



4 February 2022

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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, 8 February 2022

**TIME:** 12:30pm

**PLACE:** Encounter Room

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

Yours faithfully

A handwritten signature in black ink that reads "Megan Whibley". The signature is written in a cursive style.

**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**

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

**1. Open Meeting/Welcome**

**2. Attendance**

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

Megan Whibley (General Manager VHHTA)  
 Tamar Herron (Minute Secretary VHHTA)  
 Sarah Milosevic (Chartered Accountant SMP)



**3. Apologies**

Nil

**4. Minutes of Previous meeting**

4.1 Minutes –Victor Harbor Horse Tram Authority Audit Committee – 3  
9 November 2021

**5. Adjourned Item(s)**

Nil

**6. Reports for Receiving and Noting only**

6.1	Action List	9
6.2	December Budget Review 2021/22	12
6.3	Draft Operating Budget 2022/23	18

**7. Reports for Decision**

Nil

**8. Presentation(s)**

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 Reports**

Nil



Meeting **Victor Harbor Horse Tram Authority**  
Date **8 February 2022**  
From **Megan Whibley**  
Subject **Minutes of the Previous Meeting**  
Report Number **4.1**

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## **RECOMMENDATION**

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 9 November 2021 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 9 November 2021 for confirmation.

### **Background**

The Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held Tuesday, 9 November 2021 were received at the Victor Harbor Horse Tram Authority Board meeting held Tuesday, 14 December 2021.

### **Commentary**

The minutes for the Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 9 November 2021 were distributed to Members on Friday, 12 November 2021

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  
Karen Rokicinski (Director Corporate and Customer Service)



## **1. Attendance**

### **Present**

John Morgan (Independent Member) (Chair)  
Kate Christ (Independent Member)(Via Zoom)  
Laura Hodgson (Independent Member)(Via Zoom)  
Nigel Catt  
Rachel Kennedy (Via Zoom)

### **In attendance**

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

### **Commencement**

The meeting commenced at 12:43pm

## **2. Apologies**

Nil

## **3. Conflict of Interest**

Nil

## **4. Minutes of the Previous Meeting**

### **4.1 Audit Committee Meeting Minutes Report - 10 August 2021 and 8 September 2021**

AC020                      Moved:        Rachel Kennedy  
                                    Seconded:    Laura Hodgson

1. That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 10 August 2021 be confirmed as a true and accurate record.
2. That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Wednesday, 8 September 2021 be confirmed as a true and accurate record.

**CARRIED**



## **5. Business Arising**

Nil

## **6. Reports for Receiving and Noting only**

### **6.1 Action List Report**

AC021                      Moved:        Nigel Catt  
                                  Seconded:    Rachel Kennedy

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

**CARRIED**

## **7. Reports for Decision**

### **7.1 The First Quarter Review of the 2021/22 Budget Report**

AC022                      Moved:        Kate Christ  
                                  Seconded:    Rachel Kennedy

1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the First Quarter Review of the 2021/22 Budget Report.

**CARRIED**

AC023                      Moved:        Rachel Kennedy  
                                  Seconded:    Nigel Catt

2. That the Victor Harbor Horse Tram Authority Audit Committee recommends to the Authority that;
  - a) The balances relating to leased premises (Non-Current Assets – Infrastructure, Property, Plant & Equipment and Non-Current Liabilities – Borrowings) is not adjusted as part of any budget review until the end of financial year.
  - b) In the current budget review, the \$50,000 depreciation amount should be set to zero and that the Authority should work with Council to determine the correct amount of depreciation according to the use





Minutes of the Victor Harbor Horse Tram Authority  
Audit Committee Meeting  
For meeting Tuesday 9 November 2021  
Commencing at 12:30pm, Encounter Room



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



Meeting **Victor Harbor Horse Tram Authority**

Date **8 February 2022**

From **Megan Whibley**

Subject **Action List Report**

Report Number **6.1**

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## **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.

## **CONSULTATION**

Karen Rokicinski (Director Corporate and Customer Service)



Attachment A  
**VHHTA – Outstanding Action List– updated 20-Jan-22**  
 \*newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
<b>10 August 2021</b>	AC016	<b>Action:</b> Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.	In progress
		<b>Action:</b> Recommend to Authority Board AC meeting dates for Tuesday 15 February 2022, Tuesday 12 April 2022 and Tuesday 16 August 2022.	Complete
<b>9 February 2021</b>	AC006	Amend Committee meeting dates and set dates for a 12 month period.	Complete



Meeting **Victor Harbor Horse Tram Authority Audit Committee**  
Date **8 February 2022**  
From **Megan Whibley**  
Subject **December Budget Review 2021/22 Report**  
Report Number **6.2**

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## **RECOMMENDATION**

**That the Victor Harbor Horse Tram Authority Audit Committee receive and note the December Budget Review 2021/22 report.**

## **INFORMATION**

### **Purpose**

The purpose of this report is to provide the Victor Harbor Horse Tram Authority Audit Committee with the December Budget Review 2021/22.

### **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.*

This December (mid-year) budget review, is a review addressing the full first six months of the 2021/22 financial year.

### **Commentary**

The six month review has occurred following closure of Horse Tram operations from the end of July until the new Causeway opened on the 22 Dec 2021. The first quarter (Sept) 2021/22 budget review made changes which indicated that lower than budget income was offset by lower employee wages during July – Dec 2021 due to Causeway closure. The result was a balanced budget at this point in the year. The 2021/22 six month budget review has not required further adjustment in this regard, as operations have resumed on the new Causeway and it is expected that the 2021/22 budget will be achievable.

Achievement of a balanced budget has been further supported by income received from wind monitoring as part of Department of Infrastructure and Transport (the Department) requirements

to monitor weather impacts on the Causeway in the lead up to completion of the new Causeway structure. This undertaking has been beneficial for both the Department as well as providing a helpful alternative revenue stream over this period for the VHHTA.

This increase in revenue has been confirmed to continue as a monitoring amount of \$2600 per month until the old causeway has been completely decommissioned.

The December budget review is an opportunity to revise the original budget and adjust it according to known information at this point in the financial year. It still remains achievable, and any changes that evolve from here will still be able to be addressed in the third quarter review.

The December budget review 2021/22 is provided at attachment. Comprehensive details of the budget review are provided for Committee information at attachment B.

## **RISK ASSESSMENT**

**Financial Management** – The VHHTA has had a decrease in ticket sales while the service has not been in operation, but this has corresponded with a decrease in wages. With a price increase from March 2021 and Causeway monitoring income, we are hopeful to achieve an end of financial year position that is on-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 *medium*.

**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. There could be opportunity for the VHHTA 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. This risk is assessed as *Medium*.

## **REFERENCES**

Victor Harbor Horse Tram Authority 2021/22 budget

Victor Harbor Horse Tram Authority Charter

Local Government (Financial Management) Regulations 2011

## **BUDGET IMPLICATION**

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at attachment A indicates sufficient funds so the council contribution remains unchanged at \$415,400, with additional revenue and savings to sufficiently offset lower income during the July to December 2021 period.

## **CONSULTATION**

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

**Budget Review - Working**

**Victor Harbor Horse Tram Authority**

Description	2021/22 Original Budget	2021/22 YTD Actual	Budget Remaining (\$)	Budget Remaining (%)	2021/22 Dec Budget Review	Variance (\$)	Variance (%)	Comments
<b>Income</b>								
CVH budget contribution	415,400	311,550	103,850	25%	415,400	0	0%	July 21 to March 22 contribution
Donation Income	2,500	0	2,500	100%	2,500	0	0%	Affected by covid-19 restrictions/Closure-causeway build
Employee Subsidies	4,500	2,727	1,773	0%	4,500	0	0%	Employer subsidy received budget revised in Sept review
Fleurieu Heritage Sales	500	0	500	100%	500	0	0%	Affected by covid-19 restrictions/Closure-causeway build
Group Sales	2,000	0	2,000	100%	2,000	0	0%	Affected by covid-19 restrictions/Closure-causeway build
Other Income	10,000		10,000	100%	10,000	0	0%	
Souvenir Sales	35,000	5,253	29,747	85%	35,000	0	0%	Reopening has shown income resume
Ticket Sales	345,000	39,097	305,903	89%	345,000	0	0%	Affected by Covid-19 Restrictions/causeway build
Causeway Monitoring	60,000	25,250	34,750	58%	60,000	0	0%	Monitoring causeway for DIT
Other Income - Interest	0	20	(20)	0%	0	0	0%	
<b>Total Income</b>	<b>874,900</b>	<b>383,897</b>	<b>491,003</b>	<b>56%</b>	<b>874,900</b>	<b>0</b>	<b>0%</b>	<b>No change</b>
<b>Less Operating Expenses</b>								
Administration Charge - Corporate Support	64,000	21,340	42,660	67%	64,000	0	0%	On track
Administration Charge - Rent on Assets	44,000	14,879	29,121	66%	44,000	0	0%	On track
Advertising Expenses	8,000	659	7,341	92%	8,000	0	0%	very little spent due to not operating
Authority Board Expenses	15,000	6,111	8,889	59%	15,000	0	0%	On track
Cleaning	5,000	773	4,227	85%	5,000	0	0%	On track
Consultants and Professional Services	15,000	11,107	3,893	26%	15,000	0	0%	on track
Employee expenses	531,200	191,056	340,144	64%	531,200	0	0%	Lower due to not operational from Aug - Dec 2021
Horse Care Expenses	58,000	15,781	42,219	73%	58,000	0	0%	On track
Other Expenses	1,700	0	1,700	100%	1,700	0	0%	Allowance
Repairs and Maintenance	35,000	10,247	24,753	71%	35,000	0	0%	On track
Security Expenses	3,600	1,455	2,145	60%	3,600	0	0%	On track
Staff Amenity Expenses	3,500	1,210	2,290	65%	3,500	0	0%	On track
Utilities	14,000	4,335	9,665	69%	14,000	0	0%	On track
Vehicle and Travel Expenses	4,000	1,358	2,642	66%	4,000	0	0%	On track
Volunteer Expenses	3,000	0	3,000	100%	3,000	0	0%	Reduction in volunteers (Covid-19)
Bank Fees	500	427	73	15%	500	0	0%	on track
Insurance	41,000	18,253	22,747	55%	41,000	0	0%	Adjusted at Sept review so on track
Merchant Fees	2,500	739	1,761	70%	2,500	0	0%	On track
Phone and Date Expenses	3,700	1,209	2,491	67%	3,700	0	0%	On track
Printing and Stationary Expenses	4,200	225	3,975	95%	4,200	0	0%	On track
Sourvenir Purchases	18,000	5,862	12,138	67%	18,000	0	0%	Increase in sales so an increase in purchases
Depreciation	0	0	0	0%	0	0	100%	Ute, Gator and float gifted by council. To be included in the EOFY (\$10K per year)
<b>Total Operating Expenses</b>	<b>874,900</b>	<b>307,026</b>	<b>567,874</b>	<b>65%</b>	<b>874,900</b>	<b>0</b>	<b>0</b>	<b>No change</b>
Physical Resources Received Free of Charge	50,000				63,000	13,000		Ute, Gator and float gifted by council - this is their Written down value when gifted from council.
<b>Net Surplus / (Deficit)</b>	<b>0</b>	<b>76,871</b>	<b>(76,871)</b>		<b>0</b>	<b>0</b>		<b>Gifted assets which will be depreciated at EOFY</b>



## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2022

	2021/22 Current Budget \$	2021/22 Proposed Budget \$
<b>OPERATING INCOME</b>		
Ticket & Bookings Sales	347,500	347,500
Council Contribution	415,400	415,400
Other Income	112,000	112,000
<b>Total Income</b>	<b>874,900</b>	<b>874,900</b>
<b>OPERATING EXPENSES</b>		
Employee Costs	531,200	531,200
Materials Contract and Other Expenses	343,700	343,700
Depreciation, amortisation and impairment	-	-
<b>Total Expenses</b>	<b>874,900</b>	<b>874,900</b>
<b>Operating Surplus (Deficit)</b>	-	-
<b>NET SURPLUS / (DEFICIT)</b>	-	-
Physical Resources Received Free of Charge	50,000	63,000
<b>KEY FINANCIAL INDICATOR</b>		
Own Source Revenue	52.5%	52.5%
Operating Surplus Ratio	0%	0%
Net Financial Liabilities Ratio	28%	28%
Asset Renewal Funding Ratio	0%	0%





## STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2022

	2021/22 Current Budget \$	2021/22 Proposed Budget \$
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	61,773	61,773
Trade and Other Receivables	0	0
Inventories	-	-
<b>Total Current Assets</b>	<b>61,773</b>	<b>61,773</b>
<b>NON-CURRENT ASSETS</b>		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	201,000	213,000 *
Other Non-Current Assets	-	-
<b>Total Non-Current Assets</b>	<b>201,000</b>	<b>213,000</b>
<b>TOTAL ASSETS</b>	<b>262,773</b>	<b>274,773</b>
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	77,254	77,254
Borrowings	-	-
Provisions	15,000	15,000
<b>Total Current Liabilities</b>	<b>92,254</b>	<b>92,254</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	150,000	150,000 *
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>150,000</b>	<b>150,000</b>
<b>NET ASSETS</b>	<b>20,519</b>	<b>32,519</b>
<b>EQUITY</b>		
Accumulated Surplus	34,178	46,178
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	-	-
New Capital	-	-
<b>Total Equity</b>	<b>34,178</b>	<b>46,178</b>

\* Adjusted at year end only. Relates to lease liability and right of use assets.



## CASHFLOW STATEMENT

For the Year Ending 30 June 2022

	2021/22 Current Budget \$	2021/22 Proposed Budget \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Operating Receipts	962,390	962,390
Investment Receipts	-	-
<b>Payments</b>		
Operating Payments to Suppliers and Employees	908,970	908,970
GST Payments	53,420	53,420
<b>Net cash provided by (or used in) operating activities</b>	-	-
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts</b>		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	-	-
<b>Payments</b>		
Expenditure on renewal/replacement of assets	-	-
Expenditure on new/upgraded assets	-	-
<b>Net cash provided by (or used in) investing activities</b>	-	-
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
<b>Receipts</b>		
Proceeds from borrowings	-	-
<b>Payments</b>		
Repayments of borrowings	-	-
<b>Net cash provided by (or used in) financing activities</b>	-	-
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	-	-
Cash & cash equivalents at beginning of period	61,773	61,773
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>61,773</b>	<b>61,773</b>

Meeting	<b>Victor Harbor Horse Tram Authority</b>
Date	<b>8 February 2022</b>
From	<b>Megan Whibley</b>
Subject	<b>Draft Operating Budget 2022/23</b>
Report Number	<b>6.3</b>

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## **RECOMMENDATION**

**That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Draft Operating Budget 2022/23 report.**

## **INFORMATION**

### **Purpose**

The purpose of this report is to provide the Victor Harbor Horse Tram Audit Committee with the Draft Operating Budget for 2022/23.

### **Background**

The operating budget 2019/20 was adopted prior to the General Manager being employed by the VHHTA. The draft budget for 2020/21 was an updated and more realistic budget in terms of meeting operational requirements of the horse tram in 2020/21. The 2020/21 financial year became unpredictable as it continued due to Covid-19 and Causeway construction issues, however the Authority's budget tracked well despite these operating impacts. This turbulence has continued through 2021/22. The 2022/23 year is also facing financial uncertainty due to Covid-19, possible lock downs and limited travel for visitors, however the uncertainty that stemmed from Causeway closures is now behind the VHHTA with the opening of the new Causeway on 22 December 2021.

### **Commentary**

The draft operating budget 2022/23 was formulated by the General Manager after operating through a period of unprecedented challenges during 2021/22.

In the first year or two following establishment of the VHHTA, budgets have been based on best estimations of costs, many of which were not entirely clear as they have previously been embedded in Council budgets and have required full or partial separation over a period of time. Whilst much progress has already been made in relation to budget

accuracy, this will continue to evolve and improve as the VHHTA moves further towards independence in its establishment as a Section 42 committee of Council.

The VHHTA's own-source revenue is continually being sought, to decrease reliance on the City of Victor Harbor (COVH). Initiatives such as the Successful Grant application with Building Better Regions Funding Round 5 has meant that COVH have gained valuable funds to add to the Stable complex construction in support of the Horse Tram.

The COVH financial contribution remains the same as 2021/22 in the 2022/23 draft Budget, but the Horse Tram's own source revenue percentage has increased by 8.6%

The Draft Operating Budget 2022/23 are provided at attachment A. The Draft 2022/23 Financial Statements for the operating budget are provided at attachment B.

### 2022/23 Draft Budget

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

Description		Amount
<b>Employee costs</b>	Salaries, superannuation & workcover	\$711,900
<b>Office and Administration costs</b>	Travel, stationary, printing and communication	
	Insurance & utilities	\$79,900
<b>Maintenance</b>	Building and equipment maintenance	\$25,000
	Horse care - feed, farrier and vet fees	\$58,000
<b>Marketing</b>	Advertising, promotions and souvenir purchases	57,000
<b>Other Expenses</b>	Committee costs, volunteer and staff amenities	\$52,200
<b>Equipment Hire</b>	Building and equipment hire	\$48,000
<b>Corporate Support</b>	IT, finance, records and administration	\$68,000
<b>Total</b>		<b>\$1,100,000</b>

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

Description		Amount
<b>Ticket Sales</b>	Casual and group bookings	\$521,300
<b>Other Income</b>	Donations/sponsorship	\$42,200
	Souvenir sales	\$85,000
	Behind the Scenes	\$36,500

	Council contribution	\$415,000
<b>Total</b>		<b>\$1,100,000</b>

Own Source Funding Ratio	2021/22	2022/23
	52.5%	62.3%

## RISK ASSESSMENT

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

**Corporate Governance** - The VHHTA Charter requires the Board, in accordance with the Act, to endorse and provide the Draft Operating Budget to Council before 31 March each year. Preliminary figures were supplied to Council prior to this date, to assist with Council's own budget planning. The risk is assessed as **low**.

**Financial Management** – Poorly planned budgets can result in a costly overspend. The VHHTA Board should endorse a realistic budget and present it to Council for approval, taking into account learnings from the previous budgets of the VHHTA to improve accuracy for the coming financial year. Whilst every effort has been made to reduce the operating deficit (contribution from City of Victor Harbor) through initiatives that will generate own source revenue, the deficit will remain the same as last financial year in this draft 2022/23 budget largely due to conservative budgeting because of unknown impacts of COVID-19. This risk is assessed as **low**.

**Socio Political, Community Issues/Reputation** –A small portion of the community may expect the 2022/23 VHHTA budget to reduce the financial contribution from Council. A realistic budget is essential for the operations to run safely and ensure that it continues to be an icon for Victor Harbor. This risk is assessed as **low**.

**Service Delivery** – Poorly planned budgets impact on service delivery and may include interruption to service. This budget has been conservatively prepared to ensure that there is minimal impact on service delivery outside of external factors such as COVID-19. This risk is assessed as **low**.

**Service Delivery** – Some budget increases from 2022/23 have been included to address employee professional development and loan repayments of assets purchases. This risk is assessed as **low**.

**Employee Safety / Public Safety** – Some budget increases from 2022/23 have been included to address risks to public and employee safety. This risk is assessed as **low**.

## **REFERENCES**

VHHTA Budget 2019/20

VHHTA Budget 2020/21

VHHTA Budget 2021/22

Victor Harbor Horse Tram Authority Charter

## **BUDGET IMPLICATIONS**

Excluding endorsed budgeted staff resources there are no budget implications in the 2021/22 VHHTA budget in receiving, noting this Draft Operating Budget 2022/23.

Endorsement by the VHHTA Board and approval by COVH Council of the Draft Operating Budget 2022/23 will impact as detailed in the draft budget at attachment A, with an operating deficit (contribution amount from COVH) of \$415,000.

## **CONSULTATION**

VHHTA Board Members

SMP Chartered Accountants

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

Draft operating budget - 2022/23  
Victor Harbor Horse Tram Authority

Description	2021/22 revised Budget	2022/23 Draft Budget	Variance (\$)	Variance (%)	Comments
<b>Income</b>					
CVH budget contribution	415,400	415,000	(400)	0%	Minor reduction in COVH contribution for 2022.23
Donation Income	2,500	2,000	(500)	-20%	Minor reduction but hopeful for return of donations
Employee Subsidies	4,500	5,000	500	0%	Employer subsidy
Fleurieu Heritage Sales	500	500	0	0%	Affected by covid-19 restrictions last year
Group Sales	2,000	3,500	1,500	75%	Affected by covid-19 restrictions last year
Other Income	10,000	71,500	61,500	615%	Behind the scenes sponsorship with operation resumed
Souvenir Sales	35,000	85,000	50,000	143%	New merchandise shop open majority of the year.
Ticket Sales	345,000	517,300	172,300	50%	Resumed services with a positive full year of operation
Causeway Monitoring	60,000	0	(60,000)	100%	Monitoring causeway for DIT will end June 2022
Other Income - Interest	0	200	200	0%	
<b>Total Income</b>	<b>874,900</b>	<b>1,100,000</b>	<b>225,100</b>	<b>26%</b>	<b>No change</b>
<b>Less Operating Expenses</b>					
Administration Charge - Corporate Support	64,000	68,000	4,000	6%	
Administration Charge - Rent on Assets	44,000	48,000	4,000	9%	
Advertising Expenses	8,000	22,000	14,000	175%	Increase to allow for advertising of new Stables facility
Authority Board Expenses	15,000	15,000	0	0%	
Cleaning	5,000	5,000	0	0%	
Consultants and Professional Services	15,000	20,000	5,000	33%	Increase to account for Auditor costs missed in 2021.22
Employee expenses	531,200	711,900	180,700	34%	Increase due to 2% increase and Stable facility staffing
Horse Care Expenses	58,000	58,000	0	0%	
Other Expenses	1,700	2,000	300	18%	
Repairs and Maintenance	35,000	20,000	(15,000)	-43%	decrease due to no major Tram renovation 2022.23
Security Expenses	3,600	4,000	400	11%	
Staff Amenity Expenses	3,500	3,700	200	6%	
Utilities	14,000	14,000	0	0%	

Vehicle and Travel Expenses	4,000	26,500	22,500	563%	Capital expenditure repayments for vehicles in 2022.23
Volunteer Expenses	3,000	4,000	1,000	33%	
Bank Fees	500	800	300	60%	
Insurance	41,000	41,000	0	0%	
Merchant Fees	2,500	2,600	100	4%	
Phone and Date Expenses	3,700	4,000	300	8%	
Printing and Stationary Expenses	4,200	4,500	300	7%	
Sourvenir Purchases	18,000	25,000	7,000	39%	Increase in sales so an increase in purchases
Depreciation	0	0	0	100%	Ute, gator and float gifted by council. To be included in EOFY (\$10K per year)
<b>Total Operating Expenses</b>	<b>874,900</b>	<b>1,100,000</b>	<b>225,100</b>		<b>Increase is related to the new stable facility</b>
Physical Resources Received Free of Charge	63,000	0	0		Ute, gator and float gifted by council - WDV when received from COVH
<b>Net Surplus / (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>Gifted assets which will be depreciated at EOFY</b>





## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2023

	2021/22 Current Budget \$	2022/23 Proposed Budget \$
<b>OPERATING INCOME</b>		
Ticket & Bookings Sales	347,500	521,500
Council Contribution	415,400	415,000
Other Income	112,000	163,500
<b>Total Income</b>	<b>874,900</b>	<b>1,100,000</b>
<b>OPERATING EXPENSES</b>		
Employee Costs	531,200	711,900
Materials Contract and Other Expenses	343,700	388,100
Depreciation, amortisation and impairment	-	-
<b>Total Expenses</b>	<b>874,900</b>	<b>1,100,000</b>
<b>Operating Surplus (Deficit)</b>	-	-
<b>NET SURPLUS / (DEFICIT)</b>	-	-
<b>Physical Resources Received Free of Charge</b>	63,000	-
<b>KEY FINANCIAL INDICATOR</b>		
Own Source Revenue	52.5%	62.3%
Operating Surplus Ratio	0%	0%
Net Financial Liabilities Ratio	28%	30%
Asset Renewal Funding Ratio	0%	0%



## STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2023

	2021/22 Current Budget \$	2022/23 Proposed Budget \$
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	61,773	61,773
Trade and Other Receivables	0	0
Inventories	-	-
<b>Total Current Assets</b>	<b>61,773</b>	<b>61,773</b>
<b>NON-CURRENT ASSETS</b>		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	213,000	297,000 *
Other Non-Current Assets	-	-
<b>Total Non-Current Assets</b>	<b>213,000</b>	<b>297,000</b>
<b>TOTAL ASSETS</b>	<b>274,773</b>	<b>358,773</b>
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	77,254	77,254
Borrowings	-	84,000
Provisions	15,000	15,000
<b>Total Current Liabilities</b>	<b>92,254</b>	<b>176,254</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	150,000	150,000 *
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>150,000</b>	<b>150,000</b>
<b>NET ASSETS</b>	<b>32,519</b>	<b>32,519</b>
<b>EQUITY</b>		
Accumulated Surplus	46,178	46,178
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	-	-
New Capital	-	-
<b>Total Equity</b>	<b>46,178</b>	<b>46,178</b>

\* Adjusted at year end only. Relates to lease liability and right of use assets.



## CASHFLOW STATEMENT

For the Year Ending 30 June 2023

	2021/22 Current Budget \$	2022/23 Proposed Budget \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Operating Receipts	962,390	1,209,950
Investment Receipts	-	-
<b>Payments</b>		
Operating Payments to Suppliers and Employees	908,970	1,138,470
GST Payments	53,420	71,480
<b>Net cash provided by (or used in) operating activities</b>	-	-
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts</b>		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	-	-
<b>Payments</b>		
Expenditure on renewal/replacement of assets	-	84,000
Expenditure on new/upgraded assets	-	-
<b>Net cash provided by (or used in) investing activities</b>	-	84,000
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
<b>Receipts</b>		
Proceeds from borrowings	-	84,000
<b>Payments</b>		
Repayments of borrowings	-	-
<b>Net cash provided by (or used in) financing activities</b>	-	84,000
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	-	-
Cash & cash equivalents at beginning of period	61,773	61,773
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>61,773</b>	<b>61,773</b>