hub means that convenient community access is required. Further, stakeholders have advised that a door-to-door delivery function is unlikely to be economically viable, so the community will need to access Food Hub produce at one or more centralised locations. Community access considerations include:

- Public transport access, or potential provision of a community mini-bus on 'open' days
- Walkability and cyclability
- Car parking
- Location, given the dispersed urban communities in Cardinia. Cardinia measures approximately 35km from east to west, and 50km from north to south.

While it is apparent that the significant majority of Cardinia's population is located in and around Pakenham, a Food Hub which supports equitable access to fresh food must reach the smaller and more remote communities, which are likely to have lower current access to fresh food.

A central location may enhance access for the community, including by public transport. Co-located with community facilities: schools, community centres

Co-location may allow sharing of existing buildings/facilities, as well as established neighbourhood accessibility and community connections. Considerations include:

- Potential lower running costs if using Council-owned facilities or existing community facilities;
- Space availability amongst existing activities (to be investigated);
- Costs, insurance, accessibility, amenities etc.

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3.3 Business model

The Food Hub may be based on one of various potential business models. This will be informed by Council's preferred level of form of involvement, and the availability of external investment and management resources.

3.3.1 Cooperative:

Owned by group of producers → investment, support. Profits distributed. Growers are investors and profit sharers.

3.3.2 For-profit (including Social Enterprise):

Can attract start-up investors.

3.3.3 Non-profit:

All profits are invested in advancing the organisation's social or environmental mission.

3.3.4 Public-Private Partnership:

e.g. municipality can provide needed infrastructure (land, equipment) and a private company might own and operate the facility as a tenant.

Source: Building Successful Food Hubs - A Business Planning Guide for Aggregating and Processing Local Food in Illinois, Illinois Department of Commerce and Economic Opportunity

It is considered that while the particular business model employed is flexible, the Food Hub should be planned, established and run as a self-sustaining 'business' which does not ultimately rely on external funding, grants or volunteer workers.

The ultimate outcome may be a combination of the above, such as if Council and/or other groups provide initial facilities and operational support, and invite Expressions of Interest to procure an operator to run the Food Hub as a business with a clear social and environmental purpose.

These issues are explored further below.

The indicative Cash Flow analysis for the Food Hub, set out below, assumes an independent business operation.

3.4 Establishment requirements

3.4.1 Resourcing

The establishment and management of a Food Hub will require a range of initial and ongoing resources, including:

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Business:

- Start-up capital funding or finance: rental, capital works (fit out, signage, kitchen), staff;
- Business management costs (accounting, legal);
- Business Plan, including running costs (building on planned Business Case);
- Procurement process for business operator (if applicable);
- Marketing and communications to 'spread the word' amongst the community.

Produce:

- Cost profiles, for fair pricing;
- Proposed sales pricing, comparison to current retail.

Staff:

- Council staff resources and inputs (if applicable);
- Resources and skills required;
- Employment protocols, legals etc..

Facilities

- Access to and use of existing buildings and facilities.

3.4.2 Food sources

- Identification of local growers, stock, varieties, amounts available, pricing;
- Identification of need for additional stock, such as interstate-grown produce, via Epping Market or other avenues. Local (Cardinia) supply may need to be complemented by additional Australian-grown produce, to expand the offer;
- Establishing systems for receiving and re-distributing produce to maximise freshness and minimise waste.

3.4.3 Distribution method(s)

- Setting retail/wholesale pricing;
- Delivery/distribution methods and costs;
- On-site retail or market function potential.

3.4.4 Promotion, communications

Getting the community aware and involved.

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4.0 Market/customer identification

4.1 Household retail

The number of dwellings in Cardinia Shire is forecast to grow from 35,645 in 2016 to 60,496 in 2031, with the average household size remaining stable from 2.81 to 2.81 by 2031.

The population in 2016 was 97,269, growing to 166,664 by 2031, and 185,387 by 2036 (.id, 2016).

A proportion of this population may be assumed to be potential customers for a Food Hub, with potential for increased market share over time.

4.2 Wholesale

4.2.1 Food retail

Although Coles and Woolworths dominate food retail, other independent grocery stores also existing in Pakenham and Cardinia, including:

- Beaconsfield Fresh Fruit & Vegetables (wholesaler);
- Green Soul Organics (delivery service), Beaconsfield;
- Pakenham Fruit Plaza;
- Koo Wee Rup Fruit & Veg Shop

These and other outlets are potential wholesale customers for a Food Hub in Cardinia.

4.2.2 Aged care facilities

Cardinia contains six nursing homes, totalling 454 beds (Aged Care Guide, n.d.):

- McGregor Gardens, Pakenham
- Menarock Life Salisbury house
- Villa Maria Catholic Homes Shanagolden
- Hillview Bunyip
- Kooweerup Regional Health Service
- Millhaven Lodge

In addition, the following retirement villages exist, with other nearby in City of Casey (Berwick, Hallam):

- Meadowvale, Pakenham
- Shanagolden Village
- Millrise Units, Pakenham

4.2.3 Hospitality

Zomato website lists for Pakenham only (Zomato, 2017):

- 18 cafes
- 86 restaurants, including fast food, bakeries etc.

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Cardinia-based catering companies include:

- Khans Catering
- Southside catering
- Goldenroast
- Vanille Bistro.

4.2.4 Schools

Research has identified in Cardinia (The Good Schools Guide, 2017) (Microburbs, 2016):

- 18 schools (primary, secondary, public/catholic) with total 8,392 places listed. Significant growth in enrolments would be expected along with the projected population growth.
- 4 preschools
- 4 long day care centres
- 3 family day care centres
- 4 Out of School Hours care centres.

4.2.5 Council and institutions

Cardinia Shore Council provides catering for numerous events and meetings throughout the year, using local catering companies, but does not prepare food in-house. It is understood that Council spends over \$250 per week on fresh fruit alone, for staff.

4.2.6 Hotels

There is a small number of accommodation hotels in Cardinia, but Hotels.com lists 15 hotels in the region, including Casey (Cranbourne, Narre Warren, Dandenong and Frankston).

4.3 Education and business

4.3.1 Public cooking classes

As a reference, the Centre for Adult Education (CAE) provides a range of food and beverage courses, including:

- Hands-on cooking
 - Introduction to Spanish Tapas and Pintxos (and various other topics): 1 class, 3 hours, \$149 / \$142 concession;
 - Introduction to basic breadmaking: 1 class, 5 hours, \$199 / \$190 concession
- Demonstration cooking:
 - Exploring vegan cooking: 1 class, 2.5 hours, \$139 / \$133 concession.

The Jamie Oliver Ministry of Food in Geelong runs a range of courses including:

- Jamie's Ministry of Food Cooking Program

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- 7 weeks x 90 minutes
- \$20 / \$15 (student) / \$10 (concession) per class: *heavily subsidised fees thanks to the generosity of corporate and government partners.*
- School Holiday Program
 - 4 days x 3.5 hours
 - \$280 (adult) / \$210 (17+) / \$140 (12-16)
- Special classes e.g. Jamie's Giftmas Workshop, Jamie's Ministry of Food Pasta Workshop:
 - 90 minutes single class
 - \$88.

4.3.2 Business incubation

Monash University, in partnership with Chobani, has launched a \$3million food business incubator, within the University's Food Innovation Centre (Monash University, 2017).

It will provide a 4-month program for early stage businesses in a bid to challenge more established companies, with each start-up receiving a \$10,000 grant.

Large corporates will also use the Incubator, to access the facilities, technological innovation, product development services and research capabilities.

This aspect of the Food Hub's operation may require significant investment up-front and ongoing, including:

- Commercial/industrial kitchen facilities (if not already available in venue);
- Technical resources / staff;
- Grant funds to attract and support businesses.

Revenue income would potentially be gained through an equity or royalties arrangement with businesses which grow or gain market reach as a result of the incubator program, but the extent and timing of this return on investment is difficult to predict,

Potential partnership(s) with existing institutions such as Monash University, and corporates such as Chobani, may be necessary to instigate a business incubator function.

4.3.3 School programs

Local schools could utilise the Food Hub for curricular programs in cooking, food production and food handling, as well as broader STEM subjects potentially.

This provision of facilities (and possibly staff resources for teaching and supervision) could attract revenue income from participating schools.

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5.0 Revenue and Expenditure

5.1 Potential revenue sources

The Food Hub's operations may derive income through some, or all, of the following activities and operations:

- Education/training (fees paid by individuals or groups)
- Wholesale distribution (margin on produce bought and sold to restaurants, cafes, shops)
- Household distribution (produce boxes)
- Weekly market revenue (direct sales revenue from a produce market function)
- Weekly market stall rental (rent from stall holders at a produce market:
- Kitchen: meals prepared in a commercial kitchen and sold for on-site or home consumption;
- Kitchen: value add/processing of food such as pre-prepared meals or cut vegetables;
- Membership fees;
- Sharing of coolroom, vehicles or other owned infrastructure;
- Café operation;
- Donations, grants.

5.2 Potential expenditure

The Food Hub is expected to carry a range of financial costs, including the following:

- Produce (direct purchase from growers and wholesalers, for on-selling);
- Freight and logistics;
- Education training inputs/speakers;
- Coolroom/storage hire/running;
- Venue (rent, fit-out, equipment, utilities);
- Staff salaries, on-costs;
- Urban agriculture operations (labour, supplies);
- Marketing and communications material (alongside staff costs);
- Materials, such as packaging boxes and bags, labelling.
- Software (accounting, logistics);
- Waste management.

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6.0 How could it work?

6.1 Potential implementation set-up strategies

6.1.1 An existing/experienced operator ‘becomes’ the Food Hub

A business such as FarmGate Online could locate in Cardinia, with Council’s support and facilitation, and ‘become’ the Cardinia Food Hub, through re-branding, and a contractual commitment to support Council’s community-based objectives for the Food Hub.

Advantages:

- Relevant systems and processes already in place and working;
- Likely rapid establishment;
- Low risk to Council, being a private sector operator;

Disadvantages:

- May be difficult to extend beyond existing core business (produce box deliveries);
- May require subsidised rent or other support, to ensure community benefits;
- May be difficult to retain community benefit focus, in conflict with business imperatives.

6.1.2 Council establishes a Food Hub independently, as a Council initiative

Cardinia Shire Council could set up Food Hub, by renting space or utilizing existing Council-owned facilities, and employing staff to operate it.

Advantages:

- Stronger community focus and clarity of purpose, without private sector involvement

Disadvantages:

- Would require significant Council financial input, to fund start up and early operations, and Council is resource-constrained;
- Would place additional burden on Council resources and operational capacity.

6.1.3 Council manages the Food Hub, with corporate sponsorship support

Corporate partners may be identified to support the Food Hub’s operations, as a promotional initiative, and/or an investment in preventative health.

Potential partners are identified in section 6.0, below.

Advantages:

- Sponsors/partners would be expected to provide start-up capital funding, and potentially ongoing funding, to support maximum community benefits;
- Partners may also assist with logistics, transport, food provision or other functions.

Disadvantages:

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- The Food Hub may shift away from community/Council control, unless arrangements/agreements are carefully managed.

6.1.4 Council sets up a Public-Private Partnership, by calling for private sector operators/partners

With a strong Business Case and potential provision of physical space and/or other support, Council may call for EOIs from private sector or community-based organisations to operate and manage a Food Hub, through a carefully developed Agreement.

Advantages:

- Council could retain an appropriate level of control of the Food Hub, while also benefitting from private sector skills, expertise and financial capacity;

Disadvantages:

- The planning and set-up process may be quite complex and time-consuming.

6.1.5 Council sets up a Food Hub ‘fund’ or programme, for existing operations to join

A new programme which provides a degree of support, promotion, contacts/networking and information to numerous existing and future initiatives/organisations which would together comprise a Food Hub or Food Network.

6.2 Outline implementation strategy

6.2.1 Preparation phase:

- Review and finalise Business Case;
- Prepare Business Plan;
- Arrange supply agreements with local retailers, hospitality and accommodation businesses;
- Identify site for aggregation point facility, arrange rental agreement where applicable;
- Identify additional sites: shopfront, commercial kitchen, education spaces, growing space
- Launch EOI for operators;
- Launch EOI for corporate, institutional, educational partners.

6.2.2 Start-up phase:

- Run RFP/bid process for business operators (under licence agreement or similar);
- Select operator business;
- Enact PPP agreement between Council and operator;
- Establish website and operational systems;
- Design and commence initial education programs;
- Community engagement / communications / marketing / social media;
- Commence urban agriculture activity;
- Commence community events.

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6.2.3 Early operation phase:

- Build network of suppliers/producers;
- Build customer base (wholesale);
- Initiate and build household service and customer base;
- Commence education programs, including free/subsidised programs for students and low-income households, and school programs;
- Early events: launch function, market, annual food days or weekend festival, etc.
- Monitor operations and business performance, identify strengths and weaknesses.

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7.0 Developing the potential for a partnership model

The nature of this project suggests that a partnership model is appropriate, to:

- Involve the widest possible range of stakeholders;
- Provide clear social benefit, to community and food producers; and
- Establish and support a viable business.

A partnership model can allow the Food Hub to leverage a broad range of opportunities through partners, and create benefits for a range of participants. Each partner will provide an appropriate input, and gain a commensurate return and/or benefit. The result should be significantly greater and more effective than a more singular business of community initiative.

In this way, the Food Hub can provide a strong community service and social/environmental benefits, while operating as a business with a long-term view.

7.1 Partners:

7.1.1 Council:

Inputs:

- Access to venues, such as community centres with commercial kitchens, free or at subsidised 'cost' rates;
- Purchase of produce, direct or through caterers;
- Administrative support, such as access to meeting rooms, participant information and contacts.

Benefits:

- Support for community and growers.

7.1.2 Food growers (individually or as cooperative):

Inputs:

- Provision of produce (at fair pricing);
- Regular information on availability, pricing, risks etc.
- Delivery of produce, free or at cost, to central aggregation point.

Benefits:

- Commitment to purchase of produce, depending on demand;
- Marketing advantages.

7.1.3 Community

Inputs:

- Purchase of produce, through box delivery, regular market and/or Community Supported Agriculture (CSA) with commitment of regular purchase over 3-6 months;
- Information sharing, inviting friends.

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Benefits:

- Access to better quality, fresher, local food;
- Feel-good factor through behaving sustainably;
- Supporting local farmers;
- Local economic support, through spending locally.

7.1.4 Corporates

Inputs:

- Financial investment;
- Business mentoring.

Benefits:

- Marketing/branding, good corporate citizenship;
- Business opportunities:
 - Retail distribution of own products through Food Hub;
 - Access to innovation, learning, R&D and business partnerships through incubator function;

7.1.5 Hospitality providers

Inputs:

- Commitment to purchasing produce (at fair pricing);
- Mentoring, guidance.

Benefits:

- Marketing/branding, good corporate citizenship;
- Enhanced community role, for cafes, aged care, caterers etc.;
- Access to better quality, fresher, local food;

7.1.6 Schools

Inputs:

- Commitment to purchasing produce for school lunches, events

Benefits:

- Access to educational opportunities/facilities for students;
- Enhanced community role;
- Access to better quality, fresher, local food;

7.1.7 Educational institutions

Inputs:

- Teaching capability, expertise, resources;
- Access to facilities such as commercial kitchens

Benefits:

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- Marketing/branding, good corporate citizenship;
- Enhanced community role, for cafes, aged care, caterers etc.;
- Access to better quality, fresher, local food.

7.1.8 Community groups

Inputs:

- Commitment to purchasing Food Hub produce/products, as cooperatives or buying groups;
- Network building for the Food Hub

Benefits:

- Enhanced choice;
- Access to better quality, fresher, local food;

7.1.9 Educational institutions

Inputs:

- Teaching capability, expertise, resources;
- Access to facilities such as commercial kitchens.

Benefits:

- Marketing/branding;
- Partnership with extensive, diverse food producers;
- Engagement with start-up food businesses.

7.1.10 Community centres (non-Council owned)

Inputs:

- Access to facilities such as commercial kitchens.

Benefits:

- Community/member access to food education, training, growing etc.

7.2 Social investment

Social investment and Impact investment are new approaches to financial investment which is focussed on gaining social benefits, as well as financial returns.

The Cardinia Food Hub initiative has a strong social aim, but must also operate commercially to ensure longevity and viability. Because a Food Hub may take some time to become established and profitable through growth and market share, it may rely on up-front capital investment.

Social investment may originate from:

- Ethical investment funds, such as some superannuation funds;

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- Dedicated impact investment firms;
- Innovative financing tools such as green bonds and social impact bonds.

7.2.1 Social Impact Bonds

Social Impact Bonds constitute a financial tool whereby government issues a bond to attract private sector funding for socially-oriented activity. The social outcomes of this activity are monitored and measured over time, to assess the financial savings to government, which forms the basis of government then providing a financial return to the original investors, with an interest uplift.

For example, if a health initiative delivers demonstrated community health benefits, resulting in reduced public health costs through lower illness and disease rates, these savings could contribute to a financial return on investors. The investment 'risk' is taken by the private sector, rather than by government.

While this approach has clear alignment with a food/health initiative, the challenges to its application for a Food Hub project include:

- Scale: A local government initiative may not have sufficient reach to clearly establish a community health benefit;
- Government: Public health costs are typically a national government cost, whereas the Food Hub would be a local government project
- Timeframe: The time to measure and demonstrate community health benefits may exceed return on investment expectations.

However, this tool is considered worthy of further exploration for this project, potentially within a network of other Food Hubs across Victoria.

7.3 Organisations of interest, potential participants

7.3.1 Food-specific businesses

FarmGate Online:

Established and growing social enterprise (for profit), with interest in relocating from Clayton South to Cardinia, and operations across Melbourne and into Gippsland. Alasdair Moodie (FarmGate Online founder) is active in the Cardinia Food Network, and has participated in recent stakeholder engagement for the Food Hub project.

Simon McPherson has visited and inspected FarmGate Online's current operations in Clayton South.

<https://www.farmgate.online/>

Grand Ridge Brewery:

Gippsland-based company with strong interest, knowledge and support for farmers. Operates combined food, beverage and tourist site in Mirboo North, Gippsland (south of Morwell). Participates in many Farmers Markets, including Mulgrave and Casey-Berwick.

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Supports Need for Feed, a charitable organisation providing livestock feed to farmers in emergency situations.

<http://www.grand-ridge.com.au/index.html>

<http://www.needforfeed.org/our-story.html>

Oliver's Real Food

World's first organic fast-food chain, with locations in Cardinia (Officer, BP stopover), and various regional Victoria locations (Horsham, Geelong, Ballarat, Wallan). The Managing Director of Oliver's Real Food has been contacted by email, without reply to date.

<https://www.oliversrealfood.com.au/pages/our-story>

Ministry of Food, Geelong

Highly publicised international network of food education centres, founded by celebrity chef Jamie Oliver.

<https://www.jamiesministryoffood.com.au/center-locations/geelong>

Woolworths

Suggested by a Cardinia stakeholder and active in Cardinia, Woolworths is also a signatory to the UN Global Compact in Australia, which is the UN's corporate responsibility initiative.

Simon McPherson is unable to contact Woolworths through this avenue, but there may be a direct contact opportunity, or through Council.

7.3.2 Health / care businesses

Link Health and Community

Existing operations in Cardinia, and strong interest in contributing and participating in this project, from a community/health perspective, through its core interest in preventative health initiatives. Simon McPherson is connected with this organisation through previous professional collaboration.

<http://www.monashlink.org.au/>

Monash Health Community

Existing partner of Cardinia Shire Council, funded to provide services in the region. Runs the Cardinia Casey Community Health Service in Berwick. *We are committed to programs which enhance illness prevention, early intervention and which promote wellness within a social view of health. Resources are allocated to ensure this strong health promotion focus, including research, education, community action, structural change and information provision.*

http://www.monashhealth.org/page/Cardinia_Casey_Community_Health_Service

Enliven Primary Care Partnership

Existing partner of Cardinia Shire Council, funded to provide services in the region. Not-for-profit, with *a strong commitment to community and over 12 years experience in partnership innovation, **enliven** has a unique capacity to understand complex health and*

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social issues and to deliver new and effective solutions that contribute to enhancing health and wellbeing.

<http://www.enliven.org.au/about-enliven>

Medibank Private

Expressed focus on preventative health, and the major supporter of the Stephanie Alexander Kitchen Garden program.

<https://www.medibank.com.au/about/better-health-together/>

BUPA

Preventative health and keeping customers healthy is 'our biggest goal', recognised supported of community health initiatives.

<https://www.bupa.com.au/medical/preventive-health>

7.3.3 Public sector and charities

Wise Foundation

Mulgrave based philanthropic organisation with food programs, including Mulgrave Farmers Market, Wise Barista Program, and Gardens Club café in Brisbane.

<http://www.wisefoundation.com.au/>

Beaconhills College

Expressed interest to Council in developing Local Community Gardens, Farm and Learning Centre on Crown Land adjacent to Pakenham campus.

Australian Food Hubs Network

Hosted by the Victorian Eco-Innovation Lab (VEIL) at the University of Melbourne, a collaboration of individuals and organisations working towards fair, sustainable and resilient food systems for all Australians. We see Food Hubs as potentially viable interventions for transforming regional food systems. We are working towards development and operation of Food Hubs that can improve livelihoods for sustainable farmers and food access for all Australians.

<http://www.foodhubs.org.au/about-us/>

7.3.4 Community groups

Cardinia Food Network

Recent meeting held on 1 November 2017.

Hills Hub Food Project – Sally Ryan

Vision/proposal submitted to Council for quasi Food Hub in Emerald, Cardinia.

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Outlook:

Community service social enterprise, working across environmental, community/disability services, employment and community centres. Previously operated a café from the Toomah Community Centre, which was not financially viable.

<https://outlookvic.org.au/about-outlook/>

Emerald Community House

Active participant in stakeholder engagement for this project, one of a network of Community Houses in Cardinia. *Established in 1977, ECH was one of the first houses to be part of the broader Neighbourhood House movement involved in community development. Emerald Community House is centrally situated in the Main Street of Emerald and is recognised as a vibrant and valued part of the community.*

Contains a commercial kitchen and runs the monthly Dig-In Café, with support from **Woolworths'** Food Rescue Program.

<http://www.emeraldcommunityhouse.org.au/events/digin-cafe/>

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8.0 Business Plan / cash-flow

8.1 Introduction

The Cash Flow analysis **below** (part 9.0) utilises an online template to establish estimated costs, revenues and business performance for the Food Hub, across five years from commencement.

It is indicative, based on numerous assumptions and estimates, and should not be relied upon as a guarantee or fixed prediction of business performance.

The analysis reflects a conservative approach, and application of the best information available, and all assumptions are explained in the spreadsheet for future reference.

8.2 Assumptions

8.2.1 Produce costs

The cost of produce is very difficult to factor in to a 'high level' model such as this, because fresh produce varies markedly in price, as follows:

- Seasonal availability;
- Organic vs non-organic (but organic is not always more expensive);
- Lightweight items such as herbs have a high per kg cost;
- Some items are priced per kg, others priced individually or by box;
- Price per kg can vary markedly between, say, potatoes (\$0.75/kg), bananas (\$2-\$3/kg), rocket (\$8/kg) and garlic (\$25/kg), but a much larger proportion of the total produce purchased would be in the lower cost, higher weight varieties.

This aspect therefore may require further research, to inform more detailed financial modelling.

The cashflow assumes:

- Cost for produce going into home boxes is 50% of the sale price.
- Average cost for other produce is \$3/kg, increasing to \$5/kg by Year 5.

8.2.2 Retail pricing

To meet the overarching objectives, the Food Hub needs to provide fair pricing to farmers and producers, for produce, as well as attractive pricing for consumers, at both wholesale and retail/household levels.

Achieving price-competitiveness with the supermarkets will be a key challenge for the Food Hub, but is an important consideration in making the Food Hub accessible and valuable to all sectors of the Cardinia community – not just a 'premium' option.

There may also require further analysis, and a tiered pricing system for different produce types and quality levels may be required.

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8.2.3 Wholesale revenue

The assumptions for wholesale of produce from the Food Hub have been set at 'cautious' or modest levels, as explained below.

Retail outlets:

- Approximately 10 fresh food outlets/stores were counted in Cardinia (excluding major supermarkets);
- Assumes they purchase an average of 20kg produce per week in Year 1, 30kg in Year 2, up to 60kg/week in Year 5;
- In practice, for example, just one outlet may purchase from the Food Hub initially, taking 200kg per week, which seems a modest amount for a grocery store;
- Local retailers would potentially save freight/delivery costs by purchasing locally.

Aged care:

- Approximately 600 aged care beds were identified in Cardinia, through an online search;
- Assumes 10% take-up initially, with purchase of 3kg produce per person per week, then increasing yearly to 15%, 20%, 25% and 30% in Year 5;
- This allows for existing supply contracts etc.;

Hospitality (cafes, restaurants, catering):

- Some 100 venues were identified in Cardinia through an online search (using Zomato)
- Assumes they purchase, on average, 5kg produce per week, increasing yearly to 7kg, 9kg, 11kg and 13kg in Year 5;
- Of course in practice it may be, say 10 outlets (10% of total), each purchasing 50kg per week, increasing to 130kg per week in Year 5
- Or, Year 5 could be 20 outlets each purchasing 65kg per week, which is a modest amount for a café or restaurant.

Schools:

- There are approximately 9000 school places (student) in Cardinia, across primary, secondary, private, Catholic etc.
- Assumes 0.1kg produce per week (say one small apple or carrot) is purchased for 3000 (33%) of these places;
- This increases by 0.05kg/per week each year, so reaching 0.3kg/week/student, for 1/3 of the total (assuming the total number of school students will also increase significantly over time, with population growth).

Council and other institutions:

- This grouping may include Community Centres, Sport and Recreation Centres, Council events and programs etc.
- Assumes purchase of 100kg produce per week (so \$400, at assumed average cost);
- This increases by 10kg per week each year;
- Council currently spends \$255/week just for fresh fruit for staff, excluding catering etc.

Hotels:

- Approximately 15 hotels were identified in the region around Cardinia;

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- Assumes total purchase of 50kg produce per week (presumably could be just one hotel);
- This increases by 10kg per week each year;

8.2.4 Multiple activities, or incremental growth

The cashflow is premised upon the Food Hub commencing multiple distinct activities in the first year (veggie box sales, market function, wholesale, education/training, and direct production), but with the volume of each activity growing over time.

An alternative approach would be more incremental – starting out small with one or two main activities, and growing from there. However, consultation with existing food distribution operators has identified the challenges of making significant ‘leaps’ along the way, from a business perspective, as each carries risk and up-front cost/investment.

Further, the Food Hub is seen as a significant gesture and ‘prototype’ as part of the Cardinia Food Circles project, which seeks a fairer, more sustainable and equitable food system. Therefore, it is important that the Food Hub commences with reasonable impact, visibility and presence across various food sectors and activities.

Ultimately, the operating body will identify which activities to commence from the outset, and growth over time may be informed by financial performance.

8.3 Outputs

The Cash Flow analysis (below) reflects the following key outcomes:

- Year 1: loss of \$68k
- Year 2: surplus of \$138k
- Year 3: surplus of \$408k
- Year 4: surplus of \$605k
- Year 5: surplus of \$981k
- **Total income/turnover in Year 5: \$2.89million**
- **Cumulative surplus after 5 years: \$1.46million.**

It may be worthwhile to test alternative options, such as incremental expansion of functions of the Food Hub over time, and reduced/increased assumptions for sales. For example, a ‘break even’ or minimum viable operational basis may be modelled, based on much lower expectations and aspirations.

However, the format of the Cash Flow analysis allows consideration of each discrete function of the Food Hub individually, from a financial perspective.

The full Cash Flow spreadsheet file has been provided to facilitate this further modelling.

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9.0 Conclusion and potential benefits

This Business Case illustrates that a Food Hub in Cardinia can take many forms, and perform a wide variety of functions, towards achieving significant impact on Cardinia's food system.

The Food Hub's operations can also collaborate and integrate with other food activities in Cardinia and beyond, of which there are many, in order to expand its reach and impact.

As the modelling above demonstrates, the Cardinia Food Hub can provide many potential benefits and positive outcomes, including:

- **Supporting local food growers and producers**, through new market outlets, increased exposure and collective marketing;
- **Increasing community access to fresh, locally-produced food**, at competitive, affordable prices;
- **Increased food knowledge, skills and literacy** in the community and schools, through educational and training programs;
- **Support for new and small food businesses**, through training and business incubation programs, new markets/outlets and collective marketing;
- **Increased awareness of food issues and opportunities around health, sustainability and economics**, through prominent events, programs, information and demonstration of advanced techniques;
- **Support for urban agriculture and home-based growing**, through information and training programs;
- **Business opportunity for the selected operator, and potential for replication/scaling** of the model within Cardinia, and beyond.

Like any new, innovative business initiative, the Food Hub's establishment and operation carries risk, and will require significant effort and commitment on behalf of the business operators, Council and other partners, such as participating food producers.

However, the above analysis presents a strong Business Case for establishment of a Food Hub in Cardinia, in partnership with Cardinia Shire Council, which operates as a self-sustaining business with significant, ongoing social impact.

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11.0 Appendix 1: Cash Flow / financials

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	PROPOSED CASH FLOW							
	CARDINIA FOOD HUB	April 2018						\$
						Discount rate		0.0%
		Year ending...						
	\$ in 1000s	Jun 30	Jun 30	Jun 30	Jun 30	Jun 30		
		2019	2020	2021	2022	2023		TOTAL
	INCOME							
1	Household box distribution	2500.0	5000.0	11000.0	16500.0	30000.0		65000.0
3	Wholesale distribution	414960.0	589680.0	891800.0	1252160.0	1485120.0		4633720.0
5	Training course fees	37440.0	78000.0	149760.0	332800.0	561600.0		1159600.0
8	Weekly market direct sales	9000.0	14400.0	27000.0	54000.0	67500.0		171900.0
10	Weekly market stall rental	22500.0	36000.0	56250.0	78750.0	108000.0		301500.0
14	Kitchen value add	24960.0	36400.0	58240.0	93600.0	156000.0		369200.0
17	Coolroom sharing/hire out	15600.0	20800.0	26000.0	31200.0	36400.0		130000.0
18	Membership fees	0.0	9000.0	20000.0	42000.0	100000.0		171000.0
19	Donations and gifts	50000.0	70000.0	80000.0	100000.0	125000.0		425000.0
24	Kitchen leasing	70000.0	90000.0	120000.0	125000.0	140000.0		545000.0
27	Shipping container produce	9000.0	9000.0	36000.0	43200.0	75600.0		172800.0
	Total income	655960.0	958280.0	1476050.0	2169210.0	2885220.0		7426920.0
	COST ITEMS inflows (outflows)							
	Personal Services Costs (Salaries & Benefits)							
11	F/T Coordinator (1 FTE)	(80000.0)	(85000.0)	(90000.0)	(92500.0)	(95000.0)		(442500.0)
11	P/T general (1 FTE)	(55000.0)	(60000.0)	(65000.0)	(67500.0)	(70000.0)		(317500.0)
11	P/T admin (0.5 FTE)	(25000.0)	(27500.0)	(30000.0)	(32500.0)	(35000.0)		(150000.0)
	Services & Supplies/Capital Outlay Costs							
	Produce costs							
2	Home box produce	(1250.0)	(2500.0)	(5000.0)	(9000.0)	(15000.0)		(32750.0)
4	Wholesale produce	(207480.0)	(294840.0)	(509600.0)	(626080.0)	(928200.0)		(2566200.0)
9	Weekly market produce	(6750.0)	(10800.0)	(21600.0)	(36000.0)	(56250.0)		(131400.0)
15	Kitchen value add produce	(10400.0)	(13000.0)	(21840.0)	(36400.0)	(62400.0)		(144040.0)
	Training costs							
6	Training course costs: staff	(25600.0)	(38400.0)	(47600.0)	(81600.0)	(100800.0)		(294000.0)
7	Training course costs: mate	(6000.0)	(10000.0)	(12000.0)	(20000.0)	(24000.0)		(72000.0)
	Venue							
12	Rental and maintenance	(56000.0)	(56000.0)	(58000.0)	(109000.0)	(108000.0)		(387000.0)
16	Coolroom	(40000.0)	0.0	0.0	(40000.0)	0.0		(80000.0)
13	Kitchen and fitout	22000.0	(31000.0)	(31000.0)	(29000.0)	(44000.0)		(113000.0)
25	Urban agriculture infrastruc	(35000.0)	(5000.0)	(5000.0)	(20000.0)	(5000.0)		(70000.0)
26	Shipping container farm box	11500.0	(13500.0)	15500.0	(34500.0)	(18500.0)		(39500.0)
	Professional Services							
20	Legal/accounting	(24000.0)	(30000.0)	(36000.0)	(48000.0)	(60000.0)		(198000.0)
21	Marketing and Comms	(85000.0)	(65000.0)	(65000.0)	(94000.0)	(101000.0)		(410000.0)
	Transport costs							
22	Freight and logistics	(95000.0)	(67000.0)	(73000.0)	(170000.0)	(155000.0)		(560000.0)
23	Materials	(5200.0)	(10400.0)	(13000.0)	(18200.0)	(26000.0)		(72800.0)
	Total Costs	(724180.0)	(819940.0)	(1068140.0)	(1564280.0)	(1904150.0)		(6080690.0)
	CASH FLOW SUMMARY inflows (outflows)							
	Cash inflows (outflows)							
	Income.....	655960.0	958280.0	1476050.0	2169210.0	2885220.0		7426920.0
	Costs.....	(724180.0)	(819940.0)	(1068140.0)	(1564280.0)	(1904150.0)		(6080690.0)
	NET CASH FLOW	(68220.0)	138340.0	407910.0	604930.0	981070.0		1346230.0
	Cumulative Net CF.....	(68220.0)	70120.0	478030.0	1082960.0	1459100.0		1346230.0
	Discounted Cash Flow							NPV
	At 0.0%.....	(68220.0)	138340.0	407910.0	604930.0	981070.0		2064030.0

ASSUMPTIONS / WORKING

	2019	2020	2021	2022	2023
1 Home box sales					
Boxes/wk	50	100	200	300	500
Avg price	50	50	55	55	60
Income	2500	5000	11000	16500	30000
2 Home box produce costs					
Avg cost/box	-25	-25	-25	-30	-30
Cost	-1250	-2500	-5000	-9000	-15000
3 Wholesale distribution					
Kg/week	N/A- see right				
Kg/year	69160	98280	127400	156520	185640
Avg price/kg	6	6	7	8	8
Income	414960	589680	891800	1252160	1485120
4 Wholesale produce costs					
Avg cost/kg	-3	-3	-4	-4	-5
Cost	-207480	-294840	-509600	-626080	-928200
5 Training course fees					
Classes/week	3	5	6	10	12
Classes/year	156	260	312	520	624
Pax/class	8	10	12	16	18
Pax/year	1248	2600	3744	8320	11232
Avg. fee/pax \$	30	30	40	40	50
Income	37440	78000	149760	332800	561600
6 Training course costs: staff					
Hrly pay rate \$ incl o/h	-80	-80	-85	-85	-90
Staff hrs/wk (equiv)	8	12	14	24	28
Staff hrs/year (equiv)	320	480	560	960	1120
Costs	-25600	-38400	-47600	-81600	-100800
	6hr classes, 2hr prep each week, 1 person equiv. 40wks/yr of classes.	10hr classes, 2hr prep/wk, 1 person	12hr classes, 2hr prep/wk, 1 person	20hrs classes, 4hrs prep/wk, 1 person	24hrs classes, 4hrs prep/wk, 1 person.
7 Training course costs: materials					
Avg. cost/wk	-150	-250	-300	-500	-600
Avg. cost/year	-6000	-10000	-12000	-20000	-24000
Costs	-6000	-10000	-12000	-20000	-24000
8 Weekly market direct sales					
Avg. kg sold/week	50	80	120	200	250
Avg. kg sold/year	2250	3600	5400	9000	11250
Avg price/kg \$	4	4	5	6	6
Income	9000	14400	27000	54000	67500

			Kg/year				
Wholesale distribution			2019	2020	2021	2022	2023
Food retail	Outlets est.	10	10400	15600	20800	26000	31200
Aged care	Beds incl Cas	600	9360	14040	18720	23400	28080
Hospitality	Venues	100	26000	36400	46800	57200	67600
Schools	Places	3000	15600	23400	31200	39000	46800
Council, inst'ns, sp	rt&rec centres		5200	5720	6240	6760	7280
Hotels	15 in region		2600	3120	3640	4160	4680
TOTALS			69160	98280	127400	156520	185640

Avg 20kg/wk each, +10kg/wk each year. Would potentially save freight costs for retailers
Based on 10% take up initially, 3kg/week/person, increasing 5%/year
Avg. 5kg/week each, +2kg each year
0.1kg/wk/place initially, +.05kg/wk. Total approx. 9000 places in Cardinia. Assume 1/3 of these.
Total 100kg/wk initially, +10kg/week each year
Total 50kg/wk initially, +10kg/week each year

Handouts, food products, equipment, cleaning: total \$50/class

Direct sales by Food Hub itself, excl other stallholders
Reduced/subsidised prices for local community, relative to wholesale.
Assume market runs 45 weekends/yr

	9 Weekly market produce costs				
Avg cost/kg	-3	-3	-4	-4	-5
Cost	-6750	-10800	-21600	-36000	-56250

Assmes all produce bought, is sold on.

	10 Weekly market stall rental				
No. of stalls	5	8	10	14	16
Rental/stall/week (\$)	100	100	125	125	150
Income	22500	36000	56250	78750	108000

Assumes one market location

Reference: Mulgrave Farmers Market:

Stall site 3m x 3m = \$75, gazebo and table \$20, power \$5

	11 Staff salary				
F/T Coordinator (1 FTE)	-80000	-85000	-90000	-92500	-95000
P/T general x2 (1 FTE)	-55000	-60000	-65000	-67500	-70000
P/T admin (0.5 FTE)	-25000	-27500	-30000	-32500	-35000

	12 Rental and maintenance				
Rent/month	-4000	-4000	-4000	-8000	-8000
Utilities,data,phone/yr	-5000	-5000	-6000	-8000	-7000
Insurance	-3000	-3000	-4000	-5000	-5000
Cost/year	-56000	-56000	-58000	-109000	-108000

400sqm space approx, 4k/month, 3yr lease. Council support on rates.

400sqm space approx, 4k/month

400sqm space approx, 4k/month

Increase to 1200sqm warehouse w office space

	13 Kitchen and fitout				
Kitchen: finance	80,000	0	0	40000	0
Kitchen depreciation	-20,000	-20,000	-20,000	-30,000	-30,000
Equipment	-3000	-2000	-2000	-4000	-4000
Furniture	-15000	-4000	-4000	-10000	-5000
Other fitout and maint.	-20000	-5000	-5000	-25000	-5000
Total costs	22,000	-31,000	-31,000	-29,000	-44,000

Based on SGS Alphington

Finance spread over 5 year, interest at 5%pa.

Reference: jebbuilt.com.au quotes 15k to 100k+ for commercial kitchen fitout

Assumes 2 kitchens at Year 1, additional kitchen at Year 4

	14 Kitchen value add				
Kg per week	40	50	70	100	150
sales/kg (\$)	12	14	16	18	20
income/year	24960	36400	58240	93600	156000

Prepared meals and products

	15 Kitchen food processing costs				
Avg produce cost/kg	-5	-5	-6	-7	-8
Cost	-10400	-13000	-21840	-36400	-62400

	16 Coolroom installation and maintenance				
Cost	-40000	0	0	-40000	0

Based on SGS Alphington

	17 Coolroom sharing/hire out				
Income/wk	300	400	500	600	700
Income/yr	15600	20800	26000	31200	36400

	18 Membership fees				
Memberfee/hhold/yr	0	30	50	70	100
Members	250	300	400	600	1000
Income	0	9000	20000	42000	100000

	19 Donations and gifts					
Equiv income	50,000	70000	80000	100000	125000	Including produce, packaged food from suppliers etc
	20 Legal/accounting					
Cost/month	-2000	-2500	-3000	-4000	-5000	
Cost/yr	-24000	-30000	-36000	-48000	-60000	
	21 Marketing and Comms					
Cost/month	-5000	-5000	-5000	-7000	-8000	Including consultant/personnel, printing, advertising etc
Website, online ordering	-25000	-5000	-5000	-10000	-5000	
Cost/yr	-85000	-65000	-65000	-94000	-101000	
	22 Freight and logistics					
Vehicles/yr finance/runni	-35000	-7000	-8000	-40000	-15000	One vehicle yrs 1-3, 2 vehicles, incl fuel etc
Driver (1 FTE per vehicle	-60000	-60000	-65000	-130000	-140000	
Cost/yr	-95000	-67000	-73000	-170000	-155000	
	23 Materials packaging					
Cost/wk	-100	-200	-250	-350	-500	
Cost/yr	-5200	-10400	-13000	-18200	-26000	
	24 Kitchen lease					
Income	70000	90000	120000	125000	140000	Based on SGS Alphington, reduced by 50% Need kitchen manager role p/t, cleaning
	25 Urban agriculture infrastructure					
Cost	-35000	-5000	-5000	-20000	-5000	Based on SGS Alphington Produce from urban agriculture not counted as income, as experimental/bonus.
	26 Shipping container farming box					
purchase finance	25000	0	50000	0	50000	
depreciation, maint.	-5500	-5500	-16500	-16500	-38500	
Staff for containers	-8000	-8000	-18000	-18000	-30000	1 person part time
Cost	11500	-13500	15500	-34500	-18500	Reference SproutStack, Sydney
	Assume cost for Maintenance 1 container	3 additional containers, equipped	Maintenance	3 additioanl containers, distributed		
	27 Shipping container farming box produce					
Income	9000	9000	36000	43200	75600	Estimated 6 harvests/yr, 100kg each, value \$15/kg for herbs etc Years 1-3, then \$18 Years 4-5