



Goodna Street Life Inc
Helping the Homeless

ABN 75 991 044 931



Vending Machines for People in Need

A Social Initiative by Goodna Street Life Inc

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Background

Goodna Street Life Inc is a registered independent charity, established in 2015, to support the homeless and needy in Goodna and surrounding suburbs.

We are volunteer led organisation, and all of our services are currently self funded through our Op Shop.

We recognize that people find themselves on the street, or homeless for a variety of reasons. Increased financial pressures, and severe lack of community housing, increasing cost of living, high unemployment and stagnant wages have forced many households below the poverty line, and created a new class or working poor, struggling to make ends meet.

We are a wealthy country, and a compassionate and generous community, and together we have the capacity to support each other in times of need, without judgement or persecution.

Our services include:

- ❑ Homeless Support Services
- ❑ Housing Assistance
- ❑ Providing free food, clothing and household items for financially vulnerable
- ❑ Free Counselling Services
- ❑ AOD rehabilitation and support for addicts and families
- ❑ Reintegration support for parolees
- ❑ Community fundraising

Our current projects include:

- ❑ Community Vending Machine project
- ❑ Independent Social Housing Program
- ❑ Helen's Haven - A Tiny Homes Transitional Housing project.

GSL - Community Vending Machine

In March 2018 Goodna Street Life setup our first Community Vending Machine as a trial project.

The objectives of this project are:

- Provide 24 hour support for food, blankets & personal hygiene products to the homeless and needy in our local area
- Empower the homeless and needy to access essentials without having to ask for charity
- Engage the community to support the homeless and vulnerable in our region

Our Model

The GSL Community Vending Machine is located outside our Op Shop at 29 Queen St Goodna and available to the public 24/7.

The machine is stocked with items that have been donated to our centre from the community including :

- Food
 - Snack foods/chips/muesli bars
 - Tinned food - ie Baked Beans (with ring pull and spoon)
 - Poppers - Juice / UHT Milk
- Hygiene Products
 - Ladies sanitary items
 - Toothbrush and toothpaste kits
 - Deodorant
- Rough Sleeping Essentials
 - Thermal Blankets
 - Beanies / Socks / Underwear

All items in the machine are 10c and during business hours we will give 50c/day to people in need to access items in the machine.

Since the machine has been in operation we have had an outpouring of support from our local community, providing donations of food and items to stock the machine.

The feedback we have received from local homeless has been extremely positive, and they have confirmed that it allows them to access essential products without being confronted with the personal shame of asking for charity.

Given the success we are now looking to expand the project to include a refrigerated machine stocked with fresh food, sandwiches and cold drinks.

Budget - GSL Machine

Below is our annual estimate of income and costs for our standard, non-refrigerated vending machine. We were fortunate enough to have the support of the local community

Income	\$\$ Donations	\$\$ Actual	\$\$ Total
Donations	\$ 50.00	\$ -	\$ 50.00
Sales		\$ 250.00	\$ 250.00
Total	\$ 50.00	\$ 250.00	\$ 300.00
Expense			
- Vending Machine (Second Hand - Reconditioned)	-	\$ 250.00	\$ 250.00
- Stock (Donated)	\$ 2,500.00	\$ 500.00	\$ 3,000.00
- Tag/Testing (Donated)	\$ 250.00	\$ -	\$ 250.00
- Servicing	\$ 250.00	\$ -	\$ 250.00
- Running Costs/Electricity	\$ -	\$ 600.00	\$ 600.00
Total	\$ 3,000.00	\$ 1,350.00	\$ 4,350.00
Net		\$ (1,100.00)	\$ (4,050.00)
Total Donated Value	\$ 3,050.00		

*Sales is based on 50 items (\$5) / week for 52 weeks

*We have a local electrician who donates his time to our centre

*We have a consistent supply of items from donations to our Op Shop/Centre

*Operating Costs estimated at 2,500 kilowatt-hours (kWh) of energy per year at 24c/kWh

We estimate that the current model will cost our centre approx. \$1100 for the first year, reduced to operating costs less sales ongoing of approx. \$850 pa which will be paid by Goodna Street Life through funds raised in our Op Shop and community donations.

Summary

As an established charity, able to source stock donations, and with the capacity to service and repair the machine at no charge we expect minimal outlay for the machine. In the event of vandalism we will reassess the associated costs.

We recognise an opportunity to install a card/pin code system so items can be sold at full price to the general public, and free for registered users. This could potentially create an additional revenue stream for our organisation to subsidize our housing and support services. This is the basis for the proposed community partnership model.

Community Partnership Model

Overview

Our goal is to develop a sustainable model which will enable people in need to access food and essential items at no cost, while delivering passive income streams to community organisations to supplement other support services.

The vending machines you see in the community are run for profit. The profitability of each machine is determined by a range of factors relating to the location, transaction volume, pricing, type of items available, and operating/servicing costs.

In considering a model for vending machines as a social initiative we make the following assumptions:

- ❑ Up to 50% use by people in need
- ❑ 50% - 100% reduction in stocking costs
 - ❑ Managed/Stocked by volunteers in community sector
 - ❑ Items sourced through donations reducing operating costs
- ❑ 50% - 100% reduction in maintenance/servicing costs

In addition, we recognise the cost and overhead reduction through a co-operative buyer power to reduce supply and management costs, as well as the potential for external funding through grants/donations as a social initiative.

Although the figures are not realised, we believe the **Vending Machines as a Social Initiative** model is worth further development and would like to propose a 1 year trial of 20 machines in various locations.

The Vending Machines

For the purposes of the trial I have identified a suitable machine with a high volume, dual refrigerated/standard regions, security perspex and dual protection lock, with EFT card reader, and full custom wraps.

Considerations

- Second hand machines are much cheaper for initial, but harder to source and would require refit in some instances, and potentially higher servicing costs.
- Imported machines vary from \$500 - \$3500 but would require further customization in Australia adding additional layers of complexity
- A national wholesaler has the capacity to provide ongoing support for the machines, and greater protections

Example machine - Sorrento Large Vending Machine



Features

- ◆ Full size viewing window for a great display of all vending products.
- ◆ Improved merchandising with 3 separate brilliant LED lighting strips.
- ◆ Double glazed heated glass to avoid any condensation build up.
- ◆ Full Digital Exchange (Dex) capability for Eftpos, and telemetry compatibility.
- ◆ VendAssure™ – guaranteed delivery system using sensors to hold the credit until the product is delivered.
- ◆ Choose from dual zone refrigerated cabinets set to as low as 2 degrees, and non-refrigerated cabinets.
- ◆ Energy efficient for reduced power consumption.
- ◆ Menu style programmable options for easy access to the major features.
- ◆ Vandal-resistant exterior.
- ◆ Enhanced electronics with LED display.
- ◆ Up to six shelves can be customised for the products of your choice.
- ◆ Able to vend drinks, packaged food, snacks, electronics, sport supplements and a whole lot more.

Pricing for the proposal is based on the above machine with additional features and a bulk buy discount for 20 machines.

Revenue/Costing Example

Stock Paid For at 100%									
Item Type	Qty	Avg Price	Avg Cost	Total Cost	Gross Revenue	Profit	Profit 20% Free	Profit 50% Free	Profit 80% Free
Snack	80	\$ 3.50	\$ 2.50	\$ 200.00	\$ 280.00	\$ 80.00	\$ 24.00	\$ (60.00)	\$ (144.00)
Hygiene	120	\$ 4.00	\$ 2.00	\$ 240.00	\$ 480.00	\$ 240.00	\$ 144.00	\$ -	\$ (144.00)
Beverage	165	\$ 1.50	\$ 0.75	\$ 123.75	\$ 247.50	\$ 123.75	\$ 74.25	\$ -	\$ (74.25)
Total/Average	365	\$ 3.00	\$ 1.75	\$ 563.75	\$ 1,007.50	\$ 443.75	\$ 242.25	\$ (60.00)	\$ (362.25)
Stock 50% Donated									
Item Type	Qty	Avg Price	Avg Cost	Total Cost	Gross Revenue	Profit	Profit 20% Free	Profit 50% Free	Profit 80% Free
Snack	80	\$ 3.50	\$ 1.25	\$ 100.00	\$ 280.00	\$ 180.00	\$ 124.00	\$ 40.00	\$ (44.00)
Hygiene	120	\$ 4.00	\$ 1.00	\$ 120.00	\$ 480.00	\$ 360.00	\$ 264.00	\$ 120.00	\$ (24.00)
Beverage	165	\$ 1.50	\$ 0.38	\$ 61.88	\$ 247.50	\$ 185.63	\$ 136.13	\$ 61.88	\$ (12.38)
Total/Average	365	\$ 3.00	\$ 0.88	\$ 281.88	\$ 1,007.50	\$ 725.63	\$ 524.13	\$ 221.88	\$ (80.38)
Stock 80% Donated									
Item Type	Qty	Avg Price	Avg Cost	Total Cost	Gross Revenue	Profit	Profit 20% Free	Profit 50% Free	Profit 80% Free
Snack	80	\$ 3.50	\$ 0.50	\$ 40.00	\$ 280.00	\$ 240.00	\$ 184.00	\$ 100.00	\$ 16.00
Hygiene	120	\$ 4.00	\$ 0.40	\$ 48.00	\$ 480.00	\$ 432.00	\$ 336.00	\$ 192.00	\$ 48.00
Beverage	165	\$ 1.50	\$ 0.15	\$ 24.75	\$ 247.50	\$ 222.75	\$ 173.25	\$ 99.00	\$ 24.75
Total/Average	365	\$ 3.00	\$ 0.35	\$ 112.75	\$ 1,007.50	\$ 894.75	\$ 693.25	\$ 391.00	\$ 88.75

Centralised Management / Purchasing Agreements

Through the community partnership model we will seek to centralize the distribution and management of the swipe card system.

We aim to provide an online registration process which can be completed by our community partners who will have a supply of cards to issue in their community.

In addition we would like to integrate into each machine the capacity to call direct through to emergency service providers and to register on the spot for immediate access to goods which will redirect people to the appropriate service for further needs assessment.

Centralised management will also allow us to create buying relationships with suppliers so we can distribute discounted stock to our community partners.

Financing the Vending Machines

The table below estimates the finance costs for organisations to purchase the new machines. We have included a reduced fee scale in the event we can achieve project funding to reduce the cost of purchasing the machines.

The capacity for individual organisations to fund machines should be considered with the potential revenue. The previous tables provided machine profit figures based on inventory. The weekly profit would depend on other factors like the location, and machine use.

To support individual operators we would like to consolidated the financial data across the trial machines to provide a pricing structure to minimize any financial burden on the charities/organisations, and potentially create a revenue stream for the organisations during the finance period, and beyond that the organisations would have an income generating asset which contributed to the social advancement of vulnerable people in their area.

Cost	Qty	Total	Funding	Individual User Cost	Repayment Weekly (24mths)	Repayment Weekly (36mths)	Repayment Weekly (48mths)	Repayment Weekly (60mths)
\$8,500	20	\$ 170,000.00	\$ -	\$ 8,500.00	\$ 114.62	\$ 81.40	\$ 64.96	\$ 55.19
\$8,500	20	\$ 170,000.00	\$ 20,000.00	\$ 7,500.00	\$ 101.14	\$ 71.82	\$ 57.32	\$ 48.70
\$8,500	20	\$ 170,000.00	\$ 50,000.00	\$ 6,000.00	\$ 80.91	\$ 57.46	\$ 45.85	\$ 38.96

Next Steps

1. Registration of community partners

- a. If run as a community cooperative I will need interested community organisations to complete the registration form. <https://goo.gl/forms/cPLQJbpVkNFKs2jE3>

2. Fundraising

- a. Submission of Grant Funding Application
 - i. This proposal will be transferred to a formal grant application in Australia
- b. Community Fundraising - we will establish a Go Fund Me page to seek community funding for the project.

3. Launch

Goodna Street Life are in the process of purchasing a new branded machine, and will be able to provide more information regarding the process and viability of this initiative as we proceed.

4. More Info

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