



3 February 2023

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, 7 February 2023

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 November 2022 3

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

6.1 Resolutions Register Report 10
6.2 Audit Committee Meeting Minutes Report – 8 November 2022 14
6.3 Ticket Price Report 20

7. Reports for Decision

7.1 December Budget Review 2022 23
7.2 2023 Draft Annual Business Plan 2021/23 31
7.3 Draft Operating and Capital Budget 2023-24 77

8. Presentation(s)

Nil



9. Discussion Items – No decision(s)

9.1 Ticket prices

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Reports

Nil

Next Meeting

Thursday, 27 April 2023, 3pm – 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 **7 February 2023**
From **Megan Whibley**
Subject **Board Meeting Minutes – 8 November 2022**
Report Number **4.1**

RECOMMENDATION

That the minutes of the previous Victor Harbor Horse Tram Authority Board Meeting held Tuesday, 8 November 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 meeting held on 8 November 2022 for confirmation.

Background

A Board meeting of the Victor Harbor Horse Tram Authority was held on Tuesday, 8 November 2022.

Commentary

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

A copy of the 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 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

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



5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

6.1 Outstanding Resolutions Register

VHHTA339 Moved: Natasha Hunt
Seconded: Rachel Kennedy

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

CARRIED

6.2 Audit Committee Meeting Minutes Report

VHHTA340 Moved: Rachel Kennedy
Seconded: Carol Schofield

That the Victor Harbor Horse Tram Authority receive and note the Audit Committee Meeting Minutes report.

CARRIED

7. Reports for decision

7.1 Audit Committee Reappointment of Members Report

VHHTA341 Moved: Natasha Hunt
Seconded: Rachel Kennedy

1. That the Victor Harbor Horse Tram Authority receive and note the Audit Committee Reappointment of Members Report.

CARRIED

VHHTA342 Moved: Carol Schofield
Seconded: Rachel Kennedy

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



7.2 The First Quarter Review of the 2022-23 Budget Report

VHHTA346 Moved: Rachel Kennedy
Seconded: Natasha Hunt

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

CARRIED

VHHTA347 Moved: Rachel Kennedy
Seconded: Carol Schofield

2. That the Victor Harbor Horse Tram Authority;
 - a. endorse The First Quarter Review of the 2022/23 Budget Report as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,000, and;
 - b. provide the Budget Review to Council.

CARRIED

7.3 Proposed 2023 Board Meeting, Informal Meeting and Audit Committee Meeting Dates Report

VHHTA348 Moved: Carol Schofield
Seconded: Rachel Kennedy

1. That the Victor Harbor Horse Tram Authority Board receive and note the Proposed 2023 Board Meeting, Informal Gathering and Audit Committee dates Report.
2. That the Victor Harbor Horse Tram Authority Board endorse the Proposed 2023 Board Meeting, Informal Gathering and Audit Committee dates listed in the report below, except that the meeting date scheduled for Tuesday 7 November 2023 is modified to be scheduled for Tuesday 31 October 2023.

CARRIED

Meeting **Victor Harbor Horse Tram Authority**

Date **7 February 2023**

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 3-Feb-23

Date	Minute Number	Resolution	Status/Update
<i>Leave blank</i>			
8 November 2022	VHHTA349	That the Victor Harbor Horse Authority General Manager bring a ticket price report to the Board Meeting scheduled for 7 February 2023.	Complete
8 November 2022	VHHTA347	<p>That the Victor Harbor Horse Tram Authority;</p> <p>a. endorse The First Quarter Review of the 2022/23 Budget Report as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,000, and;</p> <p>b. provide the Budget Review to Council.</p>	<p>Complete</p> <p>Review provided to Council at the meeting held on Monday 12 December 2022</p>
8 November 2022	VHHTA345	<p>That the Victor Harbor Horse Tram Authority recommends to Council that John Morgan be reappointed as the VHHTA Audit Committee Chairperson.</p> <p>That the Victor Harbor Horse Tram Authority recommends to Council that Rachel Kennedy be reappointed as the VHHTA Audit Committee Deputy Chairperson.</p>	<p>Complete</p> <p>Approved by Council at the meeting held on Monday 12 December 2022</p>
8 November 2022	VHHTA344	That the Victor Harbor Horse Tram Authority recommends to Council that the following Authority Board Member, Rachel Kennedy, be reappointed to the Victor Harbor Horse Tram Authority Audit Committee for a term of two years.	<p>Complete</p> <p>Approved by Council at the meeting held on Monday 12 December 2022</p>
8 November 2022	VHHTA343	That the Victor Harbor Horse Tram Authority recommends to Council that Katherine Christ be reappointed as an Independent member to the Victor Harbor Horse Tram Authority Audit Committee for a term of two years.	<p>Complete</p> <p>Approved by Council at the meeting held on Monday 12 December 2022</p>
8 November 2022	VHHTA342	That the Victor Harbor Horse Tram Authority recommends to Council that John Morgan be reappointed as an Independent member to the Victor Harbor Horse Tram Authority Audit Committee for a term of two years.	<p>Complete</p> <p>Approved by Council at the meeting held on Monday 12 December 2022</p>



Attachment A

Date	Minute Number	Resolution	Status/Update
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.	Draft tabled at Board meeting 13 September 2022 – VHHTA Draft Staff and Development Policy requiring further development.



Meeting **Victor Harbor Horse Tram Authority**
Date **7 February 2023**
From **Megan Whibley**
Subject **Audit Committee Public Minutes – 8 November 2022**
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 November 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 November 2022 and to consider recommendations from the Audit Committee.

Background

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

Commentary

During the meeting held 8 November 2022, the Audit Committee made an Action List note for the General Manager to bring a report to the Committee at the 7 February 2023 meeting to enable the Audit Committee to perform self review and assessment. This report is in the Audit Committee Agenda for the February 2023 meeting.

A copy of the 8 November 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 November 2022
Commencing at 12:30pm, Encounter Room**



1. Attendance

Present

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

In attendance

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

Commencement

The meeting commenced at 12:34 pm

2. Apologies

Nil

3. Conflict of Interest

Nil

4. Minutes of the Previous Meeting

4.1 Audit Committee Meeting Minutes Report – 13 September 2022

AC036 Moved: Nigel Catt
 Seconded: Katherine Christ

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

CARRIED

5. Business Arising

Nil

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



1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the 2023 Audit committee meeting Dates for 2023 Report.
2. That the Victor Harbor Horse Tram Authority Audit Committee resolve to meet in accordance with the meeting dates, times and locations as listed in the 2023 Audit committee meeting Dates for 2023 Report, except that the meeting date scheduled for 7 November 2023 is modified to be scheduled for Tuesday 31 October 2023.

CARRIED

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

AC040 Moved: Rachel Kennedy
 Seconded: Nigel Catt

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

CARRIED

8. Presentations

Nil

9. Discussion Items – No decision(s)

9.1 Overall draft budget 2023/24 comparison.

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

11.1 Action: That at the 7 February 2023 meeting there be an agenda item for the purpose of Audit Committee self-review of performance, and so that the Audit Committee can review its responsibilities and duties in accordance with the VHHTA Audit Committee Terms of Reference and the VHHTA Charter.

12. Confidential Item(s)

Nil

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



13. Next Meetings

Tuesday 7 February 2023, 12:30 pm at the Encounter Room

14. Meeting Closed.

The meeting closed at 1:11 pm

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



Meeting **Victor Harbor Horse Tram Authority**

Date **7 February 2023**

From **Megan Whibley**

Subject **Ticket Price Report**

Report Number **6.3**

RECOMMENDATION

That the Victor Harbor Horse Tram Authority receive and note the proposed Ticket Price increase Report.

PURPOSE

The purpose of this report is for the Victor Harbor Horse Tram Authority (VHHTA) Board to discuss changes to Victor Harbor Horse Tram ticket pricing in the future.

BACKGROUND

During the past 3 years, ticket prices have had a few increases and changes for various reasons and have all been well received. One of the ticket price increases was in August 2019, where we introduced 'kids ride free' with a paying Adult and increased the Adult ticket price to cover this. This change in ticket pricing structure generated more revenue than previous years. This ticket increase was well received with next to no complaints from the consumers.

Once the impacts the Covid 19 became apparent, the VHHTA implemented a price increase in March 2021, to help mitigate the restricted numbers on the Horse Tram and increased operating costs, due to Covid marshaling and intense cleaning of tram's between journeys. Again this was well received and the revenue increase was remarkable.

INFORMATION

At the Board Meeting held on Tuesday, 8 November 2022, the Board resolved to review ticketing prices at the February 2023 Board Meeting. There are external circumstances that would make a ticket price increase appear warranted, in particular inflation affecting the price of all consumables, increasing Tram operating expenses.

There are factors that, upon consideration, suggest that leaving ticket prices at the current price is advisable. The 2022/23 financial year will be first year since the VHHTA's formation

that the Horse Tram has been able to operate for an entire year, apart from two weeks in October 2022, when soft fall rubber was applied to sections of the Causeway. The VHHTA experienced its first full summer with no restrictions, a functioning new Causeway, no ongoing construction, and with people flocking to the area to enjoy the tourist destination. Sales and visitor numbers were also boosted by Murray River flood water levels and resulting water activity restrictions, discouraging holiday stays in the affected regions.

The onerous Covid-19 cleaning regimes are no longer required for trams between journeys, and marshaling, social distancing and passenger number restrictions no longer apply. The result is that the Horse Tram has made record profits throughout this period,

The VHHTA is hesitant to increase ticket prices by a margin of less than five dollars due to the mental calculations that staff need to perform during ticket sales. An increase of five dollars per ticket is substantial, and the VHHTA is aware that part of its mandate is to provide a transport service for visitors to Granite Island, and not just perform strictly as a tourist attraction. Given the record that the VHHTA has made during the summer holiday period, the VHHTA recommends that ticket prices remain unchanged and revisited in November 2023 for a potential price increase in December 2023.

RISK ASSESSMENT

Governance - The Victor Harbor Horse Tram Authority Charter, which has been approved by the Minister, gives power to the Authority Board to set, charge and adjust fees for use of the facilities of the Victor Harbor Horse Tram. The risk is assessed as *low*.

Financial – The 6 month Budget Review shows a significant increase in revenue for the 2022/23 financial year. The risk is assessed as *low*.

BUDGET IMPLICATIONS

Calculations indicate that the VHHTA is currently on track to achieve budget for the 2022/23 financial year with ticket prices remaining at the current price point. There are no budget implications for unchanged ticket prices. The risk is assessed as *low*.



Meeting **Victor Harbor Horse Tram Authority**
Date **7 February 2023**
From **Megan Whibley**
Subject **December Budget Review 2022/23 Report**
Report Number **7.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority receive and note the December Budget Review 2022/23 Report.**
- 2. That the Victor Harbor Horse Tram Authority;**
 - a. endorse the December Budget Review 2022/23 as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,000, and**
 - b. provide the December Budget Review to Council.**

INFORMATION

Purpose

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

Background

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirements for regular budget reviews. Regulation 9(1)(b) and 9(2) of the Local Government (Financial Management) Regulations 2011 requires a budget review to include a revised forecast of the VHHTA'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 December report for the 2022/23 financial year has been prepared on schedule. This December Review of the 2022/23 Budget, is a review addressing the first 6 months of the 2022/23 financial year.

Commentary

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

The 2022/23 budget is tracking really well with the summer season seeing some record days. It is exciting times, with all Causeway construction finished, and the new merchandise store showing really impressive results this financial year.

There are a few areas that required adjustment in this review for the 2022/23 budget.

- Behind the scenes income will be nil as the buildings are now predicted to be finished in May 2023, not the original December 2022.
- The increase in revenue both in ticket sales and the merchandise store have the budget looking more than achievable.
- With the merchandise store performing so well, extra stock is needed. An increase in purchases has been allowed for.

This amazing result has the whole team feeling really excited about the future, this is our first season with no hurdles and plenty of tourists.

The December Review of the 2022/23 Budget 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 2022/23 budget

Victor Harbor Horse Tram Authority Charter

Local Government (Financial Management) Regulations 2011

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

BUDGET IMPLICATION

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

CONSULTATION

SMP Chartered Accountants

Michele Bennett LGiQ



STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2023

	2022/23 Current Budget at Sept 2022 \$	2022/23 Proposed Budget Dec 22 \$
OPERATING INCOME		
Ticket & Bookings Sales	540,700	605,700
Council Contribution	415,000	415,000
Other Income	197,500	197,500
Total Income	1,153,200	1,218,200
OPERATING EXPENSES		
Employee Costs	704,900	704,900
Materials Contract and Other Expenses	432,730	450,430
Depreciation, amortisation and impairment	15,570	15,570
Total Expenses	1,153,200	1,170,900
Operating Surplus (Deficit)	-	47,300
NET SURPLUS / (DEFICIT)	-	47,300
KEY FINANCIAL INDICATOR		
Own Source Revenue	64.0%	65.9%
Operating Surplus Ratio	0%	4%
Net Financial Liabilities Ratio	23%	10%
Asset Renewal Funding Ratio	100%	100%



STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2023

	2022/23 Current Budget at Sept 2022 \$	2022/23 Proposed Budget Dec 22 \$
CURRENT ASSETS		
Cash and Cash Equivalents	77,343	136,757
Trade and Other Receivables	0	0
Inventories	-	-
Total Current Assets	77,343	136,757
NON-CURRENT ASSETS		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	290,130	86,000
ROU Assets		87,000
Other Non-Current Assets		-
Total Non-Current Assets	290,130	173,000
TOTAL ASSETS	367,473	309,757
CURRENT LIABILITIES		
Trade and Other Payables	77,254	33,000
ROU lease		35,000
Borrowings	99,000	-
Provisions	15,000	17,457
Total Current Liabilities	191,254	85,457
NON-CURRENT LIABILITIES		
ROU Lease		52,000
Borrowings	150,000	87,000
Provisions		40,000
Total Non-Current Liabilities	150,000	179,000
TOTAL LIABILITIES	341,254	264,457
NET ASSETS	26,219	45,300

Attachment A

EQUITY

Accumulated Surplus	26,219	45,300
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	-	-
New Capital	-	-
Total Equity	26,219	45,300



CASHFLOW STATEMENT

For the Year Ending 30 June 2023

	2022/23	2022/23
	Current Budget at Sept 2022	Proposed Budget Dec 22
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	1,268,970	1,340,020
Investment Receipts	-	-
Payments		
Operating Payments to Suppliers and Employees	1,180,423	1,199,823
GST Payments	72,977	77,327
Net cash provided by (or used in) operating activities	15,570	62,870
CASHFLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	-	27,727
Payments		
Expenditure on renewal/replacement of assets	99,000	51,997
Expenditure on new/upgraded assets	-	76,261
Net cash provided by (or used in) investing activities	(99,000)	(100,531)
CASHFLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from borrowings	99,000	100,531
Payments		
Repayments of borrowings	-	17,000
Net cash provided by (or used in) financing activities	99,000	83,531
NET INCREASE (DECREASE) IN CASH HELD	15,570	45,870
Cash & cash equivalents at beginning of period	61,773	90,887
CASH & CASH EQUIVALENTS AT END OF PERIOD	77,343	136,757

Attachment A

**Budget Review - Working
Victor Harbor Horse Tram Authority**

Description	2022/23 Original Budget	2022/23 September Budget Review	2022/23 Dec Budget Review	Variance (\$)
Income				
CVH budget contribution	415,000	415,000	415,000	0
Donation Income	3,000	3,000	3,000	0
Employee Subsidies	5,000	0	0	0
Fleurieu Heritage Sales	500	500	0	(500)
Group Sales	3,000	5,000	5,500	500
Other Income	76,500	74,500	34,500	(40,000)
Souvenir Sales	75,000	80,000	120,000	40,000
Ticket Sales	535,000	535,000	600,000	65,000
Causeway boom gate monitoring	0	40,000	40,000	0
Other Income - Interest	200	200	200	0
Total Income	1,113,200	1,153,200	1,218,200	65,000
Less Operating Expenses				
Administration Charge - Corporate Supp	68,000	68,000	68,000	0
Administration Charge - Rent on Assets	48,000	48,000	48,000	0
Advertising Expenses	22,000	22,000	22,000	0
Authority Board Expenses	15,000	15,000	15,000	0
Cleaning	5,000	5,000	5,000	0
Consultants and Professional Services	20,000	20,000	20,000	0
Employee expenses	694,500	704,900	704,900	0
Horse Care Expenses	58,000	69,400	69,400	0
Other Expenses	2,000	2,000	4,000	2,000
Repairs and Maintenance	20,000	20,000	20,000	0
Security Expenses	4,000	4,000	4,000	0
Staff Amenity Expenses	3,500	5,500	5,500	0
Utilities	14,000	14,000	14,000	0
Vehicle and Travel Expenses	28,100	28,100	28,100	0
Volunteer Expenses	3,430	3,430	3,430	0
Bank Fees	800	2,000	2,000	0
Insurance	45,000	60,000	60,000	0
Merchant Fees	2,800	2,800	3,500	700
Phone and Date Expenses	4,000	4,000	4,000	0
Printing and Stationary Expenses	4,500	4,500	4,500	0
Souvenir Purchases	35,000	35,000	50,000	15,000
Depreciation	15,570	15,570	15,570	0
Total Operating Expenses	1,113,200	1,153,200	1,170,900	17,700
Net Surplus / (Deficit)		0	47,300	47,300



UNIFORM PRESENTATION OF FINANCE STATEMENT
For the Year Ending 30 June 2023

	2022/23 Current Budget \$	2022/23 Proposed Budget \$
Operating Revenues	1,153,200	1,218,200
<i>less</i> Operating Expenses	(1,153,200)	(1,170,900)
Operating Surplus / (Deficit)	0	47,300
 Net Outlays on Existing Assets		
Capital expenditure on renewal / replacement of existing assets	(99,000)	(51,997)
<i>add back</i> depreciation, amortisation and impairment	15,570	15,570
<i>add back</i> proceeds from sale of replaced assets	0	0
Subtotal	(83,430)	(36,427)
 Net Outlays on New and Upgraded Assets		
Capital expenditure on new and upgraded assets	0	(100,531)
add back amounts received specifically for new / upgraded assets	0	0
add back proceeds from sale of surplus assets	0	27,727
Subtotal	0	(72,804)
 NET LENDING / (BORROWING) FOR FINANCIAL YEAR	 (83,430)	 (61,931)
 KEY FINANCIAL INDICATORS		
Own Source Revenue	64%	66%
Operating Surplus Ratio	0%	4%
Net Financial Liabilities Ratio	23%	10%
Asset Renewal Funding Ratio	100%	100%



Meeting **Victor Harbor Horse Tram Authority**
Date **7 February 2023**
From **Megan Whibley**
Subject **Draft Business Plan Annual Review 2023**
Report Number **7.2**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Board receive and note the Draft Business Plan Annual Review 2023 Report.**
- 2. That the Victor Harbor Horse Tram Authority Board endorse the 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 draft Business Plan Annual – Review 2023 report and draft VHHTA Business Plan 2021-23 to the Board for endorsement, prior to being presented to City of Victor Harbor Council at their ordinary Council meeting to be held on 27 Feb 2023.

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 Local Government Act 1999 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 2023 annual review is the second 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 27 February 2023 meeting. The 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 across an adjoining Causeway. A fabulous new Causeway was built in 2021, with the official opening on 23 December 2021.

In October 2018 the Victor Harbor Horse Tram Authority (the VHHTA) was gazetted under Section 42 of the Local Government Act, and is a subsidiary of the City of Victor Harbor Council. The Council's purpose, in creating the VHHTA, was to make the Horse Tram service less reliant on City of Victor Harbor rates revenue and move it further towards financial self-sustainability. The establishment of the VHHTA is proving to be a very successful venture, with increased revenue, additional revenue source creation and increased offerings for visitors to the area. The VHHTA is ever increasingly moving towards greater levels of financial independence.

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

The Horse Tram service is conducted on the Victor Harbor foreshore from a complex which supports a terminal and platform, office, merchandise store and day corral for the horses, as well as storage facilities for the heritage style trams. The Clydesdales are paddocked on large acreage 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 VHHTA) is a subsidiary of the City of Victor Harbor (Council), established under section 42 of the *Local Government Act 1999*. The VHHTA 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 VHHTA Board, among other things. The Charter was originally gazetted on 25 October 2018, and then again on 8 September 2022 after minor changes.

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 with some businesses reporting drops in revenue of up to forty percent.

An investigation into the economic, historic and tourist value of the iconic Victor Harbor tourist attraction was performed in 2021 by author Laura Hodgson, as part of the University of South Australia's Postgraduate Research Intern program. The research demonstrated that the Horse Tram provides economic and historic value to the City of Victor Harbor and key stakeholders, as well as functioning as a key tourist attraction for Victor Harbor.

Key findings include:

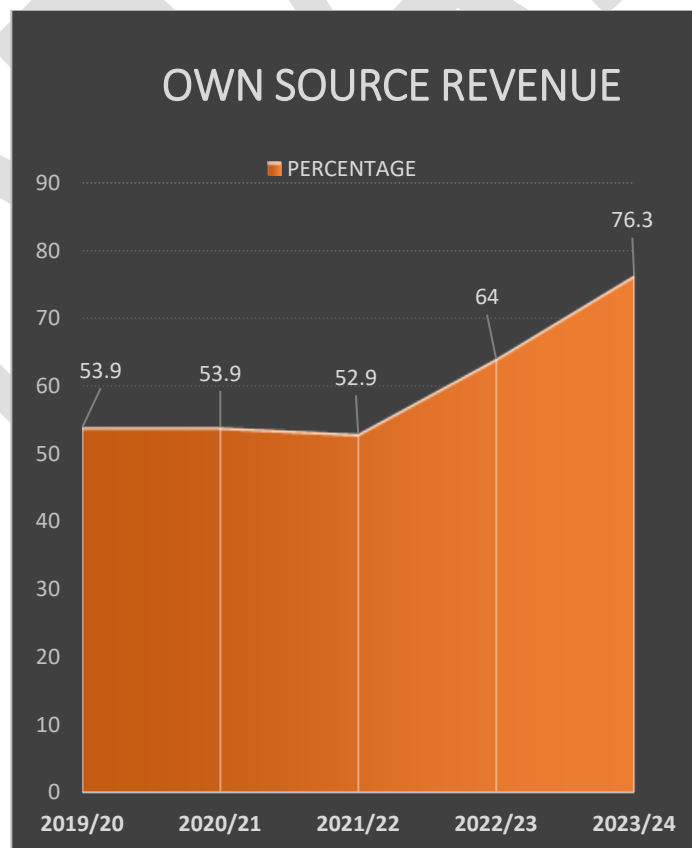
- During a peak tourist month, the Horse Tram attracts spending in the local economy, conservatively estimated at \$210,000. This is half of the yearly contribution Council makes to the Horse Tram operating budget. Annually, the Horse Tram was estimated to contribute between \$1,153,898 and \$1,675,351 to the local economy.

- The Horse Tram is considered a 'drawcard' for Victor Harbor both by stakeholders and tourists.
- The Horse Tram has the potential to be of great historic significance to Australia as an operational, in situ, historic attraction.
- Tourists and locals alike could not imagine Victor Harbor without the Horse Tram, even if they were not travelling on it the day they participated in a survey. They spoke positively about their experiences with the Tram, horses, staff and historic experience, as well as the natural environment, all found to be fundamental in ensuring this positive experience.

The Horse Tram is part of what makes this city thrive, and the Victor Harbor Horse Tram Authority is committed to its ongoing and future success. The VHHTA, in conjunction with the City of Victor Harbor, is revamping existing infrastructure, assets, amenities and buildings as it builds into the future by replenishing trained horse team numbers, creating a Stable Complex and Visitor Centre where 'Behind the Scene's' experiences can be offered, creating new income streams, independent of Council and rate payer support.

The VHHTA has substantially increased its own source revenue, despite major hurdles with Covid-19 and being unable to operate for eight months of 2021 due to the new Causeway build. The VHHTA was pleased to achieve the 2021/22 budget without an unchanged contribution from Council despite only being operational for four months of the financial year, due to sound financial management practices.

The VHHTA's own source revenue is expected to be an astounding seventy six percent for the 2023/24 financial year.



Message from the Chair

The VHHTA has come out of a very difficult period for tourism-based businesses. Throughout this period the VHHTA showed good fiscal management, and made advances, allowing the business to continue to thrive despite significant hurdles. Outside, external influences, such as COVID-19 and the building of the new Causeway, created huge operating obstacles, impeding and stopping the operation of the tram. The VHHTA team still managed to create positive momentum, making productive use of time, with rebuilding and painting trams, increasing the fitness of the horses, as well as advancing projects outlined in the business plan. I would like to extend the Board's congratulations to staff and management. The horses have never looked so polished and healthy. The care and love they receive is obvious. All of the horses again received a 5-star health rating at their annual health checks from the veterinarian. Exceptional news and a credit to the team!

The opening of the new 'Causeway' saw an immediate response from the community, putting credence to the importance of the much-loved Horse Tram's value to Victor Harbor. The new Causeway has proved to be an absolute triumph, with a constant traffic flow of people enjoying the experience. With all works completed, it has allowed for an exceptional 2023 summer so far, with heartening feedback from our patrons. Surveys have provided visitor feedback of a 92% satisfaction rate for the staff, service and experience when travelling on the Horse Tram. Again, this is wholly a product of the culture built by Meg, Adrian and Tamar with the whole team showing outstanding service and attention to detail.

The VHHTA has been awarded a substantial grant from the Building Better Regions Fund, ensuring that the new Stable Complex and Visitor Centre will become an exciting reality. This tourist encounter will extend our service sector reach and enhance visitor engagement, enabling the delivery of a first-class hands-on, behind the scenes, horse experience. Not only will the offerings attract a more varied visitor base to the Victor Harbor region but also serve to increase employment, provide an additional source of income for the VHHTA, and encourage extended holiday stays in the area. The VHHTA is currently on track and moving forward at pace in 2023 to achieve budgetary outlooks and all of its intended goals.



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

One of the major achievements for the VHHTA is the new merchandise store. The store has enabled a significant increase in sales, creating another revenue stream, far exceeding predicted budgeting expectations. The Board cannot thank Carol and the VHHTA volunteers enough for all of their hard work and dedication.

When visiting the tram office in the mornings it is so heart-warming to see the love and care the horses are given, and the obvious affection of the staff and visitors for these majestic steeds. Scores of people watch as the horses are ridden along the beach or simply preened, massaged and coiffured, enjoying the splendid sight. The staff's engagement with the public, and how convivially they converse with visitors, make it obvious the passion they have for their work. They are greatly appreciated by the Board. They serve to enhance the Horse Tram brand, and are bi-proxy our best ambassadors.

Board Picture

Regular board meetings, together with internal and external assessment, serve to formalise ideas, helping to enable and guide us to make the Victor Harbor Horse Tram an even greater and more exceptional adventure. The innovative Board aim to produce 'The world's leading horse drawn tram experience', delivering encounters that create lasting memories. The Horse Tram and the Bluff at Encounter Bay are the most recognisable features of Victor Harbor, and help to showcase South Australia's #1 tourist destination.

I want to thank the Board for their commitment, devotion and dedication to the Horse Tram, with each member making an incredibly positive contribution, bringing contrasting and complimentary, solid skill sets to the, exceptionally collaborative Board. Also, thanks to the City of VH council and staff that have been so supportive of the Tram, recognising the Horse Tram's worth as a catalyst & 'foundation stone' of tourism to Victor Harbor.

Lastly and most importantly, Megan Whibley, the VHHTA General Manager, has gone above and beyond, in running a very diverse and unique business. Her human resourcing skills show great insight, creating a 'friendly family culture' while bringing new and fresh ideas to the VHHTA. We have a great team of people working for the VHHTA, and a happy, healthy team of enthusiastic horses.

The future of the Victor Harbor Horse Tram 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 a Board member 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.



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 two decades of experience working in local government and the tourism industry. Having served on the Executive Team with the District Council of Yankalilla and Alexandrina Council she brings a wealth of knowledge in the areas of governance, strategic planning, community engagement, tourism, communications, and marketing.

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.

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.

Since that time Meg has been a highly motivated driver of the VHHTA's direction and growth, successfully implementing the Board's strategic direction. She is currently bringing to life, entirely new, innovative offerings, services and business directions, promoting expansion, advancement and meaningful evolution, ensuring the future success of the VHHTA. It was the Board's pleasure to renew Meg's contract in 2022 for a further three years.

The General Manager is incredibly proud of the cohesive, talented and productive team the VHHTA has in its employ. Meg promotes a work culture of inclusivity, empowerment and collaboration, with a commitment to improving and upskilling employee capabilities and expertise, investing in the team that supports the Victor Harbor Horse Tram to be the world class attraction that it is.

Audit and Risk Committee

In accordance with the Charter, the VHHTA was required to establish an Audit Committee. The VHHTA drafted and endorsed the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference, appointed four members, which included 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, 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, along with the two Board members, bring an overwhelming volume of knowledge and specialist expertise. The VHHTA is thrilled to have them sitting on the Audit Committee, and appreciative to have members of their calibre, particularly given their non-remunerative status.

The Audit Committee is in its third year of oversight, and has, through recommendations to the VHHTA, made improvements to the VHHTA's risk management policies, procedures and risk library. In 2021, the Audit Committee utilised a risk management specialist to craft risk documents, tailored for the specific and unique operations of the Horse Tram, including a Risk and Opportunity Matrix, providing a more comprehensive analysis tool for identifying outcome possibilities for the VHHTA.

The VHHTA Audit Committee consult with, and receive professional advice from, an independent financial specialist with expertise in local government finance, so as to report to Council in the form required.

About this Plan

This Business Plan is the fourth 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 VHHTA was gazetted. The business plan must be reviewed on an annual basis, but may be amended at any time that changes are required.

This business plan includes performance targets that the VHHTA 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 are used to monitor and assess performance against targets.

Business Planning Process

A VHHTA's annual collaborative one-day strategic business planning workshop was held on 16 August 2022, attended by all members of the VHHTA Board, the VHHTA General Manager, Assistant Manager and the Executive Coordinator. The workshop was facilitated by an external consultant. This was the fourth workshop that the VHHTA had organised, the first three successfully helping to roadmap the 2020, 2021 and 2022 Business Plan update.

This year for the first time the VHHTA held a second strategic business planning workshop, an 'All-In' staff planning day on 20 October 2022. This second workshop was attended by VHHTA staff and management, and was also facilitated by an external consultant. The staff planning day was a great success. Staff were able to contribute to, and take ownership of, the new offerings stemming from the 'Behind the Scenes Experiences' that the VHHTA will be launching in 2023. Staff were engaged in the design process, with a free flow of ideas, bringing the staff's talent, creativity and fresh ideas into the business planning process. Concepts and planning at Board level was able to be delivered and crystallised at staff level.



VHHTA Board 2022 Planning Day



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 organisation and future growth, it was decided that these purpose statements still accurately capture the intent and direction of the organisation.

As part of the 2022 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 fact 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 VHHTA.

The phenomenal progress the VHHTA continues to make is laying a solid foundation for VHHTA success. As the hard work and innovation comes to fruition, the next phase of operations will be exciting.

Funding Our Plan

Operating Revenue

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

2022/23

Operating expenses of \$1,153,200 will be funded by VHHTA own source revenue of \$738,200. Council will provide a contribution of \$415,000 to the VHHTA aiming for a breakeven budget.

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

Description		Amount
Ticket Sales	Casual and group bookings	\$540,700
Other Income	Donations/sponsorship	\$41,000
	Souvenir sales	\$80,000
	Behind the Scenes	\$36,500
	DIT Boom Gate Contract	\$40,000
	Council contribution	\$415,000
Total		\$1,153,200

2023/24

Operating expenses of \$1,476,000 will be funded by own source revenue of 1,155,100. Council will provide a contribution of \$365,000 to the VHHTA aiming for a breakeven budget.

The table below provides a summary of the revenue for 2023/24:

Description		Amount
Ticket Sales	Casual and group bookings	\$760,100
Other Income	Souvenir sales and donations/sponsorship	\$185,000
	Behind the Scenes	\$165,000
	DIT Boom Gate Contract	\$45,000
	Council contribution	\$365,000
Total		\$1,520,100

Expenditure

City of Victor Harbor (COVH) Capital

The City of Victor Harbor holds most of the assets used by the VHHTA in the tram operations. The VHHTA 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 VHHTA has established its own Capital Budget, in response to Council gifting certain assets to the VHHTA. As the VHHTA now has assets, and is responsible for maintaining and replacing those assets, the VHHTA has established its own capital budget. The VHHTA is servicing the capital budget with borrowed funds through the LGFA, in accordance with the VHHTA Charter. The VHHTA, through its VHHTA Capital budget is reducing its dependence on Council by managing certain assets and facilitating funding for additional assets.

Funding plan	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Description						
Work Ute	\$42,118					\$50,000
Float			\$25,000			
Gater		\$15,000				
Work vehicle	\$53,121			\$53,000		
Second float	\$23,140					\$25,000
Spray unit					\$3,000	
Harness Equipment	\$4,879	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Tractor/mower/slasher		\$20,000				
Tools	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
IT Equipment		\$10,000				
TOTAL	\$128,258	\$55,000	\$35,000	\$63,000	\$13,000	\$85,000
Capital income from Trade in's	-\$27,727		-\$15,000	-\$45,000		-\$50,000
Total Capital expenditure	\$100,531	\$55,000	\$20,000	\$18,000	\$13,000	\$35,000
Opening balance from previous year		\$86,044	\$129,801	\$137,789	\$142,916	\$141,830
Interest	\$2,513	\$7,757	\$8,988	\$10,126	\$10,914	\$13,262
Repayments	-\$17,000	-\$19,000	-\$21,000	-\$23,000	-\$25,000	-\$27,000
Total Borrowings	\$86,044	\$129,801	\$137,789	\$142,916	\$141,830	\$163,092

Operating

Operating expenditure for the VHHTA 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 and administration support. Costs that are directly attributable to the VHHTA are on-charged by council to the VHHTA.

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

2022/23

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

Description		Amount
Employee costs	Salaries, superannuation & Workcover	\$704,900
Office and Administration costs	Travel, stationary, printing and communication Insurance & utilities	\$119,400
Maintenance	Building and equipment maintenance	\$20,000
Horse care	Feed, farrier and vet fees	\$69,400
Marketing	Advertising, promotions and souvenir purchases	\$57,000
Depreciation	Capital Asset Depreciation	\$15,570
Other Expenses	Committee costs, volunteer and staff amenities	\$50,930
Equipment Hire	Building and equipment hire	\$48,000
Corporate Support	IT, finance, records and administration	\$68,000
Total		\$1,153,200

2023/24

The table below provides a summary of the budgeted expenses for 2023/24

Description		Amount
Employee costs	Salaries, superannuation & Workcover	\$962,500
Office and Administration costs	Travel, stationary, printing and communication Insurance & utilities	\$167,000
Maintenance	Building and equipment maintenance	\$35,000
Horse care	Feed, farrier and vet fees	\$70,000
Marketing	Advertising, promotions and souvenir purchases	\$80,000
Depreciation	Capital Asset Depreciation	\$16,000
Other Expenses	Committee costs, volunteer and staff amenities	\$69,600
Equipment Hire	Building and equipment hire	\$50,000
Corporate Support	IT, finance, records and administration	\$70,000
Total		\$1,520,100

Financial Indicators

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

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

Over the long term, the VHHTA aims for, and has been, increasing this percentage, thus reducing reliance on council funds.

The following table provides the ratios for 2021/22, and predicted 2022/23 and 2023/24:

Key Financial Indicators	2021/22	2022/23	2023/24
Own Source Revenue	52.5%	66%	76%
Operating Surplus Ratio	0%	0%	0%
Net Financial Liabilities Ratio	11%	30%	18%
Asset Renewal Funding Ratio	0%	0%	0%

Products and Services

The major business of the VHHTA is the sale of tickets to travel to and from Granite Island via the causeway on the Horse Tram. The Tram service supports residents and visitors to the town by providing a transport service, but also by providing an historic and memorable experience, only available in a few rare places in the world.

In 2021 the VHHTA refurbished the old office building into a merchandise store. The creation of the merchandise store has created a substantial source of income. The Merchandise store has already achieved its predicted, budgeted income for the 2022/23 financial year. The store has significantly increased the variety of products that the VHHTA has previously been able to offer.

The merchandise store offers products such as horse shoes, plush and wooden toys, post cards, hobby horses, hats, scarves and clothing, glass sculptures, books and more, and the range is ever expanding as shopper preferences and demands are identified. The volunteers that work in the store provide information regarding the Horse Tram and the broader Victor Harbor area to visitors.

The VHHTA will soon be launching its 'Behind the Scenes' experience packages. With offering such as Horse Meet and Greets, Horse High Tea's, VIP experiences, school group experiences for students, and horse experiences tailored for our seniors, the product and service's that the VHHTA offers are set for a major expansion. Visitors will be treated to historical information about the Horse Tram, Granite Island and the Clydesdale breed. They will experience working horse and training demonstrations, as well as get up, close and personal, with our current team of horses.

The VHHTA is also set to deliver Equine Assisted Learning (EAL), a wellness offering, promoting personal development and growth, with the horses assisting humans to enhance their own awareness, build upon their relationship and communication skills, boundary recognition and setting skills and leadership skills, and other growth goals identified by the client. EAL also has a primary focus on improving the regulation of a client's nervous system, helping to build clients capacity to cope with life's hurdles. The VHHTA is very proud to be able to offer this wellness themed experience, and have a team of five practitioners trained, or in training, ready to offer EAL to the community.

Product/Service	Description	Price (Subject to change)
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
The Heritage Experience	The ticket includes a trip on the PS Oscar W, Steam Ranger & Horse Tram with a return trip to Goolwa	Currently on hold due to Paddle Steamer repairs and Murray River flooding issues
Buy one get one free packages	Entertainment Card	Buy one, Get one Free

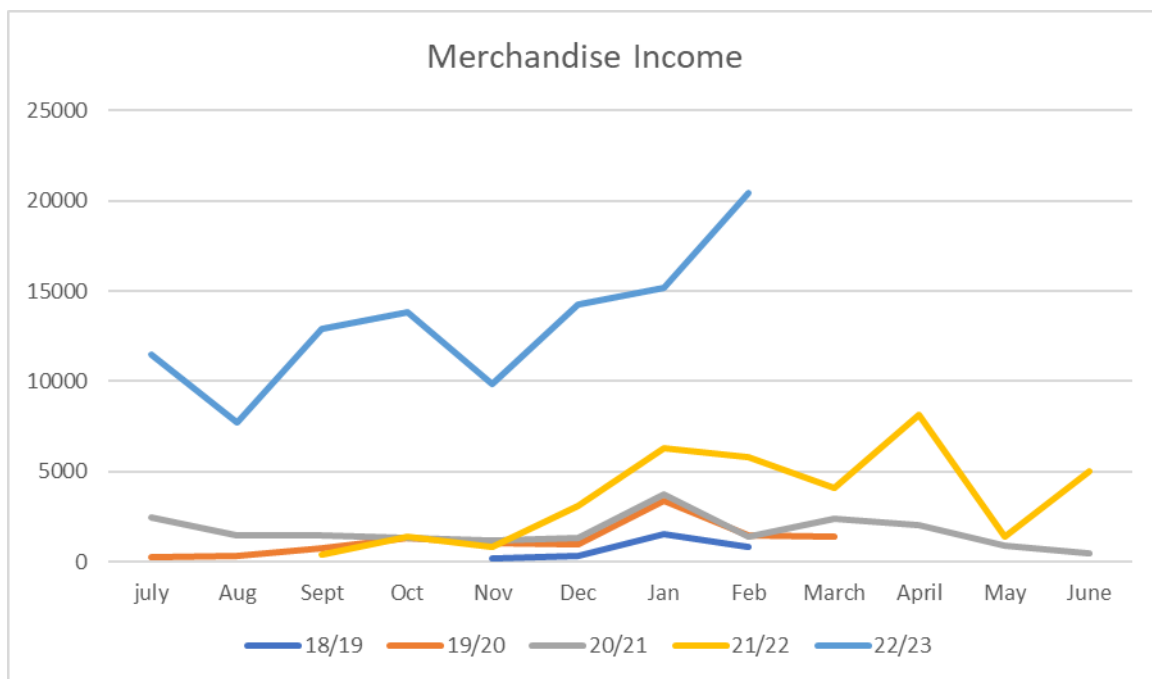
Merchandise

The VHHTA opened a merchandise store in December 2021. This was made possible due to the remodelling of the original office, so as to accommodate a smaller office, staff room, tack and feed rooms and the new merchandise store. Page 22 features photographs of this outstanding achievement.

Prior to the store being established, Horse Tram volunteers sold a small amount of merchandise, utilising a trestle table set up in the plaza. The situation exposed the volunteers to poor weather conditions and severely limited the range of merchandise available.

The new store has facilitated merchandise sales to boom well beyond expectation, while also offering comfortable amenities for the volunteers and the protection of stock. Seven new volunteers have joined the VHHTA team since the store opening, an increase from a team of two to a team of nine. The store is also a fantastic point of contact for visitors to the tram, providing and assisting passengers with tram travel and other tourism information.

The chart below denotes the exponential increase in merchandise sales since the opening of the new merchandise store in December 2021. Exceeding all expectations, the merchandise store has already, as of January 2023, met its predicted sales budget for the 2022/23 financial year of \$80,000, five months ahead of target. The VHHTA intends to open a second merchandise store, located at the new stables and visitor complex at Canton Place and is expecting to emulate the success of the current merchandise store, when it is introduced in mid-2023.



What we will do in 2021 - 2023

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

2021-2023 is about key project development:

- Priority 1: Finance & Operational growth**
- Priority 2: The Stables Project / Behind the Scenes Experiences**
- 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 VHHTA plans to take over the period of the business plan in relation to achievements of these objectives.

Priority 1: Finance & Operational Growth

The Authority has taken 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 to date	April 2021, 22, 23
Capital Budget Approved by Board and Council	Approvals received to date	April 2021, 22, 23
Provide quarterly budget/finance reports to the City of Victor Harbor	Quarterly reporting delivered	November 2022, February, May September 2023 for EOFY
Undertake budget reviews in line with legislative requirements	Reviews submitted to Board & Council	March, October, December 2022 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	Achieved
Secure Sponsorship	\$15,000 secured	September 2022
Review and grow merchandise Establish online store	\$10,000 income Online store	June 2023
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	Complete – New Platforms built
Review ticket pricing schedule	Board report complete	Annual – February 2023

Priority 2: The Stables Project / Behind the Scenes Experiences

This is an exciting development that will enhance care of the horses, WHS for staff and lead to exciting community engagement and 'Behind the Scenes' 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 and staff. Board vision to reduce the VHHTA's

reliance on Council, combined with tourism grant funding, via the Building Better Regions Fund – Infrastructure Projects Stream, has led to the development and building of the ‘Behind the Scenes’ experiences simultaneously and in conjunction with the stable project.

2.1 Project Planning		
Actions	Indicator	Target
Confirm Project Team	Regular meetings	Complete
Draft Project Schedule	Consultation with Board mentors	Complete July 2022
Finalise Stage 1 Project Plans	Received by Board & Council	Complete
Plan approved by Council	Approval	Complete
2.2 Project Implementation		
Actions	Indicator	Target
Secure land for Horses	Fenced and secure	Complete
Public Consultation	Feedback received	Complete - Ongoing
Approach Sponsors	5 Proposals & meetings	March 2023
2.3 Build		
Actions	Indicator	Target
Confirm build team		Complete
Commence build	February 2023	May 2023
Complete build	Horses moved in, Council Member Tour	June 2023
2.4 Forward Planning		
Actions	Indicator	Target
Draft Behind the Scenes Experience Packages	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 in person meetings	2021/22/23
Regular staff and project team meetings	1 / fortnight	Ongoing
Partner with SA icons, as well as Visitor Experience/Tour Operators to increase Horse Tram		March 2023

promotions/exposure – Causeway construction dependant		
3.2 Strategic Partnerships		
Actions	Indicator	Target
Meet with key government and SATC Stakeholders	5 Key Meetings	Ongoing
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 2023
3.3 Marketing		
Actions	Indicator	Target
Develop a One-page Marketing Plan based on Strategic Planning Workshop Findings	One-Page Plan in Business Plan	Achieved
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.	Achieved
Draft three designs based on functionality and attractive enhancements	Place received by Board	Achieved
Engage professional to draw up designs based on drafts and consultation.	Engaged & work completed.	Achieved
Cost the project	Budgeted	Achieved
4.2 Merchandise		
Actions	Indicator	Target
Review current line	Review to Board	Annual – June 2022/23
Establish online store	Store live on Website	October 2023

The Merchandise Store, Staff Room, Office and Tack Storage – A Huge Success!



Priority 5: Asset Management

The VHHTA has developed strategies to manage and improve current assets. The VHHTA has established its own independent capital budget for the maintenance, replacement and acquisition of assets, moving towards financial independence from Council. Previously all assets of the VHHTA were owned by Council. On 30 September 2021 Council gifted assets, including a Mitsubishi Triton and horse float, to the VHHTA. In order for the VHHTA to responsibly manage those assets it was necessary for the VHHTA to establish its own capital budget.

The VHHTA drafted a Financial Asset Management Plan, and with the support of Council successfully applied to the Local Government Finance Authority for a Cash Advance Debenture loan in order to finance the plan. The VHHTA's independent capital budget serves to reduce dependence on Council by managing specified assets. It enabled the VHHTA to replace the Triton Utility with a safer and more appropriate vehicle for heavy horse towing, improving the safety of staff, the horses and the public. It further enabled the VHHTA to purchase a second towing vehicle and horse float, income proofing the VHHTA with regards to mechanical breakdown, servicing needs and unavoidable veterinary visits as well as servicing the current and projected increased needs of the VHHTA as it expands its offerings and experiences.



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

Grazing Land

The VHHTA has been fortunate enough to have secured the long-term use of the land opposite the existing stables at Canton Place. This land was purchased by the City of Victor Harbor in 2021, and has since been leased to the VHHTA. The lease of the land realised a long-awaited goal and mandate for the VHHTA, to secure more grazing land. The new lease of the land means that, now for the first time, between the use of the land at Gillespie, the original Canton Place site and the new Canton Place land, the VHHTA has an adequate acreage for the grazing of the Victor Harbor Horse Tram horses, and is in compliance with the City of Victor Harbor's own 'acreage per horse' restrictions, as outlined in the Victor Harbor Development Plan which states that "Horse keeping should only be undertaken if it complies with both (a) and (b):

(b) not more than two horses per hectare are kept." Clydesdales are double the weight and size of a non-draught horse, with hooves as large as dinner plates. Their weight and expansive hoof size increase their impact upon the land they graze upon beyond that of a normal sized horse.

The VHHTA currently has access to 10 hectares for grazing, (Gillespie is 6.21 hectares, original Canton Place grazing is 1.9 hectares and the new parcel of land has 1.89 hectares of fenced grazing land). With 10 horses the VHHTA now fits neatly into the City of Victor Harbor's requirement of not more than two horses per hectare, taking into account the Clydesdales size and potential environmental impact.

The VHHTA is concerned with ensuring that the health of the land that the Clydesdales reside upon is preserved and even improved. Over grazed properties can lead to serious environmental damage and land degradation. Management is a critical part of the equation, and the VHHTA takes this responsibility very seriously. Fortunately, the three properties, and critically due to old Canton Place and Gillespie's numerous, well sized paddocks, afford the VHHTA the opportunity to rotate land used and to properly rest paddocks after grazing to regenerate.

The VHHTA is maintaining and improving the land with professional seeding, utilising a seed mix designed to improve soil nutrition, encourage self-reseeding through carefully selected seed varieties, paired planting and by utilising biodynamic principles. The planting is designed to maximise the capacity of pasture and grazing, to maintain plant growth activity throughout the year. In doing so it increases diversity of fodder species available to the horses therefore increasing nutritional balance, organic matter and organic carbon at depth (building soil). Additionally, these planting practices increase diversity of soil microbial and biotic activity, and ultimately care for the health of the land.



The VHHTA's next priority is to secure the VHHTA's long term and continued access to the original Canton Place and Gillespie properties. Neither one nor two of any of the three properties can meet the grazing needs of the tram horses and ensure against land degradation. Council intentions were always that the old Canton Place land was to be supplemented with new grazing land. The VHHTA has been made aware that Council has no specific plans for the Gillespie land, and so the VHHTA intends to seek to secure, long term, the land for grazing.



The VHHTA has, in the past, explored other parcels of land for grazing, but has been unable to find any appropriate land. It is vital that the land be situated in a locale close to the VHHTA's operations for practical purposes, as well as preventing any unnecessary hazards to staff and horses associated with road travel and towing heavy loads in high speed areas.

Currently all properties that the VHHTA utilise are in close proximity with each other and within a five-kilometre distance from tram operations. Almost all travel and towing occur within fifty kilometre speed zones, making transporting the horses safe and efficient.

Sponsorship Opportunities and Partnerships

With Covid-19 restrictions in the rear-view mirror, and the exciting new Stable Complex and Visitor Centre almost completed, opportunities for sponsorship have opened up for the VHHTA. The buildings themselves, once built, offer a canvas for promoting sponsor. The new Visitor Centre and its offerings will also many opportunities for sponsors to get on board.

The VHHTA has been very proud and grateful to work with current sponsors, achieving goals and progress, always forging forward. Victor Harbor Isuzu recently sponsored the VHHTA's newly purchased Isuzu D-Max utility enabling the car to have wrapping applied, turning the vehicle into a daily moving advertisement for the Horse Tram, Victor Harbor and for the local Isuzu dealer. The D-Max has since travelled interstate for work purposes, advertising the Horse Tram to many potential interstate visitors, drawing lots of attention.



The VHHTA has seen a boom in annual membership sales, which would not be possible without our annual membership sponsorship partners, the Hotel Victor, Nino's Café, Urimbirra Wildlife Park and All Sweets & Treats, and the goodies and benefits that they offer to our annual pass holders.

The VHHTA has had a great partnership with McConnell Dowell Construction Company, who have been responsible for the building of the New Causeway. The partnership enabled the new Causeway to become a reality, and simultaneously allow for the continued service of the Horse Tram for most of the construction period.

Going forward the VHHTA is partnering with the Department of Infrastructure and Transport (DIT) to provide safe Causeway boom gate access to permit vehicles. The VHHTA is uniquely situated to manage vehicle access for DIT and to relieve DIT of this onerous burden. Previously, with the original Causeway, this level of vehicle access was non-existent, and so the challenges that have come with a strong, wide, accessible Causeway are novel and the VHHTA is pleased to provide contractual services to help manage the new conditions.

Reusing – Recycling - Repurposing - Reducing

The VHHTA is committed to, where ever possible, reusing, recycling, repurposing and reducing. The reasons are simple. In doing so the VHHTA is conscientiously caring for the environment and precious resources, while achieving its goals with reduced, bottom line, expenditure. It just makes sense.



The VHHTA is proud to have refurbished an old horse cart, purchased a decade prior to the formation of the VHHTA by the COVH. The cart had not been used by the Horse Tram as it had not been adjusted and made suitable for the large Clydesdale breed. The cart has now been readied for work to be used by the VHHTA for exercising horses, and as an attractive display at the new Visitor Centre for 'Behind the Scenes' experiences. The cart now has a job to do. Not only has it had the work done necessary to make it useable once more, it is also sporting a flashy paint job and the VHHTA logo. The VHHTA never likes to forgo an opportunity to advertise!



The VHHTA has had many opportunities to reuse and recycle with the exciting new Visitor Centre and Stable Complex on its way. The VHHTA will be delivering food and dining experiences, inclusive with certain 'Behind the Scenes' experience packages. The VHHTA will also be delivering working horse demonstrations, and other events, at the centre, all requiring suitable seating.

The VHHTA has been fortunate enough to source a multitude of free wooden chairs from a local eatery, Flight Cafe. The donated chairs were no longer needed due to a refurbishment of the cafe, but they have found a new home with the VHHTA. The chairs are currently being sanded and refinished by a local handyman, breathing new life into these beauties. They will fit in perfectly with the VHHTA's plans for experience-based hosting.



The new Visitor Centre offers the VHHTA a second office area, creating the need for office equipment and furniture to ensure its functionality. The VHHTA has sourced two free desks, generously supplied by the company responsible for constructing the new Causeway. The desks were no longer needed once the Causeway project was completed, creating the opportunity for the VHHTA to reuse the desks to fit out the new office. The VHHTA was also lucky enough to receive some free office chairs, that were no longer needed, in much the same way. A steel, lockable cupboard and shelving unit was also donated to the VHHTA from Fleurieu Families, another fabulous Council department. The unit will be used in the new Visitor Centre, providing a secure and useful storage facility.



The VHHTA has purchased cafe equipment, including fridges, stainless steel work benches, coffee machine and grinder, free standing cooking appliances, as well as all of the crockery, drinkware, platters and serving equipment that it needs to cater for 'Behind the Scenes' visitors. This equipment was purchased from a café closing its doors. The savings from the purchase of the second-hand equipment were impressive, with the VHHTA fitting out the kitchen for less than half price, with the added bonus of reusing the equipment, where some of it may have ended up as landfill.

The VHHTA is very excited about a future plan to reuse tram rail that the VHHTA has in its possession. The rail will be used at the new Canton Place site, set up as tram track along the front-facing north-western fence line. The VHHTA intends to house one of its four trams at the site, and on the rail, for dual purposes.

The tram and rail will serve the vital purpose of educating and training horses to pull trams. Currently all tram horse training must occur at the office, Causeway and Granite Island. These localities are all public places, increasing training risks when horses are being asked to undertake unfamiliar activities. Training on rail at the new Canton Place will provide a safe and secure environment for task appropriate training of horses.

The tram and railway line will also double as an educational tool and attraction for the 'Behind the Scenes' experiences, with visitors being invited to push a tram along the rail, personally experiencing the small effort required to move a horse tram. The tram itself will also provide a mini-venue inside, for a variety of purposes and small group hosting. The tram will have purpose-built housing at one end of the rail to ensure that the tram is protected and preserved.

The Visitor Centre and Stable Complex will require some serious horse glam, so as to provide an authentic feel and immersive horse-themed experience. To achieve this the VHHTA will be upcycling all of its old, unusable tack and harness, repurposing it using innovation and outside of the box thinking. VHHTA staff are already brainstorming ways to use old harness to value-add to the new buildings, and have been producing some pretty exciting and inspirational ideas. Expect to see wagon wheel chandeliers in the stable, hames and harness on the walls, and old horse collars used for everything. Pictures featured are for concept presentation. The possibilities are endless!



The VHHTA disposes of organic waste, such as manure, through the Fleurieu Regional Waste Authority, (FRWA), saving money on disposal costs, recovering resources and improving the environmental performance of the VHHTA. The VHHTA is constantly striving for ways to lower its ecological footprint. FRWA's organic waste collection service is the perfect solution for manure created when the horses are at the office working. The organic matter is collected from FRWA by Peats Soil and Garden Supplies. Peats is a second-generation, wholly South Australian company, focused on receiving, processing and marketing recyclable organic resources in bulk and bag forms.



Horse Tram Helping Humans

The Horse Tram is very proud to be able to support the wider community, and organisations such as the Women's & Children's Hospital Foundation 'Laklinyeri' Beach House, located within the picturesque Encounter Lakes in Victor Harbor. It is an extraordinary holiday home where families can relax and create wonderful memories. The home is specifically designed, constructed and medically equipped to meet the needs of children with complex medical needs, and those in palliative care.

The Horse Tram offers free Horse Tram travel experiences for the families that stay at Laklinyeri, with around twenty large, extended family groups taking advantage of the offer each year. The VHHTA is able to invoice for these journeys but chooses instead to gift the experiences, enabling the Women's & Children's Hospital Foundation to use their financial resources for the families.

The Horse Tram also supports other charitable events and causes with donations of gift vouchers for family tram rides, often included by organisations in raffle prizes to raise money for the cause to be supported. Going forward the VHHTA intends to continue to give back to the region and the families that live here. This approach forms an integral aspect of the VHHTA Business Plan.

PROUDLY SUPPORTING



Women's &
Children's Hospital
Foundation



Growing the Horse Tram Horse Team



Leo

The VHHTA is proud to have successfully acquired new and suitable horses for future tram operations. In 2022 the VHHTA was excited to welcome Archer, Finnis and Norman to the Horse Tram herd, in addition to Leo, who joined the VHHTA team in late 2021. Leo is a spectacular youngster, half shire, half Clydesdale. He is a stunning horse, midnight black in colour with fantastic splashes of white in all the right places. Leo will finish growing before he joins in with tram duties.

The remaining three horses, Archer, Finnis and Norman are all broken to harness and cart, are between eight and nine years and are ready to start tram life. The VHHTA has a keen focus on training these amazing horses so that they are able to bolster the current team. The VHHTA has a goal to have all three horses trained and operational well before the 2023 summer school holidays.



The benefits of expanding the horse team, from five working horses to eight, are many, and are critical improvements moving forward. Having eight working horses will mean that for the first time the Victor Harbor Horse Tram will be able to implement a spelling regime, enabling the horses to have a meaningful break from tram duties. Currently in the off season the horses work one morning or one afternoon every two and a half days. In the busy season, which lasts for approximately four weeks, the horses work four out of five days. The horses are not overworked however, much like with humans, horses still require periods of significant rest and time to just enjoy being a horse. A spelling regime will ensure that the horses get the genuine rest breaks that they deserve.

Finniss

A larger horse team also means that the VHHTA can look forward to running three trams during busy periods in late 2023. Operating with three trams shortens turnaround times, increases revenue and also increases the number of tram runs possible in a day. This increase in speed and tram journeys is not possible with our current team, as it increases the work load beyond what we can ask our horses to comfortably perform. A larger tram team will mean more horse changes are possible in a single day, enabling a three-tram operation to occur safely and sustainably. Wait times for passengers will be significantly reduced on both platforms and three trams will come closer to servicing visitor demand at peak times.



Norman



Finniss and his brother Norman

The expanded horse team will also provide untold benefits for the VHHTA's Behind the Scenes Experiences and EAL program. With the VHHTA's previous team, a peak season tram day would have left only three horses available for visitors to the stables, and one horse of which would be resting after four consecutive days of tram duties.

The new team will mean that at any given time in busy periods the stables are able to offer six well rested horses for visitors to share experiences with.



Archer, enjoying the rest and shade with friends

A larger team also means that any illness or injury of a horse team member will not place an undue burden upon remaining horses. The benefits of the team expanding are invaluable, and the VHHTA is excited to have sourced such talented, trainable and highly recommended horses for a very reasonable outlay. 2023 will be exciting indeed!



Archer, already in training for the Horse Tram

The Development of the 'Behind the Scenes' Experience Packages

The Victor Harbor Horse Tram Authority is about to hit the ground running with 'Behind the Scenes' Experiences that have been in the planning and building stage for several years. The hard work is paying off, so watch this space! The VHHTA is ready to provide up close and personal opportunities to experience a side of the horse tram operations, and horses that has not previously been accessible to the public.

As well as responding to demand from visitors and locals to get to know the majestic Horse Tram Clydesdales, the opportunity has been created to diversify the operation into additional experiences which will allow higher margins, better returns and greater employment opportunities. The facilities required to deliver these experiences are expected be completed in May 2023, making 2023-24 look to be a landmark year of exponential growth and opportunity for the VHHTA.

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 introducing visitors to their home (stables and paddocks);
- Offer unique experiences for a range of audiences including:
 - Up close and personal exclusive experiences
 - High Teas
 - School groups
 - Senior groups
- 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 Behind the Scenes Experiences were fast tracked in order to apply for a tourism grant through the Building Better Regions Fund – Infrastructure Projects Stream – Round 5, allowing the Behind the Scenes Experience to be incorporated into the new stable build and would be expected then to be up and running in 2023.

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

Construction of a new Shed to include:

- Stables
- Storage and Feed rooms

Yards, gates and access zones

Lighting and power

Construction of new Visitor Centre to include:

- Separate and self-contained building to host visitors
- A meeting and education area
- Room dividers
- Kitchen
- Entrance area
- Merchandise area
- Toilets, including ambulant toilet and airlock

Landscaping

Lighting and power

- Solar panels
- Carpark, road entrance and signage

This grant money is supporting 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 Behind the Scenes Experience.



The Behind the Scenes Experience Financial Plan – 5 Year Forecast

Below is an overview of the projected financial performance of Behind the Scenes Experience's over the first 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 and the VHHTA 2021-22 Annual Plan.

To achieve these projections, the VHHTA applied for and was granted \$203,000 from the Building Better Regions Fund – Infrastructure Stream – Round 5. The grant money matched the \$203,000 that the VHHTA had available in the City of Victor Harbor's 2021/22 capital budget to build the Stable complex commencing the first stage of the project.

The Behind the Scenes Experience 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 estimation.

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						
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 its position 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 Horse Tram experiences and Behind the Scene's tours by residents, tourists, visitors and the community in general.

The Future

With the new Causeway completed, the Granite Island Rail Replacement Project completed and with new platforms either end of the rail, the Horse Tram service is expected to operate into the future, trouble-free, and in much safer conditions for the horses, Horse Tram staff and the public.

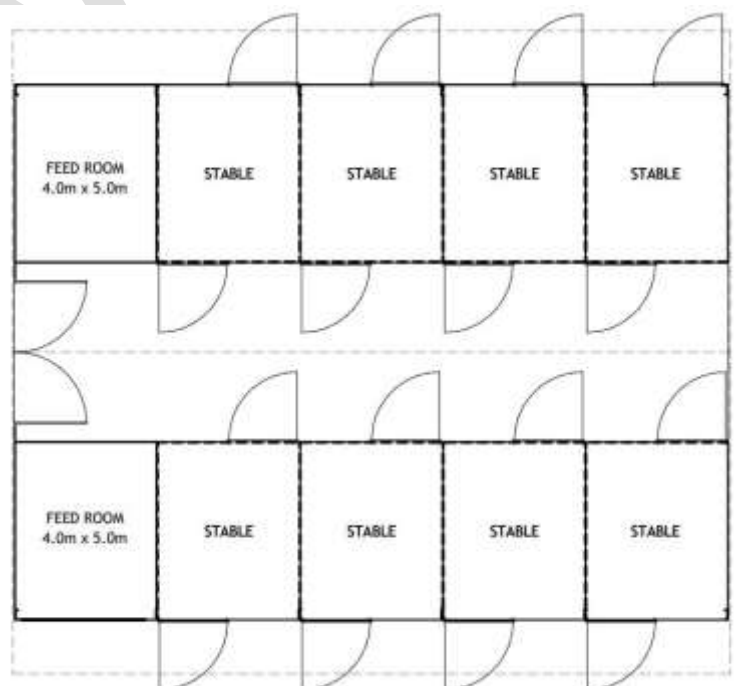
The prime position of the Horse Tram will allow it to continue to attract tourists, grow its existing business, retain and increase profitability through a commitment to improvement, while expanding and marketing services, experiences and offerings.

The Stable Complex and Visitor Centre at Canton Place is almost ready to take in hordes of keen visitors, ready to indulge in the variety of Behind the Scene's experiences that the VHHTA is about to be offering. To ensure the delivery of experiences and to fulfil the high demand expected, the VHHTA has an ongoing focus on the expansion of staff numbers and variations of offerings earmarked to be offered in the foreseeable future.



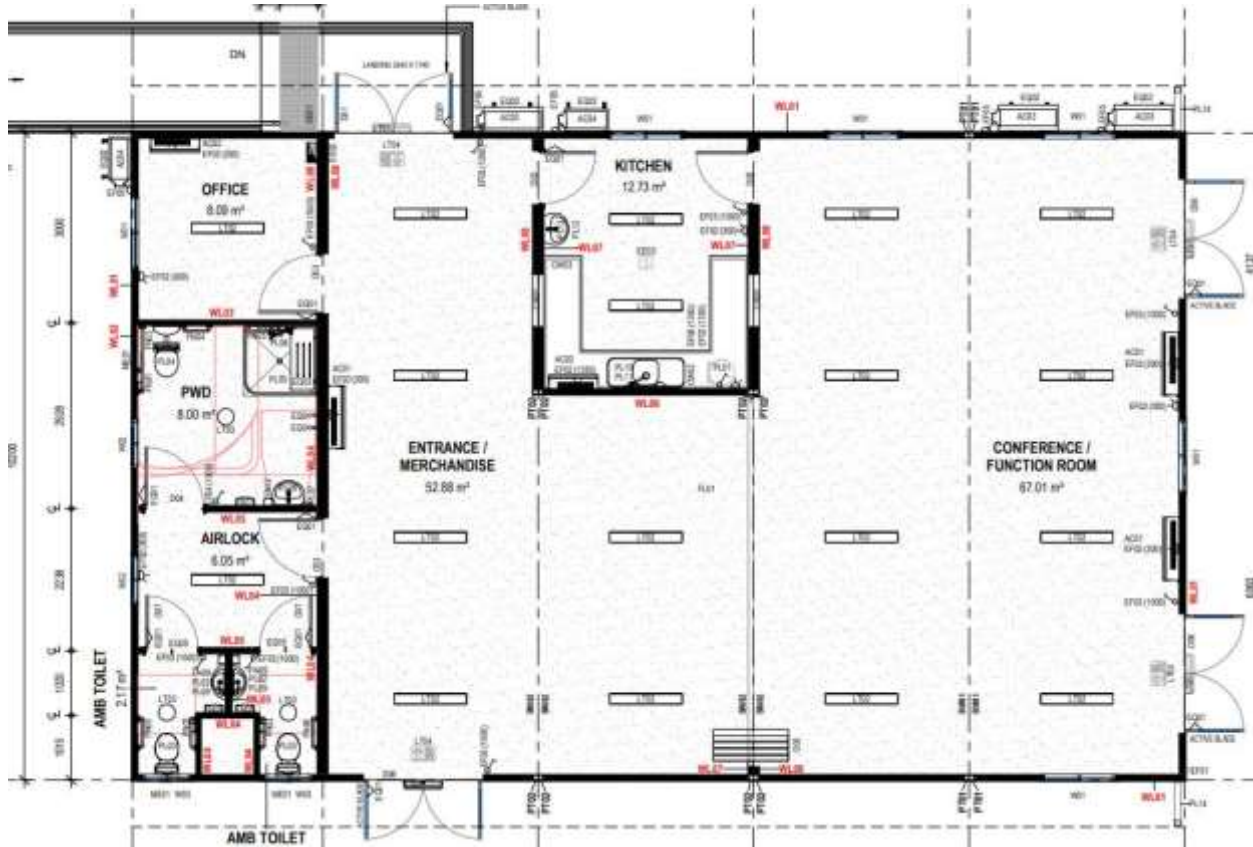
The stable hosts 8 large, Clydesdale sized stalls and two feed/storage rooms, equal in size to the stalls. This is intentional so that these rooms may be converted into horse stalls should the VHHTA have the need in the future.

The Stable boasts a five-metre-wide by twenty-two-metre-long raceway, down the centre, offering the fabulous opportunity to host experiences, such as high tea's and birthday parties in this space, with the inclusion of the horses in their stalls for horse appropriate events.



The Visitor Centre includes three bathrooms, a large kitchen for catering purposes, an office and an expansive floor area for functions, conferences, EAL and entertaining visitor groups. The space itself offers the opportunity for another income stream, from the external hire of the facility.

The main floor area will host a second merchandise store. Given the success of the first merchandise store, the VHHTA is optimistic about the performance of the Visitor Centre store.



A significant and positive factor for the expansion of services is that the new offerings create a drawcard for our local population who have already experienced the Horse Tram. In the past certain tourists have told us that they have come purely to see, spend time with and to watch the tram horses working. The new services key perfectly into these areas of public appetite and demand, engaging the local, state-wide, and inter-state population in a whole new and exciting way.

The new Behind the Scenes experiences can operate at the Stable Complex, irrespective of weather and Horse Tram shut down realities. As these services are immune from Horse Tram closure and cancellation factors, the VHHTA can, for the first time, offer services and bookings with confidence, reliability and sustainability, generating income with certainty and creating real potential to reduce the VHHTA's financial reliance on council in a meaningful way.

The development of peripheral services to the Horse Tram, such as the Behind the Scenes Experiences, creates circular benefits, sparking and driving more interest back towards the Horse Tram and its world class status as an iconic experience. The Behind the Scenes Experience is an exciting project in its infancy, but service expansion has not stopped there.

The VHHTA has been busy facilitating the training and accreditation of a fully qualified team of practitioners who are now able to deliver an Equine Assisted Learning (EAL) program. EAL is a specialist process of experiential learning for a range of clients, addressing particular learning goals.



Learning goals of clients, of all ages, may include personal development, or professional development goals for adults. Client goals may include psychosocial skills building, developing life skills, awareness skills, coping skills, listening skills, healthy relationship building, and developing particular organisational, business and work-related skills such as working effectively in teams, leadership skills, and communication skills.

Clients explore personal themes, beliefs, emotions and behaviour patterns through connection to the horse, land and practitioner in an experiential way, promoting self-awareness, awareness of other, and build the capacity to negotiate life's hurdles.



The VHHTA's certified EAL practitioners' partner with the Horse Tram horses to offer 'equine experiences' to clients, exploring and addressing the learning needs and goals identified. We are very excited to be able to offer this wellness themed experience to the region.

Our new stable build has helped facilitate the EAL offering, however much of the experience occurs outside in nature, helping to also fulfil clients biophilic needs. In the near future the EAL team will be offering group professional development sessions, team building sessions and corporate learning days, which the VHHTA expects to be highly sought after and lucrative.

The VHHTA 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 are built. The Visitor Centre overlooks the corridor and as the area grows and transforms, visitors and staff will be treated to a space that is inspirational, restorative and healthy, as well as integral with the functionality of the place and ecosystem.

The VHHTA shall continue to include and recognise the traditional owners of the land in its operations and where the new Stable and Visitor Complex is built, with continued consultation, so as to expand the Inclusive Adaption / Indigenous Experience Development, which will, once introduced, be facilitated by Ramindjeri and Ngarrindjeri consultants and employees. The VHHTA is seeking grant funding so as to build a yarning circle and create a bush tucker garden on the stable grounds. The use of a yarning circle is an important process within Aboriginal and Torres Strait Islander culture. It has been used by Indigenous peoples from around the world for centuries. Yarning together focuses on strengths, not problem solving or criticism. Importance is placed on being present in the moment, having respectful interactions, being open and honest, listening deeply, and acknowledging the strengths of others as you offer your own strengths and knowledge in turn.



The bush tucker planting will further enrich the Behind the Scenes experiences, and bring a touch of First Nations Australian culture to all experiences in tastings, platters and Australian native cooking. Visitors will be able to learn about, sniff, touch and taste native Australian tucker as well as explore the bush food garden, picking fresh native berries and delicacies.

Events and services at the stables will 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, education and respect shall be nurtured, and indigenous culture and language shall be threaded throughout the Behind the Scenes experiences that the VHHTA is offering.

Going into the future the VHHTA will continue to listen to and encourage Horse Tram staff, include the community, and empower management to implement the Boards' strategic direction.

The VHHTA is very excited and confident about the future, as it moves forward, supporting and improving existing services and new offerings, with a focus on excellence, expansion and the achievement of VHHTA goals, targets and projects.



STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2024

	2022/23	2023/24
	Current Budget at Dec2022	Proposed Budget
	\$	\$
OPERATING INCOME		
Ticket & Bookings Sales	605,700	760,100
Council Contribution	415,000	365,000
Other Income	197,500	395,000
Total Income	1,218,200	1,520,100
OPERATING EXPENSES		
Employee Costs	704,900	962,500
Materials Contract and Other Expenses	450,430	541,600
Depreciation, amortisation and impairment	15,570	16,000
Total Expenses	1,170,900	1,520,100
Operating Surplus (Deficit)	47,300	-
NET SURPLUS / (DEFICIT)	47,300	-
KEY FINANCIAL INDICATOR		
Own Source Revenue	65.9%	76.0%
Operating Surplus Ratio	4%	0%
Net Financial Liabilities Ratio	10%	9%
Asset Renewal Funding Ratio	100%	100%



STATEMENT OF FINANCIAL POSITION
For the Year Ending 30 June 2024

	2022/23	2023/24
	Current Budget at Dec2022	Proposed Budget
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	136,757	133,757
Trade and Other Receivables	0	0
Inventories	-	-
Total Current Assets	136,757	133,757
NON-CURRENT ASSETS		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	86,000	125,000
ROU Assets	87,000	53,000
Other Non-Current Assets	-	-
Total Non-Current Assets	173,000	178,000
TOTAL ASSETS	309,757	311,757
CURRENT LIABILITIES		
Trade and Other Payables	33,000	28,000
ROU lease	35,000	35,000
Borrowings	-	21,000
Provisions	17,457	17,457
Total Current Liabilities	85,457	101,457
NON-CURRENT LIABILITIES		
ROU Lease	52,000	18,000
Borrowings	87,000	107,000
Provisions	40,000	40,000
Total Non-Current Liabilities	179,000	165,000
TOTAL LIABILITIES	264,457	266,457
NET ASSETS	45,300	45,300

EQUITY

Accumulated Surplus	(2,000)	45,300
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	47,300	-
New Capital	-	-
Total Equity	45,300	45,300



CASHFLOW STATEMENT

For the Year Ending 30 June 2024

	2022/23 Current Budget at Dec2022 \$	2023/24 Proposed Budget \$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	1,340,470	1,655,610
Investment Receipts	-	-
Payments		
Operating Payments to Suppliers and Employees	1,199,823	1,556,560
GST Payments	77,777	83,050
Net cash provided by (or used in) operating activities	62,870	16,000
CASHFLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	27,727	-
Payments		
Expenditure on renewal/replacement of assets	51,997	5,000
Expenditure on new/upgraded assets	76,261	50,000
Net cash provided by (or used in) investing activities	(100,531)	(55,000)
CASHFLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from borrowings	100,531	55,000
Payments		
Repayments of borrowings	17,000	19,000
Net cash provided by (or used in) financing activities	83,531	36,000
NET INCREASE (DECREASE) IN CASH HELD	45,870 -	3,000
Cash & cash equivalents at beginning of period	90,887	136,757
CASH & CASH EQUIVALENTS AT END OF PERIOD	136,757	133,757



Meeting **Victor Harbor Horse Tram Authority**
Date **7 February 2023**
From **Megan Whibley**
Subject **Draft Operating and Capital Budget 2023/24**
Report Number **7.3**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Board receive and note the Draft Operating and Capital Budget 2023/24 report.**
- 2. That the Victor Harbor Horse Tram Authority Board endorse the Draft Operating and Capital Budget 2023/24 and the accompanying financial statements as provided at attachment A to this report, and provide it to Council for their approval.**

INFORMATION

Purpose

The purpose of this report is for the Board to endorse the draft operating budget for 2023/24 and to provide it to Council for approval.

Background

Operating Budget

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 VHHTA's budget tracked well despite these operating impacts. This turbulence continued through 2021/22. The 2022/23 year has started out strongly with the lifting of Covid restrictions, the completion of the new Causeway and the removal of the old Causeway.

Capital Budget

Previously all assets of the VHHTA 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 had not

previously had a need for a VHHTA Capital Budget. On 30 September 2021 Council gifted assets, including a utility vehicle and horse float, to the VHHTA.

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

Council approved the VHHTA draft Capital Budget at the meeting held Monday, 28 March 2022. This report will provide an updated draft Capital Budget.

Commentary

The draft operating budget 2023/24 was formulated by the General Manager after operating through half of 2022/23, which will be the first full year of operation in the four years since the formation of the VHHTA, giving clear insight regarding the upturn of figures.

The first several years following the establishment of the VHHTA, budgets were based on best estimations of costs, many of which were unable to be accurately predicted as they had previously been embedded in Council budgets, requiring full or partial separation over a period of time. The accuracy of budget has evolved and improved as the VHHTA has moved 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 Fund, round 5, have meant that the COVH has gained valuable funds to add to the stable complex construction, in support of the Horse Tram. The ability to operate a second business from the new facility, with different offerings and services, will increase the VHHTA’s own source revenue further.

The COVH’s financial contribution has reduced by \$50,000 in the 2023/24 draft budget, and the VHHTA’s own source revenue percentage will have increased by 12%.

The draft 2023/24 financial statements for the draft operating budget are provided at attachment A. The updated draft 2023/24 capital budget is provided within this report.

2023/24 Draft Operating Budget

The table below provides a summary of the draft budgeted expenses for 2023/24:

Description		Amount
Employee costs	Salaries, superannuation & Workcover	\$962,500
Office and Administration costs	Travel, stationary, printing and communication	
	Insurance & utilities	\$167,000
Maintenance	Building and equipment maintenance	\$35,000

	Horse care - feed, farrier and vet fees	\$70,000
Marketing	Advertising, promotions and souvenir purchases	\$80,000
Depreciation	Capital Asset Depreciation	\$16,000
Other Expenses	Committee costs, volunteer and staff amenities	\$69,600
Equipment Hire	Building and equipment hire	\$50,000
Corporate Support	IT, finance, records and administration	\$70,000
Total		\$1,520,100

The table below provides a summary of the draft budgeted income for 2023/24:

Description		Amount
Ticket Sales	Casual and group bookings	\$760,100
Other Income	Donations/sponsorship and Souvenir sales	\$185,000
	Behind the Scenes	\$165,000
	DIT Boom Gate Contract	\$45,000
	Council contribution	\$365,000
Total		\$1,520,100

	2022/23	2023/24
Own Source Funding Ratio	64%	76%

Capital Budget

The Victor Harbor Horse Tram Capital funding plan on the following page shows predicted the VHHTA capital spend for the next ten-year period. This has been integrated into the operating budget for incorporate repayments. This plan includes assets which will be needed in the future and shows the timing for the renewal and replacement of current assets. This plan takes into account the development of the new facility at Canton Place.

Interest on the borrowings has been increased by 0.5% annually. This will need monitoring and possible adjustment. Next financial year, 2023/24, interest is currently set at 5.5%.

Total of Asset Value is \$688,258 with a trade in value of assets \$305,727, and total repayments of \$297,000

VHHTA 10 Year Capital Funding plan

Year	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/31
Description											
Work Ute	\$42,118					\$50,000					\$53,000
Float			\$25,000					\$25,000			
Galer		\$15,000					\$15,000				
Work vehicle	\$53,121			\$53,000			\$53,000			\$53,000	
Second float	\$23,140					\$25,000				\$25,000	
Spray unit					\$3,000						
Harness Equipment	\$4,878	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Tractor/mower/lassher		\$20,000						\$35,000			
Tools	\$6,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
IT Equipment		\$10,000									
TOTAL	\$128,258	\$55,000	\$35,000	\$63,000	\$13,000	\$85,000	\$79,000	\$70,000	\$10,000	\$68,000	\$63,000
Capital income from Trade in's	-\$27,727		-\$15,000	-\$45,000		-\$50,000	-\$53,000	-\$15,000		-\$60,000	-\$40,000
Total Capital expenditure	\$100,531	\$55,000	\$20,000	\$18,000	\$13,000	\$35,000	\$25,000	\$55,000	\$10,000	\$28,000	\$23,000
Opening balance from previous year		\$86,044	\$129,801	\$137,789	\$142,918	\$141,830	\$163,092	\$174,139	\$217,616	\$215,102	\$231,197
Interest	\$2,513	\$7,757	\$8,968	\$10,126	\$10,914	\$13,262	\$15,047	\$19,478	\$20,485	\$23,054	\$24,148
Repayments	-\$17,000	-\$19,000	-\$21,000	-\$23,000	-\$25,000	-\$27,000	-\$29,000	-\$31,000	-\$33,000	-\$35,000	-\$37,000
Total Borrowings	\$86,044	\$129,801	\$137,789	\$142,916	\$141,830	\$163,092	\$174,139	\$217,616	\$215,102	\$231,187	\$241,345

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. VHHTA has made every effort to reduce the operating deficit (contribution from COVH) through initiatives that will generate own source revenue, so the deficit contribution will be \$65,000 less than last financial year in this draft 2023/24 budget. This risk is assessed as **low**.

Socio Political, Community Issues/Reputation –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 2023/24 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 2023/24 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

VHHTA Budget 2022/23

Victor Harbor Horse Tram Authority Charter

BUDGET IMPLICATIONS

Excluding endorsed budgeted staff resources there are no budget implications in the 2022/23 VHHTA budget in receiving, noting and endorsing this Draft Operating Budget 2023/24.

Endorsement by the VHHTA Board and approval by COVH Council of the Draft Operating Budget 2023/24 will impact as detailed in the draft budget at attachment A, with an operating deficit (contribution amount from COVH) of \$365,000.

CONSULTATION

VHHTA Board Members

SMP Chartered Accountants

Michele Bennetts LGiQ

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

Attachment A

Budget Review - Working Victor Harbor Horse Tram Authority

Description	2022/23 Dec review	2023/24 Draft Budget	Variance (\$)
Income			
CVH budget contribution	415,000	365,000	(50,000)
Donation Income	3,000	5,000	2,000
Behind the scenes	0	165,000	165,000
Fleurieu Heritage Sales	0	0	
Group Sales	5,500	10,000	4,500
Other Income	34,500	40,000	5,500
Souvenir Sales	120,000	140,000	20,000
Ticket Sales	600,000	750,000	150,000
Causeway boom gate monitoring	40,000	45,000	5,000
Other Income - Interest	200	100	(100)
Total Income	1,218,200	1,520,100	301,900
Less Operating Expenses			
Administration Charge - Corporate Support	68,000	70,000	2,000
Administration Charge - Rent on Assets	48,000	50,000	2,000
Advertising Expenses	22,000	20,000	(2,000)
Authority Board Expenses	15,000	15,000	0
Cleaning	5,000	10,000	5,000
Consultants and Professional Services	20,000	25,000	5,000
Employee expenses	704,900	962,500	257,600
Horse Care Expenses	69,400	70,000	600
Other Expenses	4,000	3,500	(500)
Repairs and Maintenance	20,000	35,000	15,000
Security Expenses	4,000	10,000	6,000
Staff Amenity Expenses	5,500	11,000	5,500
Utilities	14,000	20,000	6,000
Vehicle and Travel Expenses	28,100	30,000	1,900
Volunteer Expenses	3,430	5,100	1,670
Bank Fees, interest expense	2,000	7,000	5,000
Insurance	60,000	77,500	17,500
Merchant Fees	3,500	10,000	6,500
Phone and Date Expenses	4,000	7,500	3,500
Printing and Stationary Expenses	4,500	5,000	500
Souvenir Purchases	50,000	60,000	10,000
Depreciation	15,570	16,000	430
Total Operating Expenses	1,170,900	1,520,100	349,200
	0	0	0
Net Surplus / (Deficit)	47,300	0	(47,300)



STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2024

	2022/23	2023/24
	Current Budget at Dec2022	Proposed Budget
	\$	\$
OPERATING INCOME		
Ticket & Bookings Sales	605,700	760,100
Council Contribution	415,000	365,000
Other Income	197,500	395,000
Total Income	1,218,200	1,520,100
OPERATING EXPENSES		
Employee Costs	704,900	962,500
Materials Contract and Other Expenses	450,430	541,600
Depreciation, amortisation and impairment	15,570	16,000
Total Expenses	1,170,900	1,520,100
Operating Surplus (Deficit)	47,300	-
NET SURPLUS / (DEFICIT)	47,300	-
KEY FINANCIAL INDICATOR		
Own Source Revenue	65.9%	76.0%
Operating Surplus Ratio	4%	0%
Net Financial Liabilities Ratio	10%	9%
Asset Renewal Funding Ratio	100%	100%



STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2024

	2022/23	2023/24
	Current Budget at Dec2022	Proposed Budget
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	136,757	133,757
Trade and Other Receivables	0	0
Inventories	-	-
Total Current Assets	136,757	133,757
NON-CURRENT ASSETS		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	86,000	125,000
ROU Assets	87,000	53,000
Other Non-Current Assets	-	-
Total Non-Current Assets	173,000	178,000
TOTAL ASSETS	309,757	311,757
CURRENT LIABILITIES		
Trade and Other Payables	33,000	28,000
ROU lease	35,000	35,000
Borrowings	-	21,000
Provisions	17,457	17,457
Total Current Liabilities	85,457	101,457
NON-CURRENT LIABILITIES		
ROU Lease	52,000	18,000
Borrowings	87,000	107,000
Provisions	40,000	40,000
Total Non-Current Liabilities	179,000	165,000
TOTAL LIABILITIES	264,457	266,457
NET ASSETS	45,300	45,300

Attachment A

EQUITY

Accumulated Surplus	(2,000)	45,300
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	47,300	-
New Capital	-	-
Total Equity	45,300	45,300



CASHFLOW STATEMENT

For the Year Ending 30 June 2024

	2022/23	2023/24
	Current Budget at Dec2022	Proposed Budget
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	1,340,470	1,655,610
Investment Receipts	-	-
Payments		
Operating Payments to Suppliers and Employees	1,199,823	1,556,560
GST Payments	77,777	83,050
Net cash provided by (or used in) operating activities	62,870	16,000
CASHFLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	27,727	-
Payments		
Expenditure on renewal/replacement of assets	51,997	5,000
Expenditure on new/upgraded assets	76,261	50,000
Net cash provided by (or used in) investing activities	(100,531)	(55,000)
CASHFLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from borrowings	100,531	55,000
Payments		
Repayments of borrowings	17,000	19,000
Net cash provided by (or used in) financing activities	83,531	36,000
NET INCREASE (DECREASE) IN CASH HELD	45,870 -	3,000
Cash & cash equivalents at beginning of period	90,887	136,757
CASH & CASH EQUIVALENTS AT END OF PERIOD	136,757	133,757



UNIFORM PRESENTATION OF FINANCE STATEMENT
For the Year Ending 30 June 2024

	2022/23 Current Budget \$	2023/24 Proposed Budget \$
Operating Revenues	1,218,200	1,520,100
<i>less</i> Operating Expenses	(1,170,900)	(1,520,100)
Operating Surplus / (Deficit)	47,300	0
 Net Outlays on Existing Assets		
Capital expenditure on renewal / replacement of existing assets	(51,997)	5,000
<i>add back</i> depreciation, amortisation and impairment	15,570	16,000
<i>add back</i> proceeds from sale of replaced assets	0	0
Subtotal	(36,427)	21,000
 Net Outlays on New and Upgraded Assets		
Capital expenditure on new and upgraded assets	(76,261)	(55,000)
add back amounts received specifically for new / upgraded assets	0	0
add back proceeds from sale of surplus assets	27,727	0
Subtotal	(48,534)	(55,000)
 NET LENDING / (BORROWING) FOR FINANCIAL YEAR	 (37,661)	 (34,000)
 KEY FINANCIAL INDICATORS		
Own Source Revenue	66%	76%
Operating Surplus Ratio	4%	0%
Net Financial Liabilities Ratio	10%	9%
Asset Renewal Funding Ratio	100%	100%