



11 May 2020

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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 Special Meeting for the **Victor Harbor Horse Tram Authority** has been called for:-

DATE: Tuesday 12 May 2020

TIME: 12.30 pm

PLACE: Not applicable (meeting will be conducted via Zoom)

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

Yours faithfully

Megan Whibley

General Manager

Victor Harbor Horse Tram Authority

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



Date: Tuesday 12 May 2020

Time: 12.30pm

Location: Not applicable (meeting was conducted via Zoom)

1. Attendance

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

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

Karen Rokicinski (Director Corporate and Customer Service CVH)

2. Apologies

Nil

3.0 Report

3.1	March Quarterly Budget Review 2019/20	2
3.2	Quarterly Projects Update	10

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 2020**
From **Megan Whibley**
Subject **March Quarterly Budget Review 2019/20**
Report Number **3.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority receive and note the March Quarterly Budget Review 2019/20 report.**
- 2. That the Victor Harbor Horse Tram Authority endorse the March Quarterly Budget Review 2019/20 as presented at attachment A to this report, noting a changed contribution from Council (operating deficit) of \$392,500.**

INFORMATION

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority (VHHTA) to endorse the March Quarterly Budget Review 2019/20.

Background

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirements for regular budget reviews. Further, the Victor Harbor Horse Tram Authority are 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 third quarterly report could not be delivered as scheduled as financial information was not able to be separated from financial data of the City of Victor Harbor at this point in time. This March budget review, is a review addressing the full extent of the COVID-19 effects on the 2019/20 financial year, which has seen unprecedented changes to service delivery across many industries, with the Victor Harbor Horse Tram being no exception.

Commentary

The Victor Harbor Horse Tram Authority 2019/20 budget was prepared in the City of Victor Harbor's Synergy software package and as part of the separation of Council and Authority operations, the VHTHA will be utilising the software package 'Xero' to manage Authority finances. This remains in a transition period over 2019/20, but it is expected to become simpler going into 2020/21, with a full financial year occurring across only the one software package from this point in time.

The 2019/20 budget was tracking well until COVID-19 effected the operation and the VHHTA was forced to cease passenger services. COVID-19 impacts, along with some notable inaccurate budget estimations detected in the December budget review has resulted in the Victor Harbor Horse Tram Authority March Review requiring an increased contribution from Council.

As reported in the December budget review, inaccurate estimations at the budget planning phase have included an under-budgeting of Authority insurance costs and a wages budget which did not include provision for the essential horse husbandry role, a role which is required by the Authority to ensure the adequate wellbeing and training of the working horses. Budget for the purchase of Xero accounting software was also insufficient, with a \$500 budget allocation for a package which has an annual cost of \$1100. Audit costs were also not factored into the original 2019/20 budget. Adjustments have needed to be made across the budget to cater for these actuals. It is not unexpected that there have been these challenges with separation of budgets from Council in the early period of the Authority, and it is expected that budgeting will become more accurate over future budget cycles. The March budget review is a further opportunity to revise the original budget and adjust it according to known information at this point in the financial year.

Appropriate provision for unbudgeted/under-budgeted costs will be included in the 2020/21 budget, where they have become known at this point in the cycle.

The March budget review 2019/20 for Board endorsement is provided at Attachment A. The Profit and Loss statement below indicates that the VHHTA was tracking well and would have been able to cover the unbudgeted costs without requiring an additional \$28,500 from Council if operations hadn't ceased due to COVID-19.

Profit and Loss

Victor Harbor Horse Tram Authority
For the 9 months ended 31 March 2020

JUL 2019-MAR 2020

Trading Income

CVH budget contribution	273,000.00
Ticket sales	358,041.07
Interest Income	(1.15)
Donation Income	963.96
Souvenir Sales	13,864.49
Total Trading Income	645,868.37

Gross Profit

645,868.37

Operating Expenses

Admin Charge	102,586.59
Advertising Expenses	6,210.02
Horse expenditure	39,438.45
Security Expenses	3,721.57
Souvenir Purchases	6,018.58
Staff expenses	381,395.25
Tram, Building & Paddock Maintenance	40,087.93
Vehicle and Travel Expenses	625.01
Total Operating Expenses	580,083.40

Net Profit

65,784.97

RISK ASSESSMENT

Financial Management – The VHHTA is not on track to achieve the end of financial year position in accordance with the adopted budget due to the forecasted income being at a standstill since closure on 23 March 2020 due to COVID-19. Income is expected to remain stalled over the coming weeks and until the South Australian Police Commissioner advises changes that will allow the Horse Tram to operate with passengers. There is also likely to be a further decrease in future income due to the social distancing restrictions that may continue to be required. The risk is assessed as **high**.

Socio Political, Community Issues / Reputation – It is important that the Board and VHHTA Staff continue to follow instructions from the South Australian Police Commissioner and other appropriate authorities regarding the COVID-19 restrictions. Although it is outside of the control of the VHHTA, the resulting impact on the bottom line may lead to criticism from a small number of people in the community who are expecting the VHHTA to have a decreased reliance on Council funding. This risk is assessed as **Low**.

REFERENCES

Victor Harbor Horse Tram Authority 2019/20 budget

BUDGET IMPLICATION

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at attachment A has increased from \$364,000 to \$392,500 due to lower than anticipated income as a result of the COVID-19 shut down.

CONSULTATION

SMP Chartered Accountants

2019/20 Horse Tram Operating Budget - 2019/20 March Budget Review

COA	Job	Description	19/20 Current Budget	19/20 March Review	Variance	Comments	YTD Actual 31.03.20	Budget Remaining	Comments
0322070		Ticket and Booking Sales	-\$418,000.00	-\$360,700.00	\$57,300.00	Reduced income due to Covid-19 closure	-\$360,565.87	-\$57,434.13	
0322080		Other Income	-\$8,500.00	-\$14,100.00	-\$5,600.00	Increased souvenir sales	-\$14,959.85	\$6,459.85	
0323000		Employee Wages	\$427,600.00	\$403,600.00	-\$24,000.00	Reduced casual salaries due to Covid-19 closure	\$327,881.00	\$99,719.00	
0323010		Employee Costs	\$68,800.00	\$65,800.00	-\$3,000.00	Reduced employee costs due to Covid-19 closure	\$49,577.45	\$19,222.55	
0323020		Administration & Office Costs	\$14,900.00	\$32,400.00	\$17,500.00	Insurance premium above estimate	\$32,030.00	-\$17,130.00	
0323030		Telephone and Internet Costs	\$3,000.00	\$3,700.00	\$700.00	Increase for online software	\$664.00	\$2,336.00	
0323040		Tram Utilities	\$17,300.00	\$20,500.00	\$3,200.00	Increase in power and water costs	\$17,467.48	-\$167.48	
0323050		Horse Costs and Maintenance	\$112,500.00	\$95,500.00	-\$17,000.00	Reduced spenditure to off set insurances, wages and accountant fees not budgeted.	\$76,741.00	\$35,759.00	
0323070		Tram Promotion	\$19,000.00	\$14,500.00	-\$4,500.00	Reduction in Advertising and promotional materials due to Covid-19 closure	\$12,229.00	\$6,771.00	
0323080		Other Tram Costs	\$25,400.00	\$29,300.00	\$3,900.00	Audit and Accountant Costs	\$26,586.00	-\$1,186.00	
0323090		Administration Charge - Rent on Assets	\$42,000.00	\$42,000.00	\$0.00	No change	\$9,051.00	\$32,949.00	Billed in lieu of hourly charge
					\$0.00			\$0.00	
0323099		Administration Charge - Corporate Support	\$60,000.00	\$60,000.00	\$0.00	No change	\$27,855.00	\$32,145.00	Billed in lieu of hourly charge
					\$0.00			\$0.00	
OPERATING TOTAL			\$364,000.00	\$392,500.00	\$28,500.00		\$204,556.21	\$159,443.79	
City Of Victor Harbor Contribution			-\$364,000.00	-\$392,500.00	-\$28,500.00	Increase in Council Contribution of \$28,500	-\$273,000.00	-\$91,000.00	COVH Contribution
Operating Total after Contribution			\$0.00	\$0.00	\$0.00		-\$68,443.79	\$68,443.79	



STATEMENT OF COMPREHENSIVE INCOME
For the Year Ending 30 June 2020

	2019/20	2019/20
	Budget	Budget Review
	\$	\$
OPERATING INCOME		
Ticket & Bookings Sales	418,000	360,700
Council Contribution	364,000	392,500
Other Income	8,500	14,100
Total Income	790,500	767,300
OPERATING EXPENSES		
Employee Costs	488,400	469,400
Materials Contract and Other Expenses	302,100	297,900
Total Expenses	790,500	767,300
Operating Surplus (Deficit)	-	-
NET SURPLUS / (DEFICIT)	-	-
KEY FINANCIAL INDICATOR		
Own Source Revenue (in lieu of Operating Surplus Ratio)	54.0%	48.8%
Operating Surplus (Deficit) Ratio	0%	0%
Net Financial Liabilities Ratio	0%	0%
Asset Sustainability Ratio	0%	0%



STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2020

	2019/20 Budget \$	2019/20 Budget Review \$
CURRENT ASSETS		
Cash and Cash Equivalents	47,990	45,530
Trade and Other Receivables	20,710	7,935
Inventories	5,000	5,000
Total Current Assets	73,700	58,465
NON-CURRENT ASSETS		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	-	-
Other Non-Current Assets	-	-
Total Non-Current Assets	-	-
TOTAL ASSETS	73,700	58,465
CURRENT LIABILITES		
Trade and Other Payables	20,710	7,935
Borrowings	-	-
Provisions	5,000	5,000
Total Current Liabilities	25,710	12,935
NON-CURRENT LIABILITIES		
Borrowings	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
NET ASSETS	47,990	45,530
EQUITY		
Accumulated Surplus	-	-
Asset Revaluation Reserve	-	-
Other Reserves	47,990	45,530
Share in Operating Result	-	-
New Capital	-	-
Total Equity	47,990	45,530



CASHFLOW STATEMENT

For the Year Ending 30 June 2020

	2019/20 Budget \$	2019/20 Budget Review \$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	847,990	834,685
Investment Receipts	-	-
Payments		
Operating Payments to Suppliers and Employees	800,000	789,155
Net cash provided by (or used in) operating activities	47,990	45,530
CASHFLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	-	-
Payments		
Expenditure on renewal/replacement of assets	-	-
Expenditure on new/upgraded assets	-	-
Net cash provided by (or used in) investing activities	-	-
CASHFLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from borrowings	-	-
Payments		
Repayments of borrowings	-	-
Net cash provided by (or used in) financing activities	-	-
NET INCREASE (DECREASE) IN CASH HELD	47,990	45,530
Cash & cash equivalents at beginning of period	-	-
CASH & CASH EQUIVALENTS AT END OF PERIOD	47,990	45,530



Meeting **Victor Harbor Horse Tram Authority**
Date **12 May 2020**
From **Meg Whibley**
Subject **Quarterly Projects Update**
Report Number **3.2**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority receive and note the Quarterly Projects Update report.**
- 2. That the Quarterly projects update be provided to Council for their information.**

INFORMATION

Whilst the following matters are operational and do not require endorsement by the Board, it is important to give project updates to that are continuing during the COVID-19 pandemic closure of the Victor Harbor Horse Tram.

Purpose

The purpose of this report is to provide an update from the General Manager to the Board, regarding progress in relation to Horse Tram projects and against the endorsed business plan.

Background

Quarterly project update reports were recognised in the Victor Harbor Horse Tram Authority's (VHHTA) Business plan as an important form of communication with both the Board and the Victor Harbor Council elected members in relation to progress.

The VHHTA Charter requires the following in relation to reporting:

1.7 Objects and Purpose:

1.7.11 to report regularly to the Council on the Authority's financial and general performance;

1.8 Powers, Functions and Duties

1.8.1.8 plan, cost, endorse and report upon projects to the Council and to stakeholders of the Authority

2.8 Board Duties to the Authority

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.

3.1 General Manager

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;

Commentary

The VHHTA's Quarterly Project update is provided at Attachment A, and aligns with the VHHTA Business Plan endorsed by the Board in 2019. Additional commentary is provided below.

During the closure of the Tram service one of the main projects the Victor Harbor Horse Tram Staff has undertaken is the renovation of Tram #3. This has been an outstanding project for the last few years and is requiring the sanding back of all timber, stripping back of metal rails and replacement of the outer panels.

WHS updates have been required for the VHHTA and the use of The Skytrust intelligence system has been set up for all incident reporting, safe operating procedures and risk assessments, allowing a safe and reliable storage, and easy access of information for all staff. Training in this system is ongoing.

Grazing Land options this winter are allowing the horses to be moved between the land known as Gillespie land and the land at Canton place depending on feed supplies and weather conditions. This is a huge improvement for the horses and being well managed by the Horse Husbandry staff.

Repair of the track points on the Island is being organized as this was an area that was identified as needing some attention so as to get a smoother ride through the points as the tram passes through them. The points section of the track will be utilized regardless of the new causeway alignment.

The VHHTA is still working on getting quotes for the build and the fit out of a new Stable at Canton place. There has been two quotes supplied for the shed build component and the next step is the fit out quotes.

RISK ASSESSMENT

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

Corporate Governance – This report provides a mechanism for the Board to monitor progress against the VHHTA Business plan and reporting requirements outlined in the VHHTA Charter. The 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**.

Socio Political, Community Issues / Reputation – The Victor Harbor community expects actions to be taken in accordance with the endorsed business plan to ensure the ongoing success of the VHHTA operation into the future. Progress is tracking well, despite COVID-19 interruptions, albeit with some impact to the achievement or priority of certain projects which will continue to be assessed as the Authority works its way through the impacts of this pandemic. The risk is assessed as **low**.

BUDGET IMPLICATIONS

There are no budget implications associated with the Board receiving and noting the Quarterly Projects Report. Any changes from the endorsed plan (particularly in relation to service impacts from COVID-19) will be discussed with the Board and addressed through Quarterly budget review processes and through the annual review of the VHHTA Business Plan.

The Victor Harbor Horse Tram Authority Business Plan Quarterly Project Update – May 2020

1.1 Develop and Implement an Effective Finance Plan and Tracking Process			
Actions	Indicator	Target	Status
Review the existing financial plan	Meeting Budget Targets	Quarterly	Ongoing 2020/21 Budget complete
Provide the Board with regular budget/finance tracking reports	At Board meetings and informal gatherings	Monthly	Ongoing General Manager has this set in KPI's
Provide quarterly budget/finance reports to the City of Victor Harbor	November 2019, February 2020, May 2020 and September 2020 for EOFY	Quarterly	Ongoing
Undertake budget reviews in line with legislative requirements		March 2020 Oct 2020 Dec 2020 – Mid-Year Review	Ongoing Dec 2019 complete March 2020 complete
1.2 Develop and Diversify Income Streams			
Actions	Indicator	Target	Status
Develop a sponsorship policy	ongoing	February 2020	Complete
Secure sponsorships for the Victor Harbor Horse Tram	\$30,000 by 30 June 2020	10% increase following years	
Review and adjust ticket pricing	September 2019	then at least once annually, or as required	Complete Oct 2019
Consider options for a new merchandise range	Trail March 2020 plus ongoing	Increase Merchandise income in first 12 months. Double it in 24 months	Ongoing

The Victor Harbor Horse Tram Authority Business Plan Quarterly Project Update – May 2020

2.1 Develop and Implement a Marketing Plan			
Actions	Indicator	Target	Status
Finalise a marketing plan for the Authority		In Business Plan	complete
Undertake a Market Research survey	Sept 2019	Results in October 2019	complete
Develop an Event Schedule and Public Relations Plan			Ongoing
Trial new merchandise	Ongoing	October 2019	Ongoing
Develop stories and relevant photos as content for a Public Relations database	Ongoing	June 2020	
Partner with SA icons, as well as Visitor Experience/Tour Operators to increase Horse Tram promotions/exposure		June 2020	
2.2 Effectively Utilise Social Media for Promotion of the Horse Tram Service			
Actions	Indicator	Target	Status
Develop social media policy guidelines, create Facebook and Instagram profiles for the Horse Tram		February 2020	complete
Design and implement a suitable selfie spot (including signage)	With new Causeway	June 2021	
Create and plan new social media content	December 2019	Measure success by June 2020	
2.3 Effectively Utilise the Horse Tram Website for Promotion of the Horse Tram Service			
Actions	Indicator	Target	Status
Develop website content including live schedules and weather forecasts		Ongoing	
Link Horse Tram website with <i>Encounter It All</i> website.		February 2020	
Train Horse Tram staff in being able to undertake website updates		February 2020	Partially complete
Investigate automation of web updates, potential info screens at both terminals	With new Causeway	2021	

The Victor Harbor Horse Tram Authority Business Plan Quarterly Project Update – May 2020

3.1 Develop the Front-of-House, Stables and Horse Harness upgrades			
Actions	Indicator	Target	Status
Renovate office to support improved customer service and merchandise sales	December 2019		Complete
Build/develop an appropriate stable facility for the horses		2020/21	Ongoing - quotes and plans have been obtained
Liaise with City of Victor Harbor around the needs of the Authority to ensure that appropriate grazing land is available for the horses		May 2020	Ongoing – Council in negotiations
Upgrade of outdated, old horse harness equipment to continue the overall professional look of the Victor Harbor Horse Tram.		2020	Ongoing – harness replacements have been ordered.
3.2 Develop and Maintain Effective Communications System			
Actions	Indicator	Target	Status
Upgrade systems – investigate electronic screens at Tram office and Island platform.	Ongoing	2020	
Internal communication through staff meetings, board meetings, staff face book page, mobile phones and emails.		Ongoing	
Upgrade of office customer info window allowing better communication with the public.		December 2019	complete
3.3 Recognise and Reduce Risk to the Authority			
Actions	Indicator	Target	Status
Prepare/update WHS plan for the Authority	Ongoing	March 2020	Partially complete
Implement WHS requirements for the Authority	Ongoing	March 2020	Partially complete
Train staff and embed WHS policies and procedures into the day-to-day operations of the Horse Tram	Ongoing	April 2020	Ongoing
Update maintenance records, schedule and asset management systems	Ongoing	February 2020	Ongoing
Develop a risk register to support a process to recognise and address strategic and operational risks to the Horse Tram service	Ongoing	May 2020	
Implement an appropriate staffing structure to ensure that the legislative and operational needs of the Authority are met	Ongoing	February 2020	Ongoing through Covid-19 changes

The Victor Harbor Horse Tram Authority Business Plan Quarterly Project Update – May 2020

3.4 Express Interests/Needs of the Authority in Relation to the Causeway			
Actions	Indicator	Target	Status
Keep abreast of DPTI plans for the construction of the new Causeway		Ongoing	Ongoing
Maintain dialogue with DPTI in relation to needs and interests of the Authority in relation to new causeway design and throughout construction		Ongoing	Ongoing
Maintain communication between the Board and General Manager in relation to impacts of the new causeway		Ongoing	Ongoing

4.1 Transition Staff from City of Victor Harbor to the Authority			
Actions	Indicator	Target	Status
Full time staff transfer agreement finalised Casual Staff transition to VHHTA finalisation.		February 2020	Complete
		October 2019	Complete
4.2 Maintain, Develop and Train Excellent Staff			
Actions	Indicator	Target	Status
Develop a clear structure for employment induction process	Ongoing	February 2020	Ongoing
Ensure staff are well equipped to undertake their roles by providing training and updating knowledge through regular staff meetings	Monthly	Ongoing	Ongoing
Undertake regular Performance Reviews of Horse Tram staff		February 2020	Ongoing
General Manager to Coach/Mentor Horse Tram staff	Ongoing	February 2020	Ongoing
Leadership Opportunities within different sectors of the VHHTA staff team from the horse husbandry role to the maintenance schedule coordinator for the trams.		February 2020	Ongoing – Admin role being filled by Tram operator staff
More consultation with stakeholders	Ongoing	June 2020	Ongoing

The Victor Harbor Horse Tram Authority Business Plan Quarterly Project Update – May 2020

4.3 Develop an Effective Volunteer Program			
Actions	Indicator	Target	Status
Create a database of volunteers and experience		April 20	On hold through Covid-19
Create appropriate Job description(s) for volunteer roles		April 2020	Ongoing
Creation a Volunteer Policy for the Authority		April 2020	
Recruit and maintain an appropriate pool of volunteers to meet the needs of the Authority	6 volunteers at Feb 2020	12 by Dec 2020	Ongoing – on hold through Covid-19
4.4 Continual Growth of Horse Team			
	Indicator	Target	Status
Increase Horse stock levels	8 with 6 working stock Feb 2020	10 with 8 horse working stock June 2021	On hold in 2019/20
Create a training program for all horses utilising the Horse Husbandry role	Oct 2019 in practise	Prioritise written program April 2020	Partially complete
Replacement and Retirement program	Ongoing		