

EUROA ARBORETUM

A man with a beard, wearing a red cap and a colorful patterned shirt, sits on a wooden crate in a field of tall grass and brush. He is playing an acoustic guitar and looking towards a group of children. The children, wearing various hats and casual clothing, are sitting on a blue and white plaid blanket spread over the ground. In the background, a large teepee made of sticks stands among trees. To the left, two adults are standing and talking. The scene is outdoors, likely in a park or arboretum, with sunlight filtering through the trees.

2022
ANNUAL
REPORT

Executive Officer Report – 2022

We have seen some big changes at the Arb during 2022. None bigger than the changes in some of our long term staff. We have farewelled Glenn, Andrew and Allison – all whom have contributed enormously to the Arboretum. We are so grateful for all they have done. As sad as it has been to say good-bye, we have welcomed Charlotte, Bronte, Fearghus and Sarah. Their energy, youth, new ideas and fresh perspective are already making a difference and I'm loving their willingness to roll up their sleeves and get on with the job! Now, and update on the areas of the Arb:

Nursery has continued to produce high quality plants under Andrew's guidance. We expanded our retail nursery section and look forward to improving the irrigation to make this a permanent and attractive space for our customers. Sarah and Fearghus are starting on a massive tidy up to improve plant hygiene and reduce weed spread before the main propagation season begins.

Seedbank – Its been a huge year of seed collection for Kim, Mel and Carolena with assistance from Kiara and Glenn over the summer. With two wet and mild spring and summer seasons in a row, we have seen a bumper crop in seed harvesting. 150kg of seed collected in 2021/22. This pattern looks set to continue for this year and we will work hard at harvesting again, particularly as demand for seed continues to grow. Our next year will see us turn our focus to seeking further investment into seed production areas to establish 100 hectares of seed orchards over 3 years. We are developing a partnership with GVWater to use their land with Taungurung and aim to be harvesting 1000 kg of seed annually in 5 years time to meet the expected demand.

Environmental Services – We continue to maintain our focus on Seven Creeks with ongoing weed control and revegetation – completing our planting around the new Rockies bridge this September. The fabulous Gladys, led by the intrepid Libby Woodhouse, continue to meet weekly to weed and plant and care for the creek. Their work is now an inspiration to others with Avenel community now wanting to emulate the work on the Hughes Creek in Avenel.

Arb Grounds go from strength to strength. Louise Costa, Les Pelle, Mel Stagg and Aunty Jo Honeysett have created a beautiful meeting space and incorporated a welcome circle for Taungurung ceremony. It is already receiving great reviews and as the plants grow, I feel sure it will be an important and valuable part of the Arb. Bronte joined us to work on her Masters internship, creating niches for seeding and expanding our grasslands. She has successfully trialled our new aeravator and has spent a long wet winter/spring undertaking weed control. The grounds are just beginning to flower and look fabulous.

Education and Training. Now we are finally emerging from the shadow of covid, we are enjoying a return of educational activities. Charlotte has stepped into the educational role for kids – supporting bush kinder, beginning some school holiday programs and coordinating our first solstice celebration.

Mel Stagg, Janet Hagen, Bert Lobert, Steve Smith and I have been supporting the Biik Taungurung team across the year with learning natural resource management on country. We have all enjoyed learning together with a focus on plant and fauna identification, weed control and restoration techniques.

Partnerships: We continue to develop our partnerships with Taungurung, Strathbogie Ranges and Longwood Plains Conservation Management Networks – holding our first ever open day together in October this year. We look forward to sharing continued education and training opportunities with these partners. We are also grateful for our continued support from Goulburn Broken Catchment

Management Network and welcome the opportunity to work with GVWater on building seed production areas on their land.

With the completion of the Strategic Planning Review, I am encouraged by the support and focus to plan 'big'. I look forward in the next few years to building our seed growing capacity to meet demand, continue our dedicated and unique work on restoring diversity to grasslands and training young people to ensure our industry has the robust and dedicated land management required to meet the challenge of climate change and biodiversity loss.

Lastly, I would like to thank Vikki for her dedication and commitment to keeping us financially afloat, and to Angus for his steady guidance and support and financial astuteness.

I am enormously grateful and privileged to work for an amazing committee, a dedicated and inspiring team and wonderful volunteers. Thank you for your trust and support.

Financial Report for the Year 1st July 2020 to 30th June 2021

Financial Performance of Euroa Arboretum Group

Total Arb Group (\$'000)	<u>July 2021 to June 2022</u>	<u>July 2020 to June 2021</u>
Income	670	354
Expenses	(321)	(227)
Wages	(347)	(241)
Trading Surplus or Loss	2	(114)
Cash Surplus at Year End	351	583

In summary

The total business produced a small Trading Surplus, which was a major turnaround from the \$114k loss made in the previous year. This was driven by a 90% increase in income which was made possible by the ability to acquit the backlog of Grants built up through the Covid Pandemic. Grants are awarded based upon the Arboretum being able to deliver environmentally sustainable solutions which require us to utilise our resources. This is costly. However, it is rewarding as it justifies our existence, although it only yields small to break even margins. Fortunately the Nursery showed a substantial improvement in both Revenue and Trading Surplus, based on improved plant sales and plant price increases.

This situation means the Cash Position has reduced by \$232k. This reflects the build up of cash from earlier years Grants which were then held in our Bank Account but were not declared as Income as we were unable to fully acquit them during the Pandemic. Now that they have been acquitted, they have consumed the cash as our resources are used to undertake the requirements of the Grant. It is important, going forward, that we balance cash inflows with the outflows required to acquit a grant. The Nursery must continue to drive a profit and cash stream whilst the Seedbank performance must minimise potential losses through additional support from external sources.

On a positive note there is an additional \$246k Cash Surplus retained within the former books of the Arboretum which is attributed to cash earned by EA CoM and held separately for DELWP reporting purposes. The full Group Cash surplus is \$599k.

Improvement in Income

Income rose in 20/21, in comparison to 20/20, by \$316k. This can be explained by a \$144k increase in Income from Grants that have been acquitted. This increase reflected the general increase in activity as business activity picked up post the worst of the Covid Pandemic, but also the late settlement by Goulburn Broken Catchment Management Authority (GBCMA) for \$60k which was from the 20/21 financial year. Sales of product increased by \$167k. \$44k of this increase related to activity from the previous year, because Kilter Rural had not accepted our \$44k invoices until this financial year. This still left a \$123k improvement of which there was a \$40k increase in seed sales, this included the sale of \$31k to the Arboretum for revegetation (DELWP 3 Groundcover Restoration). Note: The full effect of the Seed price increases will not be seen until the 22/23 season. Unfortunately Seeding Direct was \$12k lower and now Kilter's offtake is likely to be half the previous year with offtake occurring in the next financial year. The biggest improvement came with a \$73k improvement in Nursery Sales with good plant volumes at the new higher prices. Unfortunately Planting Accessory costs are rapidly increasing, and it will be challenging to continue to recover such cost increases.

Increase to Euroa Arboretum Cost Base

The almost doubling of Income increased business activity substantially, which in turn produced a substantial increase in costs. Expenses have increased by \$94k (41%), and Wages by \$96k (40%). Major expenditure consisted of \$60k for 'new' expenditure on two Grants, DELWP4 - Landcare Facilitation and DELWP2 – Climate Ready Garden. \$30k was spent on a once off purchase of seed stock from the Goulburn Broken Indigenous Seedbank (GBIS) historical consignor seed suppliers. Wages increased by \$37k in overheads (Executive Officer and Business Manager), \$28k for Nursery, \$32k for Seedbank (used own staff in a bumper seed collection season) and \$10k for Education (DELWP 4).

Formal Structure of Euroa Arboretum

In March 2020 Euroa Arboretum was effectively split into two companies. The major reason was to allow the business to seek Grants and Donations from a wider donor base. A protracted discussion has ensued with DELWP as to how we can operate as, effectively, one Company whilst having the benefits of both companies. The Agenda for the coming AGMs includes correspondence from DELWP as to how this matter can be resolved and, if in agreement, the action required to produce an efficient structure for the future.

The two Companies are:

Euroa Arboretum Committee of Management ABN 62 948 804 668 (EACoM) which is the Company responsible for operations on the Arboretum land area situated at Euroa. This Company responds directly to The Department of Land Water and Planning (DELWP).

The Financial position of this Company is as follows:

Euroa Arboretum Committee of Management Incorporated ABN 62 948 804 668 (\$'000)	<u>July 2021 to June 2022</u>	<u>July 2020 to June 2021</u>
Income	419	244
Expenses	(196)	(152)
Wages	(225)	(153)
Net Surplus or Loss	(2)	(61)
Cash Surplus at Year End	201	350

This Company includes activities (Classes) which are principally conducted on the Arboretum Grounds, such as Cultural Heritage, Education, Grounds Management and Nursery. Some activities would fall into both companies but for clarity this separation of Classes is being used.

The small loss is caused by the heavy expenditure in developing the Climate ready Garden which was virtually covered by an excellent performance from the Nursery.

The second Company is Euroa Arboretum Incorporated ABN 14 393 986 507 (EA Inc). This Company uses the knowledge and shared resources of both companies to deliver environmental solutions across Victoria outside the land area of the Arboretum. This Company is a Responsible Environmental Organisation (REO) with Deductible Gift Recipient (DGR) status (This requires a separate committee to manage DGR status.)

The activities within this business are Seedbank, Bush Crew and Consultancy/Site Visits.

The Financial position of this Company is as follows:

Euroa Arboretum Incorporated ABN 14 393 986 507 (\$'000)	<u>July 2021 to June 2022</u>	<u>July 2020 to June 2021</u>
Income	251	110
Expenses	(126)	(75)
Wages	(122)	(88)
Net Surplus or Loss	3	(53)
Cash Surplus at Year End	149	249

Small Surpluses were produced by Bush Crew (\$2k) and Consulting (\$5K) with only a small loss by the GBI Seedbank of \$4k. However, it should be remembered that significant income arose from the previous year, as well as a once off transfer of seed for revegetation at the Arboretum of \$31k which was offset by the once of payment for the settlement of consignment stock accounts for \$30k.

Effective Profitability and Cash Position Last Six years for Euroa Arboretum Group

Year (\$000)	Surplus or Loss	Cash Surplus at Year End
2021/22	2	351
2020/21	(114)	583
2019/20	138	610
2018/19	30	271
2017/18	(15)	294
2016/17	(9)	353

Average Surplus over the last six years has been at \$30k. This Surplus position is admirable for a Not-for-Profit organisation, but a small consistent Surplus would be preferable to the significant swings from Surplus to Loss. The Cash/Bank position has fallen to a more usual level at \$353k, post the build-up of funds during the Pandemic when Grants were still won, and paid, but could not be acquitted.

Staff and Volunteers

The business has relied heavily on Volunteers but also substantial volunteering by permanent part time staff. During the Pandemic there has been a reduction in volunteer hours and an increase in work by the permanent part time staff. A Volunteer Coordinator was engaged mid-way through the year to focus on volunteer recruitment and retention. However, much of her time has been used in supporting the Nursery. Now that Nursery Management has been reorganised, greater focus can be brought to bear on fostering Volunteers.

Based on discussion with the Committee we have increased the hours worked of the Executive Officer, GBI Seedbank Coordinator and GBI Seedbank Officer. For the first two staff this brings the hours now paid more into line with their actual hours worked. The latter is required to keep up with the increased workload of the Seedbank with staff who can be trained in plant and seed identification. These changes match more closely the demands of the business but will be more

difficult to accommodate this permanent increase in costs when there is a dearth of work in the business.

This year saw the departure of the Grounds and Bush Crew Coordinator, The Nursey Manager, and the Assistant Nursery Manager. In their place we recruited a replacement Nursery Manager, A Grounds Coordinator, Volunteer Coordinator and Grounds Maintenance and Groundcover restoration Coordinator. Parts of these roles have been funded by Grants but otherwise this is a direct increase in cost. Wages increased by \$100k in 2021/22. On the positive side we have a more sustainable future where we can expect to be less reliant on the Executive Officer as others take on greater responsibility. It is also noticeable that the replacements were all around 20 years younger than the previous incumbents.

It is still important to recognise that volunteering remains an important part of the culture of working at the Arboretum.

Profit and Loss by Activity (Class)

Nursery

\$000's	2021/22	2021/20
Wholesale Income	110	65
Retail Income	30	36
Grants	41	0
Accessories and Other Income	51	33
Total Income	232	134
Wages	(84)	(56)
Expenses	(99)	(88)
Surplus or Loss	49	(10)

A much-improved commercial position as plant sales volumes improved along with the benefit of more realistic pricing for plants. Although Retail sales appeared to decline, this may be misleading as the definition of a retail sale versus a wholesale sale is quite blurred.

Capital expenditure on the Nursery, specifically on the infrastructure around irrigation, is still to be undertaken. The new Nursery Manager has also targeted much improved plant hygiene standards. It remains to be seen as to what new commitments will be required.

Seedbank

Goulburn Broken Indigenous Seedbank

\$000's	2021/22	2020/21
Income	213	35
Cost of Sales	12	18
Wages	103	71
Expenses	60	19
Overhead	42	9
Surplus or Loss	4	82

Income was skewed by \$79k of late invoicing from the prior period but a once off buy back of consignment stock increased costs by \$30k. The underlying loss in 21/22 would, therefore, have

been around \$50k. It can be estimated that seed price increase could halve this loss. However, this remains a business where we need external support to cover operating costs.

Grants

To reiterate the general comment concerning the earning of grants at the Arboretum. The value and timing of Grants received is highly variable and a major contributor to the Income of the Arboretum and directly reflects Cash Flow. This also makes for a variable Profit and Loss situation. Grants (and also major projects) can be paid in advance, in arrears or by stage payments. We have now instituted the system of quarantining grants that are incomplete in delivery (i.e. not yet acquitted). Income is based only on the portion of the grant activity undertaken by the 30th June 2022.

In 2020/21 the Quarantined Grants from the previous year were added back to Income but only one Grant was received with a value of \$134k. Grant activity during the Pandemic was limited with a Quarantine Provision of \$155k. This gave a net Grant Income of \$69k.

In 2021/22 the Quarantine provision for 2021 of \$155k, was added back to Income. Post Pandemic Grant activity ramped up and \$221k of Grants were received some of which are incomplete which, therefore, required a Quarantine provision of \$161k. With the completion of much of the earlier Quarantined Grants from 20/21 the net Grant Income for 21/22 was a significant improvement of \$216k. It should be realised that this boosts income and cash generation, but it also means that the acquitting of these grants involved a lot more work and expense, hence profitability does not improve markedly but it does mean the Arboretum was able to deliver a significant increase in sustainability activity. Currently there are ten grants which are being actively worked on with potential for \$195k of Income.

DGR Status

During the Pandemic there have been limited opportunities to develop this type of funding.

Activity has been minimal to date

Ross Trust mentoring year 1	\$28,200 (delay in commencing due to Committee concerns)
Deceased Estate	\$10,000
Avenal donor	\$5,000
Ross Trust mentoring year 2	\$28,200 (funding awaited)
Total Received from inception	\$71,400

Current Balance on DGR Account	\$15,226
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Ross Trust Mentoring fully acquitted

\$226 interest on cash deposits held

Euroa Arboretum Group - Balance Sheet as at 30th June 2022

	Balance Sheet as at 30th June 2021			Balance Sheet as at 30th June 2022		
	Euroa Arb. Com of Mangmt	Euroa Arb. Incorporated	Total Group	Euroa Arb. Com of Mangmt	Euroa Arb. Incorporated	Total Group
Current Assets						
Chequing/Savings						
GMCU Debit Card 34490S6.1		806	806		631	631
GMCU DGR 34490S6		10,512	10,512		5,150	5,150
GMCU iSave 34490S5	104,653	197,314	301,967	347,834	131,386	479,220
GMCU Term Deposit 34490I2	251,098		251,098		75,699	75,699
GMCU Working Account 34490S6.2		18,579	18,579		26,339	26,339
Reckon Bank Increase 21/22				2,035		2,035
DGR Euroa Arboretum					10,076	10,076
Petty cash						
Total Chequing/Savings	355,751	227,211	582,962	349,869	249,281	599,150
Total Accounts Receivable		19,697	19,697		96,358	96,358
Transfer between CoM and Inc			0			
Total Other Current Assets			0	3,453		3,453
Total Current Assets	355,751	246,908	602,659	353,322	345,639	698,960
TOTAL ASSETS	355,751	246,908	602,659	353,322	345,639	698,960
LIABILITIES						
Current Liabilities						
Accounts Payable		2,997	2,997		50,762	50,762
Other Current Liabilities						
Clearing Account Funds Transfer	10,528		10,528	10,528		10,528
Deposits on Orders		4,976	4,976		4,976	4,976
Payroll Liabilities			0			0
Annual Leave		17,802	17,802		17,064	17,064
Tax Payable		9,422	9,422		30,653	30,653
GST Liabilities Payable		3,107	3,107		6,008	6,008
PAYG Liability		28,434	28,434		72,537	72,537
PAYG Withholdings Payable		-28,434	-28,434		-72,537	-72,537
Payroll Clearing		3,741	3,741		-2,817	-2,817
Superannuation Liability		6,201	6,201		24,071	24,071
Superannuation Salary Sacrifice		666	666		2,855	2,855
Grants/Projects Quarantine 1st July	61,346	28,200	89,546	155,254	0	155,254
Grants/Projects Movement by 30th June	65,708	0	65,708	-31,104	36,670	5,566
Total Other Current Liabilities	137,582	74,115	211,696	134,678	119,479	254,156
Total Current Liabilities	137,582	77,111	214,693	134,678	170,240	304,918
Long Service Leave		20,703	20,703		22,991	22,991
Total non-current liabilities	0	20,703	20,703		22,991	22,991
TOTAL LIABILITIES	137,582	97,815	235,396	134,678	193,232	327,909
NET ASSETS	218,170	149,093	367,263	218,644	152,407	371,051
EQUITY						
2013-2014 Activity						
Opening Bal Equity	278,785	202,333	481,117	218,170	149,093	367,263
Balance SEEDBANK FUNDS						
Reckon Balance Sheet C/fw d						
Balance GBCMA Seedbank initial funding						
Retained Earnings DGR						
Retained Earnings SeedBank						
Prior Period adj. done March 2020						
Retained Earnings				-1,561	3,314	1,753
Net Income	-60,615	-53,240	-113,854	2,035		2,035
TOTAL EQUITY	218,170	149,093	367,263	218,644	152,407	371,051