



7 September 2021

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File Ref: GOV9.14.041

Dear Board Member

NOTICE OF MEETING

Notice is hereby given pursuant to the Victor Harbor Horse Tram Authority Charter and Section 87(4) of the Local Government Act, 1999, as amended that a meeting for the **Victor Harbor Horse Tram Authority** has been called for:-

DATE: Wednesday, 8 September 2021

TIME: 12pm

PLACE: Via Zoom

Please find enclosed a copy of the Agenda for the meeting.

Yours faithfully

Megan Whibley
General Manager

Victor Harbor Horse Tram Authority

Please be advised that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.

1. Open Meeting/Welcome

2. Attendance

Nigel Catt (Chair)
Cr Carol Schofield AM
Rachel Kennedy
Natasha Hunt
Paul Brown

Megan Whibley (General Manager VHHTA)
Tamar Herron (Minute Secretary VHHTA)

Vicki Hutchinson | Acting Director Corporate & Customer

3. Apologies

Nil

4. Reports for Decision

4.1	General Manager Annual Performance Review	3
4.2	Authorisation to Sign 2020/21 Certification of Financial Statements	6
4.3	Draft Annual Report 2020/21	25

Next Meeting

Tuesday 12 October 2021, 3pm – Encounter Room

Meeting Close

Please be advised

- *That filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.*

- *To comply with COVID-19 physical distancing requirements, places in the public gallery are limited and will be filled on a 'first in' basis.*

Meeting **Victor Harbor Horse Tram Authority**
Date **8 September 2021**
From **Megan Whibley**
Subject **General Manager Annual Performance Review**
Report Number **4.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority receive and note the General Manager Annual Performance Review report.**
- 2. That the Victor Harbor Horse Tram Authority endorse the General Manager Annual Performance Review Report.**
- 3. That the Victor Harbor Horse Tram Authority endorse a 2% wage increase for the General Manager back dated and back paid from the 1 July 2020 as in accordance with the Enterprise Bargaining Agreements, and further endorse a 2% wage increase for the General Manager from 1 July 2021.**

INFORMATION

Purpose

To endorse the annual performance review of the General Manager, and to endorse a 2% wage increase for the General Manager from 1 July 2020 and to endorse a further 2% wage increase as from 1 July 2021 so as to comply with the Enterprise Bargaining Agreement for the Victor Harbor Horse Tram Authority staff.

Background

In accordance with the General Manager employment contract, the Board must conduct an annual performance review of the incumbent. Further, the Victor Harbor Horse Tram Authority Charter (the Charter) at section 2.3.3 requires the Board to monitor, oversee and measure the performance of the General Manager.

The Enterprise Bargaining Agreement States at section 32 that the Victor Harbor Horse Tram Authority employees will receive a 2% wage increase on 1 July every year.

Commentary

The General Manager commenced her role with the Victor Harbor Horse Tram Authority (VHTHA) on 3 June 2019. An annual performance review was undertaken by the VHTHA by 3 Dec 2019. The Board are required to undertake this review.

The following process was used by the Board when assessing the General Managers performance;

Who:

- Chair + one other Board member

When:

- Review to occur annually in accordance with the General Manager's employee contract, with a report of outcomes and recommendations provided to the Board for their endorsement at the following Board meeting.

What:

- Assessment of performance against General Manager KPIs and Position Description for the 12 month period.
- Opportunity for input of performance by City of Victor Harbor and other Board members through a process determined by the review panel
- Recommending of new KPIs for the next 12 months
- Report of performance review outcomes and recommendations to be prepared and provided for consideration and endorsement by Board at the September 2021 VHHTA Special Board meeting.

The General Manager's annual performance review was undertaken by Nigel Catt (Chair) and Board Member Rachel Kennedy. The assessment is provided at attachment A.

It was discussed at the performance review that the General Manager should have received a 2% wage increase on 1 July 2020 and that this had been overlooked. It is necessary to be back paid so as to comply with s32 of the VHHTA Enterprise Bargaining Agreement. In addition to this the General Manager is to receive a further 2% wage increase from 1 July 2021.

RISK ASSESSMENT

Corporate Governance – The Board have a responsibility in accordance with the Charter to manage the performance of the General Manager, and to conduct the annual performance review. This is assessed as **low**.

REFERENCES

Victor Harbor Horse Tram General Manager Employment Contract
Victor Harbor Horse Tram Authority Enterprise Bargaining Agreement
VHHTA Charter

BUDGET IMPLICATIONS

There will be an increase in staff wages for the 2021/22 VHHTA operating budget due to the back payment of underpaid wages to the General Manager at a cost of \$1914.18 including on costs. The 1 July 2020 2% wage increase should have been paid out of the

2020/21 operating budget. There are sufficient funds in the salary wages provision line 409 for this purpose that will cover this payment. No additional extra funds are required sought.

Capital / Assets KPIs						
Capital works	Develop and implement new stable and grazing facilities	Aim for completion by June 30 2021	Aim for completion by June 30 2021	Good progress within constraints		
Asset Mgt.	Ensure assets are maintained	State of assets	Maintenance schedule up to date and assets in good order	Achieved	Focus on tram restoration in 2021 - Tram 3 upgraded.	
Operational	Monitor negotiation with SA Water for horse paddocks	Liaise with council	Presentation to board of maintenance scheduling and record of all assets	Completed	Council gifting and leasing new assets to tram so will be bigger focus in future. Ensure budget meets ongoing maintenance issues	
Operational	Complete Service Level Agreement with City of Victor Harbor charter update, GM Contract, Section 42 sub committee review	Charter update June, SLA by Dec 2020	Liaise with council	Not complete but with council and near complete		GM - 2% growth + car
Operational	Monthly track monitoring	Report to board quarterly and or as needed (where issues)	Report to board quarterly and or as needed (where issues)	Ongoing in GVM reports as required - currently obsolete		To be schedule with budget reviews
RISK STRATEGY	DETAIL AND FORMALISE RISK STRATEGY WITH AUDIT COMMITTEE			risk workshop booked		
Planning for future	Develop business model for Behind scenes / VIP			achieved		
	Secure land for horses / future operations			Successful completed		
	Develop skills - own and team	Training budget spent / courses attended	Training budget spent / courses attended	Successful completed		Flureau futures leader - skills and network
	Refurbish office - plan, budget and action			Well under way		
Specific to existing year KPIs						
New causeway transition	Training plan for new causeway			Achieved yet ongoing		
	Developing budgets - staff implication plan			Achieved yet ongoing		
	Communicate with stakeholders - Govc, council			Achieved yet ongoing		
Covid 19	Investigate job keepers for staff	Mid May	Mid May	Completed		
Covid 19	Develop a plan for re-start post Covid including scenario planning	Mid May	Mid May	Achieved yet ongoing		
Covid 19 and causeway/our closure	Budget review talking in to account Covid 19+ causeway/our closure	Mid May	Mid May	Achieved yet ongoing		



Meeting	Victor Harbor Horse Tram Authority
Date	8 September 2021
From	Megan Whibley
Subject	Authorisation to Sign 2020/21 Certification of Financial Statements
Report Number	4.2

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority receive and note the Authorisation to Sign 2020/21 Certification of Financial Statements report.**
- 2. That the Victor Harbor Horse Tram Authority Board authorise the Chair, Mr Nigel Catt, to sign the Victor Harbor Horse Tram Authority certification of annual financial statements for the year ended 30 June 2021, as provided at Attachment A to this report, on behalf of the Authority.**

INFORMATION

Purpose

To authorise Board Chair, Mr Nigel Catt, to sign the certification of annual financial statements for the year ended 30 June 2021 on behalf of the Victor Harbor Horse Tram Authority.

Background

Section 14 of the Local Government (Financial Management) states that;

The financial statements of a council, council subsidiary or regional subsidiary must include a statement, in a form determined by the Minister, signed by—

- (b) in the case of council subsidiary or regional subsidiary—the chair of the board of management; and
- (g)(ii) in the case of council subsidiary or regional subsidiary—the chair, have been authorised by the council, council subsidiary or regional subsidiary (as the case may be) to certify the annual financial statements in their final form.

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as the Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Commentary

Galpins Accountants, Auditors & Business Consultants (Galpins) were engaged to perform an audit on the Victor Harbor Horse Tram Authority 2020/21 financial statements. They have completed their audit of these financial statements and indicated their intention to issue an unmodified report for the financial statements.

Galpins have indicated that their final independent auditor's report on the financial report will be issued upon receipt of the final financial report containing the signed certification of financial statements and the signed certification of audit independence.

Board endorsement is sought to give the Board chair authorisation to sign these documents on behalf of the Authority. The document for signature (certification of financial statements as part of the annual financial statements for the year ended 30 June 2021) is provided at attachment A to this report.

RISK ASSESSMENT

Corporate Governance –The Charter requires the VHHTA to provide audited financial statements to the Council. Board authorisation is required for the chair to sign the certification of financial statements on behalf of the Authority. This risk is assessed as **low**.

REFERENCES

Local Government (Financial Management) Regulations 2011
VHHTA Charter

BUDGET IMPLICATIONS

Excluding endorsed budgeted resources there are no budget implications in authorising the chair to sign the certification of financial statements.

No additional funds are required.

CONSULTATION

VHHTA Board

Galpins Accountants, Auditors & Business Consultants

Kellie Knight-Stacey (Group Manager Governance and Finance CVH)

VICTOR HARBOR HORSE TRAM AUTHORITY

General Purpose Financial Report for the year ended 30 June 2021

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VICTOR HARBOR HORSE TRAM AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021**

CERTIFICATION OF FINANCIAL STATEMENTS

I have been authorised by Victor Harbor Horse Tram Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

.....

General Manager

.....

Nigel Catt-Chairperson

Date:

VICTOR HARBOR HORSE TRAM AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Income			
User charges	2	408	383
Other	2	449	404
Total Income		<u>857</u>	<u>787</u>
Expenses			
Employee costs	3	595	467
Materials, contracts & other expenses	3	269	317
Finance costs		-	-
Depreciation, amortisation & impairment	3	14	-
Total Expenses		<u>878</u>	<u>784</u>
Operating Surplus / (Deficit)		<u>(21)</u>	<u>3</u>
Asset disposal & fair value adjustments		-	-
Amounts received specifically for new/upgraded assets		-	-
Net Surplus / (Deficit)		<u>(21)</u>	<u>3</u>
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>(21)</u>	<u>3</u>

This Statement is to be read in conjunction with the attached Notes.

VICTOR HARBOR HORSE TRAM AUTHORITY

STATEMENT OF FINANCIAL POSITION as at 30 June 2021

Assets	Notes	2021 \$'000	2020 \$'000
			0
Current Assets			
Cash and cash equivalents	4	75	70
Trade & other receivables		31	55
Total Current Assets		<u>106</u>	<u>125</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment		153	-
Total Non-current Assets		<u>153</u>	<u>-</u>
Total Assets		<u>259</u>	<u>125</u>
Liabilities			
Current Liabilities			
Trade & Other Payables	5	67	105
Provisions		46	15
Borrowings		32	-
Total Current Liabilities		<u>145</u>	<u>120</u>
Non-Current Liabilities			
Borrowings		120	-
Provisions		10	-
Total Non-current Liabilities		<u>130</u>	<u>-</u>
Total Liabilities		<u>275</u>	<u>120</u>
Net Assets		<u>(16)</u>	<u>5</u>
Equity			
Accumulated Surplus		(16)	5
Total Equity		<u>(16)</u>	<u>5</u>

This Statement is to be read in conjunction with the attached Notes.

VICTOR HARBOR HORSE TRAM AUTHORITY

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2021

	Accumulated Surplus	Total Equity
	\$'000	\$'000
Balance at start of period - 1 July 2020	5	5
Net Surplus/ (Deficit) for Year	<u>(21)</u>	<u>(21)</u>
Balance at end of period - 30 June 2021	<u><u>(16)</u></u>	<u><u>(16)</u></u>
Balance at start of period - 1 July 2019	2	2
Net Surplus/ (Deficit) for Year	<u>3</u>	<u>3</u>
Balance at end of period - 30 June 2020	<u><u>5</u></u>	<u><u>5</u></u>

This Statement is to be read in conjunction with the attached Notes

VICTOR HARBOR HORSE TRAM AUTHORITY

STATEMENT OF CASH FLOWS
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
Operating receipts from customers		881	732
Investment receipts		-	-
Employee Costs		(574)	(452)
Materials, contracts & other expenses		(302)	(217)
Finance payments		-	-
Net Cash provided by (or used in) Operating Activities	6	<u>5</u>	<u>63</u>
Cash Flows from Investing Activities			
Net Cash provided by (or used in) Investing Activities		<u>-</u>	<u>-</u>
Cash Flows from Financing Activities			
Net Cash provided by (or used in) Financing Activities		<u>-</u>	<u>-</u>
Net Increase (Decrease) in cash held		5	63
Cash & cash equivalents at beginning of period	6	70	7
Cash & cash equivalents at end of period	6	<u><u>75</u></u>	<u><u>70</u></u>

This Statement is to be read in conjunction with the attached Notes

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of THE City of Victor Harbor.

1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards which requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

The Victor Harbor Horse Tram Authority operates as a subsidiary pursuant to the Local Government Act 1999.

These financial statements have been prepared for use by the Constituent Council of the Authority.

3 Income Recognition

The Authority recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficient specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into a transaction where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset that has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 9.

5 Property, Plant & Equipment

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

As at reporting date, the Authority held no property, plant & equipment assets.

All plant and equipment assets deployed to provide services are hired by the Authority from the City of Victor Harbor as/when needed.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received.

Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as the Authority's experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with Superannuation Guarantee Legislation (9.5% in 2020/21; 9.5% in 2019/20). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the Fund's Trustee based on advice for the appointed Actuary. The rate is currently 6.3% (6.3% in 2018/19) of 'superannuation' salary.

In addition, the Authority makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

8 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards. Comparative information has not been amended for any changes to accounting standards.

9 Critical Accounting Estimates and Judgements

The Board evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Authority.

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.

Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 New Accounting Standards

New accounting standards have come into effect as at 1 July 2019. The Authority has assessed that there is no impact to the accounting policies of the Authority as a result of the new requirements under these accounting standards given it has no deferred revenue arrangement nor long-term operating leases in existence.

12 Economic Dependence

The Authority provides horse tram services to the City of Victor Harbor and annually charges a fee to the Council to fund the costs of operating the Authority. The Authority is economically dependent on the Council annually funding the cost of the Authority's operations given insufficient income is generated through other services provided to fund the costs of operating the Authority.

For the 2020/21 financial year, the Council's contributed income accounted for 50.39% (2020: 51.2%) of total Operating Income recorded by the Authority.

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Note 2 - INCOME			
USER CHARGES			
Ticket Sales		382	368
Souvenir Sales		<u>26</u>	<u>15</u>
		<u>408</u>	<u>383</u>
OTHER INCOME			
Council Contributions		415	403
DIT Payment		33	
Donations		<u>1</u>	<u>1</u>
		<u>449</u>	<u>404</u>
Note 3 - EXPENSES			
EMPLOYEE COSTS			
Salaries and Wages		506	420
Employee leave expense		23	(5)
Superannuation		45	43
Workers' Compensation Insurance		6	3
Other		<u>15</u>	<u>6</u>
		<u>595</u>	<u>467</u>
The Authority had 3 full time equivalent employees as at reporting date.			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Auditor's Remuneration		3	-
Board Expenses		12	16
Advertising		1	7
Contractor Labour Costs (including on-costs)		-	-
Equipment Rental		36	44
External Contractors		6	4
Horse & Tram Maintenance Costs		76	111
Insurance		30	28
Other Expenses		36	39
Printing, Stationery & Postage		3	5
Professional services		<u>80</u>	<u>63</u>
		<u>283</u>	<u>317</u>
Note 4 - CURRENT ASSETS			
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		75	70
Deposits at Call		<u>-</u>	<u>-</u>
		<u>75</u>	<u>70</u>

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 5 - LIABILITIES

	Notes	2021 \$'000		2020 \$'000	
		Current	Non-current	Current	Non-current
Trade & Other Payables					
Goods & Services		67	-	105	-
Accrued expenses - other		-	-	-	-
		<u>67</u>	<u>-</u>	<u>105</u>	<u>-</u>
Provisions					
Annual Leave		18	-	6	-
Long Service Leave		37	-	9	-
		<u>55</u>	<u>-</u>	<u>15</u>	<u>-</u>

Note 6 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows

	Notes	2021 \$'000	2020 \$'000
Total cash & equivalent assets	4	75	70
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>75</u>	<u>70</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)		(21)	3
Non-cash items in Income Statement			
Leave provision movement		40	15
		<u>19</u>	<u>18</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		24	(55)
Net increase (decrease) in trade & other payables		(38)	100
Net increase (decrease) in other provisions		-	-
Net Cash provided by (or used in) operations		<u>5</u>	<u>63</u>

(c) Financing Arrangements

The Authority had no additional financing arrangements to disclose.

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 7 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
Short Term Deposits

Terms & conditions: Deposits on Call do not have a maturity period.

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Gate Fees & Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful Associated Charges debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Carrying amount: approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.
Accruals

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

Risk Exposure

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. There is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 7 - FINANCIAL INSTRUMENTS

Liquidity Analysis

	2021	Maturity			Non- interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets		75	-	-	-	75
Receivables		-	-	-	31	31
Total		75	-	-	31	106
Financial Liabilities						
Payables		-	-	-	67	67
Borrowings		-	-	-	-	-
Total		-	-	-	67	67

	2020	Maturity			Non- interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets		70	-	-	-	70
Receivables		-	-	-	55	55
Total		70	-	-	55	125
Financial Liabilities						
Payables		-	-	-	105	105
Borrowings		-	-	-	-	-
Total		-	-	-	105	105

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 8 - COMMITMENTS FOR EXPENDITURE

	Notes	2021 \$'000	2020 \$'000
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Expenditure Commitments

The Authority has no expenditure commitments to disclose.

Note 9 - OPERATING LEASES

Lease payment commitments of Authority

The Authority has no operating lease commitments to disclose.

The Authority has entered into a hire agreement with the City of Victor Harbor for the use of all plant and equipment used in the delivery of horse tram services provided. Set out below are the carrying amount of right of use assets recognized within Infrastructure, Property, Plant and Equipment and the movements during the period.

Right of use assets

	2021 \$'000	2020 \$'000
Initial recognition	166	-
Additions	-	-
Depreciation charge	<u>(14)</u>	<u>-</u>
At 30 June 2021	152	-

Set out below are the carrying amounts of lease liabilities included under interest-bearing loans and borrowings and the movements during the period.

	2021 \$'000	2020 \$'000
Initial recognition	166	-
Payments	<u>(14)</u>	<u>-</u>
At 30 June 2021	152	-

Lease Liabilities are classified as:

	2021 \$'000	2020 \$'000
Current	32	-
Non-current	<u>120</u>	<u>-</u>
Total lease liabilities	152	-

The following are the amounts recognized in the profit and loss statement:

	2021 \$'000	2020 \$'000
Depreciation Expense	14	-
Interest Expense	2	-

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 10 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events that occurred after reporting date that requires to be disclosed.

Note 11 - RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other prescribed officers as defined under Section 112 of the *Local Government Act 1999*. In all, 1 person was paid the following compensation:

	2021 \$'000	2021 \$'000
Salaries, allowances & other short term benefits	0	0
Long term benefits	-	-
TOTAL	0	0

Transactions with Related Parties:

The following transactions occurred with Related Parties

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Victor Harbor	415	31	Provision of Horse Tram services to local community

The Related Parties disclosed is the 100% equity owner of the Authority and are referred to as the Member Council. The Member Council has 100% control and influence on the financial and operating decisions of the Authority.



General Manager Report

Meeting	Victor Harbor Horse Tram Authority
Date	8 September 2021
From	Megan Whibley
Subject	Draft Annual 2020/21 Report
Report Number	4.3

RECOMMENDATION

1. That the Victor Harbor Horse Tram Authority Board receive and note the Draft Annual 2020/21 Report.
2. That the Board endorse the 2020/21 Annual Report as provided at Attachment A and provide the report to Council for approval.

Purpose

The purpose of this report is to present the Draft Annual Report 2020/21 to the Victor Harbor Horse Tram Authority (VHHTA) Board for endorsement.

Background

In accordance with Clause 12 of Schedule 2 of the Local Government Act (the Act) the VHHTA is required to furnish an annual report to the Council. In accordance with the Charter, the VHHTA must provide the report to Council by 30 September each year.

Once endorsed by the Board, the annual report will be presented to the 27 September 2021 Council meeting for Council approval. As a subsidiary of City of Victor Harbor, it is a requirement under the Act that the VHHTA annual report be included with the Council's annual report which is provided to the Minister.

Commentary

A draft 2020/21 annual report has been prepared for endorsement by the Board and is provided with this report at Attachment A. Endorsement by the Board at this meeting will ensure that it can be provided to Council for endorsement at their 27 September 2021 Council meeting.

RISK ASSESSMENT

The risks associated with the recommendation have been assessed as follows:

Corporate Governance –The VHHTA was able to meet the required deadline for providing their annual report to Council. By the board endorsing the annual report 2020/21 at the 8 September 2021 Special board meeting, the annual report will be provided to Council in time for inclusion with the Council's annual report which is scheduled for endorsement at

the November Council meeting. The VHHTA is in a better position than previous years to prepare financial statements in time for the 30 September deadline. The risk is assessed as **low**.

BUDGET IMPLICATIONS

There are no Budget Implications associated with the board receiving and endorsing the Annual Report.



**VICTOR HARBOR
HORSE TRAM AUTHORITY**

2020/21 Annual Report



Victor Harbor Horse Tram Authority Annual Report 2020/21

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Introduction from the Chair

Each year I say this, and this year is no different, it certainly has been another interesting year for the Victor Harbor Horse Tram Authority.

The COVID-19 pandemic has continued to impacted us severely, as it has many other tourism businesses. The Tram Operation has also been impacted by the works on the Plaza and the new causeway, and may have to be suspended in the best interest of the horses the public and our team of operators.

We are still hopeful of receiving grant funding for the new stable complex and visitor experience centre. This development will go a long way to increasing revenue and adding value to the experience we already provide.

We conducted our annual review and planning day in July again this year, and as always received great input from all of the board and team members under the guidance of an external facilitator. These days are vital to planning the for the Victor Harbor Horse Tram's future and setting our goals for the next 12 months. It is also a valuable opportunity to look well into the future.

I am pleased to say that this year's planning day focused on the positives that will come from the completed causeway, the office and merchandise redevelopment, as well as the possible stable completion and the reduced impact of Covid-19. I am convinced that by the end of this year we will be over the worst of the disruptions and looking at a very bright future.

The Victor Harbor Horse Drawn Tram is an icon, not only in the region but for South Australia. It is one of two such experiences in the world and our survey data indicates that it brings significant visitor numbers, employment and money to the region. This survey data was supported by a study we commissioned by PHD student Laura Hodgson on the benefits, financially and historically, that the Tram brings to Victor Harbor. The report is publicly available and shows the very significant contribution the Tram makes to employment and the economy of the region.

Finally, I have made the very difficult decision to step down from the role of Chair but I am very pleased to be able to remain on the board. I have assumed a full-time role that will require a lot of travel and felt that I would not be able to give the role of Chair the time and commitment that it deserves. Congratulations to Nigel Catt who has been elected the new Chair and I am absolutely positive that with his broad business experience and enthusiasm that he will do a fabulous job.



My sincere thanks to Meg and all of the Victor Harbor Horse Tram team for their passion and commitment, and to the board for their unequivocal support of the tram and for the time that they commit. It is not seen by many but the board make an extraordinary commitment in time and expertise. We clearly have a fabulous team driving our vision and for me it has been an absolute honor being the Chair.

Paul Brown



About the Authority

The Victor Harbor Horse Tram Authority (the Authority) is a subsidiary of the City of Victor Harbor (Council), established under section 42 of the *Local Government Act 1999*. The Authority is governed by a Charter approved by the Minister on 17 October 2018, which details its purpose, powers, functions, duties, funding, property and delegation as well as the role, function and requirements of the Authority Board, among other things. The Charter was gazetted on 25 October 2018.

The Horse Tram, like many other services, is subsidised by Council and provides a valuable service to the City of Victor Harbor community on behalf of ratepayers. It serves as an important and highly significant contributor to the economy of Victor Harbor. The Horse Tram is a part of what makes this city thrive.

Strategic Direction

The Victor Harbor Horse Tram's Annual Business Plan outlines the strategic direction for the Authority.

Vision Statement: To deliver historic experiences and create memories.

Mission: To showcase Victor Harbor through the world's leading horse tram experience

Goals: High quality, efficient operation with a reduced financial reliance on City of Victor Harbor.

The Board



Paul Brown (Chair)

Paul Brown is the Owner and Director of Kangaroo Island Wilderness Tours, a high-end tour company on Kangaroo Island with up to 25 team members. They have been looking after guests from around the world for 17 years.

Paul is a former Chair of Tourism Kangaroo Island and the Australian Tourism Export Council (ATEC) SA Branch, as well as a board member of ATEC nationally. He is currently on the Food, Wine, Tourism & Hospitality Industry Skills Council Advisory Group, a member of the Collaborative Project to develop a Professional Certificate in Older People's Mental Health, as well as the board of the Victor Harbor Horse Drawn Tram Authority.

A graduate of the Australian Institute of Company Directors course Paul has always sought to contribute to his industry and community.



Councillor Carol Schofield AM

Councillor Carol Schofield AM is the City of Victor Harbor's Elected Member representative on the Victor Harbor Horse Tram Authority Board. Carol was Chair of the City of Victor Harbor's Horse Tram Advisory Committee before it transitioned to form the Inaugural Victor Harbor Horse Tram Authority. She brings to the Board skills in business management, event management, tourism and agribusiness.

Carol is a long-time resident of Victor Harbor and has been involved in many local organisations. She was a dairy farmer and established her own agriculture business in Inman Valley.



Rachel Kennedy

Professor Rachel Kennedy (PhD, B.Bus(Hons), GAICD) is a globally recognised expert in marketing and evidence-based growth. As a co-founder and director of the Ehrenberg-Bass Institute, she has a proven track record of successful industry engagements that profitably grow businesses and build and protect their iconic assets. She combines this with hands-on experience marketing a local tourism reliant business.

Rachel is passionate about her community in Victor Harbor where she can often be seen walking, at the beach patrolling or playing hockey with her family. She is excited to bring her skills and knowledge to our Horse Tram.



Nigel Catt

Nigel Catt has been in the Australian Wine Industry since 1983 in various roles such as senior winemaker for a number of large and medium wine companies, as well as owning his own vineyards, wineries and wine brands.

During this time, Nigel has produced wines in other countries, consulted to other wineries and the State Government, run Industry Supply Companies at board and management level. He owned the Middleton Winery and Vineyards, developed and built the Flying Fish Café and has been a board member for 10 years at Encounter Lutheran College. National Sales and Marketing Consultant for Radoux, a French oak barrel company that he still represents here in Australia.

Nigel has supported and developed many business', and mentored young business people here and overseas. The majority of Nigel's focus and life has been spent in the Fleurieu Peninsula, specifically Victor Harbor, where he is based with his family.



Natasha Hunt

Natasha Hunt has over 15 years experience working in local government and the tourism industry. She is the Team Leader of the Fleurieu Coast Visitor Centre, who won the 2018 South Australian Tourism Award for Visitor Information Services. Natasha is responsible for the marketing of the Fleurieu Coast region and manages the District Council of Yankalilla's volunteer programs. Natasha represented the Fleurieu Peninsula on the South Australian Tourism Commission's Industry Skills Advisory Committee and was an inaugural member of the South Australian Accredited Visitor Information Centre Network.

Natasha grew up on the Fleurieu Peninsula on her family's farm where they operate two horse-based businesses. Natasha is passionate about the Fleurieu and has volunteered in many community organisations including the Normanville New Year's Eve Pageant, Yankalilla Football and Netball Club and the Fleurieu Horse and Pony Club.

Audit and Risk Committee

In accordance with the Charter, the Authority is required to establish an Audit Committee and may establish its own or with agreement of Council, use the Council's Audit Committee. In 2019/20, Audit Committee requirements were met through the City of Victor Harbor. The Authority has now formed its own Audit Committee for the 2020/21 financial year and into the future.

The Authority is pleased to have secured two independent Committee members with exceptional experience. The Committee is also comprised of two of the Authority's Board members. The Committee held its inaugural meeting on the 8 February 2021 and met again on 11 May 2021. The Committee will meet again on 4 August 2021 to review the Authority's financial statements and audited figures. The new Committee members are booked into the Local Government Association on 16 July 2021 for Audit Committee training. The Authority has also engaged an Auditor of their own for the 2020/21 financial statements, Galpins.

Audit Committee Membership

Member	Representative	Appointed	Expires
Independent Member(s)	John Morgan	23 November 2020	23 November 2022
Independent Member(s)	Kate Christ	22 February 2021	22 February 2023
Independent Member(s)	Laura Hodgson	26 July 2021	26 July 2023
Victor Harbor Horse Tram Authority Board Member	Rachel Kennedy	23 November 2020	23 November 2022
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2023
Office Bearers			
Chairperson	John Morgan	22 February 2021	23 November 2022
Deputy Chairperson	Rachel Kennedy	22 February 2021	23 November 2022

Our Team



Our People

The Victor Harbor Horse Tram Authority Board provides strategic direction to the General Manager who is responsible for the day to day operations of the tram service.

The General Manager is responsible for managing the continual transition of the Victor Harbor Horse Tram Authority's independence. This includes implementing policies and procedures, undertaking recruitment and induction of new staff, reporting of operations to Council, undertaking improvements for the Tramway with the help of Council, forming and implementing work, health and safety policies, running of payroll, finances including all payments and budgeting requirements at the same time as keeping the day to day operations running smoothly.

During 2020/21, the Victor Harbor Horse Tram was supported by a team of 13 staff, ranging from casual junior staff through to an assistant manager.

For the reporting period there were three permanent full time equivalent (FTE) staff members, with the remainder engaged as casual employees.

Our Horses

Our Team of Clydesdales are such a magnificent part of the Victor Harbor Horse Tram and this year they received a 5-star health rating from our Vet – what a highlight. Our Team consists of:



Albert

Albert, who is our oldest and steadiest Clydesdale. Having said that, he is still young at only thirteen years of age. He has a regal attitude and performs his work with effortless elegance. Albert is a smooch with the staff and a favourite of all. Albert is now our lead horse when training youngsters and reassures them with his soothing and zen-like demeanour.



Jay Jay

Jay Jay is thirteen and is similar in height to Albert. Jay is especially soft and fluffy, inside and out. He is a sensitive boy and requires a lot of encouragement, reassurance and love. He has no idea how large he is, and although he performs his work easily, he can also readily lose his confidence. All of the staff go out of their way to ensure that Jay only has positive experiences on the tram, and with competent care, Jay is flourishing as a tram horse.



Murray

Murray is eleven years old and is that tram horse that everyone wants to drive. He always performs his best and tries to do everything right. He pulls the tram so fast, with calm forward-moving energy, and with him on the tram, it is up and back before you can believe it. Murray learns very fast, as he aims to please, and staff try hard to please Murray as well. Murray is sensitive on the outside and is not a fan of being primped and preened. The staff have special soft, natural bristled brushes that they use especially for Murray so that he can enjoy his grooming experiences. The staff love grooming Murray as he is pretty easy on the eye.



Isabella

Isabella is the princess of the team, but she is no shrinking violet. Boy can she really move a tram! She is all “I am woman, hear me roar - past”. When Isabella is at rest she is the softest, most serene being. People express honour just being in her presence. But when there is a job to do she gets it done, and you’d better keep up. She is a brave, sensible, sweet and joyous horse. She adores adoration and knows full well she deserves it and more. At 11 years of age she is wise beyond her years.



Elliot

Elliot is one of our youngest established horses, but nobody tell him. He is our slowest and calmest team member even though he is only ten. He is our steady horse used to train new drivers and staff. He is an irreplaceable member of the team. He is quite goofy and loving, and a long term favourite of the public. He has a large following with people returning frequently to visit him. Staff are often asked if Elliot is working that day and are met with either excitement or extreme disappointment depending on the answer they give. Elliot has recently had a clip as he has quite a luxurious coat, not quite conducive to our summer climate. He is loving his new short coat and is looking stylish as well.



Scotty

Scotty is our new little powerhouse and proving to be a reliable team member, despite being an eight year old P plater. Scotty is adorable and full of cheeky character. He loves to play games with staff and his other team members. He is brave on the causeway and not much worries him. Staff describe him as a little trooper. He is a youngster and gets special attention to make sure he stays on track to become the tram horse he deserves to be.



Chester

Chester is a late starter at the age of ten. He retired from his previous job as a 'stallion' and is settling in to the idea of having a long term career as a famous horse tram horse. Chester is larger than words, both in personality and in size. Standing above 19 hands tall, he really throws a shadow. His personality is just as huge and he has won the hearts of all of our staff. He is Isabella's full brother and the two are incredibly similar in their looks and their softness. Like his sister, Chester adores the pampering, his massages, chiro, grooming, getting his toes done and all of the cuddles too. He loves to be with people and doesn't like to be left out. When there is love and attention being given, he is always front and centre with his commanding presence. He loves to please and is working well as an L plater. He will soon be ready to make his debut as a tram horse, once the new Causeway is completed and his training is resumed.



Karni

Karni has been a valuable member of the team for many years. A staff favourite, with a can-do attitude, he might have been the smallest Clydesdale on the team but he definitely didn't know it. Karni always has had a lot of spunk, sparking the affectionate nickname Crazy Karni. Much to the sadness of staff, Karni has a long term physical condition to do with his stifle that the vet has determined prevents him from being able to undertake further tram duties. Consequently, he has now been retired. Karni has had a successful trial at an amazing property in Kangarilla with a family of experienced horse owners and has now made this his permanent home and family. Karni is looking quite chuffed with his new digs and is getting the best of care.

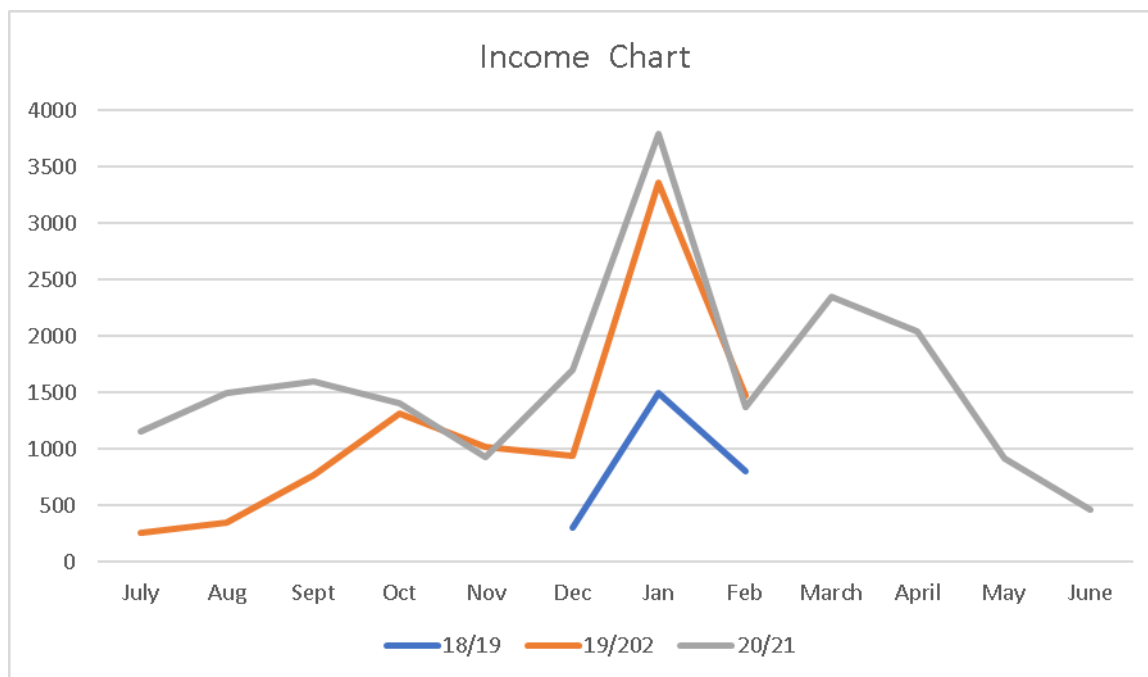
Our Volunteers

The team of volunteers are involved in activities that include providing information on the platform, history talks on the tram and merchandise sales. Future plans to increase volunteer support include the development of new job descriptions that will facilitate the assignment of volunteers to duties that are required to support the operations and which are suited to their expertise. This has been slow to develop due to COVID-19 putting volunteer recruitment temporarily on hold, however the Victor Harbor Horse Tram Authority is looking forward to growth in this area in 2021/22.

Despite small volunteer numbers the merchandise shop and volunteers have been progressing well, with figures showing future promise for when the new Causeway is completed and disruptions to the Horse Tram have ceased. New lines of merchandise are proving to be popular and continual growth in this area is an important part of the Victor Harbor Horse Tram.

The Victor Harbor Horse Tram has annual passes available at really reasonable prices. Last financial year 40 annual passes were sold compared to 48 annual passes sold in 2020/21, despite the price increase, the difficulties with COVID-19 and the new causeway construction build. This is all thanks to our merchandise shop being open two days a week and the volunteers who are great at up-selling.

The graph below shows the growth in merchandise income, comparing financial years from 2018/19 through to the end of 2020/21.



Trading started on a positive note and continued along that vein until weather conditions and causeway closures impacted on visitations to Victor Harbor, resulting in a huge downturn on income. Trading conditions for both volunteers and merchandise display also had a negative impact on sales. Looking ahead to 2021/22 there are plans to create a brand new merchandise store by refurbishing the office. This should see the number of volunteers, and merchandise income, rise significantly.

2020/2021 Achievements

On 27 July 2020, Dan Aubin of Daring Humans facilitated a workshop with the Board, General Manager, Assistant Manager and Administration Assistant. This is our second workshop with Dan and he assisted the Board and Managers in focusing on a more strategic direction, culminating in the revised Business Plan. The workshop helped to shape us as a working group and focus in on the direction forward. The day was a huge success and the progress made because of this day was a compliment to Dan's facilitating ability.

As the Authority continues to become increasingly independent from the City of Victor Harbor, our final staff member employed by the City of Victor Harbor, and seconded to VHHTA, has now moved to be employed by the VHHTA directly and is a very important part of the team, bringing 18 years' experience with him.

This financial year the VHHTA acquired all new saddles for the horses. The saddles have safety features to increase the safety for staff when riding. The saddles were fitted to the horses by a professional saddle fitter, tailoring the saddles to each particular horse's individual body shape and needs, for their comfort and safety. The stirrups feature toe stoppers, (not shown in photo), that prevent a rider's foot from becoming stuck in the stirrup should there be an event. The horses are moving well in their comfortable new saddles and are enjoying ridden exercise more than ever.



The Victor Harbor Horse Tram Authority's social media presence during this financial year has generated significant interest and enthusiasm for the Tram and its horses. This platform is also now used in addition to the website, to update the public on service closures due to weather and general information regarding the horses and their activities. The public love seeing the horses doing what they do whether it's at work, the beach or at the paddock.

A two tram service, requiring four horses per day, was operated for a majority of the time for the entire six weeks of the Christmas Holiday period, despite only having five horses fit for work duties at that time. This required careful management by horse husbandry staff, and amazing care by all staff, to look after the welfare of the horses during such a demanding schedule. Once the period was over the horses returned to a much more relaxing schedule of working a few hours every third day.

A review of the ticket price was undertaken due to the December 2020 / January 2021 decrease in sales because of Covid-19 restrictions to international and interstate travellers. The Board and General Manager decided to increase all ticket prices by \$5 from 1 March 2021. Annual pass prices were also raised. The new ticket price was well received by passengers. The success of the new pricing had the Authority close to making income targets, with benefits to continue when the Horse Tram resumes operation after the Causeway is completed.

Our youngest horse, Scotty, has been a wonderful addition to the team. He has performed amazingly over the year and is now ready to have his figurative P plates come off. He has shown so much resilience in coping with the public, the ocean, sideshows, beach camels and ponies, heavy machinery performing Causeway construction work, and the tram itself. He is now a reliable powerhouse member of the team.

Another horse, Chester, has had his training postponed due to the chaos of the Causeway construction. He is enjoying light exercise to keep his mind and body healthy, and will be brought back into full work once the new Causeway is ready. In the meantime, he is having an extended opportunity to build upon his trusting relationships with staff which will only serve to make his transition to tram horse smoother and more successful.

The rest of the horse team are performing amazingly well and haven't missed a beat during the challenges thrown at them due to the new causeway build, which is well underway. It can't be overstated how proud the team is of the way the horses have handled the new, and ever changing, conditions. The horses all had their annual veterinary examinations, and the VHHTA is beyond pleased to announce that all of the horses had fantastic health results and the horse team as a whole were given 'five stars' for health and fitness and were said to be in the best condition yet. ★★★★★



Jay Jay and Albert enjoying some long and leisurely beach exercise.

The Authority has been thrilled to have had PhD scholar student, Laura Hodgson, undertake a research study and publish her findings regarding the economic and historic value of the Victor Harbor Horse Tram. The report investigates the value of the Horse Tram for the City of Victor Harbor. The value of the Horse Tram 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 Horse Tram could be improved and provides recommendations based on the findings in this research.

Key findings include:

- The Horse Tram is conservatively estimated to contribute between \$1,153,898 and \$1,675,351 to the local economy.
- The Horse Tram is considered a 'drawcard' for Victor Harbor both by stakeholders and tourists.
- The Horse Tram 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 Horse Tram.

The work that Laura has done is professional, thorough and impressive. We can't thank Laura, and the University of South Australia, enough for all of their effort. We encourage you to read the report in its entirety. It can be found online on the Horse Drawn Tram website on the following web address: www.horsedrawntram.com.au/about/victor-harbor-horse-tram-authority/



The full renovation of Tram 3, which was started during the Covid-19 lockdown, has nearly been completed – as much as this has taken longer than first thought the results are fantastic and will be perfect for the opening of the new Causeway in December 2021.

The trams are irreplaceable, both physically and financially, so the importance of this undertaking cannot be overstated, with savings of up to \$250,000 achieved through use of in-house labour to undertake the renovation.

The renovation of Tram 3 could not have been possible without the skills and dedication of the Authority's Assistant Manager, who has spent tireless months pulling down the tram to its bones, sanding, painting and rebuilding it, mostly by hand.

The Land opposite the existing stables has been purchased by the City of Victor Harbor and the VHHTA was successful in obtaining a lease on this land for the future of the horse grazing and the build of the new Stables complex.

The Authority applied for a grant through the Building Better Regions program this year to match the funds for building the stable complex on the land at Canton Place. The success of this grant hasn't been announced yet but if successful the funds will be greatly received to help with the staging of this project and develop the behind the scenes offering.

The upgrade of outdated horse harnesses has continued, with this year seeing the horses receive new halters and bridles handmade by a local saddlery, delivering a polished and professional look for the Victor Harbor Horse Tram. The cleaning and care for this gorgeous and much needed tack is part of the end of day procedures so that it will serve the Authority for a long time to come.

The Authority is pleased to be able to take advantage of the Fleurieu Regional Waste Authority's (FRWA's) weekly food and organic waste collection service that it now provides on a weekly basis to cafés, restaurants and grocery businesses and selected areas across the southern Fleurieu. Disposing of organic waste, such as manure, through FRWA can save money on disposal costs, recover resources and improve the environmental performance of the Authority.

The Authority is constantly striving for ways to lower its ecological footprint. The FRWA's organic waste collection service is the perfect solution for manure created when the horses are at the office working. The organic matter is collected from FRWA by Peats Soil and Garden Supplies. Peats is a second-generation, wholly South Australian company focused on receiving, processing and marketing recyclable organic resources in bulk and bag forms.



In November 2020 the Department of Infrastructure and Transport (DIT) approached the Council about monitoring the wind and the closures of the causeway when needed. Since the VHHTA team already monitor the winds daily it was suggested that the VHHTA take on the contract for the wind monitoring and get paid for the service. This has been a win-win as we now get paid when we can't operate. In the last financial year the VHHTA has been paid \$33,000 for 8 months monitoring. This will continue until the new causeway is completed and in operation.

2020/21		2019/20	
Month	# Days closed	Month	# Days closed
July 2020	3	July 2019	5
August 2020	9	August 2019	7
September 2020	15	September 2019	3
October 2020	6	October 2019	3
November 2020	5	November 2019	11
December 2020	5	December 2019	4
January 2021	6	January 2020	6
February 2021	4	February 2020	2
March 2021	2	March 2020	12 Covid-19 closure
April 2021	6	April 2020	30
May 2021	6	May 2020	31
June 2021	6	June 2020	10
Total 2020/21	73	Total 2019/20	124



Key Performance Results against 2020/23 Annual Business Plan What we will do in 2020 - 2023

In 2019/20 the business plan was focused around operational set-up, change and staff development.

Into the future the focus will be on project development with our 2020-2023 Business Plan priorities including:

Priority 1: Finance & Operational growth

Priority 2: The Stables Project

Priority 3: Communication Strategy

Priority 4: Office & Shop Renovation Planning

The following pages outline objectives under each of these four key areas and corresponding actions the Authority plans to take over the period of the business plan in relation to achievements of these objectives.

Priority 1: Finance & Operational Growth

The Authority will focus on taking strategic steps towards sustainability and growth while ensuring core business operations continue to develop.

1.1 Secure Operational and Capital budget			
Actions	Indicator	Target	
Operational budget approved by Board and Council	Approvals received	April 2020, 21, 22	✓
Capital Budget Approved by Board and Council	Approvals received	April 2020, 21, 22	✓
Provide quarterly budget/finance reports to the City of Victor Harbor	Quarterly reporting received	November 2020, February, May September 2021 for EOFY	✓
Undertake budget reviews in line with legislative requirements	Reviews submitted to board & Council	March, October, December 2020 Mid-Year Review	✓
1.2 WHS Processes			
Actions	Indicator	Target	
Annual WHS processes review	Received by Board & Council	July 2021, 22, 23	Ongoing
Complete Sky trust set-up to track WHS compliance	Staff trained and using	Already partially achieved but final staff set up by July 2021	✓
WHS Plan for during Causeway Construction	Published plan	Completed	Hazard profile updated ✓

1.3 Project & Development Funds			
Actions	Indicator	Target	
Secure & manage 'Stables Project' budget	Approvals received	September 2021	✓ Partial approval
Secure Sponsorship	\$15,000 secured	September 2021	Ongoing
Review and grow merchandise Establish online store	\$10,000 income Online store	October 2022	Ongoing
Budget Office Reno for Budget Bid 21/22	Received by Board & Council	July 2021	✓
Budget Platform improvements for Budget Bid 22/23	Received by Board & Council	July 2022	✓
Review ticket pricing schedule	Board report complete	Annual – March 2021	✓

Priority 2: The Stables Project

This is an exciting development that will enhance care of the horses, OHS for staff, and lead to exciting community engagement and VIP Experiences. Initially the stables project was conceptualised to focus first on establishing the stables and staff facilities to meet the housing and care needs of the Clydesdales. An opportunity of tourism grant funding, via the Building Better Regions Fund – Infrastructure Projects Stream, has incentivised the Authority to develop and build the VIP Experience simultaneously and in conjunction with the stable project. Timelines and targets for the project have been changed to align with new costings, exceeding the allocated budget, for the project provided by the procurement process.

2.1 Project Planning			
Actions	Indicator	Target	
		Old/New Target	
Confirm Project Team	Regular meetings	June 2021/ November 2021	Awaiting procurement process
Draft Project Schedule	Consultation with Board mentors	June 2021/ November 2021	Awaiting procurement process
Finalise Stage 1 Project Plans	Received by Board & Council	July 2021/ December 2021	Awaiting procurement process
Plan approved by Council	Approval	August 2021/ January 2022	Awaiting procurement process
2.2 Project Implementation			
Actions	Indicator	Target	
Secure land for Horses	Fenced and secure	October 2021	✓
Public Consultation	Feedback received	September 2021	✓
Approach Sponsors	5 Proposals & meetings	October 2021/Jan 2022	Awaiting procurement process
2.3 Build			
Actions	Indicator	Target	
Confirm build team		July 2021/ January 2022	Awaiting procurement process
Commence build	Started	October 2021/ April 2022	Awaiting procurement process
Complete build	Horses moved in, Council Member Tour	December 2021/ June 2022	Awaiting procurement process
2.4 Forward Planning			
Actions	Indicator	Target	
Draft VIP Package	Workshopped by Board	December/February 2021 Depending on the Grant Submission success	✓ Achieved

Priority 3: Communication Strategy

After strategic analysis of the communication priorities in the current climate, based on the situation of the Horse Drawn Tram, it became clear that developing effective relationships and strategic partners was more important than efforts towards customer attraction. Due to Covid-19 and the new Causeway construction build many of local tourist attractions, especially those directly affected by the build have either been partially or entirely closed during this financial year. We are looking forward to strengthening those partnerships as businesses reopens and life returns to normal.

2.1 Effective Communication			
Actions	Indicator	Target	
Regular Council updates and dialogue	5 F2F meetings	2020/21	✓
Regular staff and project team meetings	1 / fortnight	March 2021	✓
Partner with SA icons, as well as Visitor Experience/Tour Operators to increase Horse Tram promotions/exposure – Causeway construction dependant		June 2021	✓ Partially achieved
2.2 Strategic Partnerships			
Actions	Indicator	Target	
Meet with key government and SATC Stakeholders	5 Key Meetings	October 2021	✓
Open Communication lines with Cause-Way Project team to ensure Horse specific needs and safety are met.	Staff Member consulted	March 2021 and ongoing	✓ Ongoing
Partner with SA icons, and local Tourist Attractions and Venues to increase Horse Tram promotions/exposure	Key Relationships developed	June 2021	✓ Partially achieved
2.3 Marketing			
Actions	Indicator	Target	
Develop a One-page Marketing Plan based on Strategic Planning Workshop Findings	One-Page Plan in Business Plan	July 2021	✓ Draft completed
Seek high-level media Opportunities & Stories	5 Media Stories	Ongoing	✓ Ongoing
Consistent Social Media Content Publication	Weekly Stories	Ongoing	✓ Ongoing
Full Marketing Plan through a consultant	Plan Complete	2021/2022	Awaiting procurement process and grant

Priority 4: Office & Shop Renovation Planning

The Authority intends to improve point-of-sale/customer service experience at the tram office as well as staff facilities by renovating the current office and shop facilities. This will vastly improve the service, possible income streams and staff effectiveness, retention, WHS and wellbeing.

3.1 Office and Shop Renovation			
Actions	Indicator	Target	
Create Project team	Assembled and terms of reference agreed.	June 2021	Awaiting procurement process
Draft three designs based on functionality and attractive enhancements	Place received by Board	February 2021	✓ Achieved
Engage professional to draw up designs based on drafts and consultation.	Engaged & work completed.	January 2021	✓ Achieved
Cost the project	Budgeted	April 2021	Awaiting procurement process
3.2 Merchandise			
Actions	Indicator	Target	
Review current line	Review to Board	July 2021	✓
Establish online store	Store live on Website	June 2022	In process

Financial Results

The results of the financial year 2020/21 are both disappointing and positive at the same time due the ongoing effects of COVID-19 shut downs and Causeway wind shut downs, plus the limitations of the number of passengers able to travel on the Tram at any one time. With the expertise of the management team, the Tram service was able to limit the financial impact of closures due to the causeway and from COVID-19 on the City of Victor Harbor, and at the same time still deliver a high quality experience to tourists.

During the 2020/21 peak Christmas period the impact of not having international and interstate visitors to Victor Harbor was very apparent and negatively affected income takings during this period. As much as South Australian's were visiting the region more than ever, they weren't necessarily spending on the Victor Harbor Horse Tram. The decision was made to increase our ticket pricing so as to mitigate the losses during this period and we came very close to doing so. There was a huge increase in interstate visitors over the Easter period, as many state borders were open, and this increase combined with the higher ticket prices saw some of the biggest income days ever recorded for the Victor Harbor Horse Tram.

With the positive results over the 2021 Easter period the VHHTA was able to see a snapshot of a post Covid-19 future, where social distancing and closed borders are a thing of the past. As Covid-19 vaccination levels rise, and as state and international borders open, the VHHTA expects that the operation will see an increased and more consistent income. Layered on top of this is the impending completion of the new Causeway which, once opened, will bring a new lease of life to the area, attracting new and return tourism, and ensure the Victor Harbor Horse Tram's continued service and ability to generate income into the future.

Budget Variance (1 July 2020 to 30 June 2021)

	Actual	Budget	Var AUD
Income			
Other income - Groups, interest, packag	\$1,635	\$1,740	-\$105
Souvenir Sales	\$26,487	\$25,260	\$1,227
Ticket Sales	\$380,723	\$406,000	-\$25,277
Total User Income	\$408,846	\$433,000	-\$24,154
Less Cost of Sales			
Souvenir Purchases	\$11,775	\$11,000	\$775
Total Cost of Sales	\$11,775	\$11,000	\$775
Plus Other Income			
Causeway monitoring DIT payment	\$33,274	\$32,500	\$774
CVH budget contribution	\$415,400	\$415,400	\$0
TOTAL INCOME	\$845,744	\$869,900	-\$24,156
Less Operating Expenses			
Administration Charge - Corporate Supp	\$69,097	\$60,000	\$9,097
Administration Charge - Rent on Assets	\$35,842	\$42,000	-\$6,158
Authority Board Expenses	\$11,699	\$15,500	-\$3,801
Consultants and Professional Services	\$13,558	\$25,100	-\$11,542
Depreciation	\$166	\$0	\$166
Employee expenses	\$591,902	\$572,800	\$19,102
Horse Care Expenses	\$53,716	\$57,900	-\$4,184
Interest expense	\$159	\$200	-\$41
Other Expenses	\$220	\$1,700	-\$1,480
Repairs and Maintenance	\$22,506	\$17,500	\$5,006
Security Expenses	\$4,998	\$3,600	\$1,398
Staff Amenity Expenses	\$4,484	\$4,600	-\$116
Vehicle and Travel Expenses	\$3,413	\$3,500	-\$87
Office costs			
Advertising Expenses	\$1,372	\$7,800	-\$6,428
Bank Fees	\$856	\$900	-\$44
Cleaning Expenses	\$5,775	\$5,400	\$375
Insurance Expenses	\$30,224	\$29,500	\$724
Merchant Fees	\$2,606	\$2,500	\$106
Phone and Data Expenses	\$2,499	\$3,700	-\$1,201
Printing and Stationary Expenses	\$2,971	\$4,200	-\$1,229
Utility Expenses	\$8,776	\$11,500	-\$2,724
Total Office costs	\$55,079	\$65,500	-\$10,421
Total Operating Expenses	\$866,840	\$869,900	-\$3,060
Net Profit	-\$21,096	\$0	-\$21,096
Retained earnings	\$5,317		\$5,317
OPERATING SURPLUS / (DEFICIT)	-\$15,779		-\$15,779

Looking Ahead

With Covid-19 still very prominent in the world, the future for the Victor Harbor Horse Tram involves adapting to the new norms.

The new stable complex which is progressing along nicely, with completion now expected in 2022, is an exciting time for the Authority. To be able to provide the horses and the staff with this well-overdue facility will be extremely rewarding. With the stable complex on the horizon the VHHTA has now developed a business plan for “VIP Experiences” and also “Behind the scenes experiences” where the public can spend time with the tram horses at the stables and facilities. They will be treated to entertaining and educational talks provided by their host, demonstrations of varying training and horse care as well as horsey high tea’s and other events. Guests will be provided with the opportunity to spend intimate time with the horses, getting to know them in their home environment, an offering that is very frequently asked for by tram passengers and the broader public. The Board, with its vast array of skills, ideas and talents can at times struggle to hold back its enthusiasm and marketing ideas for this amazing, iconic, public service that this Council is able to offer the public.

This year many new staff were successfully trained methodically, thoroughly and with a view to continually presenting the horse tram as the professional and iconic service that it is. Going into the future the VHHTA intends to improve on staff offerings, introducing an entertaining and educational spiel, to be provided to passengers during their journey on the tram. Trained staff will deliver the material over a speaker system, increasing passenger’s knowledge and improving the experience overall. Staff are already adept at providing a vast array of information to individual consumers. The VHHTA is looking forward to improving and polishing these skills so that the information can be conveyed to a larger audience for a more rounded and wholesome experience

The VHHTA has been interested in and exploring into equine assisted therapies, which are used to treat all kinds of mental health conditions and also used for personal and professional development. Given the mental health crisis in South Australia, and only exasperated by Covid-19, the VHHTA is moving towards offering equine assisted learning, initially, and into the future equine assisted psychotherapy as staff skills and training are acquired. Three staff members are currently undertaking an Equine Assisted Learning (EAL) course, one of which is the General Manager.

The training will see the three-person team trained and qualified to immediately implement a program to provide EAL services to our local community. EAL is a unique approach to experiential learning, where clients are offered safe experiences with horses for the purposes of personal development, social, emotional and relationship skills building, enhancing quality of life, and, professional / skill development (e.g. leadership and team building). EAL is not therapy, and does not provide treatment for mental or behavioural healthcare issues.

Staff members intend to continue with further study that, within eighteen months, could see the VHHTA offering Equine Assisted Psychotherapy (EAP). EAP is a professional, innovative and experience-based approach to counselling, psychotherapy, and mental health that supports clients of all ages in addressing therapeutic goals (emotional, cognitive, behavioural, relational and spiritual issues, and mental health conditions), with horses as assistants, co-facilitators and teachers in this process. The VHHTA is passionate about mental health and is excited to have embarked down this road. Feedback regarding the coming program has been positive, so watch this space.

While our onsite, volunteer driven merchandise store has grown it has been hampered by the lack of a functional and comfortable, all weather merchandise area. An office refurbishment creating a fabulous and functional, indoor merchandise store is on its way. Once created the VHHTA will have a safe and comfortable space, front and centre to the horse tram's mainland platform, for our volunteers to really blossom. It is amazing what our volunteers have been able to achieve given the limited resources available to them. It will be exciting to see what they can do with right space and the right tools. The location and prominence will provide them with a wider audience to be able to facilitate the continued growth of merchandise sales and the recruitment of a rich and talented volunteer team. It was a pleasure this year to award our volunteers with life memberships to the VHHTA, well deserved!

Financial Statements

VICTOR HARBOR HORSE TRAM AUTHORITY

General Purpose Financial Report
for the year ended 30 June 2021

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VICTOR HARBOR HORSE TRAM AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021**

CERTIFICATION OF FINANCIAL STATEMENTS

I have been authorised by Victor Harbor Horse Tram Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.*
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

.....

General Manager

.....

Nigel Catt-Chairperson

Date:

VICTOR HARBOR HORSE TRAM AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Income			
User charges	2	408	383
Other	2	449	404
Total Income		857	787
Expenses			
Employee costs	3	595	467
Materials, contracts & other expenses	3	269	317
Finance costs		-	-
Depreciation, amortisation & impairment	3	14	-
Total Expenses		878	784
Operating Surplus / (Deficit)		(21)	3
Asset disposal & fair value adjustments		-	-
Amounts received specifically for new/upgraded assets		-	-
Net Surplus / (Deficit)		(21)	3
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		(21)	3

This Statement is to be read in conjunction with the attached Notes.

VICTOR HARBOR HORSE TRAM AUTHORITY

STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

Assets	Notes	2021 \$'000	2020 \$'000
Current Assets			
Cash and cash equivalents	4	75	70
Trade & other receivables		31	55
Total Current Assets		<u>106</u>	<u>125</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment		153	-
Total Non-current Assets		<u>153</u>	<u>-</u>
Total Assets		<u>259</u>	<u>125</u>
Liabilities			
Current Liabilities			
Trade & Other Payables	5	67	105
Provisions		46	15
Borrowings		32	-
Total Current Liabilities		<u>145</u>	<u>120</u>
Non-Current Liabilities			
Borrowings		120	-
Provisions		10	-
Total Non-current Liabilities		<u>130</u>	<u>-</u>
Total Liabilities		<u>275</u>	<u>120</u>
Net Assets		<u>(16)</u>	<u>5</u>
Equity			
Accumulated Surplus		(16)	5
Total Equity		<u>(16)</u>	<u>5</u>

This Statement is to be read in conjunction with the attached Notes.

VICTOR HARBOR HORSE TRAM AUTHORITY

**STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2021**

	Accumulated Surplus	Total Equity
	\$'000	\$'000
Balance at start of period - 1 July 2020	5	5
Net Surplus/ (Deficit) for Year	<u>(21)</u>	<u>(21)</u>
Balance at end of period - 30 June 2021	<u><u>(16)</u></u>	<u><u>(16)</u></u>
Balance at start of period - 1 July 2019	2	2
Net Surplus/ (Deficit) for Year	<u>3</u>	<u>3</u>
Balance at end of period - 30 June 2020	<u><u>5</u></u>	<u><u>5</u></u>

This Statement is to be read in conjunction with the attached Notes

VICTOR HARBOR HORSE TRAM AUTHORITY

STATEMENT OF CASH FLOWS
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
Operating receipts from customers		881	732
Investment receipts		-	-
Employee Costs		(574)	(452)
Materials, contracts & other expenses		(302)	(217)
Finance payments		-	-
Net Cash provided by (or used in) Operating Activities	6	<u>5</u>	<u>63</u>
Cash Flows from Investing Activities			
Net Cash provided by (or used in) Investing Activities		<u>-</u>	<u>-</u>
Cash Flows from Financing Activities			
Net Cash provided by (or used in) Financing Activities		<u>-</u>	<u>-</u>
Net Increase (Decrease) in cash held		5	63
Cash & cash equivalents at beginning of period	6	70	7
Cash & cash equivalents at end of period	6	<u>75</u>	<u>70</u>

This Statement is to be read in conjunction with the attached Notes

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of THE City of Victor Harbor.

1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards which requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

The Victor Harbor Horse Tram Authority operates as a subsidiary pursuant to the Local Government Act 1999.

These financial statements have been prepared for use by the Constituent Council of the Authority.

3 Income Recognition

The Authority recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficient specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into a transaction where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset that has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 9.

5 Property, Plant & Equipment

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

As at reporting date, the Authority held no property, plant & equipment assets.

All plant and equipment assets deployed to provide services are hired by the Authority from the City of Victor Harbor as/when needed.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received.

Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as the Authority's experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with Superannuation Guarantee Legislation (9.5% in 2020/21; 9.5% in 2019/20). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the Fund's Trustee based on advice for the appointed Actuary. The rate is currently 6.3% (6.3% in 2018/19) of 'superannuation' salary.

In addition, the Authority makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

8 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards. Comparative information has not been amended for any changes to accounting standards.

9 Critical Accounting Estimates and Judgements

The Board evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Authority.

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.

Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 New Accounting Standards

New accounting standards have come into effect as at 1 July 2019. The Authority has assessed that there is no impact to the accounting policies of the Authority as a result of the new requirements under these accounting standards given it has no deferred revenue arrangement nor long-term operating leases in existence.

12 Economic Dependence

The Authority provides horse tram services to the City of Victor Harbor and annually charges a fee to the Council to fund the costs of operating the Authority. The Authority is economically dependent on the Council annually funding the cost of the Authority's operations given insufficient income is generated through other services provided to fund the costs of operating the Authority.

For the 2020/21 financial year, the Council's contributed income accounted for 50.39% (2020: 51.2%) of total Operating Income recorded by the Authority.

VICTOR HARBOR HORSE TRAM AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021**

	Notes	2021 \$'000	2020 \$'000
Note 2 - INCOME			
USER CHARGES			
Ticket Sales		382	368
Souvenir Sales		<u>26</u>	<u>15</u>
		<u>408</u>	<u>383</u>
OTHER INCOME			
Council Contributions		415	403
DIT Payment		33	
Donations		<u>1</u>	<u>1</u>
		<u>449</u>	<u>404</u>
Note 3 - EXPENSES			
EMPLOYEE COSTS			
Salaries and Wages		506	420
Employee leave expense		23	(5)
Superannuation		45	43
Workers' Compensation Insurance		6	3
Other		<u>15</u>	<u>6</u>
		<u>595</u>	<u>467</u>
The Authority had 3 full time equivalent employees as at reporting date.			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Auditor's Remuneration		3	-
Board Expenses		12	16
Advertising		1	7
Contractor Labour Costs (including on-costs)		-	-
Equipment Rental		36	44
External Contractors		6	4
Horse & Tram Maintenance Costs		76	111
Insurance		30	28
Other Expenses		36	39
Printing, Stationery & Postage		3	5
Professional services		<u>80</u>	<u>63</u>
		<u>283</u>	<u>317</u>
Note 4 - CURRENT ASSETS			
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		<u>75</u>	<u>70</u>
Deposits at Call		<u>-</u>	<u>-</u>
		<u>75</u>	<u>70</u>

VICTOR HARBOR HORSE TRAM AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021**

Note 5 - LIABILITIES

	Notes	2021 \$'000		2020 \$'000	
		Current	Non-current	Current	Non-current
Trade & Other Payables					
Goods & Services		67	-	105	-
Accrued expenses - other		-	-	-	-
		<u>67</u>	<u>-</u>	<u>105</u>	<u>-</u>
Provisions					
Annual Leave		18	-	6	-
Long Service Leave		37	-	9	-
		<u>55</u>	<u>-</u>	<u>15</u>	<u>-</u>

Note 6 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows

	Notes	2021 \$'000	2020 \$'000
Total cash & equivalent assets	4	75	70
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>75</u>	<u>70</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)		(21)	3
Non-cash items in Income Statement			
Leave provision movement		40	15
		<u>19</u>	<u>18</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		24	(55)
Net increase (decrease) in trade & other payables		(38)	100
Net increase (decrease) in other provisions		-	-
Net Cash provided by (or used in) operations		<u>5</u>	<u>63</u>

(c) Financing Arrangements

The Authority had no additional financing arrangements to disclose.

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 7 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
Short Term Deposits

Terms & conditions: Deposits on Call do not have a maturity period.

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Gate Fees & Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful Associated Charges debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Carrying amount: approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.
Accruals

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

Risk Exposure

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. There is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

VICTOR HARBOR HORSE TRAM AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021**

Note 7 - FINANCIAL INSTRUMENTS

Liquidity Analysis

	2021	Maturity			Non- interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets		75	-	-	-	75
Receivables		-	-	-	31	31
Total		75	-	-	31	106
Financial Liabilities						
Payables		-	-	-	67	67
Borrowings		-	-	-	-	-
Total		-	-	-	67	67

	2020	Maturity			Non- interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets		70	-	-	-	70
Receivables		-	-	-	55	55
Total		70	-	-	55	125
Financial Liabilities						
Payables		-	-	-	105	105
Borrowings		-	-	-	-	-
Total		-	-	-	105	105

VICTOR HARBOR HORSE TRAM AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 8 - COMMITMENTS FOR EXPENDITURE

	Notes	2021 \$'000	2020 \$'000
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Expenditure Commitments

The Authority has no expenditure commitments to disclose.

Note 9 - OPERATING LEASES

Lease payment commitments of Authority

The Authority has no operating lease commitments to disclose.

The Authority has entered into a hire agreement with the City of Victor Harbor for the use of all plant and equipment used in the delivery of horse tram services provided.

Set out below are the carrying amount of right of use assets recognized within Infrastructure, Property, Plant and Equipment and the movements during the period.

Right of use assets

	2021 \$'000	2020 \$'000
Initial recognition	166	-
Additions	-	-
Depreciation charge	(14)	-
At 30 June 2021	152	-

Set out below are the carrying amounts of lease liabilities included under interest-bearing loans and borrowings and the movements during the period.

	2021 \$'000	2020 \$'000
Initial recognition	166	-
Payments	(14)	-
At 30 June 2021	152	-

Lease Liabilities are classified as:

	2021 \$'000	2020 \$'000
Current	32	-
Non-current	120	-
Total lease liabilities	152	-

The following are the amounts recognized in the profit and loss statement:

	2021 \$'000	2020 \$'000
Depreciation Expense	14	-
Interest Expense	2	-

VICTOR HARBOR HORSE TRAM AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021**

Note 10 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events that occurred after reporting date that requires to be disclosed.

Note 11 - RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other prescribed officers as defined under Section 112 of the *Local Government Act 1999*. In all, 1 person was paid the following compensation:

	2021 \$'000	2021 \$'000
Salaries, allowances & other short term benefits	0	0
Long term benefits	-	-
TOTAL	0	0

Transactions with Related Parties:

The following transactions occurred with Related Parties

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Victor Harbor	415	31	Provision of Horse Tram services to local community

The Related Parties disclosed is the 100% equity owner of the Authority and are referred to as the Member Council. The Member Council has 100% control and influence on the financial and operating decisions of the Authority.