



# Annual Report

## Jan – Dec 2019

### Overview

VINC continues to excel at producing locally provenanced plants of high quality for revegetation projects to local government, community groups, trade customers and the public. Despite ongoing challenges, dedication from staff, nursery volunteers and directors translated into unparalleled success both operationally and financially. By ending the year so positively, our organisation was better equipped to continue its important environmental and community roles strongly into the future.

Following is a summary of our highlights and activities throughout the 2019 financial year.

### Accomplishments:

- In 2019, VINC commenced its minimum 3-year contact with City Boroondara to supply indigenous plants after being awarded a tender late in the previous year. Aside from providing us with financial assurance, the partnership had many positive effects on our enterprise. It encouraged us to develop a better HR framework and our workplace culture strengthened by the introduction of several important policies and OH&S documents. We still have some way to go but thanks to significant Board and volunteer input, a major draft *Policies and Procedures* document (encompassing many of VINC's operations), was almost complete.

The relationship also enabled our enterprise to collaborate with council land managers building rare plant populations that support not only biodiversity, but also seed production sites for future use.

- VINC achieved a turnover of almost \$600K, which was a 14% improvement from 2018. This well surpassed the small income gain garnered from plant price increases of 3.5%, which itself compensated for wage and overheads acceleration. Our biggest income stream is from plant sales (90% of turnover of which 88% is trade) and VINC encountered healthy growth from both trade and retail sales with revenue increasing by 14% and 22% respectively.
- Healthier turnover and profit margins have enabled VINC continue investing in capital upgrades. This has improved our capacity to produce plants more efficiently and reliably. Late in the year, VINC was able to purchase a large shade structure to span more than one third of our outdoor growing space. By the end



July 2020 – our green machine loaded and ready to go!

of the year, the structure had yet to be erected but we anticipated it would provide much better growing conditions and reduce plant losses due to seasonally extreme weather during summer and winter. Expenditure of \$37K was exceptional and we had not experienced that much capital growth since VINC's establishment at Yarra Bend Park in 1995.

We also took ownership of a new delivery vehicle on capitalized lease, which replaced our aging van that had seen better days. The

new vehicle, fitted with shelving, has more than 30% increased carrying capacity. It has improved efficiency and professionalism for VINC.

- Community engagement played a significant role at VINC throughout the reporting period. Partnerships between VINC and land managers, involving local communities were an instrumental way of developing healthy relationships to improve the awareness of managing rare and threatened plant species appropriately. They also encouraged responsible land custodianship, broadened environmental awareness and advanced sustainability.

This year we part completed two projects via the revitalized VINC Environment Fund (VEF) and collaborated with a Council and a notable Environmental Management organisation to develop seed production areas (SPA's) of locally rare plants.

VINC also hosted a number of community and school groups, both paid and voluntarily, for group visits and nursery tours. Additionally, we provided approximately 15 schools with sale-on-return flowering plants for fundraiser sales.

- VINC continued to refine its plant range to better meet expectations of land managers and other customers. Improved record keeping of planted sites enabled more sustainable and reliable harvest of seed from species that have a restricted natural range. We enhanced this by containerizing in larger pots, many vulnerable plants for at least one season to collect seed from at the nursery. This has eased the pressure from natural populations and provided customers with better choice when choosing the most appropriate stock based on EVC's. Increased self-sufficiency has also eased pressure from VINC's limited resources.
- Several years of financial stability has removed our reliance on seasonal bank overdrafts when cash flow had been historically tight. We now operate within a healthy budget during our seasonally dry income period over summer, thanks to improved operational efficiencies (improving our profitability) and deposit payments for plant orders grown well in advance

### Challenges

VINC grappled with a few issues, which we were to varying degrees, overcoming.

- Following several months of lease negotiations with Parks Victoria, and after a further long wait, the Victorian parliament tabled approval of VINC's lease in March 2019 for another 10 years. This was cause for celebration and trepidation because despite our best efforts, we were only given permission to stay at the current location because no other "more appropriate" tenant could be found. VINC is situated in the middle of a sports precinct and both the government and Parks Victoria deem its 'environmental activities' as only partly in keeping with the areas usage. This will make further expansion and leasing difficult.
- Heavy workload is difficult to manage given the seasonal nature of our work programs and VINC's continued growth. While highly commendable, producing more than 250 species of multiple provenances (over 700 different lines total) for radically different markets is challenging on many levels for an organisation of VINC's size and one that operates within limited infrastructure. Dramatic sales/production peaks and troughs heighten this. When additional projects come up, there can be lengthy delays due to

limited staff hours that are already crammed full of other daily work activities. Marketing (website development / description labels for retail), plant management (pests and weeds) and project administration (grants and funding) are all affected.

Despite this, we have achieved so much and our results are testament to our overall success. We now have dedicated retail staff working every day VINC is open to the public and we have measurably increased production staff hours to ease the workload. There is also better co-ordination between departments (retail/propagation/sales/stock management/administration) and coupled with other operational improvements, the enterprise is in a stronger position to face its challenges.

## **Sales**

The promise of a vigorous year in plant sales came early after VINC had received several large orders from councils (and others) by mid spring 2018. This enabled us to respond quickly to unusual requests, which helped us refine our production scheduling for the coming year. We were therefore able to capitalize on early sales that came our way and increase seasonal production of some species where time and resources allowed.

Overall, sales were very strong although seasonal contrasts against the previous year were marked. The first quarter was unusually busy, largely due to a carried over project from the previous spring. As mentioned, VINC also experienced some early trade and council sales centred around landscaping and community projects. By end of March, VINC had achieved an 83% income increase compared to the same period of 2018.

The exceptionally dry weather in the second quarter caused sales to slow with many councils and environmental contractors postponing their plantings in April and May. The slowdown in May sales was quite dramatic and by month's end, VINC had achieved less than half of its income from that of May 2018. However, despite the continued lack of rainfall, June was a record month for VINC; with the planting season narrowing and the likelihood of solid rains, our customers started collecting orders large scale. We ended the second quarter at 32% below income from that of the previous period, which was reasonable given what had happened in mid to late autumn.

The comparative income seesawing continued deep into the second half of the year. July through September experienced a whopping 80% increase from that of 2018, producing record sales for that term. The final quarter was down by 20%, however unseasonable plant supply in the previous December (due to a delayed sizeable council project), did mask how solid that quarter was.

We sold more than 277,000 tubes and 53,000 hiko cells to both retail and trade customers throughout 2019; a 4.2% increase from the preceding year. These formats accounted for 89.5% of VINC's total income (up by 1%) and they continue to be the revenue staple of our operations.

Proportionally, income sourced from trade plant sales and retail plant sales was similar in 2019 to that of 2018. There was a less than 0.5% overall change in trade's favour however we did see more rapid improvements in retail spending during the last quarter. More than 84% of VINC's revenue was derived from trade plant sales. Both retail and trade income increased by similar margins, which were respectively 16.39% and 14.70%.

Local government remained by far our largest customer base and VINC achieved 58% of its income from plant sales in this category. We supplied plants to ten Councils during the year and increasingly, many of our

plants headed north and west, which up until recently had not been one of our strong points. Volume supply of locally rare and threatened plants of known provenance to councils that we share good relationships with, is vital for future seed security and the health of the natural environment. These sales are also important to VINC's ongoing financial stability because they are a reliable source of income when markets otherwise fluctuate.

### VINC's top 30 selling plants – trade

	Species (incl last year's ranking)	Format		Total Sold
		Tubestock Sold	Hiko Cells Sold	
1	Lomandra longifolia (2)	19,836	3,100	22,936
2	Themeda triandra (3)	7,444	8,053	15,497
3	Poa labillardierei (1)	11,524	2,367	13,891
4	Microlaena stipoides (4)	2,370	9,025	11,395
5	Rytidosperma racemosum (16)	3,375	5,780	9,155
6	Rytidosperma setaceum (27)	2,429	4,881	7,310
7	Dichondra repens (9)	7,142	40	7,182
8	Einadia nutans (7)	7,080		7,080
9	Poa ensiformis (6)	2,928	4,112	7,040
10	Bulbine bulbosa (20)	6,820		6,820
11	Chryso. semipapposum (14)	6,764		6,764
12	Wahlenbergia communis (8)	6,377		6,377
13	Brachyscome multifida (15)	6,353		6,353
14	Chrysocephalum apiculatum (11)	5,968		5,968
15	Carex appressa (10)	4,111	1,840	5,951
16	Arthropodium strictum (28)	5,874		5,874
17	Goodenia ovata (12)	5,371		5,371
18	Dianella amoena (21)	4,682		4,682
19	Dian longifolia v longifolia (-)	4,270		4,270
20	Poa sieberiana (26)	2,703	1,220	3,923
21	Atriplex semibaccata (18)	3,782		3,782
22	Austrostipa scabra (22)	2,183	1,560	3,743
23	Bursaria spinosa (17)	3,690		3,690
24	Correa glabra (19)	3,602		3,602
25	Dianella revoluta (23)	3,590		3,590
26	Poa morrisii (13)	1,403	2,090	3,493
27	Rytidosperma caespitosum (-)	1,898	1,565	3,463
28	Xerochrysum viscosum (30)	3,212		3,212
29	Wahlenbergia stricta (-)	3,157		3,157
30	Pelargonium australe (-)	2,949		2,949
	<b>TOTAL</b>	<b>152,887</b>	<b>45,633</b>	<b>198,520</b>

Graminoids (plants that are true grasses or have a grassy form) provide the framework for many revegetation projects and it is not surprising several species dominated sales. In the above table, the six highest ranked species (all Graminoids) comprise over 40% of those sold and they represent almost 58% overall. However, wildflowers and groundcovers (including lilies) are beginning to feature prominently and they form half of the species featured on the list.

Of the 269 plant species sold by our nursery, the 40 most popular one's (30 of which are shown), represent approximately 67% of total green-life trade sales, despite them only accounting for 15% of VINC's plant range. In contrast, the 40 least popular species, accounting for the same 15% range, represent less 0.3% of all sales. As VINC's annual sales grow, the divide between highest and lowest sellers is becoming far greater and this has highlighted those that are financially, humanly and environmentally unsustainable to produce.

Astoundingly, in what is perhaps a first for VINC, total wildflower and groundcover sales eclipsed that of Graminoids. The former increased by 27.2% and the latter slid 19.8%\*. Wildflowers in particular have always been a favourite of community groups, schools and retail customers however, demand consistently eclipsed that of all other types of plants throughout 2019. Uptake from trade customers including local councils has also accelerated considerably. Anecdotally, there has been a greater focus on understory flora and its importance on biodiversity, which may be the trigger driving up interest and sales.

\* *Lomandra filiformis* (#5 in 2018) did not make the list this year because no seed could be sourced during the dry summer of 2017/18.

The below figures provide for some interesting trade sale comparisons:

Plant Form		2018	2019	Plant Form		2018	2019
Reeds, Rushes, Sedges, Aquatics	% of range	14.91	11.53	Shrubs, Climbers	% of range	17.96	15.96
	% of plants sold	16.16	10.07		% of plants sold	26.55	27.24
Grasses	% of range	12.72	12.32	Herbs, Groundcovers, Sprawlers	% of range	37.46	40.85
	% of plants sold	29.69	28.57		% of plants sold	33.17	42.91
Trees	% of range	8.66	7.46				
	% of plants sold	3.02	3.09				

Income from retail plant sales trended well during 2019 and for the second year running, it eclipsed growth in trade plant sales. The difference was 1.5% in retail's favour. While trade sales accounted for a far bigger and important slice of VINC's income, we welcomed the further retail growth, a segment that had somewhat stagnated in recent years. We attribute a big part of this to a reinvigorated staff line-up, better online promotions, new plant species being offered and to the creation of a once a year sale. The sale, promoted to coincide with the resumption of Saturday trading following seasonal closure, proved immensely popular with retail members, and considerably boosted March's retail income at a time of year when sales are otherwise relatively slow.

## Propagation

Total propagation for 2019 and 2018 totals are the table below.

	TUBES	HIKOS	SUPERTUBES	TOTAL
2019	315,492	81,266	3,613	400,371
2018	319,282	74,760	2,684	396,726

Our hiko production has steadily increased over a number of years as our wholesale customers are increasingly

recognising the benefit of the easier to plant format that introduces less foreign material into the soil. Our Supertube production increase is largely due to an increase in seed production areas, both in house and in collaboration with MCMC.

Early losses of produced plants still occur, however the success rate is steadily increasing. A combination of improvements in pest management, liverwort treatment and seedling management have assisted this improvement.

Significant issues however remain, with late orders causing issues with planning over the busy summer propagation season and limited propagation igloo space requiring a significant amount of juggling. A planned expansion of the propagation igloo will allow VINC to better respond to late orders and reduce the stress of propagation staff in a busy period.

## **Seed Collection**

Our seed collectors, while working diligently, are increasingly finding it difficult to obtain sufficient seed of a growing number of species. VINC's Propagation Coordinator is working on developing a set of protocols aimed at ensuring genetic diversity while adhering to local provenance. The recent renovation of our on site seed and cutting orchard and the continuation of our containerised seed production areas reduces the pressure on wild collected seed. In addition, we are collaborating with a number of our larger customers such as MCMC, City of Yarra and City of Boroondara to develop ex-situ seed production areas.

## **Volunteers**

At the end of 2019, we had 20 volunteers over three days turning up regularly to assist us in propagation. Their contribution is significant, with over 75 hours of work conducted by our team each week. As well as working hard, they also generate a strong sense of community within VINC, and share treats, stories, music and plants with other volunteers and staff. VINC relies on their hard work each year, and greatly benefits from their enthusiasm and generosity.

## **Grants**

We completed the second year of our triennial grant with Boroondara, establishing seed production areas with the Friends of South Surrey Park and the Friends of Ashburton Forest. Planting six species which are locally endangered in Boroondara, the project aims to ensure the survival of these species within Boroondara. The project is worth \$5000 a year and will be completed in mid 2020.

## **Partnerships**

VINC works closely with a number of our customers on achieving good outcomes for our local environment.

Over the last few years we have been working closely with MCMC on a community managed seed production

project called the *Secret Seven*. While under a different name, this project is continuing with different species from the upper Merri Catchment. The project includes a number of days of seed collection with VINC propagation and seed staff, with VINC propagating plants for community members to “foster”.

## **VINC Environment Fund**

There were two ongoing projects related to the VEF: *Arching Flax Lily Conservation and VINC Seed Production Area*.

In early spring, VINC supplied 50 *Dianella longifolia* var. *Grandis* (sourced from genetically variable natural populations) to a Friends Group in Balwyn via Boroondara City Council. Council will receive a further 150 plants this year. These planted populations should be a good source for Boroondara / eastern suburbs material in future.

We constructed garden beds and filled them with soil around the perimeter of VINC’s growing area in 2019. We will plant them up with flora otherwise regarded vulnerable and/or difficult to source in the field in winter this year and anticipate being able to collect seed from them as early as summer 20/21.

### **Report Prepared by:**

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