

Regional Economic Development Through . .

Local and Creative Food Economies

Kirsten Larsen

**Victorian Eco-Innovation Lab (VEIL)
University of Melbourne**



Nick Rose

**Think Food
Food Connect Foundation**



Local and Creative Food Economy



- » What
- » Why – economic benefits
- » Where – case studies of successful approaches
- » How – example actions for Southern Melbourne

WHAT

What are Local and Creative Food Economies

Local and Creative Food Economies



- » Local food is food produced for local and regional consumption:
 - ... food is grown in the general locality in which it is consumed
 - ... transport distances are minimised
 - ... if food is processed it is done so in the general locality in which it is grown and consumed
 - ... food that is grown locally can be purchased locally

- » The term 'creative food economy' is being used to represent the emergence of vibrant sectors of small-to-medium sized food enterprises adaptively catering for rapidly changing consumer preferences

Co-exist and Complement Traditional Food and Agriculture Sector

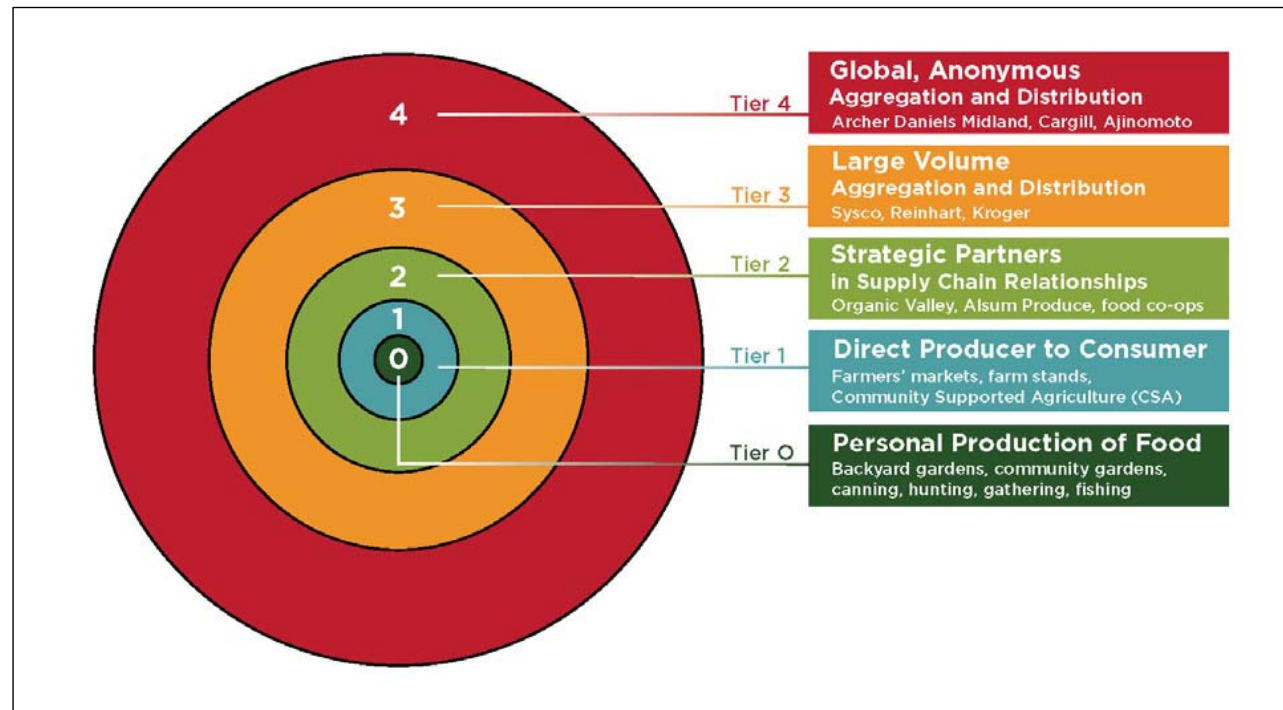
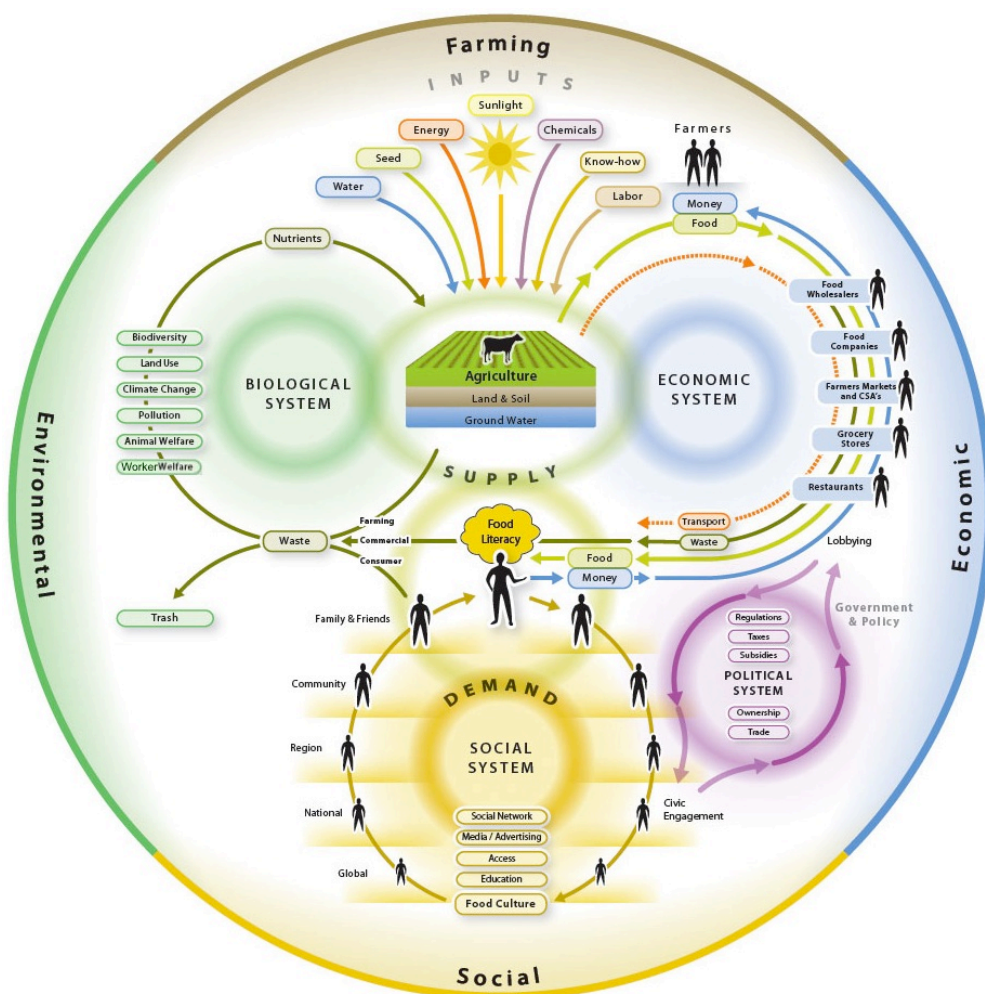


Image courtesy of University of Wisconsin-Madison Center for Integrated Agricultural Systems.

Building a strong local food sector does not replace or threaten existing commodity farm production, but rather expands agricultural opportunities and welcomes more people into the farm sector by establishing new markets, encouraging more farmers, keeping more of each food dollar spent in the state, and leveraging federal programs to bring more federal dollars into the state's economy. (*Rich Pirog, Associate Director of the Leopold Centre for Sustainable Agriculture, Iowa*)

Seeking Win-Wins: Economic Development for Healthy Population and Environment



\$3.7 billion

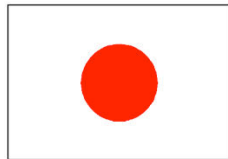
- » Pop: 1.3m
- » Households: 331,000
- » Healthy Food Basket \approx \$425 fortnight

Rapid growth sector



Local food sales in USA: 2008 - \$4.9B 2011 - \$7B 46%

Indicator	Timeframe	No. Years	% Increase
Direct-to-consumer sales	97/98 - 2007	10	54%
No. farms selling some or all produce in local /regional markets	2010 - 2012	2	19%
Farmers' Markets	2001-2010	9	59%
No. of farm to school programs	2004/5 - 2007	3	81%



*For the farmers and ranchers meeting this market demand, it is not a return to their grandparent's way of agriculture. Their businesses rely **upon differentiated marketing and distribution channels supported by an array of new technologies** . . and new research-based growing techniques. Generally, the farms best able to meet this type of demand are small and medium-sized operations.*

WHY

Economic Benefits

Food SMEs = Jobs



More Small Firms Means More Jobs

Cities relying on only a few large firms for employment experienced slower subsequent job growth than cities with an abundance of small firms.



"In addition to creating new jobs in food production, a strong local food system drives growth in related businesses: equipment manufacturers, processors, cold storage facilities, food hubs, transportation networks, and retailers."

http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_COMPASS.

Jobs in food and farming . .



“[F]ruit and vegetable farms [in the US] selling into local and regional markets employ **13 full-time workers per \$US1 million** in revenue earned, for a total of 61,000 jobs in 2008.

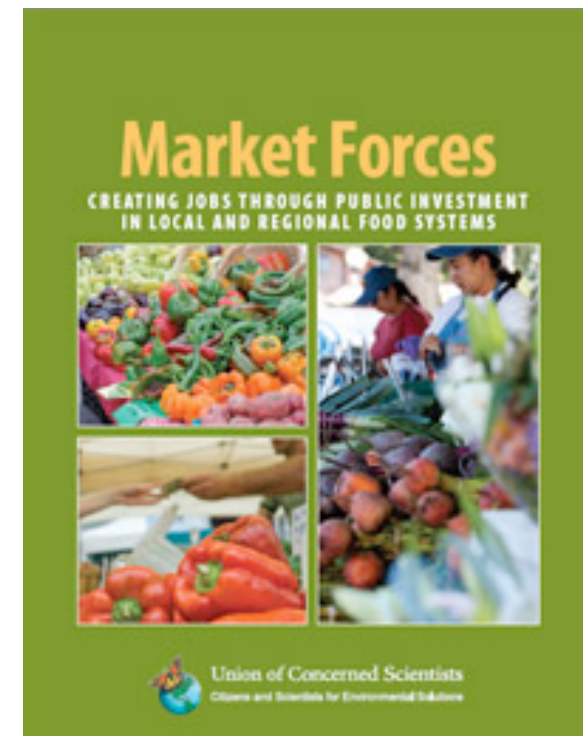
In comparison, fruit and vegetable farms not engaged in local food sales employed **3 full-time workers per \$US1 million** in revenue.”

USDA Economic Research Service, 2011. “Direct and Intermediated Marketing of Local Foods in the United States”. November 2011, ERS Report No.128.

“Spending in smaller independent local food outlets supports **three times the number of jobs** than at national grocery chains:

outlets selling significant to high percentages of local food support on average **one job for every £46,000** of annual turnover; by comparison, at three national chains **one job is supported per £138,000 to £144,000** of annual turnover

<http://www.ilsr.org/key-studies-walmart-and-bigbox-retail/#1>.



Modest public support for up to 500 farmers markets each year could create as many as 13,500 jobs over a five-year period.

Income and multiplier effect



“Small-sized firms owned by residents are optimal . . to maximize income growth rates”

. . medium and larger firms appear to have the opposite effect, especially when they are not locally owned.

Economic Development Quarterly: Does Local Firm Ownership Matter?

“percentage of money spent in local businesses that is retained in the local economy is typically in excess of 50%, compared to around 15-30% of money spent in non-local businesses

CPRE 2012

Farm Viability . .

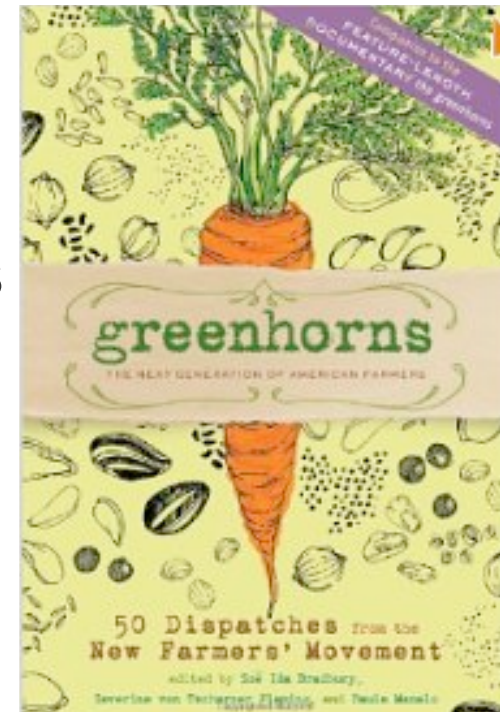


USA - of the 110,000 farms selling into local and regional markets in 2010, such sales accounted on average for 61% of total sales (for nearly 2/3 of these local sales > 75% of total sales)

Especially important for horticulture: 'nearly 40 percent of all vegetable, fruit and nut farms in the US sell their products in local and regional markets.'

'Local Foods Are Working for the Nation' – Nov 2011 -
[http://blogs.usda.gov/2011/11/08/new-report-local-foods-are-working-for-the-nation/.](http://blogs.usda.gov/2011/11/08/new-report-local-foods-are-working-for-the-nation/)

Increased prices ranged from 50% for apples to 649% for salad mix



WHERE - CASE STUDIES

Where have Local and Creative Food Economies been developed

Regional Case Studies



Location	Timeframe
Toronto (Ontario, Canada)	Since 1990s
Ann Arbor (Michigan, United States)	1998--present
Woodbury County (Iowa, United States)	2005-present
Emilia Romagna (Italy)	various phases since 1940s
Belo Horizonte (Minas Gerais, Brazil)	Since 1990s
Devon, UK	2011-12

- » Focus on economic development;
- » Participation and leadership of local and regional levels of government;
- » Collaborative, cross-sectoral nature of the models / initiatives; and
- » Degree of comparability with the southern Melbourne context.

Toronto, Ontario



A 'new creative food economy' for jobs, business and food security

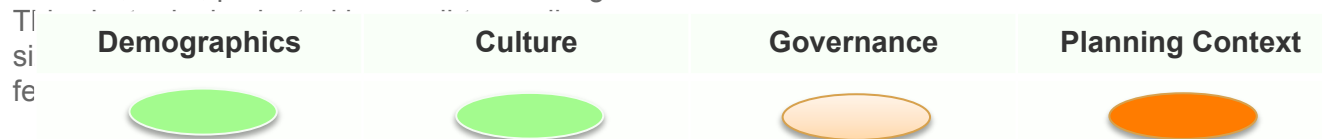
Time: 1990's to now

Outcomes:

- » one of the three leading continental centres of the 'new creative food economy' in North America
- » Food and beverage processing industry cluster in Greater Toronto: increased 5% pa past decade, expected 10% pa next decade.
- » Toronto Food Cluster has:
 - ... annual sales in excess of \$C17 billion
 - ... multiplier effect (estimated at 2.83)
 - ... Mostly SMEs (< 100 employees)
 - ... In 2002, 232,000 people were employed in the Toronto food industry cluster, including 'food services, retail, production and manufacturing'.

How:

- » Partnerships for economic development and food security: Toronto Food Policy Council (1991)
- » Local Food Plus certification and labelling (2005)
- » Farm Start (2006): support and encourage a new generation of farmers to develop locally-based, ecologically sound and economically-viable agriculture enterprises
- » Ontario Market Investment Fund (2008 onwards)
- » Toronto Local Food Procurement Policy (2008 – ongoing): 33% (rising to 50%) of all purchase of foods for operational needs
- » Toronto Food Business Incubator (2009-ongoing)



Ann Arbor, Michigan



Economic development through greenbelt and farmland preservation measures, business incubators and job programs

Time: 1998 to now

Outcomes:

- » 0.5% local 'millage' tax – has protected close to 2,000 acres of farmland and open space, and leveraged > \$12M in grants
- » Dramatic slowing in rate of farmland loss
 - ... 1940-1994 – 300 acres a day
 - ... 1987-2007 – 3 acres a day
- » **\$90m from 5%**

How:

- » Purchasable Development Rights (PDR)
- » *Food System Economic Partnership (2005)*
- » Michigan Food Policy Council
- » 'Seeds for Change' (2009): job training and support:
 - ... Shared commercial kitchen space / incubator and space for food production
 - ... Business support for local agri-business entrepreneurs
 - ... Youth job training and placements
- » Michigan Good Food Charter (2010): includes 20% local procurement requirement for institutions
- » 10% Washtenaw Challenge (2010) for residents and businesses



Woodbury County, Iowa

Tax Incentives and Procurement Policy

Time: 2000 to now

Outcomes:

- » Iowa has 3,000 farms selling \$16.5M worth of produce directly marketed to consumers in 2007, an increase of 18% since 2002.
- » More than 225 farmers markets now operate, an increase of 75% over 15 years; and more than 50 CSA farms, with a presence in 90% of counties in the state.

How:

- » Iowa Local Food Taskforce (2000)
- » Woodbury County Property Tax Break for landowners converting to organic (2005)
- » Iowa Food Systems Council (2010-now)
- » Iowa Local Food and Farm Initiative (2011) – State Legislature to increase profitability for farmers and number of jobs in local food
- » Research partnerships: Leopold Centre work including:
 - ... Marketing tools for farmers and food businesses
 - ... Food distribution feasibility studies
 - ... Training and education for minority and new farmers



Demographics

Culture

Governance

Planning Context

Emilia Romagna, Italy

Network of co-operative and integrated food production and manufacturing clusters – 'flexible specialisation'

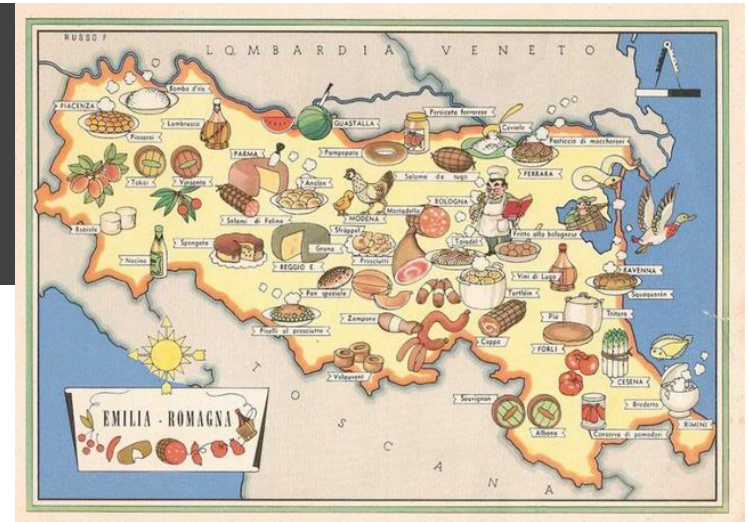
Time: 1940's to now

Outcomes:

- » Represents 15% of Italy's food industry, 50B EU
- » > 50% of this production is managed by agricultural cooperatives
- » > 4,500 producers of organic products
- » Exports worth 5.3B EU in 2008
- » Enterprises cover the entire food system, from on-farm production, to farm and food industry machinery and services, to processing, manufacturing, retail and hospitality

How:

- » Combining tradition with innovation:
 - ... Extensive networks between small businesses (farms, producers, distributors) enabling high flexibility
 - ... Concentration of production of agricultural machinery and industrial and food product packaging machinery
 - ... Close co-operative relationships
 - ... Large scale research in 4 local universities, combined with small-scale agro-food research institutes
- » Focus on local retraining to capture high value-adding and strategically important activities locally
- » Quality assurance and 'regional identification' scheme



Demographics

Culture

Governance

Planning Context

Belo Horizonte, Brazil

Strategy based on a 'right' to food – work across entire food system to make sure everyone can eat

Time: 1993 to now

Outcomes:

- » Returns to local farmers improving, while farmers nationally saw incomes fall 40-50%
- » Market access, established new markets:
 - ... 49 conventional; 7 organic
 - ... 34 'ABC' affordable food markets
- » 75% fewer children hospitalised for malnutrition; infant mortality rate cut by 60% in 10 years; increasing fruit and veg consumption; 25% fewer people living in poverty
- » 40% of the city's 2.5 million residents are benefitting
- » Now adopted as national role model for Brazil

How:

- » Adoption of Municipal Law (1993) and establishment of Municipal Secretariat of Food Supply (SMAB) w. 20 member advisory council
- » Implementation of SMAB Strategy, focus on:
 - ... Integrate logistics and supply chain of entire food system
 - ... Tie local producers and eaters directly together to reduce prices and increase food sovereignty
 - ... Use govt. purchase to stimulate local, diversified agricultural production and job creation
 - ... Educate the population about food security and nutrition
 - ... Regulate markets on selected produce to guarantee the right to healthy, high-quality food to ALL citizens



Demographics

Culture

Governance

Planning Context

Devon, England

Quality, differentiated products and a regional food identity

Time: 1993 to now

Outcomes:

- » Agri-food sector accounts for 13% GVA, comp. 7.6% UK. 22% of employment
- » “Characterised by positive, forward-looking businesses, which, on the whole, report that they are coping with the recession. There is a considerable entrepreneurial skills base within the county’s food economy, which proffers a very positive outlook for the medium term”
- » 70% sold direct to consumers via their own shop, farmers’ markets or fairs; and nearly half of the firms ‘reported that 75% or more of their sales were within Devon’

How:

- » Public support / grants / loans programmes, various types and dates, pre-2008
- » GFC 2008 & Recession, high fuel costs, withdrawal of public support . .
- » Public sector procurement 2008-9
- » Local Food Strategy Group



Demographics

Culture

Governance

Planning Context

HOW - ACTIONS

How have Local and Creative Food Economies been developed

How they are doing this . .



Possibilities for Southern Melbourne



1. **Leadership:** Recognition, articulation and clear direction
2. **Business Support and Incubation:** Create a fertile environment for creative, socially and environmentally focused food businesses to establish and operate in the region.
3. **Harnessing Markets:** Building demand and community engagement / participation (connect with health agencies etc)
4. **Education:** Training, Research and Education
5. **Appropriate Regulation:** Supportive regulatory and tax environment (within jurisdiction)

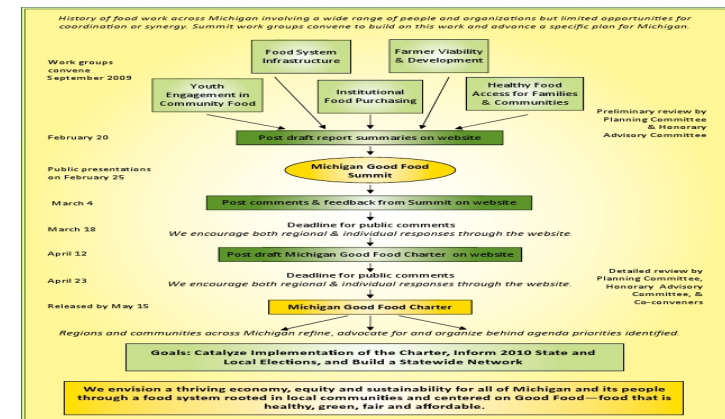
1. LEADERSHIP

- Policy – clear articulation of direction
- Participation – cross-sector partnerships for economic, health and environmental outcomes
- Procurement – walk the talk

Example: Michigan Good Food Charter



- » Policy: collaborative process led by CS Mott Group for Sustainable Food Systems (Michigan State University), Food Bank Council of Michigan, and the Michigan Food Policy Council
- » Participation: five working groups and summit of 350 people from across the food system
- » Procurement . . 10 year goals
 - Institutions will source 20% of their food products from Michigan growers and processors
 - Farmers will profitably supply 20% of all Michigan institutional, retailer and consumer food purchases
 - New agri-food businesses to enable 20% of food purchased in Michigan to come from Michigan
- » Partnerships: win-wins for health and local businesses
 - 80% of Michigan residents (twice the current level) will have easy access to affordable, fresh, healthy food
 - All Michigan schools will teach food literacy from kindergarten to Year 12, and youth will have access to food and agricultural entrepreneurial opportunities



How could it work here?
Establish process for partners from across the food system to develop shared strategy and goals. Working groups could be formed to produce reports, leading to a regional summit, following which a Charter could be drafted and circulated for public comment.

2. BUSINESS SUPPORT AND INCUBATION

- Networks
- Incubators & Start-Up Support
- Infrastructure e.g. Food Hubs
- Finance

Food System Economic Partnership (FSEP)



Goal: long-lasting food system change by supporting new farmers and food entrepreneurs

- » Combined initiative of farmer leaders, food industry heads, community organisations, and food system and economic development experts
- » Registered charitable organisation, established in 2005

Meet and Greet for Food Growers and Buyers

June 2 Breakfast: This month's topic, "**Connecting Small Farmers to New Markets Through Food Hubs,**" will be presented by Marty and Chad Gerencer of [Morse Marketing Connections, LLC](#).

HomeGrown Local Food Summit

Four Seasons Produce Co-op – Food Safety Mock Audit

Learn about on-farm food safety while growing produce in fields and in hoopouses year-round to become food safety certified to market as a group to hospital and university customers. This farm tour and mock audit with MSU



The screenshot shows the website's navigation menu with links: Home, About, Our Work, The Food Shed, Take Action, Events, Resources, and News. The 'Our Work' section is expanded, listing various initiatives: Beginning Farmer, Business Development, Education, Conferences and Workshops, Farm Bill 2012, Farm to School, Farm to Table, and Policy. A sidebar on the right contains a search bar, social media icons for Facebook, Twitter, and YouTube, and buttons for 'Volunteer' and 'Donate'. The 'Donate' button is highlighted, and below it are logos for accepted payment methods (Visa, Mastercard, American Express, PayPal) and a link to a 'Downloadable Donation Form'.

Toronto Food Business Incubator



Supporting entrepreneurship and job creation in the food manufacturing industry

2,000-square-foot facility in northwest Toronto offers a commercial-grade kitchen, mentors and advice on finance and marketing.

- » Non-profit organisation that assists entrepreneurs in establishing and growing food processing companies
- » Limited capacity – only space for 9 businesses at one time, for up to 3 year
- » Funded and supported by Toronto Economic Development (Council) and the Agricultural Adaptation Council (Fed Govt).

Propelling micro food enterprises
...into business operations



<http://www.tfbi.ca>

Food Hubs – Local Food Hub, Charlottesville

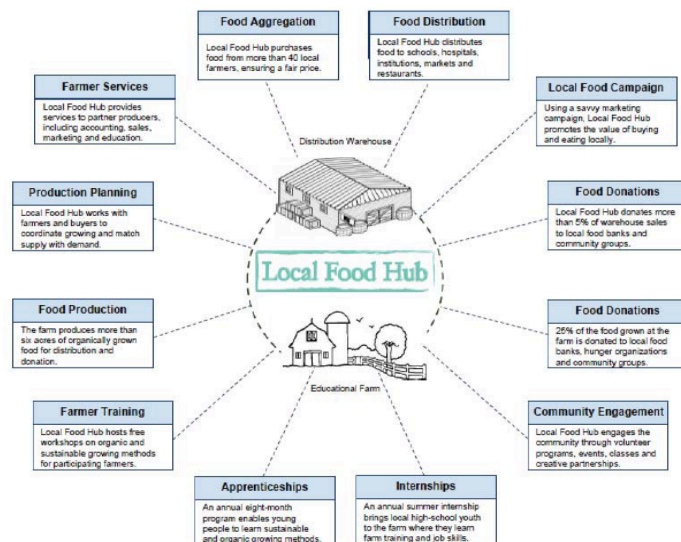


- » Non-profit organisation focused on **wholesaling**
- » Working with 50 small farms - most are less than 100 acres, family-owned, sustainable
- » Turnover grew from \$74K in its first year (2009) to \$600K in 2011

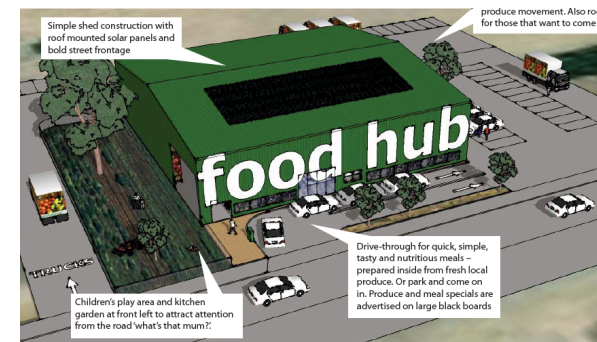
More Food Hub examples at:

www.foodhubs.info

www.foodhubs.org.au



Local Food Hub * localfoodhub.org * P.O. Box 4947, Charlottesville, VA 22905 * (434) 268-2178



How could it work here?

Work on the Food Hub in Casey has been in progress for over two years. The opportunity now exists to take this to the next stage (of implementation) in order to create alternative distribution networks and logistical coordination, e.g. via greater use of online sales and integrated delivery routes.

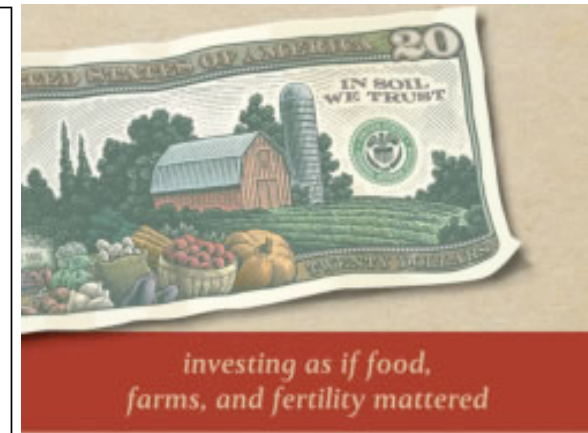
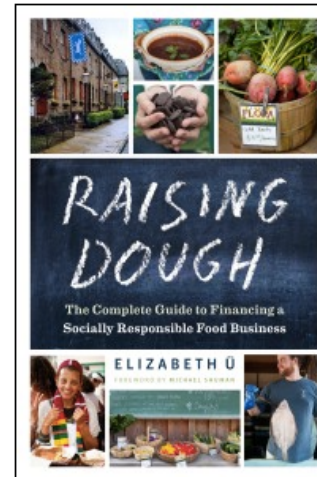
Finance: Slow Money



Creating channels for local investment in sustainable food and farming

Through Slow Money national gatherings, regional events and local activities, more than \$30 million has been invested in 221 small food enterprises around the United States since mid-2010

- » We must learn to invest as if food, farms and fertility mattered . . . connect investors to the places where they live, creating vital relationships and new sources of capital for small food enterprises.
- » Let us celebrate the new generation of entrepreneurs, consumers and investors who are showing the way from Making A Killing to Making a Living.



How could it work here?

Build on existing community efforts to establish alternative investment vehicles, by investigating models of locally-appropriate financing vehicles, and coming up with options which could be piloted during the lifetime of the Plan.

<http://slowmoney.org/>

3. COMMUNITY DEMAND

- Accreditation
- Recognition – regional branding and campaigns

Regional and Quality Campaigns: Local Food Plus, Buy Fresh Buy Local



- » Local and sustainable food certification label – ‘charitable NFP committed to growing local sustainable food systems’
- » It has certified over 200 farmers and processors; and partnered with 100 retailers, restaurants, caterers, distributors and institutions.
- » In excess of 100,000 Canadians are now eating LFP-certified produce on a daily basis, which equates to the taking of 1000 cars off the roads and the creation of 100 jobs.



Wherever you find a Buy Fresh Buy Local® sign or label – in a store, market or restaurant – you've found a business with a commitment to feature local foods and support local producers.



<http://foodroutes.org/buy-fresh-buy-local/>

How could it work here?

Some efforts to develop a regional identity or local food recognition mark have occurred e.g. through the Bunyip Food Belt project. However, there is a need for an approach that engages Councils, partners and the community to establish a regional identity that has customer recognition, highlights sustainable and fair practices and encourages existing businesses to participate.

4. RESEARCH & TRAINING

- New farmers
- Research partnerships

Training and Support for New Farmers



FarmStart aims to encourage and support a new generation of entrepreneurial, ecological farmers.

<http://www.farmstart.ca>



UK's first FarmStart initiative: an incubator farm for those new to farming, allowing a new generation of growers to trial their farming business ideas in a low-risk way

<http://www.kindling.org.uk/node/1101>

How could it work here?

Based on successful models in the US and UK, the Regional Food Strategy could include as a key action the establishment of a pilot Farm Start initiative, working in partnership with existing producers and with existing creative food economy efforts, including existing employment and training programs

Intervale Centre, Vermont



Multi-enterprise educational facility on a 350-acre farm near Burlington, Vermont. Staff (currently 14) and founders have launched multiple mutually-supportive yet independent farm businesses, now producing in excess of \$1 million worth of organic produce for local consumption each year, and a total turnover across all enterprises in excess of \$2 million in 2008.



<http://www.intervale.org/>



The Intervale Center's diverse business model encompasses:

- » Agro-forestry operations that provide sustainably grown wood-chips to generate the bulk of Burlington's electrical supply
- » A composting business which takes the city's organic waste and converts it to compost and topsoil, which is sold commercially to farms, nurseries and households
- » A farm business incubator enterprise for new farmers, including the provision of access to land, infrastructure and equipment
- » Vermont's first and largest multi-farm community-supported agriculture enterprise
- » A local food education program for young people
- » A conservation nursery, growing natives for riparian restoration programs

How could it work here?
Work with local leaders to identify opportunities for partnerships and projects in 'hands on' education and training for sustainable food and farming

5. REGULATION & TAXATION

- Barriers to Creative Food Economy SMEs
- Land Protection

Ann Arbor Greenbelt and Natural Areas Preservation Program



Slow the loss of prime farmland and enhance the economic viability of remaining farms

- » Ann Arbor's Greenbelt preservation program has protected close to 2000 acres of farmland and open space surrounding the city
- » 0.5% 'millage' local tax has raised \$1.6mn in funds, enabled leverage of another \$12M
- » Dramatically slowed the rate of farmland loss, from 300 acres per day (1940-1990), to 3 acres per day (1987-2007)
- » Seven farms comprising 1,100 acres have been ear-marked for preservation via the Purchase of Development Rights process
 - ... Landowners typically offer a 10-15% discount on market value
 - ... Remainder of the funds for the purchase coming from external sources
 - ... With the farmer compensated via the PDR, s/he can remain on the farm, then sell it at a much more affordable price to new entrants to farming.
- » Farmland trusts of different forms are a widely recognised vehicle for tackling the pressing issue of loss of prime farmland across North America and Britain.



How could it work here?

Discussions around a pilot farmland trust have begun through Kingston Council and several landowners. These can be supported through research of appropriate models and conditions for their successful establishment in Southern Melbourne

Iowa Organic Farm Tax Incentive



What started as a consumer-driven preference to shorten the supply chain between farmer and consumer has evolved into a viable option to increase farm profitability and support rural and urban communities. (Pirog et al 2011, 12)

Context: Economic Opportunity

- » Iowans spend \$8bn per year on food, only 14% of it from within the state.
- » Benefits of organics – net return \$3,587 per farm higher, average organic farm pays \$10,521 more in property taxes, counties with organic farms have \$36,510 more market value in land and buildings, organic farmers 7 years younger on average
- » Organic food market growing 20% a year (2006)

“Organics Conversion Policy” designed to provide up to \$50,000 each year in real property tax rebate incentives for farms that convert from conventional farming techniques to organic. This tax relief is designed to offset costs associated with the three-year conversion period.

- » Amount of property tax relief
- » Tax rebate only on unimproved land zoned as agriculture
- » 5-year time-frame for rebate
- » Certification required after third year



WOODBURY COUNTY
ORGANICS BOARD - RURAL ECONOMIC DEVELOPMENT
7TH & DOUGLAS STREETS, SIXTH FLOOR
SIOUX CITY, IA 51101

ORGANIC CONVERSION APPLICATION

DEADLINE: MUST BE RECEIVED AT ABOVE ADDRESS BY MARCH 15, 2006

ONLY A RESIDENT OF WOODBURY COUNTY, IOWA, WHO IS THE OWNER OF THE REAL PROPERTY TO BE CONVERTED, MAY APPLY FOR BENEFITS UNDER THE ORGANICS CONVERSION POLICY

How could it work here?
Differential rates for sustainable farming practices or farms that focus on Creative Food Economy activities (attracting new entrants to the region)

Food Regulations



- » Training, regulatory and food safety expectations can be a large burden for small farms and businesses
- » Regulations around food safety can hamper innovation in SMEs
- » SMEs lack the ability to represent themselves and advocate for their needs, cf large food manufacturers who can lobby to influence regulations



How could it work here?
*Review of existing regulatory burdens to
greater viability for smaller-scale
producers selling to local markets and
SMEs*

Please contact us:

klarsen@unimelb.edu.au

www.ecoinnovationlab.com

Nick Rose

nick@foodconnect.com.au