

# Assessment of the Value of the Victor Harbor Horse Tram



An investigation into the economic, historic and tourist value of the iconic  
Victor Harbor tourist attraction

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Business

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## Reference

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## Executive Summary

This report investigates the value of the Victor Harbor Horse Tram (VHHT) for the City of Victor Harbor (CVH). The value of the VHHT was considered in four ways; the economic value, value as a historic and cultural tourism experience, value from the perspective of tourists and perceived value by key stakeholders. This research also examined how the value of the VHHT could be improved and provides recommendations based on the findings in this research.

To investigate the value of the VHHT, this research addresses six research questions:

**Question 1:** What does the academic and practitioner-orientated literature say about the value of historic tourist attractions and tourist attractions more generally?

**Question 2:** What is the economic value of the VHHT to Victor Harbor?

**Question 3:** What is the historic value of the VHHT to Victor Harbor?

**Question 4:** What is the value of the VHHT from the perspective of tourists visiting Victor Harbor?

**Question 5:** What is the value of the VHHT from the perspective of key stakeholders within Victor Harbor and the region more broadly.

**Question 6:** What is the VHHT's potential to generate future value for Victor Harbor?

To address these research questions the following methods were used:

- quantitative – economic calculation;
- qualitative and quantitative – survey analysis, and;
- qualitative – semi-structured in-depth interviews.

## Key Findings Summary

This research demonstrates that the VHHT provides economic and historic value to the CVH and key stakeholders, as well as a key tourist attraction for Victor Harbor. Key findings include:

- During a peak tourist month, the VHHT attracts spending in the local economy, conservatively estimated at \$210,000. This is half of the yearly contribution the CVH makes to the VHHT operating budget. Annually, the VHHT may contribute between \$1,153,898 and \$1,675,351 to the local economy.
- The VHHT is considered a 'drawcard' for Victor Harbor both by stakeholders and tourists.
- The VHHT has the potential to be of great historic significance to Australia as an operational, in situ, historic attraction.
- Tourists and locals alike could not imagine Victor Harbor without the VHHT, even if they were not travelling on it the day they participated in a survey, they spoke positively about their experiences

with the VHHT. The horses, staff and historic experience, as well as the natural environment were found to be fundamental in ensuring this positive experience.

- Granite Island, while recognised as a very unique natural feature, was described as a ‘missing link’ and in need of care and prioritisation to restore the Island’s native habitat and ensure its value as a tourist attraction in Victor Harbor.
- The condition of the existing Causeway and lack of international tourists due to COVID-19 has caused challenges for the VHHT.
- Cultural, historical and heritage tourist attractions can be loved but challenging to manage. A strategic vision and appropriate investment are required to ensure their viability.

## Recommendations for the VHHT

1. Develop a strategy to attract more domestic visitors to experience the VHHT, including interstate, South Australian and Victor Harbor residents and tour companies. This may include the implementation of an online booking system, as not having the ability to book in advance was sometimes seen as a barrier to riding on the VHHT.
2. Consolidate the VHHT brand and marketing strategy. This may include considerations of branding, messaging, educational materials and signage, sponsorship opportunities, annual memberships and collaborations.
3. While diversifying the VHHT’s offerings is crucial, considering how to add value to the current ride on the VHHT should also be a priority. For example, this may include offering a tour on board the tram, to cement the VHHT’s role as an experience rather than simply a form of transport to Granite Island.
4. Further develop relationships with other businesses and tourism providers in Victor Harbor and establish formal collaborations, with the goal to be a leader in the business and tourism community, therefore, creating additional value to Victor Harbor and the region.
5. Consider opportunities for hosting experiences for private and public groups on the VHHT. This may include themed events such as gin tasting twilight rides, or packages for specific groups such as, aged care facilities and retirement villages, school groups, playgroups or tour groups.
6. When planning VIP and behind the scenes experiences, consider options for families and birthday parties based on demand identified from survey responses. The price point would need to be accessible. A meet the horses and tour their home might form a small package that is of interest, especially during the school holidays.
7. Prepare for greater exposure and consistent operations on the opening of the new Causeway.
8. Prepare to make use of the momentum created in Victor Harbor from the work being done to revitalise the area by the CVH and the South Australian State Government. For example, the main street and railway precinct projects, Anchorage development, new Causeway and Granite Island Masterplan.
9. Continue to encourage staff to interact with customers, while prioritising care for the horses above all else.
10. Ensure the historical value of the VHHT is documented through a significance evaluation and investigate its eligibility for any formal heritage recognition. Further research needs to be conducted to understand the recently researched value of replica heritage attractions such as the VHHT and any restrictions that may result from formal recognition by heritage organisations if this is pursued.

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# 1 Introduction

The Victor Harbor Horse Tram (VHHT) is located in Victor Harbor, a coastal town on the Fleurieu Peninsula, about 75 minutes south of Adelaide with a population of approximately 15,000 residents (Economy ID 2019). The VHHT operates along a tram rail from the Victor Harbor mainland across the Granite Island Causeway (the Causeway) to Granite Island. The VHHT commenced as a passenger tram in 1894 and ran until 1955, it returned again in 1986 (Bird, Wilson & Bunker 1999). Today, the VHHT is an iconic and award winning, historic tourist attraction for the City of Victor Harbor (CVH). It is one of only two horse drawn trams worldwide and is operated as a council subsidiary (established under section 42 of the Local Government Act 1999). The VHHT receives financial support from the CVH in order to operate as an all-season tourist attraction.

The VHHT is the primary form of transport along the Causeway to Granite Island other than walking. Bikes, scooters and other private vehicles are not permitted along the Causeway. The Causeway is unique in that it links numerous attractions, including the VHHT, Granite Island, Big Duck Tours and Victor Oceanic. The Causeway on which the VHHT operates is in poor condition and the South Australian State Government has dedicated funding for a new Causeway with a track for the VHHT, ensuring the continued operations of the VHHT. Construction of the new Causeway commenced in March 2021 and is expected to be completed in December 2021. In recent years the condition of the Causeway—in addition to COVID-19—has inhibited the operations of businesses dependent on the Causeway.

The VHHT's day to day operations are overseen by a General Manager and Assistant Manager. Strategic operations are overseen by the VHHT Authority's Board, which consists of five members and is supported by the General Manager. Currently, the VHHT employs three full time equivalent staff members across four roles which include the General Manager, Assistant Manager, Horse Husbandry and Administration, all of whom are trained to drive the horse tram. The VHHT has a casual pool of 11 trained drivers, a role that also entails providing care and ensuring wellbeing of the horses. There are currently seven Clydesdales who pull the horse tram and three volunteers who support the sales of merchandise and customer service.

## 1.1 Research Objectives

The Horse Tram is currently reliant on funding from the CVH to operate. This has raised questions regarding its economic value to the region and its value as a historic tourist attraction. It is not however unusual, for attractions to receive financial support from all levels of government, including local government. For example, the Puffing Billy in Victoria<sup>1</sup> and Hindmarsh Stadium and the surrounding areas which have been allocated funding for upgrades to enable Adelaide to host games for the 2023 FIFA Women's World Cup<sup>2</sup>. This research seeks to understand the economic and historic value that the VHHT brings to the CVH and how this value can be enhanced.

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<sup>1</sup> See <https://www.premier.vic.gov.au/new-support-puts-puffing-billy-track-bright-future>  
<https://puffingbilly.com.au/news/lakeside-visitor-centre/>

<sup>2</sup> See <https://www.premier.sa.gov.au/news/media-releases/news/south-australia-scores-as-a-2023-fifa-world-cup-host-city>

This research used mixed and multiple methods to address the following research questions:

**Question 1:** What does the academic and practitioner-orientated literature say about the value of historic tourist attractions and tourist attractions more generally?

In addressing this question, the research considers the ways in which tourist attractions provide value to a region, this includes, economic and historic value, as well as the marketing value certain attractions have as an icon for a town or region. This review of the literature will include a review of both international and Australian case study tourist attractions.

**Question 2:** What is the economic value of the VHHT to Victor Harbor?

In addressing this question, the research considered the income that the VHHT generates directly as well as the indirect economic benefits the VHHT generates for Victor Harbor and South Australia more broadly. This question also looks at the potential costs of not having the VHHT. This question required the use of quantitative data analysis and consultation with an expert in tourism and regional economic development.

**Question 3:** What is the historic value of the VHHT to Victor Harbor?

This question considers the VHHT as a historic or heritage icon to the Victor Harbor and even to South Australia more broadly. This question was addressed using case study analysis through the literature and interviews with tourism and consultation with history experts.

**Question 4:** What is the value of the VHHT from the perspective of tourists visiting Victor Harbor?

This question seeks to understand the value of the VHHT from the perspective of passengers of and visitors in vicinity of the VHHT. This uses survey data collected from visitors in the vicinity of the VHHT station on the mainland and Granite Island.

**Question 5:** What is the value of the VHHT from the perspective of key stakeholders within Victor Harbor and the region more broadly.

This question uses information gathered through semi-structured, in-depth interviews with key stakeholders on the value of the VHHT, it also included questions on the CVH more broadly to gain a better understanding of the community, tourist and business contexts that the VHHT operates within. Key stakeholders invited to participate in an interview included those within and external to CVH, for example, community members; business owners, accommodation providers, local chamber of commerce, government; local government, VHHT, South Australian Tourism Commission (SATC) and regional organisations; Regional Development Australia (RDA), Fleurieu Tourism.

**Question 6:** What is the VHHT's potential to generate future value for Victor Harbor?

Using the literature, data and analysis produced in this research, this question explores the potential for the VHHT to generate future value for the CVH and reduce its reliance on funding from the CVH.

## 2 Literature Review

This section addresses Research Question 1.

What does the academic and practitioner-orientated literature say about the value of historic tourist attractions and tourist attractions more generally?

A literature review was conducted to examine how different tourist attractions and events are valued. Studies conducted on permanent, seasonal and one time tourist attractions were all investigated. Existing methods for analysing the economic and social value of tourist attractions and government funded facilities were also researched.

### 2.1 Economic Benefit Research

The literature demonstrated that there are a number of methods available to research the economic benefit of tourist attractions or events (Janeczko, Mules & Ritchie 2002; Torre & Scarborough 2017). For example, a commonly used but data intensive form of economic benefit research is a cost benefit analysis (CBA). CBA can be defined as an analysis that 'is based on estimated the net surplus of an activity, which is defined as total societal benefits (TBS) minus total social costs (TSC)' (Torre & Scarborough 2017, p.621). A complete CBA however, requires extensive data which is often not available (Torre & Scarborough 2017, p.621). Some research suggest varied approaches for measuring economic impact, such an economic impact study (Janeczko, Mules & Ritchie 2002), which can make use of limited data to assess 'the additional expenditure in the region as a consequence of tourists coming to it because of an event [or attraction]' and may include impact multipliers (Torre & Scarborough 2017, pp.621-22), or less complex calculations to estimate the additionality of tourist expenditure (Jones & Munday 2016).

Economic benefit research can also consider factors such as income multipliers and economic leakage. Economic leakage considers money spend outside of the local area, this may be a result of outside employment, taxes, or businesses purchasing from non-local suppliers (Janeczko, Mules & Ritchie 2002). For small regional economies especially, some economic leakage is unavoidable due to often having limited supplies available locally (Janeczko, Mules & Ritchie 2002). Income multipliers are secondary measures of economic activity from an event or an attraction, such as the spending that occurs locally as a result of local employment or the purchase of local goods and services (Janeczko, Mules & Ritchie 2002).

Key economic benefit research conducted on Australian tourist attractions included, on Sovereign Hill (EY 2017b), a specialised one time, Grace Kelly art exhibition hosted by the Bendigo Art Gallery (Torre & Scarborough 2017) and a selection of sporting events and festivals held at Thredbo in Kosciuszko National Park (Janeczko, Mules & Ritchie 2002). In each case, the type of approach differed based on the data available. For example, in addition to undertaking an economic impact assessment of Sovereign Hill, EY (2017b), considered the use and non-use value of Sovereign Hill. Use value included aspects such as the opportunities for recreation (including volunteerism), cultural heritage and environmental preservation, education and community cohesion that Sovereign Hill can offer (EY 2017b). Non-use values included the value that the Victorian community may attributed to Sovereign Hill, this may be observed through donations (EY 2017b). The potential for negative impacts through social costs was also considered in the research conducted on



Bendigo's art exhibition. These social costs were considered low, as the event was not large enough to result in negative consequences such as congestion or public disturbances (Torre & Scarborough 2017).

Research has found that economic benefits are not always clear and can be difficult to demonstrate. For example, revenue generated does not demonstrate if, and by how much, the event may have improved social welfare (Torre & Scarborough 2017, p.624). Other research also emphasises that 'value is not synonymous with price' (Stoeckl et al. 2011, p.114) and highlights the benefits of the natural environment. For example, the benefits humans derive from nature and as recipients of ecosystem services such as the Great Barrier Reef (Stoeckl et al. 2011, p.114).

## 2.2 Local Economic Development Research

Pre-COVID-19, tourism globally was one of the fastest growing economic sectors (Banerjee et al. 2018). In Australia, tourism is one of the largest employers, accounting for 5.2% of employment; employing more people than agriculture and mining industries combined (OECD 2020). Tourism is also an industry dominated by non-employing (zero employees), micro (1 to 4 employees), small (5 to 19) and medium (20-199) sized businesses (Tourism Research Australia 2020). In the CVH 72% of tourism businesses are either non-employing or micro businesses, 22% are considered small business (Tourism Research Australia 2019). This emphasises the importance of smaller tourism businesses in CVH, including the VHHT.

Local economic development research considers the merits of endogenous economic development research, which involves working with existing businesses or encouraging new business activity from within the region (Beer & Clower 2020). Beer and Clower (2020) suggest a 'transformational approach' to encourage endogenous, local economic development. A 'transformation approach, involves a firm creating new ways to provide their goods or in the case of the VHHT their services at a higher level (Beer & Clower 2020). Evidence in tourism research has found that an increase in international tourism expenditure by 10% within a region can equate to an increase in GDP per capita of 0.78% (Fayissa, Nsiah & Tadesse 2011). Further, Australian research based on tourism clusters on the Murray River has found that the clustering of tourism operators can improve the success of regional and rural tourism industries and additional advantage was found where clusters could make use of their natural environment (Lade 2006).

## 2.3 Cultural, Historic and Heritage Tourism Research

Research on cultural research has found that 'tourism and history have interacted throughout Australian settlement history, but that tourism is becoming increasingly significant as a source of income for rural communities in the twenty-first century' (Gilbert 2006, p.186). Some research discusses the challenge of heritage tourism, particularly built tourism 'as a production or reproduction of the past' (Nuryanti 1996, p.252). This research emphasised that heritage is more than simply preservation, a heritage tourist attraction's 'significance should be conveyed to the visitor, leading to an enriched understanding in the context of the present' (Nuryanti 1996, p.253). Heritage attractions can also be expensive to operate and require specialised skills and maintenance to ensure their operation (McKercher 2001). While this itself may be crucial to conserving a part of history, it must also prove to be a successful as a cultural tourist attraction (McKercher 2001). Gilbert cautions, however, in only valuing historical exhibits for their tourist value, or overlooking the damage of colonial past to First Nations People (Gilbert 2006).

While cultural heritage preservation was a key factor listed contributing to the non-economic value of Sovereign Hill (EY 2017b), research on another Australian case study has been critical of using local government funding to support a 'non-viable community owned heritage tourist attraction' in order to preserve a cultural asset (McKercher 2001). This research found that despite high levels of community support, the paddle steamer replica, produced as a bicentennial project for the town did not fit in with the broader strategic plan for the community and was not 'attractive beyond the local heritage community' (McKercher 2001, p.40). The research provided an example of a nearby Murray River town where the paddle steamer in question now operates more successfully from, likely a result of more suitable environmental conditions as well as being part of a strategic cluster of historic tourism (Lade 2006).

## 2.4 Challenges for Tourism

Tourist attractions are found to face a number of challenges. Seasonality can be a critical issue for some tourist destination and attractions (Gilbert 2006). Some research found when a tourist attraction was unreliable or had limited operation, 'tourist operators are reluctant to include it on their itineraries' (McKercher 2001, pp.34-35). Additionally, tourism in some cases has a base of unskilled, short term and casually employed labour (Gilbert 2006), this can challenge the value of an operator providing employment if it is too variable and only allows for limited capacity for new skills to be introduced to the region.

Finally, COVID-19 presents a new challenge which all tourism operators and economies which rely on tourism will need to recover from and adapt to (Pham et al. 2021).

## 2.5 Opportunities for Tourism

One area of opportunity uncovered in the literature, is that for short break holidays and rural tourism (Murphy 2010, 2014). This research was conducted in the context of Australia's recovering from the Global Financial Crises (GFC) which changed travel patterns and resulted in increased holidays of a week or less. Short break holidays may span from one to six nights, but with two to four being a recommended definition in Australia (Murphy 2010). While there are a wide range of motivations for short break holidays (Murphy 2014), tourism operators will be reliant on domestic tourists, likely undertaking short break holidays, during the early COVID-19 recovery period (Pham et al. 2021), at least until international travel is an option. Some research also suggests the COVID-19 recovery offers tourism researchers and operators the opportunity to investigate other issues, such as challenges with technology in tourism (Sigala 2020) and climate change (Prideaux, Thompson & Pabel 2020). Short break holidays require accessible transport infrastructure, proximity to a city, a point of difference from other destinations, options for rest and special interest activities (sport, culture, heritage or an event) with online booking options and a variety of accommodation options (Murphy 2014).

## 3 Data Collection and Analysis

The data collection and analysis occurred in several phases for this research, economic value analysis, tourism survey data collection, interviews with key stakeholders and historical value analysis. This section will outline the methods used and report the results from each phase of data collection and analysis, required to respond to research questions two to six.

### 3.1 Economic Value of the VHHT

The development of economic analysis was approached first through desktop research, to understand the data available to include in the economic analysis. First, budgets and ticket sales from the VHHT was reviewed, followed by economic and tourist research previously undertaken by local and state government. A literature review was also undertaken to consider what economic analysis approach may be viable with the data available. Finally, consultation was undertaken with an academic with expertise in tourism and local economic development.

#### 3.1.1 Background Finance

For the 2021-2022 financial year the CVH has budgeted \$415,400 to the VHHT for operational expenses (City of Victor Harbor 2021), a budget of \$415,000 was also allocated for the 2020-2021 financial year. This is a similar figure to the Fleurieu Regional Aquatic Centre Authority (\$358,400 in 2020-2021 financial year) which is a joint venture between CVH and Alexandrina Council (City of Victor Harbor 2019, p.16). The Whale Centre has also received similar support of \$465,500 for operating expenses as an important cultural tourism asset (City of Victor Harbor 2019). In past years, the VHHT revenue contributed to 0.048% of CVH's overall revenue and 1.87% of operating expenses (City of Victor Harbor 2020c, pp.48-49). The CVH has budgeted a \$707,000 capital contribution to upgrade VHHT facilities, including the construction of new stables and tram line replacement (City of Victor Harbor 2021).

Since the Horse Tram became an Authority of the Council in 2018, it has confronted two challenges, the closure of the Causeway due to extensive repairs in 2019 and COVID-19 in 2020. COVID-19 resulted in a complete closure of the tram from late March to early June 2020 and ongoing reduced passenger capacity until 2021. The absence of international tourists which formed a large passenger base for the VHHT has also resulted in lower ticket sales than anticipated since February 2020. This challenging period has therefore, not enabled VHHT Authority to reduce reliance on CVH finance as hoped. Instead, the VHHT's management, staff and board worked to respond the challenges presented during this period, as opposed to moving forward with sustainable growth of the VHHT as had been planned for 2020.

In March 2021 the VHHT implemented a price increase to all tickets (see table 2). This has eased some of the financial pressures experienced due to COVID-19 and Causeway closures.

**Table 1. VHHT Ticket Prices**

	Pre-March 2021		From March 2021	
	One Way	Return/Upgrade	One Way	Return/Upgrade
<b>Adult</b>	\$10	\$15	\$15	\$20
<b>Concession</b>	\$7	\$10	\$10	\$15
<b>Students 14+ years</b>	\$7	\$10	\$10	\$15
<b>Child 4-13 years*</b>	\$7	\$10	\$10	\$15
<b>Child 0-3 year</b>	Free	Free	Free	Free
<b>Annual Membership Adult*</b>	\$38		\$60	
<b>Annual Membership Concession/Student*</b>	\$25		\$45	

\*Up to two children ages between 4-13 years may travel free with each paying adult.

### 3.1.2 Economic Contribution

The economic contribution of the VHHT can be considered in several ways, this includes revenue generated by ticket sales and merchandise, and money spent which is returned to the local community, such as horse care costs and wages for staff (see table 2) and the additional economic benefits resulting from tourist spend in Victor Harbor, which is the focus of this analysis.

**Table 2. Examples of different types of economic contribution made by the VHHT**

Type of Economic Contribution	Amount as per the VHHT Budget Review #3 2020/21	Explanation of the Economic Benefit
<b>Ticket Sales</b>	\$403,000	Revenue generated by the VHHT.
<b>Merchandise Sales, Donations and Sponsorships</b>	\$30,000	Revenue generated by the VHHT.
<b>Horse Care</b>	\$57,900	Costs spent on horse care is typically spend on local Victor Harbor businesses.
<b>Employee Wages</b>	\$565,900	Wages of local staff are returned to the community when spent on goods and services.

Data used for assessing the economic contribution of the VHHT to CVH was secondary data, from multiple sources. First, visitor data collected by the CVH in January 2020 (City of Victor Harbor 2020b) was used to provide the figure for how many people visited the region specifically for the VHHT, in a survey of 287 visitors 23% reported that their motivation for visiting the region was the VHHT, with 36% reporting that their motivation for visiting Granite Island was to ride on the VHHT. From this data set the average tourist spend was used. This amount was adjusted to take an estimate of a mid-level day trip tourist spend of \$125, which would include money spent on the VHHT ticket. This figure is also consistent with other research reporting the average spend of tourists generally (Tourism Research Australia 2019).

The second set of data used was the VHHT ticket sales. For example, in January of 2020 the VHHT recorded 2453 adults and 774 concession passengers travelling one way on the tram and 2,794 adults and 1,285 concession passengers travelling return on the VHHT. This results in a total of 7,306 tickets issued to passengers in the month of January 2020. Data from January 2020 reflects a typical peak tourist season for CVH, prior to COVID-19 and the loss of international visitors and Australian state and territory border closures.

To estimate an economic value of the VHHT this data was brought together in the following calculation:

$$HT \times HV \times TS = HS$$

This equation uses the number of VHHT tickets sold in the month in question (HT) multiplied by the percentage of visitors specially visiting for the VHHT (HV), multiplied by the estimated mid-level tourist spend (TS). The result produced is a conservative estimated spend in the Victor Harbor as a result of the VHHT (HS).

$$HT \times HV \times TS = HS$$

$$HT = 7,306$$

$$HV = 23\%$$

$$TS = \$125 \text{ Mid-level of tourist spend}$$

$$HS = \text{Visitor spend in Victor assuming just one day's spending per ticket holder for one month}$$

$$7306 \times 0.23 \times 125 = 210,000$$

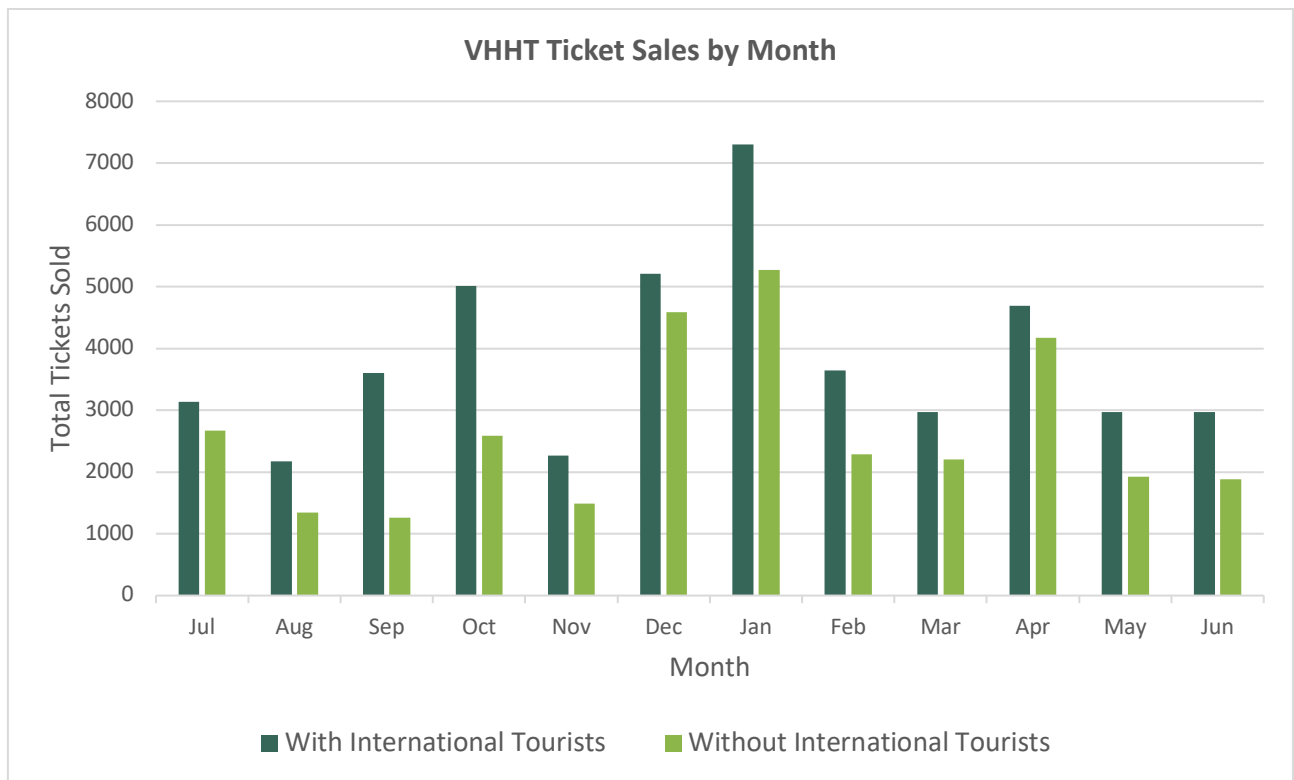
For the month of January 2020, a conservative estimate of \$210,000 was attracted by the VHHT and spent in the local economy. This is a conservative estimate as it is based on an approximate tourist day spend and only applied to passengers who visited Victor Harbor specifically for the VHHT.

When we turn to considering the figures post COVID-19 the economic value provided by the VHHT is still substantial. In April 2021, 4170 tickets were sold resulting in an estimated contribution from the VHHT of \$119,888. This is despite ticket sales in April 2021 being lower than anticipated due to a forced closure of the Causeway for six days during the school holidays related to weather conditions and subsequent engineer checks.

To determine a monthly economic contribution of the VHHT across a financial year, ticket sales were first reviewed to determine numbers of tickets sold in a typical month with and without international tourists (or before and after the onset of COVID-19). Where there was not ticket data available, either due to closure of the Causeway or COVID-19, an average ticket sale figure was produced from a similar month. For example, data for the month of May with international tourists was not available for recent years and is considered a non-peak tourist month, and therefore, an average figure of other non-peak months was used. Ticket sale data considered included sales from September 2019 to May 2021.

Based on ticket sales, peak months for the VHHT include November to January (Summer and school holidays), April and October (Easter, Autumn and Spring school holidays). Non-peak months include February, March and May through to September (see figure 1. VHHT Ticket Sales). Privately booked group tickets and annual

memberships were not included in the total ticket sales and therefore not included in these calculations of economic contribution.



**Figure 1. VHHT Ticket Sales**

Once ticket sales for each month with and without international visitors was determined, the calculation was applied across all months to estimate the economic spend that occurs across a financial year as a result of the VHHT. The results of these calculations are displayed in figure 2. When added together a conservative VHHT Economic spend across a year with international tourists amounts to \$1,321,436 and \$910,139 without international tourists.

Overall, the highest performing month in terms of ticket sales and economic contribution of the VHHT was January, regardless of whether international tourists are present. Results shown in figure 2, suggest that the VHHT experiences higher levels of international visitor activity in September and October, as these months illustrated the greatest difference between estimated economic spend with and without tourists.

It should be noted that while the terms with international tourists and without international tourists have been used for the calculations and analysis, various state and territory border restrictions have also influenced interstate travel in 2020 and 2021 and would have likely suppressed domestic visitors to Victor Harbor during this time.



**Figure 2. VHHT Estimated Economic Spend**

Next, the additional spend resulting from unplanned rides on the VHHT was calculated. Casual rides on the VHHT, include all visitors who did not plan to ride on the VHHT or did not specify the VHHT as the reason for their visit to Victor Harbor but rode on the tram regardless. The choice to take part in a tourist activity such as the VHHT on arrival may lengthen a visitors stay and increase the tourist spend in the area. This is generally referred to as additionality.

To estimate the additionality or additional spend as a result of the VHHT, the following calculation was used:

$$HT \times V \times \$10 = VAS$$

This equation uses the number of VHHT tickets sold in the month in question (HT) multiplied by the percentage of visitors who did not specify the VHHT as the reason for their visit (V), multiplied by \$10, an estimate of additional spend as a result of undertaking a tourist activity and spending more time in Victor Harbor. This may include the purchase of an additional snack or drink at a cafe. The result produced is a conservative estimated spend in Victor Harbor resulting from an unplanned ride on the VHHT (VAS).

$$HT \times V \times \$10 = VAS$$

$$HT = 7,306$$

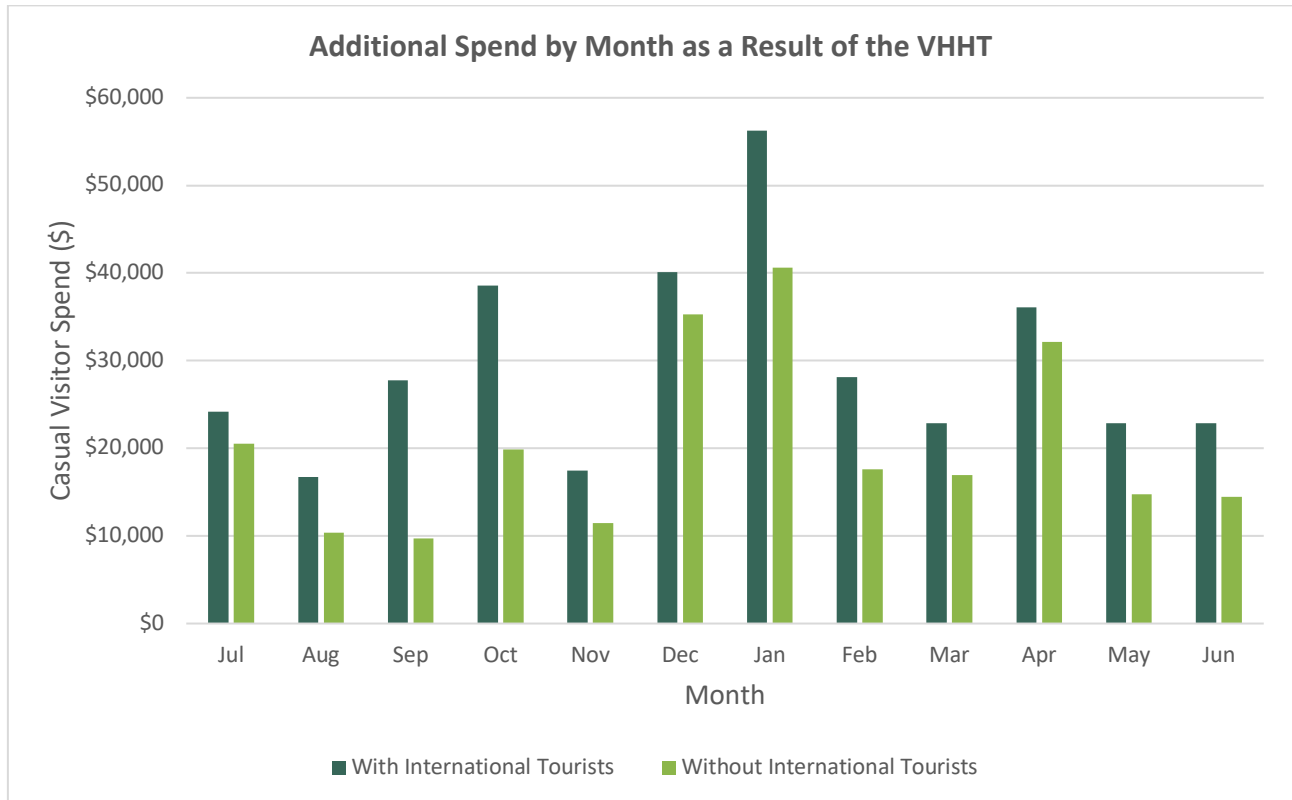
$$HV = 77\%$$

$$\$10 = \text{Estimate of additional spend}$$

$$VAS = \text{Casual VHHT spend assuming a \$10 additional spend per ticket holder}$$

$$7306 \times 0.77 \times 10 = 56,256$$

For the month of January 2020, a conservative estimate of \$56,256 was spent by visitors who visited Victor Harbor and took a casual ride on the VHHT resulting in an additional economic spend in the local economy. This is a conservative estimate as it is based on an approximate casual spend and only applied to passengers who did not visit Victor Harbor specifically for the VHHT.



**Figure 3. Additional Spend as a Result of the VHHT**

From these calculations an estimated yearly range of economic contribution of the VHHT is \$910,139 to \$1,321,436 as a result of tourists visiting Victor Harbor for the VHHT. There is an additional economic contribution of \$243,759 to \$353,915, spent by visitors who take a casual or unplanned ride on the VHHT. This amounts to an estimated total of \$1,153,898 to \$1,675,351 spent in the local Victor Harbor economy per year as a result of the VHHT. A spend that would likely have impacts throughout South Australia.

Considering the yearly financial investment made by the CVH (\$415,400 for the current financial year), these figures represent a one to four return for the CVH. That is the VHHT returns to the local economy, four times, the investment made by the CVH.

These calculations also exclude privately booked group tickets and annual memberships. It should also be noted that the ticket sales used have been influenced by unpredictable Causeway closures and lower than normal tourist levels. Despite this, these figures also demonstrate the resilience of the VHHT to external shocks and the need for support of the VHHT to become more sustainable through new initiatives and more diverse services.



## 3.2 Historical Value

The historical value of the VHHT is difficult to determine. To better understand the historic value of the VHHT Australian and international peer reviewed and grey literature on the topics of historic, cultural and heritage assets and their significance was reviewed. This research discussed how there has been conflict in Australia, as well as internationally, on how to place a monetary value on items many consider 'priceless' (Ferri, Sidaway & Carnegie 2021). In some circumstances, a dollar value does need to be determined for historic assets or attraction, such as for insurance purposes or sale of an item. These values are however often not made public for tourism assets and therefore require a different approach<sup>3</sup>. Additionally, many historic items, may be considered irreplaceable, and their value may vary depending on the individual or community in possession and the context.

Ferri, Sidaway and Carnegie (2021, p.4) describe heritage not as 'a collection of things, but a process of performance, with meaning determined by multi-stakeholders and areas'. This was also recognised by Foster, SM and Jones (2019) who have conducted research into the value of replicas, particularly those in which are situated in their original context. As the VHHT tram carriages themselves are replicas, running on the same tram route on one of Australia's oldest public railways, this likely increases the value of the VHHT as a historic replica.

Other research has shown that in Australia, tourists visiting built heritage, typically spend more (TTF 2017) and operational replicas such as Sovereign Hill generate significant value as a historic and cultural experience to the Victorian economy (EY 2017a). Therefore, the heritage nature of an attraction is likely to generate more value and therefore may be valued more highly. The historic significance of an asset however must be shared with tourist to lead to an 'enriched understanding' (Nuryanti 1996, p.253).

Research on historic, cultural and heritage assets and tourism highlights the need for the 'significance' of an item or asset to be recorded. The Heritage Collections Council of Australia has a guide for custodians to assess this significance (Heritage Collections Council 2001). From their research, on the significance and value of replicas (Foster, S & Jones 2020) have developed a similar guide. While the VHHT has a history book on the story of the VHHT (Bird, Wilson & Bunker 1999), it would be worthwhile reviewing in line with these guides and potentially updating or creating in addition a significance report.

The research on heritage value demonstrates the VHHT has the potential to be of great historic significance to Australia as an operational, in situ, historic attraction if appropriately documented and cared for. Valuing the VHHT as a heritage replica significance may also assist in ensuring preservation which can be a challenge for some historic assets.

## 3.3 Tourist Surveys

208 surveys were conducted face to face with members of the public in the vicinity of the VHHT on both the mainland of Victor Harbor and Granite Island. This number excludes a number of pilot (test surveys) but does include 33 initial surveys conducted to develop the survey with tourists. Surveys with tourists occurred over 13 days during peak (school and public holidays) and non-peak (weekdays) periods between late January and

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<sup>3</sup> Conversation with Simon Dalgarno from Leadenhall – Business Valuations.

April. Surveys were conducted with individuals and couples and families or groups who were locals visiting the Foreshore Precinct or visiting from outside Victor Harbor. Participants were required to be 18 years or more. Surveys were conducted in an interview style during which the researcher read the survey to participants and entered their responses. In some tourist research this has been found to provide greater and more complete survey response rates (Richards 2002). This also allowed the researcher to provide clarification to questions if needed and gather valuable information through questions asked of the researcher by participants. The researcher kept records of observations and questions from participants to further inform the research throughout the survey data collection.

Due to time constraints, surveys were unable to be conducted during times in which Victor Harbor would typically see the lowest visitor numbers during the school term in winter. Initial analysis of the data already collected up until March demonstrated that saturation had likely occurred. Saturation occurs when the data collected is showing repeated responses and no new responses (Saunders et al. 2018). The Easter long weekend in April provided the opportunity for additional surveys to be conducted in a high-volume tourist environment.

From the initial surveys conducted, some additional questions were added to the survey, with a specific set of questions for those who had ridden on the VHHT that day and those who had not. Therefore, in the discussion of the results, some total numbers will differ as not all the participants were asked all questions. Participants who rode on the horse tram were asked questions on their experience. Participants who had not ridden on the VHHT that day were asked questions on their last ride (if they could recall the details) and their reason for not riding on the VHHT that day.

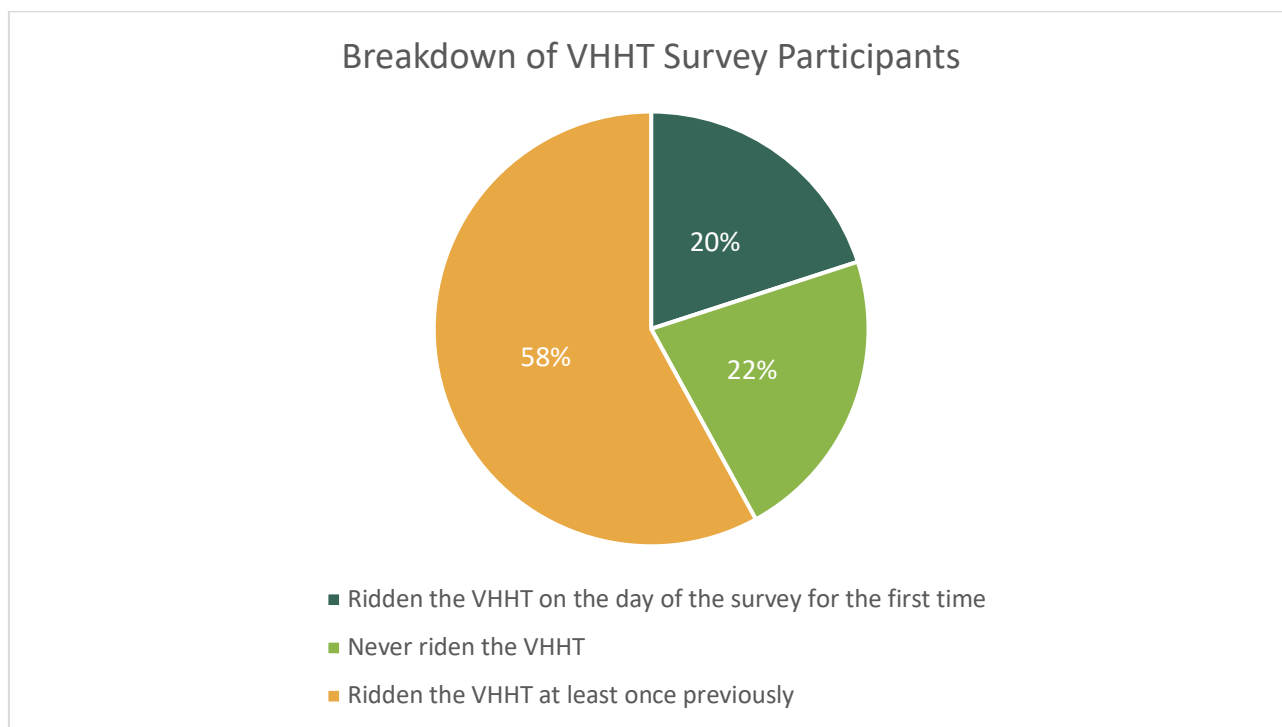
Members of the public were invited to participate in the survey while they were in the vicinity of the VHHT. This included on the mainland near the horse yards, at the turning point for the horse on Granite Island, as passengers waited for a return ride back to the mainland and as they walked off the tram at either ends of the journey, on the mainland and Granite Island. From the total surveys, 24% of were conducted on Granite Island, 61% conducted on the mainland and the remainder were conducted as initial surveys across mainland and Granite Island but their location was not recorded at that point in time.

Efforts were made by the researcher to survey on both Granite Island and the mainland and to survey a broad demographic of people. It was found that there were fewer people available to survey on Granite Island. The researcher observed that the horses in their yards and the horse waiting to depart on the mainland attracted people to the area to pat the horses and interact with the tram drivers. The researcher found that typically members of the public were happy to participate in the survey while they and often their children watched and patted the horses.

Each survey took approximately five minutes. Some surveys took longer as the questions generated discussion on the research, the VHHT, the new and existing Causeways and Victor Harbor more generally, many participants had questions on these matters. Participants who were concerned for the horses' welfare were offered additional information on the care and capabilities of the horses at the end of the survey. A number of participants were found to feel differently about the use of horses for the VHHT once they knew more about their care, work and capabilities.

Surveys were conducted with individuals, pairs and groups of adults 18 years and over. From the 208 surveys conducted, 20% of participants had ridden on the VHHT the day of their survey for the first time and 22% of participants had never ridden on the VHHT. The remaining 58% of participants had ridden on the VHHT at

least once previously (see figure 4). Of the participants who had ridden the VHHT at least once previously, 19% were returning travellers, having ridden the VHHT on the day of their survey participation. 14% of participants who had not yet ridden on the VHHT on the day of their survey participation were undecided as to whether or not they would ride the tram that day or had just purchased tickets.



**Figure 4. Breakdown of VHHT Survey Participants**

Results of the tourists' surveys can be considered in several categories, these will now be discussed, with a key finding and recommendation given for each.

### 3.3.1 Praise for the VHHT

The descriptions selected by survey participants of the VHHT were overwhelmingly positive. From a list of descriptors, from which participants could choose multiple, the VHHT was most frequently described by those who had ridden the tram that day as scenic (65%), fun (56%) and historic (47%).

When asked to describe what was good about their VHHT experience participants commented on the pace, view, experience of nature and enjoyment of their children on the VHHT. For example, 'relaxing nice & slow to take in the view', 'looking at the sea was relaxing' 'got to see everything around, scenic. Relaxing and staff were very friendly', 'Just the views, I like nature. [It was a] relaxing view', 'Sitting up the top, we saw some sting rays. Visited the cafe on the island. The staff were amazing. We loved talking to the horses.'

For a number of children, it was the first time they had seen or patted a horse. Parents and grandparents in particular, reflected their children's responses, and enjoyment of the horse tram; '[it was] fun especially for my daughter. It was her first time seeing the horses'; 'Excited to see my grandson's face on his first ride today. I remember as a child how fun it was'; and 'Just seeing it through my granddaughter's eyes. I can't walk it anymore, so it is wheelchair friendly'.

Some people were surprised to see it when they arrived never having seen anything like it, for example, '[I have] never been on a horse tram before, [it is] something different'. One participant described the VHHT as so important that it was, 'holding Victor Harbor heritage together'. Another visitor said they were 'showing my friend around who particularly wanted to come see this. They saw it in TV a long time ago. We are here especially for the tram'.

For some participants, taking the VHHT across the Cause way was a practical option, the VHHT 'saved the children's legs and the parents sanity and kids liked the horse'; 'saved us walking on a hot day' and 'took us less time than to walk'.

When asked if participants had any other comments or feedback for the VHHT at the end of the survey, comments made were very positive about the staff, including their friendliness, ability to accommodate prams and wheelchairs and their care and treatment for the horses. One participant who was considering travelling on the VHHT that day and had travelled in the past, spoke fondly of the staff, commenting, 'I love that they let you touch them. They happily let you ask questions and learn about the horses. If it wasn't a personal experience, we probably wouldn't bother'.

Praise for the VHHT demonstrates how highly the VHHT is regarded in Victor Harbor and how loved the experience is, particularly for families. The horses and staff, and historic experience, as well as the natural environment were found to be fundamental in ensuring this positive experience. It will be important for VHHT to maintain and even increase their customer service level to ensure the VHHT continues to remain an attraction of interest to tourists.

### 3.3.2 VIP Experiences

Over half the participants surveyed expressed interest in a VIP experience visiting the horses at their stables. The researcher observed throughout the survey data collection that these responses were particularly strong for families with school aged children.

This demonstrates that as well as private and business group VIP days, that VIP and behind the scenes experiences for families and birthday parties might be an option. The price point may need to be considered to ensure it is accessible for families. A meet the horses and tour their home might form a small package that is of interest during the school holidays.

### 3.3.3 Criticism and Feedback for Improvements

Survey participants were generally positive regarding their experience of the VHHT. For example, no one who rode the VHHT that day or reported riding in the past, considered the tram to be impractical, boring, unreliable or poor quality (a sample of negative descriptors available to choose from a question where multiple responses could be selected). Though there were twelve (6%) participants in total who described the VHHT as being overpriced.

Participants who had travelled on the VHHT that day or could recall their experience travelling in the last five years were asked if there was anything that might have improved their experience. The most frequent

suggestions for improved experience were the steepness of the stairs, though many acknowledged that this was difficult to avoid due to the heritage nature of the tram.

The next most commonly suggested improvements were regarding the frequency of the VHHT and disappointment with the cafe being closed on Granite Island. Additional suggestions were made related to the frequency and scheduling of the VHHT which could support this issue, these include, allowing passengers to pre-book, which is already under consideration by the VHHT, displaying a clearer timetable, a guide on what to do and how long to allow to explore Granite Island. Some passengers complained of a long wait in line or a long wait until the VHHT began moving once on board. Others commented on the lack of shelter from the sun while waiting in line. Two factors which an online pre-booking system could assist with.

In addition to the cafe being closed on Granite Island there were several other comments related to Granite Island which, while outside of the VHHT control, reflected back on VHHT. This emphasises how customers of the VHHT, see the VHHT, Causeway and Granite Island as one experience in Victor Harbor. In total 13 participants made comments about Granite Island. Other comments made on Granite Island included interest in information on the Little Penguins and lack of penguin tours, lack of things to do on Granite Island and further back the chair lift which was operating on Granite Island from 1964 to 1996.

Some participants reported that someone giving information on the tram would be useful, pointing out the sights and landmarks and history of the tram. Whenever this was mentioned by a participant within a group taking the survey, it was enthusiastically agreed upon by others in the group.

Similar feedback and themes were raised when participants were asked, towards the end of the survey if they had any additional comments or feedback for the VHHT. In addition to receiving the feedback outline above, many participants had questions regarding the VHHT, Granite Island and the Causeway. When given the opportunity to ask question tourists were enthusiastic in seeking information.

Feedback from tourists through the surveys can be helpful for the VHHT to improve the booking and timetabling aspects of customer service as well as considering how to add more value to the experience such as through a short tour style presentation on the VHHT. Finally, the VHHT is often viewed as a single tourism experience with the Causeway and Granite Island and additional collaboration between stakeholders of the three attractions would likely be beneficial.

#### 3.3.4 Value for Money

During the period which the survey was conducted, there was a price increase to VHHT tickets and annual memberships. There was little change in responses to survey questions regarding the price or value for money, before and after the price change. Prior to the price increase, 35% of participants stated they would be willing to pay more for a ride on the VHHT, after the increase 22% were willing to pay more. The survey results showed that there was no significant difference in the rating of the prices of those who rode the VHHT that day and those who did not, though price was a specified as a reason for eight out of 102 (7.85%) survey participants for choosing not to ride on the VHHT that day. The price increase was also in line with the price increase suggested of a few to \$5 by participants who were supportive of an increase. Several interstate participants commented that the prices were very reasonable compared to Sydney or Melbourne prices.

Participant survey responses regarding the value for money of the VHHT provide support the increase in the rise of the VHHT ticket prices.

### 3.3.5 Encouraging Return Travellers

Participants who had ridden the VHHT previously but chose not to the day of their survey, frequently gave the reason that they wanted to exercise or walk across the Causeway to Granite Island. Other common reasons given included not visiting Granite Island that day, and the timing of the VHHT schedule did not suit their schedule. 76% of participants who were returning passengers of the VHHT stated that one of their main activities while visiting Victor was the VHHT or Granite Island.

A number of participants mentioned that the VHHT was not something they would do every time they visited. Instead, they would choose to do it at meaningful ages of their children, the cost of the VHHT was a reason given for this. There was general feedback that a ride on the VHHT while unique and iconic to Victor Harbor was a tourist novelty. Indeed, a handful of participants noted it was a 'bit too touristy'.

With a lack of an international tourist market for likely the next 12 months, maybe longer, and a possibly unpredictable interstate market, it is important that the VHHT seeks ways to engage its local market and consider strategies to encourage return passengers and for locals, whether they be local to Victor Harbor, the region or Adelaide, to include a ride on the VHHT as something they do when they visit Victor and tell their family and friends about. This could include collaborating with aged care facilities, retirement villages, schools and playgroups. This may also help re-engage the local community with tourism in the CVH which the community previously had more involvement in (Interview 9). In the past the VHHT was supported by a number of volunteers which have declined over the years (Interview 9 and 13). Re-engaging volunteers again may help to build links between the community and the VHHT while assisting in keeping running costs low.

## 3.4 Interviews with Key Stakeholders

As part of this research, 19 semi-structured, in-depth interviews were conducted with key stakeholders of the VHHT. Invitations were emailed to a number of stakeholders which included both staff and elected members of the CVH, VHHT management and board members, local business owners and representatives from regional and state tourism organisations. When possible, interviews were conducted in person in the CVH, otherwise they were conducted over the phone or zoom. One participant provided written responses instead of a conversational interview. Not all participants or organisations invited, agreed or responded to participate in an interview. Interviews were conducted in March, except for one interview which took place in early April. To ensure anonymity of interview participants, they are referred to by interview number in the reporting and discussion of results below.

Four key themes can be drawn from the interviews conducted with key stakeholders of the VHHT. These include the positive image the VHHT projects into the community, concerns and challenges for the VHHT, information that related to Victor Harbor (for example, CVH, other tourist attractions, organisations or specific businesses) and potential opportunities for the VHHT. While some key stakeholders were at times

critical of the VHHT in their interviews, their responses provide constructive insights for the VHHT. Additionally, the themes drawn from the interviews were largely consistent across interview participants.

This next section will discuss each of the themes drawn from the interviews and summarise with a key finding and recommendation for the VHHT.

### 3.4.1 Positive Image of the VHHT

All interview participants thought highly of the VHHT, it was described using positive imagery and descriptors such as ‘an icon of SA and Victor Harbor’ (Interview 18) and as ‘one of the biggest tourism drawcards’ (Interview 4). The VHHT was viewed as important for the CVH and was described as a ‘unique attraction...[that] appeals to a pretty wide market’ (Interview 2). The VHHT was also highly valued as part of Victor Harbor’s history (Interviews 1, 4, 6, and 13) and formed important links with the other historic and functioning tourist attractions, including the SteamRanger Heritage Railway, Oscar Wilde Paddle Boat and National Heritage Trust (Interview 4)<sup>4</sup>. It was also noted that the VHHT has been used as a key image for the CVH and has featured on many marketing and promotional materials (Interview 7 and 8). The VHHT is considered to provide ‘an affordable, family friendly, unique activity for visitors. If visitors have things to do, they will spend more time and more money. The VH [Victor Harbor] Horse Tram is iconic for Victor Harbor’ (Interview 19).

Additionally, the VHHT was seen as an asset for the environment focussed direction of the CVH. This perspective among interview participants was due to the VHHT being an ‘eco-friendly mode of transport’ (Interview 12), that ‘is not run by fuel’ (Interview 4) and moves at a pace that ‘allows you to take in your surroundings’ (Interview 7). The VHHT was also reported to be an icon recognised in some places overseas (Interview 1 and 4).

12 of the 19 interview participants believed the VHHT was among the three most important tourist attractions in Victor Harbor. The remaining participants generally considered the VHHT, and Causeway combined, to be a key tourist attraction.

Interview participants generally found the VHHT to be an important part of Victor Harbor in preserving history and for tourism and is fitting with then natural focus that the CVH and BVH is focussed on for living and visiting Victor Harbor (Business Victor Harbor 2021; City of Victor Harbor 2020a).

### 3.4.2 Concerns and Challenges for the VHHT

There were a number of concerns and challenges highlighted for the VHHT in the interviews. The implications of COVID-19 are an obvious challenge to all businesses, especially tourist driven businesses such as the VHHT. While some businesses have noticed a ‘surge in demand from regional tourism due to COVID-19’ (Interview 10), particularly over the 2020/21 Summer holidays, this regional surge has been experienced for the VHHT until Easter 2021. The international tourist market was a huge component of the Victor Harbor and the VHHT’s market, ‘we don’t know how our market is going to be, [we] lack a domestic market [which] is all year

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<sup>4</sup> Also emphasised in conversation with a representative from the SteamRanger Heritage Railway.

round. Migrant families have increased which has helped maintain visitor levels' (Interview 12) but review of the VHHT's ticket sales show it has not replaced the international market entirely, there is a need to 'build the domestic market' (Interview 12).

One significant concern for the VHHT is the condition of the existing Causeway, which has had lengthy closures to pedestrians and the VHHT at times over the last several years, one interview participant noted an 'unsettling' affect the closure of the Causeway had on the town (Interview 3). Closures have been reported to have varying impacts on businesses, with some more affected than others, those affected most significantly were reported to the VHHT itself, Oceanic Tuna and the Cafe on Granite Island (Interviews 3, 4, 5, 6, 7, 8, 11, 15 and 18)(VHHTA 2020). While a new Causeway commenced construction in March 2021 and will include a new track for the VHHT, it is unknown how much the construction may interfere with the day to day running of the VHHT. This concern was expressed in several interviews but with the understanding that the new Causeway is 'integral for future tourism' in Victor Harbor (Interview 4).

The VHHT also faces challenges in its business model, currently it is reported to be 'too inwardly focussed' (Interview 14) something that this participant considered much of business in Victor Harbor to be, another tourism specialist within the region considered Victor Harbor businesses to be lacking in self-promotion, tourism development and collaboration across the region (Interview 5).

The need for the VHHT to diversify its services was a reoccurring theme among key stakeholder interviews. Currently the VHHT is limited to 'bums on seats' (Interview 4) and therefore, it is 'important for the board to add value' (Interview 4) and build 'a sustainable business model' (Interviews 8 and 16). While a 'bums on seats' model will always limit the income a transport service is able to generate, this has however, had more significant implications due to social distancing requirements of COVID-19 and the current Causeway weight limits, a result of the condition of the existing Causeway. Interviews with key VHHT board and staff management indicate the that diversifying the VHHT services and income streams is vital to its continuing operations. This includes a new stable development which will have the capacity to host VIP experiences with the horses and equine therapy services. A second issue raised in numerous interviews, including by VHHT management, highlighted the need for online and pre-booking options (Interview 2, and 17) and increased private group bookings (Interview 1). This may also reduce the phone calls VHHT staff report often receiving enquiring after the availability of the VHHT.

While interview participants were supportive of the operations of the VHHT, they did raise concerns of the challenge the VHHT had in 'overcoming public perceptions' (Interview 13). These public perceptions could be separated into two categories, the perception that horses should not be used for the operation of the tram (Interviews 2, 15, 18) and that the VHHT should not be subsidised by CVH and rate payers (Interview 1) or should not be supported to the extent that is currently is (Interview 14 and 16). The need for consistent branding and messaging was another aspect of the VHHT's image reported by interview participants as important for review (Interviews 8 and 14). For example, one interview participant noted that, 'most of the community struggles to see the value [of the VHHT] unless you are in the immediate vicinity' (Interview 7).

The VHHT is aware of these concerns and challenges, as well as that some of the challenges are reliant on the successful and timely completion of the new Causeway, new stable development and for state borders to remain open, with the understanding that international tourist travel can no longer be relied upon. This period could be used to consolidate branding and messaging both locally and across Australia and sustainable business model in addition to building a domestic tourist market.



### 3.4.3 Victor Harbor and the VHHT

Interviews included questions more broadly on Victor Harbor to better understand how the town and community the VHHT is part of, functions. Victor Harbor was described as in a 'transition phase' (Interview 11). There was an emphasis across the interviews that some of the challenges faced by the VHHT are not unique and are similar across other businesses in Victor Harbor and for the Council. For example, some resistance to economic and community growth has been experienced within the town but some respondents felt that this was fruitless as one participant described 'tourists are coming whether Victor Harbor likes it or not, so they need to embrace it' (Interview 15). Another participant suggested that more needs to be done across the town, not only by the VHHT, to raise the profile of the town to truly benefit from tourism, to 'become more than just a day trip destination to increase the economic spend' (Interview 3). Some suggestions in interviews related to tourism include, 'having a place to go that takes all day to do it, [it needs to be] memorable and will encourage people to stay for longer' (Interview 1), 'more community involvement in tourism' (Interview 9), people and organisations who are 'serious about running a tourism business' (Interview 8), 'bookable experiences' (Interview 2). The need to improve collaboration and provide a higher quality of service across tourism, hospitably and accommodation was also highlighted (Interview 3, 5, 6, 7, 8, 14).

One reoccurring topic related to the theme of Victor Harbor and the VHHT was the uniqueness and accessibility of Granite Island, via the Causeway and how the three are often seen as one attraction. With the new Causeway underway, the establishment of the VHHT as an authority in October 2018 and recruitment of the current board in March 2019 followed by the appointment of the General Manager, interview participants had confidence that the VHHT had the management to progress forward. Granite Island, however, was described as a 'missing link' (Interview 7). With the perception that the value of the VHHT was restricted if there was little to do on Granite Island and that it was a 'mismanaged and underutilised resource' (Interview 14). The need for a Granite Island Master Plan or similar was highlighted to accompany the new Causeway and VHHT redevelopment (Interview 1, 7, 8, 10, 14 and 17).<sup>5</sup>

The need for additional high quality five and six-star accommodation was expressed in numerous interviews (Interview 3, 8, 10, 11 and 15), including from existing accommodation providers interviewed. It was expected the Anchorage Hotel development would provide a considerable boost to high quality tourist accommodation and result in a boost to the local economy and tourist attractions. The Anchorage development includes a conference centre which is hoped to increase visitors to Victor Harbor during the winter months (Interview 1).

### 3.4.4 Opportunities for the VHHT

The final theme drawn from the interviews was the potential opportunities available to the VHHT and even the CVH and business community. This theme will be discussed in more detail in the discussion of results, but it is understood by key stakeholders, that the construction of the new Causeway has generated more interest in the region and is believed to be 'integral to the future of tourism [in Victor Harbor]' (Interview 4). Numerous interview participants mentioned the need for tourism attractions which provide a longer experience for tourists (Interview 1, 5 and 8) and special events. To fill this gap the VHHT, for example, could

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<sup>5</sup> Community consultation for the Master Plan for Granite Island commenced in April 2021 after the completion of the interviews.

offer twilight rides in the summer months (Interview 1 and 6). Offering tourist services in the evening or night-time may increase overnight stays and therefore increase tourism expenditure. During one interview, an example was given of Steamtown in Peterborough.<sup>6</sup> Steamtown is a night-time sound and light show reported to have attracted a significant boost to Peterborough's local economy as it encouraged people to stay overnight and use more businesses and services the town had to offer during the day, it became a town to stop at overnight, rather than a town to pass through (Interview 5). There is also an opportunity to develop a new market in domestic tourism, as a result of Australia's borders being close for residents to travel internationally. The opportunities for the VHHT will be discussed more extensively in section 4, Discussion of Results.

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<sup>6</sup>Steamtown in Peterborough - <https://www.steamtown.com.au/>

## 4 Discussion of Results

In the first stage of this research, the literature was examined to understand the nature of heritage tourist attractions and the economic development derived from similar types of tourism and how this was analysed. The following stages of research included data collection and analysis, of the economic contribution of the VHHT to the region, tourist surveys and interviews with key stakeholders of the VHHT. This next section provides a discussion of these results, referring back to the literature, when necessary, before closing with key findings and several recommendations for the VHHT based on the research conducted.

The calculation of economic contribution illustrates that while the VHHT is not currently financially profitable as an individual business, it does attract tourism dollars in the range of \$1,153,898 to \$1,675,351 annually into Victor Harbor. Therefore, providing the CVH with a significant return of approximately four times its investment. This is considered a conservative estimate and outweighs the costs of the VHHT to the CVH, four to one. It is likely that other businesses in Victor Harbor would struggle if the tram was to be discontinued. Beyond the tourist dollars the VHHT attracts, it provides a vital service to the CVH providing a greater level of accessibility to Granite Island than would otherwise be possible – opening up new markets – families with small children, older persons, international visitors – and the disappearance of these markets in the longer term would reshape the tourism offer in Victor Harbor. In the absence of the VHHT, the CVH would likely still need to fund a mode of transport to Granite Island, and it is likely this would be less consistent with the City's values and image. Currently the only alternative transport is a private Peninsula Taxi booking which involves a surcharge due to the time it takes to travel the Causeway.

There is no doubt from this research, that the VHHT is valued because of the historic relevance it holds. The VHHT holds historic significance both as an individual tourist attraction and as part of a historic or heritage cluster, along with the SteamRanger Heritage Railway, Oscar Wilde Paddle Boat and National Heritage Trust. Tourism clusters have been shown in the research to be beneficial to each other and local economies when they meet certain requirements such as co-operative competition (Lade 2006).

Some research has found that visitors to heritage sites, spend more and stay longer (TTF 2017). This consistent for the VHHT with one interview participant reporting that for their business, the 'tourism spenders were on the horse tram' (Interview 15). A repeated theme in both the tourist surveys and interviews conducted, highlighted the significance of the VHHT running in the 21<sup>st</sup> century. This included the increasingly rare demonstration of horses working and a valuable childhood experiences shared across generations within families. Some tourist survey participant groups included up to four generations, one group included a great grandparent who recalled travelling on the VHHT when they were a child and were now sharing the VHHT experience with their child, grandchildren, and a great-grandchild. While this value is inherent to the VHHT, its significance should still be documented as per the Australian and international best practises (Foster, S & Jones 2020; Heritage Collections Council 2001). Additionally, recognition by organisations such as the National Trust could be considered to formalise its place as a heritage asset and attraction for the CVH.

Not only does the VHHT provide economic and historic value to the CVH, but it was also found through surveys with tourists and interviews with key stakeholders to be an important part of the identity of the CVH. Though the research shows that a historic tourist attraction being loved in the community is not enough to ensure viability (McKercher 2001), the restructure of VHHT management and implementation of a board in 2019 to oversee the strategic direction to work towards growth and sustainability of the VHHT demonstrate that the VHHT is not relying on love in the community alone.

In addition to demonstrating the value of the VHHT, surveys with tourists also uncovered some helpful feedback and opportunities for the VHHT to consider or re-consider. For example, the number of questions asked by participants during or after the survey may indicate the need for additional information to be available on the VHHT and construction of the new Causeway. During the conduct of the research, it seemed that visitors were seeking information but found signage lacking or confusing, both on the Mainland and Granite Island, for the VHHT and Victor Harbor more generally. The VHHT while not responsible for all signage in the area, is responsible for its own and for ensuring passengers and potential passengers are not left confused. Plans are under consideration for new offices for the VHHT and visitor centre which will help address this.

In several interviews the failure of appropriate management of Granite Island was highlighted. Granite Island was described as a 'missing link' (Interview 7), however, positionally speaking Granite Island is more like a 'dead end'. During the research it was observed that many tourists travelled on the VHHT to reach Granite Island and then immediately returned to the mainland on the next available Tram or stopped only for a short time at the café. The outcomes of the Granite Island Masterplan, which is currently underway, should hopefully revitalise the Island and enhance the overall experience of travelling across the Causeway on the VHHT to explore Granite Island.

Questions from tourists also suggest the need for the drivers to provide a short presentation and provide a tour service, as opposed to merely a form of transport. This was also strongly suggested by some survey participants and in the Interviews (Interview 13 and 14). While the drivers were praised for their friendliness and care of the horses and ability to answer questions posed, there is an opportunity to greatly increase the value of the VHHT by providing a more holistic tourist experience. This could be an example for the VHHT providing a higher level of service known to generate greater economic return (Beer & Clower 2020). It would be important to make the presentation short, make it available for both upstairs and downstairs, while allowing time for a couple of questions and plenty of time for passengers to enjoy the relaxing, slow paced scenery, which was so often praised. Based on the questions received from tourists and observations made while conducting the research, one of the two tram drivers could act as a tour guide and provide a short presentation to passengers (top and bottom separately) at the start of each ride. They could share a little about the history, the work and wellbeing of the horses and the landmarks within view of the tram. Presently, they could also point out the construction of the new Causeway. The VHHT is positioned well to provide a relaxing and educational experience, something which is currently lacking in the area with the temporary closure of other educational activities such as the Penguin Centre, Whale Centre and Victor Oceanic. This does place additional requirements on staff but can be seen as an opportunity to begin to develop staff capabilities for the proposed VIP experiences to be offered at the stable redevelopment. Providing materials based on the tour given (hard copy handout or website link) in English and other languages should be considered to provide greater accessibility, especially once international borders reopen.

Tourists seeking information about the horses and their work provides some encouragement for the development of VIP experiences with the horses. 56 % of survey participants when asked also responded that they would be interested in meeting the horses at their stables, interacting and learning more about them.

During the surveys, visitors who had grown up in South Australia, were often surprised that the VHHT was still running. One participant commented that they, 'heard the Mayor talking about the new Causeway on the radio talking and decided to visit Victor'. The new Causeway is expected to receive continuing media attention, especially as it approaches completion which will provide the VHHT with good exposure. In the

meantime, seeking out ways to continue to add value to the VHHT experience and promote their services will be important to remind people that despite construction of the new Causeway the VHHT is still operational.

Throughout the interviews numerous opportunities were presented for the VHHT and CVH as a town. Perhaps the biggest opportunity for the VHHT raised in the interviews was the construction of the new Causeway. Not only will the new Causeway allow for a more reliable service, being less susceptible to high winds, and more available to private group bookings, investment by the state government in the Causeway has drawn interest from other areas, directed more attention and funding to Victor Harbor and Granite Island. It is recognised that there is an 'opportunity for better cooperation for a better experience [across the businesses operation from Granite Island and the Causeway]' (Interview 17).

Across the interviews and surveys, a number of participants reported the value of the VHHT in providing a demonstration of animals at work (Interviews 1, 13, 15). People have had a long and strong relationship with dogs and horses in particular and the operation of the VHHT shows the use of Clydesdales in their element. Other survey participants raised concerns regarding the treatment of the horses. Many had questions, which was addressed in some of the signage around the VHHT yards but was not always read. Even some passengers who willingly took a VHHT ride expressed their concerns afterwards. A brief introduction of the horse and their work as part of a short tour offering at the start of each tram ride may help improve these perceptions for the VHHT. One interview participant summarised this well in stating,

'it is vital to keep the marketing message for the tram environmentally focussed. Public are generally torn over the historical significance, and the 'animals on show' factor. It will be a subtle marketing strategy that will win, and important for the horse trams future. If this can be done well, then the attraction will continue to be a significant part of the Victor Harbor landscape. But the feeling I have is that public opinion can be fickle. A drive to ensure that the horse tram is more than just Clydesdales towing people across a Causeway is vital' (Interview 2).

Increased collaboration and community involvement, as suggested in stakeholder interviews, is under consideration by the VHHT Authority. As a CVH Subsidiary and long-term tourism asset the VHHT has the potential to provide additional value to Victor Harbor as a leader in the tourism and business community. As of February 2021, the VHHT became a member of BVH, and the GM has participated in the Fleurieu Future Leaders Program (2020-21). The VHHT has in place a Sponsorship Policy which it intends to put into practise as the new Causeway nears competition, after a COVID-19 induced delay.

## 5 Conclusion

Through discussions with VHHT management, key stakeholder interviews and tourist surveys it can be determined that the VHHT is highly valued and has numerous opportunities available to add value as a tourist attraction and to increase economic activity in Victor Harbor. The VHHT can be summarised as being valuable to Victor Harbor in a number of ways. First, the VHHT provides a significant economic contribution to Victor Harbor, estimated to be between \$1,153,898 and \$1,675,351 per year, generated despite challenging circumstances. Second, is the value it holds as an iconic historic tourist attraction. Not only is the VHHT and its journey to Granite Island via the Causeway a novelty, seen nowhere else in the world, it connects multiple tourist attractions. From passengers riding on a 1900s era tram cart, across a Causeway to access to a free entry Granite Island National Park. The VHHT also forms part of one of the longest running public railways (Bird, Wilson & Bunker 1999). The VHHT is considered iconic to the region and is one of several historic and heritage tourist attractions within the region. Together these form a unique heritage trail. Finally, the importance and pride in the VHHT, as an asset of Victor Harbor, were expressed strongly in the interviews with key stakeholders and tourist survey participants, especially those who were local to SA and enjoyed seeing the VHHT continue to operate. 'The horse tram is part of our history, our culture, it is part of nature and the connection with Granite Island' (Interview 17).

The VHHT has the opportunity to take a historic attraction and modernise the way it provides its service. For example, the VHHT can provide a heritage experience, made possible via online booking systems and value add through allowing people to experience the benefits of Equine Therapy and enjoy VIP and behind the scenes experiences to better understand horses and the history of the VHHT and working horses. More importantly however, for the VHHT to prove its value as a tourist attraction, not only economic value, it is important to consider the services it provides and make it more than just a ride on the VHHT, to consider making it a full tourist experience. Transforming the tram ride to include a tour or educational component would demonstrate the VHHT's ability to provide a next level tourist service considered missing by some interview participants in Victor Harbor (Interview 14), assist with branding and messaging (Interview 2 and 8) and prepare staff for the visitor experience required of VIP and heritage experiences.

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