



27 October 2023

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File Ref: GOV9.14.041

Dear Committee Member

NOTICE OF MEETING

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

DATE: Tuesday, 31 October 2023

TIME: 12:30pm

PLACE: 'The Stables' 11 Canton Place, 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.



Audit Committee
Committee Membership

Member	Representative	Appointed	Expires
Independent Member(s)	John Morgan	23 November 2020	23 November 2024
Independent Member(s)	Kate Christ	22 February 2021	22 February 2025
Independent Member(s)	Laura Hodgson	26 July 2021	26 July 2025
Victor Harbor Horse Tram Authority Board Member	Rachel Kennedy	23 November 2020	23 November 2024
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2025
Office Bearers			
Chairperson	John Morgan	22 February 2021	23 November 2024
Deputy Chairperson	Rachel Kennedy	22 February 2021	23 November 2024

- 1. Open Meeting/Welcome**
- 2. Attendance**

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

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



3. Apologies

Nil

4. Minutes of Previous meeting

- | | | |
|-----|--|---|
| 4.1 | Minutes –Victor Harbor Horse Tram Authority Audit Committee –
26 September 2023 | 4 |
|-----|--|---|

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

- | | | |
|-----|--------------------|---|
| 6.1 | Action List Report | 9 |
|-----|--------------------|---|

7. Reports for Decision

- | | | |
|-----|---|----|
| 7.1 | The First Quarter Review of the 2023-24 Budget Report | 11 |
| 7.2 | Audit Committee Meeting Dates for 2024 Report | 18 |

8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

- | | | |
|-----|--|--|
| 9.1 | VHHTA AC Terms of Reference and its compliance with current
legislation | |
|-----|--|--|

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil



12. Confidential Reports

Nil

Next Meeting

Tuesday 6 February 2024, 12:30pm – At the Stables

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 Audit Committee**
Date **31 October 2023**
From **Megan Whibley**
Subject **Minutes of the Previous Meeting**
Report Number **4.1**

RECOMMENDATION

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 26 September 2023 be confirmed as a true and accurate record.

INFORMATION

Purpose

The purpose of this report is to present the Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held on 26 September 2023 for confirmation.

Background

The Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held Tuesday, 9 May 2023 were received at the Victor Harbor Horse Tram Authority Board meeting held Monday, 24 July 2023.

Commentary

The minutes for the Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 26 September 2023 were distributed to Members on Friday, 29 September 2023.

A copy of the minutes are provided at attachment A.

RISK ASSESSMENT

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

REFERENCES

Nil

BUDGET IMPLICATIONS

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

No additional funds are required.

CONSULTATION

Victor Harbor Horse Tram Authority Audit Committee members



6. Reports for Receiving and Noting only

6.1 Action List Report

AC053 Moved: Nigel Catt
 Seconded: Kate Christ

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

CARRIED

6.1.1 Action item: The Audit Committee request that the VHHTA Terms of Reference are reviewed/updated to align with new legislation. Michelle Bennetts is happy to review the Terms of Reference.

7. Reports for Decision

7.1 Draft Annual 2022/23 Report and Annual Financial Statements

AC054 Moved: Laura Hodgson
 Seconded: Kate Christ

1. That the Audit Committee receive and note the Draft Annual 2022/23 Report as provided at attachment A to this report and the 2022/23 Victor Harbor Horse Tram Authority Annual Financial Statements as provided under separate cover.

CARRIED

AC055 Moved: Nigel Catt
 Seconded: Kate Christ

2. That the Audit Committee advises the Victor Harbor Horse Tram Authority and Galpins Accountants, Auditors & Business Consultants that it has reviewed the 2022/23 Annual Financial Statements and is satisfied that they present fairly the financial position of the Authority.

CARRIED

8. Presentations

Nil



9. Discussion Items – No decision(s)

Nil

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Item(s)

Nil

13. Next Meetings

Next meeting – Tuesday 31 October 2023, 12:30PM, AT 'The Stables' 11 Canton Place

14. Meeting Closed.

The meeting closed at 1.19 pm

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



Meeting **Victor Harbor Horse Tram Authority Audit Committee**

Date **31 October 2023**

From **Megan Whibley**

Subject **Action List Report**

Report Number **6.1**

RECOMMENDATION

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

INFORMATION

Purpose

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

Background

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

Commentary

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

RISK ASSESSMENT

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

REFERENCES

Nil

BUDGET IMPLICATION

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



Attachment A

VHHTA – Outstanding Action List– updated 16-Oct-23

*newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
26 Sept 2023	6.1.1	Action: The Audit Committee request that the VHHTA Terms of Reference are reviewed/updated to align with new legislation. Michelle Bennetts is happy to review the TOR.	In progress
10 May 2022	6.2.1	Action: To edit numbers as displayed in the budget graphs are justified to the right with consistent decimal places	Ongoing
10 August 2021	AC016	Action: Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.	In progress



Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **31 October 2023**
From **Megan Whibley**
Subject **The First Quarter Review of the 2023/24 Budget Report**
Report Number **7.1**

RECOMMENDATION

**That the Victor Harbor Horse Tram Authority Audit Committee receive and note
The First Quarter Review of the 2023/24 Budget Report.**

INFORMATION

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority (VHHTA) Audit Committee to receive and note The First Quarter Review of the 2023/24 Budget report.

Background

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

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

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

The first quarterly report for the 2023/24 financial year has been prepared on schedule. This First Quarter Review of the 2023/24 Budget is a review addressing the first three months of the 2023/24 financial year.

Commentary

The Victor Harbor Horse Tram Authority 2023/24 budget was prepared by the VHHTA, utilising the software package 'Xero' to manage Authority finances.

The 2023/24 budget is tracking well considering the Horse Tram has had a reduced service with three of our five working horses sustaining minor injuries and needing some time to recover. This is associated with horse hierarchy, after losing Jay Jay, the herd is somewhat unsettled and squabbling as they establish a new herd leader. We have been managing this through segregation at feed times and an array of horse chiropractors and massage therapy for the injuries. The new Stable Complex will also add to the ability to manage the herd at feed times. The VHHTA has been mindful to care for and nurture horses that are still working and ensure a schedule that provides plenty of rest and relaxation. With careful management the VHHTA is managing to provide an adequate service, still pleasing visitors to Victor Harbor and generating a reliable income stream..

The merchandise store is showing strong results in the first quarter.

There are a few areas that were not allowed for in the 2023/24 budget.

- Increased souvenir purchasing for stock.
- Fringe Benefits Tax allowances were missed.
- Horse expenses have increased due to injuries and vet costs for Archer's eye treatment.

On a positive note, the new Stable Complex is getting close to opening and creating another revenue stream. Exciting times. The expected opening date to the public is mid to late December 2023.

The financial statements are at attachment A. The First Quarter Review of the 2023/24 Budget included in the financial statements is provided at attachment A.

RISK ASSESSMENT

Risks associated with the recommendation have been assessed as follows:

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

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

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

REFERENCES

Victor Harbor Horse Tram Authority Charter

Local Government (Financial Management) Regulations 2011

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

BUDGET IMPLICATION

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at attachment A remains unchanged at \$365,000.

CONSULTATION

Michele Bennetts and Rebecca Lamshed from LGiQ



	Actual	Actual	Budget	Budget
VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF COMPREHENSIVE INCOME	FY23	YTD 23/24	Original	Revised 1
	\$'000	\$'000	\$'000	\$'000
INCOME				
Ticket & Bookings Sales	809	174	796	796
Council Contribution	415	91	365	365
Other income	223	39	417	458
Total Income	1,447	304	1,578	1,619
DIRECT EXPENSES				
Employee Costs	698	177	954	965
Materials, Contracts and Other Expenses	562	167	591	728
Depreciation, amortisation & impairment	18	-	33	33
	1,278	344	1,578	1,726
OPERATING SURPLUS / (DEFICIT)	169	(40)	-	(107)
Net gain (loss) on disposal or revaluation of assets	-	-	-	-
TOTAL COMPREHENSIVE INCOME	169	(40)	-	(107)
	Actual	Actual	Budget	Budget
VICTOR HARBOR HORSE TRAM AUTHORITY CASH FLOW STATEMENT	FY23	YTD 23/24	Original	Revised 1
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Operating receipts	1,470	322	1,579	1,620
Investment receipts	-	-	-	-
Payments				
Operating payments to suppliers & employees	(1,267)	(317)	(1,491)	(1,639)
Finance payments	(2)	-	(9)	(9)
Net Cash provided by (or used in) Operating Activities	201	5	79	(28)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Grants specifically for new or upgraded assets	-	-	-	-
Sale of Assets	-	-	-	-
Payments				
Capital Expenditure on renewal/replacement of assets	1	-	-	5
Capital Expenditure on new/upgraded assets	(99)	(16)	(55)	(55)
Net Cash provided by (or used in) Investing Activities	(98)	(16)	(55)	(50)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Proceeds from Borrowings	-	-	55	55
Payments				
Repayment of Borrowings	(33)	(1)	(88)	(85)
Net Cash used in Financing Activities	(33)	(1)	(33)	(30)
NET INCREASE (DECREASE) IN CASH HELD	70	(12)	(9)	(108)
CASH AT BEGINNING OF YEAR	91	161	90	161
CASH AT END OF PERIOD	161	149	81	53



	Actual	Actual	Budget	Budget
VICTOR HARBOR HORSE TRAM AUTHORITY BALANCE SHEET	FY23	YTD	Original	Revised
	\$'000	23/24	\$'000	1
		\$'000		\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	161	149	81	53
Trade & Other Receivables	18	2	-	18
Inventories	-	-	-	-
Total Current Assets	179	151	81	71
Non-Current Assets				
Infrastructure, Property, Plant & Equipment	211	225	198	198
Total Non-Current Assets	211	225	198	198
TOTAL ASSETS	390	376	279	269
LIABILITIES				
Current Liabilities				
Trade & Other Payables	64	90	9	9
Short-term Provisions	59	59	32	32
Short-term Borrowings	87	87	35	35
Total Current Liabilities	210	236	76	76
Non-Current Liabilities				
Long-term Provisions	13	13	40	40
Long-term Borrowings	-	-	94	94
Total Non-Current Liabilities	13	13	134	134
TOTAL LIABILITIES	223	249	210	210
NET ASSETS	167	127	69	59
EQUITY				
Accumulated Surplus	167	127	69	59
	167	127	69	59

	Actual	Actual	Budget	Budget
VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF CHANGES IN EQUITY	FY23	YTD	Original	Revised
	\$'000	23/24	\$'000	1
		\$'000		\$'000
ACCUMULATED SURPLUS				
Opening balance at beginning of financial year	(2)	167	69	167
Total comprehensive income for the year	169	(40)	-	(107)
Closing balance at end of period	167	127	69	60



	Actual	Actual	Budget	Budget
VICTOR HARBOR HORSE TRAM AUTHORITY				
UNIFORM PRESENTATION OF FINANCES	FY23	YTD	Original	Revised
	\$'000	23/24	\$'000	1
		\$'000		\$'000
Operating Revenues	1,447	304	1,578	1,619
less Operating Expenses	-	-	(1,578)	(1,726)
OPERATING SURPLUS (DEFICIT) BEFORE CAPITAL AMOUNTS	1,447	304	-	(107)
NET OUTLAYS ON EXISTING ASSETS				
Capital Expenditure on Renewal and Replacement of Existing Assets	1	-	-	5
add back Depreciation, Amortisation and Impairment	18	-	33	33
add back Proceeds from Sale of Replaced Assets	-	-	-	-
	19	-	33	38
NET OUTLAYS ON NEW AND UPGRADED ASSETS				
Capital Expenditure on New and Upgraded Assets	(99)	(16)	(55)	(55)
add back Amounts Received Specifically for New and Upgraded Assets	-	-	(55)	(55)
	-	-	(55)	(55)
NET LENDING (BORROWING) FOR FINANCIAL PERIOD	1,466	217	(22)	(124)

	Actual	Actual	Budget	Budget
VICTOR HARBOR HORSE TRAM AUTHORITY				
FINANCIAL INDICATORS	FY23	YTD	Original	Revised
	\$'000	23/24	\$'000	1
		\$'000		\$'000
Operating Surplus Ratio	11.7%	-13.2%	0.0%	-6.6%
<i>being operating surplus (deficit) divided by operating revenue</i>				
Net Financial Liabilities	44	98	129	139
<i>being total liabilities less financial assets (excluding equity accounted investments in Council business)</i>				
Net Financial Liabilities Ratio	3.0%	32.2%	8.2%	8.6%
<i>being total liabilities less financial assets (excluding equity accounted investments in Council business), divided by total operating revenue</i>				
Asset Management Plan forecast project spend for renew	(1)	-	-	(5)
Asset Renewal Funding Ratio	100%			100%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets. The optimal level planned refers to the Council's Asset Management Plan (AMP) which forecasts the activities/projects that need to be undertaken in order to maintain the Council's assets.</i>				
Own Source Funding	81%	62%	77%	73%



	Actual	Actual	Budget	Budget
VICTOR HARBOR HORSE TRAM AUTHORITY		YTD		Revised
CAPITAL EXPENDITURE	FY23	23/24	Original	1
	\$'000	\$'000	\$'000	\$'000
CAPITAL NEW				
IT equipment	-	-	10	10
Tools	4	-	5	5
Tractor/mower/slasher	-	-	20	20
Gater	-	16	15	15
Work vehicle	53	-	-	-
Second float	24	-	-	-
Harness Equipment	2	-	5	5
Equissage	10	-	-	-
Café Equipment	6	-	-	-
Total - Capital New	99	16	55	55
CAPITAL REPLACEMENT				
Float	-	-	-	-
Second Float	-	-	-	-
Work Vehicle	42	-	-	-
harness Equipment	-	-	-	-
Spray unit	-	-	-	-
Gater	-	-	-	-
Work Ute	-	-	-	-
Tractor/mower/slasher	-	-	-	-
Tools	-	-	-	-
IT Equipment	-	-	-	-
	-	-	-	-
	-	-	-	-
Total - Capital Replacement	42	-	-	-
	141	16	55	55



Meeting **Victor Harbor Horse Tram Authority**
Date **31 October 2023**
From **Megan Whibley**
Subject **Audit Committee Meeting Dates for 2024 Report**
Report Number **7.2**

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority Audit Committee to agree to meetings dates for the 2024 calendar year.

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Audit Committee Meeting Dates for 2024 Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee recommend to the Victor Harbor Horse Tram Authority Board that the Audit Committee resolve to meet in accordance with the meeting dates, times and locations as listed in the Audit Committee Meeting Dates for 2024 Report.**

INFORMATION

Listed below are the dates, times and locations of Victor Harbor Horse Tram Authority Audit Committee meetings for 2024.

Audit Committee Dates

Date - 2024	Location	Time
Tuesday 6 February 2024	The Stables – 11 Canton Place	12:30pm to 2:00pm
Tuesday 9 May 2024	The Stables – 11 Canton Place	12.30pm to 2:00pm
Tuesday 24 September 2024	The Stables – 11 Canton Place	12:30pm to 2:00pm
Tuesday 29 October 2024	The Stables – 11 Canton Place	12:30pm to 2:00pm

RISK ASSESSMENT

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

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

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

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

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

BUDGET IMPLICATIONS

There are no budget implications in receiving and noting the Audit committee meeting Dates for 2024 Report and agreeing to dates for the Audit Committee to meet in 2024.