



Developing a food hub in the City of Casey

Improving access to fresh food

Food hubs help improve supply of and access to fresh fruit and vegetables in Victorian communities. They also create jobs, and strengthen communities and local economies. This two-year research project, funded by a VicHealth Innovation Grant, was conducted by Kirsten Larsen and the Victorian Eco-Innovation Lab (VEIL). The project explored whether – and how – food hubs can contribute to healthy and resilient local food systems.

1 What is a food hub?

At its simplest, a food hub is a direct connection between food producers and consumers. The food hub collects the fresh produce and arranges for its distribution, connecting multiple producers to a broader range of customers than a traditional commodity supply chain (Fisher et al 2012; Matson & Thayer 2013).

This project considered a food hub as any local food aggregation initiative, regardless of size, which sources produce directly from farmers, increases local food access and is built on social values, such as food security and enterprise development. This allowed the project to include online food hubs that use volunteer contributions and informal infrastructure, such as garages and community halls.

Food hubs are classic examples of social enterprise. Their key challenge is becoming viable and sustainable enterprises without ‘compromising their foundational motivating principles’, such as transparency and source-identification, fairer price returns for local and regional producers, sustainability and improving food justice and food security in their communities (Leman et al 2012; Matson & Thayer 2013; Barham et al 2012; Blay Palmer et al 2013).

2 Why the City of Casey?

This project focused on the south-east Melbourne region, which includes the municipalities of Bayside, Casey, Cardinia, Frankston, Glen Eira, Greater Dandenong, Kingston, Mornington Peninsula, Monash and Stonnington. The region includes urban growth corridors, and communities of high cultural diversity and lower socioeconomic status than the Victorian average.

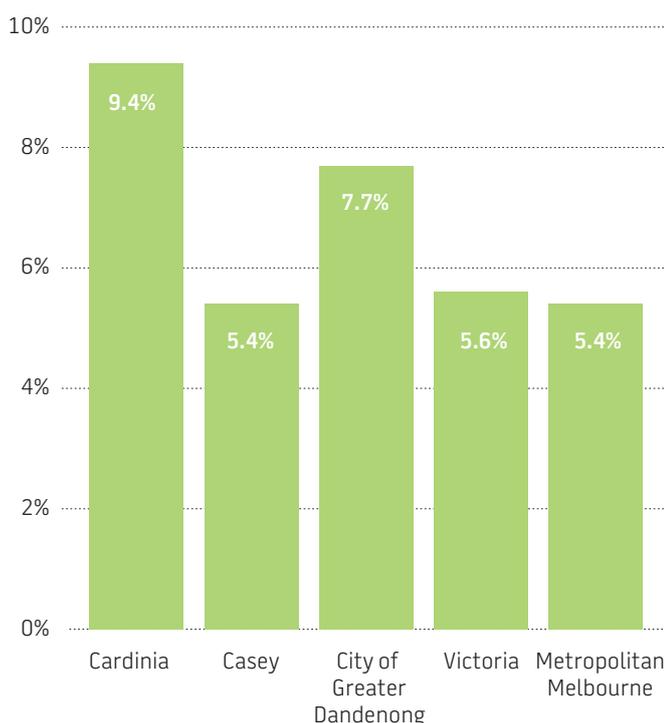
Access to fresh food is a significant issue across south-east Melbourne, and food insecurity is much higher than the Victorian average. For example, Cardinia Shire has a level two-thirds greater than the Victorian average.

While the project was initially focused on the City of Casey, it soon extended to a broader regional focus on the south-east, which is one of greater Melbourne’s most productive horticultural areas, generating a wide variety of fruit and vegetables all year round. However, there are significant pressures on agricultural production in this area, ranging from fragmentation and loss of farmland for housing; price pressure and a lack of fair market access; seasonal labour shortages; and a perception among farmers that their presence and products are not valued in the broader community.

There is increasing focus on aligning the actions of food supply chain participants with health objectives. The challenge is to make alternative markets work for healthy diets. However, to engage and motivate food supply chain participants – farmers, distributors and sectors of local councils – it is necessary to connect with the challenges they are facing. New solutions must work in the interests of supply chain participants and improve health outcomes for communities.

The proximity of productive horticultural areas near a rapidly growing urban population provides an ideal region for exploring the possibilities of market-based health interventions.

Figure 1: Food insecurity in south-east Melbourne



Percentage of adult population who ran out of food in the last 12 months and could not afford to buy more.

Victorian Population Health Survey 2011

Glossary

Food security is when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life. It is often defined as having four pillars: food availability – sufficient quantities of food; food access – sufficient resources to access food; food utilisation – skills, abilities and safety to use the food; and food stability – that these conditions are reliably maintained over time. (WHO 2015)

Food justice is a movement that envisions a food system that is inclusive, community-led and participatory, without the exploitation of people, land, or the environment. It asserts that food is a right and no one should live without enough food because of economic constraints or social inequalities, seeing the lack of healthy food sources in poor communities as a human rights issue. (Growing Power 2015)

Food systems include all processes and infrastructure involved in feeding a population: producing, harvesting, processing, packaging, distribution and transport; eating and food waste. At each of these steps, it draws from and returns wastes to the environment, and closely interacts with social, political, employment and economic systems. (Eames-Sheavly & Wilkins 2000)

Food hub: Definitions of food hubs vary from the purely functional:

“A regional food hub is a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand”. (Barham et al. 2012: 4)

... to a strong emphasis on community and advocacy elements:

Networks and intersections of grassroots, community-based organisations and individuals that work together to build increasingly socially just, economically robust and ecologically sound food systems that connect farmers with consumers as directly as possible. (Blay Palmer et al. 2013: 524).

3 Research in action: building community response

3.1 Methodology

Work program 1

Work program 1 was a participatory action research (PAR) project, (McIntyre 2008; O'Brien 1998) part of an ongoing interaction with local stakeholders. The project was an investigation and experiment in locally appropriate distribution models, based on specific community needs and priorities. The key activities and outcomes are summarised in Table 1.

Table 1: Scope, design and feasibility of a food hub in Melbourne's south-east

Part 1: Mapping opportunities and barriers to development in Casey's local and regional food system	
Activities	Outcomes
<ul style="list-style-type: none"> • Access, organise and geographically map data about players in the local food system: supply, demand, resources, infrastructure • Interviews with 16 farmers, 12 buyers, 13 emergency food relief providers, plus many informal conversations • Surveys • Stakeholder workshops 	<ul style="list-style-type: none"> • Locate and engage interested farmers in the project • Deepen understanding of local context, production and distribution patterns • Explore opportunities and barriers to developing a food hub; scaling up local food distribution • Establishing relationships and a network • Present, reflect and plan next steps with the group
Part 2: Extensive and detailed participatory 'hub and system' design work	
Activities	Outcomes
<ul style="list-style-type: none"> • Participatory design processes with local stakeholders identified through Part 1 • A supervised 'design studio' with final year masters students at RMIT and the University of Melbourne 	<ul style="list-style-type: none"> • Explore different perspectives of the food hub • Map supply: what's available when? • Map demand: who is interested in buying from a hub? • Explore partnerships and available resources; develop a possible model for a food hub • Identify and 'workshop' with possible partners to develop proposed model (see Figure 2)
Part 3: Investigate the feasibility of a food hub	
<i>Undertake innovative pilots and market-test key components of the proposal.</i>	
Activities	Outcomes
<ul style="list-style-type: none"> • Branding strategy and materials • Establishment and operational processes • Food service trials: hospitality and wholesale; community buying groups • Develop proposals and partnerships for further investment in the South East Food Hub • Test and evaluate assumptions about market demand • Explore models for distributing fresh local food to communities in the south-east • Secure support and funding to continue development of the South East Food Hub 	<ul style="list-style-type: none"> • See Section 3.3

The most significant learning came from Part 3, when the project's feasibility was undertaken through action research. More details, including the results and findings are detailed in Sections 3.2 and 3.3.

Work program 2

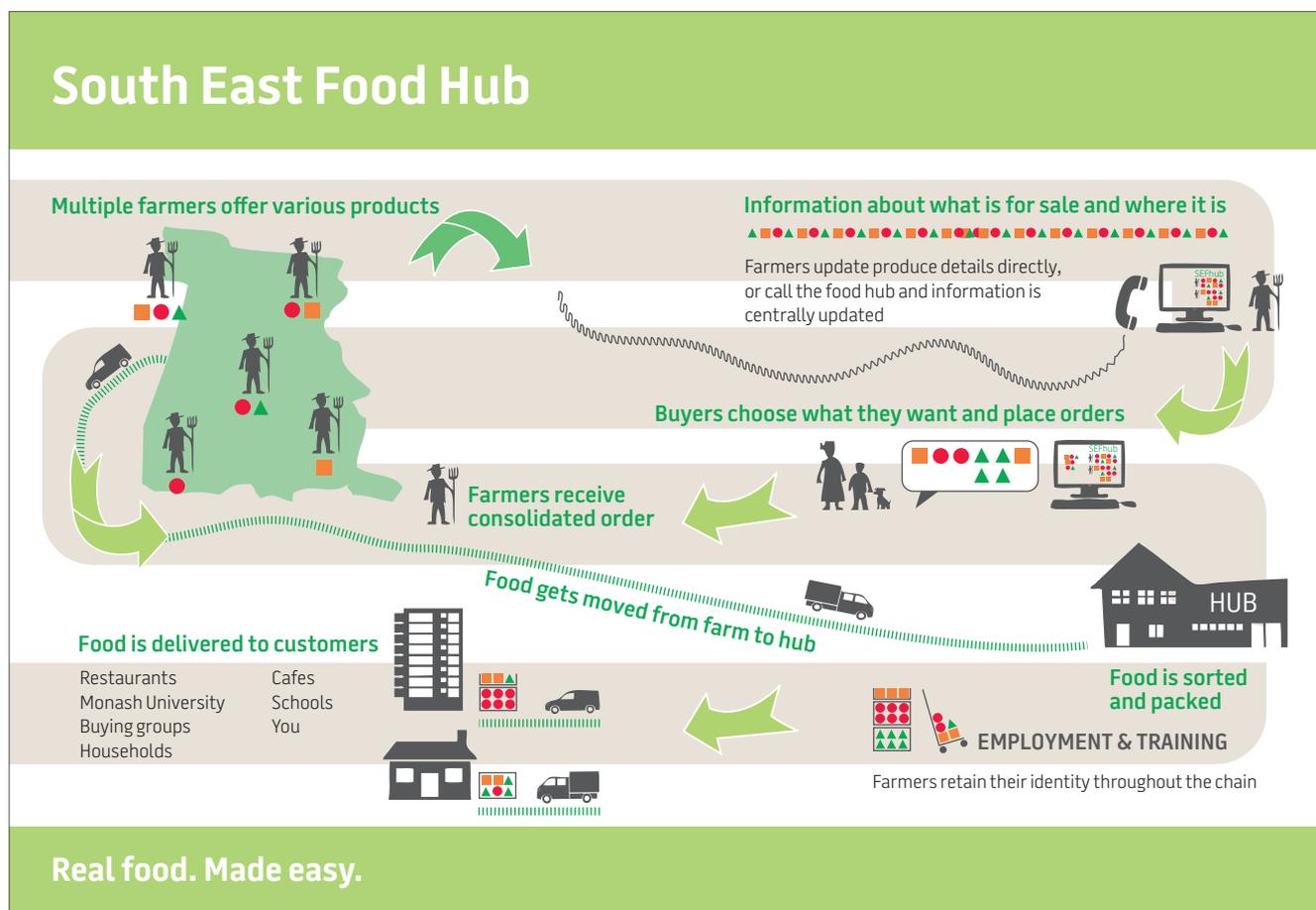
Work program 2 focused on learning from food hub pioneers locally and overseas, building connections and resources to inform Work program 1 and other interested groups.

Table 2: Australian Food Hubs Network

Activities	Outcomes
<ul style="list-style-type: none"> Translate and transfer the knowledge generated by the project by supporting the establishment of the Australian Food Hubs Network Research successful initiatives locally and overseas to inform project development, business case and design Develop an effective framework for assessing the impact of food hubs 	<ul style="list-style-type: none"> Established communications channels: Facebook (500+ followers); Twitter (320+ followers); website and blog (www.foodhubs.org.au); mailing list (500+ followers) Coordinated a national speaking tour with Chris Walsh from UK food hub Manchester Veg People, with 25 events in 30 days Convened Food Hubs conference stream at the Agri-Food Research Conference, bringing researchers and ‘doers’ together. Over 20 papers were submitted and sessions were well attended over two days Embedded the term ‘food hub’ in the Australian food system; many self-identified food hubs and communities around Australia are now exploring similar projects Benchmark summary: the State of Australian Food Hubs (currently underway)

More detail on methodology, activity and resources created can be found in the full report at www.ecoinnovationlab.com.

Figure 2: Proposed food hub model resulting from Part 2 of the project



Infographic courtesy of Kate Dundas

3.2 Establishing feasibility through a lean start-up

Part 3 of the project began in August 2013 and focused on investigating the feasibility of a food hub.

The project employed a 'lean start-up' approach as a means of starting up through well-designed experiments, to learn which activities are financially viable and which are not. It involves starting small, launching early and learning from stakeholder and customer feedback. The intention was to test whether food hubs could provide a solution to a real problem for local growers and consumers, and whether demand and supply could grow simultaneously.

The purpose of the trial was to establish, utilise and develop:

- a strong brand and market expectation of the South East Food Hub
- an online trading network using prototype Open Food Network (OFN) software
- a weekly food hub order cycle, with orders and payments handled online
- food hub warehouse and distribution operations.

This approach meant learning by doing, and assessing the project's feasibility from a practical perspective. The South East Food Hub began operating a weekly order cycle in February 2014 and continues to operate. Its progress can be followed at www.southeastfoodhub.org.au.

“
You can't review a film until you've seen it. Let's try something and see if it works”

Food hub participant, July 2013

3.3 Testing the food hub model

This project has demonstrated a food hub model that can deliver the intended outcomes. As from April 2015, it has:

- established 10 community buying groups, including community enterprise models that raise revenue for community centres and schools; and established independent small businesses to replicate and extend the model
- created new opportunities for job creation and skill development. The trial involved local distribution companies and participants from training and employment programs at Avocare. Early participants reported gaining new knowledge about fresh produce.¹ Base operations of the current model require two packing staff (total 0.4) and an operations coordinator (0.5)
- involved 16 farmers, over 110 varieties of fruit and vegetables, and paid almost \$60,000 to participating farmers.

This project has outlined a process that can now be used for research and by community enterprise to explore, initiate and establish food hubs.

VICHEALTH SEED CHALLENGE AND THE OPEN FOOD NETWORK

Open Food Network was one of the winning ideas from the VicHealth Seed Challenge launched in April 2013. Open Food Network is an online marketplace that makes it easy to find, buy, and sell local and source-identified food. It helps food hubs to provide quality food to local consumers, and supports local farmers. The VicHealth Seed Challenge provided investment for prototyping, trialling and scaling up of the Open Food Network.

For more information, see www.openfoodnetwork.org and <https://www.vichealth.vic.gov.au/programs-and-projects/the-seed-challenge>

4 Key findings

4.1 Establishing a viable business model must balance social, environmental and local economic outcomes

Food hubs are complex enterprises. Like any other business, a food hub needs time and investment before it can hold its own in the marketplace, break even and support growth. It also has additional challenges in trying to deliver social and environmental outcomes and promote healthy eating.

Through innovative partnerships and creative business models, the South East Food Hub trial was able to offer fresh, local produce at prices accessible to both mainstream and vulnerable communities. However, as it moves from a research-funded trial to a more independent model, further experimentation is required to meet the multiple outcomes.

Initiating a food hub requires knowledge and skills from a wide range of sectors, which the initiating groups may lack. They include:

- finance
- business management and food industry skills
- evaluation
- communication
- public health partnerships
- sustainability auditing and social impact monitoring
- business model development
- preparation for other forms of investment.

¹ One of the packing staff said, "When I started, I had no idea what kale was. I still don't eat it, but at least I know what it is!"

4.2 Food hubs need time and resources to get established

Food hubs are hard to establish. It takes time to build relationships, trust and goodwill with local stakeholders and existing players, and to identify genuine gaps and opportunities.

It is critical to engage existing operations as potential partners rather than competitors. Where local groups have managed to operate food hubs, there can be competitive dynamics with ‘newcomers’ – including those with external funding – particularly if the new enterprises do not respect hard-earned business lessons about viability.

The research team decided to conduct a live trial as the feasibility assessment. In hindsight, resources were inadequate. This led to a number of challenges, including:

- reduced participation of the core group in decision-making
- burn-out of core team members
- lost opportunities for support or feedback from participants in early trials
- a significant amount of information not yet documented or released
- reduced focus on the Australian Food Hubs Network, and therefore on the sharing and connecting of resources and people in food hubs across Australia.

Despite the limitations, the live trial did enable the project to refine a model that is worth pursuing. Operational insights that can be used by other food hubs include:

- co-development with the Open Food Network. This is critical to the continuing operations of the South East Food Hub and is now available for other groups to use.
- detailed knowledge of the operations, processes and tools needed for running a food hub.

Investigation into council regulations and permits that affect food hubs, with examples of approvals from different councils, would complement the further development and release of knowledge gained during this project. This would assist new food hubs, especially in regional and rural areas.

For more detailed learning from the trial, see the full report at: www.ecoinnovationlab.com

“

From the outset create the time and space for building strong and robust relationships and developing the trust and goodwill between the key players”

Kirsten Larsen

Manager, Food Systems Research and Partnerships
VEIL (Faculty of Architecture, Building and Planning,
University of Melbourne)

4.3 Food hubs cross boundaries

Because food hubs meet a number of needs, they do not fit into a single ‘most appropriate’ policy or program area. The South East Food Hub project had significant dealings with – and support from – the health, strategic planning, environment and economic development sectors at a local and state government level. However, this can also lead to a lack of clarity around ‘responsibility’, and tension between business and health objectives.

The diverse forms of social business developed by food hubs can cut them off from funding. For example, if a food hub is not-for-profit, they are ineligible for the research and development tax incentive; if they are for-profit, they are often ineligible for council community development grants. Deductible gift recipient (DGR) status has become more difficult to attain, particularly for organisations whose primary purpose is environmental. Access to philanthropic funding sources may also become more difficult. The big expenses that are challenging for food hubs are capital expenses for leasing buildings, coolrooms and vehicles; and operational expenses for people, administration and communications.

Many challenges for new and existing food hubs could be reduced through improved recognition, information, resources and networks. Few available resources are applicable to local contexts. Much of the knowledge in this diverse and innovative sector is not shared or consolidated.

Governments at all levels can play a vital role in supporting and strengthening food hubs, as can businesses, institutions and community groups. Supporting vulnerable and at-risk communities may need continued public or philanthropic support and investment.

4.4 A food systems approach is needed to change demand as well as supply

For food hubs to contribute to the move towards fairer, more sustainable food systems, significant changes to demand are required, along with changes to customer and community behavioural patterns. These are big challenges – and food hubs cannot take them on alone.

Food hubs align with the objectives of health agencies and other partners by building demand for fruit and vegetables, and removing barriers to access. They can provide supply alternatives that increase availability and access to fresh produce. However, they also need practical support.

A key role for institutional stakeholders is to prioritise purchasing from food enterprises that have social, local and environmental outcomes. Local council procurement policies that mandate a percentage of food to be procured from local sources – and the initiation and securing of supply contracts with institutions (i.e. education, health, aged care) – would provide a solid commercial base.

5 Recommendations

5.1 Recommendations for establishing food hubs

- Build strong relationships with farmers, community members and potential customers from the outset.
- Seek partnerships for small initial operations using existing infrastructure and human resources for warehousing, distribution and staff. This reduces the capital cost and risk involved in getting started.
- Break out the tasks required in the cost structure, creating opportunities for community enterprises to value-add or keep costs down for their communities, for example, collecting from the hub, taking on marketing and promotion, buying in bulk and packing orders themselves.
- A wide variety of skill sets are needed to build a successful enterprise: prioritise business development, management and marketing expertise.
- Be realistic about when a viable or profitable position can be achieved, and realise the tension between reaching this and working with communities in need.
- Start small, learn and build slowly. Expensive facilities are not needed to start the ball rolling.

5.2 Recommendations for supporters

There are many organisations and institutions whose interests align with food hubs, and they can provide a supportive environment to establish, maintain and grow this sector. These include local, state and federal governments; regional development and health organisations; and philanthropic and research bodies.

Recommendations for potential supporters of food hubs are outlined below:

- Improve access to information and resources about setting up a food hub, and supporting the development of network opportunities for food hubs.
- Promote and streamline access to existing skill development, capacity building, enterprise development programs and funding opportunities relevant to food hubs.
- Improve information on governance, ownership, food safety and regulations that affect food hubs, and ensure that responsible staff – in local councils, for example – are informed and empowered to support social enterprises.
- Support for feasibility assessment and business cases should encourage the development and strengthening of strong local relationships, particularly across sectors that have not traditionally worked together.
- Public support and procurement should prioritise local food hubs wherever possible.

Conclusion

The project demonstrates that food hubs are a feasible model to help improve the supply of and access to fresh fruit and vegetables in local communities, and can have the potential to deliver additional benefits to Victorian communities and economies.

However, this project showed that food hubs need time and resources to get established, and that achieving a viable business model with social, environmental and economic outcomes is challenging. Further research and support is required to realise the full benefits of this emerging sector.

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