SGS Economics & Planning

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ACT Food Hub Feasibility Study

ACT Environment, Planning, Sustainable Development Directorate

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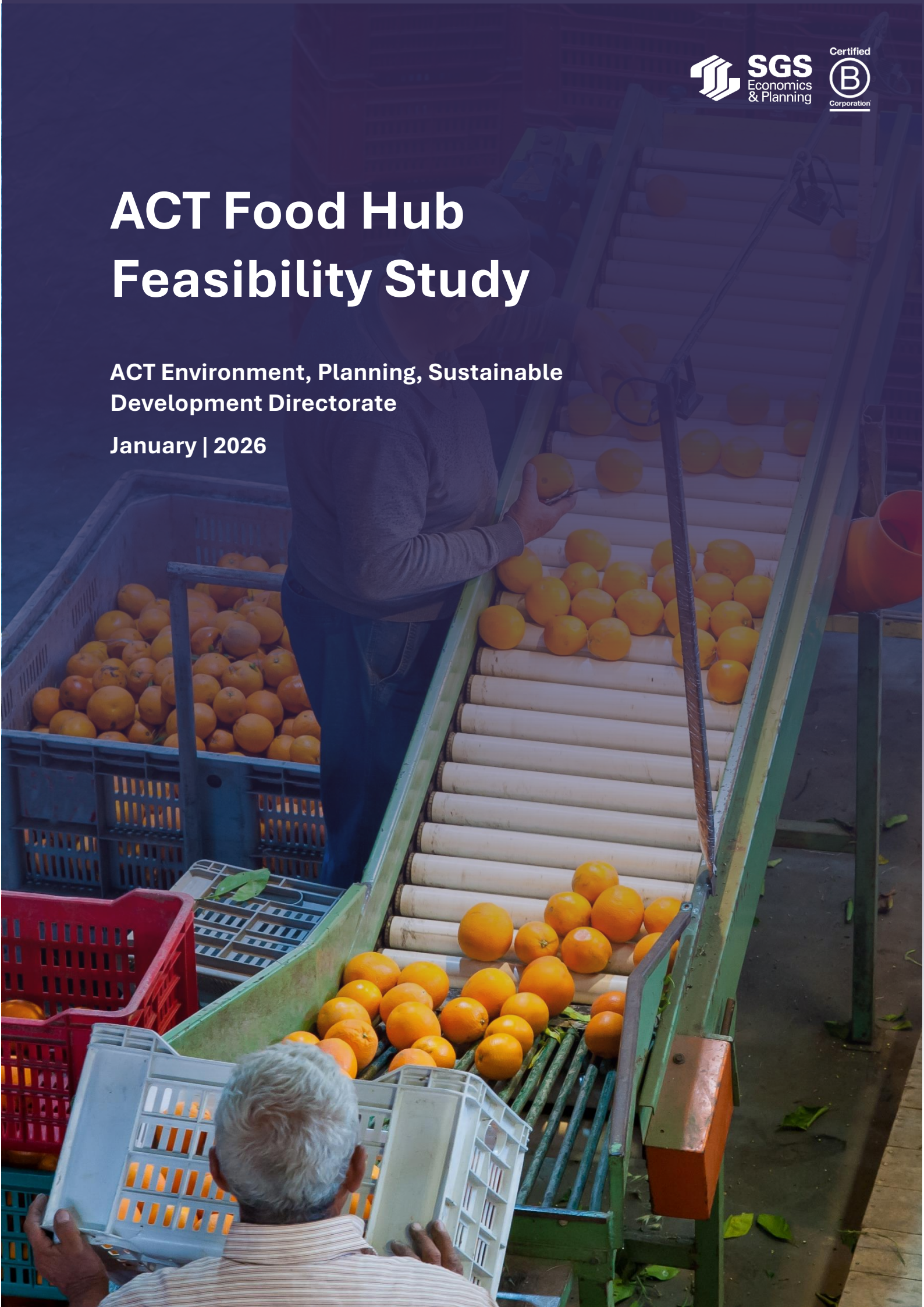

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Executive summary

This project explored the feasibility of what would be required to establish an ACT Food Hub that services the Canberra region. After reviewing experience elsewhere, the project conceptualised the role the ACT Food Hub might play, how it might be established and operated, and assessed how it might perform from financial and risk perspectives to inform future planning.

The ACT Food Hub's primary role is to facilitate economic development in the regional food system. This means the Food Hub needs to help local producers overcome key barriers to their development, identified as gaining better access to local infrastructure for food processing, storage and distribution, and unlocking new local markets.

Experience elsewhere has demonstrated that while a food hub can contribute positively to many aspects of the food system, it must prioritise its functions around a core intent and should not be conceived as all things to all people. Food hubs that aim to strengthen the local food economy by supporting producers unlock latent demand tend to be more viable in the long-term, as they focus on economic development of the wider sector. Food hubs that operate primarily to address food insecurity and social inequity, generally realised as food relief, have shown to be less financially viable as they are highly reliant on insecure grant funding and donations.

To unlock demand, the Food Hub will need to assume a relationship brokerage role within the supply chain, ensuring supply and demand grow in tandem. Unless the Hub develops a large number and diversity of both local suppliers and buyers, it will find it difficult to move enough produce to cover its operating costs. To do this, the Food Hub should progressively scale up operations. This will ensure demand can be balanced with supply as growers and purchasers adjust and allow incremental testing and purchase of tools and equipment to appropriately respond to the Hub's needs.

To unlock latent demand and retain more produce from leaving the region for processing or to access larger markets, an ACT Food Hub must provide an additional pathway for regional fruit and vegetable producers to sell into the Canberra community. It can best do this by providing the following primary functions:

- Aggregation of produce
- Storage including cold storage
- Wash and pack processing
- Packaging/ labelling facilities, and
- Distribution to wholesale customers.

Once established and moving significant volumes of fresh food, complementary 'secondary' functions might be considered to diversify revenue and interact with a wider section of the food system. These secondary functions might include the provision of a commercial kitchen to incubate food businesses and support different types of processing, function and administrative spaces to enable events and business support, as well as producer and community development initiatives such as education programs or training that engage both food system actors and the wider community.

Given the role of scalability in supply and demand, a two phased approach has been conceived for possible operations of a Food Hub as opposed to two distinct options with different functional briefs.

Phase 1 includes providing the above primary functions and migrating existing food box suppliers across to Hub operations. Phase 1 models a building requirement of ~500 sqm. Importantly, cost considerations in Phase 1 include resourcing the personnel necessary for developing relationships with local producers and wholesale customers (the brokerage role described above), recognising this is a major hurdle to increasing volumes of produce and triggering the expansion of facilities.

Phase 2 is conceived to build on the primary functions and introduce secondary functions in a purpose-built facility with capacity for handling significantly larger produce volumes, a building requirement of ~1,500 sqm.

	Phase 1	Phase 2
Functions	Primary	Primary + Secondary
Facilities	~500 sqm footprint	~1,500 sqm footprint (purpose built)
Produce volumes	<75,000 kg per annum	90,000+ kg per annum
Full Time Equivalent employees	4.5	7.5

Given the experience of food hubs throughout Australia, it is unrealistic to expect the Food Hub will generate sufficient operating surpluses to cover its initial land acquisition and construction costs. However, once established, a more realistic goal is for the Food Hub to achieve positive annual cashflows.

In the financial modelling developed, the key drivers of ongoing financial sustainability are:

a) highly subsidised access to facilities (land and buildings);

b) the volume of produce handled, and

c) the margin added to fresh produce before on sale to customers.

The modelling indicates that once volumes build to ~70,000 kg per annum, the Food Hub's operating costs are covered by revenues, and transitioning to Phase 2 might be contemplated. Phase 2 operations appear to break even annually once 90,000 kg of produce are handled each year. If volumes are significantly higher than this, capital costs can be effectively recovered.

The faster the Food Hub can move from Phase 1 to 2 the more impact it can have on the local food system. But ensuring there are sufficient customers to buy ever increasing volumes of local produce is not without risk. Relationships at the producer and customer ends need to be developed and, ultimately, converted into supply / sales contracts. The financial modelling provides recurrent funding for this relationship building role, but education around seasonal growing variations and agility around unpredictable weather events will need to be navigated along the way.

The siting, design, costing and construction of the Food Hub's facilities are also material risks, but these can be navigated well by engaging with prospective Hub operators, regulators, professional facility designers, estimators and project managers early to collaboratively respond to concerns and ensure the premises are fit-for-purpose.

If the ACT Government choses to progress planning, it might consider calling for expressions of interest to operate the Food Hub. This would ensure that the operator is independent of Government, can develop important relationships with producers/ buyers, and can operate the Hub in a financially sustainable manner once established (with requisite facilities). Operator involvement in a more detailed site selection and facilities design process will be important, as will co-design with producers.

1. Context

SGS Economics and Planning and Sustain were commissioned by the Environment, Planning and Sustainable Development Directorate to conduct a feasibility study of the establishment of a Food Hub in the ACT.

1.1 Purpose

This project is part of implementation of the Canberra Region Local Food Strategy (CRLFS), the four goals of which detail a vision for the agriculture sector in the ACT and local region:

- Increase local food production and consumption;
- Increase equitable access to local healthy food;
- Enhance social and economic output through the local food system; and
- Support sustainable urban and rural farming practices.

Food hubs are complex operations that offer multifunctional benefits, see Figure 1. Most food hubs operate with the aim of achieving a range of social, economic and environmental objectives, including:

- Strengthen local food systems by building regional supply networks, reducing reliance on long supply chains, encouraging local employment and improving local food system resilience.
- Improve community food security by increasing access to fresh, healthy and affordable food—particularly in low-income or food-insecure areas.
- Promote healthy eating and food literacy through educational programs, cooking demonstrations and outreach that encourage seasonal, local and culturally appropriate food choices.
- Foster community engagement and inclusion by involving producers, consumers, volunteers and local organisations in food-related decision-making and activities.
- Provide training and employment pathways, especially for marginalised groups or new food start-ups, through skills development programs, incubator farms and/or partnerships with employment services.
- Support environmental sustainability by reducing food waste, encouraging regenerative or organic farming methods and lowering transport emissions through localised supply chains.
- Food systems advocacy to represent local needs and create policy change.

Engagement with stakeholders on previous ACT projects, including development of the CRLFS and the 2025 Agriculture and Food in the ACT report, highlighted that a key barrier in the local food system in the Canberra region was the lack of regional producer access to infrastructure for processing, storage and distribution. Access to more local processing would retain more regionally grown produce for local sale as producers would not have to double handle produce travelling out of region for production.

Food hubs that aim to strengthen the local food economy by supporting producers unlock latent demand tend to be more viable in the long-term, as they focus on economic development of all actors in the sector. Food hubs that operate primarily to address food insecurity and social inequity, generally realised as food relief, have shown to be less financially viable as they are highly reliant on insecure grant funding and donations.

The ACT Government is also clear that the primary purpose of a food hub should be to drive economic development in the food system sector. This intent is to work towards increasing hub self-sufficiency as a viable, stand-alone business over time. Stemming from this goal, a food hub was defined by the ACT Government as:

> ... a food warehouse and distribution centre that sources raw agricultural products and value-added foods from local producers. Food hubs can include services beyond distribution and include food processing, co-packing and storage.

By aggregating produce and facilitating access to wholesale, retail and institutional markets, food hubs can help producers reach a wider customer base than they might otherwise be able to on their own. This can enable more stable income streams, support fair pricing and reduce the barriers that small and medium-sized producers often face in larger competitive markets.

The project scope excluded consideration of local abattoir functions which in turn precludes meat processing. The primary target for the Food Hub is fruit and vegetable production.

Consultation identified small and medium-sized producers as natural suppliers for the Food Hub based on the types of producers already supplying local produce to the Canberra market via direct to customer sales. It noted that a focus on small and medium scale producers would see the most benefit from regional processing infrastructure, as larger operators are generally already vertically integrated with their own processing premises or are able to afford centralised processing in major centres.

1.2 Food systems

A food system refers to the interconnected network of activities, people, resources, and institutions involved in producing, processing, distributing, consuming, and disposing of food (see Figure 1). It includes everything from the agricultural practices and inputs used to grow food, to the infrastructure that stores and transports it, to the social and economic systems, policies and institutions that shape access, consumption, reuse and waste management.

Recent supply chain disruptions due to the pandemic, and severe weather events such as the 2025 Far North Queensland and northern NSW floods, geopolitical instability and biosecurity threats have exposed critical vulnerabilities in our food systems, especially those reliant on centralised infrastructure and distribution channels. These systemic challenges facing the Australian food system have a direct impact on the local context through availability and price.

A key driver of food system vulnerability is the highly centralised nature of the Australian food system. The Canberra Region Food Collaborative Submission to the 2022 Federal Parliamentary Inquiry into Food Security, stated that Canberra is a food vulnerable city as it sources over 95% of its food from outside the region, primarily Sydney.

Key opportunities identified in the Agriculture and Food in the ACT Report (2025) suggest a much larger proportion of regionally grown food could stay in the local community where it was not reliant on processing facilities in Sydney. Aggregation via the large Sydney wholesale markets makes traceability of produce extremely difficult and adds significant food miles.

Regional food hubs are a response to the absence of supply chain infrastructure that enables regional aggregation, processing and distribution that connect local producers to local markets, often referred to as the 'missing middle' of the local food system supply chain (see summary below). The decentralisation, or re-localisation, of this infrastructure is increasingly recognised as vital to a fair and resilient regional food system and for addressing challenges like food insecurity, climate change, and biodiversity loss. Local food hubs are a key form of food system decentralisation as they support more local actors being involved in the supply chain.

The "missing middle" of food systems

A key driver of regional and urban food system vulnerability is the weakness in the "middle infrastructure" of the food system – regional aggregation and distribution facilities such as food hubs that connect local producers to broader markets. Several factors contribute to this "missing middle" in Australia:

Strategic planning gaps: Food systems infrastructure is largely overlooked in strategic planning and policy-making. Unlike essential infrastructure for transport, energy and water, food systems infrastructure lacks strategic policy support in local and state planning frameworks.

Investment gaps: Without a strategic focus on this middle infrastructure, public investment in infrastructure for regional food aggregation, processing and distribution is missing. Regional governments and communities therefore face many systemic and infrastructural barriers to strengthening the local food economy.

Lack of policy readiness: The absence of political and policy commitments to inclusive regional food systems planning can hinder attempts to address systemic economic food system challenges and inadvertently replicate existing barriers and inequities (Clark et al. 2017).

Knowledge gaps amongst planners: Food system considerations are absent from planning curricula and professional development for planners, resulting in a workforce ill-equipped to effectively respond to food system complexities in urban and regional planning (Pothukuchi and Kaufman 2024).

Coordination challenges: Developing a regional approach to food systems planning can require complex coordination across various political jurisdictions. Regional governments are ideally positioned to overcome coordination challenges.

The lack of food systems planning and public investment in Australia means that food system infrastructure has largely been left to the private sector, with negative outcomes for producers, consumers and government.

*See Appendix A for full discussion.

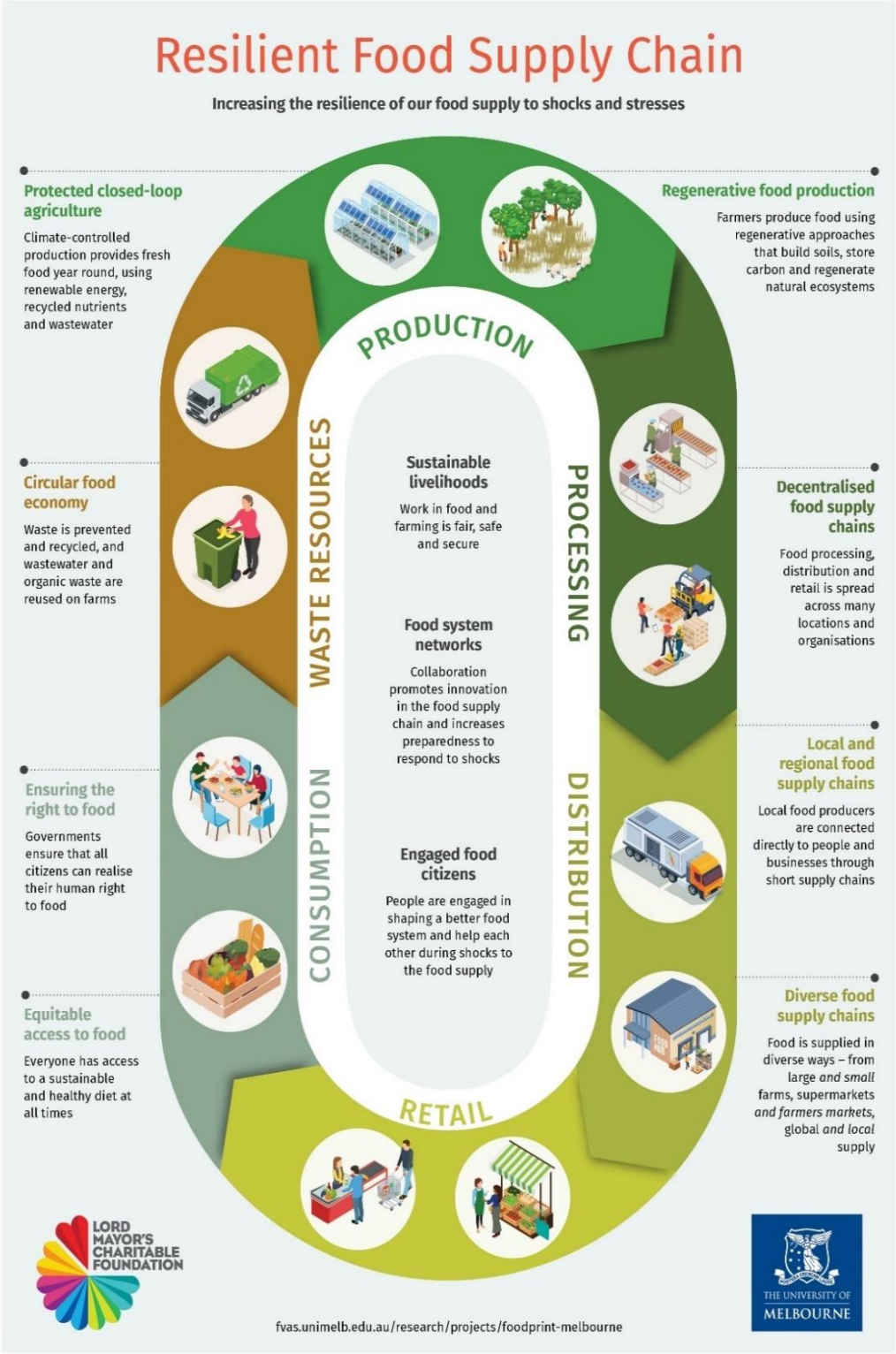
Building demand for local food requires institutional (retail, wholesale and governmental), and consumer (community) education around availability, costs and regional constraints such as growing seasons and climate. The role of institutional procurement to anchor demand and build supply confidence was recognised in the 2025 Agriculture and Food in the ACT Report as a major opportunity to build local food system resilience in the Canberra region. An example of unlocking the potential of institutional procurement with the Tasmanian Department of Health saw the funding of a brokerage role, dedicated to establishing and fostering relationships within the local food system as the precursor to system change (see Appendix A for case study). Building demand for local food will require a systems thinking approach, to better educate and bring awareness to the social and environmental benefits of a more localised food system.

Local food systems prosper where they sit within an integrated policy and funding landscape that recognises community wealth building potential. Where supply chain leakage is reduced more wealth can be retained in the local economy.

Community Wealth Building (CWB) is a place-based approach to local economic development which seeks to redirect wealth back into the local economy and to place ownership into the hands of local people (CLES The National Organisation for Local Economies UK). The CWB agenda developed in the UK and USA have sought to redress the loss of wealth from communities as a result of deregulation, privatisation of public assets, commercialisation of public services and rationalisation of community infrastructure. CWB is governed by five core principles which should be considered in establishment a food hub in the ACT:

- Progressive procurement of goods and services: to help anchor institutions – typically public, though potentially private entities – use their procurement processes and decision making to deepen local supply chains and socially virtuous business development, spending and investment. This ultimately develops dense local supply chains of local enterprises, SMEs, employee-owned businesses, social enterprises, cooperatives and other forms of community-owned enterprise. These types of businesses typically support local employment, have greater propensity to retain wealth and surpluses locally, and are more engaged with local communities and environments given their standing and responsibilities as 'local corporate citizens'.
- Fair employment and just labour markets: to ensure the employment practices and wages paid by anchor institutions and their suppliers are fair and provide opportunities for disadvantaged workers and communities.
- Socially productive use of land and property: to utilise the land and property of anchor institutions in ways that generate wealth and benefits for local citizens rather than for remote, private interests. Anchor institutions are often major landholders and can support the development of under-utilised assets and land for positive community outcomes.
- Making financial power work for local places: to harness wealth and savings for local community and economic benefits, as an alternative to pursuing national or international capital. The idea is to channel socially virtuous investment to local communities while still delivering benchmark financial returns for investors.
- Plural ownership of the economy: to encourage different models of business ownership in order to build wealth that stays in local communities. Cooperatives, mutually owned businesses, SMEs and municipally-owned companies can enable wealth to stay local and play a vital role in counteracting the extraction of wealth that otherwise occurs when corporate economics prevails.

Figure 1: Localising the Food System



Source: University of Melbourne, 2025, **https://science.unimelb.edu.au/foodprint-melbourne/publications/infographic-resilient-food-supply-chain**

1.3 The ACT region

The project explores how a Food Hub that services the Canberra region could be feasible, unpacking at a high level, the functions, users and ways of operating to inform future planning.

The 2025 Agriculture and Food in the ACT Report highlighted the lack of processing and distribution infrastructure as a key issue for the ACT food system. The report also spotlighted the role of institutional procurement to anchor demand and build supply confidence for regional producers.

The Food Insecurity in the Canberra Region Report (February 2025) identified "lack of consistent access to quality food" and "logistical challenges including food storage and distribution" as top challenges facing food relief providers in the region.

Adopting a regional lens is necessary to accurately represent the interconnectedness of food systems and acknowledges that the ACT does not produce significant quantities of produce within its borders.

The definition of the region is consistent with that adopted in the CRLFS, expanding outside the Territory north to the lower reaches of the Greater Sydney Region, south to the Victorian border and east to the coast. This includes the ACT and the surrounding NSW Local Government Areas of (see Figure 2):

- Bega Valley Shire Council.
- Eurobodalla Shire Council
- Goulburn Mulwaree Council
- Hilltops Council
- Queanbeyan Palerang Regional Council
- Snowy Monaro Regional Council
- Snowy Valleys Council
- Upper Lachlan Shire Council
- Wingecarribee Shire Council
- Yass Valley Council

Figure 2: Canberra Local Region Map

Source: Canberra Regional Local Food Strategy 2024.

2. Practice review & engagement lessons

This section provides a summary of key lessons drawn from the practice review and engagement, which have driven the direction and focus for the functional assessment presented in this study.

*The practice review notes are provided in full in Appendix A.

The evolving landscape of food systems planning in Australia, particularly efforts to develop viable food hubs, highlights several foundational lessons. The following themes distill those lessons and notes from international best practice identified through the practice review and project consultation. The themes speak not just to operational considerations, but to the need for long-term vision, partnership, and policy alignment in Australia's emerging food infrastructure landscape.

Consultation was split into three key groupings: an Internal Reference Group (IRG) composed of ACT Government stakeholders from across disciplines, a Community Reference Group (CRG) composed of external industry stakeholders and drawn from those who participated in the development of the CRLFS for continuity, and targeted engagements to fill knowledge gaps including attendance at the Cbr Regen Forum hosted by the ACT Government Natural Resource Management team.

2.1 Clear purpose

Food hubs have emerged globally as critical infrastructure for building resilient, sustainable, and equitable food systems. While their models vary, they commonly serve as intermediaries that connect producers to markets, facilitate local food access, and deliver broader social and environmental benefits.

Regional food hubs typically aim to create a values-based supply chain recognising social, economic, and environmental values as inherent in food systems. These include, but are not limited to, fair compensation of producers; improved food affordability and access; greater traceability and transparency of food production and land management; enhanced trust and cooperation among stakeholders; and more equitable relationships between producers and consumers and businesses. These values are seen to be eroded in the mainstream food system which is increasingly based upon industrialised agriculture and integrated processing. Similarly, the mainstream Australian food system is dominated by large corporations whose interests typically do not coincide with those of local and regional food system actors.

Benefits for strengthening the ACT region’s food system include:

- Access to better quality food. This assumes improved nutrient quality of local production tied to the production methods typical of small and medium scale growers (non-industrialised food production) and reduced storage and travel time of local production, allowing on-farm ripening/ fresh pick produce.

- Increased food security for the region by enabling greater local aggregation and storage of food during times of shock and disruptions to freight.
- Cheaper prices for locally grown produce by reducing freight distances/ costs to access processing; and by providing locally-owned market channels.
- Improved farmer livelihoods and wellbeing through stabilising or increasing margins for growers by reducing freight distances/ prices.
- Increased institutional and consumer knowledge about seasonality and production methods (ways of farming and land management).
- Better health outcomes for the Canberra community and improved traceability of local food.
- Greater pride and sense of connection where traceability is improved for producers and consumers within the ACT food system.
- Supporting growth of the farming sector and more generally building resilience for food production businesses.
- Increased innovation and market stability for new and existing operators due to increased demand and infrastructural support for local market channels.

While the benefits stemming from localising the food system are multifaceted, the Practice Review recognises that for a hub for be successful long-term it cannot be 'all things to all people' and needs to prioritise its functions around a core intent. Consultation positioned the intent of the ACT Food Hub as supporting local economic development, facilitating more regional produce staying in the Canberra market, thereby increasing exposure and access to local food for the Canberra community.

The key functions of the Food Hub pivoted off the back of identifying this local economic development purpose. Functions can be considered 'primary' (essential activities related to the core purpose of the hub) or 'secondary' (value add activities that may unlock different benefits). The Practice Review identified that long standing food hubs shared in common their primary functions. Project consultation confirmed that those shared primary functions identified in Table 1 would meet the needs of the ACT context. The primary functions identified were considered to meet the local market where it currently is, filling critical supply chain gaps.

The secondary functions are conceived as additional roles the food hub could take on as the sector matures and supply and demand increases. These secondary functions would provide spaces for education and community engagement, product value-adding through commercial kitchen space, and circular economy initiatives that complement the goals of the CRLFS such as waste reduction. Commercial kitchen space was recognised as a highly desirable element to support different types of food system actors beyond just primary producers. Hireable community spaces were recognised as a valuable mechanism to engage and educate the general public as well as spaces that could be used for farmer incubation, education and support programs that would contribute to building resilience in the farming community more generally. The most successful food hub case studies have integrated these secondary functions over time, expanding the broader social, economic and environmental benefits that food hubs have the potential to deliver.

The identification of these functions feed into the different hub touch-points described in Section 3.

Table 1: ACT Food Hub functions

	Supply chain benefits
Primary	
Aggregation of produce	– A values-based wholesale outlet for growers, aligned with resilient food systems approach. – Capacity for local produce to be aggregated to meet larger procurement consignments. – Wholesale option with greater product traceability.
Storage	– Temperature-controlled and vermin-proof storage extends delivery and reduces spoilage/food waste. – Freezing extends sales period of seasonal produce. – Enables wider variety of product to be aggregated for one-stop-shop procurement; such as dairy, eggs, etc. – Increases holding capacity for food stuffs to improve food security of region.
Wash and pack processing	– Helps growers meet new compliance standards for leafy greens, melons, berries. New standards are onerous on small growers and may force producers to leave the market or stop certain types of production. These products are important diversification streams for growers. They are also fragile produce that would be improved if freight and storage are minimised (local processing as well suited to these products).
Packaging/ labelling facilities	– Supports producers to meet compliance standards for institutional procurement. – Provides infrastructure for individual supplier packaging and labelling that would be necessary for enabling shared delivery/ logistics.
Commercial kitchen	– Enables value-added product manufacturing. – Enables manufacturing of value-added products that appeal to wholesale purchasers to support one-stop-shop procurement, such as baked goods. – Rentable space that diversifies hub revenue streams. – Enables waste reduction through value-added processes such as bottling, fermenting. – Links producers with other players in the food system, building networks and collaboration opportunities. – Unlocks diverse revenue through hiring and hosting educational programs
Distribution	– Enables single source procurement/delivery to support expansion of institutional and B2B markets (e.g., retailers, restaurants, cafes). – Reducing food miles would improve farmer margins and may reduce the price of local produce. – Reduced transport related emissions. – Time/cost efficiencies for producers and local buyers through centralised delivery service.

	Supply chain benefits
Wholesale trade	– Build on existing local food sales activities which primarily occur through individual direct to business trading (e.g. reliant on individual networks) or direct to customer sales (e.g. farmers markets). – Provides centralised collection point for wholesale purchasers. – Enables centralised location for wholesale suppliers to engage with local producers and product, build relationships, understand local growing conditions, and influence the types of supply/inform growers of trends in market demand.
Secondary functions	
Business development	– Support with business incubation as well as shared marketing, branding, and grant writing/ auspicing.
Function spaces	– Venues to accommodate events and programs for education and training (producer to producer, producer to consumer).
Administrative spaces	– Co-working office spaces and equipment to support producers, small-scale processors and start-ups.
Circular economy	– Support circular economy targets by capturing surplus food for food relief programs.
Direct to customer sales	– Elements of customer facing sales such as onsite shop, or collection point for food box operator.
Butchery and processing	– Potential expansion of functions where a small-scale abattoir is realised within the ACT such as boning and butchery facilities as well as smallgoods and charcuterie manufacturing and value-adding.

Demand for the wash & pack processing function is fuelled by new primary production and processing standards introduced to the Australia New Zealand Food Standards Code for berries, leafy vegetables and melons in 2022; “The standards aim to strengthen food safety management on-farm and during initial processing to reduce food safety risks along the supply chain from farm to fork” (Australia New Zealand Food Standards). The standards came into effect in February 2025 and are being administered by each State and Territory separately.

In NSW, the standards apply to businesses that grow and/or harvest berries, leafy vegetables or melons, or do early-stage processing. This includes (but is not limited to) washing, trimming, sorting, sanitising, storing, combining, packing, or transporting berries, leafy vegetables or melons between pack houses (NSW Food Authority).

The project team understand through targeted engagement that these changes are perceived to have a potentially significant impact on small and medium scale producers, potentially dampening supply due to perceptions of onerous regulation and costly equipment. In particular, expectations about the standards of premises and equipment for washing and packing on farm. Consultation with ACT Health

Protection and Regulation during design phases for any possible Food Hub will ensure the proposed spaces are able to meet regulatory expectations.

2.2 Clear market gaps

One of the most consistent findings across the case studies is that viable food hubs can be established when they fill a specific market gap. For the ACT, a clear gap in the local food system that limits realisation of the economic potential of the sector (identified in the Agriculture and Food in the ACT Study) was the lack of regional grower/ producer access to infrastructure for processing, storage and distribution. There is a need to find more avenues for end buyers, including businesses, to engage with purchasing local produce beyond the existing primary, principally consumer-facing, points of sale wich are currently farmers markets, direct-to-consumer box schemes and limited direct to business sales.

Case studies from Australia and internationally show that food hubs with a 'direct-to-consumer' focus (B2C) are typically not financially self-sustaining without other diversified income streams and that they often fail in the medium-to-long term. They also provide only a limited way for the community to engage with local produce. Expanding to wholesale trade unlocks the potential for the end consumer to be exposed to local food in more avenue, such as in retail outlets and on menus in dining establishments.

Unlocking business-to-business (B2B) relationships, in particular institutional procurement, is recognised as a missing middle function that an ACT Food Hub could provide for small and medium scale producers. Such a function would unlock the opportunity for significantly increased volumes of regional produce to flow through more points of sale in the Canberra market. For individual producers, B2B is seen as onerous, as it requires investment to build individual relationships and direct delivery logistics that can be costly and time consuming, limiting financial viability. B2B relationships can also be limited by the small scale and consistency of production of individual growers who require aggregation with others to unlock different sales arrangements.

Food hubs can unlock latent supply by acting as an intermediary that aggregates produce, provides basic value-adding (wash/pack/label), as well as supporting compliance, liaison and delivery.

2.3 Momentum and diversity matter

Momentum is not just about growth, it is about consistent engagement and layered participation. Food hubs are typically initiated with a key partner to ensure start-up confidence. Working with what is already operating in the local food system is essential to foster trust and build on the interest and enthusiasm of a consumer cohort already connected with the local food system. Southern Harvest and Rotary Farmers Markets at EPIC were identified as significant leaders in this local momentum with a shared regional focus, having already amassed producer relationships and strong customer bases. Working with these supplier bases to understand latent supply and growth potential will be key to unlocking initial food hub partners who have already identified the significance of the Canberra market in their operations.

Diverse revenue streams and multi-sector/ mission-aligned partnerships are integral to the long term viability of food hubs. This includes blending grants, user-pays services, wholesale and direct-to-consumer sales, kitchen hire and programing or events. Farm Fresh Rhode Island (USA), Intervale (USA),

and Common Ground Project (Vic) demonstrate how momentum is maintained through mission-aligned diversification, not rapid expansion. This includes diverse stakeholder engagement from producers and chefs to institutional buyers, government departments, and community organisations.

Local and regional governments have been shown to be critically important to facilitating cross sector stakeholder buy-in, by adopting shared investment in economic development policies and joint funding agreements.

Roundtables, advisory boards, and partnership networks allow food hubs to become a platform for systemic food systems change. A shared commitment to systemic change and food system regionalisation is key to gaining and keeping stakeholder buy-in.

2.4 Supply and demand balance

A central risk for food hubs is an imbalance between supply and demand. Over-recruiting producers without guaranteed buyers leads to wastage and dissatisfaction. On the flip side, cultivating demand without sufficient supply undermines reliability and trust.

Food hubs play a significant intermediary role in the coordination of both sides of the equation. However, this means the food hub must also play a brokerage role to build capacity and alignment between production and consumption. This may include supporting growers to adjust production to meet consumer trends through communication with retailers and hospitality venues, as well as education of and expectation setting with retailers and hospitality venues in working with seasonaility. The importance of this brokerage role is demonstrated in the Sustainable Institutional Food Procurement Tasmania Project (2023-2025), funded by the Tasmanian state government, which aims to create the conditions for supply and demand to work symbiotically.

2.5 Start small and scale up

Almost all successful food hubs began with modest operations as a proof of concept. Starting small allows trust-building, refinement of systems, and alignment of supply and demand before committing to costly infrastructure.

Farm Fresh Rhode Island, for example, grew from a student-led initiative to a $20 million organisation over two decades, but only once relationships, infrastructure, and revenue models matured in tandem. Scaling prematurely can lead to overcapitalisation, infrastructure debt, inconsistent supply, and poor customer experience.

Strategic scaling is only possible when there is secure tenure, adequate staffing, proven demand, and established logistical systems. The Huon Valley Food Hub offers an example of adaptive growth by starting with pop-up services and distributed models before exploring fixed infrastructure. Similarly, Bendigo Foodshare scaled to an industrial warehouse only after outgrowing its capacity to store and process food relief in their original venue.

2.6 Success and risk factors

A clear strategic focus underpinned by strong operational coordination is key to long term success. Risk factors include the absence of a supportive policy ecosystem, competition for demand with industrial agriculture, regulatory complexities, and securing multi-year and sustainable funding, particularly during the establishment phase.

Many hubs struggle with infrastructure and operational costs. Overcoming the "poverty trap" of limited resources requires strategic partnerships and innovative funding solutions. Overall, food hubs must balance economic, social and environmental goals while navigating complex market and regulatory landscapes.

Table 2: Success and risk factors summary summarises success and risk factors for food hubs.

Table 2: Success and risk factors summary

	Success factors	Risk factors
Funding programs	– Multi-year funding enables skills development, reduces staff churn and loss of organisational knowledge. – Incentivising partnerships supports investment of time and resources. – Social financing options for small and medium-sized food enterprises encourages buy-in from producers to participate in hub functions. – Investment in network and brokerage functions to build connections within the local food economy creates confidence for producers and purchasers to participate in hub functions.	– Grant support that does not reflect the needs of sustainable operations such as initial recurrent funding for appropriate staffing. – Over-emphasis on short-term employment creation can lead to funding entry-level jobs at the expense of skilled staff. – Many new organisations and enterprises cannot meet matched funding obligations of some grants. – Large grants with short timeframes (often targeting 'shovel ready' projects) undermine organic business growth. – Sustainable impact beyond the funding period needs to be embedded within the strategic vision.
Partnerships	– Strong partnerships with diverse stakeholders (e.g. industry, government and community) ensure everyone has 'skin in the game'. – Partnerships for sharing of resources and infrastructure reduce costs (e.g. vehicles, equipment, etc). – Partnerships with universities can provide competitiveness in seeking grant funding.	– Partnerships can be derailed by competitiveness or lack of shared vision. – Good collaboration requires investment of time which can be a barrier to participation, particularly for resource-poor small businesses or organisations. – Partnerships can limit potential of future collaborations due to conflict-of-interests.

	Success factors	Risk factors
Communications and marketing	– Clear, strategic messaging about the benefits of values-based supply chains, including success stories and producer profiles, influences end consumer purchasing preferences. – Transparent and evolving communications reflecting the changing nature of the hub and its operators makes it easier to attract new traders and partners.	– Insufficient resourcing for communications and marketing functions inhibits initial buy in or awareness of the hub from end consumers and can negatively impact momentum.
Government and policy	– Incentivising private investment in local food systems, e.g. a community enterprise development tax credit reduces subsidy reliance. – Setting targets to increase public sector local food procurement enables producer confidence to invest in their operations. – Integrated policies and cross-departmental collaboration avoids siloed or conflicting approaches reducing unintended red tape.	– Lack of policy support and investment in small to medium-scale agricultural production reduces the network of prospective food hub suppliers. – Unsupportive, inflexible, onerous and expensive regulatory processes and decision-making reduces the network of prospective food hub suppliers. – Lack of attention to food systems and the local food economy in strategic planning processes inhibits access to suitable or affordable land for production and processing.
Market conditions	– Intentional networking builds readiness for collaboration and regionalisation within the local food economy. – Political support reliant on having a shared understanding of the multifunctional benefits of a local food system. – Institutional procurement reliant on a willingness and support for institutional and government stakeholders to try new ways of doing business. – Demand driven by strong customer interest in local food consumption and desire to support local producer community.	– Challenges in shifting established or mainstream market channels toward local food system alternatives. – Inflexible or risk-averse procurement systems and processes reducing capacity to build new markets. – Narrow profit margins across many food industries (agriculture, hospitality, etc) reducing viability of food hub. – Competition/ market saturation of other contractors with local retailers impacting break through into new anchor contracts.
Skills and expertise	– Strong understanding of the local food system landscape and existing operators required to garner initial support and engagement with hub.	– Too many objectives can undermine the operational and strategic effectiveness of primary functions.

	Success factors	Risk factors
	– Hub staffing requires strong relationship building, stakeholder management, logistics and business development skills to build supply and demand simultaneously.	– Underestimating or not appropriately costing sufficient and suitable staffing roles can underplay start-up costs and jeopardise effectiveness.
Community engagement	– Opportunities for community involvement builds profile of food hub and increases visibility of food system challenges. – Food hub functions support new entrants into agriculture building more depth in local food system.	– Lack of physical space to connect with customers can inhibit building a sense of community.
Co-location	– Related co-locations unlock diversified revenue opportunities, expand food system and hub participation and encourage partnerships.	– Competing priorities for land may exclude ideal siting opportunities and influence growth potential. – Not having a fixed site for operations can drain resources and compromise long term strategic investment.
Logistics and operations	– Staged growth / expansion manages costs and reduces risk of underutilisation of infrastructure. – Stacked enterprises and activities that are mutually reinforcing build more organic and long lasting partnerships. – Strong strategic focus and clear objectives guide operational decision-making. – Centralised aggregation unlocks larger scale points of sale reducing costs associated with packing and distribution.	– High cost and logistical complexity of first and last mile delivery impact viability of delivery functions. – Complexity of range of customers for delivery increases costs associated with administration, packing, communications/ marketing, delivery. – Hubs require appropriate investment in online platforms for point of sale and marketing.
Governance / ownership	– Co-executive governance offers ability to focus on multiple objectives and engage in decision-making processes quickly. – A structured governance board that aligns with strategic goals builds strong credibility with funders. – Ownership of infrastructure and assets creates opportunities for diversifying revenue streams and economic fallback.	– Board of directors that are too distanced from operations may lack insight into the day-to-day challenges and can be slow moving in decision-making. – Community-led (or backed) governance models susceptible to challenges in securing long-term or large-scale funding, and demonstrating return on investment or measurable impact.

	Success factors	Risk factors
		– Fatigue, burnout, and rapid turnover reduces the likelihood of continuity with strategic goals.
Producer supply	– Building new points of sale increases access to produce that otherwise not available in mainstream supply chains. – Strong industry sector 'champions' (e.g. producers, chefs, grocers, etc) create stability that enables growth. – One on one farmer 'on-boarding' required to support participation in hub functions and understand obstacles to address over time to unlock participation.	– Insufficient number of local producers to sustain supply jeopardising contracts. – Limited produce range/ choice due to inconsistent supply or seasonal variation creating hesitancy in purchasers adjusting contract arrangements. – Limited representation of producer voices in governance can create tension between operational staff and suppliers and reduce the sense of ownership.
Volunteers	– Volunteers an avenue to enable community engagement and participation. – Volunteer programs are an outlet to education and upskilling.	– Over-reliance on volunteers can lead to burnout and inconsistent service delivery, compromise food safety standards and drain staff resources due to volunteer churn.

3. Functional options

This section identifies how an ACT Food Hub has been conceptualised for this study, including its interactions, staged growth, siting considerations and possible governance arrangements.

3.1 ACT Food Hub touch points

The Practice Review and engagement identified the need for food hubs to have a diversity of touch points for producers and customers, to cover the different ways they currently engage with local produce.

To support diverse producer needs and create a financially sustainable model, an ACT Food Hub will need to offer several product and service streams, each designed to accommodate different levels of engagement, capacity, and autonomy for producers. These streams ensure that producers can access tailored support while the hub diversifies its income and service offerings.

Acknowledging there is already direct-to-customer local food sales in the Canberra market (primarily through farmers' markets and box schemes or community supported agriculture), the proposed points of interaction retain an element of direct-to-customer sales to build on this momentum, while simultaneously developing a direct-to-business wholesale focus.

Importantly, the Hub will need to allow for modular use. Producers can opt into one or more streams depending on their business model and growth stage, and product streams are arranged in different combinations as growth in the sector matures.

Product and service streams

1. Aggregation and sales stream

Producers may sell directly into the Food Hub under a shared 'hub brand' in a values-based supply chain. This model aggregates produce from multiple suppliers to meet larger institutional or wholesale contracts. It provides market access for small-to-medium producers who may not be able to meet volume, compliance, or consistency demands if operating independently.

Consultation was clear that the relational capacity and quality of hub staff would be integral to the success of this stream, where the Hub takes on communication between production and point of sale.

2. Logistics and delivery support stream

This stream enables producers to leverage the Hub's logistics infrastructure, either as a fully managed end-to-end operation (from pick-up to delivery), or as a support service for specific legs of the supply chain. Producers have the option to use delivery services without aggregating into the hub brand. This allows them to retain their own product identity while benefiting from shared transport, storage, and routing efficiencies of shared logistics.

Reducing the number of small volume trips within the region creates cost and time efficiencies for producers and suppliers, unlocks underutilised transport assets and reduces carbon emissions. This also reduces procurement complexity for institutional and commercial customers by serving as a single point of contact for accessing multiple ACT suppliers.

3. Processing and equipment stream

Consultation identified that some growers have spent a long time cultivating points of sale relationships with likeminded operators and may be reluctant to risk externalising them and losing brand recognition through an aggregation model. To address this cohort of producers, under the 'processing and equipment stream' the Hub provides access to shared infrastructure, such as commercial kitchens, wash/pack areas, and labelling equipment. Producers can hire this space to process, value-add, or prepare goods for retail under their own label.

This model supports small and medium enterprises to scale operations without needing to invest in their own capital equipment. The hub operates a transparent fee-for-service model for activities such as cold storage, delivery, cross-docking, labelling, and processing. This generates revenue for the Food Hub while giving producers flexibility to engage with only the services they need.

3.2 Development phases

The primary functions as identified in Table 1 are considered necessary from the inception of a food hub. Therefore, the growth and scale of an ACT Food Hub was not conceived to be tied to the incremental addition of primary functions, but rather growth to be linked to the scaling of those functions to meet changes in supply and demand. A phased approach is recommended to ensure the development of a Food Hub is aligned with different stages of market maturity.

In the ACT a key market gap is the expansion and diversification of B2B wholesale trade, i.e. to complement the existing business-to-end consumer trade already occurring. To address this gap, it was determined that the key point of differentiation is largely a matter of market maturity, while the purpose, primary functions, and key markets remain constant.

The feasibility assessment for an ACT Food Hub is therefore structured as a phased approach, conceived as Phase 1 (market initiation) and Phase 2 (market maturity). The proposed phased approach seeks to reduce risk and present evidence-based assumptions for the baseline operations of a food hub.

Examples explored in the practice review demonstrated that effective scaling requires a deliberate, context-sensitive approach. Food hubs that grow in step with market demand and community needs, while investing in both infrastructure and mission-aligned programming, are better positioned to build resilient, equitable, and sustainable food systems.

Phases 1 and 2 are distinguishable by the combination of product and service streams, estimations of produce quantities, and locational considerations that unlock different customer and capital cost scenarios (see Table 3).

Table 3: ACT Food Hub phases – differentiating factors

	Phase 1	Phase 2
Supplier orientation	Both models service a diversity of fresh produce suppliers across the ACT and surrounding region (e.g. fruit, vegetables and other non-meat produce).	Same as Phase 1
Infrastructure/ services	Provision of an 'end to end' solution and/ or 'separate' services to local producers across both models, enabling an overarching food hub brand and separate local producer brands to develop. No additional infrastructure or services. Hub focus is on core commercial functions of aggregation, storage, marketing and logistics.	Provision of an 'end to end' solution and/ or 'separate' services to local producers across both models, enabling an overarching food hub brand and separate local producer brands to develop. Inclusion of additional infrastructure/ services for use/ hire by local producers and consumers.
Sales (buyer) orientation	A sales focus on building economic connectivity within the wholesale (B2B) market while maintaining existing retail (B2C) operations.	A balanced sales focus on wholesale (B2B) and retail (B2C) as market channels evolve and mature in response to growing capacity.
Capacity/ size	Scalable capacity across both models so local market momentum can be capitalised upon.	Same as Phase 1

The two phases are visualised below.

Phase 1 focuses on product and service streams 1 and 2 from section 3.1 in tandem with investment in a brokerage function to strengthen alignment and relationships between producers and buyers, including working on systems and processes to facilitate institutional procurement.

Phase 2 introduces product and service stream 3 from section 3.1 with hireable processing equipment and spaces along with the aggregation and logistics support, assuming a larger footprint to manage greater volumes of produce.

Table 4: Phase 1 and 2 – scale assumptions

Assumptions	Phase 1	Phase 2
Building size	~500 sqm	~1,500 sqm
Product volumes	Up to 75,000 kg	90,000+ kg

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Figure 3: ACT Food Hub - Phase 1

Source: Sustain: The Australian Food Network

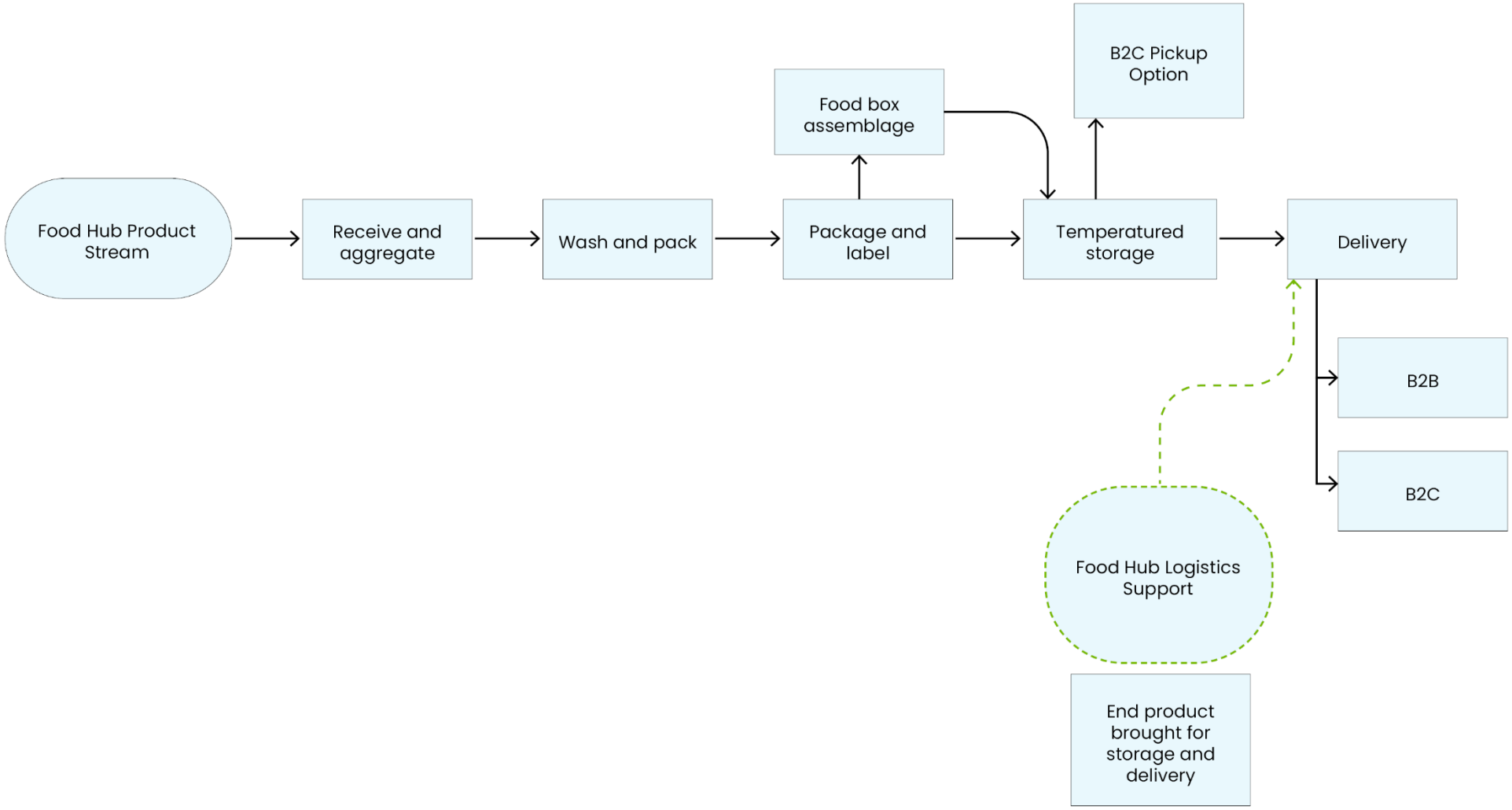
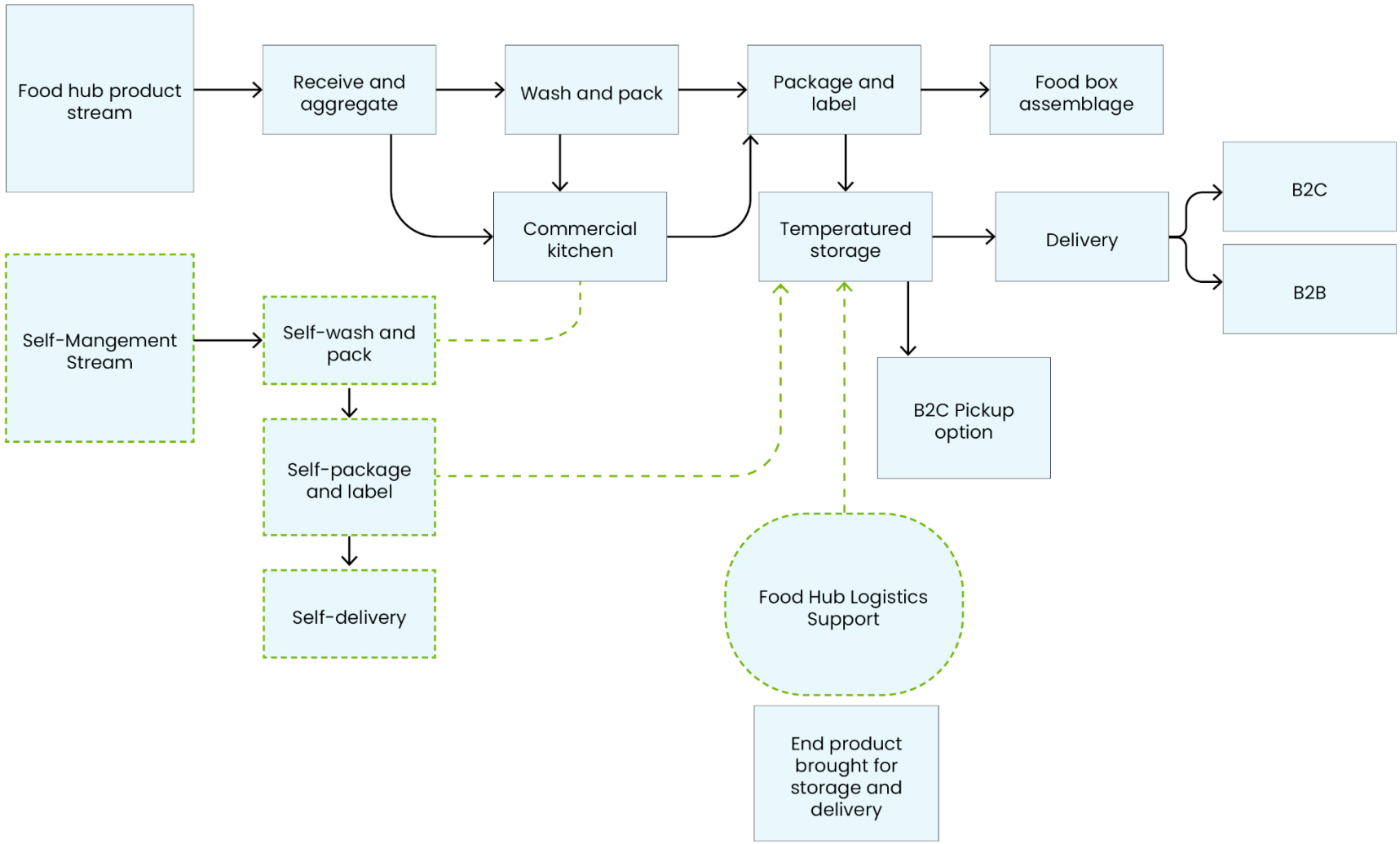


Figure 4: ACT Food Hub – Phase 2



Source: Sustain: The Australian Food Network

3.3 Siting considerations

The following key considerations reflect what works well in other contexts and what we heard through consultation.

Security of tenure

Consultation identified a preference for long term siting that would enable the evolution of the hub from Phase 1 to Phase 2. If the ACT Government was willing and able to provide land with low cost leasing, then this would reduce start-up costs and ensure long term ownership of the asset. Examples of peppercorn leases noted in consultation included RSPCA and Goodies Junction.

Phase 1, however, was conceived as a micro scale footprint that could be housed temporarily, possibly as rented space. This would enable operations to commence sooner, potentially share equipment to reduce startup costs, and build networks where the co-location partner was also a part of the food systems value chain, such as a food relief agency.

Where land was provided or purchased for the ACT Food Hub, the land size must ensure sufficient space to support the growth potential of Phase 1 to Phase 2 operations.

A co-tenant arrangement under Phase 2 would be driven by access to appropriate sharing space and equipment and would be less governed by location. Key opportunities in this space would be seeking interest from related enterprises such as food relief agencies whose space and equipment is largely identical to the needs of the Food Hub. Examples of this may include Oz Harvest located at Fairbairn, or Hands Across Canberra who we understand are seeking a new and more permanent location. Hands Across Canberra have previously contacted Ginninderry to site a food relief operation. There is an opportunity to approach Hands Across Canberra to explore a joint proposal for co-location within Ginninderry where space and/ or infrastructure could be shared.

The Majura Valley has a primary production focus and is well connected to arterial roads, however, is made up of agricultural lease holdings. Private lease holders were identified as possible partnership opportunities. Governance arrangements on these sites would need to navigate private interests and potentially competition from the different land holders. Noting these locations have broadacre land use with a primary production focus, with many leases recently renewed for 25 years, change of lease arrangements and infrastructure investment may be unsuitable where the lead tenure lease arrangement is itself only medium term.

Urban versus rural

Siting of a food hub can broadly be split into consideration of an urban setting, that is within the urban footprint, or a rural location on the urban periphery.

In the Canberra context, rural locations primarily on the western edge of the ACT are rural lease holdings held by the Suburban Land Agency. These locations, however, are not well connected to feeder routes into the ACT from the wider region, and may not have sufficient servicing (water, power, sewer) to support hub functions without significant investment. These locations are also further removed from urban areas making it more difficult for the hub to successfully scale into education events and hire of shared spaces.

The Eastern Broadacre covers the eastern edge of the ACT. It runs from the Majura Valley in the north to Hume in the south. and includes Symonston and the Jerrabomberra Valley. The ACT Government has earmarked it as an area for economic growth and development. It is currently under strategic assessment with the Federal Department of Climate Change, Energy, the Environment and Water. When the strategic assessment is finalised, new developable land may become available.

Engagement relating to the desired primary functions of the hub demonstrates the benefit of an urban setting with many of the growth opportunities reliant on, or would benefit from, easy access by the general community – such as hireable spaces for business incubation, education, events or direct to customer sales collections points.

Key siting considerations to support drop-offs from producers, and the distribution of product from the hub to wholesale customers around the ACT, would benefit from proximity to arterial roads connecting the ACT with the surrounding region. Engagement suggested a location on the eastern side of Canberra's urban edge as a preferable access route, because it has strong connections to the Federal Highway from the north, the Monaro Highway heading south, and connections to both coastal routes into Canberra along the Kings Highway and the Snowy Mountains Highway.

Land use

Where the primary function of a hub is aggregation not production, examples across Australia and internationally show a preference for industrial land zoning, as the functions and look-and-feel of a hub are akin to warehouse/ bulky goods and vehicle logistics. Industrial land is typically well located along major access roads and industrial precincts have supportive use functions, such as roads and access supportive of heavy vehicle use and alternate noise considerations (for potential out of hours use).

In discussions with land supply representatives from the ACT Government, it was noted that industrial land within the ACT is at capacity, with existing unmet demand. A food hub siting within industrial land in the current context would have significant competition.

The unlocking of land within the Eastern Broadacre is likely the only opportunity to secure ACT Government industrial land supply.

Privately held underutilised industrial land around the Fyshwick Fresh Food Markets offers supportive co-location opportunities, with access to build relationships with fresh food sellers and existing suppliers at the markets, as well as being centrally located for consumer and supplier access. Already associated with fresh food sales, the location affords an opportunity to build momentum for demand with the Canberra community. Suitability of specific sites would need to investigate:

- A willingness to sell from private land holders,
- Scale to enable initial operation as well as growth potential, and
- Affordability.

While just outside the ACT border, the Poplars Innovation Precinct at Jerrabomberra affords an opportunity to explore industrial zoned land and co-locations with ag-tech innovations.

3.4 Governance models

Based on our experience with State & Territory governments across Australia and the insights provided in the previous sections, we believe a common governance model should be applied across both phases of the ACT Food Hub's development and operation. This will ensure the longer term objective of transiting from Phase 1 to Phase 2 is not discarded and resources are deployed accordingly.

Our proposed governance model stems from the likely risk profile of the ACT Government in this arena. It may be persuaded to invest resources (i.e. land, capital works and initial operations) into the establishment of the Food Hub, assuming a convincing business case outlining the proposed Hub's investment rationale, costs and benefits is presented. Moreover, the ACT Government will require assurance that the proposed governance model effectively manages key risks such as strategic, operational, financial and stakeholder risks.

To do this, the Hub should be:

- Governed by board members with
  - a) multidisciplinary skills given the inherent duties imposed by regulators,[1]
  - b) local food community members (producers/ buyers) given the Hub's need to establish and nurture relationships across the local food system, and
  - c) ACT Government staff given the Government's likely funding commitments, asset ownership and expectations for diverse policy outcomes.
- Operated by an independent entity employing staff with relevant skill sets given the Government's desire to remove itself from day to day operational responsibilities and regulatory compliance, and
- Operated in a financial self-sufficient manner, recognising Government's desire to limit funding to its initial establishment phase.

The operations of the Food Hub should be contracted to an independent entity, most likely a Not-For-Profit or Cooperative (member-owned) entity given its diversity of economic development, social, and environmental objectives. Our experience with the development of cooperative entities elsewhere suggests this needs to be member-led and driven. Given this is not the case in the ACT at present, with Government funding and directing this feasibility study, a Not-For-Profit entity is likely required.

The governance model is summarised in the table below.

[1] For example, ASIC if structured as a company limited by guarantee or Access Canberra if structured as an incorporated association.

Table 5: Summary of governance model

Role	Description
Owner	Food Hub land and facilities to be owned by ACT Government.
Operator	An operating lease / license to use land and facilities granted to the hub operator by ACT Government. Contracted hub operator will be an independent, not for profit (or cooperative) legal entity. Contracted hub operator will employ all staff (detailed in Table 10) and enter into all operating contracts (e.g. supply/ sale contracts).
Governor	The contracted hub operator will be governed by an independent board, with board members selected based on their skills, connections with local community and ACT Government staff. Board will report regularly to ACT Government on its strategic plans and operating performance given the targets established for it in a future business case.
Funder	Upfront funding provided by ACT Government to cover land, capital and a portion of recurrent costs for a limited time. Food Hub to reach funding self-sufficiency over the medium term through its ongoing operations and alignment with complementary funding streams from non-ACT Government entities.

Source: SGS Economics and Planning.

4. Performance assessment

This section assesses how Phases 1 and 2 of the ACT Food Hub perform from financial, risk and policy perspectives.

4.1 Food volumes

Establishment volumes

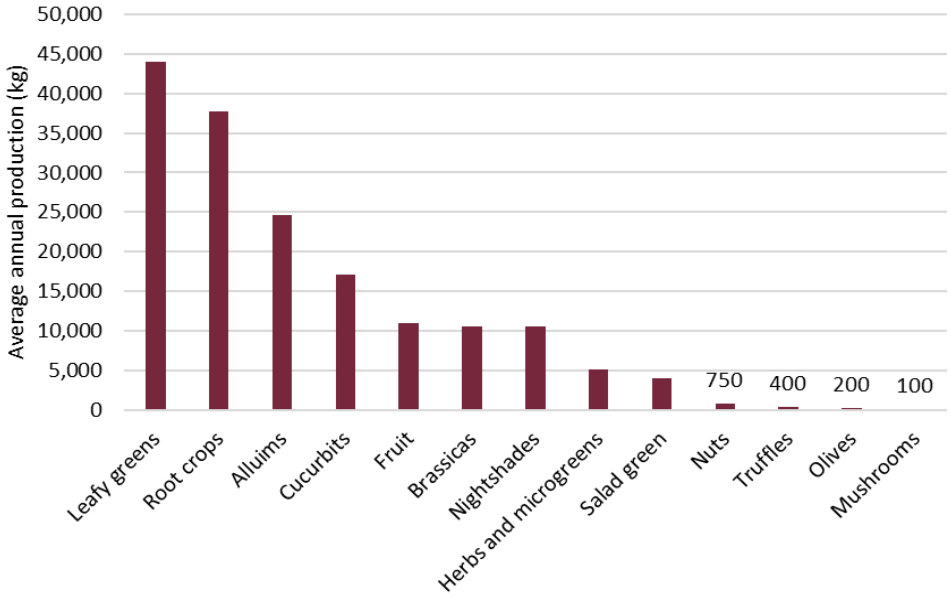
Due to limitations on publicly available data for agricultural production in the Canberra region, Southern Harvest has been used as a proxy for estimating the scope and scale of local supply. Southern Harvest's producers fall within the Canberra local region and demonstrate an existing desire to service Canberra markets, creating momentum for the Food Hub to build from.

Southern Harvest recently surveyed its local producers, gaining information on:

- Average annual quantity of produce grown by produce type
- Distribution channels of produce to internal and external markets
- Latent grower capacity
- Limiting factors of producer growth.

Currently, Southern Harvest's producers in the Canberra local region are growing a total of 166,000 kg of produce on average per annum. Leafy greens, root crops and alliums are the most common produce (Figure 5).

Figure 5: Total average annual production in the region



Source: SGS Economics and Planning using Southern Harvest producer survey data, 2025

The survey found that only 42% of produce grown in the region is sold locally, with the remaining amount distributed to external markets (mostly Sydney). Using this approach, under current supply chain conditions in the Canberra local region, there is approximately 69,400 kilograms of available local produce (166,000 kilograms x 42%).

Note: this 'local produce factor' of 42% is the weighted average of the midpoint 'share of produce sold locally' and the 'share of Southern Harvest's producers' (Figure 6).

Table 6: Survey findings - distribution channels of produce to internal and external markets

Share of produce sold locally	Share of Southern Harvest's producers
10% or less	31%
10-25%	14%
25-50%	14%
50-75%	21%
75-100%	21%
Total local produce factor	**42%**

Source: SGS Economics and Planning using Southern Harvest producer survey data, 2025

For the Food Hub's establishment period, it has been assumed that the Food Hub would interact with approximately 30% of available local producers. This reflects that many local producers sell through different channels including farmgate sales, direct to retailers, direct to wholesalers, direct to local restaurants and own shop fronts, as indicated by the Southern Harvest survey findings (Table 7).

Table 7: Survey findings – Avenues of sale

Avenue of sale	Share of region's producers
Food hub like aggregator	**30%**
Wholesaler	15%
Market stall outside of region	14%
Market stall in local region	14%
Own shop front	6%
Online sales	6%
Sales direct to restaurants and bakeries	6%
Farm gate / word of mouth	4%
Foodservice distribution	2%
Contract growing	2%

Source: SGS Economics and Planning using Southern Harvest producer survey data, 2025

The available local produce (69,400 kg per annum) has been scaled by 30% to represent the share of producers who engage with 'food hub like aggregators' (= 69,400 kg per annum x 30%).

Based on these assumptions, in the first year of the Food Hub's operations the estimated fruit and vegetable produce supply amounts to 20,800 kg. This represents produce that is grown locally and sold locally via the food hub.

Annual growth assumptions

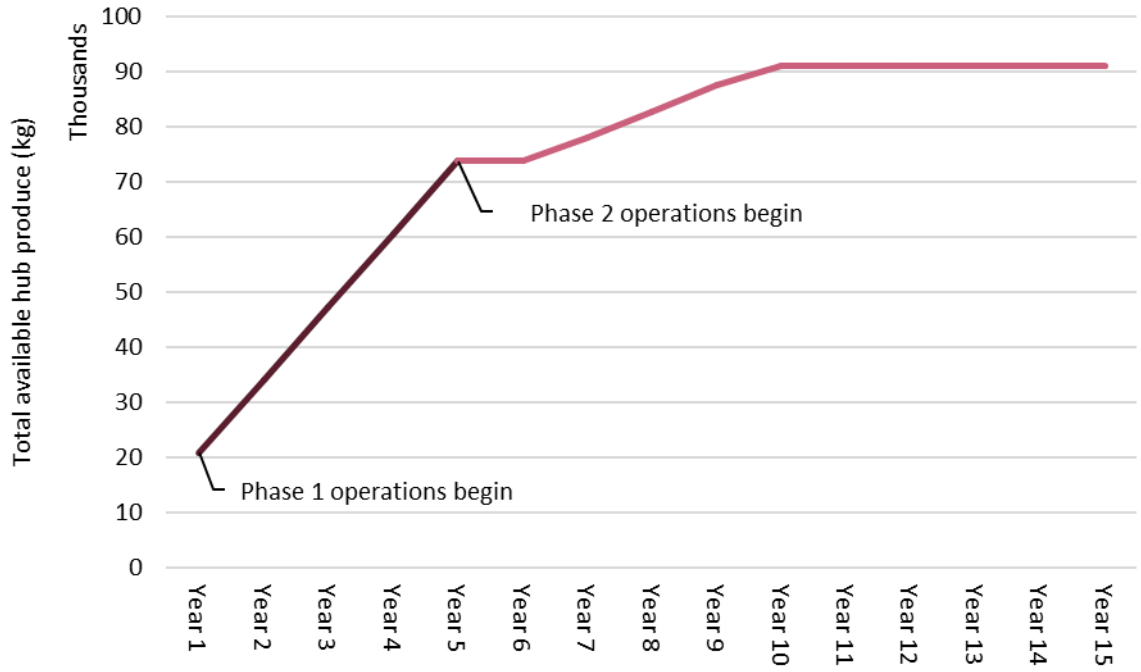
The volume of produce moving through the Food Hub is expected to grow quickly in the first five years of operation. This is because over 60% of Southern Harvest's producers revealed that their current operations have latent capacity to grow, with the most common barrier to growth being limited access to customers.

Consequently, 50% of producers' latent capacity is phased into Food Hub operations over a 4-year period, amounting to a total volume of 73,600 kg (or growth of 52,800 kg) in produce moving through the hub.

In later phases (6-10 years), growth stabilises, reflecting that supply and demand must grow in tandem. Produce volumes are assumed to grow by approximately 20,000 kg over years 6-9, stabilising from year 10 onwards at 91,000 kg (Figure 6).

As noted above, assumed volumes are based on a subset of regional growers, with supply and latent supply likely to be higher. Additionally, it is assumed that the Food Hub's evolving customer base will demand all its burgeoning supply. As discussed in previous section, this requires relationship building at both ends simultaneously.

Figure 6: Produce growth over Food Hub operations



Source: SGS Economics and Planning, 2025

4.2 Financial assessment

This analysis assesses how the proposed ACT Food Hub performs financially, by contrasting its estimated capital and operating costs with its estimated operating revenues over a 15-year period. It includes the following items:

- **Capital costs –** the cost of delivering Food Hub facilities including land and building costs (Phase 2 only), and equipment purchases such as cool room units and vehicles.
- **Operating costs –** annual operating costs including facility rent (Phase 1 only), wages, utilities, operation and administrative costs, and supplier payments.
- **Operating revenues –** annual operating revenues from sale of goods, leasing revenues, and delivery service fees.

The key performance measures of the financial analysis are the annual operating position of the Food Hub (annual revenues less costs) and the net present value (NPV).

The NPV measures the difference between revenues and costs, while accounting for their varying timing. A project with an NPV greater than zero indicates that the present value of operating revenues exceeds the present value of capital and operating costs.

Method and inputs

General financial appraisal parameters are outlined below.

Table 8: General financial appraisal parameters

Parameter	Value	Comment
Discount rate (nominal)	7.0%	Sensitivity tests done at 5% and 9%
Consumer Price Index (CPI)	2.5%	A rate of 2.5% per annum has been adopted, compounded annually, in line with the mid-point of the RBA inflation target.
Appraisal period	15 years	Phase 1 operating from year 1 to 5. Construction for phase 2 occurs in year 5, with operations over years 6 to 15.

Source: SGS Economics and Planning, 2025

Capital costs

Capital costs have been estimated based on available literature. Phase 2 has the highest capital cost due to the construction of the Food Hub, including the commercial kitchen. This is estimated to cost $4.8 million in line with Bendigo Foodshare's costs and will be incurred in year 5.

Land acquisition costs are not included in the analysis of Phase 2. It is assumed that government land would be provided free of charge. If this assumption does not hold true, capital costs would need to increase commensurately.

Cool room costs are estimated as $15,000 based on commercial prices of modular freezer rooms. Vehicle costs have been estimated at $50,000 and $20,000 each based on market price of refrigerated vans and forklifts respectively.

Table 9: Undiscounted total capital costs

Phase	Costed items	Total undiscounted cost ($m)
Phase 1	– 2 cool room units – 1 delivery vehicle – 1 forklift	0.1
Phase 2	– Land acquisition (assumed nil) – Building construction – 4 cool room units (2 additional) – 3 delivery vehicles (2 additional) – 2 forklifts (1 additional)	5.5
Total		**5.6**

Source: SGS Economics and Planning, 2025

Operating costs

Operating costs have also been estimated using existing literature and market prices.

The largest operating cost is supplier payments, driven by changes to the volume of produce moving through the hub. The purchase prices for produce have been estimated based on data provided from Southern Harvest.

The second largest operating cost is staff wages with the number of full-time-equivalent (FTE) staff increasing from 4.5 in phase 1 to 7.5 in phase 2 (Table 10).

Table 10: Staffing estimates

Staff	Responsibilities	Skills and qualities	Annual salary per person (inc. super)	Phase 1 FTE	Phase 2 FTE	Change in FTE
General Manager	Strategic oversight, including partner/stakeholder engagement, business development, organisational compliance, funding/grant writing, financial management, and board reporting	Able to set vision, needs strong stakeholder and business development skills, excellent understanding of the ACT food system.	$170,000	1	1	0
Distribution and warehouse staff	Stock handling, quality checking, picking/packing, filling orders, deliveries, cleaning.	Could be shift-based as deliveries will likely be concentrated on 1-3 days.	$70,000	2	5	+3
Operations and logistics coordinator	Operational oversight, including management of staff, systems / processes, inventory, food safety compliance, transport logistics, producer / customer liaison & onboarding, sales.	Needs to be highly organised, able to manage people as well as systems/processes.	$110,000	1	1	0
People manager Communications and marketing coordinator	Communications strategy and branding; content creation for website, social media, newsletter); community engagement; digital marketing and storytelling; media / public relations; internal communications (grant writing support; coordination with sales).	Needs to be a good comms all-rounder. Could take over sales activities from Operations and Logistics Coordinator as hub grows.	$110,000	0.5	0.5	0
Total (FTE)				**4.5**	**7.5**	**+3**

Source: SGS Economics and Plannings informed by practice review findings, 2025

Many operating costs are relatively fixed business costs (i.e. utilities, insurance etc). These costs have been scaled with floorspace, increasing in Phase 2 as the hub expands to a larger operating site.

The total undiscounted operating costs for each phase is shown in Table 11, noting that these are cumulative costs over Phase 1 (years 1 to 5), Phase 2 (years 6 to 15), and Total (Years 1 to 15).

Table 11: Undiscounted total operating costs

Costed item	Phase 1 ($m) (Years 1 to 5)	Phase 2 ($m) (Years 6 to 15)	Total ($m) (Years 1 to 15)
Land rent	0.55	-	0.55
Wages	2.50	8.81	11.30
Utilities	0.09	0.62	0.71
Vehicle operation and maintenance	0.04	0.24	0.27
Administrative expenses	0.03	0.24	0.27
Supplier payments	4.3	18.8	23.03
Total operating costs	**7.49**	**28.67**	**36.15**

Source: SGS Economics and Planning, 2025. *Note: values may not add up due to rounding

Operating revenues

The main revenue driver will be the sale of produce which is influenced by volume of goods moving through the Hub (kg) and the mark-up applied to the cost of produce purchased from local producers. For the sale of goods and the delivery of services a 50% mark up on cost price has been assumed. This was informed by engagement with other hub operators on what is considered a workable margin.

Lease revenue derived from storage and the commercial kitchen space has been based on market prices of comparable spaces or service providers. It is assumed that both available storage space and commercial kitchen access will be leased at 50% capacity. Lease revenue from the commercial kitchen is only unlocked in Phase 2, when the hub expands to a larger operating facility.

The total undiscounted revenue for each phase is shown in Table 12, noting that these are cumulative revenues over Phase 1 (years 1 to 5), Phase 2 (years 6 to 15), and Total (Years 1 to 15).

Table 12: Undiscounted total operating revenue

Revenue item	Phase 1 ($m) (Years 1 to 5)	Phase 2 ($m) (Years 6 to 15)	Total ($m) (Years 1 to 15)
Sale of goods	6.42	28.14	**34.55**
Lease revenue	0.22	1.05	**1.27**
Delivery service fee	0.06	0.21	**0.27**
Commercial kitchen lease revenue	0.00	1.47	**1.47**
Total operating revenue	**6.70**	**30.86**	**37.56**

Source: SGS Economics and Planning, 2025. *Note: values may not add up due to rounding

Analysis and findings

The results of the financial appraisal are presented below. The reported values are nominal discounted amounts, meaning they account for both real price increases and general inflation, and have been discounted to present day values using a 7.5% real discount rate.

The results show a negative NPV of -$3.85 million for the establishment and operations of the Food Hub across Phases 1 and 2. This is driven by the capital cost of infrastructure. If capital costs are excluded from the analysis, the Food Hub would return a NPV of approximately $0.04. This indicates that the financial operation of the Food Hub would break even, generating a small positive return. However, these returns would not be sufficient to recover capital costs.

More detailed results of the cashflow model are presented in Figure 8. Values reported are nominal, undiscounted values. The hub operates at a net loss from years 1 to 6 with the largest loss incurred in year 5 ($5.24 million). Again this is driven by the capital costs for the construction of the new hub. From year 7 onwards, the hub generates a net surplus.

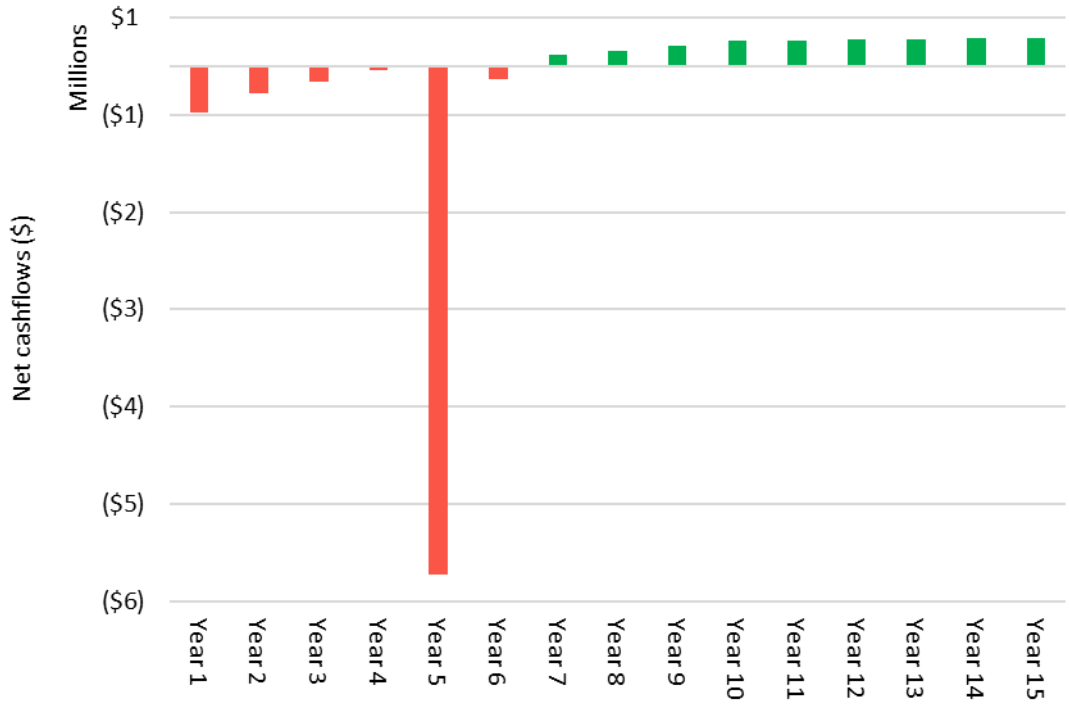
Note these results assume land for Phase 2 is provided by Government free of charge. No other assumptions have been made about the receipt of government grants or philanthropic sponsorship, clearly a requirement if the Food Hub is to operate viably during its establishment phase.

Table 13: Financial assessment (discounted, nominal)

Included item	Phase 1 ($m)	Phase 2 ($m)	Total ($m)
Capital costs	0.10	3.81	**3.91**
Operating costs	6.09	12.16	**18.25**
Total costs	**6.19**	**15.98**	**22.17**
Operating revenues	5.34	13.04	**18.38**
Total revenues	**5.34**	**13.04**	**18.38**
Net present value	**-0.85**	**-2.93**	**-3.79**

Source: SGS Economics and Planning, 2025

Figure 7: Net cashflows over appraisal period



Source: SGS Economics and Planning, 2025

The detailed cashflow model is shown in Figure 8.

Figure 8: Cash flow model ($ nominal)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Capital costs															
Building costs	0	0	0	0	5,300,000	0	0	0	0	0	0	0	0	0	0
Cool room units	30,000	0	0	0	0	70,000	0	0	0	0	0	0	0	0	0
Vehicles	70,000	0	0	0	0	140,000	0	0	0	0	0	0	0	0	0
Total capital costs	**100,000**	**0**	**0**	**0**	**5,300,000**	**210,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Operating costs															
Land rent	110,000	110,000	110,000	110,000	120,000	0	0	0	0	0	0	0	0	0	0
Wages	480,000	490,000	500,000	510,000	520,000	790,000	810,000	830,000	850,000	870,000	890,000	910,000	930,000	960,000	980,000
Utilities	20,000	20,000	20,000	20,000	20,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	70,000	70,000	70,000
Vehicle operation and maintenance	10,000	10,000	10,000	10,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	30,000
Administrative expenses	10,000	10,000	10,000	10,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	30,000	30,000
Supplier payments	350,000	590,000	840,000	1,110,000	1,380,000	1,420,000	1,540,000	1,670,000	1,810,000	1,930,000	1,980,000	2,030,000	2,080,000	2,130,000	2,180,000
Total operating costs	**980,000**	**1,230,000**	**1,490,000**	**1,770,000**	**2,060,000**	**2,310,000**	**2,450,000**	**2,600,000**	**2,760,000**	**2,900,000**	**2,970,000**	**3,050,000**	**3,140,000**	**3,220,000**	**3,290,000**
Total costs	**1,080,000**	**1,230,000**	**1,490,000**	**1,770,000**	**7,360,000**	**2,520,000**	**2,450,000**	**2,600,000**	**2,760,000**	**2,900,000**	**2,970,000**	**3,050,000**	**3,140,000**	**3,220,000**	**3,290,000**
Operating revenues															
Sale of goods	525,000	885,000	1,260,000	1,665,000	2,070,000	2,130,000	2,310,000	2,505,000	2,715,000	2,895,000	2,970,000	3,045,000	3,120,000	3,195,000	3,270,000
Storage lease revenue	40,000	40,000	40,000	40,000	40,000	90,000	100,000	100,000	100,000	100,000	110,000	110,000	110,000	110,000	120,000
Delivery service fee	10,000	10,000	10,000	10,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Commercial kitchen lease revenue	0	0	0	0	0	100,000	100,000	100,000	100,000	100,000	100,000	200,000	200,000	200,000	200,000
Total revenues	**575,000**	**935,000**	**1,310,000**	**1,715,000**	**2,120,000**	**2,340,000**	**2,530,000**	**2,725,000**	**2,935,000**	**3,115,000**	**3,200,000**	**3,375,000**	**3,450,000**	**3,525,000**	**3,610,000**
Net gain/loss	**-505,000**	**-295,000**	**-180,000**	**-55,000**	**-5,240,000**	**-180,000**	**80,000**	**125,000**	**175,000**	**215,000**	**230,000**	**325,000**	**310,000**	**305,000**	**320,000**

Source: SGS Economics and Planning, 2025

Sensitivity analysis

Sensitivity analysis has been conducted using higher (5%) and lower (9%) discount rates to understand the impact on the results (Table 14). It is evident that the project returns a negative net present value regardless of a higher or lower discount rate.

Table 14: Discount rates - sensitivity tests

Discount rate	5%	7%	9%
Net Present Value ($m)	-3.91	-3.79	-3.65

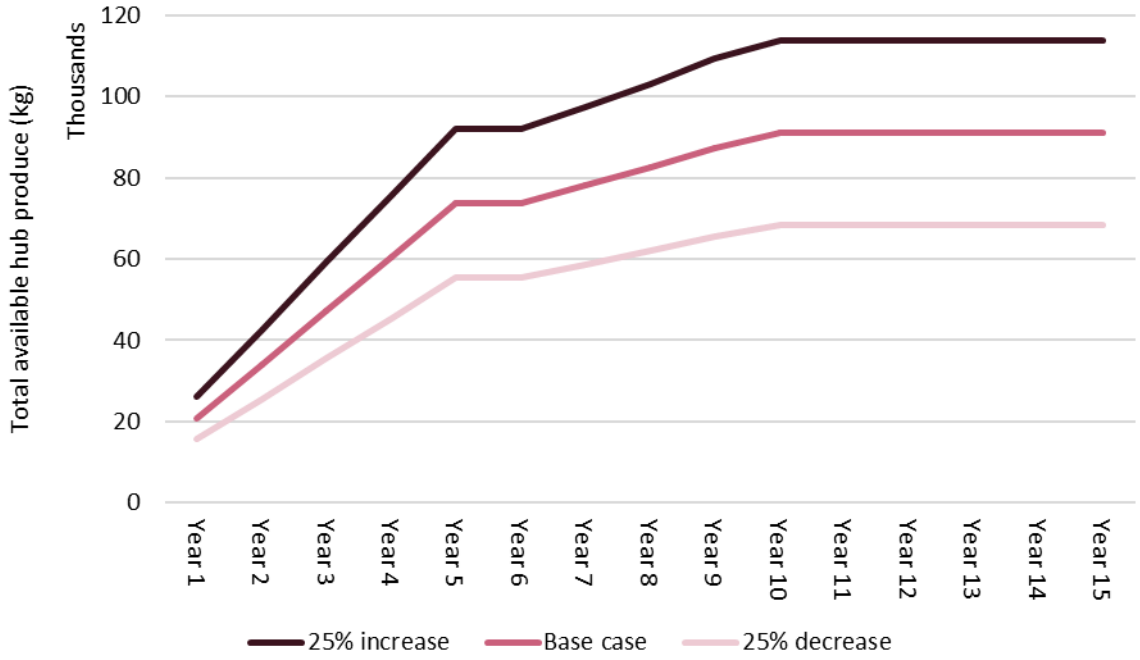
Source: SGS Economics and Planning, 2025

Analysis was also conducted to explore the impact of changing produce volumes passing through the hub. The markup rate on produce prices was kept constant at 50%. Two scenarios were considered:

- Increase in available hub produce by 25%
- Decrease in available hub produce by 25%.

The volumes of produce modelled in these scenarios are shown in Figure 9.

Figure 9: Food Hub produce volumes



Source: SGS Economics and Planning, 2025

The financial analysis results for each scenario are shown in Table 15. If the produce volumes increase by 25% the Food Hub returns a positive NPV of approximately $190,000 indicating that the operation of the Food Hub will fund both the capital and operating costs associated with implementing Phase 1 and Phase 2. However, if the produce volumes decrease by 25%, it produces a negative NPV of $8.17 million.

Table 15: Hub volumes - sensitivity analysis

Hub produce	-25%	Base case	+25%
Net Present Value ($m)	-8.18	-3.79	0.31

Source: SGS Economics and Planning, 2025

Conclusions

The financial assessment is based on a range of assumptions. The key uncertainties revolve around land and building costs for establishing the Food Hub, the volumes of produce the Food Hub handles each year, and the price margins it can feasibly add to these volumes before it on sells to customers.

Based on these assumptions, Phase 1 will require an upfront subsidy for capital costs and an ongoing subsidy to cover recurrent costs. Only once a step change in volumes handled is enabled in Phase 2 does the hub have a feasible chance of generating sufficient revenues to recover operating costs. It does not seem plausible that sufficient revenues will be generated over the medium term to repay the capital (and land) costs of scaling up to Phase 2.

The faster the Food Hub can move from Phase 1 to 2 the better. But ensuring there are sufficient customers to buy ever increasing volumes of local produce is not without risk. Relationships at the producer and customer ends need to be developed and, ultimately, converted into supply / sales contracts. The financial modelling provides recurrent funding for this relationship building role, but seasonal growing variations and unpredictable weather events will need to be navigated along the way.

4.3 Risk assessment

The key risks associated with the delivery of Phases 1 and 2 of the Food Hub are described in the table overleaf. These risks are subsequently rated as being high, medium or low, reflecting a combination of each risks ‘likelihood’ and ‘consequence’. Mitigation strategies are also identified.

The composition, rating and mitigation of risks will be further developed if progressing the Food Hub is supported by Government and the project moves to a more detailed business case stage.

Table 16: Key project risks

Project risk	Discussion
Land tenure risk – sufficient land is unsecured over the short to long term to enable the hub's construction, operation and expansion.	This risk is most stark when moving between Phases 1 and 2. Phase 1 could be run through rented facilities, assuming an appropriate facility is identified, with ongoing access secured via a medium-term lease or license.
Approvals risk – facilities required for hub operation do not secure regulatory approval, delaying project commencement and/ or expansion.	These risks apply only to Phase 2 if Phase 1 is run through rented facilities. However, if Phase 1 is developed on a vacant site, then all three risks apply albeit at a lower level than Phase 2 given its larger and more complex facility needs.
Design risk – facilities required for hub fail to satisfy functional and regulatory compliance requirements, including designs that are flawed, infeasible, inefficient or unstable.	
Construction risk - unexpected delays, costs or exposures that occur throughout construction of the Food Hub.	
Stakeholder risk - relevant stakeholder groups are dissatisfied with the hub's facilities, services, and space offerings.	Community stakeholders are unlikely to be satisfied with Phase 1 as a product, but will probably accept that moving to Phase 2 relies on buy-in from suppliers and customers.
Produce supply risk – inability to gain sufficient supplies from local growers to enable viable operations and/ or sales volumes that meet customer requirements. Key aspects of this risk stem from seasonal growing variations and major weather events or disruptions.	These two risks are naturally intertwined and need to be balanced. Proceeding to Phase 2 will be reliant on securing sufficient numbers / volumes of fresh produce supply / demand from local producers and customers. Nonetheless, the risk of being unable to maintain ongoing volumes remains throughout the entire duration of Phase 2.
Produce sales risk - inability to gain sufficient customers to enable viable operations and / or avoid the wastage of purchased fresh produce.	
Operations risk – inability to efficiently and effectively manage the multiple functions of the Food Hub. Key aspects of this risk will be a) appropriately deploying resources and pricing while balancing the needs of different hub user groups, and b) complying with food handling and other regulations on an ongoing basis.	Operational risk is larger in Phase 2 because of its greater scale and complexity of operations. Phase 2 also includes the commercial kitchen, which introduces specific regulatory compliance requirements around food handling, etc.
Governance risk – unclear or poorly aligned strategic and operating plans; plans are not appropriately developed, resourced and/ or monitored.	Governance risk is larger in Phase 2 because of its greater scale and complexity of operations.
Funding risk - insufficient funds are generated from internal and external sources to achieve financially viability.	Funding risk is significant as operations transition to Phase 2 given its significant capital costs requirements.

Source: SGS Economics and Planning, 2025

Table 17: Project risk ratings and mitigation strategies

Project risk	Phase 1 rating (after mitigation)	Phase 2 rating (after mitigation)	Mitigation strategy
Land tenure risk	Low	Medium	Evaluate available sites in future project development processes. Negotiate land tenure before proceeding to Phase 1 procurement.
Approvals risk	Low	Low	Approvals authority engagement in future project development processes; detailed site investigations during design process to maximise approvals probabilities.
Design risk	Low	Low	Continuous stakeholder engagement and co-design in future project development processes; experienced design contractors appointed; design precedents elsewhere investigated thoroughly.
Construction risk	Low	Medium	Procurement strategy options to be examined in future project development processes, ensuring risks are allocated to those best able to manage them; experienced construction project manager and construction contractor to be appointed.
Stakeholder risk	Low	Low	Detailed stakeholder engagement and co-design strategy to be developed and implemented in future project development processes.
Produce supply risk	Low	High	Recurrent resourcing for grower / buyer relationship development funded in business case, with key performance targets established and progressively monitored over time (e.g. fresh produce volumes, number and diversity of growers and customers).
Produce sales risk	Low	High	As for produce supply risk above.
Operations risk	Low	Low	Independent organisation to be established to operate hub. Expressions of interest to operate food hub sought from proven operators, with commitment to ongoing regulatory compliance. Operator contracted once project funding secured.
Governance risk	Low	Low	Independent board to be constituted to govern the above independent organisation (hub operator). Board composition to be based on skills while including local community members.
Funding risk	Medium	High	Business case process to include capital and recurrent funding needs for Phase 1, with funding for Phase 2 being contingent on the food hub

			meeting agreed performance targets. Complementary funding sources to be explored during business case process.

Source: SGS Economics and Planning, 2025

The risks of proceeding are minimised if the recommended phased approach to the food hub's development is taken. Most risks can be mitigated well in Phase 1, with the hub required to meet performance targets before progressing to Phase 2.

The siting, design, costing and construction of the hub's facilities are material risks, but these can be navigated well if proven contractors are used that have demonstrated track record with co-design approaches. The other material risk is the ability of the hub to grow and maintain food produce volumes moving through it, which requires the development of strong and long term relationships with a diversity of local food producers and buyers and the appropriate tool (online buying platforms) to support the exchange of goods.

Ultimately, funding risk is a function of all the above. The ACT Government should further examine the hub concept via the traditional business case process before committing capital and recurrent funding.

4.4 Policy alignment

This section reviews policies and frameworks that are aligned with the development of an ACT Food Hub.

ACT Wellbeing Framework

The practice review highlights that an ACT Food Hub has the potential to contribute to many of the domains of the ACT Wellbeing Framework, particularly through the secondary functions identified.

Table 18: ACT Wellbeing Framework alignment

Domains	Indicators	Food Hub Contributions
Economy	– Business conditions and economic diversity – Economic performance – Employment – Income inequality	Increased local sales Increased employment through local business development Improved farmer viability through cost savings and expanded local markets More diversified food economy through incubation of new businesses
Time	– Time spent travelling within Canberra – Work-life balance	Increase in local employment opportunities

Domains	Indicators	Food Hub Contributions
		Time gained by farmers through more efficient logistics
Identity and belonging	– Connection to Canberra – Sense of belonging/inclusion	Increased pride in local food system Local food producers feel more included and supported by Canberra economy Increased awareness of agricultural production methods and livelihoods
Social connection	– Participation in community events and activities – Levels of volunteering – Sense of social connection	Integration of Food Hub functions into community food events/activities including celebration of local producers and businesses Meaningful opportunities to contribute to ACT food community Greater connection through Food Hub events/activities
Health	– Healthy lifestyle	Increased consumption of local fruit and vegetables

The multifunctional benefits offered by the ACT Food Hub have strong alignments with the following regional and national strategies and policies.

Table 19: Strategic policy alignment

Policy/ Strategy	Strategic focus
Canberra Region Local Food Strategy	– Increase local food production and consumption – Increase equitable access to local healthy food – Enhance social and economic output through the local food system – Support sustainable urban and rural farming practices
ACT Circular Economy Strategy 2023-2030	– Enable the conditions needed to scale circular outcomes – Invest in innovation, infrastructure, and skills – Collaborate to create systemic change towards a circular economy – Enable the conditions needed to scale circular outcomes – Stimulate the transition to the circular design of goods and services, and circular business models

Policy/ Strategy	Strategic focus
Infrastructure Canberra Strategic Plan 2025-2027	– Partnering for success – Excellence in service – Better tools for outstanding outcomes
CBR Switched On: ACT's Economic Development Priorities 2022–2025	Mission 1: A city that gives you back time – a city of wellbeing and liveability – Transformative project: Community and digital hubs Mission 2: Towards a net zero city and beyond – environmental responsibility and action – Transformative project: Toward Net-zero Procurement Mission 3: Knowledge based economic growth – inclusive innovation and responsible investment – Transformative project: Venture capital for small business and social enterprise
ACT Climate Change Strategy 2019-25	Opportunities to reduce food waste and carbon emissions through logistical efficiencies
Healthy Canberra ACT Preventive Health Plan 2020-2025	Increasing healthy eating (increased consumption of vegetables)
ACT Disaster Resilience Strategy	Strategic priorities: – 1.1 – Strengthen partnerships between governments, industry, and non-government organisations – 3.2 – Maintain a continued focus on resilience efforts – 3.3 – Embrace new ways of doing things
Environment, Planning and Sustainable Development Directorate 2022-25 Strategic Plan	– Deliver a compact, efficient and sustainable city to be enjoyed now and into the future – Enhance Canberrans' wellbeing by conserving and experiencing nature and culture – Create our climate-ready city
T2030 – ACT Tourism Strategy 2023-2030	– Mission 2 – Promote Canberra's strengths and celebrate our distinct character
National Agricultural Traceability Strategy 2023 to 2033	– Objective 2 – Align regulatory management frameworks to reduce regulatory burden and streamline government interactions – Objective 3 – Meet new and emerging product claim requirements and changing market demands to support producers, remain competitive and enhance trust

Policy/ Strategy	Strategic focus
	– Objective 5 – Meet new and emerging product claim requirements and changing market demands

Appendix A: Practice review

Key themes

This practice review draws on Australian and international case studies to examine the key objectives and activities, infrastructure, and governance and funding models, with a focus on their applicability to the ACT context.

*Purely online food hubs have been excluded from our analysis due to the lack of infrastructure needed to sustain the aggregation, storage and processing dimensions of food hub activities.

Case studies include Intervale Food Hub (Vermont, USA), Farm Fresh Rhode Island (USA), and the Huon Valley Food Hub Project (TAS), which together represent a diversity of models—from economically-driven aggregation and distribution centres to community-based food relief organisations. Additional insights are drawn from Viva Farms (USA), CERES Fair Food (VIC), Baw Baw Food Hub (VIC), FoodLab Sydney, Melbourne Food Hub (ceased), Bendigo Foodshare (Victoria, Australia), and Cardinia Community Food Hub.

This diverse range of examples offers a comparative foundation for assessing the feasibility of a future food hub initiative within the ACT.

The "missing middle" of food systems

A key driver of regional and urban food system vulnerability is the weakness in the "middle infrastructure" of the food system – regional aggregation and distribution facilities such as food hubs that connect local producers to broader markets. Several factors contribute to this "missing middle" of food systems infrastructure, particularly in Australia:

- Strategic planning gaps: Food systems infrastructure is largely overlooked in strategic planning and policy-making. Unlike essential infrastructure for transport, energy and water, food systems infrastructure lacks strategic policy support in local and state planning frameworks.
- Investment gaps: Without a strategic focus on this middle infrastructure, public investment in infrastructure for regional food aggregation, processing and distribution is missing. Regional governments and communities therefore face many systemic and infrastructural barriers to strengthening the local food economy.
- Lack of policy readiness: The absence of political and policy commitments to inclusive regional food systems planning can hinder attempts to address systemic economic food system challenges and inadvertently replicate existing barriers and inequities (Clark et al. 2017).
- Knowledge gaps amongst planners: Food system considerations are absent from planning curricula and professional development for planners, resulting in a workforce ill-equipped to effectively respond to food system complexities in urban and regional planning (Pothukuchi and Kaufman 2024).
- Coordination challenges: Developing a regional approach to food systems planning can require complex coordination across various political jurisdictions. Regional governments are ideally positioned to overcome coordination challenges.

The lack of food systems planning and public investment in Australia means that food system infrastructure has largely been left to the private sector, with negative outcomes for producers, consumers and government:

- The interest of private sector actors such as the supermarket duopoly are rarely aligned with local economic development strategies to connect regional supply and demand.
- The market power imbalance between major supermarkets and farmers contributes to income instability and higher production costs, affecting the sustainability and viability of the farming sector (ACCC 2025).
- Over one-third of Australian vegetable growers are considering leaving the industry. The margin squeeze facing horticulture producers means they cannot afford to invest in infrastructure and equipment to grow their businesses or meet the regulatory/compliance requirements, including those imposed by the major supermarkets (AusVeg 2024).
- The supermarket duopoly now dominates the retail landscape, influencing consumption habits and employing pricing strategies that are undermining food affordability.
- Most unhealthy and ultra-processed foods are purchased from supermarkets. Over half (50.4%) of supermarket products are classified as discretionary, and 71.9% are ultra-processed foods (George Institute for Global Health 2021), with implications for sustainability and public health.

Many food hubs in Australia and overseas have been established to address these challenges, albeit through different approaches and at different scales.

Growth and maturity of food hubs in Australia and elsewhere

Food hubs have emerged globally as critical infrastructure for building resilient, sustainable, and equitable food systems. While their models vary, they commonly serve as intermediaries that connect producers to markets, facilitate local food access, and deliver broader social and environmental benefits. This section provides an overview of how food hubs have developed and matured across international contexts and contrasts these with the more emergent and constrained food hub landscape in Australia.

Summary

The food hub sector has developed significantly overseas, particularly in the US, UK and Canada, where stronger policy support and public investment have enabled hubs to operate at scale, support local farmers and improve food access. In contrast, Australia's food hub sector remains nascent, driven by community initiatives with limited infrastructure and reliant on short-term grants and volunteer labour. Without sustained funding, policy backing or access to institutional procurement, many Australian hubs struggle to remain viable—45% of those reviewed have closed. Strengthening Australia's food hub sector will require long-term investment, regulatory reform and integration into broader food systems planning.

Overseas context

The food hub sector has evolved significantly in recent decades in response to various food system challenges, policy contexts and funding opportunities, particularly in the United States, United Kingdom and Canada:

- United States: food hubs gained traction in the late 1990s and early 2000s as part of a growing local food movement responding to emerging social, environmental and social issues emerging from increasingly industrialised food and farming systems. The US food hub sector supports small to mid-sized farms by connecting them with local consumers, restaurants and institutions through distribution, marketing, and value-adding services. The food hub sector in the US has grown and matured through considerable investment from the US Department of Agriculture and state government grants and funding programs, recognising their role in promoting sustainable agriculture and rural development. This sophisticated, multi-level financing ecosystem means that the food hub sector in the US is far better resourced and can operate at a much larger scale, with far greater impact on local and regional food economies.

- United Kingdom: food hubs have emerged as community-driven initiatives, often focusing on reducing food miles and improving food access. These UK food hubs emphasise sustainability, with many operating as cooperatives or social enterprises. The food hub sector in the UK also aims to connect local producers directly with consumers to support local economies and promote food security. Though the policy context and funding landscape is less developed than the US, government and philanthropic funding for local food partnerships provides some support for the food hub sector. Local food partnerships are collaborations between local government, businesses and civil society and community organisations to strengthen local food systems and support sustainable agriculture.
- Canada: Food hubs have developed as part of a broader interest in sustainable food systems and community resilience, often through community-university collaborations. Like the US and UK context, food hubs in Canada operate as multi-functional centres for aggregation, distribution and education. They have evolved to not only strengthen the local food economy by supporting local farmers but also to improve community food security and food sovereignty. A significant enabler for Canadian food hubs is the federal government's 2019 Food Policy for Canada which led to a $C50+ million Local Food Infrastructure Fund and a $C20 million School Food Infrastructure Fund which has provided significant resourcing to Farm to Cafeteria Canada which supports initiatives and infrastructure, including food hubs, to connect local farms to schools, campuses and healthcare facilities.

Australian context

The food hub sector in Australia in still nascent compared to the overseas context, in large part due to a lack of policy support, government recognition and public investment in food systems, in general, and in food hubs, more specifically, as essential infrastructure for food systems resilience. Food hubs in Australia most commonly operate as community-driven initiatives with a strong focus on food security and food system localisation. They tend to focus on supplying produce boxes to individual households rather than institutional customers or local businesses. The emphasis on direct-to-customer sales contributes higher costs associated with packing, logistics and distribution, compromising financial viability as well as inconsistent revenue due to high customer churn.

Compared to the US and Canadian context, food hubs in Australia do not benefit from structured funding support from philanthropy, government and private investors, creating a significantly more challenging environment. Many food hubs rely on online sales because they lack fixed infrastructure or a physical 'shopfront'. While this represents an infrastructure cost-savings, the lack of public visibility and inconsistent access to infrastructure creates significant operational inefficiencies, even with strong community and local government support (see Huon Valley Food Hub case study).

Without sustained support and a supportive policy environment, food hubs in Australia typically operate with limited financial and other resources and there are few successful Australian models to learn from. Their multifunctional nature – offering social, environmental and economic functions – means they slip between the cracks of many grants and funding programs. Accessing capital for critical infrastructure such as cool rooms and storage, vehicles and processing equipment is a significant challenge as these items are often excluded in many grant programs. Operational expenses associated with management, administration, marketing/communications and logistics are often under-estimated, particularly in the start-up phase, and are rarely covered by grant programs which tend to favour short-term project funding with clearly defined social outcomes rather than multi-year operational funding that would help the lay the groundwork for long-term economic viability.

Many food hubs in Australia have been established through philanthropic or government grant funding. Funders often assume that food hubs will quickly become financially self-sustaining. However, relying on short-term grants and volunteer labour, many fail to make it past the first few years of operation or after grant funding ends. Bendigo Foodshare, a food relief driven food hub that is growing and upgrading its warehouse and capacity building facilities, currently relies on volunteer labour to ensure financial longevity, with over 29,000 payable hours performed by volunteers in the 2023-2024 financial year. Although some food hubs, such as Bendigo and Melbourne Food Hub, experienced significant growth during the COVID-19 pandemic through increased consumer demand for fresh produce boxes, the return to in-person food retailing resulted in a sharp decline in customers, leading to the closure of the Melbourne Food Hub.

Of the 22 Australian food hubs identified through this Practice Review, 45% (10) have closed. One-third (7) were recently funded by VicHealth's $4 million Future Healthy Food Hubs program (2022-2025) which aims to increase access to local, culturally appropriate and healthy foods in regional and peri-urban communities. Despite a business accelerator program to support these food hubs in achieving financial sustainability, many are reported to be marginal at the conclusion of the three-year grant period. This is, in part, due to a grant structure that prioritised youth employment and did not reflect the operational structure and expertise required to run an economically successful food hub. The paper 'Put your mask on before helping someone else: The capacity of food hubs to build equitable food access' states that expectation of funders that food hubs can both improve food affordability while also paying farmers a fair price without long-term investment and policy support is asking too much of this infant sector (Hoey, Shapiro and Bielaczyc, 2018). Conditions for enhancing the effectiveness and sustainability of the food hub sector in Australia include:

- simplified guidelines for food safety regulation and reduced complexity of regulations and permits associated with food hubs,
- greater network and brokerage support to build connection in the local food economy,
- public investment in food systems planning and infrastructure;

- a focus on institutional procurement, including ensuring existing procurement processes and systems are sufficiently supportive of smaller-scale players and distribution systems.

Brokering relationships

The success of sustainable institutional food hubs hinges not only on access to infrastructure, but also time invested in building strong relationships and developing more supportive institutional procurement systems and processes within public and private institutions. Leah Galvin, a leader in institutional procurement knowledge in the Australian market, highlighted the importance of relationship brokering in successful initiatives. By working with the Tasmanian Department of Health to establish baselines for local sourcing and coordinating cross-government engagement to align procurement with broader sustainability and policy goals, she is laying the groundwork for systemic change. Convening roundtables with chefs, food service providers, dietitians, producers, and high-level government representatives reflects a deliberate effort to bridge silos and build a shared understanding of the challenges and opportunities in local procurement. This relational work is **essential** to overcoming long-standing barriers to institutional sourcing in Australia and feeds into the importance of scale in considering feasibility and viability.

The importance of scale

Scaling up is a critical and strategic process for food hubs, but it doesn't happen overnight. Successful examples like Intervale Food Hub, Farm Fresh Rhode Island, and Viva Farms show that growth is often incremental, aligned with market readiness, and grounded in community relationships. Each of these hubs began with modest operations, building trust, demand, and infrastructure gradually over time. Intervale Food Hub started small but scaled as market conditions matured and local producers required more robust support. It expanded its land base to 350 acres and diversified revenue through a mix of user-pays services, consultancy, retail and wholesale sales, and public and private investment. Farm Fresh Rhode Island also began as a modest initiative but scaled its operations significantly as local food demand and institutional procurement pathways developed. It now operates a 60,000 foot^2 facility with cold storage, event spaces, and a retail market hall, while maintaining close ties to state food strategy and climate justice policies. Viva Farms scaled through education and policy alignment. Starting with a small group of new farmers, it expanded across two counties, leveraging farmland preservation policies and state food system plans. Its emphasis on farm incubation and training helped cultivate a pipeline of new producers, scaling up land use and production capacity in response to a maturing market for local food.

Key takeaway

These examples show that effective scaling requires a deliberate, context-sensitive approach. Food hubs that grow in step with market demand and community needs—while investing in both infrastructure and mission-aligned programming—are better positioned to build resilient, equitable, and sustainable food systems.

Food hub objectives

This section outlines the typical objectives of food hubs, discusses the structural challenges they face within the broader food system, and highlights the importance of aligning hub purpose with sustainable and economically viable models of operation.

Common Objectives

Food hubs are complex operations that can offer multifunctional benefits. Most food hubs operate with the aim of achieving a range of primary and secondary social, economic and environmental objectives, including:

- Strengthen local food systems by building regional supply networks, reducing reliance on long supply chains, encouraging local employment and improving local resilience.
- Improve community food security by increasing access to fresh, healthy and affordable food—particularly in low-income or food-insecure areas.
- Promote healthy eating and food literacy through educational programs, cooking demonstrations and outreach that encourage seasonal, local and culturally appropriate food choices.
- Foster community engagement and inclusion by involving producers, consumers, volunteers and local organisations in food-related decision-making and activities.
- Provide training and employment pathways, especially for marginalised groups or new food start-ups, through skills development programs, incubator farms or partnerships with employment services.
- Support environmental sustainability by reducing food waste, encouraging regenerative or organic farming methods and lowering transport emissions through localised supply chains.
- Food systems advocacy to represent local needs and create policy change.

By aggregating produce and facilitating access to wholesale, retail and institutional markets (such as schools, hospitals and councils), food hubs can help producers reach a wider customer base than they might be able to on their own. This can enable more stable income streams, support fair pricing and reduce the barriers that small producers often face in competitive markets.

An uneven playing field

A challenge for many food hubs is that they face competition from businesses that do not prioritise social or environmental outcomes. They also compete from highly centralised mainstream food distribution channels that favour larger players and markets and offer consistent, year-round supply. This means food hubs require diverse customer bases and adaptable business models. External funding from grants and government funding programs is often necessary to keep these initiatives going, along with significant volunteer and community support. However, in contrast with mainstream food systems, the multifunctional nature of food hubs means they offer diverse economic, social, and environmental benefits.

Case Study: Ceres Fair Food

In its early days, Ceres trialed wholesale but stopped due to low margins and the need for high volumes to make it viable. With limited orders and labour-intensive logistics (e.g. small deliveries, manual handling), it shifted to direct-to-customer sales. Now, the operation includes a six-station packing line, minimal processing, and significant cold storage infrastructure. They occasionally rent fridge and pallet space for additional income.

Dry goods play a crucial financial role—orders under $90 are not profitable. High-value items like dairy or eggs improve margins. Around 65% of sales come from fruit and vegetables, with continued focus on increasing value-adds. A commercial kitchen onsite would enable processing of seconds and reliable income from hire.

Key takeaway: Strategic growth relies on identifying a clear market gap—particularly in direct-to-wholesale models—and securing a keystone customer.

Purpose is important

The purpose of a food hub can vary greatly. When focusing on institutional procurement over food relief, there tends to be longer term viability. Food hub models focused on centralised processing and institutional procurement tend to have greater financial viability and impact on the local economy. There are no such examples of the Australian context where food hubs tend to emphasise small-scale food distribution and community food security initiatives, delivering significant community benefit while also facing significant challenges to financial viability.

This creates an argument for focusing on institutional procurement and economic objectives to ensure viability and sustainability.

Case Study: Intervale Food Hub (Vermont, USA)

Established in 2007, Intervale Food Hub was created as part of the Intervale Center's broader mission to build a more resilient, just, and climate-smart food system. It was developed as a solution to support small and mid-sized farms by creating reliable market access and a values-based supply chain embedded in regional sustainability goals.

Located on a 350-acre site in Burlington, Vermont, the Hub has developed extensive infrastructure including warehousing, cross-docking facilities, walk-in freezers, and cold storage. It also houses a conservation nursery and supports land restoration and agroecological stewardship.

The Hub **works with over 70 producers, or 113 farms**, and has a team of around 24 employees and approximately **1,000 volunteers that contribute over 2,500 hours annually**, reflecting strong community involvement and organisational capacity.

Intervale Food Hub focuses on **economic and environmental outcomes** by aggregating local food and distributing it through retail, institutional, and wholesale channels. It also offers training and business support for beginning farmers through its farm incubation program.

Operated by the Intervale Center, a not-for-profit with a board of directors, the Hub is guided by a governance structure that integrates operational management with broader policy and sustainability initiatives across Vermont.

The Intervale Food Hub has become a nationally recognised model for regional food system innovation and infrastructure, demonstrating how strategic investment and policy alignment can support long-term farm viability, community health, and environmental regeneration.

Food hub activities and services

This section provides an overview of the core services delivered by food hubs and the infrastructure required to support their operation. It also explores variations in service scope based on context and presents a case study of the Huon Valley Food Hub to illustrate how these functions operate in practice.

Activities, services, and infrastructure

Food hubs are multi-functional entities that support local and regional food systems by coordinating the aggregation, distribution and marketing of locally produced food. They are designed to address a range of objectives, including improving access to fresh, local food; supporting the viability of small- to medium-scale farms; enhancing food literacy; and contributing to broader economic and environmental outcomes. Common activities delivered by food hubs include wholesale and retail distribution, food relief and recovery programs, value-adding through food processing, and education or training for producers and community members. Some hubs also operate mobile markets, offer commercial kitchen hire or host public engagement events and education workshops.

The scope and scale of these activities vary depending on the local context, infrastructure, and funding. Some hubs work with over 200 producers and distribute large volumes of food to schools, community organisations and individual customers. Others focus more on training and capacity building—supporting new and emerging farmers through business incubation, land access, and skills development programs.

Food hubs therefore typically require a combination of specialised infrastructure, which include, but are not limited to:

- Storage infrastructure: cold rooms, freezers, dry goods pallet storage.
- Distribution infrastructure: loading docks, delivery vans, pick-up points, mobile markets.
- Processing infrastructure: commercial and teaching kitchens, packing rooms.
- Education and training facilities: farms, greenhouses, meeting rooms.
- Event and community spaces: halls, greenspaces, meeting rooms, venue spaces, trails (for agri-tourism).

Whatever services are offered, a fixed location with long-term tenure is critical to the feasibility of a food hub. We do note that scalability is important to consider (as previously mentioned), where scale of the infrastructure ought to meet the needs of the market at its current state, securing tangible and reliable relationships, before increasing in size.

Case Study: Huon Valley Food Hub (Tasmania, Australia)

Established in 2021, the Huon Valley Food Hub was created to build a resilient, regenerative, and equitable food system that supported the health, social, economic, and environmental outcomes of the Huon Valley community. It was established through a lengthy co-design approach that focused on place-based assets and opportunities to increase local food production, improve access to nutritious food, and foster stronger community connections through food-based activities and education.

The Hub lacks a centralised location but instead focused a range of initiatives to support local food production and distribution. This included community events, educational workshops, and partnerships with local producers to enhance the local food economy through pop-up venues in different towns.

The Huon Valley Food Hub is unique in its activities. They assisted farmers and small producers to transition to regenerative practices, conducting programs such as Farmgate Blitz, which helped small-scale farmers achieve this transition t through the volunteer services of community members.

The Hub is overseen by the Huon Valley Food Hub Association, with strategic support from Huon Valley Council and collaboration with key stakeholders, including Eat Well Tasmania.

Funding and resourcing pathways

This section outlines the key funding and resourcing mechanisms that underpin food hub operations, including grant programs, self-generated income, service delivery, private investment and volunteer contributions. A Canadian case study is also included to illustrate how targeted policy frameworks can facilitate investment in community food infrastructure.

Funding pathways

The financial viability of food hubs is dependent on a complex range of factors including economic factors such as inputs costs (e.g. labour, food and access to infrastructure) as well as the broader ecosystem in which the food hub operates, including a strong policy mandate, supportive grant programs, flexible procurement systems and proactive engagement with stakeholders in the local food economy. This includes not only farmers but also local hospitality businesses, food retailers, food-based social enterprises, community organisations, and potential institutional buyers. Food hubs can be funded and resourced from a range of sources, dependent on the type of food hub, its purpose, scale of operations, location, governance model and how it was originally established. A summary of funding and resourcing pathways is provided below:

- **Grant and funding programs:** Food hubs are often established with and supported by grants and funding programs from philanthropy (foundations), the private sector (community banks, etc) and government at the local, state, regional and federal level. Examples of federal funding programs in the US and Canada a range of targeted grant by the United State Department of Agriculture (USDA) and the Canadian Department of Agriculture's Local Food Infrastructure Fund.
- **Self-generated revenue:** Food hubs can generate their own revenue through the sale of goods and services.
    - **Sale of goods:** Institutional procurement can be a substantial stream of revenue under favourable conditions - e.g. supportive procurement processes, proximity and connection to flexible institutional customers, etc. These institutions can include nearby universities, colleges (TAFEs) and schools as well as public and private facilities and services such as hospitals, childcare, aged care, arts/culture and recreation. No food hubs engaged in institutional procurement were identified in Australia, largely because existing tendering, compliance, and procurement process act as an obstacle to institutional procurement in Australia. Food hubs can also service local businesses such as restaurants, greengrocers and other food retailers. Many food hubs also sell fresh produce boxes to individual households, which is the predominant model in the Australian context. Some food hubs also generate revenue from online sales, an onsite farmers market and/or physical shopfront or onsite cafe.
    - **Sale of services:** As an aggregator of food, food hubs can also generate services through user-pays services to farmers, community organisations, social enterprises and other local businesses. This may include providing access to cold-storage or warehouses; commercial kitchens for processing/value-adding or culinary incubation; or multi-functional meeting spaces for community learning and education events and workshops. Other fee-based services offered by food hubs can include business consultancy for farmers or food start-ups, catering services and employment pathway programs (often government-funded).
- **Private sector financing**: Some food hubs overseas (particularly the US context) attract private sector financing (e.g. debt, equity and royalty financing) from a range of sources including economic development corporations, venture capital, for-purpose impact investment, community capital funds, etc. This financing model is only nascent in Australia, though one notable exception is Common Ground Project (Geelong, Victoria), a social enterprise food hub established by The Mulberry Group. The Mulberry Group owns several Melbourne-based hospitality venues, donating 10% of its profits to Common Ground Project.
- **Volunteers:** While volunteers are not a revenue stream, many food hubs engage volunteers to support the delivery of specific operational elements, dependent on the primary purpose of the food hub. Food hubs with a strong community focus may engage pools of volunteers to pack produce boxes for sale/donation or to assist with community education or food relief activities. Volunteers can include individual community members, corporate volunteers and student internships or placement. While volunteers are a critical success factor for many food hubs, over-reliance on volunteer labour can be a risk factor.

Case study: Local Food Infrastructure Fund (Canada)

A strong policy mandate for investment in food infrastructure is a strong enabler of food hubs.

- Established in 2019, the Local Food Infrastructure Fund (LFIF) is administered by the Canadian Department of Agriculture under the mandate of the Food Policy For Canada framework.

- The objective of creating a healthier and more sustainable food system and improving community food security in Canada by supporting community organisations to purchase or install infrastructure/equipment for locally-driven programs.

- The Fund distributed $70 million between 2019-2024, with an additional $43 million allocated to the program for 2025-26.

- Examples of food hubs funded by the LFIF include the New Brunswick Village Food Hub, 807 Food Co-op & Hub and Prince Edward County Food Hub.

Legal structures, business models and governance models

This section outlines the predominant governance models in use, highlights distinctions between legal and business structures, and presents a case study of Farm Fresh Rhode Island to illustrate how robust governance can underpin financial resilience and policy impact.

Different models in food hub governance

Food hubs typically operate as multi-stakeholder collaborations, often formed through partnerships between public institutions, community organisations, philanthropic groups, producers, and, in some cases, private sector actors. While their core mission may vary—from improving access to local food to supporting farm viability or delivering food relief—the governance and operational models adopted by food hubs significantly influence their effectiveness and sustainability.

Food hubs in Australia generally fall under one of three legal and governance structures:

- Company limited by guarantee governed by a board of directors.
- An incorporated association governed by a committee of management.
- A cooperative designed to serve the interests of its members governed by a board of directors (less common).
    - It is worth noting that many Australian food hubs using the term ‘co-op’ are, in fact, incorporated associations.

Food hubs in Australia can operate under different business models distinct from their legal structure:

- not-for-profit (NFPs) (registered with the Australian Charities and Not-For-Profits Commission [ACNC])

- **charity** with or without tax-deductible status (registered with the ACNC)
- **social enterprise** (certified by Social Traders)

The term 'social enterprise' refers to a business model rather than a legal structure, describing an enterprise that operates primarily for a social, cultural or environmental purpose and derives a substantial portion of its income from trade. A company limited by guarantee can therefore operate as a NFP or a charity that is also a social enterprise. For example, the culinary incubator FoodLab Sydney is a registered charity (company limited by guarantee) operating as a social enterprise.

Most larger food hubs both overseas and Australia operate as **not-for-profits** with formal governance through **boards of directors.** Boards or committees of management provide strategic oversight, financial accountability and alignment with the organisation's mission. For example, Intervale Food Hub, Bendigo Foodshare and Farm Fresh Rhode Island all operate under NFP structures with board governance. In some cases, advisory committees or institutional affiliations (e.g., Farm Fresh RI's connection to Brown University) further support governance and strategic direction.

Case study: Farm Fresh Rhode Island **(USA)**

Originally established in 2004 through a Brown University student thesis on local food systems; now a registered NFP with a board of directors, 46 staff and 252 farmer and food producer partners. Located in a 60,000sq ft (about half the area of a large city block) warehouse incorporating a mobile market, commercial kitchen, storage facilities, event and conference spaces and a weekly on-site farmers market.

Primary objective: to grow a local food system that values the local economy, environment and community health while improving the livelihoods of farmers in the region.

A **co-executive leadership model** allows the food hub to focus on multiple problems at different points in time. An example was COVID-19, with one Executive Director focusing on operations and the other focused on strategy and external partnerships. The food hub retains a strong relationship with Brown University.

Four key activity streams: aggregation and distribution; food relief; farmers markets; education. FFRI operates as a parent NFP that supports other programs and absorbs once the partnership is sustainable (i.e. Hopes Harvest).

In 2023, FFRI reported **revenues** of approximately $8.73 million, ($20m in assets, and expenses not exceeding revenue) from diversified sources: government grants (about 40%), program services, contributions, and rental income. This diversified funding model reduces enhances financial resilience.

FFRI **operates within a larger policy network** that plays a critical role in its success, supported by the Climate Justice Plan (2019), Rhode Island food Strategy (2017-2027), Providence Food System Strategic Plan, and the Rhode Island Department of Environmental Management Farmland Access and Protection Program.

Key takeaways

This section first provides an example of a small, medium, and large food hub based on the case studies and key insights about the success of food hub operations.

Examples of scale

These food hub case studies provide an overview of opportunities for an ACT-based food hub in terms of scale and size and will feed into the demand assessment.

The following case studies describe the scale and scope of typical small, medium and large scale operations.

Table 20: Case study scale and scope of operations

Category	Baw Baw Food Hub (Small)	Bendigo Foodshare (Medium)	Farm Fresh Rhode Island (Large)
Physical Size	Shared kitchen & packing facility	1,000m2	5,575m2 hub + public/event spaces
Revenue	Unknown	Over $2.8M raised to date	$8.3M total income (2023)
Food Volume Moved	Not specified; serves 200+ households	New premises designed to manage upwards of 1 million kg /year	~266,000kg of food
Farming Partners	30 - 40 local farmers and producers	55 local farmers and producers	252 farmers and producers
Partnerships	Local government, schools, community organisations	City of Greater Bendigo, VicHealth, community groups, Y2 Architects (pro-bono design), Donated land	10 value-add businesses on-site; Brown University; city government
Functions	Aggregation and distribution through online shop, pick-up points, workshops, events	Food relief; warehouse storage; social supermarket pilot; food vouchers	Food aggregation and distribution, capacity building, storage, mobile market, food relief, markets, kitchen, events
Assets	Not disclosed	Approx. $5.5 million	$20.6 million
Infrastructure	Shared kitchen, refrigeration for perishables, online shop platform, pick-up points	Cooler/freezer rooms (42 pallet capacity each), ambient food storage of 132 pallets, cross-docking, warehouse storage, urban garden, commercial	Cross-docking, cooler/freezer rooms, 4 loading docks, commercial kitchen, packing/label production, cafe/retail space, Harvest Kitchen,

		kitchen (planned), farmers market infrastructure, community workshop space, logistics vehicles (truck and ute)	Market Mobile facilities, solar, event spaces, refrigerated trucks, logistics vehicles
Staff	Community support and volunteers (unspecified)	12 staff, 327 volunteers, 29,876 hours ($1.3 million equivalent)	46 staff; extensive volunteer program

High-level lessons

- **Uneven playing field:** Food hubs operate in a challenging economic landscape. They are attempting to create values-based supply chains while competing with larger, more powerful and better resourced businesses that are not constrained by principles of equity, inclusiveness or fairness.
- **Governance:** Co-executive governance can ensure minutia of day-to-day operations and strategic oversight are well-aligned and can be given targeted focused without creating strain for either.
- **Funding:** Self-generated and diversified income through sales and services are essential, though almost no food hubs are financial self-sufficient with most accessing some grants and donations.
- **Key success factor:** long-term federal/state support through food infrastructure funds and rural development strategies.
- **Location (size and space):** While there is opportunity to scale up in terms of size, a fixed space is deemed an essential for long-term viability and community engagement. Online models without a fixed location/infrastructure are far more likely to fail.
- **Objectives:** Food hubs that aim to strengthen the local food economy and support farmers tend to be more viable than food hubs that operate primarily to address food insecurity and social inequity as the latter is highly reliant on insecure grant funding and volunteers.

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