**ALFALFA HOUSE MEMBER FEES (ASF) BACKGROUNDER**

**ALFALFA HOUSE ANNUAL FEE HISTORY (2000s to present)**

* **To early 2003**: $11 annual fee + one-off  $20 AH share investment for each member on joining + annual volunteer requirement. (N.B. parts of this scheme may have been phased out earlier, e.g. the volunteer requirement).
* **From early 2003**: no annual fee, no share investment, no volunteer requirement. Membership requirement became 1 shop per calendar year. **RESULT, BIG boost in membership and sales**, peaking in about 2014. Previous member ‘share investment’ would have been added to general revenue.
* **From 2017**: Re-introduction of Annual Fee set at $20.
* **From mid-2017**: Introduction of Quarterly pro-rata ASF for New Members, depending on their join date, i.e. $20, $15, $10, $5. This was as a result of perceived dwindling new member numbers, and resistance to paying the full Annual rate for only half a year, etc.
* **From mid 2017 to end of 2020**: the above method remained in practice, with pro-rata fees being extended to existing 'un-financial' members in 2019 to entice them to continue shopping with us, e.g. if their first shop for the year occurred in the 2nd half of the year, etc.
* **From 2021**: We have so far stuck with the $20 rate for the year to date.

**DETAILED ASF BACKGROUND 2017-2021**

**The attached SPREADSHEET lists monthly new member** **totals** approved since the ASF was reintroduced at the start of 2017, i.e. 4+ years of figures. The figures are accurate and have been extracted from MC Minutes.

**Prior to 2017**, there had been no membership fee since 2003. Before 2003 members had to pay a one-off $20 joining fee (or share in the co-op), which was not refundable unless requested, as well as an annual fee of $11.

**From 2003**, the active membership criteria were changed to simply require shopping at AH once per year. This had almost immediate beneficial impacts, with the amount of members dramatically increasing. Anecdotally, this system peaked in 2014.

**At the end of 2016**, around the time that financial difficulties started, it was clear that there was widespread member support for an annual fee to be reintroduced. This had to be capped at $20, the upper limit prescribed in the then Alfalfa House rules.

**The overall Rule changes in February 2020 enabled the MC to increase the ASF up to $50.** At the end of 2020, however, due to the precarious nature of our business, the MC did not contemplate increasing the ASF for 2021, i.e. the ASF remained at $20 for this year.

**History of QUARTERLY or PRO-RATA FEES**

**In August 2017, with the Manager's support, and the Governance Committee’s input, the MC decided to QUARTERLY PRO-RATA the ASF for NEW members.**

This was felt to be the BEST WAY to recruit new members FAIRLY & EQUITABLY, with regard to their first fee. The ASF had only been introduced 6-months earlier, but already on the shop floor, perhaps not surprisingly, it was becoming more difficult to attract new members while still requiring the full annual $20 fee.

This change made the process more flexible and seems to have largely worked – membership figures throughout the calendar year becoming more consistent, with peaks and troughs reflecting promotional and crowdfunding activities, with numbers naturally tapering off at the end of the year.

**Around mid-2019, with the new Manager's support, this pro-rata system was expanded to apply to RENEWING MEMBERS** who made their first shop in the calendar year in the 2nd quarter or later, bringing them 'in-line' with existing new member arrangements. Again this seemed to work.

**DECLINING MEMBER NUMBERS**

**1. The number of new members has gone down dramatically since 2019** when it averaged 95 per month. The 2020 average was 55 per month. it now sits at 25 per month for 2021 to date. The last 2 months have seen less than 20 new members join per month.

**THIS IS WORRYING, but not surprising**, with our very survival up in the air in January and February. There was a slight increase in March & April this year, when we were on more solid footing, but new member figures slid further in May & June.

**It is concerning too that member cancellations** (required after 2-3 years of inactivity) **seem to outstrip new members joining.** N.B. Statistics on cancellations have not been done any as generally they have been more infrequent, but we recently got them up-to-date. They are totally doable though.

**PLEASE NOTE that although there appeared to be strong member support for fee renewals this year**, with some members generously donating as well, the total number of renewing members has been calculated at around 1,000, significantly less then the 2,000+ we thought we had.

**REINTRODUCING A HALF-YEARLY FEE**

There already appears to be MC support to introduce HALF-YEARLY fees in 2022 (as Blue Mountains Co-op does and has been apparently doing for many years). By the way, **Blue Mountains Food Co-op Fees are:**

* $35 for 1 year,
* $17.50 for 6 months, and
* $10 for 3months

This is NOT an UNCOMMON practice – several other organisations I know or have worked for do this. We have done it ourselves for the past 4 years.

**A HALF-YEARLY FEE COULD BE REINTRODUCED NOW FOR NEW MEMBERS for the REST OF 2021**

Due to the declining new member numbers, which speak for themselves, it is recommended we do this now.

**We don't need to wait until next year** to do this, and it does not require member approval. Quarterly fees can and should be dispensed with, as per our recent decision.

Although there was consensus to extend the $20 Annual fee in May, this occurred before the recent decline evident in the monthly new member figures was known, and with virtually no time to consider past fee history and practice, and difficulties the decision might eventually present. Resetting a half-yearly fee could be the compromise that will work.

Hopefully, we will see new member numbers pick-up, and new membership will once again be easier to promote in the store.

**PLUG for MORE MEMBERS**

Earlier this year we heard the proposition that non-member shopping which fell-off significantly in 2020, no longer financially supported discounted member shopping, making our situation even worse. As Andrew has explained this simplification is only partly true.

In the long term, more members CAN ONLY BENEFIT AH.

If we make it harder for new members to join, they will 'vote with their feet' and SHOP ELSEWHERE – with our competitors: Taste Organic, Dr Earth, Woolworths, Marrickville markets and others.

We know that existing members are already doing this! We are simply spoiled for choice in the Inner West – I’m sure we have more competitors within 2 kilometres than any other food co-op in Sydney, not to mention online ones.

**We therefore cannot afford to become, or appear to become more exclusive.**

**FEE INCREASE for 2022**

There is unanimous agreement that fees need to be increased next year. New fees need to be announced at the 2021 AGM (likely to be held in November).

Bruce’s preferences (and some ideas from our first meeting) are:

* LIMIT THE INCREASE to 50%, i.e. to $30.
* INTRODUCE A CONCESSION FEE – $20 recommended.
* INTRODUCE HALF-YEARLY FEES (which can be applicable in both halves of the year).
* CONSIDER a ‘GOLD’ or ‘PASSIONATE’ MEMBER rate – the maximum this could be is $50.
* INVESTIGATE ways for ORGANISATIONS to be affiliated with us. This may take several forms, and will require a Rule change if the scheme involves any member benefits – AH membership is currently limited to individuals and households.
* FINISH the online Membership process that started late last year, so it’s ready by the end of November 2021 at the latest.
* We can also choose to apply the new fee from December 2021 – new members will get an extra month free if they join then.
* ENSURE that we give NEW and RENEWING members opportunities to DONATE to us as well.
* The practicalities of these proposed changes need to be carefully checked.

**AGREEMENTS, NOTES FROM MONDAY 12 JULY (**Andrew, Janet & Bruce)

* **ANDREW to model three new 2022 fee scales:** $30, $35 & $40
* **Concession rate agreed** on production of Health Care Card – assume this will probably be $20.
* **Agreed ‘GOLD’ or ‘PASSIONATE’ MEMBER RATE was a good idea**, but should carry no extra benefits.
* **Janet confirmed MASSIVE 77% SUPPORT** FOR INCREASED FEES IN MEMBER SURVEY.

**UNANIMOUS RECOMMENDATION from FRIDAY 16 JULY** (Ran, Andrew, Janet & Bruce)

***Due to marked drop-off in new members, and with a view to rebuilding our Membership into the new year, the Sub-Committee unanimously recommends a HALF-YEARLY FEE of $10 be introduced for the rest of 2021 – to start as soon as possible, if approved.***