



8 April 2022

Contact for Apologies: General Manager

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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: Tuesday, 12 April 2022

TIME: 3:00pm

PLACE: Encounter Room, Civic Centre, 1 Bay Road, Victor Harbor

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
Paul Brown
Rachel Kennedy
Natasha Hunt

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

Karen Rokicinski (Director Corporate and Customer Service)

3. Apologies

Nil

4. Minutes of Previous meeting

4.1 Board Meeting Minutes Report – 8 February 2022, 16 February 2022 and 8 March 2022 3

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

6.1	Resolutions Register Report	15
6.2	Audit Committee Meeting Minutes Report	20
6.3	General Manager Operations Report	25

7. Reports for Decision

7.1	Proposed Amendments to the Victor Harbor Horse Tram Authority Charter Report	28
7.2	Draft Business Plan Annual Review 2022 Report	50
7.3	Draft Capital Budget 2022/23 Report	79



8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

- 9.1 Discussion around the opening of the finished merchandise area after window installation in May / June.

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Reports

Nil

Next Meeting

Tuesday 7 June 2022, 10am – 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 **12 April 2022**
From **Megan Whibley**
Subject **Board Meeting Minutes – 8 February 2022, 16 February 2022 and 8 March 2022**
Report Number **4.1**

RECOMMENDATION

- 1. That the minutes of the previous Victor Harbor Horse Tram Authority Board Meeting held Tuesday, 8 February 2022, be confirmed as a true and accurate record.**
- 2. That the minutes of the previous Victor Harbor Horse Tram Authority Board Special Meeting held Wednesday, 16 February 2022, be confirmed as a true and accurate record.**
- 3. That the minutes of the previous Victor Harbor Horse Tram Authority Board Special Meeting held Tuesday, 8 March 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 minutes for the meetings held on 8 February 2022, 16 February 2022 and 8 March 2022 for confirmation.

Background

A Board meeting of the Victor Harbor Horse Tram Authority was held on Tuesday, 8 February 2022. A special Board meeting of the Victor Harbor Horse Tram Authority was held on Wednesday, 16 February 2022 and on 8 March 2022.

Commentary

The minutes for the Victor Harbor Horse Tram Authority meeting held Tuesday, 8 February 2022 were distributed to Members on Friday, 11 February 2022. The minutes for the Victor Harbor Horse Tram Authority meeting held Wednesday, 16 February 2022 were distributed to Members on Friday, 18 February 2022. The minutes for the Victor Harbor Horse Tram

Authority meeting held Tuesday, 8 March 2022 were distributed to Members on Friday, 11 March 2022.

A copy of the minutes are provided at attachments A, B and C to this report.

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 implications in confirming the Victor Harbor Horse Tram Authority minutes.

No additional funds are required.

CONSULTATION

Victor Harbor Horse Tram Authority Board members
Karen Rokicinski (Director Corporate and Customer Service)

**Minutes of the Victor Harbor Horse Tram Authority
Board Meeting
For meeting Tuesday 8 February 2022
Commencing at 3:00pm Encounter Room**



VHHTA287 Moved: Paul Brown
 Seconded: Carol Schofield

2. That the Victor Harbor Horse Tram Authority Board endorse the December Budget Review 2021/22 as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,400, and provide the report to Council.

CARRIED

7.3 Utility Replacement Report

VHHTA288 Moved: Paul Brown
 Seconded: Rachel Kennedy

1. That the Victor Harbor Horse Tram Authority receive and note the Utility Replacement report.
2. That the Victor Harbor Horse Tram Authority Board endorse replacement of the Authority's Utility Vehicle, as detailed in this report.
3. That the Victor Harbor Horse Tram Authority Board:
 - (a) authorise the General Manager to apply for loan funds through the Local Government Finance Authority (LGFA) to fund the replacement of the utility vehicle; and
 - (b) to seek approval from City of Victor Harbor Council for this loan application.

CARRIED

VHHTA289 Moved: Natasha Hunt
 Seconded: Carol Schofield

4. That the General Manager provide a report to the Board regarding the Capital Asset Management Plan and associated funding.

CARRIED

**Minutes of the Victor Harbor Horse Tram Authority
Board Meeting
For meeting Tuesday 8 February 2022
Commencing at 3:00pm Encounter Room**



13. Next Meetings

Tuesday 12 April 2022, 3pm – Encounter Room, TBC

14. Meeting Closed.

The Chair declared the meeting closed at 4:35pm

***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.*

**Minutes of the Victor Harbor Horse Tram Authority
Special Board Meeting
For meeting Tuesday 8 March 2022 Commencing
at 3pm, Encounter Room**



VHHTA296 Moved: Carol Schofield
 Seconded: Paul Brown

3. That the Victor Harbor Horse Tram Authority Board recommend to Council that Natasha Hunt be appointed as Independent Board Members for a second term, for a period of three years, commencing on 1 March 2022 and concluding 1 March 2025.

CARRIED

4.2 Cash Advance Debenture Loan Funding from Local Government Finance Authority

VHHTA297 Moved: Carol Schofield
 Seconded: Paul Brown

1. That the Victor Harbor Horse Tram Authority Board receive and note the Cash Advance Debenture Loan Funding from Local Government Finance Authority report.

CARRIED

Natasha Hunt joined the meeting at 3:13pm.

VHHTA298 Moved: Carol Schofield
 Seconded: Natasha Hunt

2. That the Victor Harbor Horse Tram Authority Board:
 - (a) endorse that the Victor Harbor Horse Tram Authority apply for a loan with the Local Government Finance Authority, being a Cash Advance Debenture of \$200,000; and
 - (b) seek approval from the City of Victor Harbor that, as the entity responsible for the establishment of the Subsidiary, they act as guarantor for the Cash Advance Debenture; and
 - (c) subject to approval of the Cash Advance Debenture by LGFA, authorise the Board Chair and the VHHTA General Manager to execute the relevant

**Minutes of the Victor Harbor Horse Tram Authority
Special Board Meeting
For meeting Tuesday 8 March 2022 Commencing
at 3pm, Encounter Room**



loan agreements and affix the subsidiary common seal thereto.

CARRIED

13. Next Meetings

Tuesday 12 April 2022, 3pm – Encounter Room, TBC

14. Meeting Closed.

The Chair declared the meeting closed at 3:19pm

***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 **12 April 2022**

From **Megan Whibley**

Subject **Resolutions Register Report**

Report Number **6.1**

RECOMMENDATION

That the Victor Harbor Horse Tram Authority receive and note the Outstanding Resolutions Register report.

INFORMATION

Purpose

The purpose of this report is to review the outstanding resolutions register and determine the best course of action for items where required.

Background

The General Manager is to maintain a register of outstanding resolutions and implement resolutions of the Board in a timely and efficient manner.

The outstanding resolutions report lists all the outstanding resolutions from previous Board meetings, with a progress note against each resolution. Completed items are removed from the register for the following Board meeting to ensure that the list remains a current working document of outstanding resolutions that require action.

Commentary

The current outstanding resolutions register is provided at attachment A.

RISK ASSESSMENT

Corporate Governance –The Board must manage its governance risk of implementing decisions of the Board and associated actions as well as undertake duties as required by the Local Government Act 1999 Section 99(1)(a) and the Charter within approved budgets and required time frames. This report provides a mechanism for the Board to monitor progress of resolutions, work and actions and to manage the associated governance risk. The risk is assessed as **low**.

Socio Political, Community Issues / Reputation – There may be some concern from Board members, Council and the broader community if resolutions are not actioned in a timely

manner or if the current Board determines to resolve contrary to an earlier resolution. The risk is assessed as *medium*.

BUDGET IMPLICATIONS

There are no budget implications associated with the Board receiving and noting this report.

The majority of tasks on the outstanding resolutions register will be undertaken by the General Manager Horse Tram Authority as scheduled and without requirement for additional funds. Where additional funds are required to achieve items on the resolutions register, endorsement by the Horse Tram Authority Board, or where applicable, budget bids to Council, will be applied to individual items as required.



Attachment A
VHHTA – Outstanding Resolutions Register – updated 8-Apr-22
 *newest at top

Date	Minute Number	Resolution	Status/Update
		<i>Leave blank</i>	
8 March 2022	VHHTA298	<p>That the Victor Harbor Horse Tram Authority Board:</p> <p>(a) endorse that the Victor Harbor Horse Tram Authority apply for a loan with the Local Government Finance Authority, being a Cash Advance Debenture of \$200,000; and</p> <p>(b) seek approval from the City of Victor Harbor that, as the entity responsible for the establishment of the Subsidiary, they act as guarantor for the Cash Advance Debenture; and</p> <p>(c) subject to approval of the Cash Advance Debenture by LGFA, authorise the Board Chair and the VHHTA General Manager to execute the relevant loan agreements and affix the subsidiary common seal thereto.</p>	<p>Complete</p> <p>Complete – Council approval provided – 28 March 2022 Council meeting</p> <p>In progress</p>
8 March 2022	VHHTA296	<p>That the Victor Harbor Horse Tram Authority Board recommend to Council that Natasha Hunt be appointed as Independent Board Members for a second term, for a period of three years, commencing on 1 March 2022 and concluding 1 March 2025.</p>	<p>Complete – Reappointed - 28 March 2022 Council meeting</p>
8 March 2022	VHHTA295	<p>That the Victor Harbor Horse Tram Authority Board recommend to Council that Rachel Kennedy be appointed as Independent Board Members for a second term, for a period of two years, commencing on 1 March 2022 and concluding 1 March 2024.</p>	<p>Complete – Reappointed - 28 March 2022 Council meeting</p>



Attachment A

Date	Minute Number	Resolution	Status/Update
16 February 2022	VHHTA293	That the Victor Harbor Horse Tram Authority Board endorse the December Budget Review 2021/22 as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,000, and provide the report to Council.	Complete – Provided to Council on 28 February 2022 meeting
16 February 2022	VHHTA292	That the Victor Harbor Horse Tram Authority Board endorse the Draft Operating Budget 2022/23 and the accompanying financial statements as provided at attachment A to this report, and recommend it to Council for their approval.	Complete – Provided to Council on 28 February 2022 meeting
8 February 2022	Discussion item	VHHTA adopt a Covid-19 Vaccination Policy.	In progress
8 February 2022	VHHTA290	That the Victor Harbor Horse Tram Authority Board: (i) meet informally to discuss the General Manager reappointment and the draft contract proposal, as provided under separate cover; and (ii) authorise Nigel Catt (Authority Board Chair) to liaise with the General Manager, for the purpose of negotiating the reappointment and up to a 3 year contract, including remuneration and conditions of employment (under the South Australian Municipal Salaried Officers Award (SAMSOA) with the General Manager of the Victor Harbor Horse Tram Authority.	Complete
8 February 2022	VHHTA289	That the General Manager provide a report to the Board regarding the Capital Asset Management Plan and associated funding.	Complete
8 February 2022	VHHTA288	That the Victor Harbor Horse Tram Authority Board:	Complete – Council approval provided – 28 March 2022 Council meeting



Attachment A

Date	Minute Number	Resolution	Status/Update
		<p>(a) authorise the General Manager to apply for loan funds through the Local Government Finance Authority (LGFA) to fund the replacement of the utility vehicle; and</p> <p>(b) to seek approval from City of Victor Harbor Council for this loan application.</p>	
8 February 2022	VHHTA287	That the Victor Harbor Horse Tram Authority Board endorse the December Budget Review 2021/22 as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,000, and provide the report to Council.	Complete – Provided to Council on 28 February 2022 meeting
8 February 2022	VHHTA285	That the Draft Operating Budget be amended in accordance with verbal discussions held at the Victor Harbor Horse Tram Authority Board meeting in relation to depreciation, the budget balancing to zero and insurance increases due to the new building, and be presented back to the Board.	Complete
8 June 2021	VHHTA245	That the VHHTA General Manager develop the long-term financial plan as part of the VHHTA strategic management Plan, consistent with Section 122 of the Local Government Act 1999.	Complete
1 December 2020	VHHTA209	That the General Manager present a report to the Victor Harbor Horse Tram Authority Board prior to the setting of the 2021/2022 budget, that includes information on our training policy and our budget requirements for training, so as to provide direction for the Board.	In Progress – Training Policy for VHHTA is in early stages of development, in consultation with CVH.
20 Aug 2019	VHHTA96	That the Victor Harbor Horse Tram Authority examine the policy associated with sales and Merchandise.	In progress – this needs to be developed.



Meeting **Victor Harbor Horse Tram Authority**
Date **12 April 2022**
From **Megan Whibley**
Subject **Audit Committee Public Minutes –**
Report Number **6.2**

RECOMMENDATION

That the Victor Harbor Horse Tram Authority receive and note the unconfirmed public minutes of the Audit Committee meeting 8 February 2022 at attachment A to this report.

INFORMATION

Purpose

The purpose of this report is to receive and note the minutes of the Audit Committee meetings held on Tuesday, 8 February 2022, and to consider recommendations from the Audit Committee.

Background

The Audit Committee minutes from the meeting held on Tuesday, 8 February 2022 were distributed to Members on Friday, 11 February 2022.

Commentary

At the meeting held on 8 February 2022 the Audit Committee received and reviewed the December Budget Review 2021/22 Report. The Audit Committee recommended to the Authority that depreciation of assets be included in this and any current budget report rather than be applied to the end of financial year review.

At the meeting the Audit Committee also received and reviewed the Draft Operating Budget 2022/23 Report. The Audit Committee recommended to the Authority that the Draft Operating Budget 2022/23 take into consideration the depreciation of new assets and the sale of current assets.

A copy of the 8 February 2022 Audit Committee minutes are provided at attachment A to this report.

RISK ASSESSMENT

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

REFERENCES

VHHTA Charter

The Local Government Act 1999

Local Government (Financial Management) Regulations 2011

BUDGET IMPLICATION

Excluding endorsed budgeted staff resources there are no budget implications in the preparation and receipt of this report.

No additional funds are required

CONSULTATION

Audit Committee Members

Karen Rokicinski – (Director Corporate and Customer Service CVH)

Minutes of the Victor Harbor Horse Tram Authority
Audit Committee Meeting
For meeting Tuesday 8 February 2022
Commencing at 12:30pm, Encounter Room



2. That the Victor Harbor Horse Tram Authority Audit Committee recommends to the Authority that the Draft Operating Budget 2022/23 take into consideration the depreciation of new assets and the sale of current assets.

CARRIED

7. Reports for Decision

Nil

8. Presentations

Nil

9. Discussion Items – No decision(s)

9.1 Financial Asset Management Plan

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Item(s)

Nil

13. Next Meetings

Tuesday 10 May 2022, 12:30pm at the Encounter Room

14. Meeting Closed.

1:15pm

***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 **12 April 2022**
From **Megan Whibley**
Subject **General Manager Operations Report**
Report Number **6.3**

RECOMMENDATION

That the Victor Harbor Horse Tram Authority receive and note the Operations Report.

INFORMATION

Purpose

The purpose of this report is to provide an update from the General Manager to the Board, regarding Horse Tram operations.

Background

After a closure of the Victor Harbor Horse Tram operations occurred from August 21 – December 21 while the Causeway was being constructed, as of the 24 December 2021 the Victor harbor Horse Tram operations resumed operation on the new Causeway.

Commentary

New Causeway:

The horses have moved onto the new Causeway without any trouble, taking it all in their stride and surprising us all. It is so flat and smooth for them to pull the tram and it has been an absolute pleasure to watch them in motion.

Merchandise store and Office refurbishment:

The opening of the merchandise store has been a huge success and once complete with the display windows (which are due after the school holidays) and info screen it will be even more successful.

Volunteers:

Now that the Merchandise store is open everyday with adequate facilities for the volunteers there has been an additional 6 volunteers start with the VHHTA. Thankyou to the endless hard work from Carol Schofield for canvassing for the additional volunteers and inducting the new volunteers into the Merchandise store. It is operating extremely

efficiently. Having this front of house customer service is invaluable and it will only go from strength to strength.

Stables Update:

With the resignation of Graeme Eats, the stables project management has been put in the capable hands of Jodi Roberts. Tenders for the stable itself are due to close on Tuesday 12 July, which will give us a costing guideline. Pre-purchase of the timbers for the stable railing has got underway with quotes being sought.

Fencing of the boundary of the new Canton place land is scheduled for construction in May, and Nigel Catt has kindly donated Ocloc posts for this which is a cost saving of approx. \$1500. Thankyou.

The behind the scenes / VIP Centre is being designed with drawings being sought from Barefoot designs, which will be discussed with Jodi Roberts in a scheduled meeting on 13 April 2022.

Staff Training:

Equine Assisted Learning

On 7 March 2022 the fourth staff member started their study, with the first staff member enrolled nearing completion, and receiving a high distinction for their final exam result. The next two staff are due to finish in the middle of 2022. It is getting all members really excited about where this is going to take the Tram operation in the future.

Enquiries into a chainsaw course have started so that we can have that qualification added to one of our team members.

Majority of the staff have completed their first Aid training late last year and updated first aid kits have been added to the trams.

Tram Operations:

The purchase of a portable fridge and battery have allowed us to expand our offerings on the tram with the sale of cool drinks, this has been welcomed with the café on the Island still closed.

Figures have been exceeding expectations since the VHHTA resumed operations.

All months have increased significantly from last year, which is fantastic.

Group bookings have returned which is very welcome. We have one company booked for every week day of April with 15 passengers+. Achieving budget is looking promising in this line.

Rail replacement on the island is scheduled for the beginning of May 2022 with Council project managing this project, in conjunction with Tom Hampton. The Authority are liaising with McConnel Dowel in order to have the soft fall rubber, that is to be applied as a

covering to the rail bolts on the Causeway, laid at the same time so as to limit the disruption to Tram services.

Boat landing construction:

The construction of the boat landing has started this week with a barge and crane in the bay. There have been some interruptions to the VHHTA service but it has been manageable. It was hoped that it would only take a week to get the piling complete, but there have been some hold ups and the works are expected to take longer.

Horses:

The Veterinary report, which I will share, has been completed and all of the horses received a great bill of health.

They are looking fantastic and are really fit.

Work has recommenced with Chester, aiming to have him ready for tram training at the end of May, coinciding with the return of Adrian after some well-deserved annual leave.

Staff:

Our EB is due to be redone, so that will be discussed with the staff and put out for consultation. It appears as though it is only going to need a couple of adjustments, with early discussions.

RISK ASSESSMENT

A risk assessment has not been undertaken as this operations report is provided to the Board for receiving and noting only.

BUDGET IMPLICATIONS

There are no budget implications associated with the Board receiving and noting the General Manager Operations Report.



Meeting **Victor Harbor Horse Tram Authority**
Date **12 April 2022**
From **Megan Whibley**
Subject **Proposed Changes to the Victor Harbor Horse Tram Authority Charter**
Report Number **7.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Board receive and note the Proposed Changes to the Victor Harbor Horse Tram Authority Charter report.**
- 2. That the Victor Harbor Horse Tram Authority Board;**
 - a. endorse the Proposed Changes to the Victor Harbor Horse Tram Authority Charter report, and;**
 - b. request Council review the current VHHTA Charter.**

INFORMATION

Purpose

The purpose for this report is for the Victor Harbor Horse Tram Authority Board to endorse the proposed changes to the VHHTA Charter and to request Council to review the Authority's Charter, and consider the endorsed, proposed amendments to the Charter, as presented in this report and at Attachment A to this report.

Background

The Authority Charter was published in the Government Gazette on 25 October 2018. The Authority is a relatively new subsidiary of Council. The Authority has been finding its feet and is now in its fourth year of operation. The Authority's growth has occurred during a challenging time period, due to the COVID-19 pandemic and also the construction of the new Causeway.

In regards to the appointment / reappointment of Board members the Charter says at 2.9.5;

A Board Member is eligible for reappointment at the expiration of a term of office except that no person shall hold office as a Board Member for more than two consecutive terms.

Commentary

Proposed changes to Board Member's Terms of appointment

The current Authority Board members were appointed at a difficult time when the viability of the old Causeway was in jeopardy, and the emergence of the pandemic occurred. With the easing of Covid-19 restrictions, the approvals of grant money, and with the new Causeway complete, the Board is now able to move ahead with plans for the VHHTA's future growth, including the construction of the new stables, VIP experience packages and equine assisted learning experiences.

Certain Board members have expressed a desire to serve an extra term, so as to apply their gained knowledge and experience with the VHHTA, and to be able to perform their role, free of the constrictive challenges of the last three years with Covid-19 and Causeway closures. The VHHTA seeks from Council a review of its Charter so as to allow Board members to stay on for a further term, if so reappointed. The Board members have invaluable skills, knowledge and experience that can provide an enormous benefit for the Authority during the critical time period of growth for the Authority soon to come. Certain Board members second terms expire in March 2023. The Authority is seeking to have the VHHTA Charter reviewed so as to retain the resources that the Board is able to provide for an extended time. The *Local Government Act 1999* does not place a limit on the consecutive terms of appointment for Board members of a subsidiary.

Proposed changes to Charter Objects and Purposes

The VHHTA Charter, at provision 1.7, sets out the Authority's objects and purposes. The Authority has identified that the objects and purposes fail to identify the Authority's high priority in caring for the horses' health and welfare. The Authority seeks to add this priority to provision 1.7 as its first and foremost priority. The working with any animal in a business for profit setting requires the highest of ethical standards to be applied, and the Authority seeks to have this high, ethical bar clearly laid out in the Charter, both for future leadership and for public confidence.

Proposed changes to Insurance and Superannuation Requirements

The current Charter states at provision 6.2 that the Authority must register employees with Statewide Super. Authority employees register with a superannuation scheme of their choice. It is proposed that the Charter be reviewed and changed to reflect this.

Proposed changes to the Transitional Provisions

The Charter Transitional Provisions, at 11, are now outdated, and the VHHTA has a General Manager, Authority Board, and has surpassed all of the early milestones that these provisions refer to. It is proposed that the Transitional Provisions be removed from the Charter.

RISK ASSESSMENT

Corporate Governance – The Board have accumulated knowledge of the inner workings and functions of the VHHTA. The VHHTA is entering into a critical growth period, with some Board member terms set to expire March 2023. A change in Board management, and a loss of Board knowledge and experience, could affect the VHHTA’s growth and establishment of new services in a negative way. The recommendations in the report aim to minimize any disruption to the VHHTA’s critical growth period. The risk is assessed as **low**.

Infrastructure & Assets – Previously identified objects and purposes of the VHHTA in the Charter do not address the high priority of the VHHTA’s role in caring for the health and welfare of the horses worked with in Horse Tram offerings. Inserting this object and purpose into the Charter ensures that the horses health and welfare is at the forefront of future decisions and strategies of the VHHTA. The risk is assessed as **low**.

Socio Political, Community Issues / Reputation – The VHHTA has received some negative publicity as a result of the Charter failing to identify a duty to care for the health and welfare of the VHHTA horses in its objects and purposes. Reviewing the Charter, so as to make changes to the objects and purposes, so as to insert the VHHTA’s priority of caring for the horses’ welfare will aid in mitigating this negative publicity, and communicate to the public the high priority that the horses welfare is to the VHHTA. The risk is assessed as **low**.

REFERENCES

VHHTA Charter

Local Government Act 1999

BUDGET IMPLICATIONS

There are no budget implications in endorsing the Proposed changes to the Victor Harbor Horse Tram Authority Charter report.

CONSULTATION

City of Victor Harbor – Director Corporate and Customer Service (Karen Rokicinski)

City of Victor Harbor - Governance and Policy Officer (Kyla Walker)

city of
Victor Harbor



Victor Harbor Horse Tram Authority

(Section 42 Subsidiary of the City of Victor Harbor)

23 July 2018

DRAFT

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1. INTRODUCTION

1.1 Name of Authority

The name of the subsidiary is the Victor Harbor Horse Tram Authority.

1.2 Dictionary

Act means the Local Government Act 1999.

Authority means the Victor Harbor Horse Tram Authority established as a single council subsidiary pursuant to Section 42 of the Act.

Board means the board of management of the Authority.

Board Member means at any time a member of the Board appointed in accordance with subclause 2.9 of this Charter.

Budget means a budget adopted by the Authority in accordance with the Act and this Charter.

Business Plan means a business plan adopted by the Authority in accordance with the Act and this Charter.

General Manager means the General Manager of the Authority and includes a person acting in that position.

Council means The City of Victor Harbor.

Deliberative Vote means a vote cast by each Board Member (including the Chairperson) for the purpose of deciding a matter under deliberation.

Elected Member means an elected member of the Council.

Remuneration Fees mean fees paid to a Board Member in accordance with this Charter.

Significant Business Activity has its meaning in the Revised Clause 7 Statement on the Application of Competition Principles to Local Government under the Competition Principles Agreement September 2002.

Simple Majority means a majority of those Board Members present and entitled to vote.

Subject to the above, words and expressions in this Charter have the same meaning as in a provision of the Act that deals with the same matter.

1.3 Interpretation

In this Charter:

1.3.1 the singular includes the plural and vice versa;

1.3.2 words importing a gender include other genders;

- 1.3.3 words importing natural persons include corporates;
- 1.3.4 reference to a section is to a section of the Act and includes any section that substantially replaces that section and deals with the same matter;
- 1.3.5 headings are for ease of reference only and do not affect the construction of this Charter.

1.4 **Establishment**

The Authority is a subsidiary of the Council established under Section 42 of the Act.

1.5 **Local Government Act**

- 1.5.1 This Charter must be read in conjunction with Parts 1 and 3 of Schedule 2 to the Act.
- 1.5.2 The Authority shall conduct its affairs in accordance with and comply with Schedule 2 to the Act except as modified by this Charter in a manner permitted by Schedule 2.
- 1.5.3 The establishment of the Authority does not derogate from the power of Council to act independently in relation to a matter within the jurisdiction of the Authority.

1.6 **About this Charter**

- 1.6.1 This Charter is the charter of the Authority.
- 1.6.2 Despite any other provision in this Charter:
 - 1.6.2.1 if the Act prohibits a thing being done, the thing may not be done;
 - 1.6.2.2 if the Act requires or permits a thing to be done by the Authority approval is given for that thing to be done;
 - 1.6.2.3 if a provision of this Charter is, or becomes, inconsistent with the Act, that provision must be read down or, failing that, severed from this Charter to the extent of the inconsistency.
- 1.6.3 This Charter may not be amended except by resolution of the Council.

1.7 **Objects and Purpose**

The Authority has these purposes:

1.7.1 to ensure the health and welfare of the Victor Harbor Horse Tram Horses;

~~1.7.1~~1.7.2 to promote and market the Victor Harbor Horse Tram;

- [4.7.21.7.3](#) to position the Victor Harbor Horse Tram in a way that sustains retail, business and economic growth and supports economic viability for the region;
- [4.7.31.7.4](#) to enhance and sustain the commercial aspects of the Victor Harbor Horse Tram to ensure ongoing competitiveness;
- [4.7.41.7.5](#) to provide positive and productive engagement and partnership with key stakeholders of the Authority and the Victor Harbor Horse Tram to achieve ongoing sustainability;
- [4.7.51.7.6](#) the development and success for the Authority and the Victor Harbor Horse Tram;
- [4.7.61.7.7](#) to prepare a strategic management plan for the Victor Harbor Horse Tram;
- [4.7.71.7.8](#) to refine and redefine the strategic management framework for the Victor Harbor Horse Tram in response to changing circumstances;
- [4.7.81.7.9](#) to promote the Victor Harbor Horse Tram and to encourage its use by residents, tourists, visitors and the community in general;
- [4.7.91.7.10](#) to make recommendations to the Council in relation to the maintenance and upgrade of the Victor Harbor Horse Tram's existing infrastructure and physical appearance to ensure it is maintained to a high standard;
- [4.7.101.7.11](#) to monitor that aspect of the annual budget approved by the Council relating to the Authority's financial and general performance;
- [4.7.111.7.12](#) to report regularly to the Council on the Authority's financial and general performance; and
- [4.7.121.7.13](#) to promote and co-ordinate strategic management actions in relation to the Victor Harbor Horse Tram in a way that will ensure ongoing participation and commitment from stakeholders and the Council.

1.8 Powers, Functions and Duties

- 1.8.1 The powers, functions and duties of the Authority are, in addition to those set out in the Act, to:
- 1.8.1.1 set, charge and, from time to time adjust the fees for the use of the facilities of the Victor Harbor Horse Tram as considered appropriate by the Authority;
 - 1.8.1.2 receive donations and sponsorship from any person for use or investment in relation to the Victor Harbor Horse Tram;
 - 1.8.1.3 subject to clause 1.9 of this Charter, enter into contracts;
 - 1.8.1.4 subject to clause 1.9 of this Charter, purchase, or otherwise acquire chattel, plant or equipment and sell, lease, hire, rent

or otherwise dispose of any chattel, plant, equipment or other personal property of the Authority;

- 1.8.1.5 open and operate bank accounts;
- 1.8.1.6 subject to clause 1.9 of this Charter, prosecute, defend, compromise, compound, abandon, refer to mediation or settle a dispute, debt or claim to which the Authority is a party;
- 1.8.1.7 subject to clause 1.9 of this Charter, incur expenditure in the performance of its functions and duties in the furtherance of its objects and purposes;
- 1.8.1.8 plan, cost, endorse and report upon projects to the Council and to stakeholders of the Authority;
- 1.8.1.9 subject to clause 1.9, borrow or apply for funds;
- 1.8.1.10 invest surplus funds in the manner described in Section 139 of the Act as if the Authority were a 'council' and review those investments in the manner described in Section 140 of the Act as if the Authority were a 'council';
- 1.8.1.11 subject to clause 1.9 of this Charter, and any relevant policy of the Authority, employ, engage, remunerate, suspend or dismiss staff of the Authority;
- 1.8.1.12 to do all things necessary, expedient or incidental to performing its functions and duties;
- 1.8.1.13 to make submissions for and accept grants, sponsorship subsidies and contributions to further its objects and purposes;
- 1.8.1.14 to earn revenue from activities undertaken in the furtherance of its objects and purposes;
- 1.8.1.15 to exercise such other functions, powers and duties as are delegated to the Authority or authorised by the Council from time to time;
- 1.8.1.16 ensure that information provided to the Council is accurate and that the Council is kept informed of the solvency of the Authority as well as any material developments that may affect the operating capacity and financial affairs of the Authority;
- 1.8.1.17 not to act outside the area of the Council.

1.9 **Funding of Authority, Borrowings and Expenditure**

- 1.9.1 The Authority is intended to be partially self-funded.
- 1.9.2 The Authority has the power to incur expenditure as follows:

- 1.9.2.1 in accordance with a Budget adopted by the Authority and approved by the Council as required by the Act or this Charter; or
 - 1.9.2.2 with the prior approval of the Council; or
 - 1.9.2.3 in accordance with the Act, in respect of expenditure not contained in a Budget adopted by the Authority, for a purpose of genuine emergency or hardship.
- 1.9.3 Subject to clause 1.9.4 the Authority has the power to borrow money as follows:
- 1.9.3.1 in accordance with a Budget adopted by the Authority and approved by the Council as required by the Act or this Charter; or
 - 1.9.3.2 with the prior approval of the Council.
- 1.9.4 Unless otherwise approved by the Council any and all borrowings taken out by the Authority:
- 1.9.4.1 must be from the Local Government Finance Authority; and
 - 1.9.4.2 in the case of fixed loans, must be drawn down within a period of 24 months from the date of approval.
- 1.9.5 The Authority will determine and include in its Budget each year for approval by the Council the funds it requires to enable it to meet its Business Plan objectives.
- 1.9.6 The Authority will if requested by the Council make a payment to the Council from the annual profit of the Authority where there is a surplus after the Authority has funded its operational and capital expenditure as set out in a Budget approved by the Council.

1.10 **Property**

- 1.10.1 All property held by the Authority is held by it on behalf of Council.
- 1.10.2 The Authority must not acquire, dispose, encumber or otherwise deal with any real property without the prior approval of the Council.

1.11 **Delegation by the Authority**

- 1.11.1 Subject to clause 1.11.3 the Authority may by resolution delegate such of its powers, functions and duties under this Charter as it sees fit.
- 1.11.2 The Authority must review at least annually its delegations including any terms and conditions of such delegations and any limits and/or restrictions on the exercise of the relevant powers, functions and duties delegated.
- 1.11.3 Notwithstanding the provisions of clause 1.11.1 the Authority may not delegate:

- 1.11.3.1 the power to impose fees and charges;
 - 1.11.3.2 the power to borrow money or to obtain other forms of financial accommodation not set out or included in a Budget adopted by the Authority and where required by this Charter approved by the Council;
 - 1.11.3.3 the power to approve expenditure of money on works, services or operations of the Authority not contained in a Budget adopted by the Authority and where required by this Charter approved by the Council;
 - 1.11.3.4 the power to approve payment or reimbursement of expenses or payment of allowances to members of the Board;
 - 1.11.3.5 the power to adopt a Budget of the Authority;
 - 1.11.3.6 the power to adopt or revise a Business Plan, Strategic Plan or Long Term Financial Plan of the Authority;
 - 1.11.3.7 the power to adopt or revise financial estimates and reports;
 - 1.11.3.8 the power to make an application or recommendation to the Minister.
- 1.11.4 A delegation is revocable at will and does not prevent the Authority from acting in a matter.

1.12 **National Competition Policy**

If the Authority is at any time involved in a significant business activity as defined in the Clause 7 Statement prepared under the Competition Principles Agreement of the National Competition Policy, it will implement the principles of competitive neutrality by way of annual review of its business operations in the market place and application of the relevant principle(s) where that is appropriate to do so, unless the costs associated with implementation as provided for in Part 4 of the *Government Business Enterprises (Competition) Act 1996* outweigh the benefits to be realised through the application of the principles of competitive neutrality.

1.13 **Direction and Control**

- 1.13.1 The Authority is subject to the direction and control of the Council.
- 1.13.2 A direction by the Council to the Authority must be evidenced by a resolution of the Council.

2. **BOARD OF MANAGEMENT**

2.1 **Role of Board**

The Authority is governed by a board of management which has the responsibility to manage the business and other affairs of the Authority in accordance with this Charter.

2.2 Specific Functions of the Board

In administering the affairs of the Authority, the Board must ensure:

- 2.2.1 that the Authority observes all plans, targets, structures, systems and practices required or applied to the Authority by the Council;
- 2.2.2 that all information given to the Council is accurate; and
- 2.2.3 that information is provided to the Council of any material particular affecting the financial or operational ability of the Authority or which gives rise to the expectation that the Authority may not be able to meet its debts as and when they fall due immediately upon the Board becoming aware of any such material particular.

2.3 Strategic Functions of the Board

In overseeing the affairs of the Authority, the Board must:

- 2.3.1 formulate strategic, management and business plans aimed at improving the business of the Authority;
- 2.3.2 provide professional input and policy direction to the Authority;
- 2.3.3 monitor, oversee and measure the performance of the General Manager of the Authority; and
- 2.3.4 exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

2.4 Proceedings at Board Meetings

- 2.4.1 A meeting of the Board must be held at times and intervals as determined by the Board, provided that the Board meets at least six times in every twelve months.
- 2.4.2 An ordinary meeting of the Board will constitute an ordinary meeting of the Authority. The Board shall administer the business of the ordinary meeting.
- 2.4.3 Chapter 6, Part 3 of the Act extends to the Authority as if:
 - 2.4.3.1 the Authority were a council; and
 - 2.4.3.2 the Board Members of the Authority were members of the council.
- 2.4.4 Each Board Member present at a Board meeting must vote on a matter arising for decision at the meeting unless prohibited from doing so at law, and if the votes are equal, the Board Member presiding at the meeting may exercise a casting vote.
- 2.4.5 Subject to clause 5 of Schedule 2 to the Act, the Board must determine its own procedures to apply at or in relation to its meetings, which must be fair and contribute to free and open decision making

provided that those procedures are not inconsistent with the provisions of this Charter or the Act.

- 2.4.6 The General Manager must at the request of the Chairperson or any two Board Members call a special meeting of the Authority.
- 2.4.7 The General Manager will give notice of a meeting to Board Members (by means authorised in writing by the Board Member as being an available means of giving notice) which must:
- 2.4.7.1 set out the place, date and time for the meeting;
 - 2.4.7.2 contain or be accompanied by the agenda for the meeting and
 - 2.4.7.3 be accompanied by any documents or reports that are to be considered at the meeting (so far as reasonably available); and
 - 2.4.7.4 in the case of an ordinary meeting, be given at least three clear business days before the meeting and in the case of a special meeting, be given at least twenty-four hours before the meeting (or such other period as all the Board Members in office may, as a matter of general policy, determine otherwise).
- 2.4.8 The General Manager must maintain a record of all notices of meetings given to Board Members.
- 2.4.9 The General Manager must give notice to the public of the times and places of meetings of the Board by causing a copy of the notice and agenda for the meeting to be placed on public display at the principal office of the Authority:
- 2.4.9.1 in the case of an ordinary meeting, at least three clear days before the date of the meeting; or
 - 2.4.9.2 in the case of a special meeting, as soon as practicable after the time that notice of the meeting is given to Board Members.
- 2.4.10 Subject to clause 2.4.12 the General Manager must also ensure that a reasonable number of copies of any document or report supplied to Board Members for consideration at a meeting of the Board are:
- 2.4.10.1 available for inspection by members of the public at the principal office of the Authority as soon as practicable after the time when the document or report is supplied to Board Members; and
 - 2.4.10.2 in the case of a document or report supplied to Board Members at the Board meeting, at the meeting as soon as practicable after the time when the document or report is supplied to Board Members.

- 2.4.11 The General Manager may indicate on a document or report provided to Board Members under clause 2.4.7 any information or matter contained in or arising from a document or report that may, if the Board determines, be considered in confidence in accordance with Chapter 6, Part 3 of the Act provided that the General Manager at the same time specifies the basis on which an order could be made pursuant to the provisions of Chapter 6 Part 3 of the Act.
- 2.4.12 Clause 2.4.10 does not apply to a document or report:
- 2.4.12.1 that is subject to the operation of clause 2.4.11; or
 - 2.4.12.2 that relates to a matter dealt with by the Board on a confidential basis in accordance with clause 2.4.3 and Chapter 6 Part 3 of the Act.
- 2.4.13 The Board may invite any person to attend at a meeting of the Board to act in an advisory capacity.
- 2.4.14 Minutes of meetings of the Board must be provided to Board Members and the Chief Executive Officer of the Council within five days of the meeting to which they relate.

2.5 **Chair and Deputy Chair of the Board**

- 2.5.1 The Board shall appoint a Board Member to be the Chairperson of the Board for such term and on such conditions as determined by the Board.
- 2.5.2 The Chairperson will cease to hold office as Chairperson in the event:
- 2.5.2.1 the Chairperson resigns as Chairperson; or
 - 2.5.2.2 the Chairperson ceases to be a Board Member; or
 - 2.5.2.3 the Board terminates the Chairperson's appointment as Chairperson.
- 2.5.3 In the event that the office of Chairperson becomes vacant, then the Board must appoint a new Chairperson who shall hold office for the balance of the original term or until such later date as the Board may determine.
- 2.5.4 The Board shall appoint a Board Member, other than the Chairperson to be the Deputy Chairperson for such term and on such conditions as determined by the Board.
- 2.5.5 The Deputy Chairperson will cease to hold office as Deputy Chairperson in the event:
- 2.5.5.1 the Deputy Chairperson resigns as Deputy Chairperson; or
 - 2.5.5.2 the Deputy Chairperson ceases to be a Board Member; or
 - 2.5.5.3 the Board terminates the Deputy Chairperson's appointment as Deputy Chairperson.

- 2.5.6 In the event that the Chairperson resigns, is removed from office by the Board, refuses or is unable to act as Chairperson, or is no longer a Board Member, then the Deputy Chairperson shall act in that office until such time as a Chairperson has been appointed by the Board. In the event that the Deputy Chairperson resigns, is removed from office by the Board, refuses or is unable to act as Chairperson, or is no longer a Board Member, the Board shall appoint a Board Member to act as Chairperson until such time as a Chairperson has been appointed by the Board whereupon the person so appointed shall hold office as the Chairperson for the balance of the original term or until such later date as the Board may determine.
- 2.5.7 The Chairperson and the Deputy Chairperson are eligible for re-appointment at the expiration of their term of office.
- 2.5.8 The Chairperson shall preside at all meetings of the Board and, in the event of the Chairperson being absent from a meeting, the Deputy Chairperson shall preside for that meeting or until the Chairperson is present and in the event the Chairperson and Deputy Chairperson are both absent from a meeting, the Board Members present shall appoint a member from amongst them, who shall preside for that meeting or until the Chairperson or Deputy Chairperson is present.

2.6 **Quorum**

- 2.6.1 A quorum of the Board is one half of the Board Members in office, ignoring any fraction, plus one. A quorum must be present at all times during a Board meeting.

Governance

2.7 **Board Policies**

- 2.7.1 The Authority must adopt a mandatory code of conduct to be observed by Board Members in the performance of their functions and duties.
- 2.7.2 The Authority must, in consultation with the Council, prepare and adopt, and thereafter keep under review as required by legislation, policies on:
- 2.7.2.1 governance;
 - 2.7.2.2 contracts and tenders (to conform to Section 49 of the Act);
 - 2.7.2.3 human resource management;
 - 2.7.2.4 work health and safety;
 - 2.7.2.5 protection of the environment;
 - 2.7.2.6 any other matters relevant to the operation of the Victor Harbor Horse Tram and the Authority; and
 - 2.7.2.7 the Board must ensure that code of conduct and Authority policies are complied with in the operation of the Authority.

2.8 Board Duties to the Authority

- 2.8.1 The Board must ensure:
- 2.8.1.1 that the Authority acts in accordance with legislation, regulations, mandatory codes of practice and this Charter;
 - 2.8.1.2 that the Board acts ethically and with integrity;
 - 2.8.1.3 that the activities of the Authority are conducted efficiently and effectively and that the assets of the Authority are properly managed and maintained;
 - 2.8.1.4 that the Authority adheres to its Business Plan and takes all reasonable steps to achieve the financial outcomes projected in its Budget.

2.9 Appointment of Board Members

- 2.9.1 The Board shall consist of five members appointed by the Council.
- 2.9.2 The Council will appoint:
- 2.9.2.1 four Board Members who are neither employees nor elected members of the Council;
 - 2.9.2.2 one elected member of the Council to be a Board Member.
- 2.9.3 The appointment of all Board Members will be for a term not exceeding three years and on such conditions as determined by the Council provided that the Council shall ensure that no more than two (2) Board Members' terms of office expire in the same 12 month period.
- 2.9.4 The Council will, as far as possible, ensure that each Board Member appointed pursuant to clause 2.11.2.1 possesses skills and/or experience in one of the following areas provided that no two Board Members are appointed on the basis of possessing the same skills and/or experience and that collectively the Board Members possess all the following skills and experience :
- 2.9.4.1 marketing and tourism;
 - 2.9.4.2 business or financial management;
 - 2.9.4.3 horse management, husbandry and/or veterinary science experience;
 - 2.9.4.4 Director or manager of a commercial business.
- 2.9.5 A Board Member is eligible for reappointment at the expiration of a term of office except that no person shall hold office as a Board Member for more than ~~threetwo~~ consecutive terms.
- 2.9.6 Prior to the conclusion of the term of office of any Board Member, a further appointment will be made by the Council.

2.9.7 The Council must give to the Authority a written notice of appointment of a Board Member.

2.9.8 Each Board Member must give to the Authority a signed written consent to act as a Board Member.

2.10 Selection Panel

2.10.1 A Chief Executive Officer of the Council and 2 persons appointed by the Board who is neither an elected member nor employee of the Council will comprise the Selection Panel and make recommendations to the Council on the appointment of Board Members pursuant to clause 2.9.2.1.

2.10.2 The Selection Panel will determine the appropriate recruitment process for Board Members having regard to existing policies and processes of the Council.

2.11 Vacancy in Office of Board Members

2.11.1 The office of a Board Member becomes vacant if any of the circumstances set out in clause 4(3) of Schedule 2 of the Act arise; and

2.11.2 Unless the Council expressly provides otherwise, in the case of a Board Member who was when appointed an elected member of the Council:

2.11.2.1 upon that Board Member no longer being an elected member of the Council; and

2.11.2.2 at the conclusion of the local government elections following their appointment.

2.12 Remuneration and Expenses of Board Members

2.12.1 The Authority is entitled to pay appropriate remuneration fees to Board Members (excluding Board Members who are elected members of the Council) as approved by the Council having regard to the Guidelines for Agencies and Board Directors published from time to time by the Department of Premier and Cabinet for Government Boards and Committees.

2.12.2 A Board Member is entitled to claim for any travelling and other expenses that are properly incurred in connection with the Authority's business and with the prior approval of the Board as recorded in minutes of a Board meeting.

2.13 Casual Vacancies

If any casual vacancy occurs in the membership of the Board, it will be filled in the same manner as the original appointment. The person appointed to the Board to fill a casual vacancy will be appointed for the balance of the term of the original appointment or such longer term as determined by the Council.

2.14 Register of Interests

A Board Member is not required to submit returns to the Authority under Chapter 5, Part 4, Division 2 of the Act.

3. OTHER OFFICERS

3.1 General Manager

3.1.1 The Authority may appoint a General Manager of the Authority on terms and conditions to be determined by Council.

3.1.2 The General Manager's functions include:

3.1.2.1 to ensure that the policies and lawful decisions of the Authority are implemented in a timely manner;

3.1.2.2 to ensure the efficient and effective management of the operations and affairs of the Authority;

3.1.2.3 to provide advice and reports to the Board on the exercise and performance of the Authority's powers and functions;

3.1.2.4 to assist the Authority and the Board in maintaining compliance with all relevant legislation, this Charter, the Budget and the Business Plan;

3.1.2.5 ensuring that records required under the Act or in other legislation are properly managed and maintained;

3.1.2.6 achieving financial outcomes in accordance with adopted plans and budgets; and

3.1.2.7 establishing policies and procedure relating to work, health and safety.

3.1.3 The General Manager has such powers, functions and duties prescribed by this clause and as determined necessary by the Board from time to time to ensure the efficient and effective management of the operations and affairs of the Authority.

3.1.4 The General Manager is subject to the same legislative responsibilities and duties as a Chief Executive Officer of a council including those matters set out in Parts 1 and 3 of Chapter 7 of the Act.

3.1.5 The General Manager of the Authority is responsible for appointing, managing, suspending and dismissing any other subordinate employees of the Authority (on behalf of the Authority) in accordance with legislative requirements, Authority policy and applying the principles of procedural fairness.

3.2 Staff

3.2.1 The appointment of staff will be and remain consistent with the Council's employment policies under the Act and other relevant legislation.

3.3 Auditor

- 3.3.1 The Authority must appoint an auditor. Subject to the Act, and this Charter, an auditor holds office on the terms and conditions (including as to remuneration) that the Authority determines.
- 3.3.2 The Authority must provide its audited financial statements to the Chief Executive Officer of the Council by 30 September in each year.

4. AUDIT COMMITTEE

4.1 Audit Committee

- 4.1.1 The Authority is required to establish an Audit Committee and clause 13(4) of Schedule 2 of the Act governs the constitution and functions of the Audit Committee. The Authority may establish its own Audit Committee or use the Council's Audit Committee with the agreement of the Council.
- 4.1.2 If the Authority establishes its own Audit Committee:
- 4.1.2.1 it must comply *with the Local Government (Financial Management) Regulations 2011* regarding the membership of the Audit Committee;
 - 4.1.2.2 an officer(s) of the Council nominated by the Chief Executive Officer of the Council may attend Audit Committee meetings as an observer;
 - 4.1.2.3 at least two members of the Audit Committee must be neither elected members nor employees of the Council;
 - 4.1.2.4 the Presiding Member of the Audit Committee must not be an elected member or employee of the Council;
 - 4.1.2.5 members of the Audit Committee are not entitled to payment of Remuneration Fees unless approved by the Council.
 - 4.1.2.6 minutes of an Audit Committee Meeting must be provided to the Chief Executive Officer of the Council within five days of the Audit Committee meeting to which the minutes relate.

5. BUDGETS

- 5.1 The Authority must before 31 March of each year prepare and submit a draft Budget to the Council for the ensuing financial year (or, if appropriate, part financial year) in accordance with the Act for approval by the Council.
- 5.2 The Authority must adopt after 31 May and within six (6) weeks of approval of the draft Budget by the Council in each year, a Budget in accordance with the Act for the ensuing financial year consistent with the approval given by the Council pursuant to clause 5.1.

- 5.3 The Authority may in a financial year, after consultation with the Council, incur spending before adoption of its Budget for the year, but the spending must be provided for in the appropriate Budget for the year.
- 5.4 The Authority must each financial year provide a copy of its adopted Budget to the Council within five (5) business days after the adoption of the Budget by the Authority.
- 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.
- 5.6 The Authority must reconsider its Budget in accordance with the Act in a manner consistent with the Act and may with the approval of the Council amend its Budget for a financial year at any time before the year ends.
- 5.7 The contents of the Budget must be in accordance with the Act.

6. **INSURANCE AND SUPERANNUATION REQUIREMENTS**

- 6.1 The Authority must maintain membership with the Local Government Association Mutual Liability Scheme and Local Government Association Workers Compensation Scheme and comply with the rules of those Schemes.
- 6.2 If the Authority employs any person, it must register the employee with a Statewide Superannuation scheme of their choice, and comply with the rules of that Scheme.
- 6.3 The Authority must advise Local Government Risk Services of its insurance requirements relating to risks including: buildings, structures, vehicles and equipment under the ownership, management, care and control of the Authority.

7. **FINANCIAL PRACTICES**

7.1 **Accounting Records**

The Authority must comply with Sections 124 and 125 of the Act as if the Authority were a council and ensure that its financial practices are undertaken in accordance with all applicable accounting standards, legislation and regulations.

7.2 **Other Financial Practices**

Except as may be stated elsewhere in this Charter, there are no special accounting, internal auditing or financial systems or practices to be established or observed by the Authority.

8. **REPORTING**

8.1 **Management Reports**

The Authority must provide management reports to the Board Members at such times, in such format and with such content as the Board may determine.

8.2 Annual Reports

Clause 12 of Schedule 2 of the Act requires the Authority to furnish an annual report to the Council. The report is required by 30 September each year.

9. COMMITTEES

9.1 The Authority may establish committees for such purposes and with terms of reference as the Authority determines from time to time.

9.2 The members of committees need not be members of the Board.

10. OTHER MATTERS

10.1 Saving Provision

10.1.1 No act or proceeding of the Authority is invalid by reason of:

10.1.1.1 a vacancy or vacancies in the membership of the Board; or

10.1.1.2 a defect in the appointment of a Board Member.

10.2 Circumstances Not Provided For

If any circumstances arise about which this Charter is silent, or are incapable of taking effect or being implemented according to its terms, the Board may consider the circumstances and determine the action to be taken and consult with Council.

~~11. TRANSITIONAL PROVISIONS~~

~~11.1 Interim General Manager~~

~~The Council must as soon as possible after the establishment of the Authority appoint a person for a period up to six (6) months to act in the position of Interim General Manager until such time as the Authority appoints a General Manager.~~

~~11.2 Inaugural Board~~

~~11.2.1 Notwithstanding clause 2.10, the members of the Council's Horse Drawn Tram Committee in office as at the date of the establishment of the Authority shall comprise the Board of the Authority and shall hold office for a period up to six (6) months.~~

~~11.2.2 The term that a Board Member holds office as a Board Member pursuant to clause 11.2.1 will not be included in the calculation of the number of terms that Board Member has held office for the purposes of clause 2.9.5.~~

~~11.3 First Board Meeting~~

~~11.3.1 The first meeting of the Board following the establishment of the Authority will be called by the Interim General Manager appointed pursuant to clause 11.1 to be held within three months of the establishment of the Authority.~~

~~11.3.2 At the first meeting of the Board, the Board will determine the time, date and place of ordinary meetings of the Board.~~

~~11.3.2.1 The Interim General Manager must give notice of the first Board meeting to Board Members and the public in accordance with clauses 2.4.7 and 2.4.9.~~

~~11.4 First Budget~~

~~11.4.1 The budget adopted by Council for the Horse Tram Service will be the budget for the Authority until the Authority submits its first draft budget to the Council pursuant to Clause 11.4.2.~~

~~11.4.2 Notwithstanding clause 5, the first draft Budget of the Authority following its establishment for the current part financial year must be submitted to the Council for its approval within four (4) months of the first Board meeting held in accordance with clause 11.3.~~

~~11.4.3 Notwithstanding clause 5, the Authority must, within six (6) weeks of approval by the Council of the first draft Budget for the current part financial year submitted in accordance with clause 11.4.1, adopt a Budget consistent with the approval given by the Council pursuant to clause 11.4.1 and in accordance with the Act.~~

~~11.5 First Business Plan~~

~~11.5.1 In accordance with Clause 8 (2) of Schedule 2 of the Act the Authority must ensure that the First Business Plan of the Authority is prepared within six (6) months after the Authority has been established.~~



Meeting **Victor Harbor Horse Tram Authority**
Date **12 April 2022**
From **Megan Whibley**
Subject **Draft Business Plan Annual Revision 2022**
Report Number **7.2**

RECOMMENDATION

1. That the Victor Harbor Horse Tram Authority Board receive and note the Draft Business Plan Annual Revision 2022 Report.
2. That the Victor Harbor Horse Tram Authority Board endorse the annually revised Draft Business Plan 2021-23 as provided at Attachment A, and provide the plan to City of Victor Harbor.

INFORMATION

Purpose

The purpose of this report is to present the annually revised draft Business Plan 2021-23 of the Victor Harbor Horse Tram Authority (VHHTA) to the Board for endorsement, prior to being presented to City of Victor Harbor Council at their Ordinary Council meeting to be held on 26 April 2022.

Background

In accordance with Clause 8 of Schedule 2 of the Local Government Act (the Act), subsidiaries are required to prepare and adopt business plans in accordance with their Charter:

8—Business plans

- (1) A subsidiary must, in consultation with the council, prepare and adopt a business plan consistent with its charter.
- (2) A subsidiary and the council must ensure that the first business plan of the subsidiary is prepared within six months after the subsidiary is established.
- (3) A business plan of a subsidiary continues in force for the period specified in the plan or until the earlier adoption by the subsidiary of a new business plan.
- (4) A subsidiary must, in consultation with the council, review its business plan on an annual basis.
- (5) A subsidiary may, after consultation with the council, amend its business plan at any time.
- (6) A business plan must set out or include—
 - (a) the performance targets that the subsidiary is to pursue; and
 - (b) a statement of the financial and other resources, and internal processes, that will be required to achieve the subsidiary's performance targets; and
 - (c) the performance measures that are to be used to monitor and assess performance against targets.

The first draft business plan spanned 2019-2021. Regardless of the two-year span of the plan the Act requires a review of the business plan at least every 12 months. In 2021, as the VHHTA was now further established, it considered a business plan that spanned a longer period, 2020-23, with planned annual reviews to ensure that priorities detailed within the plan remain current.

Commentary

The 2022 annual review is the first annual review of the Draft Business Plan 2021-23. Amendments can be made to the business plan whenever changes are required and that this can be prior to the required 12 monthly reviews. Should the amended Draft Business Plan 2021-2023 be endorsed at this meeting, it will be provided to Council for their 26 April 2021 meeting. The annually revised and amended Draft Business Plan 2021-2023 is provided at Attachment A.

RISK ASSESSMENT

Corporate Governance – The VHHTA is required to review the business plan annually. The draft business plan is consistent with the VHHTA Charter, as required by the Act. 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 dependency on Council funding which will go toward appeasing any community concern regarding the use of ratepayer money to fund horse tram operations. There could be opportunity for the VHHTA to provide information to the Victor Harbor community around the benefits of the planned service expansion and the potential reduction in required council contribution. This risk is assessed as *Low*.

Service Delivery – Progress against projects identified in the VHHTA Business Plan facilitates the VHHTA being able to continue service delivery into the future. The risk is assessed as *low*.

REFERENCES

The Victor Harbor Horse Tram Authority Charter

The Local Government Act 1999

BUDGET IMPLICATIONS

The Draft Business Plan has been prepared with consideration of resources available to the Victor Harbor Horse Tram Authority, however there may be budget implications from some aspects of the business plan which will need to be carefully considered and prioritised over the life of the plan to manage budget impacts. Impacts will need to be incorporated into future budgets and budget reviews as they become clearer, but it is thought that additional revenue from improved operations, service expansion marketing, grants and sponsorship will go some way to offsetting these costs.

CONSULTATION

Victor Harbor Horse Tram Board Members



VICTOR HARBOR
HORSE TRAM AUTHORITY

Business Plan



Victor Harbor Horse Tram Authority Business Plan 2021 - 2023

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About the Victor Harbor Horse Tram

The history of the Horse Tram dates back 150 years to when the first horse drawn wagons hauled freight and passengers along the broad-gauge rail line connecting Goolwa to Port Elliott.

The Victor Harbor Horse Tram has been in operation in some form since 1854. In 1894, the South Australian Railways introduced a new horse drawn tram service from mainland Victor Harbor to Granite Island using the same double-deck tram that was used on the Goolwa Railway. In 1986, the District Council restored the original passenger service from Policeman's Point at the esplanade to Granite Island over the causeway.

The Victor Harbor Horse Tram as we now know it, is a tourist attraction which provides a historic passenger experience between the City of Victor Harbor Esplanade and Granite Island.

The Victor Harbor Horse Tram runs all year round (except for Christmas Day), with the operation comprising of up to eight Clydesdale horses, four renovated double decker trams and a team of friendly staff.

In 2015, the City of Victor Harbor Council requested a review of the Horse Tram management structure to explore options for the future that would make the service less reliant on City of Victor Harbor rates revenue and move it further towards financial self-sustainability.

The review determined that the most appropriate structure for the Horse Tram was to become a subsidiary of Council and in October 2018, the Victor Harbor Horse Tram Authority (the Authority) was gazetted under Section 42 of the Local Government Act.

The Horse Tram service is conducted on the Victor Harbor foreshore from a complex which supports a terminal, office and corral for the horses, as well as storage facilities for the heritage style trams. The Clydesdales are paddocked on land on the outskirts of Victor Harbor and the horses are collected and returned to this location daily.

The Horse Tram is a community service that is important to the Victor Harbor economy.





About the Victor Harbor Horse Tram 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 positive effect that this service has on other local businesses became most apparent during the period of the causeway closure in 2018-19. The Horse Tram is part of what makes this city thrive!

Message from the Chair

During 2021-22 the Authority was faced with an implausible year. Significant outside influences of COVID-19 and the building of the new Causeway created huge operating obstacles, impeding and stopping the operation of the tram. The Authority team, however, turned the challenges into a positive, rebuilding and painting tram 3, increasing the fitness of the horses, plus advancing a number of other projects outlined below. Most importantly congratulations to you all as the horses have never looked so polished & healthy. A 5-star rating was received for all horses, from the attending Veterinarian at their annual health checks. Just exceptional!

The much-awaited opening of the new Causeway occurred in December 2021 and saw an immediate response from the community, putting credence to the importance of the much-loved Horse Tram's worth to Victor Harbor. The new Causeway has proved to be an absolute triumph, with a constant traffic flow of people enjoying the experience. Our thanks go to the whole team but especially to the Authority management, Megan and Adrian, for their faultless service and attention to detail.

The Authority has been awarded a substantial grant from the Building Better Regions Fund, ensuring that the new stable complex and VIP centre will become an exciting reality. This tourist encounter will extend our service sector reach and enhance involvement by providing the VIP visitor centre, enabling the delivery of a first-class hands-on horse experience. Not only will this facility attract a more and varied visitor base to the Victor Harbor region but also serve to increase employment, provide an additional source of income and encourage extended holiday stays in the area.

COVID-19 has severely impacted all businesses in SA and the Horse Tram was not immune. Our numbers overall were suppressed, and passenger seating available per trip was reduced to comply with COVID capacity restrictions. The lack of international visitors for over 20 months, in addition to border closures, stopped visitor numbers from all states, including our key market of Victoria. We have been impressed, as a board, in the way Megan and her team have adjusted and pivoted during this period, with staff being redirected to other tasks and targeted education, being the Equine Assisted Learning program that has and will serve to create a better experience for visitors. Also, internal maintenance has shaped extensive savings showing fiscal responsibility in a difficult climate.



Picture: The Victor Harbor Horse Tram Authority Board with General Manager, Meg Whibley.

One of the major achievements is the new merchandise area, which has seen a significant increase in sales, creating a substantial revenue stream, for which we have our volunteers, Carol, Nedra et al, to thank.

While visiting the tram office in the mornings it is heart-warming to see the love and care the horses are given and how passionate the team is, plus the scores of people who watch them being ridden along the beach, a majestic sight. Watching the employees converse with the public and how convivially they react with all visitors, it is obvious that it is a very cohesive team that enjoy their workplace, and are surely appreciated.

Board Picture:

Regular board meetings, together with internal and external assessment, serve to formalise ideas to recognise and guide a path to make the Victor Harbor Horse Tram an exceptional experience. The Tram helps to showcase Victor Harbor as South Australia's #1 tourist destination through the world's leading horse drawn tram experience, delivering encounters that create lasting memories.

I want to thank the Board for their commitment and passion for the Horse Tram, each member making a very positive contribution, bringing as a whole a considerable skill set to the Authority.

Megan Whibley, the Authority General Manager, has gone above and beyond in running a very diverse and unique business, while bringing new and fresh ideas to the Authority. We have a great team of people working for the authority, and a happy, healthy team of horses. The future of the Victor Harbor Horse Tram Authority is looking positive, bright and exciting.



Nigel M. Catt
Dip.Ag., Grad.Dip.Sc.

Chair

Victor Harbor Horse Tram Authority

The Board



Nigel Catt (Chair)

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 businesses, 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.



Paul Brown

Paul Brown is the former owner of an internationally recognised tourism business. He has previously been the Chair of Tourism Kangaroo Island and the Australian Tourism Export Council (ATEC) SA Branch, as well as a board member of ATEC nationally.

In addition to being Chair of the Victor Harbor Tram Authority he is a Board member of the Summit Sport and Recreation Park (Mount Barker) and Owner/Director, Dauncey Street Investments Pty Ltd

A graduate of the Australian Institute of Company Directors course Paul has always sought to make a contribution to his industry and community and in recent times has contributed to the Older Persons Health sector in the following way.

Guest speaker at the opening of the Repat neural behaviour unit opening and staff induction for the Repat neural behaviour unit.

Member of the Repat neural behaviour unit and older person's mental health key staff interview panel.

Contributor to the Aged Care Community of Practice - Service Provider Forums.

Member of the Repat neural behaviour unit and older person's mental health – Facility planning panel.

Member of the northern neural behaviour unit and older person's mental health – Facility planning panel.

Program advisory committee member for the professional certificate in Older Persons mental health.

Member of the SA Health Oakden Response Plan Oversight Committee - Model of Care Expert Working Group.



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.



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.

General Manager

The General Manager reports directly to the Board and is responsible for overseeing the operations of the iconic Horse Tram service. When the Authority was first established, City of Victor Harbor Chief Executive Officer Victoria MacKirdy was appointed as the interim General Manager.

As the interim General Manager, Victoria was responsible for managing the transition to the Victor Harbor Horse Tram Authority which included implementing policies and procedures, undertaking recruitment and induction of a new Board, recruiting a General Manager, and at the same time keeping the day to day operations running smoothly.

In early 2019, a competitive selection process was undertaken and Megan (Meg) Whibley was appointed from a strong field of candidates.

As the former managing director of Greenhill's Adventure Park, Meg has extensive experience in the tourism and service industry. It was these skills along with her experience with horses and local knowledge that led her to be selected as the successful candidate.

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 2018/19, a year of establishing the Authority, Audit Committee requirements were met through the City of Victor Harbor. The Authority has now determined the future approach is with its own Audit Committee and has drafted and endorsed its Terms of Reference, appointed four members, which includes two board members and two Independent members, and the first meeting occurred on 9 Feb 2021. Since that time an extra independent member has been appointed, so as to create a 5 member committee for the purposes of decision making and complying with best practice advice from the Local Government Authority. The three independent members bring an overwhelming volume of knowledge and specialist expertise. The Authority is thrilled to have them sitting on the Audit Committee, and appreciative to have members of their calibre, particularly given their non-remunerative status.

About this Plan

This Business Plan is the third review and update since the first Business Plan was prepared and provided to the City of Victor Harbor's elected members in October 2019, 12-months after the Authority was gazetted. The business plan must be reviewed on at least an annual basis, but may be amended at any time that changes are required. The business plan was first updated in February 2020 and presented to the City of Victor Harbor's elected members on the 18 February 2020.

This business plan includes, as required, performance targets that the Authority will pursue, a statement of financial and other resources, and internal processes that will be required to achieve these performance targets. It also details performance measures that will be used to monitor and assess performance against targets.

Business Planning Process

A collaborative one-day strategic business planning workshop was held on 13 July 2021, attended by all members of the Authority Board, the Authority General Manager, Authority Executive Coordinator and the City of Victor Harbor Director of Corporate and Customer Service. The workshop was facilitated by an external consultant. This was the third workshop that the Authority had organised, the first and second successfully helping to roadmap the 2020 and the 2021 Business Plan update.

During the second workshop, the Authority operation for 2020 - 23 was mapped and collectively, values and a clear mission and vision statement were formed with some minor changes from the previous year. During the 2021 workshop, it was decided that these purpose statements still accurately captured the intent and direction of the organization.



MAJESTIC * CARING * SUSTAINABLE * ICONIC

Vision statement

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

Mission statement

To deliver historic experiences and create memories.

Goals/objectives

To become more efficient in the development and implementation of a business structure that incorporates a realistic vision for the future of the Horse Tram service.

Summary

After a brief discussion about the scope of the organization and future growth, it was decided that these purpose statements accurately captured the intent and direction of the organization.

As part of the 2021 workshop, a revisit to the skills audit of the group was undertaken, followed by extensive workshopping of strategic priorities and action steps. Conversation was robust,

positive and practical, with lots of passion and goodwill in the room for this project. It was very apparent that at this workshop that the direction and planning was a continuation of, and a deepening into, the strategic tact taken in 2020, compared with earlier operational plans.

Informal gatherings have been held bi-monthly to further develop the plan and ultimately, the future of the Authority.

The progress the Authority has made gives it a bright future and with the ongoing work in relation to the development of policies, procedures and strategic planning the future longevity of the Horse Tram is positive.

Funding Our Plan

Operating Revenue

The Authority is, in part, funded by City of Victor Harbor. Other revenue is generated through ticket sales, receiving of grants, sponsorship, donations, credit interests and reimbursements (own source revenue).

2020/21

Operating expenses of \$ 903,900 will be funded by own source revenue of \$488,500. Council will provide a contribution of \$415,400 to the Authority aiming for a breakeven budget. Obviously this is being monitored and the 3rd quarter review will show if this is obtainable considering the effects of Covid-19 on the own source revenue.

The table below provides a summary of the revenue for 2020/21:

Description		Amount
Ticket Sales	Casual and group bookings	\$438,000
Other Income	Souvenir sales and donations	50,500
	Council contribution	\$415,400
Total		\$903,900

2021/22

Operating expenses of \$933,200 will be funded by own source revenue of \$498,500. Council will provide a contribution of \$434,700 to the Authority aiming for a breakeven budget.

The table below provides a summary of the revenue for 2021/22*:

Description		Amount
Ticket Sales	Casual and group bookings	\$408,000
Other Income	Souvenir sales and donations/sponsorship	\$30,500
	Department of Infrastructure and Transport	\$60,000
	Council contribution	\$434,700
Total		\$933,200

*To be confirmed - budget requirements currently under review

The table below provides a summary of the budgeted income for 2022/23:

Description		Amount
Ticket Sales	Casual and group bookings	\$538,500
Other Income	Donations/sponsorship	\$48,200
	Souvenir sales	\$75,000
	Behind the Scenes	\$36,500
	Council contribution	\$415,000
Total		\$1,113,200

Expenditure

COVH Capital

The City of Victor Harbor holds most of the assets used by the Authority in the tram operations. The Authority provides recommendations to Council in regards to capital requirements as part of the annual budget process.

These recommendations along with the requirements detailed in Council's Asset Management Plans provide for the effective replacement and upgrade of assets associated with horse tram service delivery.

VHHTA Capital

In addition to the City of Victor Harbor Capital budget, the Authority is establishing its own Capital Budget, in response to Council gifting certain assets to the authority. As the Authority now has assets, and is responsible for maintaining and replacing those assets, the Authority must now establish its own capital budget for this purpose. The Authority intends to service the capital budget by borrowing funds through the LGFA, in accordance with the Authority Charter. The Authority is currently working in collaboration with Council to achieve the VHHTA Capital budget and reduce its dependence on Council by managing certain assets.

Operating

Operating expenditure for the Authority includes employee costs, maintenance of assets, horse care, utilities, corporate support and building and equipment hire.

Corporate support is provided on a pro rata basis by the City of Victor Harbor for a number of services including information technology, finance support, and administration support. Costs that are directly attributable to the Authority are on-charged by council.

Building and equipment hire is charged by council at a rate equal to depreciation. This reflects the Authorities consumption of Council assets whilst providing a cost-effective solution for the Authority.

2021/22

The table below provides a summary of the expenses for 2021/22*:

Description		Amount
Employee costs	Salaries, superannuation & workcover	\$595,000
Administration	Travel, stationary, printing and communication	
	Insurance & Utilities	\$71,000
Maintenance	Building and equipment maintenance	\$35,000

	Horse care - feed, farrier and vet fees	\$58,000
Marketing	Advertising, promotions and souvenir purchases	\$18,000
Other Expenses	Committee costs, volunteer and staff amenities	\$48,200
Equipment Hire	Building and equipment hire	\$44,000
Corporate Support	IT, Finance, Records and administration	\$64,000
Total		\$933,200

2022/23

The table below provides a summary of the budgeted expenses for 2022/23:

Description		Amount
Employee costs	Salaries, superannuation & Workcover	\$694,500
Office and Administration costs	Travel, stationary, printing and communication	
	Insurance & utilities	\$92,100
Maintenance	Building and equipment maintenance	\$25,000
	Horse care - feed, farrier and vet fees	\$58,000
Marketing	Advertising, promotions and souvenir purchases	\$57,000
Depreciation	Capital Asset Depreciation	\$15,570
Other Expenses	Committee costs, volunteer and staff amenities	\$55,030
Equipment Hire	Building and equipment hire	\$48,000
Corporate Support	IT, finance, records and administration	\$68,000
Total		\$1,113,200

Financial Indicators

As the Authority is part funded by the City of Victor Harbor to achieve a breakeven budget, the Authority has chosen to report on Own Source Funding Ratio in lieu of the Operating Surplus Ratio.

Own Source Funding Ratio will provide a key indicator on the percentage of income that is generated before Council contributions.

Over the long term, the Authority aims to increase this percentage, thus reducing reliance on council funds.

The following table provides the ratios for 2021/22 and 2022/23:

Own Source Funding Ratio	2021/22	2022/23
		52.5%

Products and Services

The major business of the Authority is the sale of tickets to travel from the mainland to Granite Island via the causeway on the Horse Tram.

A small amount of income is also made from the sale of merchandise, which includes horse shoes, plush toys, post cards, hobby horses, hats and jackets.

Product/Service	Description	Price
Horse Tram ticket Pricing	Horse tram passenger service using Clydesdales and heritage trams to transport visitors from the mainland to Granite Islands	One way / Return Adult \$15 / \$20 Concession (Seniors and Students, Pensioners) \$10 / \$15 Children ride free with a paying adult. (limit of 2 children per adult)
Horse Tram membership	Membership offers members benefits and local business benefits	Adult \$60 Concession \$45 Children ride free with a paying adult. (limit of 2 children per adult)
Horse Tram and Whale Centre membership	Members benefits and local businesses benefits	Currently on hold due to Whale Centre renovations.
Horse Tram and Whale Centre daily packages	Entrance to Whale Centre & Tickets for Horse Tram	Currently on hold due to Whale Centre Renovations & Covid-19 restrictions.
The Heritage Experience	The ticket includes a trip on the PS Oscar W, Steam Ranger & Horse Tram with a return trip to Goolwa	Adults \$64 Concession (Seniors and Students, Pensioners) \$56 Child (4-15 years) \$32 Family (2 adults 2 children) \$159
Buy one get one free packages	Entertainment Card	
Joint tickets with Oceanic Victor	This ticket item is in the investigation/development stage	

Product/Service	Description	Price
Merchandise	Post Cards (single or pack of 6)	\$2 - \$10
	Stuffed toy horses, penguins, seahorses and unicorns	\$13 - \$30
	Hobby horses	\$30
	Horse shoes, some smaller ones bought in and also the original shoes off the Horse tram horses.	\$25
	Lucky horse shoe (plain & wedding)	\$7 - \$12
	Horse shoe nails	\$3
	Jackets, Rain coats, caps	\$20 - \$
	Horse jewellery	\$25
	Mugs, steins, stubby holders	\$8 - \$30
	Resin horse sculptures (single or pair)	\$6, \$10
	Biro's, hat pins, badges, magnets	\$3.50 - \$
	Horse tram books	\$5
	Tote bag	\$30
	Trinket box (various sizes)	\$30 - \$40
	And many more / too many to list	

What we will do in 2021 - 2023

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

2020-2023 is about key project development:

- 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, 23
Capital Budget Approved by Board and Council	Approvals received	April 2020, 21, 22, 23
Provide quarterly budget/finance reports to the City of Victor Harbor	Quarterly reporting received	November 2021, February, May September 2022 for EOFY
Undertake budget reviews in line with legislative requirements	Reviews submitted to board & Council	March, October, December 2021 Mid-Year Review
1.2 WHS Processes		
Actions	Indicator	Target
Annual WHS processes review	Received by Board & Council	July 2021, 22, 23
Complete Sky trust set-up to track WHS compliance	Staff trained and using	Achieved – Permanent staff trained
WHS Plan for during Causeway Construction	Published plan	Achieved and Complete
1.3 Project & Development Funds		
Actions	Indicator	Target
Secure & manage 'Stables Project' budget	Approvals received	September 2022
Secure Sponsorship	\$15,000 secured	September 2022
Review and grow merchandise Establish online store	\$10,000 income Online store	October 2022
Budget Office Reno for Budget Bid 21/22	Received by Board & Council	Complete – Office and Merch store renovated
Budget Platform improvements for Budget Bid 22/23	Received by Board & Council	July 2022
Review ticket pricing schedule	Board report complete	Annual – September 2022

Priority 2: The Stables Project

This is an exciting development that will enhance care of the horses, WHS 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.

2.1 Project Planning		
Actions	Indicator	Target
Confirm Project Team	Regular meetings	June 2022
Draft Project Schedule	Consultation with Board mentors	June 2022
Finalise Stage 1 Project Plans	Received by Board & Council	July 2022
Plan approved by Council	Approval	August 2022
2.2 Project Implementation		
Actions	Indicator	Target
Secure land for Horses	Fenced and secure	Complete
Public Consultation	Feedback received	September 2022
Approach Sponsors	5 Proposals & meetings	October 2022
2.3 Build		
Actions	Indicator	Target
Confirm build team		July 2022
Commence build	Started	October 2022
Complete build	Horses moved in, Council Member Tour	December 2022
2.4 Forward Planning		
Actions	Indicator	Target
Draft VIP Package	Workshopped by Board	Achieved – Grant approval received

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.

3.1 Effective Communication		
Actions	Indicator	Target
Regular Council updates and dialogue	5 F2F meetings	2021/22
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
3.2 Strategic Partnerships		
Actions	Indicator	Target
Meet with key government and SATC Stakeholders	5 Key Meetings	October 2022
Open Communication lines with Cause-Way Project team to ensure Horse specific needs and safety are met.	Staff Member consulted	Complete
Partner with SA icons, and local Tourist Attractions and Venues to increase Horse Tram promotions/exposure	Key Relationships developed	June 2022
3.3 Marketing		
Actions	Indicator	Target
Develop a One-page Marketing Plan based on Strategic Planning Workshop Findings	One-Page Plan in Business Plan	Complete
Seek high-level media Opportunities & Stories	5 Media Stories	Ongoing
Consistent Social Media Content Publication	Weekly Stories	Ongoing
Full Marketing Plan through a consultant	Plan Complete	2022

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.

4.1 Office and Shop Renovation		
Actions	Indicator	Target
Create Project team	Assembled and terms of reference agreed.	Complete
Draft three designs based on functionality and attractive enhancements	Place received by Board	Complete
Engage professional to draw up designs based on drafts and consultation.	Engaged & work completed.	Complete
Cost the project	Budgeted	Complete
4.2 Merchandise		
Actions	Indicator	Target
Review current line	Review to Board	Annual – June 2022/23
Establish online store	Store live on Website	October 2022

Priority 5: Asset Management

The Authority intends to develop strategies to manage and improve current assets. The Authority must establish its own capital budget for the maintenance, replacement and acquisition of assets, moving towards financial independence from Council.

4.1 Asset Management		
Actions	Indicator	Target
Monitor building renovations for merch shop, staff facilities & office	Consult with builders re: needs and functionality	Complete
Asset management plan	Cooperate with Karen Rokicinski to develop a 10-year AMP and long term financial plan for asset replacement	Complete
Establish a capital budget	Council / LGFA approvals	C approval complete LGFA July 2022



The Development of the VIP Experience Package

The Victor Harbor Horse Tram Authority is currently developing 'Behind the Scenes and VIP Experiences' that will provide up close and personal opportunities to experience a side of the horse tram operations that has not previously been accessible to the public. As well as responding to demand from visitors and locals to get closer to our majestic Clydesdales, it creates the opportunity to diversify the operation into additional experiences which will allow higher margins, better returns and greater employment opportunities.

The new service will:

- Provide insights into existing operations and the history of the Tram service which dates back to 1894;
- Offer a range of experiences including equine training, education and information, and hands-on demonstrations;
- Showcase the magnificent Clydesdales from the Horse Drawn Tram and introduce visitors to their home (stables and paddocks);
- Offer unique experiences for a range of audiences including:
 - Up close and personal exclusive experiences (\$160 - \$535 per person)
 - High Teas (\$100-\$160 per person)
 - School groups (\$15-\$20 per person)
 - Senior groups (\$30-\$60 per person)

- Make it possible to market additional value add opportunities e.g. pony birthday parties, small group experiences, conference facilities for hire, and equine facility rental;
- Facilitate additional merchandise sales; and
- Allow for pre-bookings online for individuals and for coach tour groups, overcoming a limitation with the existing service (where weather makes pre-bookings problematic).

The development of the VIP Experiences was fast tracked in order to apply for a tourism grant through the Building Better Regions Fund – Infrastructure Projects Stream – Round 5, allowing the VIP Experience to be incorporated into the new stable build and would be expected then to be up and running at the end of the year, or very early in 2023.

The Authority was a successful candidate for the Building Better Regions Fund grant application and acquired \$203,000 in additional funding. The funding will be used for:

- Product Development: VIP building fit out in our Stable complex which is shovel ready;
- Car Park facilities;
- Entrance fit out using timbers off of the old Causeway;
- Landscaping;
- Marketing: To raise awareness and establish the Behind the Scenes / VIP Experience;
- Staffing: Provide funds to employ additional staff and further training existing staff to fully implement this project.

This grant money will support stages one and two of the stable build. Stage one is the construction of the stables. Stage two is the development and fit out of the VIP / Behind the Scenes Experience.

The Authority has now applied for the Building Better Regions Fund – Infrastructure Projects Stream – Round 6 grant funding. The Authority is seeking an additional \$120,000, in matched funding. If the Authority is successful in attaining the grant money it will support the development of Stage three of the project, the Inclusive Adaptation and Indigenous experience development.

Inclusive Adaptation

- Inclusive pathways from carpark to facility, stable area and tree allotment (Disabled access), providing inclusive access to property (disabled access).

Indigenous Experience

- Including a yarnning circle and bush tucker garden, for the delivery of First Nations Australian experiences and cultural education, Welcome to Country (these aspects would be led by a Ramindjeri/Ngarrindjeri staff member), and enriched Equine Assisted Learning facilitation.

Upgrade of External Facilities

- The addition of external lighting, entrance and signage, and further fencing for property.



VIP Experience Financial Plan – 5 Year Forecast

Below is an overview of the projected financial performance of the Behind the Scenes and VIP experience over the next five years, based on conservative assumptions. The following projections and plan developmental stages are further fleshed out in the Victor Harbor Horse Tram Authority Behind the Scenes & VIP Experiences Business Plan.

To achieve these projections, the VHHTA need to raise an addition \$203,000 from loans or grants or gifts to complete the facility. The VHHTA currently has available \$203,000 in the City of Victor Harbor's 2020/21 capital budget to build the Stable complex commencing the first stage of the project.

The Behind the Scenes & VIP Experiences business model has the distinct advantage that variable costs are already accounted for in the VHHTA Operational budget. Making it profitable in the first year.

The figures are intentionally conservative, with revenue expected to exceed estimations but reflecting the uncertainty surrounding travel and the economy as a result of COVID.

Please note: Figures in tables are based on first FY plus 5% growth each FY after.

Table: Forecast Annual Financial Summary

Annual					
	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
Revenues	\$164,760	\$206,970	\$299,080	\$443,570	\$684,280
Total Revenue	\$164,760	\$206,970	\$299,080	\$443,570	\$684,280
Direct Cost					
Direct Costs	\$36,640	\$45,260	\$64,620	\$96,260	\$151,340
Total Direct Costs	\$36,640	\$45,260	\$64,620	\$96,260	\$151,340
GROSS PROFIT	\$128,120	\$161,710	\$234,460	\$347,310	\$532,940
GROSS PROFIT(%)	78%	78%	78%	78%	78%
Other Expenses					
Salaries	\$84,000	\$100,800	\$145,152	\$152,410	\$160,030
Marketing Expenses	\$12,200	\$12,900	\$13,500	\$14,200	\$14,900
Rent/Utility Expenses	\$12,000	\$12,400	\$12,600	\$12,800	\$13,100
Other Expenses	\$9,200	\$9,200	\$9,200	\$9,400	\$9,500
Total Other Expenses	\$117,400	\$135,300	\$180,452	\$188,810	\$197,530
EBITDA	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
EBIT	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Interest Expense	-	-	-	-	-
PRETAX INCOME	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Net Operating Loss	-	-	-	-	-
Use of Net Operating Loss	-	-	-	-	-
Taxable Income	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Income Tax Expense	-	-	-	-	-
NET INCOME	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Net Profit Margin (%)	7%	13%	18%	36%	49%

Table: Income projections breakdown by package type

	FY 1	FY 2	FY 3	FY 4	FY 5
1. VIP basic experience	\$48,000	\$61,630	\$91,050	\$134,520	\$198,750
2. School Groups	\$19,640	\$23,680	\$31,770	\$42,630	\$57,190
3. School Groups + Tram ride	\$13,080	\$15,780	\$21,180	\$28,400	\$38,110
4. High End VIP Experience	\$69,800	\$84,180	\$112,940	\$151,540	\$203,310
5. The Ultimate Experience	\$8,080	\$11,410	\$18,440	\$29,810	\$48,170
6. Merchandise Sales	\$4,560	\$8,360	\$21,110	\$53,200	\$134,090
7. Facility rental income	\$1,600	\$1,930	\$2,590	\$3,470	\$4,660
	\$164,760	\$206,970	\$299,080	\$443,570	\$684,280
Direct Cost - Product 1	\$7,200	\$8,680	\$11,650	\$15,630	\$20,970
Direct Cost - Product 2	\$7,200	\$8,160	\$9,930	\$12,120	\$14,760
Direct Cost - Product 3	\$3,600	\$4,080	\$4,970	\$6,050	\$7,380
Direct Cost - Product 4	\$12,000	\$14,470	\$19,410	\$26,050	\$34,940
Direct Cost - Product 5	\$4,000	\$5,450	\$8,800	\$14,220	\$23,000
Direct Cost - Product 6	\$2,400	\$4,140	\$9,470	\$21,670	\$49,590
Direct Cost - Product 7	\$240	\$280	\$390	\$520	\$700
	\$36,640	\$45,260	\$64,620	\$96,260	\$151,340

Table: Summary Financials**Summary**

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues	\$164,760	\$206,970	\$299,080	\$443,570	\$684,280
Direct Expenses	\$36,640	\$45,260	\$64,620	\$96,260	\$151,340
Gross Profit	\$128,120	\$161,710	\$234,460	\$347,310	\$532,940
Gross Profit (%)	77.8%	78.1%	78.4%	78.3%	77.9%
Other Expenses	\$117,400	\$135,300	\$180,452	\$188,810	\$197,530
EBITDA	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Income Tax Expense	\$0	\$0	\$0	\$0	\$0
Net Income	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410

The new business will ensure the ongoing sustainability and competitiveness of the Victor Harbor Horse Tram and position it to support retail, business, economic growth, employment growth and viability for the region. This project is well timed with the opening of the new Causeway as it will revitalise and further encourage tram and Behind the Scene tours by residents, tourists, visitors and the community in general.

The Future

The Authority has a bright future with the new Granite Island causeway, now completed which allows the service to operate into the future, trouble-free.

The prime position of the Horse Tram will allow it to continue to attract tourists, grow its existing business, retain and increase profitability through a commitment to improvement, while expanding and marketing services, experiences and offerings.

In the immediate future there is uncertainty surrounding Covid-19 and when the Horse Tram might expect the return of international travellers, or alternatively the unpredictable risk of a serious Coronavirus outbreak occurring, causing a shutdown of tram operations due to restrictions.

Looking into the future the Authority has a keen focus regarding the development and creation of offerings such as the VIP Experience. Services such as these can operate at the new stable complex, irrespective of weather and Horse Tram shut down realities. As these services are immune from Horse Tram closure and cancellation factors, the Authority will, for the first time, be able to offer services and bookings with confidence, reliability and sustainability, generating income with certainty and creating the potential to significantly reduce the Victor Harbor Horse Tram Authority's financial reliance on council.

A significant and positive factor of the expansion of services is that the services and offerings are new, creating a drawcard for our local population who may have already travelled by tram across the causeway. We are informed by some tourists that they are uninterested in travelling on the tram as they have done so before, but that they have come that day purely to see, spend time with and to watch the horses working. The proposed new services keys in perfectly to these areas of public need and desire, engaging our local, state-wide, and inter-state population in a whole new and exciting way.

The development of peripheral services to the Horse Tram, such as the VIP Experience, is expected to create circular benefits, sparking and driving more interest back towards the Horse Tram and its world class status as an iconic experience. The VIP Experience is an exciting project in its early development, but service expansion is not expected to stop there.

The Authority is exploring many potential options. Services such as horse-themed birthday parties, equine therapy and equine assisted learning, corporate team building activities and events are all in the conceptual stage, some with small steps taking place in order to facilitate these services later. Potential service expansion ideas are listed in, but not restricted to, the Behind the Scenes & VIP Experiences Business Plan.

The Authority is also looking forward to planting out, and adding to, the biodiversity corridor that passes through the northern corner of the land where the stables will be built. The function area / VIP Centre shall overlook the corridor. As the area grows and transforms, visitors and staff will be treated to a biophilic experience, a space that is inspirational, restorative and healthy, as well as integrative with the functionality of the place and the ecosystem.

Going into the future the Authority will continue to listen to and encourage Horse Tram staff, include the community, and empower the management to implement the Boards' strategic direction. The Authority shall include and recognise the traditional owners of the land where the stables shall be built with consultation being sought regarding the naming of the stables and individual paddocks. Events and services at the stables shall embody an acknowledgement of the traditional custodians of our beautiful lands and surrounding waters, the Ramindjeri and

Ngarrindjeri people, and recognise their cultural connection with the land and waters. A workplace culture of awareness and respect shall be nurtured, and indigenous culture shall be threaded through the VIP experiences that the Authority shall offer.

The Authority is very excited, positive and confident about the future as it moves forward to ensure that goals, targets and projects come to fulfilment and become operational in the coming months and years.

DRAFT



Meeting **Victor Harbor Horse Tram Authority**
Date **12 March 2022**
From **Megan Whibley**
Subject **Draft Capital Budget 2022/23**
Report Number **7.3**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Board receive and note the Draft Capital Budget 2022/23 report.**
- 2. That the Victor Harbor Horse Tram Authority Board endorse the Draft Capital Budget 2022/23 as provided in the Draft Financial Assets Management Plan at attachment A to this report, and recommend it to Council for their approval.**

INFORMATION

Purpose

The purpose of this report is for the Board to endorse the draft capital budget for 2022/23 and recommend it to Council for approval.

Background

Previously all assets of the Victor Harbor Horse Tram Authority (VHHTA) (the Authority) were Council owned. In order to maintain and replace these assets Council has utilised a Capital Budget. The VHHTA utilises an Operating budget for the running and implementation of Horse Tram services and offerings, but has not previously had a need for a VHHTA Capital Budget. On 30 September 2021 Council gifted assets, including a Mitsubishi Triton and horse float, to the VHHTA.

As the VHHTA now has assets, and is responsible for maintaining and replacing those assets, the VHHTA must now establish its own Capital Budget for this purpose. The Capital Budget would then need to be serviced by borrowing funds through the LGFA, in accordance with the VHHTA Charter.

The VHHTA Charter states the following in relation to the borrowing of funds:

1.9 Funding of Authority, Borrowings and Expenditure

1.9.1 The Authority is intended to be partially self-funded.

1.9.2 The Authority has the power to incur expenditure as follows:

1.9.2.1 in accordance with a Budget adopted by the Authority and approved by the Council as required by the Act or this Charter; or

1.9.2.2 with the prior approval of the Council; or

1.9.2.3 in accordance with the Act, in respect of expenditure not contained in a Budget adopted by the Authority, for a purpose of genuine emergency or hardship.

1.9.3 Subject to clause 1.9.4 the Authority has the power to borrow money as follows:

1.9.3.1 in accordance with a Budget adopted by the Authority and approved by the Council as required by the Act or this Charter; or

1.9.3.2 with the prior approval of the Council.

1.9.4 Unless otherwise approved by the Council any and all borrowings taken out by the Authority:

1.9.4.1 must be from the Local Government Finance Authority; and

1.9.4.2 in the case of fixed loans, must be drawn down within a period of 24 months from the date of approval.

Commentary

The City of Victor Harbor, by gifting assets to the Authority, have expressed an appetite for the Authority to reduce its dependence on Council by managing certain assets associated with Horse Tram services. In order for the Authority to responsibly manage those assets it is necessary for the Authority to establish its own Capital Budget.

The Authority has developed a draft Financial Assets Management Plan, as presented at Attachment A to this report. The Authority, in accordance with its Charter, intends to seek loan funds from the LGFA in order to support its Financial Asset Management Plan and Capital Budget. On the 28 March 2022 Council approved the financial borrowings of the VHHTA from the LGFA by being Guarantor to the VHHTA.

The Draft 2022/23 Victor Harbor Horse Tram Authority Operating Budget was approved by Council at their February 2022 meeting and has an allocation for the scheduled loan repayments to LGFA. The Authority is now seeking approval from Council of the Draft Capital Budget 2022/23

The Draft Capital Budget 2022/23 is provided in the Draft Financial Assets Management Plan at attachment A to this report. The Draft Financial Asset Management Funding Plan shows the interest and the repayment schedule and is provided at Attachment B to this report.

RISK ASSESSMENT

Financial Management – The establishment and maintenance of the Authority’s own Capital Budget will support the Authority moving further towards financial independence from Council. The risk is assessed as **low**.

Financial Management – The Authority is required to responsibly manage the assets gifted from Council, as well as other new assets the Authority is acquiring. The draft Capital Budget 2022/23 and draft Financial Assets Management Plan attached to this report will support management of these assets. The risk is assessed as **low**.

REFERENCES

VHHTA Charter

BUDGET IMPLICATIONS

The draft 2022/23 VHHTA Capital Budget 2022/23 and draft Financial Asset Management Plan will be supported by loan funds obtained from the LGFA, in accordance with the VHHTA Charter. The VHHTA Operating Budget 2022/23 has an allocation for the scheduled loan repayments to LGFA.

No additional funds are required.

CONSULTATION

City of Victor Harbor - Director Corporate and Customer Service (Vicki Hutchinson)

Capital Budget / Asset Management Plan 2022/23

Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Work Ute		\$37,687					\$50,000					\$53,000		
float				\$25,000					\$25,000					
gater			\$15,000					\$15,000						
work car		\$53,000			\$53,000			\$53,000			\$53,000			
second float		\$25,000					\$25,000				\$25,000			
spray unit						\$3,000								
Harness equipment		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000		
Tractor / mower / slasher			\$20,000						\$35,000					
tools -chain saws, pole saws		\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000		
Total		\$130,687	\$45,000	\$35,000	\$63,000	\$13,000	\$85,000	\$78,000	\$70,000	10,000	88,000	63,000		

VHHTA FUNDING PLAN

Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Work Ute		\$37,687					\$50,000					\$53,000	change over every 5 yrs - millage will be low so good trade in value
float				\$25,000					\$25,000				change over every 5 yrs - Good return on the second hand float
gater			\$15,000					\$15,000					change over every 5 yrs - Good management of the vehide re maintenance
work car		\$53,000			\$53,000			\$53,000			\$53,000		Change over every 3yrs in line with the GM contract and millage will be higher and good return on trade in.
second float		\$25,000					\$25,000				\$25,000		change over every 5 yrs - Good return on the second hand float
spray unit						\$3,000							
Harness equipement		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	new horse harness and stable harness equipement
Tractor / mower / slasher			\$20,000						\$35,000				
tools -chain saws, pole saws		\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	Maintenance Tools
Total Capital Expenditure		\$ 130,687.00	\$ 45,000.00	\$ 35,000.00	\$ 63,000.00	\$ 13,000.00	\$ 85,000.00	\$ 78,000.00	\$ 70,000.00	\$ 10,000.00	\$ 88,000.00	\$ 63,000.00	\$680,687.00
Capital Income from Trade Ins		-\$ 27,727.00	-\$ 8,000.00	-\$ 15,000.00	-\$ 45,000.00		-\$ 50,000.00	-\$ 53,000.00	-\$ 15,000.00		-\$ 60,000.00	-\$ 40,000.00	-\$313,727.00
Total Capital expenditure		\$ 102,960.00	\$ 37,000.00	\$ 20,000.00	\$ 18,000.00	\$ 13,000.00	\$ 35,000.00	\$ 25,000.00	\$ 55,000.00	\$ 10,000.00	\$ 28,000.00	\$ 23,000.00	
Opening balance from previous year			\$ 88,534.00	\$ 110,300.02	\$ 113,860.52	\$ 114,134.94	\$ 107,856.01	\$ 122,998.81	\$ 126,398.76	\$ 159,468.69	\$ 144,942.13	\$ 146,589.23	
Total Borrowings			\$ 125,534.00	\$ 130,300.02	\$ 131,860.52	\$ 127,134.94	\$ 142,856.01	\$ 147,998.81	\$ 181,398.76	\$ 169,468.69	\$ 172,942.13	\$ 169,589.23	
Interest		\$ 2,574.00	\$ 3,766.02	\$ 4,560.50	\$ 5,274.42	\$ 5,721.07	\$ 7,142.80	\$ 7,399.94	\$ 9,069.94	\$ 8,473.43	\$ 8,647.11	\$ 8,479.46	increase of 0.5% each year on interest rate up to 5% by 2027/28
Repayments		-\$ 17,000.00	-\$ 19,000.00	-\$ 21,000.00	-\$ 23,000.00	-\$ 25,000.00	-\$ 27,000.00	-\$ 29,000.00	-\$ 31,000.00	-\$ 33,000.00	-\$ 35,000.00	-\$ 37,000.00	Budgeted for in the operational budget If more funds available an increase in repayments would occur.
Total Borrowings		\$ 88,534.00	\$ 110,300.02	\$ 113,860.52	\$ 114,134.94	\$ 107,856.01	\$ 122,998.81	\$ 126,398.76	\$ 159,468.69	\$ 144,942.13	\$ 146,589.23	\$ 141,068.70	