**Alfalfa House Community Food Co-operative**

**ZOOM Meeting – 30 December 2020, 7.00pm**

**MINUTES**

**Attendance:** Samson Harper, Yue Ajioka, Malcolm Skewis, Tara Morelos, Amy Barrett & Sharon, Bruce Diekman, Vicki D’Adam, Steve Cordeiro, Fabio & Amanda King, James and Jill, Tallulah Ebbs, Thirani Thevar, Ran de Silva, Emma Lees

**Apologies:** Clare Donovan, Cyrus Irani, Uppma Virdi, Pia Larsen, Dee, Kathryn Welch

**PURPOSE:** An invitation to known, committed members who have already expressed concerns with our situation – to meet and share views, ideas and strategies of saving the Co-op – provide an opportunity to answer questions about current circumstances – and a call-out for HELP & SUPPORT.

The following notes summarise the meeting’s discussion points and also include some email feedback received beforehand.

1. **Request for re-cap about the Co-op’s recent financial position:** MC members Bruce & Vicki addressed this. Alfalfa House is not insolvent yet, but if trends in the second half (July to Nov.) of 2020 continue, we will be in a worse position. The revelation of the Co-op’s Leave Loading liability to staff and ex-staff late in 2020, will dramatically affect our financial bottom line. External factors, mostly related to COVID impacts and consequent uncertainty, have largely contributed to declining shop sales, e.g. downturn in consumer confidence, reduced spending power, and the online shopping surge.
2. **An MC message to members sent on Saturday 19 December 2020** provides more detail about the Co-op’s financial situation, including links to AGM financial reports.
3. Our **Leave Loading liability** (estimated to be $15k - $20k) emerged in late September, and was totally unexpected. It is a complicated issue affecting current and past employees over the last 5 years. We are working closely with Fair Work Australia on this. Preliminary calculations have been made, and a re-calculation is currently underway. This liability must be paid, upfront and soon, and will effectively wipe out our modest profit from the 2019/20 financial year.
4. **Question:** why can’t AH claim from the previous accountant as they would have an Errors and Omissions insurance policy that will cover this liability. Noted that efforts to claim insurance will take time. Amy volunteered to find pro bono legal help to get the money from the accountant.

***Subsequent answer*** *(MC legal advice): The accountant should have professional indemnity insurance. The problem is that to make a claim, you have to prove that you have suffered a loss. We haven’t. We were always required to pay our employees their full entitlements. The effect of the error is that the payments are later than they otherwise would have been.*

1. **Q: What communication went out about the potential shop closure and liquidation?** During the AGM the option of an orderly wind-up of Alfalfa House was presented. Based on all factors, a decision was made to start the wind-up process (it can be regarded as an ‘insurance policy’ if worst comes to worst). This was communicated to members on December 19 2020. **Please refer to the draft AGM Minutes for more information.**

**A wind-up is governed by Co-op Rules and legislation**, and requires a ‘postal ballot’ and 75% majority support to make it happen. Recent advice has led the MC to prefer (if all else fails) the option of ‘shutting Alfalfa House’s doors’ while retaining the Co-op’s identity. Monies left over would be retained, as would any remaining assets.

1. **It seems this has all this has come to a head in a very short period of time**. If members were informed earlier, a call to action may have been possible earlier. It is disturbing that potential insolvency has been mentioned without a call out. It was also mentioned that there should be more transparency and honesty for staff and MC to communicate the real situation with members. If we did this we may have been better off.
2. Regular communication with up to date financial information IS NEEDED.
3. Since 19 December **messages have been sent to members to ‘shop their socks off’**. And the intention is to keep reminding members in newsletters and social media in a positive and lively way to get the message across. Since the message went out, sales seem to have increased, but a bigger uptick is needed to recover from the decline of the last months.
4. **Moving premises** was recently explored by the MC, but ruled out. Suitable, comparable properties near where we currently operate (Enmore Road & King Street) were checked out. However, a better deal than what we have now could not be found. MC is still exploring possibilities with local councils to see if there are any other possible options. **It is estimated that a move could cost approximately $120k** – to strip current premises and refurbish a new one – funds we currently don’t have.
5. In the end, if we are able to stay in our current premises, **refurbishment** is ideally needed, and overdue, e.g. to flooring, electricals, shelving, drop bins, aircon, etc. **The landlord, via the Estate Agent**, can/should be approached to support this. The option of remaining (if possible) needs to be part of the longer-term plan.
6. **The idea to contact every regular member/shopper by phone was strongly supported.** We have about 1,900 current members, with a more committed core of 300-400. Not everyone reads our emails or comes to the shop regularly.

Tara Morelos (tmorelos@me.com) offered to take the lead on this. This can/should start immediately after the members Zoom meeting of January 6. Information can be sent to the prior to or after the call.

A flexible script must be prepared, be an information sharing call, and can include the following:

* encourage members to shop more regularly at the Co-op;
* a quick survey to understand spending patterns – what members are looking for in the shop;
* finding out what would it take for individual members to shop with us again;
* asking if AH’s location is affecting shopping patterns;
* seeking member skills and commitment to help, e.g. social media & marketing, finance, etc.

**Amy and Sharon, Thirani, Samson, Emma & James have volunteered to do this.** More callers are welcome, and can be recruited from call-outs made.

1. **Members are also needed to fill three vacancies on the Members’ Council** (MC, or Co-op board). In particular a Treasurer, and others with finance, legal or governance backgrounds are sought. NB any incoming MC members need to be advised and fully cognisant of our current financial position, and the risks involved, before making this step. Those interested should contact the MC at: alfalfamc@googlegroups.com

1. **If you look at the shopping habits of many Sydney-siders who buy organic it is often markets** like Carriageworks that people will make the effort to attend once a week. It is the atmosphere of the market as much as the produce. **What about AH establishing an outlet at Carriageworks, Orange Grove, and other markets**? We could also pack boxes from online orders for people to pick up on the day.
2. **Can we attract new members especially in the Newtown & Enmore area?** Member Kathryn has already offered to distribute a new leaflet in our neighbourhood.
3. **Membership fees 2021** – there is no obvious reason to totally rule out the 2021 Annual Subscription Fee (ASF) at this stage, especially if offered. Last year (2020) saw a significant ASF take-up with a total of about $28k garnered, which even if partly achieved again would boost our bottom line in a time of real need.

Ethically, we can’t ask for more than one quarter’s ASF (this was discussed at the AGM) but even this has to be voluntary – it can’t be insisted on.

**We will still RECOGNISE payment of the 2020 ASF** as qualifying for the member discount in 2021, up to at least the end of January (the traditional period of grace). **However, we should not stop members wanting to voluntarily and knowingly pay their full ASF in advance**, i.e. either $20 (or more, to cover a longer period), as has already been offered by several – offers of $50 and $100 have been made. Members can also give gift memberships for others if they so wish.

1. The prospect of another Crowdfunder has been ruled out by the MC, who feel there is neither the time left nor the capacity to repeat 2019’s efforts – the ethics of doing this again so soon have also been questioned. Also MC and staff definitely DO NOT have the capacity to consider this themselves.

However, this is not to dampen enthusiasm for other means of fundraising or raising our profile. In the short-term, positive social media campaigns and messages, and other tactics, may turn around our ‘foot traffic’ decline. Several worthwhile streams can work simultaneously, if there is enough member capacity for them.

**A donation campaign to cover Leave Loading costs was proposed.**

1. **We should have a plan that maps out immediate needs – and mid-term to longer-term goals.** Members also need to know exactly where the Co-op stands financially, and as much as possible, the large liabilities owing and when they (are likely to) fall due.
2. In the immediate January term we are not always going to be fully stocked due to our straitened circumstances. Some members may be discouraged to return, so the situation must be explained well, and positively to them to avoid this happening. **Enthusiasm for the Co-op needs to be maintained.**
3. **Other ways to engage the community need to be developed quickly**, e.g. plant and bake sales, etc. Parameters to do this will of course depend on COVID restrictions at the time.
4. **The sense of community among our dedicated core supporters** needs to be built on, and shared.
5. **Fabio and Mandy have volunteered to do videos** – to raise funds, and promote the Co-op, highlighting what makes us unique and different. Willing members can work with them to help make this happen. The recommendation would be to start small with short sound bites for social media, etc. There may also be useful footage already out there, which can be revisited.
6. **Other means to communicate are vital.** The newsletter can sometimes be overwhelming in terms of amount of content and design, and as a result it is sometimes easy to miss important information.
7. **Is there a chance to get vegie boxes back?** For some people who found it difficult to get to the shop during opening hours, these were a godsend. (Ed. note: there was a natural decline in vegie box orders after the first COVID peak, which effectively ended the system at the time). Any current demand for this service would need to be reassessed, were it to happen again. It must also have a large voluntary component, as staff resources are simply stretched too thin at present.
8. **Can alternative ways of online ordering be set up?**
9. **‘Invite a friend’ or fellow member who hasn’t shopped with us for a while to do so in January.**

***ADDITIONAL IDEAS & THOUGHTS submitted by email***

**New operating model, moving**

* Move to lower rent situation, like Addison Road Community Centre or a Sydenham shared space
* A place sharing model with another back street retailer(s) might work. This does not have to be high street location as the tenancy cost can be prohibitive.
* Move to a hybrid sales model, i.e. shop front and/or online.
* Go back to our roots – the co-op started in a garage I believe and could go back to a garage or some other cheaper accommodation.
* Have a volunteer/member run co-op again, as per the Park Slope (New York) model, which would lower overheads and prices.
* Everyone needs to eat, and if the current setup is no longer working, stripped down versions with less overheads must have value.
* Form associations with other likeminded businesses.

**Online retail**

* Develop an online retail arm until suitable longer-term premises are found.
* We can start a free online shop using *Ecwid* (online shopping model).

**Vegie box & other delivery service**

* Could we consider the return of a delivery service? Many businesses responded to the lack of foot traffic in COVID by successfully expanding their online business – the demand is clearly high.
* I would commit to a weekly ‘family box’ of popular fruit and veg (that kids happily eat) for $100+ per week.
* People would generally be fine about a delivery fee on top of the purchase price.
* Revive vegie boxes once or twice a week, depending on volunteer availability.

**Annual subscription fees**

* Double annual subscription fee to $40 with allowance for installments.

**New shop hours**

* 11.00am to 6.00pm is better than 10am to 5pm, especially for customers who work full time and can only shop after work.

**Customer service, prices**

* Make serving customers a priority.
* Focus on quality, freshness and prices.

**Donations**

* People donate to all kinds of causes these days so I think it would be very reasonable to call for donations to get through this crisis. I could give $100, but other members must be prepared to donate too.

**Other thoughts**

* It seems to me that it may be impossible to efficiently run co-ops in areas where the cost of living and accommodation is very high. Sydney’s food co-ops have always attracted volunteers by offering discounted purchasing of food, but the number of people who are motivated by the discount is shrinking in some areas, as demographics change. Areas once considered affordable are becoming the opposite, and the type of people who value co-ops seem to be moving further out. Meanwhile, we’re all living with so much pressure to earn enough money to live in Sydney, it’s hard to commit to regular volunteering.
* I’d hate to see Alfalfa fail. Without looking into the accounts, it occurs to me that the one thing which would make a huge difference, would likely be to avoid paying a commercial rent. My understanding is that Inner West Council is supporting Reverse Garbage and the Bower to move to a new site in 2021. If I were in your position, I’d be working with the council to negotiate a (larger) space for Alfalfa in this complex, with subsidised rent. Alfalfa might lose some business from locals, but would benefit from proximity to other organisations with a similar ethos.
* My partner and I choose to live within walking distance of Alfalfa House as food is at the heart of the household and the Co-op is where we buy as much of it as we can. As much as I value Alfalfa House as a shop – for its shopfront and the decent opening hours and great staff, and general convenience – its presence as a business in competition for fickle ‘consumer' dollars is perhaps problematic and makes it vulnerable in such times. It sounds a little like we’re at risk of losing the core, for the vulnerability of the frills ... the core operation and ethos being the community function of sourcing good food, storing it, and facilitating its distribution among members affordably.
* If the worst does happen, allowing the membership to dissipate toward organic supermarkets and bulk food businesses would be a terrible shame. The hope of community co-operatives is that they offer a genuine *alternative* form of organisation, which should be resilient through social and economic turbulence.
* If a wind down is necessary, I would be keen to connect and engage with others who wish to work co-operatively in a kernel operation with less overheads and less vulnerability from market and consumer trends, from which perhaps something more expansive and more broadly community-engaging could grow in time, perhaps toward the Alfalfa House so many have loved over the years.