



# **EUROA ARBORETUM BUSINESS PLAN**

**2022 - 2025**



## Business Plan Euroa Arboretum 2022 to 2025

### Summary

Euroa Arboretum Incorporated (EAI) is a Not-for-Profit Charity with a part time staff of, currently, no more than ten with up to forty volunteers on the books, although it would be usual to have less than ten volunteers working on site at any one time. More could be in the field working on ecological restoration/revegetation as projects arise.

EAI generates approximately \$350k through Nursery and Seed sales from its own indigenous nursery and own Seedbank (known as Goulburn Broken Indigenous Seedbank (GBIS)). It also relies on grants for funding, of which, over c. \$300k are acquitted per year.

Expenses are currently \$280k p.a. with wages running at \$370k p.a. This produces a small Trading Surplus in line with the expectation of a Not-for-Profit business. It has a healthy cash balance in excess of \$500k. Capital expenditure is written off in the year it is spent.

EAI is committed to increasing its profile in ecological restoration and stewardship but is desirous of accelerating the impact it can make in an environment where delay will see greater erosion of indigenous vegetation and make recovery even harder. If EA is to assist in redressing the decline and have a significant impact on ecological restoration it needs to find new and novel means of raising awareness of the problem, obtaining additional sources of finance, and increase its existing resources significantly, plus the ongoing maintenance and refurbishment of existing facilities.

Income growth is facilitated by an almost unquenchable market demand for indigenous plant species and, therefore, the indigenous seed required to fuel this demand. Such market demand needs to be made aware and educated on the lack of indigenous seed available and the cost involved in harvesting and processing seed.

The limitation to growth is availability of funds from government, NGOs, and a lack of appreciation by the general public of the need to fund indigenous flora and fauna. The resources required to scale up for this huge demand are immense in terms of staffing, land, and equipment.

In the absence of the ability to immediately scale up, it is important to operate sustainably. It is, therefore, imperative to improve margins on all resale products sold. This can be achieved by increasing prices and ensuring work undertaken clears the direct cost plus a significant percentage of mark up for overhead. It is going to be essential that there is greater focus on ensuring work undertaken is worthwhile, both commercially as well as satisfying environmental and community goals. It will be important to ensure no one activity is being subsidised by other more successful (financially) activities, which could be to the detriment of these successful activities, and even worse the whole business. Streams of funding need to be found to maintain each discrete activity as sustainable. Currently the ongoing funding of the Seedbank is of the biggest concern, and finding means of ensuring long term sustainability are being pursued.

The business is now set up to receive gifts and DGR type contributions. Resources need to be put in place to identify and secure support from potential donors. Currently revenue from this source is paltry.

Funding through Grants needs to be ramped up considerably. This means a skill base needs to be built up in the identifying, writing, and acquitting of grants. Currently existing staff resources are spread very thinly across the many tasks that are attempted. Staff will have to become more focussed, and volunteers will have to be sought who are also skilled in commercial and organisational skills, other than just pure horticulture.

Separate Business Plans will need to be developed for discrete areas of development. For example, a paper now exists for the expansion of seed harvesting and processing which will lead to a game changing increase in seed production which would then be available for major revegetation projects. The summary document for this proposal is available on the Euroa Arboretum website.

For the remaining existing business there is a plan for maintaining and refurbishing existing facilities. For the full plan to be enacted the Trading Surplus will need to be increased to a profit of c.\$50k p.a. In this way the first three years of the Capital Program can be afforded. Initially the present cash balances can be used for capital expenditure, but this is not sustainable long term.

### **Required Capital Expenditure (See appendix 1 for detail)**

The spend described below is to maintain existing business and to set EAI up with a first class facility.

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Office	10.0	10.0	
Volunteer Facilities		40.0	40.0
Toilet	15.0		
Fence		8.5	
Intensive Seed Production Area	20.0		25.0
Irrigation	16.5		
Nursery Refurb/Expansion	5.0	12.5	12.5
<b>Total</b>	<b>66.5</b>	<b>71.0</b>	<b>77.5</b>

## **The Structure of Euroa Arboretum**

From November 2022 DEECA gave approval for Euroa Arboretum to operate as if a single entity under one company – Euroa Arboretum Incorporated (EAI). Previously the business was split between EAI and Euroa Arboretum Committee of Management (EACoM) administered by DEECA. EACoM had been set up in this way because the land the Arboretum is situated on is Crown Land. Operations and business reporting are now simplified without impacting EAI's ability to accept grants or charitable donations (with and without DGR status).

There are four activities which formerly were specific to EACoM. They are activities related to the physical Euroa Arboretum (Culture, Education and Grounds) and the Nursery. The other three activities, Seedbank, Bush Crew and Consultancy, are essentially activities to be undertaken in the community rather than being solely specific to the Grounds of the Arboretum.

### **EAI Profit and Loss can be represented as follows.**

**(Based on the current performance)**

Income from Grants	\$317k
Income from resale of Products	<u>\$350k</u>
Total Income	\$667k
Wages	\$377k
Expenses	<u>\$287k</u>
Total Expenditure	\$664k
Trading Surplus	<u>\$3K</u>

Currently \$20k was written off as spend but is in fact none recurring capital expenditure.

Within the above expenditure Overheads are recorded as \$150k of which \$90k is wages. These are directly allocated to individual activities based on income generated. The two performance tables following, show performance by defined individual activities for Direct Income and Costs and are before Overheads are allocated.

### **EAI performance by activity which is generally arising from the physical Arboretum.**

\$'000	<u>Culture</u>	<u>Education</u>	<u>Grounds</u>	<u>Nursery</u>	<u>Total</u>
Income	10	68	106	232	416
Wages	4	21	30	91	146
Expenses	3	33	105	46	187
Trading Surplus/Loss	3	14	29	95	83

## **The physical Arboretum Grounds**

The Arboretum Grounds are the basis for the existence of the Arboretum which facilitates the projection of the Arboretum to the Community by showcasing the indigenous ecological development of the grounds. This allows us to explain links to indigenous culture, whilst allowing EAI to educate the greater community on the significance and wonder of indigenous Australia, even in this small corner of the continent. This in turn ensures the long-term sustainable future for the Arboretum. For convenience we report financial performance in the activity designation of, Cultural Heritage, Education and Grounds. These activities all involve participation and appreciation by the general public. Where possible these activities will be self-supporting by the charging of fees but will also be expanded where Grants can be obtained to cover costs and overhead.

## **An Indigenous Nursery**

The Nursery operation returns a positive cash flow and profit. This is through the sale of popular indigenous plants to both wholesale clients and via a Retail Nursery. Plants are made available for sale from a stock of plants grown from own seeds or propagated from cuttings.

The Nursery is also a major supplier of plants for revegetation projects. Plants are grown to order and, in some cases, have the backing of specific grants.

The Nursery will be expanded in plant raising capacity to deal with a significant increase in demand through revegetation and the greater understanding of the needs presented by climate change.

Threatened or less popular local indigenous plants will also be sold where specific grants are available to support this activity.

Reliance on volunteers will remain essential for pricking out, transplanting, and weeding.

It would be advantageous to have clarity in establishing the variable and fixed costs of plant production across the different plants and reproduction processes. In this way more informed decisions can be made in the setting of wholesale and retail prices rather than relying on generalised market prices.

The Nursery requires substantial investment to ensure a professional low risk activity (avoidance of infrastructure failure and OH and S issues for staff and volunteers) whilst aiming to increase plant raising capacity by at least 40%.

**Euroa Arboretum Incorporated ABN 14 393 986 507 (EA Inc).** trading structure is as follows:

\$000	<u>Bush Crew</u>	<u>Consultancy</u>	<u>Seedbank</u>	<u>Total</u>
Income	24	13	213	251
Wages	15	5	112	132
Expenses	3	0	62	65
Trading Surplus/Loss	6	8	39	53

## **Revegetation and External Consultancy Services**

We currently offer 'Bush Crew' Services to third parties to undertake environmental restoration and revegetation. The crews are usually volunteers led by a staff member. On occasions we have received government support through their sponsored work schemes. This has the advantage of contributing to indigenous flora recovery but also helps in educating and involving the community. It is an activity we would like to expand as it develops the indigenous footprint and furnishes us with potential resources for major restoration projects.

Currently major revegetation activity is essentially at third party locations and our participation is more on the advisory and research side than in actually undertaking the work of revegetation. So influencing and consultancy is a major activity for us in this sector. Although, given an increase in funds, we would wish to undertake major projects by the Arboretum.

It is likely that we will gain significant revenue by our relationship with the Taungurung and Yorta Yorta plus increased demand from the Carbon Offset Industry. These areas should be a major growth activity for us based on the growing awareness of the suitability of indigenous plants in combatting a drying environment (climate change). This supposition is further supported through the State Government Biodiversity Plan 2037 which looks to see 400,000 ha of revegetation over the next fifteen years. However, these targets have been set without any real understanding of how such targets can be met from an industry that can only presently satisfy a fraction of this desired capacity. EAI is well placed to participate in this huge growth. Should the bureaucracy allow such targets to be attempted, we have a track history of operating along the whole of the necessary supply chain, we would be an excellent candidate to spearhead this Government initiative.

With such a large target to aim for it is going to be important that we limit our exposure to our 'near' area with the plants and environment we know, whilst recognising we currently have limited resources in terms of people and infrastructure to take on this demand. Doubtless large grants should be available to support us if we are to participate in contributing to the State's targets. We would endeavour to partially match such initiatives by our commitment in capital infrastructure and expense to those grants that are committed to us.

## **The Seedbank (Known as the Goulburn Broken Indigenous Seedbank (GBIS))**

This is an activity which is essential for providing seed for our own and other nurseries plus major external revegetation Direct Seeding projects. Presently approximately 30% of seed sold goes to Nurseries and 70% to Direct Seeding. The GBIS has been under the control of the Arboretum for just over two years, and we are still in the process of building an understanding of this business.

The operation consists of arranging the collection of seed from 'the wild,' collecting seed from third party Seed Production Areas (SPAs) as well as from our own Intensive Seed Production areas (ISPAs). The seed is then dried, processed, and cleaned. It is then stocked in cool storage. This is a very labour intensive, arduous, expensive process in which selling prices of seed do not match the full cost of supplying seed, in which the vagaries of seed collection and processing make it difficult to arrive at a full cost model. Seed selling prices have recently been increased (not enough!) with little resistance from the industry, although this now makes us one of the more expensive suppliers.

GBIS presently has 700 kg of seed stock representing 239 species (with many provenances) basically from the Goulburn Broken catchment. Although wild collecting makes up the largest proportion of seed species collected, 17 species are represented from ISPAs and 53 species from SPAs. The species collected range from common species to rare and threatened species.

GBIS seed collection annually approximates to 150 kg but is highly variable, depending upon climate, species collected, and final quality offered. Currently GBIS only employs 2.0 full time equivalent (FTE) paid staff, with 0.4 FTE volunteer staff. These staff need to be highly skilled in plant identification to undertake a quite monotonous task. Salaries are low, it therefore relies on the strong commitment of resolute staff.

Needless to say GBIS and the other suppliers in the Northeast Victoria region are not running commercially sustainable Seed businesses. Seed supply will remain tenuous if this situation remains. This is despite the fact that a number of Government targets for revegetation exist which envisage a ten-fold increase in the supply of seed from what is presently possible from existing suppliers.

The situation is further complicated by the ethics of our collection of seeds:

- Do we concentrate on seed that is in high demand?
- Do we continue to collect rare or threatened species for which there might be low or even no demand?
- How much variety should we build into GBIS stock to ensure genetic diversity?
- How healthy will our seed stock be in terms of storage conditions and longevity?

A clear position needs to be understood and agreed as to how GBIS will operate into the future:

- Ideally individual seed costs need to be established.
- From this we should understand what seed can be considered commercially viable and will, therefore, be produced and sold in quantities to drive cash flow through seed sales.
- To collect and store seeds with little commercial value but which should be preserved for posterity. The cost of this exercise needs to be understood and then sponsors or grants need to be found to cover the cost of these seeds before commitments to collect such seed is made.
- The step change required for the increase in volumes envisaged on a macro scale means innovative ideas must be sought to change the seed supply process.

To date EAI has been leading technological developments in Australia, this is both costly, time consuming and can lead to false trails.

We need to explore how we can see what other countries are doing i.e. North America, Europe.

Can we adapt agricultural or industrial processes in the collection and processing of seed.

- We need to upgrade existing GBIS facilities by the installation of a custom built Drying, Processing and Storage facility. Along with upgraded ISPA's. All of this should be on EAI Grounds which is Crown Land administered by DEECA. All property built on Arboretum ground, ultimately belongs to DEECA. It would, therefore, be appropriate if we could look to DEECA to fund a significant part of this capital investment.
- Current staffing needs to be increased to provide continuous rewarding employment. In a situation of poor commercial viability, we will need to look for funding or partnerships which could secure such staffing, recognising the seasonal nature of employment.
- Can we trade in Carbon credits? This is still an area which offers large positive opportunities for funding or participation in revegetation but there still seems to be no way of unlocking the potential benefits.

The first of our Business Plans for a specific activity emanating from the Draft Goals, listed below, has now been written, and deals with the scaling up our existing Seedbank activities. If this project is successful, it will substantially increase seed availability for large scale revegetation. The summary document for this Business Plan is called [Growing Seed Strategy](#) and is available for viewing on the Euroa Arboretum website.

## Draft Goal Setting for five years

A long-term plan has now been agreed the by EAI Committee. This Plan outlines the Vision, The Purpose, and the Goals of EAI.

In summary the Vision is to: 'Restore our Landscape, and to be a centre of excellence for ecological restoration and stewardship'.

EAI's purpose is: 'We are driven by the cause for environmental justice and the need for restoration of the bush and we believe we can make a difference when we connect people with a love for the bush'.

Goals have then been set for the next five-year period.

For each goal detailed business plans will need to be written and need to be justified financially and again, possibilities for external support would have to be explored.

### Seedbank:

- GBIS to supply high quality, diverse, climate adapted seed across our catchment and beyond.
- 100 hectares of seed production established to supply 1000 kg of seed by 2030 from 100 species – both the widely used species and species in decline in the wild.
- We will build facilities to ensure the drying, cleaning and storage of seed is efficient and high quality.

### Nursery:

- 100,000 plants produced each year for restoration work in our catchment.
- Improvements on water use and recycling, plant hygiene and efficiencies of systems in the next 2 years.
- Support new and emerging nurseries with advice, internship, and establishment to produce an estimated extra 70,000 plants annually.

### Landscape Restoration:

- 500 hectares of high-quality restoration with ground cover species and active land management for threatened woodland communities by 2030.

### Grounds:

- Masterplan review of the site.
- Ecological restoration – education, monitoring, recording, communication.
- Grassland and wetland restoration demonstration site.
- Facilities for workshops, visitation, signage, indigenous tours.
- Bush kinder and education area upgraded for self-guided and guided visits.
- Signage information across the site for self-guided walks.
- Facilitate and support the addition of local bike and walking track links to adjoining properties and Euroa township.

### Training:

- Build capacity for industry leaders and Traditional Owners in land restoration.
- Internship in the nursery to support skill development in plant propagation – 12 months.
- Internship to support plant identification, seed harvesting and seed cleaning – 6 months.
- Short courses in woodland and grassland restoration – offered biannually 3 – 4-day course.



**Community:**

- Supporting communities to manage and restore their landscapes.

Using Seven Creeks and our wonderful 'Gladys volunteers' as a model - offering support, advice and direction to new communities wishing to restore their landscapes. Utilising the skills of our bush crew to do the 'heavy lifting' and support the efforts of community.

- Support communities with grant applications.
- Management plans developed with a community to work towards landscape restoration.
- Bush crew to assist with weed infestations requiring specialist skills.
- Provide inclusive volunteering opportunities and workshops in seed, plant propagation and landscape restoration that provide a connection to nature and build a sense of self-worth and community.

**Education:**

- Encouraging kids and families to connect with their local, natural environment.
- Preschool opportunities for getting kids into nature.
- Bush kinder program offered for self-direction or with guidance.
- Primary school opportunities for nature learning.
- Science programs tailored for Secondary students.
- Assist Landcare networks or other groups to establish their own bush kinder and school programs.

**Partners:**

- Celebrating and supporting each other to reach our potential in connecting people to nature and restoring our landscape.
- Supporting Taungurung Land and Waters Council to learn country – with a focus on plants and adapting traditional management practises in a modern landscape.
- Supporting Strathbogie Ranges Conservation with education programs and volunteer connections.
- Supporting Longwood Plains CMN with volunteer connections and landscape restoration.
- Develop partnerships with organisations that have similar ethics and goals to our own to enhance landscape restoration and environmental education.

**Our Workplace:**

- We have a safe and inclusive workplace where diversity is welcomed.
- We have a clear staff structure, offer staff training and professional development.