

# Food with Dignity Through Community Food Enterprises

Final Project Report



**OPEN FOOD**  
NETWORK

Photo by Heather Gill





## Goal

To work with Community Food Enterprises to enhance their ability to provide food with dignity by:

- needs analysis to inform recommendations to provide technical/online and non-technical/off-line improvements to customer experience
- exploring how to fund food with dignity offerings through a global scan of and building a case for a local funding mechanism/s

## Scope

- Focussing on how to enable access to food with dignity for customers of CFEs
- Metro focus but with considerations of broader regional context
- Working in detail with 2 CFEs but scanning broader context



# Program Logic



Output #	Output	Indicator	Measurement Method	Baseline	Target	Result	Notes
1	Comprehensive design/costing of food with dignity OFN features, enabling global crowdfunding for a comprehensive solution that can be adapted to diverse contexts.	Front end and back office UX designs  Front end and back office designs cost estimates	Review UX designs and cost estimate documentation	0	2	2	<ol style="list-style-type: none"> <li>1. Front end and back office designs for phase 1 (minimum viable product), phase 2 and phase 3 (future funding).</li> <li>2. Phase 1 is funded within this project and we have cost estimates for phase 2 &amp; 3.</li> </ol>
2	Implementation of highest priority improvements to customer experience to respond to immediate needs of our partner CFEs and their target audiences to improve food with dignity (tech and non-tech).	Minimum viable product voucher functionality on the Open Food Network platform  CFE capability improvements to meet their community's most pressing needs with existing resources	Review project report and needs analysis and recommendation for CFEs documentation	0	3	7	<ol style="list-style-type: none"> <li>1. Minimum viable product <a href="#">backoffice</a> and <a href="#">checkout</a> functionality</li> <li>2. Market research and segmentation</li> <li>3. Income, spending, pricing &amp; affordability analysis</li> <li>4. Total addressable market, serviceable addressable segment and breakeven analysis</li> <li>5. Segment needs analysis, opportunity prioritisation</li> <li>6. Creating a communications brief</li> <li>7. Pricing strategy analysis (Refer project report)</li> </ol>
3	A report with results/recommendations from a global scan of funding mechanisms for subsidies that can be applied through the food enterprise sector including recommendations / design principles for a full range of options from pay it forward and local sponsorship solutions to large philanthropic/public funds.	Global scan report	Review report	0	1	2	<ol style="list-style-type: none"> <li>1. <a href="#">Global scan report</a></li> <li>2. Airtable Database of the high-level overview of varying food subsidy programs, models or initiatives reviewed as part of this global scan that can be viewed <a href="#">here</a> and contributions can be added <a href="#">here</a>.</li> </ol>














Outcome #	Outcome	Indicator	Measurement Method	Baseline	Target	Result	Notes
1	Increased access to food with dignity through Victorian CFEs targeting different vulnerable groups with different geographic contexts.	Number of Victorian CFEs, targeting people experiencing food insecurity, who can implement 'food with dignity' features on OFN platform	Review list of enterprises in who self report that they work on food equity and will have access to the voucher functionality on the platform	2	5	5	<ol style="list-style-type: none"> <li>1. Fawkner Food Bowls</li> <li>2. Out of the Box by Food Next Door Co-op</li> <li>3. The Community Grocer</li> <li>4. High Rise Community Bakery</li> <li>5. Merri Food Hub</li> </ol>
2	Tools and learning that can be applied across other OFN users and the food social enterprise sector as a whole to enable access to food with dignity, through subsidised pricing and other experience/design.	Number of resources related to food with dignity developed and shared by Open Food Network	<p>Review project slides that will be turned into a document we can share on the project landing page on the website</p> <p>Review 2 bespoke needs analysis &amp; recommendations docs</p>	0	3	3	<ol style="list-style-type: none"> <li>1. <a href="#">Global scan report</a></li> <li>2. Needs Analysis &amp; Recommendations for Merri Food Hub &amp; High Rise Community Bakery</li> <li>3. Project Report</li> </ol>
3	An evidence base from which to advocate for/collaboratively organise funding mechanisms for subsidies for food with dignity through the food social enterprise sector.	Leads generated to create a funding mechanism for 'food with dignity' in Australia	Review work in progress meeting minutes for planned project presentations	0	3	<p>3 leads</p> <p>4 core partners</p>	<p>Initial discussions with Sustainable Table and Moving Feast who are keen to be involved in the design of the fund and application submitted for Citi Foundation Global Innovation Challenge Grant.</p> <p>The Community Grocer, Common Ground, Merri Food Hub and High Rise Community Bakery have asked to be core partners on the next Food with Dignity project.</p>



# Timeline & Budget



Milestones	Team	Timing	Budget	Actual	Status 
Global scan	SH, GS, PR	Jan 2023	Project mgt \$4,960.00	To be completed by mid Mar '23	 complete
Needs and context analysis for 2 x partner CFEs and their target audiences	RG & CFE partners	Oct/Nov 2022	Implementor \$23,744.00		 complete
Recommendations developed to improve the customer experience and access to food with dignity - both tech and non tech	RG, GS, CFE partners  With input from OFN Global Development team, Reference Committee	Nov/ Dec 2022		Running alongside UX and dev	 complete
Sub task: Reference committee	GS		\$3,200.00		 in progress
Design for the full functionality of features that facilitate access to food with dignity on the Open Food Network platform, including scoping minimum viable functionality	JZ, RG  With input from OFN Global Development team	Dec 2022	\$7,096.00		 complete
Development of minimum viable functionality (highest value / low cost improvements)	OFN Global Development team and RG	31 Mar 2023	Capped at \$11,000		 complete
Implementation / impact measurement (analytics) in place to inform the next tranche of features to be developed	RG	31 Mar 2023	Refer implementor budget above		 complete
Final report	RG	Apr 2023			 complete





## Funder

\$50k from Lord Mayors Charitable Trust

## Partner

[Merri Food Hub](#) & [High Rise Community Bakery](#)



## Reference Committee

Moving Feast/ STREAT (Melbourne, Metro VIC)

The Community Grocer (Melbourne, Metro VIC)

High Rise Community Bakery (Melbourne, Metro VIC)

Merri Food Hub (Melbourne, Metro VIC)

Whittlesea Food Collective (Whittlesea, regional VIC)

Strathbogrie Local (Euroa, regional VIC)

Acres and Acres (Corryong, remote VIC)

Out of the Box (Mildura, regional VIC)

Bendigo Foodshare (Bendigo, regional VIC)



# High Rise Bakery



*High Rise Community Bakery is a local baking group and social enterprise facilitated by Cultivating Community.*

*The prices of the products are based on a pay as you feel sliding scale. We call this 'dough-for-dough'. For example, the sourdough loaves are priced at \$4-\$8, depending on what you can or would like to pay.*

*As a Community Bakery, this structure helps to keep the products affordable and accessible, whilst giving those that can, the opportunity to pay a little more to help others enjoy yummy, sourdough bread!*







*Merri Food Hub stands for food security and working towards a more sustainable food system. We work towards a more “efficient, inclusive, resilient and sustainable agri-food system for better production, better nutrition, a better environment and a better life, leaving no one behind. We are based in our collective hearts and tummies!!! But more literally at the Senior Citizens' Centre, Jukes Road, Fawkner.”*



# Reference committee members



## About Moving Feast/ STREAT (Melbourne, Metro VIC) ([website](#))

Moving Feast is a growing network of for-purpose social enterprises and collaborators working as catalysts for a thriving Victorian food system.

Eight core partners are leading network actions currently: CERES, Collingwood Children's Farm, Common Ground Project, Community Grocer, Cultivating Community, Melbourne Farmers Markets, Open Food Network, and STREAT.

We work with diverse actors across social enterprise, government, community, and industry, and seek to unite with networks working to similar goals for food system change.

In 2023 we are pursuing new models for funding and governance with government, philanthropy and industry to grow our network and impact, sustainably.

## About The Community Grocer (Melbourne, Metro VIC) ([website](#))

The Community Grocer is all about food for healthy connected communities. We want a food system that is fair, healthy, equitable and sustainable. The Community Grocer moves beyond traditional welfare models of food access and utilises market settings to address seemingly intractable problems.

### Our approach

- We address the physical, economic, and social barriers to fresh food access.
- Access: Holding weekly markets in local, convenient locations.
- Affordability: Our prices are 30% cheaper than surrounding fresh food outlets.
- Cultural appropriateness: Stocking produce that is requested by our customers.
- Social Inclusion: Markets provide a community space to meet and make friends.

### Grocer Gift

The Community Grocer has partnered with Monash University to undertake an extensive research review of the existing literature on international food security programs with a focus on fruit and vegetable voucher schemes. The Community Grocer then developed the 'Grocer Gift Card Program' which aims to address the overwhelming need for a sustainable and dignified way to access nutritious food for people experiencing disadvantage.





## Whittlesea Food Collective (Whittlesea, regional VIC) ([website](#))

### A sustainable food relief program

Whittlesea Food Collective is an initiative launched in late 2019 by Whittlesea Community Connections and the Whittlesea Emergency Relief Network.

WFC supports people experiencing hardship with free food and material aid, help paying bills and accessing other services that can provide assistance. It also provides opportunities for people to volunteer and participate in community activities.

WFC is part of a broader project, the Whittlesea Community Farm and Food Collective, which is a partnership between Whittlesea Community Connections, Yarra Valley Water, Melbourne Polytechnic and City of Whittlesea

### Our Vision

Whittlesea Food Collective aims to develop an integrated response including food production and distribution, plant and food based enterprises, recycling and waste reduction, learning and employment pathways.

## Bendigo Foodshare (Bendigo, regional VIC) ([website](#))

At Bendigo Foodshare we rescue food that would have once ended up in landfill.

Around 240 volunteers and over 260 partner organisations help to get this food out to nearly 13,000 vulnerable people each week across Central Victoria through food relief programs in schools, kindergartens and childcare centres, large charities like the Salvation Army and St Vincent DePaul, and small community and church groups.



# Needs analysis (non-tech)





# Needs Analysis - Framework



## Marketing Audit Framework

### External Environment

Political, economic, socio-cultural, technological, environmental, legal factors  
Industry growth trends  
Competitor & collaborator analysis  
Customer Analysis  
Benchmarking

### Internal Environment

Human resources  
Finances  
Assets / infrastructure

## Prioritised Recommendations

### Customer segmentation

Segment (size, etc)  
Needs  
Analysis & implications (opportunities / challenges)  
Recommendations (product, pricing, sales, communications and distribution plans)

## Marketing Mix

### Product plan

Product mix  
Procurement plan

### Pricing plan

Breakeven  
Margins / profit

### Sales plan

Seasonal promotions  
Loyalty incentives

### Distribution plan

E-commerce channels  
Bricks & mortar shops  
Pick up locations  
Delivery

### Communications plan

Profile website  
Social media  
Advertising

Items in green are included in this project  
Items in grey are not included in this project





## Open Food Network

- Need analysis document structure for Merri Food Hub and High Rise Community Bakery
- Healthy food basket pricing analysis for hubs and supermarkets
- Analysis on income, spending, affordability to
  - estimate the number of households per income bracket that can/cannot afford regen and non regen prices
  - estimate the Total Addressable Market for Merri Food Hub and High Rise Community Bakery
- Breakeven analysis and segmentation to estimate Merri Food Hub's Serviceable Addressable Segment
- Break-even analysis to explore pricing scenario options for High Rise Community Bakery
- Desktop research on identifying size and attributes of community segments
- Initial recommendations on opportunities surfaced from desktop research on community segments
- Communications brief template and process guidance to run a lean experiment for Merri Food Hub
- Communications brief template to run a lean experiment for High Rise Community Bakery

## Merri Food Hub

- Overhead data to inform breakeven analysis
- Cultivate relationships with representatives of community segments and surface first hand insights into their needs
- Surface insights from sales and existing customer behaviour / experience with accessing produce equitably at Merri Food hub
- Identify the near term priority community segment based on opportunities from key insights and existing internal capacity and capability
- Lean experiment to test insight recommendation (communications campaign) - roadblock was capacity to execute the brief due to staffing shortage.

## High Rise Community Bakery

- Overhead and cost of goods sold data to inform breakeven analysis
- Surface insights from sales and existing customer behaviour / experience with accessing produce equitably at High Rise Community Bakery
- Identify the near term priority community segment based on production limitation and ease of accessing the segment
- Lean experiment to test insight recommendation (communications campaign)



# Findings







- Methodology
- Number of households by income brackets
- How we estimated spending on food
- Food basket pricing for hubs v supermarkets
- Regenerative and non-regenerative produce affordability
- The Regen Pricing Gap
- Hybrid business models
- Quick macro analysis of trends in the Australian population
- Micro analysis for Merri Food Hub
- Micro analysis for High Rise Community Bakery
- Findings



# Methodology

for income, spending and  
affordability analysis







## Data sources

- **Income brackets by number of households for suburb, LGA, State & Federal levels:** Table G33 TOTAL HOUSEHOLD INCOME (WEEKLY) BY HOUSEHOLD COMPOSITION - Count of occupied private dwellings(a), 2021 Census Community Profiles, Australian Bureau of Statistics
- **Average weekly expenditure on food and non-alcoholic beverages by income quintile for each state:** Table 14.1 HOUSEHOLD EXPENDITURE, Broad expenditure groups, Equivalised disposable household income quintiles, 65300DO014\_201516 Household Expenditure Survey, Australia: Summary of Results, 2015–16
- **Average national number of persons in households by income quintile (for state & federal):** Household Income and Wealth, Australia: Summary of Results, 2019–20, Table 6.3 HOUSEHOLD CHARACTERISTICS, Gross income quintiles
- **Average national number of persons in households by income quintile (for suburb):** G35 HOUSEHOLD COMPOSITION BY NUMBER OF PERSONS USUALLY RESIDENT(a), 2021 Census Community Profiles, Australian Bureau of Statistics

## Assumptions

- Spending on food at the suburb, LGA, state and federal level provides an accurate estimate based on the derived formula on slide 28.
- Food basket pricing is scalable with household size.
- At state and federal level, food basket prices from OFN analysis based on a 4 person household are adjusted based on the average national number of persons in households by income quintile.
- At the suburb level food basket prices are adjusted based on the suburb's average household size to account for the greater variations in demographics across suburbs.

## Limitations

- The food basket pricing for hubs was based on a combination on Merri Food Hub and Fawcner Wholefoods Collective pricing. These hubs externalise a portion of their operational costs in the form of volunteers etc, therefore their prices are unlikely to represent the full retail price of regen produce.
- The latest data available at the time of research for household spending on food and non-alcoholic beverages was from 2015-16. We applied CPI to the calculations to estimate the spending for 2021 to make it comparable to the 2021 household income data, however this is a limitation as it does not reflect real-time.
- No data available on State / National level average number of persons in household by income quintile



# Number of households by income brackets

- Sizes of income quintiles vary by suburb - some suburbs have more households in the lower income quintiles than others.
- **An average of 33% of the Victorian and National households are in the second & lowest income quintiles.**
- Income growth has been flat for a long period of time, particularly for lower income households.





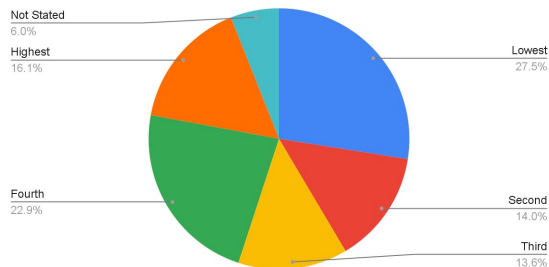


Sizes of income quintiles vary by suburb - some suburbs have more households in the lower income quintiles than others.

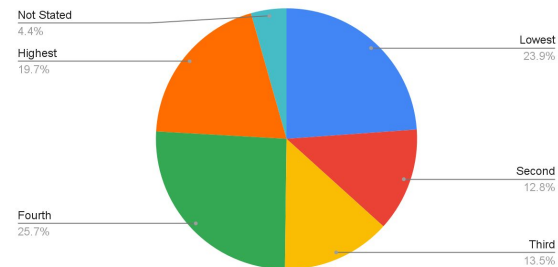
About 40% of the Fawkner, Glenroy & Hadfield households are in the second & lowest income quintiles.

Although Coburg North has a larger proportion of the fourth & highest income quintiles, 30% of the households are in the second & lowest income quintiles.

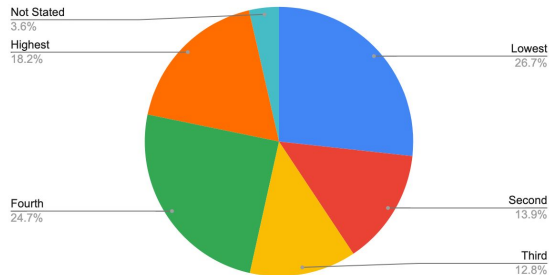
Percentage of Households by Income (weekly) Quintile for Fawkner (Total HH 4,704)



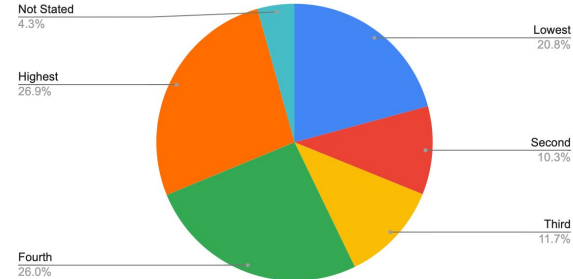
Percentage of Households by Income (weekly) Quintile for Glenroy (Total HH 8,609)



Percentage of Households by Income (weekly) Quintile for Hadfield (Total HH 2,356)



Percentage of Households by Income (weekly) Quintile for Coburg North (Total HH 3,067)





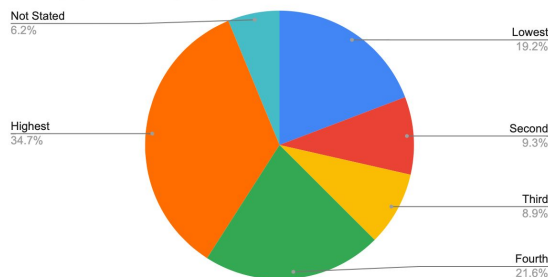
# High Rise Community Bakery - Household income



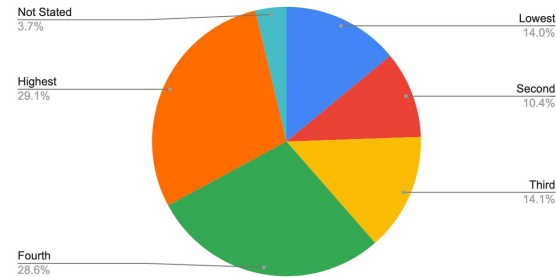
An average of 55% of the Fitzroy & Brunswick East households are in the fourth & highest income quintiles. This is a much wealthier market.

However the proportion of the second & lowest income quintiles sits at 25% and above across suburbs.

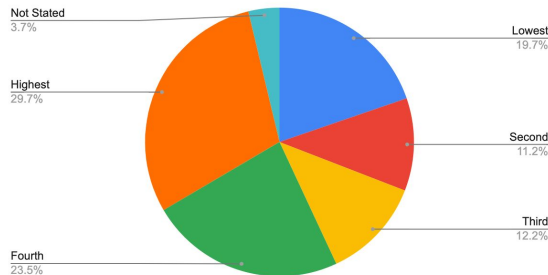
Percentage of Households by Income (weekly) Quintile for Fitzroy (Total HH 4,565)



Percentage of Households by Income (weekly) Quintile for Brunswick East (Total HH 6,368)



Percentage of Households by Income (weekly) Quintile for Thornbury (Total HH 7,996)

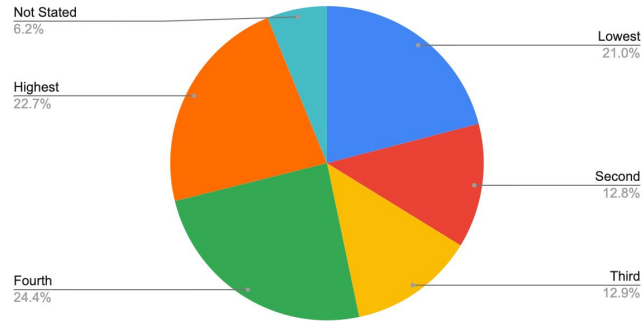




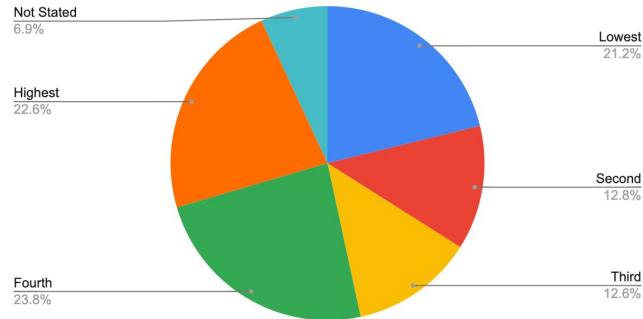


An average of 33% of the Victorian and National households are in the second & lowest income quintiles.

Percentage of Households by Income (weekly) Quintile for Victoria (Total HH 2,390,232)



Percentage of Households by Income (weekly) Quintile for Australia (Total HH 9,275,217)





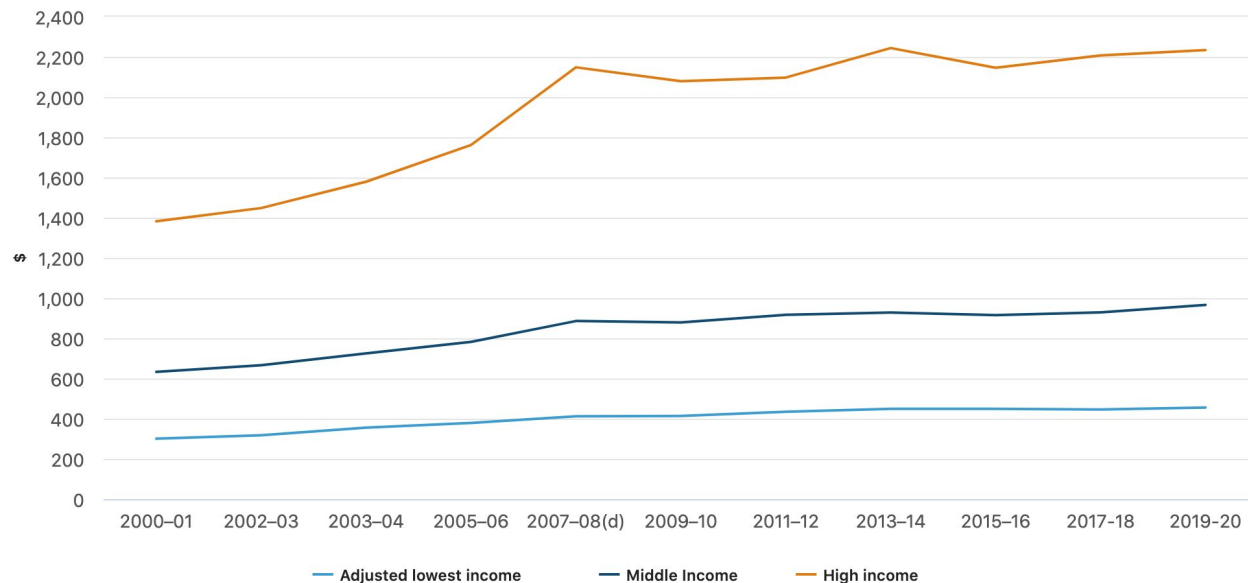
# Growth in real income by income group



Income growth has been flat for a long period of time, particularly for lower income households.

Latest data until 2019/20

Graph 1 - Real(a) mean weekly EDHI(b), by income group, 2000-01 to 2019-20(c)



a. In 2019-20 dollars, adjusted using changes in the Consumer Price Index  
b. Equivalised disposable household income  
c. Survey of Income and Housing data was collected in labelled years  
d. In 2007-08 there was a change in income standards, see Methodology for more  
Source: ABS Survey of Income and Housing, various years

Source: Australian Bureau of Statistics, Household Income and Wealth, Australia 2019-20 financial year

Australian Bureau of Statistics (2019-20), [Household Income and Wealth, Australia](#), ABS Website, accessed 3 October 2022.



# Estimating spending on food

- On average, Australian consumers are spending more on food
- AND the cost of food has risen sharply.
- Consumers are not buying more food so much as paying more for the same.
- Nationally,
  - Food is the 3rd biggest portion of spending
  - The middle and low income quintiles have a larger proportion of housing and food costs.
- Interest rates have been rising impacting cost of housing.
- If food prices go up, the volume of food purchased will go down.
- The median 2015-16 income for each quintile by state vs % of income spent on food was plotted to generate a graph and equation showing that **income explains 93.4% of variation in the % of income spent on food. The equation was then used to estimate spending on food by income bracket for a given data set.**





# Historical spending on food

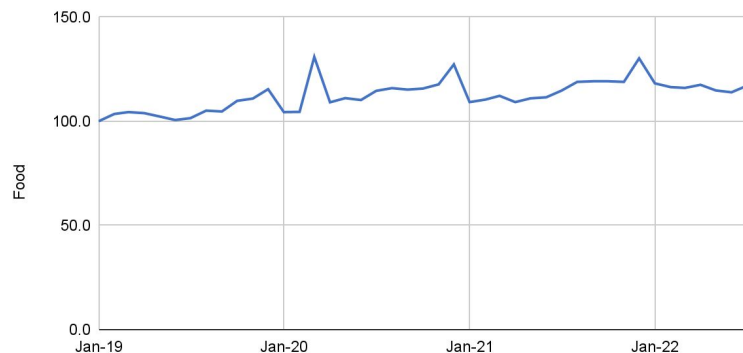


On average, Australian consumers are spending more on food

AND the cost of food has risen sharply.

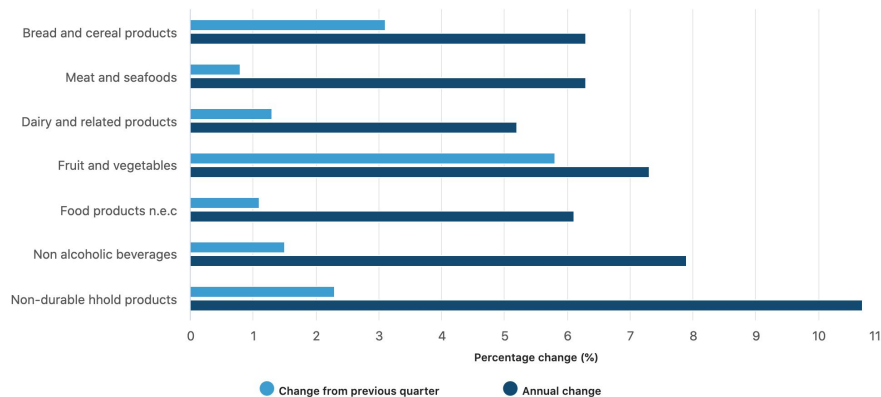
Consumers are not buying more food so much as paying more for the same.

Index of monthly household spending on food



Latest data until 2022

Grocery products, Australia, quarterly and annual movement (%)



Source: Australian Bureau of Statistics, Consumer Price Index, Australia June 2022

Australian Bureau of Statistics (June 2022), [Consumer Price Index, Australia](https://www.abs.gov.au/Consumer-Price-Index), ABS Website, accessed 3 October 2022.



# Historical spending on food



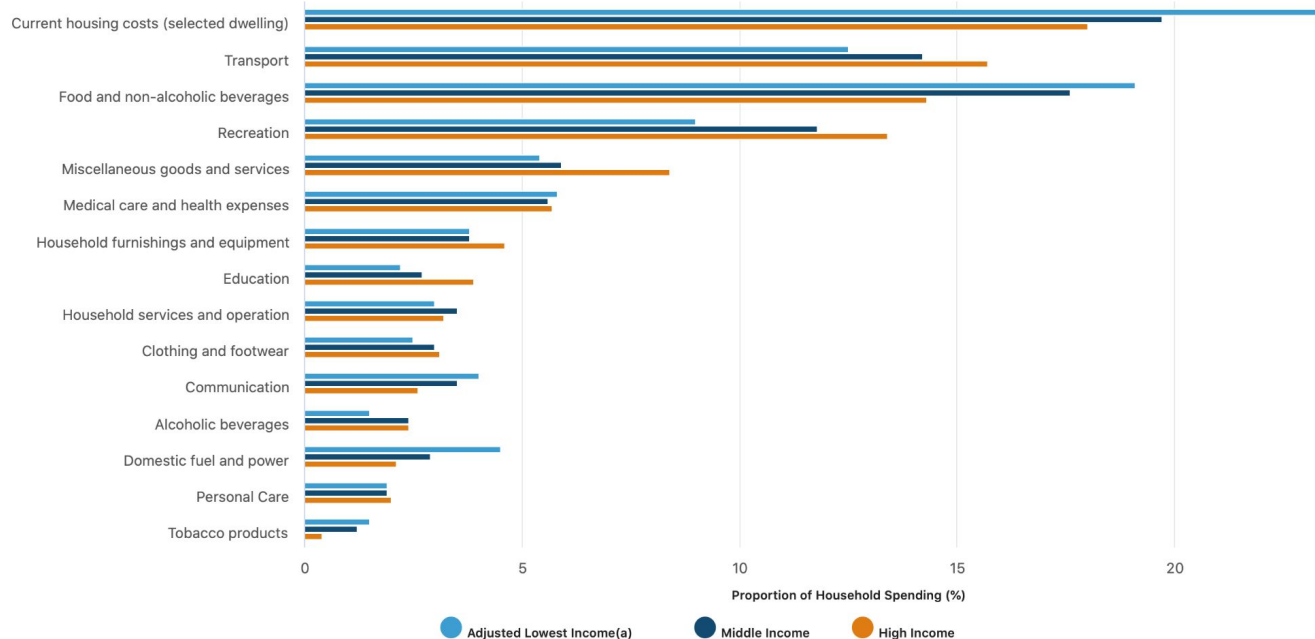
Nationally,

- A. Food is the 3rd biggest portion of spending
- B. The middle and low income quintiles have a larger proportion of housing and food costs.

Interest rates have been rising impacting cost of housing.

If food prices go up, the volume of food purchased will go down.

Graph 1 - Proportion of weekly household spending on goods and services, by adjusted low(a), middle and high EDHI quintiles, 2015-16



a. Excludes the first and second percentiles

Source: Australian Bureau of Statistics, Household Expenditure Survey, Australia: Summary of Results 2015-16 financial year

Note - data is from 2015/2016  
(latest release)

Australian Bureau of Statistics (2015-16), [Household Expenditure Survey, Australia: Summary of Results](#), ABS Website, accessed 27 September 2022.



# How we estimated spending on food

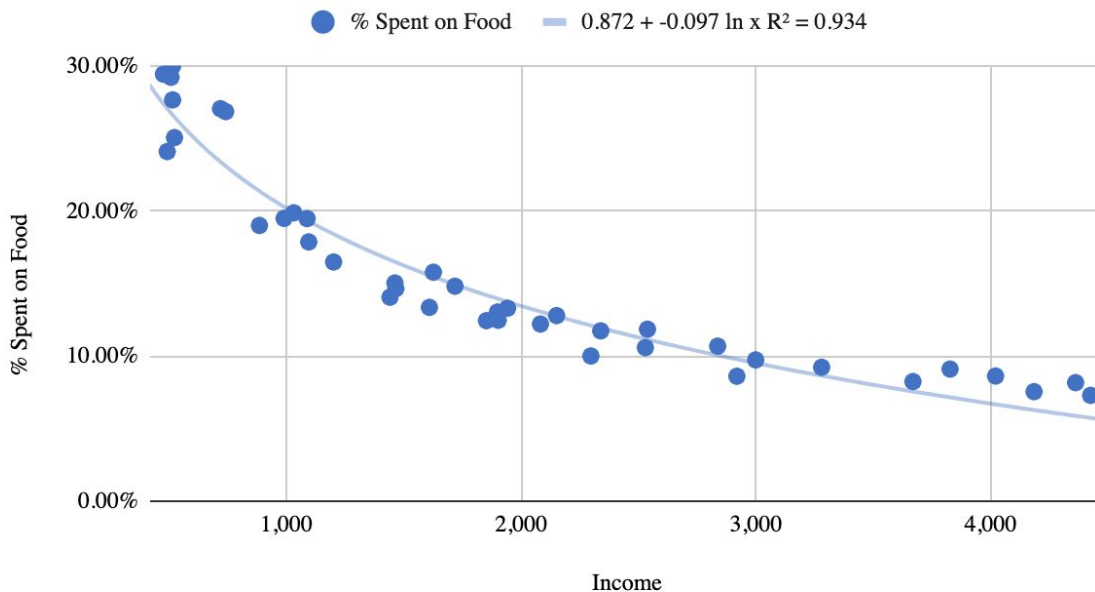


We plotted the median 2015-16 income for each quintile by state vs % of income spent on food.

The chart on the right illustrates the relationship.

The R-squared value indicates that income explains 93.4% of variation in the % of income spent on food.

% Spent on Food vs Income (All income quintiles)





# How we estimated spending on food



To estimate the weekly spend on food for a single household in each income bracket, we multiplied the formula derived from the aforementioned curve with the income midpoint of each income bracket.

To estimate the Total Addressable Market (\$ Value) for each income bracket, we multiplied the weekly spend on food with the number of households in each income bracket.

This value represents the amount spent on groceries for a given area and is the starting point

- for segmentation to get to the Serviceable Addressable Segment value for an enterprise starting with affordability, and
- for calculating the regenerative price gap and funding requirements



# How we estimated spending on food



Suburb level weekly spend on food / groceries ->

## Fawkner (Merri Food Hub)

Income brackets	Total Addressable Market (HH#)	Estimated Weekly Spend on Food using formula obtained from plotted curve of national average of grocery spending by state and income quintile (R squared = 0.934)		Total Addressable Market (\$ Value)
		Income Midpoint	Income midpoint multiplied by formula of 0.872 + -0.097ln	
	Total	\$	\$	\$
Negative/Nil income	116	0	0	0
\$1-\$149	44	75	34	1,496
\$150-\$299	80	225	78	6,229
\$300-\$399	134	350	106	14,233
\$400-\$499	356	450	126	44,728
\$500-\$649	214	575	147	31,438
\$650-\$799	354	725	169	59,812
\$800-\$999	329	900	191	62,804
\$1,000-\$1,249	331	1,125	214	70,930
\$1,250-\$1,499	362	1,375	235	85,131
\$1,500-\$1,749	279	1,625	252	70,199
\$1,750-\$1,999	244	1,875	264	64,490
\$2,000-\$2,499	505	2,250	277	140,079
\$2,500-\$2,999	331	2,750	286	94,503
\$3,000-\$3,499	246	3,250	285	70,052
\$3,500-\$3,999	169	3,750	277	46,733
\$4,000 or more	344	4,000	270	92,849
Partial income stated(c)	198			0
All incomes not stated(d)	86			0
<b>Total</b>	<b>4,722</b>			<b>\$955,705</b>

## Fitzroy (High Rise Community Bakery)

Income brackets	Total Addressable Market (HH#)	Estimated Weekly Spend on Food using formula obtained from plotted curve of national average of grocery spending by state and income quintile (R squared = 0.934)		Total Addressable Market (\$ Value)
		Income Midpoint	Income midpoint multiplied by formula of 0.872 + -0.097ln	
	Total	\$	\$	\$
Negative/Nil income	78	0	0	0
\$1-\$149	26	75	34	884
\$150-\$299	77	225	78	5,996
\$300-\$399	159	350	106	16,889
\$400-\$499	215	450	126	27,013
\$500-\$649	151	575	147	22,183
\$650-\$799	171	725	169	28,892
\$800-\$999	194	900	191	37,033
\$1,000-\$1,249	233	1,125	214	49,930
\$1,250-\$1,499	217	1,375	235	51,031
\$1,500-\$1,749	191	1,625	252	48,057
\$1,750-\$1,999	231	1,875	264	61,054
\$2,000-\$2,499	521	2,250	277	144,517
\$2,500-\$2,999	233	2,750	286	66,523
\$3,000-\$3,499	295	3,250	285	84,005
\$3,500-\$3,999	193	3,750	277	53,370
\$4,000 or more	1,098	4,000	270	296,360
Partial income stated(c)	229			0
All incomes not stated(d)	55			0
<b>Total</b>	<b>4,565</b>			<b>\$993,737</b>



# How we estimated spending on food



State & Federal level  
weekly spend on  
food / groceries ->

## Victoria

Income brackets	Total Addressable Market (HH#)	Estimated Weekly Spend on Food using formula obtained from plotted curve of national average of grocery spending by state and income quintile (R squared = 0.934)	Total Addressable Market (\$ Value)
		Income midpoint multiplied by formula of $0.872 + -0.097\ln$	Total value of addressable spending
	Total	\$	\$
Negative/Nil income	48,714	0	0
\$1-\$149	16,534	75	561,995
\$150-\$299	29,323	225	2,283,345
\$300-\$399	50,903	350	5,406,904
\$400-\$499	127,941	450	16,074,522
\$500-\$649	93,226	575	13,695,429
\$650-\$799	134,416	725	22,710,845
\$800-\$999	141,081	900	26,931,423
\$1,000-\$1,249	164,898	1,125	35,336,217
\$1,250-\$1,499	171,575	1,375	40,348,836
\$1,500-\$1,749	137,881	1,625	34,641,637
\$1,750-\$1,999	133,479	1,875	35,278,742
\$2,000-\$2,499	274,771	2,250	76,217,008
\$2,500-\$2,999	175,438	2,750	50,089,009
\$3,000-\$3,499	152,480	3,250	43,420,792
\$3,500-\$3,999	94,330	3,750	26,084,788
\$4,000 or more	295,295	4,000	79,702,701
Partial income stated(c)	105,011		0
All incomes not stated(d)	43,142		0
Total	2,390,232		\$508,784,192

## Australia

Income brackets	Total Addressable Market (HH#)	Estimated Weekly Spend on Food using formula obtained from plotted curve of national average of grocery spending by state and income quintile (R squared = 0.934)	Total Addressable Market (\$ Value)
		Income midpoint multiplied by formula of $0.872 + -0.097\ln$	Total value of addressable spending
	Total	\$	\$
Negative/Nil income	166,449	0	0
\$1-\$149	59,825	75	2,033,468
\$150-\$299	111,980	225	8,719,741
\$300-\$399	202,363	350	21,494,946
\$400-\$499	510,397	450	64,126,338
\$500-\$649	377,669	575	55,481,720
\$650-\$799	535,302	725	90,444,300
\$800-\$999	549,447	900	104,885,773
\$1,000-\$1,249	636,566	1,125	136,410,593
\$1,250-\$1,499	656,141	1,375	154,302,931
\$1,500-\$1,749	517,163	1,625	130,122,333
\$1,750-\$1,999	505,348	1,875	133,564,394
\$2,000-\$2,499	1,043,721	2,250	289,511,236
\$2,500-\$2,999	662,274	2,750	189,084,737
\$3,000-\$3,499	582,333	3,250	165,827,386
\$3,500-\$3,999	363,701	3,750	100,573,131
\$4,000 or more	1,152,627	4,000	311,104,101
Partial income stated(c)	480,469		0
All incomes not stated(d)	161,440		0
Total	9,275,217		\$1,957,687,128



# Food Basket Pricing for hubs V supermarkets

- Both food hubs and the organic shop basket was significantly more expensive than the basket purchased from the supermarket (between 162-168% more expensive - this is the regen ag tax if you like).
- Internalised costs of the hub keep the produce at a lower price. For the organic shop, they are not able to internalise these costs however they do have a larger scale that enables them to cover the burden of these costs.
- The implication is that even if hubs were to scale, they may incur significant costs in doing so that might not actually result in a reduction in the price of the produce.







**Objective:** To understand the price of regeneratively grown food sold via food hubs and compare this to the price of food available via other organic grocers and via supermarkets and the traditional supply chain. This will help us to understand (and close) the gap between what people living on a low income have to spend on 'food', and what the price of this 'fair food' actually is.

## Methodology:

1. Scan and research to understand Victorian Healthy Food Basket evolution and current usage
2. Build a generalised pricing data collection tool
3. Collect pricing data at food hub (Merri Food Hub, Fawkner Wholefoods, other comparable hubs if req) + large organic shop (Terre Madre) + local supermarket (Coburg Coles)
4. Undertake analysis to understand
  - a. How much \$ a customer needs to be able to purchase a 'food basket'
  - b. Understand the gap between this cost and available income
  - c. Explore how a hub can bridge this gap





The Victorian Healthy Food Basket methodology was the basis for this piece of work. This tool was developed in 2007 and was designed as a way to monitor food cost, quality and variety for Victorian communities, to measure and reflect food access issues.

The 'basket' includes a number of categories (breads and cereal, fruit, vegetables and legumes, meat, dairy, non core) and a number of foods within those. The foods were chosen based on purchasing trends and in consultation with estimated average requirements and Nutrient Reference Values for various reference families.

The Open Food Network wants to use this basket to inform a comparison basket, acknowledging the current basket is not culturally diverse.

We have amended the tool to focus on the category and weight of food as the defining characteristics, rather than nutritional or calorific value (without specifying that consumers need to choose a particular sort of cereal for example).

We understand this approach is by no means perfect, however it enables us to generalise the basket and hence adapt it to a food hub and more culturally diverse context.





A [Pricing Comparison tool](#) was developed and applied in the 3 contexts outlined in the previous slide.

For the Food Hub Context, the following needs to be noted for product selection comparable to the VHFB:

- Where possible, products were selected from the Merri Food Hub or Fawkner Food Hub product list
- When there was not a comparable product available, products were selected from the closest hub available on the Open Food Network platform that had comparable product (Baw Baw Food Hub, Tas Prod Co)
- Where a comparable product in a category was not available, that product weight was added to another products weight in the same category and then included in this way in the final price calculation
- Food hubs feature a Vegetable Box product that is an important and differentiated product to what is available at other more traditional shops. Wanting to incorporate this product into the comparison, an estimation as made to 'swap' the Veg Box for the same number of vegetables (in this instance 8 varieties) matched to the same total weight of these vegetables (6 kgs). Some assumptions have been made here that a 'Large Veg Box' with 8 varieties of veg that is available via the Merri Food Hub shopfront, does infact weigh 6kg. This information was not readily available and so this assumption has been embedded into the calculations.

For the Organic Shop and Supermarket context, comparable products to the VHFB were readily available and so few substitutions needed to be made.

- Products selected were the cheapest available (including generic in this instance), matched as closely to the appropriate product size. No special prices/sale were used. No bulk products were used.





A **Food Basket** roughly comparable to the contents of a Victorian Healthy Food Basket (in weight/volume, categories and where possible products) for **1 week** for a **'typical' family of 4** (44 year old male, 44 year old female, 18 year old female, 8 year old male) costs:

**SUPERMARKET (Coburg Coles): \$236.15**

**FOOD HUB (Merri Food Hub, Fawkner Wholefoods, Baw Baw Food Hub and TasProdCo): \$383.26**

**ORGANIC SHOP (Terre Madre): \$398.02**

Category	Supermarket Total	Food Hub Total	Organic Shop Total
Fruit and Veg	\$99.72	\$103.36	\$146.98
Dairy	\$43.33	\$91.12	\$71.22
Meat	\$52.27	\$92.30	\$98.03
Bread and Cereals	\$28.67	\$51.12	\$65.71





Both food hubs and the organic shop basket was significantly more expensive than the basket purchased from the supermarket (between 162-168% more expensive - this is the regen ag tax if you like).

Some product lines were significantly more expensive at food hubs than supermarkets (dairy, meat) whilst other product lines were comparable between the food hub and supermarket (fruit/veg and cereals/pulses).

In this instance, the food hub was slightly cheaper than the organic shop (both selling 'regen ag' or values aligned produce).

This suggests that the internalised costs of the hub keep the produce at this price. For the organic shop, they are not able to internalise these costs however they do have a larger scale that enables them to cover the burden of these costs.

The implication is that even if hubs were to scale, they may incur significant costs in doing so that might not actually result in a reduction in the price of the produce.





This was a very rapid research piece based loosely on a tool developed by Monash University - the Victorian Healthy Food Basket.

If this is to be replicated and/or scales, the tool and methodology also needs to be significantly strengthened.

It is recommended that:

- Monash University is engaged in the next stage of this research to inform the development of a price comparison tool (potentially shifting away from the Victorian Healthy Food Basket and towards the INFORMAS optimal approach to monitor food price and affordability globally).
- A larger pool of comparison sites are brought in, pricing food from a range of food hubs regionally and in Melbourne, and comparing the price differential as a geographical level
- Products selected for the 'regenerative food' price comparison is confirmed/traced to be grown using regenerative and agro-ecological approaches





[Developing a Healthy Food basket for Victoria](#)



# Regenerative and non-regenerative produce affordability

- Affordability for regen and non-regen produce is variable at the suburb level.
- Suburbs with larger segments of lower income quintiles will not have the required income levels to afford regenerative produce and support a hub model based on spending power.
- In general regenerative produce is not affordable for Australian households, while non-regenerative produce is affordable to a significantly higher number of income brackets.







At state and federal level, regen food basket prices from OFN analysis based on a 4 person household were adjusted based on the average national number of persons in households by income quintile.

At the suburb level, regen food basket prices were adjusted based on the suburb's average household size to account for the greater variations in demographics across suburbs.

To estimate regenerative produce affordability, adjusted prices were compared to the estimated weekly spend on food. If the prices were

- **higher** than the estimated weekly spend on food, the households fall into the segment that **cannot afford regenerative produce** -> this value is the starting point for estimating **equitable access and supply chain pricing subsidies**.
- **lower** than the estimated weekly spend on food, the households fall into the segment that **can afford regenerative produce** -> at the suburb level this value is the starting point for estimating an enterprise's **Serviceable Addressable Segment** to develop a **viable business model**.

To estimate non-regenerative produce affordability, adjusted prices were compared to the estimated weekly spend on food. If the prices were

- **higher** than the estimated weekly spend on food, the households fall into the segment that **cannot afford non-regenerative produce** -> this value is the starting point for estimating food relief subsidies.
- **lower** than the estimated weekly spend on food, the households fall into the segment that **can afford non-regenerative produce** -> this value is the starting point for understanding competitor pricing.



# Regenerative produce affordability



Variable at the suburb level.

Suburbs with larger segments of lower income quintiles will not have the required income levels to afford regenerative produce and support a hub model based on spending power.

## Fawkner (Merri Food Hub)

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	<i>No HH that spend equal or more than MFH &amp; FWC prices of \$383.26 adjusted for average suburb HH size</i>	<i>MFH &amp; FWC value of serviceable market</i>	<i>No HH that spend less than MFH &amp; FWC prices of \$383.26 adjusted for average suburb HH size</i>	<i>MFH &amp; FWC value of non-serviceable market</i>
		\$		\$
Negative/Nil income	0	0	116	0
\$1-\$149	0	0	44	1,496
\$150-\$299	0	0	80	6,229
\$300-\$399	0	0	134	14,233
\$400-\$499	0	0	356	44,728
\$500-\$649	0	0	214	31,438
\$650-\$799	0	0	354	59,812
\$800-\$999	0	0	329	62,804
\$1,000-\$1,249	0	0	331	70,930
\$1,250-\$1,499	0	0	362	85,131
\$1,500-\$1,749	0	0	279	70,199
\$1,750-\$1,999	0	0	244	64,490
\$2,000-\$2,499	0	0	505	140,079
\$2,500-\$2,999	0	0	331	94,503
\$3,000-\$3,499	0	0	246	70,052
\$3,500-\$3,999	0	0	169	46,733
\$4,000 or more	0	0	344	92,849
Partial income stated(c)	0	0	198	0
All incomes not stated(d)	0	0	86	0
<b>Total</b>	<b>0</b>	<b>\$0</b>	<b>4,722</b>	<b>\$955,705</b>

## Fitzroy (High Rise Community Bakery)

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	<i>No HH that spend equal or more than MFH &amp; FWC prices of \$383.26 adjusted for average suburb HH size</i>	<i>MFH &amp; FWC value of serviceable market</i>	<i>No HH that spend less than MFH &amp; FWC prices of \$383.26 adjusted for average suburb HH size</i>	<i>MFH &amp; FWC value of non-serviceable market</i>
		\$		\$
Negative/Nil income	0	0	78	0
\$1-\$149	0	0	26	884
\$150-\$299	0	0	77	5,996
\$300-\$399	0	0	159	16,889
\$400-\$499	0	0	215	27,013
\$500-\$649	0	0	151	22,183
\$650-\$799	0	0	171	28,892
\$800-\$999	0	0	194	37,033
\$1,000-\$1,249	233	49,930	0	0
\$1,250-\$1,499	217	51,031	0	0
\$1,500-\$1,749	191	48,057	0	0
\$1,750-\$1,999	231	61,054	0	0
\$2,000-\$2,499	521	144,517	0	0
\$2,500-\$2,999	233	66,523	0	0
\$3,000-\$3,499	295	84,005	0	0
\$3,500-\$3,999	193	53,370	0	0
\$4,000 or more	1,098	296,360	0	0
Partial income stated(c)	0	0	229	0
All incomes not stated(d)	0	0	55	0
<b>Total</b>	<b>3,212</b>	<b>\$854,847</b>	<b>1,355</b>	<b>\$138,889</b>



# Regenerative produce affordability



In general  
regenerative produce  
is not affordable for  
Australian  
households

## Victoria

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of \$383.26 adjusted for national average HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of \$383.26 adjusted for national average HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	48,714	0
\$1-\$149	0	0	16,534	561,995
\$150-\$299	0	0	29,323	2,283,345
\$300-\$399	0	0	50,903	5,406,904
\$400-\$499	0	0	127,941	16,074,522
\$500-\$649	93,226	13,695,429	0	0
\$650-\$799	134,416	22,710,845	0	0
\$800-\$999	0	0	141,081	26,931,423
\$1,000-\$1,249	164,898	35,336,217	0	0
\$1,250-\$1,499	0	0	171,575	40,348,836
\$1,500-\$1,749	0	0	137,681	34,641,637
\$1,750-\$1,999	0	0	133,479	35,278,742
\$2,000-\$2,499	0	0	274,771	76,217,008
\$2,500-\$2,999	0	0	175,438	50,089,009
\$3,000-\$3,499	0	0	152,480	43,420,792
\$3,500-\$3,999	0	0	94,330	26,084,788
\$4,000 or more	0	0	295,295	79,702,701
Partial income stated(c)	0	0	0	0
All incomes not stated(d)	0	0	0	0
<b>Total</b>	<b>392,540</b>	<b>\$71,742,491</b>	<b>1,849,545</b>	<b>\$437,041,701</b>

## Australia

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of \$383.26 adjusted for national average HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of \$383.26 adjusted for national average HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	166,449	0
\$1-\$149	0	0	59,825	2,033,468
\$150-\$299	0	0	111,980	8,719,741
\$300-\$399	0	0	202,363	21,494,946
\$400-\$499	0	0	510,397	64,126,338
\$500-\$649	377,669	55,481,720	0	0
\$650-\$799	535,302	90,444,300	0	0
\$800-\$999	0	0	549,447	104,885,773
\$1,000-\$1,249	636,566	136,410,593	0	0
\$1,250-\$1,499	0	0	656,141	154,302,931
\$1,500-\$1,749	0	0	517,163	130,122,333
\$1,750-\$1,999	0	0	505,348	133,564,394
\$2,000-\$2,499	0	0	1,043,721	289,511,236
\$2,500-\$2,999	0	0	662,274	189,084,737
\$3,000-\$3,499	0	0	582,333	165,827,386
\$3,500-\$3,999	0	0	363,701	100,573,131
\$4,000 or more	0	0	1,152,627	311,104,101
Partial income stated(c)	0	0	0	0
All incomes not stated(d)	0	0	0	0
<b>Total</b>	<b>1,549,537</b>	<b>\$282,336,613</b>	<b>7,083,769</b>	<b>\$1,675,350,515</b>

There are 3 income brackets in the second and lowest income quintiles that can afford regenerative produce because of their relatively lower household size compared to their income midpoint



# Non-regenerative produce affordability



Variable at the suburb level.

## Fawkner (Merri Food Hub)

Income brackets	Consumer market size that can afford Coles prices	Consumer market value that can afford Coles prices	Consumer market size that cannot afford Coles prices	Consumer market value that cannot afford Coles prices
	HH that spend equal or more than Coles prices of \$234.02 adjusted for suburb average HH size	Coles value of addressable market	HH that spend less than Coles prices of \$234.02 adjusted for suburb average HH size	Coles value of non-addressable market
		\$		\$
Negative/Nil income	0	0	116	0
\$1-\$149	0	0	44	1,496
\$150-\$299	0	0	80	6,229
\$300-\$399	0	0	134	14,233
\$400-\$499	0	0	356	44,728
\$500-\$649	0	0	214	31,438
\$650-\$799	0	0	354	59,812
\$800-\$999	329	62,804	0	0
\$1,000-\$1,249	331	70,930	0	0
\$1,250-\$1,499	362	85,131	0	0
\$1,500-\$1,749	279	70,199	0	0
\$1,750-\$1,999	244	64,490	0	0
\$2,000-\$2,499	505	140,079	0	0
\$2,500-\$2,999	331	94,503	0	0
\$3,000-\$3,499	246	70,052	0	0
\$3,500-\$3,999	169	46,733	0	0
\$4,000 or more	344	92,849	0	0
Partial income stated(c)	0	0	198	0
All incomes not stated(d)	0	0	86	0
<b>Total</b>	<b>3,140</b>	<b>\$797,769</b>	<b>1,582</b>	<b>\$157,936</b>

## Fitzroy (High Rise Community Bakery)

Income brackets	Consumer market size that can afford Coles prices	Consumer market value that can afford Coles prices	Consumer market size that cannot afford Coles prices	Consumer market value that cannot afford Coles prices
	HH that spend equal or more than Coles prices of \$234.02 adjusted for suburb average HH size	Coles value of addressable market	HH that spend less than Coles prices of \$234.02 adjusted for suburb average HH size	Coles value of non-addressable market
		\$		\$
Negative/Nil income	0	0	78	0
\$1-\$149	0	0	26	884
\$150-\$299	0	0	77	5,996
\$300-\$399	0	0	159	16,889
\$400-\$499	215	27,013	0	0
\$500-\$649	151	22,183	0	0
\$650-\$799	171	28,892	0	0
\$800-\$999	194	37,033	0	0
\$1,000-\$1,249	233	49,930	0	0
\$1,250-\$1,499	217	51,031	0	0
\$1,500-\$1,749	191	48,057	0	0
\$1,750-\$1,999	231	61,054	0	0
\$2,000-\$2,499	521	144,517	0	0
\$2,500-\$2,999	233	66,523	0	0
\$3,000-\$3,499	295	84,005	0	0
\$3,500-\$3,999	193	53,370	0	0
\$4,000 or more	1,098	296,360	0	0
Partial income stated(c)	0	0	229	0
All incomes not stated(d)	0	0	55	0
<b>Total</b>	<b>3,943</b>	<b>\$969,968</b>	<b>624</b>	<b>\$23,769</b>



# Non-regenerative produce affordability



In general, non-regenerative pricing is affordable to a significantly higher number of income brackets.

## Victoria

Income brackets	Consumer market size that can afford Coles prices	Consumer market size that can afford Coles prices	Consumer market size that cannot afford Coles prices	Consumer market size that cannot afford Coles prices
	HH that spend equal or more than Coles prices of \$234.02 adjusted for national average HH size	Coles value of addressable market	HH that spend less than Coles prices of \$234.02 adjusted for national average HH size	Coles value of non-addressable market
		\$		\$
Negative/Nil income	0	0	48,714	0
\$1-\$149	0	0	16,534	561,995
\$150-\$299	0	0	29,323	2,283,345
\$300-\$399	50,903	5,406,904	0	0
\$400-\$499	127,941	16,074,522	0	0
\$500-\$649	93,226	13,695,429	0	0
\$650-\$799	134,416	22,710,845	0	0
\$800-\$999	141,081	26,931,423	0	0
\$1,000-\$1,249	164,898	35,336,217	0	0
\$1,250-\$1,499	171,575	40,348,836	0	0
\$1,500-\$1,749	137,681	34,641,637	0	0
\$1,750-\$1,999	133,479	35,278,742	0	0
\$2,000-\$2,499	274,771	76,217,008	0	0
\$2,500-\$2,999	175,438	50,089,009	0	0
\$3,000-\$3,499	152,480	43,420,792	0	0
\$3,500-\$3,999	94,330	26,084,788	0	0
\$4,000 or more	295,295	79,702,701	0	0
Partial income stated(c)	0	0	0	0
All incomes not stated(d)	0	0	0	0
<b>Total</b>	<b>2,147,514</b>	<b>\$505,938,852</b>	<b>94,571</b>	<b>\$2,845,340</b>

## Australia

Income brackets	Consumer market size that can afford Coles prices	Consumer market size that can afford Coles prices	Consumer market size that cannot afford Coles prices	Consumer market size that cannot afford Coles prices
	HH that spend equal or more than Coles prices of \$234.02 adjusted for national average HH size	Coles value of addressable market	HH that spend less than Coles prices of \$234.02 adjusted for national average HH size	Coles value of non-addressable market
		\$		\$
Negative/Nil income	0	0	166,449	0
\$1-\$149	0	0	59,825	2,033,468
\$150-\$299	0	0	111,980	8,719,741
\$300-\$399	202,363	21,494,946	0	0
\$400-\$499	510,397	64,126,338	0	0
\$500-\$649	377,669	55,481,720	0	0
\$650-\$799	535,302	90,444,300	0	0
\$800-\$999	549,447	104,885,773	0	0
\$1,000-\$1,249	636,566	136,410,593	0	0
\$1,250-\$1,499	656,141	154,302,931	0	0
\$1,500-\$1,749	517,163	130,122,333	0	0
\$1,750-\$1,999	505,348	133,564,394	0	0
\$2,000-\$2,499	1,043,721	289,511,236	0	0
\$2,500-\$2,999	662,274	189,084,737	0	0
\$3,000-\$3,499	582,333	165,827,386	0	0
\$3,500-\$3,999	363,701	100,573,131	0	0
\$4,000 or more	1,152,627	311,104,101	0	0
Partial income stated(c)	0	0	0	0
All incomes not stated(d)	0	0	0	0
<b>Total</b>	<b>8,295,052</b>	<b>\$1,946,933,919</b>	<b>338,254</b>	<b>\$10,753,209</b>





To provide equitable access to regenerative produce, affordable pricing is a key factor BUT it alone will not reduce all the barriers to equitable access to food which need to be addressed concurrently.

Both Merri Food Hub and High Rise Community Bakery confirmed that pricing is the primary purchase criteria for lower income and CALD communities.



# The Regen Pricing Gap

- We adjusted the regen & non regen pricing based on average household numbers and calculated the gap.
- The economic model OFN built can be used to estimate the proposed subsidisation split for supply chain subsidisation and equitable access food subsidies







To estimate the Food Basket Total Potential Spend (Regen Pricing), we multiplied the Total Addressable Market with the adjusted Regen Food Basket Price.

To estimate the THE REGEN GAP: between potential spend at regen prices and current market behaviour, we calculated the difference between the Food Basket Total Potential Spend (Regen Pricing) and the Total Addressable Market (\$ Value). This value represents the pricing subsidisation required to make regenerative produce affordable and is the starting point to estimate

- the equitable access to food pricing subsidy (based on the income brackets deemed to require the subsidy)
- the food supply chain pricing subsidy (the gap represented by the higher income brackets that can be addressed along the supply chain)

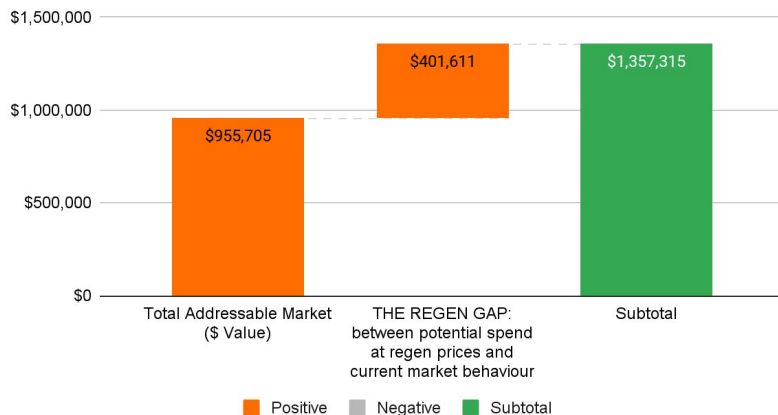


# The regenerative pricing gap



The model estimates the **suburb level** regen pricing gap & proposed subsidisation split

Fawkner: Total Addressable Market and The Regen Pricing Gap



## Fawkner (Merri Food Hub)

Income brackets	Total Addressable Market (HH#)	Total Addressable Market (\$ Value)	Food Basket Total Potential Spend (Regen Pricing)	THE REGEN GAP: between potential spend at regen prices and current market behaviour	THE REGEN GAP at Household Level	Proposed subsidisation split	
						Gap reflected by the top 3 income quintiles funded along the supply chain for climate, food system resilience and equitable access outcomes	Gap reflected in the lowest & 2nd income quintiles funded at the end of the supply chain by consumer food subsidy for equitable access outcome
		Total value of addressable spending	PER WEEK Total Value of Estimated of Regen Price at (HH# x MFH & FWC prices \$383.26 adjusted for suburb average HH size)	Difference between Total Value of Estimated of Regen Price and Total Value of Estimated Spending	\$383.26 adjusted for suburb average HH size - Estimated Weekly Spend on Food (0 = No Gap)	Food supply chain pricing subsidy	Equitable access to food pricing subsidy
		Total	\$	\$			
Negative/Nil income	116	0	33,344	33,344	287		33,344
\$1-\$149	44	1,496	12,648	11,152	253		11,152
\$150-\$299	80	6,229	22,996	16,766	210		16,766
\$300-\$399	134	14,233	38,518	24,284	181		24,284
\$400-\$499	356	44,728	102,330	57,603	162		57,603
\$500-\$649	214	31,438	61,513	30,075	141		30,075
\$650-\$799	354	59,812	101,756	41,944	118		41,944
\$800-\$999	329	62,804	94,569	31,765	97		31,765
\$1,000-\$1,249	331	70,930	95,144	24,214	73		24,214
\$1,250-\$1,499	362	85,131	104,055	18,925	52	18,925	
\$1,500-\$1,749	279	70,199	80,197	9,999	36	9,999	
\$1,750-\$1,999	244	64,490	70,137	5,647	23	5,647	
\$2,000-\$2,499	505	140,079	145,160	5,081	10	5,081	
\$2,500-\$2,999	331	94,503	95,144	641	2	641	
\$3,000-\$3,499	246	70,052	70,711	660	3	660	
\$3,500-\$3,999	169	46,733	48,578	1,845	11	1,845	
\$4,000 or more	344	92,849	98,881	6,032	18	6,032	
Partial income stated(c)	198	0	56,914	56,914	287	56,914	
All incomes not stated(d)	86	0	24,720	24,720	287	24,720	
<b>Total</b>	<b>4,722</b>	<b>\$955,705</b>	<b>\$1,357,315</b>	<b>\$401,611</b>		<b>\$130,464</b>	<b>\$271,147</b>

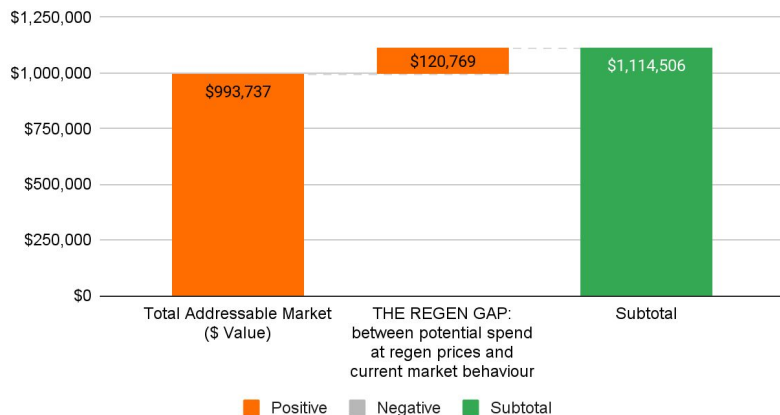


# The regenerative pricing gap



The model estimates the **suburb level** regen pricing gap & proposed subsidisation split

Fitzroy: Total Addressable Market and The Regen Pricing Gap



## Fitzroy (High Rise Community Bakery)

Income brackets	Total Addressable Market (HH#)	Total Addressable Market (\$ Value)	Food Basket Total Potential Spend (Regen Pricing)	THE REGEN GAP: between potential spend at regen prices and current market behaviour	Proposed subsidisation split	
					THE REGEN GAP at Household Level	Gap reflected by the top 3 income quintiles funded along the supply chain for climate, food system resilience and equitable access outcomes
		PER WEEK Total Value of Estimated of Regen Price at (HH# x MFH & FWC prices \$383.26 adjusted for suburb average HH size)				
		Total value of addressable spending				
	Total	\$	\$	\$		
Negative/Nil income	78	0	14,947	14,947	192	14,947
\$1-\$149	26	884	4,982	4,099	158	4,099
\$150-\$299	77	5,996	14,756	8,760	114	8,760
\$300-\$399	159	16,889	30,469	13,580	85	13,580
\$400-\$499	215	27,013	41,200	14,188	66	14,188
\$500-\$649	151	22,183	28,936	6,753	45	6,753
\$650-\$799	171	28,892	32,769	3,877	23	3,877
\$800-\$999	194	37,033	37,176	143	1	143
\$1,000-\$1,249	233	49,930	44,650	0	0	0
\$1,250-\$1,499	217	51,031	41,584	0	0	0
\$1,500-\$1,749	191	48,057	36,601	0	0	0
\$1,750-\$1,999	231	61,054	44,267	0	0	0
\$2,000-\$2,499	521	144,517	99,839	0	0	0
\$2,500-\$2,999	233	66,523	44,650	0	0	0
\$3,000-\$3,499	295	84,005	56,531	0	0	0
\$3,500-\$3,999	193	53,370	36,985	0	0	0
\$4,000 or more	1,098	296,360	210,410	0	0	0
Partial income stated(c)	229	0	43,883	43,883	192	43,883
All incomes not stated(d)	55	0	10,540	10,540	192	10,540
<b>Total</b>	<b>4,565</b>	<b>\$993,737</b>	<b>\$875,174</b>	<b>\$120,769</b>		<b>\$54,423</b>

\$66,346

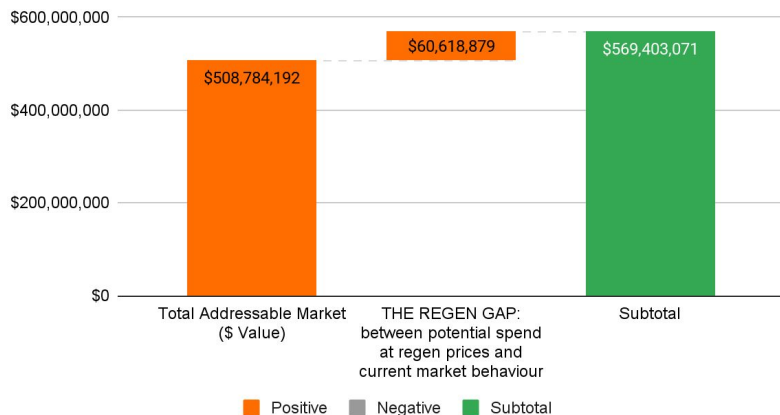


# The regenerative pricing gap



The model estimates the **state level** regen pricing gap & proposed subsidisation split

Victoria: Total Addressable Market and The Regen Pricing Gap



Victoria		Proposed subsidisation split					
Income brackets	Total Addressable Market (HH#)	Total Addressable Market (\$ Value)	Food Basket Total Potential Spend (Regen Pricing)	THE REGEN GAP: between potential spend at regen prices and current market behaviour	THE REGEN GAP at Household Level	Gap reflected by the top 3 income quintiles funded along the supply chain for climate, food system resilience and equitable access outcomes	Gap reflected in the lowest & 2nd income quintiles funded at the end of the supply chain by consumer food subsidy for equitable access outcome
		Total value of addressable spending	PER WEEK Total Value of Estimated of Regen Price at (HH# x MFH & FWC prices \$383.26 adjusted for national average HH size)	Difference between Total Value of Estimated of Regen Price and Total Value of Estimated Spending (0 = No Gap)	\$383.26 adjusted for national average HH size - Estimated Weekly Spend on Food (0 = No Gap)	Food supply chain pricing subsidy	Equitable access to food pricing subsidy
	Total	\$	\$	\$			
Negative/Nil income	48,714	0	7,001,298	7,001,298	144		7,001,298
\$1-\$149	16,534	561,995	2,376,308	1,814,313	110		1,814,313
\$150-\$299	29,323	2,283,345	4,214,375	1,931,030	66		1,931,030
\$300-\$399	50,903	5,406,904	7,315,906	1,909,003	38		1,909,003
\$400-\$499	127,941	16,074,522	18,388,000	2,313,478	18		2,313,478
\$500-\$649	93,226	13,695,429	13,398,674	0	0	0	0
\$650-\$799	134,416	22,710,845	19,318,604	0	0	0	0
\$800-\$999	141,081	26,931,423	28,387,120	1,455,696	10		1,455,696
\$1,000-\$1,249	164,898	35,336,217	33,179,374	0	0	0	
\$1,250-\$1,499	171,575	40,348,836	44,386,538	4,037,703	24	4,037,703	
\$1,500-\$1,749	137,681	34,641,637	35,618,144	976,507	7	976,507	
\$1,750-\$1,999	133,479	35,278,742	39,646,800	4,368,058	33	4,368,058	
\$2,000-\$2,499	274,771	76,217,008	81,614,268	5,397,260	20	5,397,260	
\$2,500-\$2,999	175,438	50,089,009	52,109,735	2,020,726	12	2,020,726	
\$3,000-\$3,499	152,480	43,420,792	49,673,562	6,252,771	41	6,252,771	
\$3,500-\$3,999	94,330	26,084,788	30,729,978	4,645,190	49	4,645,190	
\$4,000 or more	295,295	79,702,701	96,198,547	16,495,846	56	16,495,846	
Partial income stated(c)	105,011	0	0	0	0	0	0
All incomes not stated(d)	43,142	0	0	0	0	0	0
Total	2,390,232	\$508,784,192	\$563,557,232	\$60,618,879		\$44,194,061	\$16,424,818

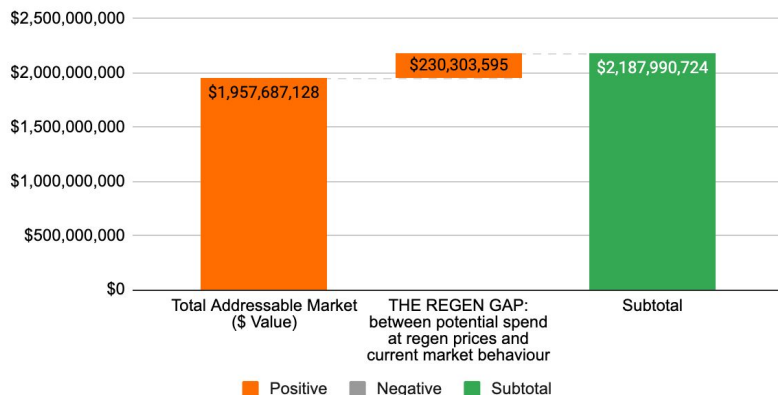


# The regenerative pricing gap



The model estimates the **federal level** regen pricing gap & proposed subsidisation split

Australia: Total Addressable Market and The Regen Pricing Gap



Australia						
Income brackets	Total Addressable Market (HH#)	Total Addressable Market (\$ Value)	Food Basket Total Potential Spend (Regen Pricing)	THE REGEN GAP: between potential spend at regen prices and current market behaviour	THE REGEN GAP at Household Level	Proposed subsidisation split
		Total value of addressable spending	PER WEEK Total Value of Estimated of Regen Price at (HH# x MFH & FWC prices \$393.26 adjusted for national average HH size)	Difference between Total Value of Estimated of Regen Price and Total Value of Estimated Spending (0 = No Gap)	\$383.26 adjusted for national average HH size - Estimated Weekly Spend on Food (0 = No Gap)	Gap reflected by the top 3 income quintiles funded along the supply chain for climate, food system resilience and equitable access outcomes
						Gap reflected in the lowest & 2nd income quintiles funded at the end of the supply chain by consumer food subsidy for equitable access outcome
Negative/Nil income	166,449	0	23,922,466	23,922,466	144	23,922,466
\$1-\$149	59,825	2,033,468	8,598,199	6,564,730	110	6,564,730
\$150-\$299	111,980	8,719,741	16,094,046	7,374,305	66	7,374,305
\$300-\$399	202,363	21,494,946	29,084,116	7,589,170	38	7,589,170
\$400-\$499	510,397	64,126,338	73,355,533	9,229,195	18	9,229,195
\$500-\$649	377,669	55,481,720	54,279,533	0	0	0
\$650-\$799	535,302	90,444,300	76,934,942	0	0	0
\$800-\$999	549,447	104,885,773	110,555,055	5,669,282	10	5,669,282
\$1,000-\$1,249	636,566	136,410,593	128,084,400	0	0	0
\$1,250-\$1,499	656,141	154,302,931	169,744,005	15,441,074	24	15,441,074
\$1,500-\$1,749	517,163	130,122,333	133,790,327	3,667,994	7	3,667,994
\$1,750-\$1,999	505,348	133,564,394	150,101,748	16,537,354	33	16,537,354
\$2,000-\$2,499	1,043,721	289,511,236	310,012,796	20,501,560	20	20,501,560
\$2,500-\$2,999	662,274	189,084,737	196,712,928	7,628,191	12	7,628,191
\$3,000-\$3,499	582,333	165,827,386	189,707,204	23,879,818	41	23,879,818
\$3,500-\$3,999	363,701	100,573,131	118,483,238	17,910,107	49	17,910,107
\$4,000 or more	1,152,627	311,104,101	375,492,450	64,388,350	56	64,388,350
Partial income stated(c)	480,469	0	0	0	0	0
All incomes not stated(d)	161,440	0	0	0	0	0
Total	9,275,217	\$1,957,687,128	\$2,164,952,985	\$230,303,595		\$169,954,446
						\$60,349,149





At a suburb level, enterprises can use The Regen Gap and Equitable access food subsidy values as targets for fundraising in the near term.

Preliminary findings of the funding required to improve equitable food access **through pricing** for **Victoria**:

- The Regen Gap - \$60,618,879
  - Producer/supply chain subsidisation - \$44,194,061
  - Equitable access food subsidies - \$16,424,818

Preliminary findings of the funding required to improve equitable food access **through pricing** for **Australia**:

- The Regen Gap - \$230,303,595
  - Producer/Supply chain subsidisation - \$169,954,446
  - Equitable access food subsidies - \$60,349,149

**These recommendations need to be considered and communicated in context!**

Direct producer/supply chain subsidies need to be implemented within context of comprehensive interventions to increase regenerative food supply (much more \$ needed for this broader work, relative to subsidies).

Direct equitable access subsidies need to be implemented within context of comprehensive interventions to increase equitable access (much more \$ needed for this broader work, relative to subsidies).



# Hybrid Business Model: Merri

- 5 scenario options to allow for the hub to scale. 4 options are based on externalised labour costs (volunteers).
- Fawkner & Glenroy have a greater need for equitable access to food.
- Merri Food Hub will have to service Glenroy, Hadfield and Coburg North segments to base part of their business model on affordability.
- 'These markets are not large enough to fully cross subsidise the lower income brackets within their own suburbs let alone the Fawkner community - external funding is required.







## Data

- Pricing data for hub (Merri Food Hub & Fawkner Wholefood Collective)
- Pricing data from nearby supermarket(s) (Coles)
- Estimated serviceable addressable segment size
- Competitors in the market
- Cost of goods sold
- Fixed costs (overheads) including wages

## Limitations

- Pricing data for a nearby hub and supermarket was done for Fawkner and used as a proxy for Fitzroy. Pending further funding or hub capacity, pricing analysis for High Rise Community Bakery should be done based on a local hub and supermarket.





## Research question

How do we structure a business model that meets market demand as well as public good outcomes?

### Step 1 - Breakeven analysis

1. Calculate weekly fixed costs including wages
2. Calculate average contribution margin
3. Calculate target weekly revenue

✓ Provided by partners

### Step 2 - Market segmentation

1. Segment the **Total Addressable Market** to estimate the size of segments that
  - a. can afford hub pricing (for further serviceable segmentation)
  - b. cannot afford hub pricing (for estimating funding required for pricing subsidy) ✓ Completed by OFN
2. Segment the affordable segment to estimate the **Serviceable Addressable Segment** by
  - a. needs and behaviour from ABS demographics data (e.g. # of people who work from home,
  - b. limitations of hub operations (e.g. opening days)
  - c. competitors & alternatives

✓ Pending partner capacity and further funding

### Step 3 - Identify target markets (suburbs)

✓ Pending partner capacity and further funding

1. Compare target weekly revenue to estimated market size of the Serviceable Addressable Segments of each suburb to estimate the required market share for breakeven
2. Run historical comparison of target weekly revenue with previous weekly revenue to assess scaling requirements

### Dimensions for bringing in money

1. same suburbs but lower income groups via food subsidies and/or donations
2. new suburbs but same income quintiles via new pick up partners (what are the incremental costs through delivery/venue hire/wages)
3. access funding for impact outcomes or to subsidise wages / operations

### Pricing strategy evaluation

✓ Pending partner capacity and further funding

1. Assess the appropriate pricing strategy for cross subsidisation to lower income brackets based on segmentation - tiered / sliding scale pricing, variable product margins, etc



# Step 1: Breakeven - Merri Food Hub



Merri Food Hub has 5 scenario options to allow for the hub to scale.

4 options are based on externalised labour costs (volunteers).

## Overhead calculations

	A	B	C	D	E	F	G	H	I	J	K
		CTD (4 hr back office, 4 hr MMA, 8 hr Hub) SH (2 hr back office, 6 hr Hub)	CTD (4 hr MMA, 8 hr Hub) SH (1 hr back office, 6 hr Hub)	CTD (4 hr MMA, 6 hr Hub) SH (1 hr back office, 5 hr Hub)	CTD (6 hr Hub) SH (4hr Hub)	CTD (4 hr back office, 4 hr MMA, 8 hr Hub) SH (2 hr back office, 6 hr Hub)					
Venue hire/52		\$6,500.00	\$125.00	\$6,500.00	\$125.00	\$6,500.00	\$125.00	\$6,500.00	\$125.00	\$0.00	\$0.00
Insurance/52		\$700.00	\$13.46	\$700.00	\$13.46	\$700.00	\$13.46	\$700.00	\$13.46	\$700.00	\$13.46
Food reg/52		\$300.00	\$5.77	\$300.00	\$5.77	\$300.00	\$5.77	\$300.00	\$5.77	\$300.00	\$5.77
Van hire/48		\$1,920.00	\$40.00	\$1,920.00	\$40.00	\$1,920.00	\$40.00	\$1,920.00	\$40.00	\$1,920.00	\$40.00
Wages CTD/48		\$26,880.00	\$560.00	\$20,160.00	\$420.00	\$16,800.00	\$350.00	\$10,080.00	\$210.00	\$26,880.00	\$560.00
Wages SH/48		\$13,440.00	\$280.00	\$11,760.00	\$245.00	\$10,080.00	\$210.00	\$6,720.00	\$140.00	\$13,440.00	\$280.00
Wages cleaner/48		\$1,440.00	\$30.00	\$1,440.00	\$30.00	\$1,440.00	\$30.00	\$1,440.00	\$30.00	\$1,440.00	\$30.00
Stationery, printing/48		\$400.00	\$8.33	\$400.00	\$8.33	\$400.00	\$8.33	\$400.00	\$8.33	\$400.00	\$8.33
MMA/52		\$640.00	\$12.31	\$640.00	\$12.31	\$640.00	\$12.31	\$640.00	\$12.31	\$640.00	\$12.31
Google/52		\$216.00	\$4.15	\$216.00	\$4.15	\$216.00	\$4.15	\$216.00	\$4.15	\$216.00	\$4.15
Xero/52		\$720.00	\$13.85	\$720.00	\$13.85	\$720.00	\$13.85	\$720.00	\$13.85	\$720.00	\$13.85
		\$53,156.00	\$1,092.87	\$44,756.00	\$917.87	\$39,716.00	\$812.87	\$29,636.00	\$602.87	\$46,656.00	\$967.87
Weekly profit target		\$1,022.23	\$1,092.87	\$860.69	\$917.87	\$763.77	\$812.87	\$569.92	\$602.87	\$897.23	\$967.87
			\$70.64		\$57.18		\$49.10		\$32.95		\$70.64

## Breakeven calculations

	Breakeven (Green)	Breakeven (yellow)	Breakeven (orange)	Breakeven (red)	Breakeven (purple)
Average contribution margin	0.29	0.29	0.29	0.29	0.29
Weekly profit target	\$1,093	\$918	\$813	\$603	\$968
Weekly revenue target	\$3,825	\$3,213	\$2,845	\$2,110	\$3,388



# Step 2: Market segmentation - Merri Food Hub



Fawkner & Glenroy have a greater need for equitable access to food.

## Fawkner

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	116	0
\$1-\$149	0	0	44	1,496
\$150-\$299	0	0	80	6,229
\$300-\$399	0	0	134	14,233
\$400-\$499	0	0	356	44,728
\$500-\$649	0	0	214	31,438
\$650-\$799	0	0	354	59,812
\$800-\$999	0	0	329	62,804
\$1,000-\$1,249	0	0	331	70,930
\$1,250-\$1,499	0	0	362	85,131
\$1,500-\$1,749	0	0	279	70,199
\$1,750-\$1,999	0	0	244	64,490
\$2,000-\$2,499	0	0	505	140,079
\$2,500-\$2,999	0	0	331	94,503
\$3,000-\$3,499	0	0	246	70,052
\$3,500-\$3,999	0	0	169	46,733
\$4,000 or more	0	0	344	92,849
Partial income stated(c)	0	0	198	0
All incomes not stated(d)	0	0	86	0
<b>Total</b>	<b>0</b>	<b>\$0</b>	<b>4,722</b>	<b>\$955,705</b>

## Glenroy

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	199	0
\$1-\$149	0	0	65	2,209
\$150-\$299	0	0	130	10,123
\$300-\$399	0	0	213	22,625
\$400-\$499	0	0	546	68,600
\$500-\$649	0	0	350	51,417
\$650-\$799	0	0	511	86,338
\$800-\$999	0	0	475	90,674
\$1,000-\$1,249	0	0	608	130,289
\$1,250-\$1,499	0	0	609	143,217
\$1,500-\$1,749	530	133,352	0	0
\$1,750-\$1,999	496	131,094	0	0
\$2,000-\$2,499	1,023	283,764	0	0
\$2,500-\$2,999	650	185,580	0	0
\$3,000-\$3,499	577	164,309	0	0
\$3,500-\$3,999	362	100,103	0	0
\$4,000 or more	724	195,414	0	0
Partial income stated(c)	0	0	371	0
All incomes not stated(d)	0	0	191	0
<b>Total</b>	<b>4,362</b>	<b>\$1,193,615</b>	<b>4,268</b>	<b>\$605,492</b>



## Step 2: Market segmentation - Merri Food Hub



Merri Food Hub will have to service Glenroy, Hadfield and Coburg North segments to base part of their business model on affordability.

These markets are not large enough to fully cross subsidise the lower income brackets within their own suburbs let alone the Fawkner community.

Hadfield				
Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of <b>\$383.26</b> adjusted for average suburb HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of <b>\$383.26</b> adjusted for average suburb HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	56	0
\$1-\$149	0	0	21	714
\$150-\$299	0	0	33	2,570
\$300-\$399	0	0	67	7,117
\$400-\$499	0	0	193	24,249
\$500-\$649	0	0	91	13,368
\$650-\$799	0	0	155	26,189
\$800-\$999	0	0	152	29,016
\$1,000-\$1,249	0	0	169	36,215
\$1,250-\$1,499	0	0	154	36,216
\$1,500-\$1,749	142	35,728	0	0
\$1,750-\$1,999	158	41,760	0	0
\$2,000-\$2,499	244	67,682	0	0
\$2,500-\$2,999	168	47,965	0	0
\$3,000-\$3,499	151	42,999	0	0
\$3,500-\$3,999	84	23,228	0	0
\$4,000 or more	184	49,663	0	0
Partial income stated(c)	0	0	83	0
All incomes not stated(d)	0	0	65	0
<b>Total</b>	<b>1,131</b>	<b>\$309,026</b>	<b>1,239</b>	<b>\$175,653</b>

Coburg North				
Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of <b>\$383.26</b> adjusted for average suburb HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of <b>\$383.26</b> adjusted for average suburb HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	48	0
\$1-\$149	0	0	17	578
\$150-\$299	0	0	55	4,283
\$300-\$399	0	0	73	7,754
\$400-\$499	0	0	167	20,982
\$500-\$649	0	0	121	17,776
\$650-\$799	0	0	151	25,513
\$800-\$999	0	0	140	26,725
\$1,000-\$1,249	0	0	173	37,072
\$1,250-\$1,499	0	0	175	41,154
\$1,500-\$1,749	180	45,289	0	0
\$1,750-\$1,999	170	44,931	0	0
\$2,000-\$2,499	366	101,522	0	0
\$2,500-\$2,999	253	72,234	0	0
\$3,000-\$3,499	230	65,496	0	0
\$3,500-\$3,999	157	43,415	0	0
\$4,000 or more	429	115,791	0	0
Partial income stated(c)	0	0	132	0
All incomes not stated(d)	0	0	40	0
<b>Total</b>	<b>1,785</b>	<b>\$488,678</b>	<b>1,292</b>	<b>\$181,837</b>





To offer equitable access to food to all 4 suburbs, Merri Food Hub will need to

- Raise funds for
  - food subsidies for the 2 lowest income quintiles for all four suburbs, and
  - hub operations to meet the other non price related equitable access needs of these communities
- Access support to
  - complete their Serviceable Addressable Segmentation
  - identify target markets and undertake a pricing strategy evaluation for breakeven to cross-subsidise low-income brackets



# Hybrid Business Model: High Rise

- Very small revenue target
- There is likely to be a large enough Serviceable Addressable Segment - no need for further segmentation
- This pricing analysis model OFN built can be used to apply variable contribution margins. Total revenue for the current highest pricing tier will not reach the weekly target revenue for breakeven.





# Step 1: Breakeven - High Rise Community Bakery



High Rise  
Community Bakery  
have a very small  
revenue target

<b>HRCB Overheads</b>									
Tara wages	\$437								
Cass wages	\$553								
<b>Total Overheads</b>	<b>\$990</b>								
Note: In terms of market expenses, we do not pay any venue or infrastructure-related costs that I am aware of. The only thing that might change is our production amount. For example, this week there isn't a community grocer market, so we will prepare less today and only sell a small amount tomorrow.									
Note: In terms of max production numbers, this is just an estimate. It's difficult to know what our true max production capacity is. We've tried to calculate this based on the tins/bannetons that we have available but that is impacted by how much fridge space we have available for proofing and even how much bench space we have available to prep such a large number of loaves (needing time to proof on the bench in between shaping).									
Note: In terms of packaging, this can vary as sometimes people may buy several items but only use one bag. The paper bags that we use work are either .05 or 0.17 each (depending on product) so perhaps we could attribute 1 x paper bag to 1 x product? What do you think?									
	<b>COGS</b>								
<b>Product</b>	White loaves	Rye loaves	Focaccia single	Focaccia whole	Bagels	Honey oat	Danish Rye		
Production cost	\$1.09	\$1.25	\$0.58	\$1.75	\$0.41	\$2.57	\$6.86		
Packagings cost	\$0.05	\$0.17	\$0.05	\$0.17	\$0.05	\$0.17	\$0.17		
<b>Total unit cost</b>	<b>\$1.14</b>	<b>\$1.42</b>	<b>\$0.63</b>	<b>\$1.92</b>	<b>\$0.46</b>	<b>\$2.74</b>	<b>\$7.03</b>		
Max production capacity volume	30	15	30	10	125	12	9		<b>Total units</b>
									<b>231</b>
									<b>Max COGS per week</b>
<b>Max COGS per week</b>	<b>\$34.20</b>	<b>\$21.30</b>	<b>\$18.90</b>	<b>\$19.20</b>	<b>\$57.50</b>	<b>\$32.88</b>	<b>\$63.27</b>		<b>\$247.25</b>
<b>Breakeven analysis</b>									
Total Overheads	\$990								
Max COGS per week based on production capacity	\$247.25								
Weekly revenue target	\$1,237								

Overhead calculations

Cost of goods sold calculations

Breakeven calculations



# Step 2: Market segmentation - High Rise Community Bakery



There is likely to be a large enough Serviceable Addressable Segment - no need for further segmentation

## Fitzroy (High Rise Community Bakery)

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	78	0
\$1-\$149	0	0	26	884
\$150-\$299	0	0	77	5,996
\$300-\$399	0	0	159	16,889
\$400-\$499	0	0	215	27,013
\$500-\$649	0	0	151	22,183
\$650-\$799	0	0	171	28,892
\$800-\$999	0	0	194	37,033
\$1,000-\$1,249	233	49,930	0	0
\$1,250-\$1,499	217	51,031	0	0
\$1,500-\$1,749	191	48,057	0	0
\$1,750-\$1,999	231	61,054	0	0
\$2,000-\$2,499	521	144,517	0	0
\$2,500-\$2,999	233	66,523	0	0
\$3,000-\$3,499	295	84,005	0	0
\$3,500-\$3,999	193	53,370	0	0
\$4,000 or more	1,098	296,360	0	0
Partial income stated(c)	0	0	229	0
All incomes not stated(d)	0	0	55	0
<b>Total</b>	<b>3,212</b>	<b>\$854,847</b>	<b>1,355</b>	<b>\$138,889</b>

## Brunswick East (High Rise Community Bakery)

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	73	0
\$1-\$149	0	0	21	714
\$150-\$299	0	0	64	4,984
\$300-\$399	0	0	115	12,215
\$400-\$499	0	0	222	27,892
\$500-\$649	0	0	166	24,386
\$650-\$799	0	0	224	37,847
\$800-\$999	0	0	261	49,823
\$1,000-\$1,249	397	85,074	0	0
\$1,250-\$1,499	419	98,535	0	0
\$1,500-\$1,749	471	118,507	0	0
\$1,750-\$1,999	435	114,971	0	0
\$2,000-\$2,499	947	262,682	0	0
\$2,500-\$2,999	422	120,485	0	0
\$3,000-\$3,499	496	141,243	0	0
\$3,500-\$3,999	352	97,337	0	0
\$4,000 or more	991	267,480	0	0
Partial income stated(c)	0	0	236	0
All incomes not stated(d)	0	0	41	0
<b>Total</b>	<b>4,930</b>	<b>\$1,306,314</b>	<b>1,423</b>	<b>\$157,861</b>



## Step 2: Market segmentation - High Rise Community Bakery



### Thornbury (High Rise Community Bakery)

Income brackets	Consumer market size that can afford regen prices	Consumer market value that can afford regen prices	Consumer market size that cannot afford regen prices	Consumer market value that cannot afford regen prices
	No HH that spend equal or more than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of serviceable market	No HH that spend less than MFH & FWC prices of \$383.26 adjusted for average suburb HH size	MFH & FWC value of non-serviceable market
		\$		\$
Negative/Nil income	0	0	124	0
\$1-\$149	0	0	44	1,496
\$150-\$299	0	0	92	7,164
\$300-\$399	0	0	221	23,475
\$400-\$499	0	0	417	52,392
\$500-\$649	0	0	299	43,925
\$650-\$799	0	0	362	61,163
\$800-\$999	0	0	373	71,203
\$1,000-\$1,249	0	0	508	108,860
\$1,250-\$1,499	515	121,111	0	0
\$1,500-\$1,749	447	112,469	0	0
\$1,750-\$1,999	441	116,557	0	0
\$2,000-\$2,499	881	244,375	0	0
\$2,500-\$2,999	533	152,176	0	0
\$3,000-\$3,499	560	159,468	0	0
\$3,500-\$3,999	383	105,910	0	0
\$4,000 or more	1,406	379,492	0	0
Partial income stated(c)	0	0	295	0
All incomes not stated(d)	0	0	82	0
<b>Total</b>	<b>5,166</b>	<b>\$1,391,557</b>	<b>2,817</b>	<b>\$369,677</b>



# Pricing strategy evaluation - High Rise Community Bakery



High Rise Community Bakery can use this pricing analysis model OFN built to apply variable contribution margins.

## Contribution margin scenarios based on current pricing tiers

	Scenario A	Scenario B	Scenario C		
Price tier	Discount dough	Somewhere in the middle	Dough for dough		Current contribution margins
Contribution margin	2.51	4.26	6.02	White loaves	<< change these values to test different outcomes
Sales factor (price multiplier)	3.51	5.26	7.02		
Contribution margin	1.82	3.225	4.64	Rye loaves	
Sales factor (price multiplier)	2.82	4.23	5.64		
Contribution margin	2.17	3.76	5.35	Focaccia single	
Sales factor (price multiplier)	3.17	4.76	6.35		
Contribution margin	1.61	2.645	4.21	Focaccia whole	
Sales factor (price multiplier)	2.61	3.65	5.21		
Contribution margin	2.25	3.35	4.45	Bagels	
Sales factor (price multiplier)	3.25	4.35	5.45		
Contribution margin	1.19	1.92	2.65	Honey oat	
Sales factor (price multiplier)	2.19	2.92	3.65		
Contribution margin	0.00	0.422	1.00	Danish Rye	
Sales factor (price multiplier)	1.00	1.42	2.00		



Total revenue for the current highest pricing tier will not reach the weekly breakeven.

Pricing & max weekly revenue									
Product	White loaves	Rye loaves	Focaccia single	Focaccia whole	Bagels	Honey oat	Danish Rye		
Scenario A									
Price	\$4.00	\$4.00	\$2.00	\$5.00	\$1.50	\$6.00	\$7.03		
Max weekly revenue	\$120.04	\$60.07	\$59.91	\$50.02	\$186.88	\$72.01	\$63.27	\$612.19	
Scenario B									
Price	\$6.00	\$6.00	\$3.00	\$7.00	\$2.00	\$8.00	\$10.00		
Max weekly revenue	\$179.89	\$89.99	\$89.96	\$69.98	\$250.13	\$96.01	\$89.97	\$865.94	
Scenario C									
Price	\$8.00	\$8.00	\$4.00	\$10.00	\$2.51	\$10.00	\$14.06		
Max weekly revenue	\$240.08	\$120.03	\$120.02	\$100.03	\$313.38	\$120.01	\$126.54	\$1,140.08	
*Price = Total unit costs x contribution margin									
** Max weekly revenue is based on production capacity									





To offer equitable access to food, High Rise Community Bakery will need to

- Undertake a price benchmarking analysis to check that their highest pricing tier is within the higher income brackets' price elasticity
- If this is the case, and they will not be able increase their prices. Given their production limitations, HRCB will not be able to hit breakeven through market demand and scale. Therefore they will need to
- Raise funds for
  - food subsidies for the 2 lowest income quintiles for all four suburbs, and
  - hub operations to meet the other non price related equitable access needs of these communities
- Access support to
  - build capability in pricing analysis



# Quick Macro Analysis

of the Australian population







Cultural diversity is increasing with new immigrants.

27.6% of the population were born overseas.

## Top 5 countries of birth (excluding Australia)(a), 2021 Census

Country	Census population count
England	927,490
India	673,352
China (excludes SARs and Taiwan)	549,618
New Zealand	530,492
Philippines	293,892

(a) Based on place of [usual residence](#). Excludes overseas visitors.

Australian Bureau of Statistics (2021), [Cultural diversity: Census](#), ABS Website, accessed 3 October 2022.

Australian Bureau of Statistics (20 September 2022), [Cultural diversity of Australia](#), ABS Website, accessed 3 October 2022.





Not all places have the same amount of cultural diversity.

## Top 10 Statistical Areas Level 3 (SA3s)(a) – Highest proportion of population born overseas, 2021

Top 10 SA3s	Overseas-born (count)	Total population (count)	Proportion of SA3 (%)
Auburn (NSW)	63,835	103,544	61.7
Dandenong (Vic.)	108,788	193,644	56.2
Fairfield (NSW)	109,467	195,172	56.1
Parramatta (NSW)	83,557	152,128	54.9
Melbourne City (Vic.)	81,815	149,601	54.7
Sunnybank (Qld)	26,611	50,190	53.0
Monash (Vic.)	92,887	182,833	50.8
Canning (WA)	49,860	99,139	50.3
Strathfield - Burwood - Ashfield (NSW)	81,081	161,666	50.2
Canterbury (NSW)	69,732	141,091	49.4



# Micro Analysis

- Every CFE's community has its own mix of groups with diverse access needs.
- Desktop research of ABS data can surface segments including income, demographics, cultural ancestry, language, work, travel, etc
- For insights into each community group it is important that the CFE maintain relationships with community group representatives







## Indian Subcontinent Cultural Community

Customer segment	Indian Subcontinent Cultural Community
Size	<p>Ancestry Pakistani 1,398 people (9.8% of Fawkner residents)</p> <p>Country of birth Pakistan 1,122 people (7.9% of Fawkner residents) India 640 people (4.5% of Fawkner residents) Nepal 438 people (3.1% of Fawkner residents) Total 1,620 people (15.5% of Fawkner residents)</p> <p>Country of birth of father India + Pakistan 2,642 people (18.6% of Fawkner residents)</p> <p>Country of birth of mother India + Pakistan 2,620 people (12.4% of Fawkner residents)</p> <p><b>In summary there is probably a market or between 12 - 18% of Fawkner residents for this segment.</b></p> <p>Language used at home Urdu 1,949 people (13.7% of Fawkner residents) Nepali 469 people (3.3% of Fawkner residents)</p> <p>English proficiency 176 people speak Urdu and do not speak English well 44 people speak Bengali and do not speak English well 22 people speak Nepali and do not speak English well 4 people speak Sinhalese and do not speak English well 3 people speak Punjabi and do not speak English well 3 people speak Hindi and do not speak English well</p>
Product need	Indian subcontinental ingredients
Comms need	Translation

Every CFE's community has its own mix of groups with diverse access needs.





## Travel locally

Customer segment	
Size	<p><b>Fitzroy</b> Walk to work only - 654 residents (10.6%) Cycle to work - 262 residents (4.2%)</p> <p><b>Brunswick East</b> Walk to work only - 260 residents (2.9%) Cycle to work - 500 residents (5.6%)</p> <p><b>Thornbury</b> Walk to work only - 214 residents (1.9%) Cycle to work - 374 residents (3.4%)</p>
Distribution need	
Analysis & implications	
	<p>This segment that walks to work only or cycles is likely to view “out of home” comms including posters and signage.</p> <p>Drop off hubs are available after 6pm. Lock box right next to the oven - but not well utilised so need online and physical comms around it.</p>
Recommendations	
Comms plan	Consider putting up posters on the fence at the oven on Gertrude and Brunswick St corner and on cycle paths indicated on Google maps.

Desktop research of ABS data can surface segments including income, demographics, cultural ancestry, language, work, travel, etc



tara@cultivatingcommunity.org.au

16:20 21 Feb

Again, this is another high priority that could potentially have quite a lot of impact in terms of growing our more local customer base. Still discussing this as a team.

Screenshot of segmentation from Needs Analysis document





## Prioritised segment

Indian subcontinent cultural community

## Segment size

There is a market of 14,274 people)

For insights into each community group it is important that the CFE maintain relationships with community group representatives



## Analysis

All glory, no swords 🗡️ - MFH exploring how to enable economic development & cultural food production among low income refugee/migrant communities. Note the sentence “from our Secret Cook”. This is a key message based on the insight from the Indian Subcontinental community that the social cost of trying something new and failing could bring so much shame to husbands that women will not try new things unless it is well accepted in their community. So MFH’s strategy is “all glory, no swords”. They encourage women to cook during school hours, certified kitchen and ingredients provided, test batch under MFB banner with secret chef. If it is a success they will promote who the chef is. If not they will test something else.

## Key insight

Opportunity to pitch cultural food production to funders (government and philanthropy) for economic development outcomes to subsidise wage overheads.

## Recommendation

Measure the results from cultural food production in terms of revenue and food quantities, write up into a case study for comms plan targeting funders.





## Prioritised segment

Indian subcontinent cultural community

## Segment size

There is a market or between 12 - 18% of Fawkner residents (total 14,274 people) for this segment.

## Analysis

There is a general lack of [spoons](#) caused by intergenerational trauma. There's not enough spoons to think beyond the day which sets them up for having to shop every day which then takes more time and reduces their capacity overall.

## Key Insight

To increase basket size (for hub viability) and equitable access the hub needs to build the capacity & capability (increase spoons) of the segment to change behaviour from shopping daily to weekly.

## Recommendation

Communications plan: campaign to increase awareness with posters on the fence at the oven on Gertrude and Brunswick St corner and on cycle paths indicated on Google maps.





## Comms campaign of a simple meal plan addressing key insight #2

### Primary audience details:

- Indian subcontinent, Middle eastern, Southeast Asian & European European cultural communities and families with kids
- “Near poor” income group and one above that
- Access to kitchen and basic cooking infrastructure (recipes will be flexible enough to be cooked on the stove if an oven is not available).

### Measurement indicators:

- Increased repeat purchase (Target: 5 new low income customers),
- Increased value of basket (Target: \$20 basket - currently \$10 on average)

OFN provided MFH with the comms brief template and advice on shaping the campaign.

### Secondary audience details:

- culturally diverse philanthropy

### Secondary audience outcomes:

- Established relationships with funders (Target: 1 “good funder” values aligned, wants to invest in food systems, willing to take a punt)





## Weekday meal plan example

- Monday: Dhal with spinach & rice
- Tuesday: Cheat's lasagna
- Wednesday: Chicken curry with potatoes and carrots & fresh herb salad with and link to recipe with the nan (or just buy it)
- Thursday: Fattoush with lebanese
- Friday: Fried noodles with vegetables, chicken and mushrooms

**Key message:** No time, no stress

**Call to action:** Shop at our Friday market or order online

**Channel:** Instagram, Facebook and WhatsApp

**Duration:** 2 weeks

## Channel Measurement

**Facebook:** Engagement (# likes, # comments) & reach (# views)

**Instagram:** Engagement (# likes, # comments, #screenshots) & reach (# views)

**WhatsApp:** Engagement (# likes, # comments)

**Results:** TBC

**Learnings:** TBC

CFEs are running so lean that they do not have the capacity to run lean experiments at the moment.

**Next step: MFH to execute and measure**



# Needs Analysis & Recommendations - High Rise Community Bakery



## Prioritised segment

Community members that travel locally

## Segment size

- Fitzroy
  - Walk to work only - 654 residents (10.6%)
  - Cycle to work - 262 residents (4.2%)
- Brunswick East
  - Walk to work only - 260 residents (2.9%)
  - Cycle to work - 500 residents (5.6%)
- Thornbury
  - Walk to work only - 214 residents (1.9%)
  - Cycle to work - 374 residents (3.4%)

## Analysis

There is a decent number of residents that travel on foot or cycle locally and would be able to access the market but market numbers are currently limited to the residents of the high rise flats. External community members are resistant to enter the grounds due to lack of awareness of what HRCB are and that they are allowed to enter the grounds.

## Analysis cont.

Drop off hubs are available after 6pm. There is also a lock box right next to the oven but they are not well utilised due to lack of awareness as well. HRCB have not yet hit production capacity and require funding to breakeven.

## Key Insight

To increase local customer base “It is also clear that we should explore comms/marketing through signage that people regularly pass and come across in the Fitzroy area, rather than having to actively ‘follow’ our socials.” Tara, HRCB

## Recommendation

Communications plan: campaign to increase awareness with posters on the fence at the oven on Gertrude and Brunswick St corner and on cycle paths indicated on Google maps.

**OFN provided a simple communications brief template**

**Next step: HRCB to execute and measure**



# Needs Analysis & Recommendations - High Rise Community Bakery



## Prioritised segment

Community members employed at hospitals, higher education & cafes & restaurants

## Segment size

- Fitzroy
  - Hospitals (except psychiatric) - 426 residents (6.9%)
  - Higher education - 261 residents (4.2%)
- Brunswick East
  - Hospitals (except psychiatric) - 492 residents (5.5%)
  - Higher education - 425 residents (4.7%)
  - Cafes and restaurants - 350 residents (4.9%)
- Thornbury
  - Hospitals (except psychiatric) - 579 residents (5.3%)
  - Higher education - 417 residents (3.8%)
  - Cafes and restaurants - 309 residents (2.8%)

## Analysis

There is opportunity to diversify revenue stream into B2B to achieve breakeven with these 3 segments but it will require a learning curve and relationship building with local business.

## Key Insight

"I really like the non-cultural segments. We have previously talked about tapping into Universities but the idea of exploring a market within hospitals could be an interesting way to grow our customer base."

## Recommendation

After completing the communications lean experiment, research which local businesses would be worth approaching and start to build relationships with them.

**Next step: HRCB to consider prioritisation after comms experiment**





Both partner CFEs require

- operational funding to
  - pay staff for their effort and expertise in running an enterprise with public good outcomes
- capacity and capability building to
  - identify the specific complex barriers, needs and preferences to buying and consuming food in their communities, and
  - address them through running lean experiments for their marketing mix / community engagement
  - pay for access to tools and infrastructure that makes delivering equitable access outcomes more effective and efficient



**Tech: UX insights, design  
recommendations & development of  
OFN minimum viable functionality for  
vouchers**







## Access

Access to digital platforms like OFN may be a barrier for low income groups due to

- Costs of internet access
- Limited access to computers or other devices that can connect to the internet
- Limited service in their area (remote locations)
- Must be used on a mobile phone
- No physical home address to put in billing details

Creating voucher functionality on the Open Food Network platform is the first step towards a long term solution.

## Considerations

- Design should be mobile friendly
- Direct link to products will help lower data costs. A person can be linked directly to the product/s they need.
- Do we have an option for those without billing details / shipping address?
- How can we support the in-store process?
- How can we track the value of what is on the code between uses like OFN and Square?





## Language / intellectual

- Difficulty navigating the platform
- Difficulty understanding how the Food Hubs and OFN works
- Challenges for users with intellectual disabilities
- Increased perception of risk when using the platform
- Difficulty understanding exactly what is being purchased
- Because of this, in-person shopping may be a more appealing and accessible option

Food subsidies distributed at in person markets should also be included as a next step for future funding.

## Considerations

- Need translation options
- Simplify the UX to aid understanding
- Use common practices





## Phase 1 - Minimum Viable Product (funded within this project)

### Shop

- I want Customers to be able to use vouchers (i.e. in checkout)
- I want customers to be able to check out as a guest but still use a voucher code

### Admin interface

- I want to offer a fixed price voucher
- I want to offer a voucher as a percentage (%)
- I want expiry date
- I want to set / select food equity OR promotional on voucher
- I want to be able to generate my own voucher codes
- I want to see / manage all of my voucher codes on Open Food Network
  - I want to see what a voucher code was used on
  - I want to be able to see the orders linked to a voucher
  - **I want to see who used the voucher code (or phase 2)**
  - I want to see how many vouchers have been used (in UI for individual shops and as superadmin)
  - I want to see the total value of vouchers used (in UI for individual shops and as superadmin)
  - I want to be able to select the purpose of the voucher as either food equity vs promotional (mandatory)
  - I want to see the total value of vouchers by purpose of food equity vs promotional

## Phase 2 - Pending Future Funding

- I want to select which product categories the voucher applies to
- I want a voucher that can be used multiple times / I want my customer to be able to partially use their voucher
- I want to export voucher codes from Open Food Network to a spreadsheet
- Management / overview:
  - I want to organise my voucher codes by category
  - I want to see the food categories related to vouchers used

## Phase 3 - Pending Future Funding

- I want my voucher to activate after certain conditions are met
- I want OFN to automatically generate voucher codes for me
- I want to see who used the voucher code
- I want to edit my voucher codes once they are live
- I want the option to sell vouchers on my shop







Refer to [Vouchers Discounts Credits V1 Designs](#) Discourse page & [Checkout](#) functionality pull request

## Voucher checkout front end - mobile example

### Checkout - order summary

 Nibley Leaves checkout

Order ready for **Food Hub 18th-19th February**

Your details 

**Payment method**

Order summary

#### Apply voucher

Apply

#### Payment method

☐ Venmo @Nibleyleaves **(Free)**

☐ Cash at pickup **(Free)**

☐ Cheque **(Free)**

☐ CashApp \$NibleyLeaves **(Free)**


☐ Paypal **(£0.33)**

☒ Pay by card (Stripe) **(£0.42)**


You can review and confirm your order in the next step which includes the final costs.

Next - Order summary

### Checkout - order summary

 Nibley Leaves checkout


Order ready for **Food Hub 18th-19th February**

Your details 

**Payment method**

Order summary

#### Apply voucher

 50%discountco

Remove code

#### Payment method

☐ Venmo @Nibleyleaves **(Free)**

☐ CashApp \$NibleyLeaves **(Free)**

☐ Paypal **(£0.33)**


☒ Pay by card (Stripe) **(£0.42)**

You can review and confirm your order in the next step which includes the final costs.

Next - Order summary

Back to Your Details


### Checkout - order summary

 Nibley Leaves checkout


123 / 11 Street name, any other address info, City, county/state, Country

Please leave outside if we're not answering the door!

#### Payment method


 123SDF24RSDF


Remove code

Edit 

Pay by card (Stripe) **(£0.42)**

#### Order details



Item	Price	Qty	Total
 Broccoli (400g)	£1.00 £2.50 / kg	1	£1.00

**Total**

~~£18.10~~

**£8.00**

Shipping, fees & taxes

£10.00

50%discountco

-£8.00

☒ I agree to the seller's [Terms and Conditions](#).

Place order





Refer to [Vouchers Discounts Credits V1 Designs](#) Discourse page & [Back office](#) functionality pull request

## Voucher back office

DASHBOARDPRODUCTSORDER CYCLESORDERSREPORTSENTERPRISESCUSTOMERS

jane.winston@gmail.comLogoutStore

SETTINGSMerri Food Hub ▼

Primary Info

Shipping

Payments

Fees

Vouchers

Inventory

Tag Rules

Permissions

Preferences

Users

Vouchers

Add New

Food equity

All dates21/01/22 - 21/01/23

Voucher labelChristmas promo

Filter

Actions ▼

Apply

Redeemed2

Customers1

Value\$50.00

<input type="checkbox"/>	Voucher code ↑	Rate	Label	Purpose	Expiry	Use/limit	Customers	Net value
<input type="checkbox"/>	ASDF234FASDF	\$50	99JohnSt	Food equity	11/12/23	1/1	1	\$50.00
<input type="checkbox"/>	MERRYCHRISTMAS	\$50	Christmas promo	Promotional				
<input type="checkbox"/>	JOHNSMITH							

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← BACK

Add voucher

Save

General

Restrictions

Voucher code

12312323

Generate code

Voucher type

Percentage (%)

Amount

20

%

☐ Voucher expires

Expiry date

10/01/2023

Voucher purpose

Food equity

Label

Christmas promo



# Global Scan - informing design of a food fund







## Research question

**What models/mechanisms exist to subsidise the cost of food to increase equitable food access, and simultaneously retain a fair price for farmers?**

Sub-questions:

- What are the characteristics of these models/mechanisms?
- What has been learnt from these models?
- What design principles can we derive relevant to the CFE sector in Victoria?

## Methodology:

1. A rapid review of existing global academic and grey literature
2. Structured internet search, using key words, for past and existing food subsidy models, programs, pilots, initiatives etc.
3. Development of database to provide high level, structured case study overview to inform recommendations





Access the [Global Scan report](#)

[View the Airtable Database](#) and to [add to the Airtable database](#)



# Case Study #1 - SNAP in a local food setting



**The Supplemental Nutrition Assistance Program (SNAP) is a US program that provides eligible low-income individuals and families with financial support to buy healthy foods and beverages - in 2020 its reach was 43 million individuals.** The cash-based intervention is administered through the US Federal Farm Bill with recipients receiving monthly payments via an electronic benefits transfer (EBT) card that can be used in authorised retail outlets.

SNAP recipients can redeem their benefits via a specialised point of sale (POS) terminal at an authorised outlet.

**\$22.4 million of SNAP benefits was spent in farmers' markets across the US (2017).**

SNAP is usually administered through an authorised, centralised farmers' market operator (e.g. the market manager) with the recipient receiving 'scrip' (tokens, coupons etc) to then spend at stalls within the market.

Market vendors take scrip as payment from customers and get the full dollar reimbursement from the market operator, who holds the responsibility for reconciling SNAP benefit transactions in the marketplace.





# Case Study #1 - SNAP in a local food setting



A **parallel coupon system** has also been adopted by some farmers' market operators where shoppers can also use credit/debit cards at the POS terminals to get 'scrip'. This can help to reduce underlying stigma because scrip becomes a normalised method of payment.

A challenge is that **markets/outlets don't have capacity to engage with their SNAP recipients**. This limits cross-intervention approaches for successful and effective uptake.

In April 2019, the **SNAP Online Purchasing Pilot** was launched in several states and then rapidly expanded to most US states due to the impact of Covid-19. As of July 2021, only a small number of independent retailers and farmers' markets were participating in the Online Purchasing Pilot due to limited financial resources, regulatory/administrative paperwork and processes and technological barriers.

In January 2023, 'Hub on the Hill' in New York became the **first food hub in the US to offer online payments with EBT cards** - significant technical, financial and administrative support was required to make this successful.





## Case Study #2: Incentive programs to increase purchasing power



Established in at least 28 US States to help increase SNAP recipients' access to healthy, local food options.

**Incentive programs provide recipients with increased purchasing power of healthy foods, but they can also play an important role in activating local food economies and supporting farmers.**

Eg in California, SNAP recipients have 1:1 matched funds up to the value of \$10 to use within participating marketplaces. This Market Match program is overseen by The Ecology Centre and includes a network of 60 community-based organisations and farmers' market operators that offer this matched funding.

**Incentive programs are funded through public and/or philanthropic funding. The Gus Schumacher Nutrition Incentive Program provides Federal funding of \$56 million annually to enable establishment of incentive projects across the country.**

While it is powerful in improving connection of low income households to locally grown produce, the competitive grant program has also been criticised for inequitable distribution of funds with an imbalance and struggle between states with 'merit-versus-need'.

**Evaluations shows that complementary financial incentive programs at farmers' markets do have a positive effect on market expenditure and fruit and vegetable consumption of SNAP recipients.**



*Image courtesy of [Iowa Healthiest State Initiative](#)*



## Case Study #3 : The Community Grocer - Grocer Gift



The Grocer Gift Community Partnership Program is a voucher program that aims to increase access to high quality, culturally appropriate and nutritious produce and products via Community Grocer markets.

Grocer Gift was launched in 2021, following funding from Moving Feast and the Victorian Government, and with support from research support from Monash University.

The Grocer Gift is a web platform that generates QR-coded paper vouchers of any denomination for distribution by partners to community members in need. Current partners include CoHealth, Cardinia Shire Council, the Salvation Army and Windermere. Community members can scan their vouchers at any of the markets run by The Community Grocer, and redeem them in part or in full for fruit and vegetables.

The system is integrated through the Square POS and reporting of sales spent through Grocer Gift funds is available at each market.

To date, partners have provided \$27,000 of funding to enable the community to access Grocer Gift funds.



*Image courtesy of [The Community Grocer](#)*





1. **Design principles** are suggested for any food subsidy program:
  - **Minimise the administrative burden of CFEs**
  - **Minimise or remove infrastructure or equipment costs** involved in setup and CFE participation
  - **Co-design and trial with the community** and stakeholders for how the food subsidy program can best be implemented in each unique community.
  - Ensure applicability to both **online and in-person marketplaces** to meet the varying needs within target audiences and prepare for future shocks.
2. **Build on the strength, knowledge and activities** already existing within Australia. For example, explore opportunities to expand / replicate The Community Grocer 'Grocer Gift' model to other CFEs.

## Global Scan: Food subsidies

Funding mechanisms that provide subsidies to improve food access and equity



**Authors:** Prudence Rothwell & Serenity Hill (Open Food Network)

**Contributors:** Georgia Savage & Ronella Gomez (Open Food Network)





- 3. Understand and provide for capacity building needs of CFEs to sustainably implement food subsidy programs** (e.g. administrative, legal, accounting support and advice). For example, in the US there are intermediary bodies that provide training, technical assistance and administration of food subsidy programs that enable CFEs to focus on effectively delivering the food subsidy program on the ground.
- 4. Strengthen and build further opportunities for policy integration and synergies of programs that are designed around food and food systems.**
- 5. Secure an ongoing, sustainable source of funding from the public and philanthropic sectors.** Flexibility is also needed for individual CFEs to draw a funding mix to suit their situation, for example, a CFE in a small town needs to be able to draw on donations from local businesses and philanthropy, alongside access to a larger funding pool potentially drawing from philanthropists and government agencies working at a state or national level
6. Food subsidy program design needs to have a **fit-for-purpose evaluation framework** that is **specifically resourced.**



# Recommendations / Next steps







# Next steps are independent, can happen in parallel

## Design/pilot Food with Dignity Fund

- With Moving Feast, led by The Community Grocer and Open Food Network (who else needs to help lead?)
- Participation of potential funders in the design: DHHS; VicHealth; ST; LMC? Who else needs to be engaged?
- Expansion of this reference group to provide support and input - who else needs to be invited?

## Third party review of the model, and food basket pricing in-depth research.

Eg Monash University to inform the development of a price comparison tool using latest methodology (potential using INFORMAS and exploring a larger sample of diverse comparison sites and comparing the price differential at a geographical level)

Products selected for the 'regenerative food' price comparison is confirmed/traced to be grown using regenerative and agro-ecological approaches

## Vouchers for online shopping

### Tech

- OFN platform voucher next phase
- OFN voucher API for interoperability with the Grocer Gift in person voucher software

### Delivery partner

- Open Food Network

## Vouchers for in person markets

### Tech

- Grocer Gift extension software design, development & maintenance

### Delivery partners

- Open Food Network
- The Community Grocer (with OK200)

Key message - no silver bullets! Pricing subsidies crucial but still a very small proportion of total, comprehensive approach to increasing equitable access.

Outcome = consumer affordability & equitable access



# What a Food with Dignity fund could look like



Functions of a food fund	<b>Providing the DGR status so that donations are tax deductible</b>	<b>Providing the governance structure and managing the due diligence process for CFEs to participate - ensuring integrity.</b>	<b>Admin: managing financials and compliance/ reporting.</b>	<b>Investor business development and onboarding - ability to target government (fed, state, local) and philanthropy.</b>	<b>Capacity building - support to CFEs to participate</b>	<b>Collective marketing - engaging and directing users to participating CFEs.</b>
Who? Options	Different pieces by different orgs? Options: Moving Feast, Sustainable Table Fund, Open Food Network, CERES, Community Grocer, Other?					

**Outcome = consumer affordability & equitable access**



# Advocating for regenerative supply chain subsidies and other support for industry capacity / development



## Operational subsidies for values based supply chain enterprises/orgs

- to pay all staff to internalise costs, for staff retention and to access staff with appropriate skill sets
- to fund the required hybrid business models, especially in communities with high proportions of low income households
- to meet the other non price related equitable access needs of these communities
- pay for access to tools and infrastructure that makes delivering equitable access outcomes more effective and efficient

## Economic subsidies for producers

- Direct economic subsidies/payments for regenerative outcomes

*Direct producer and supply chain pricing subsidisation for Victoria: \$44.2M Australia: \$170M*

## Funded support to build capacity and industry development

Agriculture alone currently receives \$6 billion in support for capacity from the Federal government per year, the vast majority of which goes non regen ag. There is opportunity to redirect some of this budget for building up capacity of regen ag and values based supply chain sector to achieve multiple public outcomes.

Direct  
subsidy

Indirect  
support



**Multiple outcomes = increased production, economic development, food systems resilience, customer affordability, equitable access**



# What does capacity support to Values based supply chain enterprises eg CFEs look like?



Build on CFE sector “rapid needs and values assessment” project funded by LMCF and ST

Services to CFEs could include

- Financial analysis / business model development
- Benchmarking to support iterative development of financial model/funding formula for sector wide advocacy
- Needs analysis - identify the groups and their specific complex barriers, needs and preferences re buying/consuming food.
- Lean experiments for marketing mix / community engagement
- Impact M&E for CFEs
- Need networking capacity to surface and share needs.



# What should we do next and who needs to be involved?



- Draft report circulated for feedback on detail
- Continuation of this reference group - Who else should be involved?
- Presentation of findings & recommendations to LMCF.
- Project design / development with Moving Feast, LMCF, ST, DHHS and Vic-Health and CFEs on this reference committee
- Who else needs to know about this work?





openfoodnetwork.org

 facebook.com/openfoodnet

 twitter.com/openfoodnet

 instagram.com/openfoodnetwork/

 linkedin.com/company/open-food-network/

 openfoodnetwork.org/user-guide/

 hello@openfoodnetwork.org

Photo by LuAnn Hunt