



4 November 2022

Contact for Apologies: General Manager

Phone: (08) 8551 0720

Email: mwhibley@victor.sa.gov.au

Website: www.horsedrawntram.com.au

File Ref: GOV9.14.041

Dear Committee Member

NOTICE OF MEETING

Notice is hereby given pursuant to the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference and Section 87(7) of the Local Government Act, 1999, as amended that a meeting for the **Victor Harbor Horse Tram Authority Audit Committee** has been called for:-

DATE: Tuesday, 8 November 2022

TIME: 12:30pm

PLACE: Encounter Room

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.



Audit Committee
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

1. Open Meeting/Welcome

2. Attendance

John Morgan (Chair)
 Kate Christ
 Laura Hodgson
 Rachel Kennedy
 Nigel Catt

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



3. Apologies

Nil

4. Minutes of Previous meeting

4.1 Minutes –Victor Harbor Horse Tram Authority Audit Committee – 4
13 September 2022

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

6.1 Action List Report 9

7. Reports for Decision

7.1 Appointment of Chairperson 11
7.2 2021 Meeting Dates_ 13
7.3 The First Quarter Review of the 2022-23 Budget Report 15

8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

9.1 Overall draft budget 2023/24 comparison

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil



12. Confidential Reports

Nil

Next Meeting

Tuesday 7 February 2023, 12:30pm – Encounter Room TBC

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 November 2022**
From **Megan Whibley**
Subject **Minutes of the Previous Meeting**
Report Number **4.1**

RECOMMENDATION

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 13 September 2022 be confirmed as a true and accurate record.

INFORMATION

Purpose

The purpose of this report is to present the Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held on 13 September 2022 for confirmation.

Background

The Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held Tuesday, 10 May 2022 were received at the Victor Harbor Horse Tram Authority Board meeting held Tuesday, 9 August 2022.

Commentary

The minutes for the Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 13 September 2022 were distributed to Members on Friday, 16 September 2022.

A copy of the minutes are provided at Attachment A.

RISK ASSESSMENT

Legal and Compliance – The minutes were prepared and distributed to members in line with legislation. This risk is assessed as **low**.

REFERENCES

Nil

BUDGET IMPLICATIONS

Excluding endorsed budgeted staff resources there are no budget implication in confirming the Victor Harbor Horse Tram Authority Audit Committee minutes.

No additional funds are required.

CONSULTATION

Victor Harbor Horse Tram Authority Audit Committee members

Minutes of the Victor Harbor Horse Tram Authority
Audit Committee Meeting
For meeting Tuesday 13 September 2022
Commencing at 12:30pm, Encounter Room



9. Discussion Items – No decision(s)

- 9.1 Discussion around the potential reappointment of Audit Committee Members.
- 9.2 Discussion around the Draft Staff Training and Development Policy

At 1:07 pm Rachel Kennedy and Katherine Christ left the meeting due to technical difficulties.

At 1:08 Rachel Kennedy and Katherine Christ re-joined the meeting.

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Item(s)

Nil

13. Next Meetings

Tuesday 8 November 2022, 12:30 pm at the Encounter Room

14. Meeting Closed.

The meeting closed at 1:18 pm

***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.*



Meeting **Victor Harbor Horse Tram Authority**

Date **8 November 2022**

From **Megan Whibley**

Subject **Action List Report**

Report Number **6.1**

RECOMMENDATION

That the Audit Committee receive and note the Action List and report.

INFORMATION

Purpose

The purpose of this report is to provide the status of action items from previous meetings for consideration.

Background

The Audit Committee provides recommendations to the Authority and may also request information pertaining to financial, strategic or corporate risks for consideration. The Action List provides details and status of these requests.

Commentary

The Action List has been updated and is provided at Attachment A.

RISK ASSESSMENT

Information – No risks have been assessed in relation to this report as it has been provided for information only and no formal decision is required.

REFERENCES

Nil

BUDGET IMPLICATION

Excluding endorsed budgeted staff resources there are no budget implications in the preparation or receipt of the Action List. No additional funds are required.



Attachment A
VHHTA – Outstanding Action List– updated 4-Nov-22
*newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
10 May 2022	6.2.1	Action: To edit numbers as displayed in the budget graphs are justified to the right with consistent decimal places	Ongoing
10 August 2021	AC016	Action: Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.	In progress



Meeting **Victor Harbor Horse Tram Authority**
Date **8 November 2022**
From **Megan Whibley**
Subject **Appointment of Audit Committee Chairperson Report**
Report Number **7.1**

RECOMMENDATION

PURPOSE

The purpose of this report is to facilitate the appointment of Committee Member(s) as Chair and as Deputy Chair as required by the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference.

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Appointment of Audit Committee Chairperson Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee recommend to the VHHTA Board the appointment of _____ as Chairperson, with the approval of Council, for the term of 2 years as specified at 5.1 of the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference.**
- 3. That the Victor Harbor Horse Tram Authority Audit Committee recommend to the VHHTA Board the appointment of _____ as Deputy Chairperson, for the term of 2 years as specified at 5.1 of the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference.**

INFORMATION

The Terms of Reference states the following:-

5. APPOINTMENT OF OFFICE BEARERS

5.1 Council shall appoint a Chairperson and Deputy Chairperson and the term of office shall be two (2) years.

5.2 The Chairperson and Deputy Chairperson must not be a Council Member or Employee of the Council.

Summary

It is recommended that the Board recommend the appointment of a Chairperson and Deputy Chairperson to Council for approval, in accordance with the Charter and the VHHTA Audit Committee Terms of Reference.

RISK ASSESSMENT

Governance – there is a low risk if the Committee does not have a nominated chairperson that a Committee Meeting may have difficulty conducting the meeting; however, assuming there is a quorum, the Local Government (Procedures at Meetings) Regulations 2013 provides for the appointment of a Committee Member to preside for that meeting only. The risk has been assessed as *low*.

BUDGET IMPLICATIONS

Budget implications for the Chairperson and Independent Members sitting fees are provided in the 2018-19 Budget Report. Excluding budgeted staff resources, there are no budget implications from receiving this report.



Meeting **Victor Harbor Horse Tram Authority**
Date **8 November 2022**
From **Megan Whibley**
Subject **2023 Audit committee meeting Dates for 2023 Report**
Report Number **7.2**

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority Audit Committee to agree to meetings dates for the 2023 calendar year.

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the 2023 Audit committee meeting Dates for 2023 Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee resolve to meet in accordance with the meeting dates, times and locations as listed in the 2023 Audit committee meeting Dates for 2023 Report.**

INFORMATION

Listed below are the dates, times and locations of Victor Harbor Horse Tram Authority Audit Committee meetings for 2023.

Audit Committee Dates

Date - 2023	Location	Time
Tuesday 7 February	Encounter Room - TBC	12:30pm to 2:00pm
Tuesday 9 May	Encounter Room - TBC	12.30pm to 2:00pm
Tuesday 12 September	Encounter Room - TBC	12:30pm to 2:00pm
Tuesday 7 November	Encounter Room - TBC	12:30pm to 2:00pm

RISK ASSESSMENT

Corporate Governance – As per 8.1.1 of the VHHTA Audit Committee Terms of Reference,
8.1.1 The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle.

The proposed schedule meets the requirements of the Charter. The risk is assessed as **low**.

Corporate Governance – As per 8.1.2 of the VHHTA Audit Committee Terms of Reference,
8.1.2 The Committee shall resolve by majority a 12 month schedule of the meetings including the date, time and location in accordance with Section 87(2) of the Local Government Act 1999.

The approval of the schedule by the Committee meets the requirements of the Charter. The risk is assessed as **low**.

Service Delivery – Meetings held three times per year are expected to be adequate for the Committee to fulfil its purpose and functions according to the Local Government Act 1999 Schedule 2 s13(4). Risk that more meeting are required to fulfil the Committees functions can be mitigated by calling Special Meetings as required. The risk is assessed as **low**.

BUDGET IMPLICATIONS

There are no budget implications in receiving and noting the 2023 Audit committee meeting Dates for 2023 Report and agreeing to dates for the Audit Committee to meet in 2023.

Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **8 November 2022**
From **Megan Whibley**
Subject **The First Quarter Review of the 2022/23 Budget Report**
Report Number **7.3**

RECOMMENDATION

**That the Victor Harbor Horse Tram Authority Audit Committee receive and note
The First Quarter Review of the 2022/23 Budget Report.**

INFORMATION

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority (VHHTA) to endorse The First Quarter Review of the 2022/23 Budget Report, and to provide a projection of the Victor Harbor Horse Tram Authority ('Authority') operating budget for 2022/23, identifying any variations sought to the Authority's original budget and the cumulative financial implications.

Background

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirements for regular budget reviews. Regulation 9(1)(b) and 9(2) of the Local Government (Financial Management) Regulations 2011 requires a budget review to include a revised forecast of the Authority's operating and capital investment activities compared with estimates set out in the budget.

Further, the Victor Harbor Horse Tram Authority is required by the Charter to provide reports on the financial position of the Authority each quarter:

5.5 Quarterly reports summarising the financial position and performance of the Authority against the Budget must be prepared and presented to the Board within thirty days of the conclusion of each quarter and copies provided to the Council.

The first quarterly report for the 2022/23 financial year has been prepared on schedule. This First Quarter Review of the 2022/23 Budget, is a review addressing the first three months of the 2022/23 financial year.

Commentary

The Victor Harbor Horse Tram Authority 2022/23 budget was prepared by the VHHTA, utilising the software package 'Xero' to manage Authority finances.

The 2022/23 budget is tracking well considering the Horse Tram is back in operation following the Plaza rebuild and the new Causeway construction. It is exciting times, also bolstered with the new merchandise store showing really strong results in the first quarter.

There are a few areas that were not allowed for in the 2022/23 budget.

- Income protection insurance for the staff, which is required as part of the Enterprise Bargaining agreement.
- The yearly wage increase was negotiated and agreed to after the 2022/23 budget was completed, increasing wages 1.5% more than expected, to account for CPI.
- Feed and horse expenses have also increased with fuel costs effecting this expense line.

On a positive note, a contract was signed with Department of Infrastructure and Transport for the VHHTA to manage the boom gate access onto Granite Island. This income has resulted in a breakeven outcome.

The First Quarter Review of the 2022/23 Budget Report for the Committee is provided at attachment A.

The financial statements are at Attachment B.

RISK ASSESSMENT

Risks associated with the recommendation have been assessed as follows:

Financial Management – The VHHTA is on track to achieve an end of financial year position in accordance with the adopted budget. The Board are continuing to find ways to generate own-source income outside of ticket sales to improve the bottom line into the future. The risk is assessed as **low**.

Socio Political, Community Issues / Reputation - The Board are continuing to find ways to generate own-source income to reduce the dependency on Council funding which will go toward appeasing any community concern regarding the use of ratepayer money to fund Horse Tram operations. The VHHTA has been able to provide information to the Victor Harbor community around the benefits of the iconic Horse Tram as a driver of the tourist economy and as an attraction for Victor Harbor versus the relatively low cost of keeping the service running, via the study and report by Laura Hodgson, titled 'The Assessment of the Value of the Victor Harbor Horse Tram'. This risk is assessed as **low**.

Governance - the recommendation meets the requirements of the Charter and legislation. The risk is assessed as *low*.

REFERENCES

Victor Harbor Horse Tram Authority Charter

Local Government (Financial Management) Regulations 2011

The Assessment of the Value of the Victor Harbor Horse Tram – report by Laura Hodgson

BUDGET IMPLICATION

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at attachment A remains unchanged at \$415,000.

CONSULTATION

SMP Chartered Accountants

Budget Review - Working

Victor Harbor Horse Tram Authority

Description	2022/23 Original Budget	2022/23 YTD Actual	Budget Remaining (\$)	Budget Remaining (%)	2022/23 September Budget Review	Variance (\$)	Variance (%)	Comments
Income								
CVH budget contribution	415,000	103,750	311,250	75%	415,000	0	0%	June to Sept contribution
Donation Income	3,000	909	2,091	70%	3,000	0	0%	Affected by covid-19 restrictions/Closure-causeway build
Employee Subsidies	5,000	0	5,000	0%	0	(5,000)	0%	This subsidy isn't available anymore.
Fleurieu Heritage Sales	500	0	500	100%	500	0	0%	Affected by covid-19 restrictions/Closure-causeway build
Group Sales	5,000	1,510	3,490	70%	5,000	0	0%	Affected by covid-19 restrictions/Closure-causeway build
Other Income	74,500	0	74,500	100%	74,500	0	0%	
Souvenir Sales	75,000	29,098	45,902	61%	80,000	5,000	7%	New Merchandise store is going really well
Ticket Sales	535,000	150,078	384,922	72%	535,000	0	0%	Affected by Covid-19 Restrictions/causeway build
Causeway boom gate monitoring	0	5,633	(5,633)	0%	40,000	40,000	100%	Monitoring boom gate for DIT contract signed after budget was completed
Other Income - Interest	200	15	185	0%	200	0	0%	
Total Income	1,113,200	290,993	822,207	74%	1,153,200	40,000	4%	No change
Less Operating Expenses								
Administration Charge - Corporate Support	68,000	17,562	50,438	74%	68,000	0	0%	On track
Administration Charge - Rent on Assets	48,000	10,238	37,762	79%	48,000	0	0%	On track
Advertising Expenses	22,000	4,128	17,872	81%	22,000	0	0%	On track
Authority Board Expenses	15,000	2,606	12,394	83%	15,000	0	0%	Payment due to be made.
Cleaning	5,000	1,011	3,989	80%	5,000	0	0%	On track
Consultants and Professional Services	20,000	281	19,719	99%	20,000	0	0%	On track
Employee expenses	694,500	134,946	559,554	81%	704,900	10,400	1%	Higher due to EB 3.5% wage rise instead of 2%
Horse Care Expenses	58,000	19,762	38,238	66%	69,400	11,400	20%	Feed prices have risen due to fuel prices and weather
Other Expenses	2,000	0	2,000	100%	2,000	0	0%	Allowance
Repairs and Maintenance	20,000	1,777	18,223	91%	20,000	0	0%	On track
Security Expenses	4,000	1,177	2,823	71%	4,000	0	0%	On track
Staff Amenity Expenses	3,500	2,258	1,242	35%	5,500	2,000	57%	Costs have increased
Utilities	14,000	2,630	11,370	81%	14,000	0	0%	On track
Vehicle and Travel Expenses	28,100	2,374	25,726	92%	28,100	0	0%	On track
Volunteer Expenses	3,430	0	3,430	100%	3,430	0	0%	Not spent yet
Bank Fees	800	705	95	12%	2,000	1,200	150%	costs to eftpos and increase in machines not accounted for
Insurance	45,000	30,065	14,935	33%	60,000	15,000	33%	Income protection missed in budgeting
Merchant Fees	2,800	819	1,981	71%	2,800	0	0%	On track
Phone and Date Expenses	4,000	421	3,579	89%	4,000	0	0%	On track
Printing and Stationary Expenses	4,500	152	4,348	97%	4,500	0	0%	On track
Sourvenir Purchases	35,000	14,046	20,954	60%	35,000	0	0%	On track
Depreciation	15,570	0	15,570	0%	15,570	0	100%	
Total Operating Expenses	1,113,200	246,957	866,243	78%	1,153,200	40,000		No change
Net Surplus / (Deficit)	0	44,036	(44,036)	0	0	0		



STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2023

	2022/23	2022/23
	Current Budget at June 2022	Proposed Budget
	\$	\$
OPERATING INCOME		
Ticket & Bookings Sales	540,700	540,700
Council Contribution	415,000	415,000
Other Income	157,500	197,500
Total Income	1,113,200	1,153,200
OPERATING EXPENSES		
Employee Costs	694,500	704,900
Materials Contract and Other Expenses	403,130	432,730
Depreciation, amortisation and impairment	15,570	15,570
Total Expenses	1,113,200	1,153,200
Operating Surplus (Deficit)	-	-
NET SURPLUS / (DEFICIT)	-	-
KEY FINANCIAL INDICATOR		
Own Source Revenue	62.7%	64.0%
Operating Surplus Ratio	0%	0%
Net Financial Liabilities Ratio	8%	8%
Asset Renewal Funding Ratio	0	0%



STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2023

	2022/23	2022/23
	Current Budget at June 2022	Proposed Budget
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	89,457	89,457
Trade and Other Receivables	0	0
Inventories	-	-
Total Current Assets	89,457	89,457
NON-CURRENT ASSETS		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	93,000	93,000
ROU Assets	87,000	87,000
Other Non-Current Assets	-	-
Total Non-Current Assets	180,000	180,000
TOTAL ASSETS	269,457	269,457
CURRENT LIABILITIES		
Trade and Other Payables	79,000	79,000
ROU lease	35,000	35,000
Borrowings	-	-
Provisions	17,457	17,457
Total Current Liabilities	131,457	131,457
NON-CURRENT LIABILITIES		
ROU Lease	52,000	52,000
Borrowings	48,000	48,000
Provisions	40,000	40,000
Total Non-Current Liabilities	140,000	140,000
TOTAL LIABILITIES	271,457	271,457
NET ASSETS	(2,000)	(2,000)

EQUITY

Accumulated Surplus	(2,000)	(2,000)
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	-	-
New Capital	-	-
Total Equity	(2,000)	(2,000)



CASHFLOW STATEMENT

For the Year Ending 30 June 2023

	2022/23	2022/23
	Current Budget at June 2022	Proposed Budget
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	1,113,200	1,153,200
Investment Receipts	-	-
Payments		
Operating Payments to Suppliers and Employees	1,097,630	1,137,630
GST Payments	-	-
Net cash provided by (or used in) operating activities	15,570	15,570
CASHFLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	27,727	27,727
Payments		
Expenditure on renewal/replacement of assets	-	-
Expenditure on new/upgraded assets	93,000	93,000
Net cash provided by (or used in) investing activities	- 65,273	- 65,273
CASHFLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from borrowings	65,273	65,273
Payments		
Repayments of borrowings	17,000	17,000
Net cash provided by (or used in) financing activities	48,273	48,273
NET INCREASE (DECREASE) IN CASH HELD	- 1,430	- 1,430
Cash & cash equivalents at beginning of period	90,887	90,887
CASH & CASH EQUIVALENTS AT END OF PERIOD	89,457	89,457