



31 January 2025

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File Ref: GOV9.14.041

Dear Committee Member

NOTICE OF MEETING

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

DATE: Wednesday, 5 February 2025
TIME: 12:30pm
PLACE: 'The Stables' 11 Canton Place, Victor Harbor

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

Yours faithfully

Megan Whibley
General Manager
Victor Harbor Horse Tram Authority

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



**Audit Committee
 Committee Membership**

Member	Representative	Appointed	Expires
Independent Member(s)	John Morgan	22 February 2024	22 February 2026
Independent Member(s)	Katherine Christ	22 February 2024	22 February 2026
Independent Member(s)	Laura Hodgson	26 July 2023	26 July 2025
Victor Harbor Horse Tram Authority Board Member	Rachel Kennedy	22 February 2024	22 February 2026
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2025
Office Bearers			
Chairperson	John Morgan	22 February 2024	22 February 2026
Deputy Chairperson	Laura Hodgson	26 July 2023	26 July 2026

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

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

Megan Whibley (General Manager VHHTA)
 Whitney Mainwaring (Minute Secretary - VHHTA)



3. Apologies

Nil

4. Minutes of Previous meeting

- 4.1 Minutes –Victor Harbor Horse Tram Authority Audit Committee – 4
31 October 2024

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

- | | | |
|-----|--|----|
| 6.1 | Action List Report | 9 |
| 6.2 | December Budget Review Report 2024/25 | 12 |
| 6.3 | Draft Business Plan Annual Review Report | 24 |

7. Reports for Decision

- | | | |
|-----|--|----|
| 7.1 | VHHTA Audit Committee Annual Self-Assessment | 85 |
|-----|--|----|

8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

Nil

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Reports

Nil

Victor Harbor Horse Tram Authority
Audit Committee Meeting Agenda
For meeting Wednesday 5 February 2025
Commencing at 12:30pm



Next Meeting

Wednesday 21 May 2024, 12:30pm – At the Stables

Meeting Close

Please be advised

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



Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **5 February 2025**
From **Megan Whibley**
Subject **Minutes of the Previous Meeting**
Report Number **4.1**

RECOMMENDATION

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held 30 October 2024 be confirmed as a true and accurate record.

INFORMATION

Purpose

The purpose of this report is to present the Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held on 30 October 2024 for confirmation.

Background

The Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held 30 October 2024 were received by the Victor Harbor Horse Tram Authority Audit Committee Members.

Commentary

The minutes for the Victor Harbor Horse Tram Authority Audit Committee meeting held 30 October 2024 were distributed to Members.

A copy of the minutes are provided at attachment A.

RISK ASSESSMENT

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

REFERENCES

Nil

BUDGET IMPLICATIONS

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

No additional funds are required.

CONSULTATION

Victor Harbor Horse Tram Authority Audit Committee members

Victor Harbor Horse Tram Authority
 Audit Committee Meeting Minutes
 For meeting Wednesday, 30 October 2024
 Commencing at 12.30pm



6.2 The First Quarter Review of the 2024/25 Budget Report

AC085 Moved: Paul Brown
 Seconded: Katherine Christ

That the Victor Harbor Horse Tram Authority Audit Committee receive and note The First Quarter Review of the 2024/25 Budget Report.

CARRIED

7.1 Audit Committee Meeting Dates for 2025 Report

AC086 Moved: Laura Hodgson
 Seconded: Paul Brown

1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Audit Committee Meeting Dates for 2025 Report.
2. That the Victor Harbor Horse Tram Authority Audit Committee recommend to the Victor Harbor Horse Tram Authority Board that the Audit Committee resolve to meet in accordance with the meeting dates, times and locations as listed in the Audit Committee Meeting Dates for 2025 Report.

CARRIED

8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

Nil

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Reports

Nil

Next Meeting

Wednesday, 5 February 2025, 12.30pm – The Stables, 11 Canton Place, Victor Harbor

Victor Harbor Horse Tram Authority
Audit Committee Meeting Minutes
For meeting Wednesday, 30 October 2024
Commencing at 12.30pm



Meeting Close

The chair declared the meeting closed at 1.00pm

Please be advised

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



Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **5 February 2025**
From **Megan Whibley**
Subject **Action List Report**
Report Number **6.1**

RECOMMENDATION

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

INFORMATION

Purpose

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

Background

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

Commentary

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

RISK ASSESSMENT

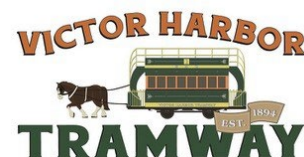
Information – No risks have been assessed in relation to this report as it has been provided for information only and no formal decision is required.

REFERENCES

Nil

BUDGET IMPLICATION

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



Attachment A

VHHTA – Outstanding Action List– updated 31-Jan-25

*newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
26 Sept 2023	6.1.1	Action: The Audit Committee request that the VHHTA Terms of Reference are reviewed/updated to align with new legislation. Michelle Bennetts is happy to review the TOR.	Tabled for future discussion - 2025
10 August 2021	AC016	Action: Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.	Tabled for future discussion - 2025

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

Date **5 February 2025**

From **Megan Whibley**

Subject **December Budget Review 2024/25 Report**

Report Number **6.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the December Budget Review 2024/25 Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee advises the Victor Harbor Horse Tram Authority that it has reviewed the December Budget Review Report and is satisfied the current position of the Authority aligns with the 2024/25 Budget.**

INFORMATION

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority Audit Committee to endorse The December Review of the 2024/25 Budget Report, and to advise the Victor Harbor Horse Tram Authority (VHHTA) that the review aligns with goals set in the 2024/25 Budget.

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 Audit Committee is required by the Terms of Reference to review annual financial statements and reports on a regular basis:

- 2.1 The Committee is established for the purposes of Section 13(4) of Schedule 2 of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 to:*
 - 2.1.1 review annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the Authority; and*
 - 2.1.2 review the adequacy of Authority risk management systems; and*
 - 2.1.3 propose, and provide information relevant to, a review of the Authority's strategic management plans or annual business plan; and*
 - 2.1.4 liaise with the Authority's external auditor; and*
 - 2.1.5 review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Authority on a regular basis.*

The December report for the 2024/25 financial year has been prepared on schedule.

This December Review of the 2024/25 Budget is a review addressing the first 6 months of the 2024/25 financial year.

Commentary

The 2024/25 budget is performing well overall, but we are currently experiencing a shortfall in behind-the-scenes revenue, which is currently falling below the amount we expected in income. It is important to note that this revenue stream is still in its infancy, as this financial year marks our first fiscal year of operations. As a new business, we are actively building our revenue base, which is subject to variability as we establish ourselves in the market.

To address this shortfall, we have invested in advertising with the aim of increasing awareness and driving revenue growth. Additionally, we are exploring new income streams through the stables complex, such as equine-assisted learning and corporate development packages. We are also collaborating with RAA and the Tourism Accelerator to create partnerships that facilitate marketing efforts with other companies for mutual benefit.

Our operations have faced significant challenges in 2024 due to the impact of Ross River virus on our horses, which has affected our ability to maintain operations effectively. Furthermore, experiencing the loss of our horse Isabella has also taken a toll on our business.

We are focusing on building a healthy stock of horses to ensure our success in the coming year, recognising that healthy horses are essential for both our tram operations and behind-the-scenes offerings at the stables. However, it is important to acknowledge that horses require time to recover and regain their health. Despite our current revenue being lower than anticipated, we are taking proactive steps to enhance our financial performance and are optimistic that these initiatives will help us reach our targets in the future.

VHHTA is proud to report Council's contribution has not seen any increases since the Authority was established and has remained constant at \$365,000 this current fiscal year, even despite several challenges. In the face of inflationary pressures and escalating operational costs, maintaining the same monetary contribution signifies a decrease in real value when adjusted for these economic factors.

The December Review of the 2024/25 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**.

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 2024/25 budget
Victor Harbor Horse Tram Authority Charter
Victor Harbor Horse Tram Authority Audit Committee Terms of Reference
Local Government (Financial Management) Regulations 2011

BUDGET IMPLICATION

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at Attachment B remains unchanged at \$365,000 with the remaining \$68,000 from the 2022/23 operating surplus being recognised as 2023/34 expenditure.

CONSULTATION

SMP Chartered Accountants
Kate Edwards IgiQ
City of Victor Harbor



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF COMPREHENSIVE INCOME for the year ended 31/12/2024	Actual	Actual	Budget	Budget	Variance BR1 to OB \$'000	Budget	Variance BR2 to BR1 \$'000
	23/24 \$'000	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000		Revised 2 \$'000	
INCOME							
User charges	1,234	756	1,581	1,586	5	1,568	(19)
Other income	43	20	101	96	(5)	96	-
Total Income	1,277	776	1,682	1,682	-	1,664	(19)
EXPENSES							
Employee Costs	883	466	1,031	1,031	-	1,028	(4)
Materials, Contracts and Other Expenses	465	269	571	570	(1)	521	(49)
Depreciation, amortisation & impairment	67	-	75	75	-	75	-
Finance Costs	11	3	20	21	1	16	(5)
	1,426	738	1,697	1,697	-	1,640	(58)
OPERATING SURPLUS / (DEFICIT)	(149)	38	(15)	(15)	-	24	39
Asset disposal & fair value adjustments	-	-	15	15	-	15	-
TOTAL COMPREHENSIVE INCOME	(149)	38	-	-	-	39	39



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF CASH FLOWS for the year ended 31/12/2024	Actual 23/24 \$'000	Actual YTD 24/25 \$'000	Budget Original \$'000	Budget Revised 1 \$'000	Variance BR1 to OB \$'000	Budget Revised 2 \$'000	Variance BR2 to BR1 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
User Charges	857	502	1,215	1,220	5	1,201	(19)
Other Income	408	294	466	461	(5)	461	-
Payments							
Employee costs	(854)	(445)	(991)	(991)	-	(991)	-
Materials, contracts & other expenses	(495)	(274)	(623)	(623)	-	(565)	58
Finance payments	(11)	-	(8)	(8)	-	(8)	-
Net Cash provided by (or used in) Operating Activities	(95)	77	59	59	-	98	20
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Grants specifically for new or upgraded assets	-	-	-	-	-	-	-
Sale of Assets	-	-	15	15	-	15	-
Payments							
Capital Expenditure on renewal/replacement of assets	-	(20)	(27)	(28)	(1)	(28)	-
Capital Expenditure on new/upgraded assets	(182)	(12)	(46)	(46)	-	(86)	(40)
Net Cash provided by (or used in) Investing Activities	(182)	(32)	(58)	(59)	(1)	(99)	(40)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from Borrowings	200	-	59	48	(11)	48	-
Payments							
Repayment of Borrowings	-	-	(60)	(20)	40	(20)	-
Repayment of principle of leased assets	(33)	-	(16)	(34)	(18)	(34)	-
Net Cash used in Financing Activities	167	-	(17)	(6)	11	(6)	-
NET INCREASE (DECREASE) IN CASH HELD	(110)	45	(16)	(6)	10	(7)	(1)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	161	51	7	51	44	51	-
CASH & CASH EQUIVALENTS AT END OF PERIOD	51	96	(9)	45	54	44	(1)
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF FINANCIAL POSITION for the year ended 31/12/2024	Actual	Actual	Budget	Budget	Variance BR1 to OB \$'000	Budget	Variance BR2 to BR1 \$'000
	23/24 \$'000	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000		Revised 2 \$'000	
ASSETS							
Current Assets							
Cash and cash equivalents	51	96	(9)	45	54	44	(1)
Trade & Other Receivables	30	9	18	30	12	30	-
Total Current Assets	81	105	9	75	66	74	(1)
Non-Current Assets							
Infrastructure, Property, Plant & Equipment	326	358	197	324	127	364	40
Total Non-Current Assets	326	358	197	324	127	364	40
TOTAL ASSETS	407	463	206	399	193	438	39
LIABILITIES							
Current Liabilities							
Trade & Other Payables	35	53	34	34	-	34	-
Short-term Provisions	84	84	7	84	(77)	84	-
Short-term Borrowings	54	54	19	19	-	19	-
Total Current Liabilities	173	191	60	137	(77)	137	-
Non-Current Liabilities							
Long-term Provisions	16	16	40	16	24	16	-
Long-term Borrowings	200	200	92	228	(136)	228	-
Total Non-Current Liabilities	216	216	132	244	(112)	244	-
TOTAL LIABILITIES	389	407	192	381	(189)	381	-
NET ASSETS	18	56	14	18	4	57	39
EQUITY							
Accumulated Surplus	18	56	14	18	4	57	39
TOTAL EQUITY	18	56	14	18	4	57	39
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF CHANGES IN EQUITY for the year ended 31/12/2024	Actual	Actual	Budget	Budget	Variance	Budget	Variance
	23/24 \$'000	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000	BR1 to OB \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
ACCUMULATED SURPLUS							
Opening balance at beginning of financial year	167	18	14	18	4	18	-
Total comprehensive income for the year	(149)	38	-	-	-	39	39
Closing balance at end of period	18	56	14	18	4	57	39



	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
	Actual	Actual	Budget	Budget	Variance	Budget	Variance
VICTOR HARBOR HORSE TRAM AUTHORITY UNIFORM PRESENTATION OF FINANCES for the year ended 31/12/2024	23/24 \$'000	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000	BR1 to OB \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
INCOME							
User Charges	1,234	756	1,581	1,586	5	1,568	(19)
Other Income	43	20	101	96	(5)	96	-
EXPENSES							
Employee Costs	(883)	(466)	(1,031)	(1,031)	-	(1,028)	4
Materials, Contracts and Other Expenses	(465)	(269)	(571)	(570)	1	(521)	49
Depreciation, amortisation & impairment	(67)	-	(75)	(75)	-	(75)	-
Finance Costs	(11)	(3)	(20)	(21)	(1)	(16)	5
OPERATING SURPLUS (DEFICIT)	(149)	38	(15)	(15)	-	24	39
NET OUTLAYS ON EXISTING ASSETS							
Capital Expenditure on Renewal and Replacement of Existing Assets	-	(20)	(27)	(28)	(1)	(28)	-
add back Depreciation, Amortisation and Impairment	67	-	75	75	-	75	-
add back Proceeds from Sale of Replaced Assets	-	-	15	15	-	15	-
	67	(20)	63	62	(1)	62	-
NET OUTLAYS ON NEW AND UPGRADED ASSETS							
Capital Expenditure on New and Upgraded Assets	(182)	(12)	(46)	(46)	-	(86)	(40)
add back Amounts Received Specifically for New and Upgraded Assets							
	(182)	(12)	(46)	(46)	-	(86)	(40)
ANNUAL NET IMPACT TO FINANCING ACTIVITIES (SUPPLUS)/(DEFICIT)	(264)	6	2	1	(1)	-	(1)



VICTOR HARBOR HORSE TRAM AUTHORITY FINANCIAL INDICATORS for the year ended 31/12/2024	Actual	Actual	Budget	Budget	Variance BR1 to OB \$'000	Budget	Variance BR2 to BR1 \$'000
	23/24 \$'000	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000		Revised 2 \$'000	
Operating Surplus Ratio <i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>	-11.7%	4.9%	-0.9%	-0.9%		1.4%	
Net Financial Liabilities <i>Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.</i>	308	302	183	306		307	
Net Financial Liabilities Ratio <i>being total liabilities less financial assets (excluding equity accounted investments in Authority business), divided by total operating revenue</i>	24.1%	38.9%	10.9%	18.2%		18.4%	
Asset Management Plan forecast project spend for renewal of assets	-	28	28	28		28	
Asset Renewal Funding Ratio <i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i> <i>The ideal ratio is 100%, where VHHTA is spending the amount required each year to renew and replace existing assets so they continue to operate optimally to meet the organisations objectives.</i>		71%	96%	100%		100%	
Own Source Funding	64%	68%	78%	78%		79%	



VICTOR HARBOR HORSE TRAM AUTHORITY CAPITAL EXPENDITURE for the year ended 31/12/2024	Actual	Actual	Budget	Budget	Variance BR1 to OB \$'000	Budget	Variance
	23/24 \$'000	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000		Revised 2 \$'000	BR2 to BR1 \$'000
CAPITAL NEW							
IT Equipment	-	-	5	5	-	5	-
Tools - New	-	-	6	6	-	6	-
Tractor/mower/slasher	14	-	-	-	-	-	-
Gater	16	-	-	-	-	-	-
Work vehicle	-	-	-	-	-	-	-
Second float	-	-	-	-	-	-	-
Harness Equipment	15	-	10	10	-	10	-
Equissage	-	-	-	-	-	-	-
Horse Exercise	-	-	25	25	-	25	-
Photocopier	6	-	-	-	-	-	-
Other	8	-	-	-	-	-	-
Grazing Land	-	-	-	-	-	-	-
New Sled	2	-	-	-	-	-	-
Stable Gates - Sliding	3	-	-	-	-	-	-
Landscaping	19	-	-	-	-	-	-
Carpet for Conference Room	4	-	-	-	-	-	-
Pump	3	-	-	-	-	-	-
Training Yard	13	-	-	-	-	-	-
Blinds	3	-	-	-	-	-	-
Security System	3	-	-	-	-	-	-
Stables Improvements	2	-	-	-	-	-	-
Stables Fencing	1	-	-	-	-	-	-
Stables Race Way	9	-	-	-	-	-	-
Kitchen Improvements	1	-	-	-	-	-	-
Oven	2	-	-	-	-	-	-
Earthworks	55	-	-	-	-	-	-
Stables Roller Door	-	10	-	-	-	-	-
Chainsaw	-	2	-	-	-	-	-
Recycled Water System	-	-	-	-	-	40	40
Total - Capital New	177	12	46	46	-	86	40



CAPITAL REPLACEMENT							
Float	-	11	25	25	-	25	-
Second Float	-	-	-	-	-	-	-
Work Vehicle	-	-	-	-	-	-	-
Harness Equipment	-	-	-	-	-	-	-
Spray unit	-	-	-	-	-	-	-
Gater	-	-	-	-	-	-	-
Work Ute	-	-	-	-	-	-	-
Tractor/mower/slasher	-	-	-	-	-	-	-
Tools	-	-	3	3	-	3	-
IT Equipment	-	-	-	-	-	-	-
Work in Progress	5	-	-	-	-	-	-
Total - Capital Replacement	5	11	28	28	-	28	-
	182	23	74	74	-	114	40



Victor Harbor Horse Tram Authority Budget

Income	Description	ACTUALS YTD 24/25	BUDGET YTD 24/25	Original	Revised 1	Revised 2	Variance BR2 to BR1 (\$)	Variance BR2 to BR1 (%)	Variance Comments
Ticket Sales	Casual and Group bookings	388,591	405,750	836,000	836,000	916,000	80,000	10%	Ticket sales are tracking well with January set to give us the extra.
	Souvenir sales and donations	68,696	83,100	166,600	166,600	166,600	-	-	
	Behind the scenes	25,031	80,700	217,900	222,900	123,600	(99,300)	(45%)	Business is building but not as quickly as we would like, collaboration with onsellers will take place in Jan 2025 and make the difference we need to grow the business.
	DIT Boom gate monitoring	19,492	22,500	45,000	45,000	45,000	-	-	
	Council Contribution	273,750	182,500	365,000	365,000	365,000	-	-	
	Interest and Other Income	442	22,998	51,000	46,000	46,000	-	-	
Total Income		776,002	797,548	1,681,500	1,681,500	1,662,200	(19,300)	(0)	
Expenses	Description	ACTUALS YTD 24/25	BUDGET YTD 24/25	Original	Revised 1	Revised 2	Variance BR2 to BR1 (\$)	Variance BR2 to BR1 (%)	Variance Comments
Employee Costs	Salaries, superannuation & workcover	445,103	474,238	991,400	991,400	991,400	-	-	
Depreciation	Depreciation for fixed assets	-	37,248	74,500	74,500	74,500	-	-	
Administration	Travel, stationary, printing, communication, insurance, utilities, training and development	79,801	67,842	135,700	135,700	145,700	10,000	7%	Added into the training line for EAL course for staff
Maintenance	Building, stables, tram, paddock and equipment maintenance	20,666	20,946	41,900	41,900	44,800	2,900	7%	Allocation to the BTS sundry items needed
	Horse Care - feed, farrier and vet fees	51,063	54,996	110,000	110,000	110,000	-	-	
Marketing	Advertising, promotions, and souvenir purchases	51,002	41,946	83,900	83,900	78,900	(5,000)	(6%)	
Other Expenses	Committee, cleaning, consultants, professional services, FBT, volunteer and staff amenities	56,195	79,980	160,000	160,000	139,000	(21,000)	(13%)	some areas of spending are tracking under predicted so some savings ie: inhouse cleaning
Administration charge	Rent on Assets	18,958	8,850	17,700	17,700	17,700	-	-	
Corporate Support	IT, Finance, Records and Administration	15,250	18,300	81,400	81,400	36,600	(44,800)	(55%)	Extra allocation can go to the recycled water set up planned for 2024/25
Total Expenses		738,038	804,346	1,696,500	1,696,500	1,638,600	(57,900)	-60%	
	Net gain (loss) from sale of assets	0	0	15,000	15,000	15,000	-	-	
Net Surplus (Deficit)		37,963	(6,798)	0	0	38,600	38,600	0	



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

Date **5 February 2025**

From **Megan Whibley**

Subject **Business Plan 2024-2027 Draft Annual Review**

Report Number **6.3**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Board Audit Committee receive and note the Business Plan 2024-2027 Draft Annual Review Report.**

INFORMATION

Purpose

The purpose of this report is to present the Business Plan 2024-2027 Draft Annual Review Report to the VHHTA Audit Committee.

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.

Commentary

The 2025 Annual Review marks the first annual review of the Business Plan for 2024-2027. In this initial year, we have made significant progress, as detailed in the updated review. We've enhanced the Equine Assisted Learning section, now available at our new stables. Additionally, we've introduced the Corporate Tour Program, which we anticipate will gain momentum soon.

We've also included updates on our behind-the-scenes experiences and highlighted the upcoming launch of our new website in early February, which will create marketing opportunities with other businesses. We've addressed the loss of Isabella and outlined our new marketing strategies aimed at increasing visibility and boosting bookings. Furthermore, we've revised our strategic goals to reflect our achievements thus far and our expectations for future objectives.

The Business Plan 2024-2027 Draft Annual Review is provided at Attachment A.

RISK ASSESSMENT

Corporate Governance – The VHHTA is required to review the business plan annually. The review of the 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 Business Plan Draft Review 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 2024-2027



Victor Harbor Horse Tram Authority Business Plan 2024 - 2027

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About the Victor Harbor Horse Tram

The Horse Tram has a rich history spanning 150 years, tracing its origins to the era when the first horse-drawn wagons transported both freight and passengers along the broad-gauge rail line connecting Goolwa to Port Elliott.

The Victor Harbor Horse Tram, with roots dating back to 1854, has evolved over the years. In 1894, the South Australian Railways introduced a horse-drawn tram service from mainland Victor Harbor to Granite Island, using the same double-deck tram that had been used on the Goolwa Railway. Fast forward to 1986, and the District Council restored the original passenger service from Policeman's Point at the esplanade to Granite Island over the causeway.

Today, the Victor Harbor Horse Tram stands as a captivating tourist attraction, offering a nostalgic passenger experience between the City of Victor Harbor Esplanade and Granite Island, connected by an adjoining Causeway. The recent addition of a new Causeway in 2021 marked a significant enhancement to the experience, officially unveiled on December 23, 2021.

In October 2018, the Victor Harbor Horse Tram Authority (VHHTA) gained recognition under Section 42 of the Local Government Act, serving as a subsidiary of the City of Victor Harbor Council. The establishment of the VHHTA aimed to reduce reliance on City of Victor Harbor rates revenue, steering the Horse Tram service toward greater financial self-sustainability. The VHHTA has proven to be a thriving venture, with increased revenue, the creation of additional revenue sources, and expanded offerings for visitors. It continues to make strides towards greater financial independence.

The Victor Harbor Horse Tram runs all year round (except for Christmas Day), with the operation comprising of up to nine 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.

Integral to the Victor Harbor economy, the Horse Tram is not merely a tourist attraction but a vital community service. Moreover, the VHHTA has recently unveiled its new stable location at Canton Place, providing a larger and more comfortable home for the horses. This new facility also opened up behind-the-scenes experiences for visitors to book, with plans to expand offerings in the coming years, serving as an additional revenue stream and enriching Victor Harbor's offerings to its visitors.





About the Victor Harbor Horse Tram Authority

The Victor Harbor Horse Tram Authority (VHHTA), a subsidiary of the City of Victor Harbor (Council), was established in accordance with section 42 of the *Local Government Act 1999*. Underpinning its operations is a Charter approved by the Minister on 17 October 2018, detailing its purpose, powers, functions, duties, funding, property, and delegation. Additionally, the Charter outlines the role, function, and requirements of the VHHTA Board, among other essential details. Originally gazetted on 25 October 2018, the Charter underwent minor amendments and was re-gazetted on 8 September 2022.

Similar to numerous other services, the Horse Tram receives subsidies from the Council and provides a valuable service to the City of Victor Harbor community on behalf of ratepayers. Its significance extends beyond mere transportation, acting as a vital contributor to the local economy. The impact of the Horse Tram on neighbouring businesses became especially evident during the causeway closure in 2018-19, with some establishments reporting revenue declines 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 Adelaide's Post-Graduate 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 emerged as a significant economic driver, injecting an estimated \$210,000 into the local economy. Notably, this constitutes over half of the annual contribution that the Council allocates to the Horse Tram operating budget. Annually, the Horse Tram's economic contribution ranges from \$1,153,898 to \$1,675,351, signifying its substantial role to the local economy.
- Regarded as a 'drawcard' by both stakeholders and tourists, the Horse Tram holds a special place in enhancing the appeal of Victor Harbor.

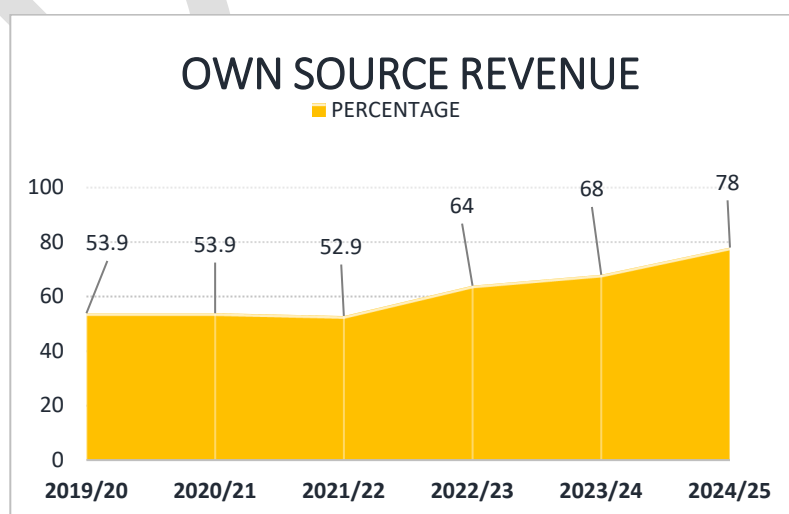
- Beyond its immediate local impact, the Horse Tram has the potential for profound historic significance at a national level, serving as an operational, in-situ historic attraction.
- Tourists and locals alike could not imagine Victor Harbor without the Horse Tram, even if they were not travelling on 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 stands as an integral part of the City's vitality, and the commitment of the Victor Harbor Horse Tram Authority (VHHTA) to its success is unwavering. Collaborating closely with the City of Victor Harbor, the VHHTA has undertaken a comprehensive revitalisation effort, breathing new life into existing infrastructure, assets, amenities, and buildings. This forward-looking initiative involves not only preserving history but also charting a course for the future.

As part of this rejuvenation journey, the VHHTA has successfully established a state-of-the-art Stable Complex, a testament to its dedication to creating a modern and efficient environment for the Horse Tram operations. Within this new Stables Complex we are now offering visitors an immersive 'Behind the Scenes' experience, providing a glimpse into the inner workings of the iconic attraction.

This strategic approach not only enriches the overall visitor experience but also paves the way for the creation of new income streams independent of Council and ratepayer support. The VHHTA's vision extends beyond the current accomplishments, with ongoing plans to introduce further offerings that will contribute to the financial sustainability of the Horse Tram. Through these initiatives, the VHHTA continues to play a crucial role in ensuring the Horse Tram's resilience and relevance in the years to come.

Despite formidable challenges due to unforeseen horse husbandry and weather conditions, the current fiscal year is tracking well. Notably, the achievement of the 2023/24 budget with an unchanged contribution from the Council reflects sound financial management practices. Anticipating a remarkable sixty-eight percent (68%) self-generated revenue for the 2023/24 financial year, the VHHTA remains resilient and forward-focused.



Message from the Chair

Having weathered the last few years, we can now see comparatively clear sailing for the Victor Harbor Horse Tram Authority (VHHTA) team to create positive and exceptional experiences for the community and tourism. It has been a huge undertaking to pull all the tendrils together: tram, pasture, education, horse husbandry, building the new stables and all the reporting associated so our feeling is a time of 'consolidation'. This, we feel, will serve for us to settle into the new stables, develop guidelines and programs in conjunction with the daily tram service over a period without complicating it with other allied projects we have recognised, going forward.

On Tuesday the 30th of January 2024 we received the confirmation from her Excellency the Governor to extend her patronage to the Victor Harbor Horse Tram, we are humbled and excited to have Her Excellency's support and look forward to proving our merit. This is such an honour and gives recognition to the iconic nature of the tram and éprouvée importance.

Importantly, we would like to extend the Board's congratulations and thanks to the staff and management for such extraordinary feedback from the public, in person and online plus allowing the Horse Tram Authority to thrive visually and finically.

The horses have never looked so fit and healthy plus the rolling stock of trams always look pristine. The care and love the horses receive from the team is obvious with them consistently receiving a 5-star health rating, which is exceptional as our 2 most important assets are the 2 H's - Humans and Horses, a credit to the whole team!

The new 'Causeway' has seen a huge response from locals and visitors alike, which helps to put credence to the importance of the improved causeway together with 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. Now that all works have been completed, it has allowed for an exceptional 2023 and 24 summer, so far, despite a very inclement December & January again we are heartened by the feedback from our patrons. Surveys have provided visitor feedback of 90% satisfaction, for the staff interaction, service and experience. Again, this is a product of the culture built by Meg and Adrian, with the whole team showing outstanding service and attention to detail.

A grant from the Building Better Regions Fund plus great help and support from the City of Victor Harbor, has seen the new Stable Complex and Horse Experience become an exciting reality. The use of the timbers from the Old Causeway around the new build create a sympathetic synergy between the historic tram and the timbers that it travelled on for over a century. The Horse Encounter, at the stable, has expanded our sector reach and enhanced visitor engagement, enabling the delivery of a first-class hands-on, behind the scenes, horse experience. Not only has this offering attracted a more varied visitor base to our business but also has served to increase employment, provide an additional source of income for the VHHTA, and encourage extended holiday stays in the area. Marketing and encouragement of specialist educators, schools and company groups to visit opens up a myriad of future opportunities. The training of staff for extended Horse Education, public speaking, and interaction plus Equine Assisted Learning (EAL) creates not just employment but a career path, creating local engagement and opportunities.

Along with the new 'Stables' another major achievement for the VHHTA is the merchandise store and its offerings. The store has enabled a significant increase in sales, creating another

revenue stream, it has again far exceeded predicted budgeting expectations. The Board cannot thank Councillor Carol Schofield and the volunteers enough for all of their hard work and dedication.

I often visit the tram office and the vibe is always upbeat and positive with the bustle to get everything organised for the day, it is so heart-warming to see the love and care the horses are given, and the obvious affection the staff have for these majestic chargers. Interaction with the families who hang over the fence and ask questions, which I am sure becomes repetitive, are met with kindly responses and considered replies.

Scores of people watch as the horses are ridden along the beach or simply preened, massaged. and coiffured, showing obvious enjoyment at the wonderful spectacle. 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 us all as they really serve to enhance the Horse Tram brand and are our greatest ambassadors.

Regular board meetings, together with internal and external assessments, serve to formalise ideas, helping us to guide decisions to make the Victor Harbor Horse Tram an even greater and more exceptional activity. Through recognition of ideas and governance the Board aims 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.

As Chair I want to express my gratitude to the Board for their commitment, devotion, and dedication to the Horse Tram, with each member making an incredibly positive contribution, bringing contrasting and complimentary skill sets to what is an exceptionally collaborative Board. Also, we would like to extend our thanks to the City of Victor Harbor and staff that have entrusted us with this icon and have been so supportive of the Tram and what we had vision to achieve. Council has supported our recognition of the Horse Tram's worth as a 'foundation stone' of tourism in 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 are so lucky to have such 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 as we look toward our next undertaking.

Nigel M. Catt

Dip.Ag., Grad.Dip.Sc.

Chair

Victor Harbor Horse Tram Authority

The Board



Nigel Catt (Chair)

Nigel Catt began in the Australian Wine Industry in 1983 after graduating from Roseworthy Ag College. He has had various roles such as Wine Judge, Winery Manager, 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 made wines in many other countries, consulted to other wineries and the State Government, run Industry Supply Companies at board and management level. He owned the Middleton Winery & Vineyards, developed and built the Flying Fish Café and was a board member for 10 years at Encounter Lutheran College. Also, National Sales and Marketing Consultant for Radoux, a French oak barrel company that he still represents here in Australia. He is the owner of Ocloc Vineyard trellis systems attaining a number of patents, all related to sustainable, ecological and cyclical viticulture.

Nigel has supported and developed many businesses and mentored emerging business-people, here and overseas. Nigel's focus and life has been the Fleurieu Peninsula, specifically Victor Harbor, where he is based with his family and lived since 1989.



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.

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

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

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.

Since then, Meg has emerged as the driving force behind the VHHTA's direction and growth, overcoming every obstacle to establish new stables for the horse tram and generate additional revenue streams. Her unwavering dedication has propelled the VHHTA's trajectory and development, effectively translating the Board's strategic vision into reality. Presently, she is pioneering fresh initiatives, services, and commercial avenues, catalysing growth, progress, and substantive transformation, thereby safeguarding the VHHTA's future prosperity. The Board enthusiastically extended Meg's contract in 2022 for an additional three years, recognising her instrumental role in shaping the VHHTA's success.

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 national attraction that it is.

Audit 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.

Since its establishment, our members have consistently demonstrated their capability in their roles, as evidenced by their reappointment through Council. Comprising three independent members alongside two Board members, our team brings a wealth of professional knowledge and specialist expertise to the table. The VHHTA is delighted to have all members serving on the Audit Committee and deeply appreciates their high calibre, especially considering their non-remunerative status.

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

About this Plan

This Business Plan marks the commencement of a new period, spanning from 2024 to 2027, and is set to undergo annual reviews throughout this timeframe.

This Business Plan includes performance targets that the VHHTA will pursue, the strategic direction of the subsidiary, 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.

This document is specifically intended to address the VHHTA Charter clause 1.7 as follows:

- 1.7.7 to prepare a strategic management plan for the Victor Harbor Horse Tram
- 1.7.8 to refine and redefine the strategic management framework for the Victor Harbor Horse Tram in response to changing circumstances

Within this Business Plan the terms *Strategic Document*, *Business Plan*, and *Operational Plan* are to be used interchangeably and have the same meaning in relation to the VHHTA Charter.

Framework for Delivery



Business Planning Process

A VHHTA's annual collaborative one-day strategic business planning workshop was held on 30 January 2024, attended by all members of the VHHTA Board, the VHHTA General Manager and the Assistant Manager. The workshop was facilitated by an external consultant. This was the fifth workshop that the VHHTA had organised, the first four successfully helping to roadmap the 2019, 2020, 2021 and 2022 Business Plan updates.

The first annual review of this Business Plan commenced with a planning day in December 2024, attended by all members of the VHHTA Board, the VHHTA General Manager, Assistant, and Team Leader. An external consultant facilitated the workshop, which focused on strategic approaches for diversifying the horse tram and promoting marketing initiatives. This annual review reflects the outcomes of that planning day.



VHHTA Board December 2024 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 2024 workshop, a revisit to the skills audit of the group was undertaken, followed by extensive workshopping of strategic priorities and action steps. Conversation was robust, positive and practical, with lots of passion and goodwill in the room for this project. It was very apparent that at this workshop that the direction and planning was a continuation of, and a deepening into, the strategic tact taken in 2020, compared with earlier operational plans.

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

The phenomenal progress the VHHTA continues to make is laying a solid foundation for VHHTA success. As all of 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).

2024/25

Operating expenses of \$1,662,200 will be funded by own source revenue of 1,291,900. 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 2024/25:

Description		Amount
Ticket Sales	Casual and group bookings	\$916,000
Other Income	Souvenir sales	\$169,400
	Behind the Scenes	\$115,600
	DIT Boom Gate Contract	\$45,000
	Council contribution	\$365,000
	Interest and other income/donations/sponsorship	51,200
Total		\$1,662,200

2025/26

Operating expenses of \$1,759,100 will be funded by own source revenue of 1,394,100. 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 2025/26:

Description		Amount
Ticket Sales	Casual and group bookings	925,800
Other Income	Souvenir sales	170,700
	Behind the Scenes	207,300
	DIT Boom Gate Contract	45,000
	Council contribution	365,000
	Interest and other income/donations/sponsorship	45,300
Total		\$1,759,100

Expenditure

City of Victor Harbor (CVH) 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 regarding 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 for this purpose. 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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
CAPITAL NEW - Description						
IT equipment	\$5,000					
Tools	\$6,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Tractor/mower/slasher						
Gater						
Work vehicle		\$55,000				
Second float						
Harness Equipment	\$10,000		\$5,000		\$5,000	
Equissage						
Horse Exercise machine/walker	\$25,000					
TOTAL – Capital New	\$46,000	\$2,500	\$7,500	\$2,500	\$7,500	\$2,500
CAPITAL REPLACEMENT- Description						
Float	\$25,000					\$25,000
Second Float				\$25,000		
Work Vehicle		\$53,000			\$53,000	
Harness Equipment		\$5,000		\$5,000		\$5,000
Spray unit			\$3,000			
Gater					\$15,000	
Work Ute				\$50,000		
Tractor/mower/slasher						\$35,000
Tools	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
IT Equipment		5000		5000		5000
Total - Capital Replacement	\$27,500	\$65,500	\$5,500	\$87,500	\$70,500	\$72,500
TOTAL CAPITAL EXPENDITURE	\$73,500	\$68,000	\$13,000	\$90,000	\$78,000	\$75,000
Less: Income from sale of assets/trade ins	-\$15,000	-\$45,000		-\$50,000	-\$53,000	-\$15,000
TOTAL CAPITAL TO BE FUNDED	\$58,500	\$23,000	\$13,000	\$40,000	\$25,000	\$60,000
Opening balance from previous year	\$75,796	\$75,353	\$69,246	\$68,503	\$90,641	\$95,893
New Borrowings	\$58,500	\$23,000	\$13,000	\$40,000	\$25,000	\$60,000
Interest	\$8,058	\$6,393	\$5,757	\$8,138	\$9,251	\$13,251
Repayments	-\$49,064	-\$40,087	-\$42,439	-\$50,731	-\$35,906	-\$35,670

Closing Balance	\$91,946	\$80,497	\$54,798	\$48,899	\$40,949	\$70,499
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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.

2024/25

The table below provides a summary of the budgeted expenses for 2024/25

Description		Amount
Employee costs	Salaries, superannuation & Workcover	\$991,400
Office and Administration costs	Travel, stationary, printing and communication Insurance & utilities	\$145,700
Maintenance	Building and equipment maintenance	\$44,800
Horse care	Feed, farrier and vet fees	\$110,000
Marketing	Advertising, promotions and souvenir purchases	\$78,900
Depreciation	Capital Asset Depreciation	\$74,500
Other Expenses	Committee costs, Consultants and Professional services, FBT, volunteer and staff amenities	\$139,000
Equipment Hire	Building and equipment hire	\$17,700
Corporate Support	IT, finance, records and administration	\$36,600
Total		\$1,638,600

Surplus being allocated to Capital for Recycle Water set up.

2025/26

The table below provides a summary of the budgeted expenses for 2025/26.

Description		Amount
Employee costs	Salaries, superannuation & Workcover	1,079,300
Office and Administration costs	Travel, stationary, printing and communication Insurance & utilities	139,500
Maintenance	Building and equipment maintenance	46,000
Horse care	Feed, farrier and vet fees	112,800
Marketing	Advertising, promotions and souvenir purchases	101,000

Depreciation	Capital Asset Depreciation	90,900
Other Expenses	Committee costs, Consultants and Professional services, FBT, volunteer and staff amenities	134,000
Equipment Hire	Building and equipment hire	18,100
Corporate Support	IT, finance, records and administration	37,500
Total		1,759,100

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 2022/23, 2023/24, 2024/25 and predicted 2025/26.

Key Financial Indicators	2022/23	2023/24	2024/25	2025/26
Own Source Revenue	64%	68%	78%	79%
Operating Surplus Ratio	11.7%	-10.3%	-0.9%	0.0%
Net Financial Liabilities Ratio	30%	12.6%	7.6%	
Asset Renewal Funding Ratio	0%	100%	100%	100%

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 store has significantly increased the variety of products that the VHHTA has previously been able to offer.

The merchandise store offers products such as horseshoes, 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 has now completed and opened the new Stables Complex that currently offers behind-the-scenes experiences and rooms for hire, expected to increase business. This complex also has a secondary merchandise store, increasing the audience of products on offer with plans to expand offerings in future.

The VHHTA also 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 six 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 \$20 / \$25 Concession (Seniors and Students, Pensioners) \$15 / \$20 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 \$75 Concession \$60 Children ride free with a paying adult. (limit of 2 children per adult)
Behind the Scenes Experiences	Ticket includes an immersive look into the history of the horse tram, meeting the horses, learning about harnessing and training	Adult \$80 Concession/Student \$60 Senior \$60 Child \$45 4 years age and under attend free with a paying adult.
Equine Assisted Learning	Personal and professional growth through hands-on experiences with horses, guided by certified practitioners	\$160 per two-hour session
Corporate Tour Program	Professional development packages at our stables. Guided tours, interactive sessions, Tramway ride, and Equine Assisted Learning (EAL) experiences	\$150 PP Half Day \$400 PP Full Day \$800 PP 2-Day \$1200 PP 3-Day

Product/Service	Description	Price (Subject to change)
The Heritage Experience	The ticket includes a trip on the PS Oscar W, Steam Ranger & Horse Tram with a return trip to Goolwa	On hold due to current negotiations
Buy one get one free packages	Entertainment Card	Buy one-way get return ride free

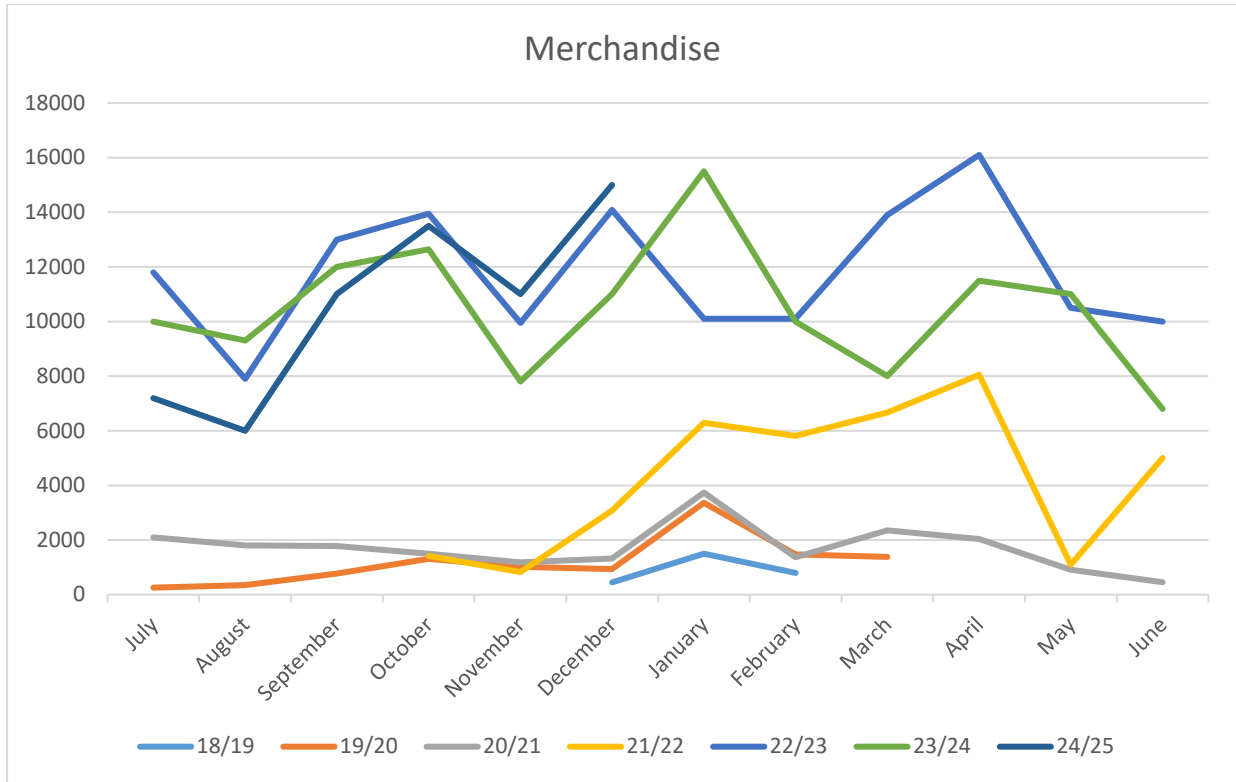
Merchandise

The VHHTA opened its first merchandise store in December 2021 which is progressing well with our esteemed volunteers' help. The 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 this store opened, an increase from a team of two to a team of nine. The store is also a great point of contact for visitors to the tram, providing and assisting passengers with tram travel and other tourism information.



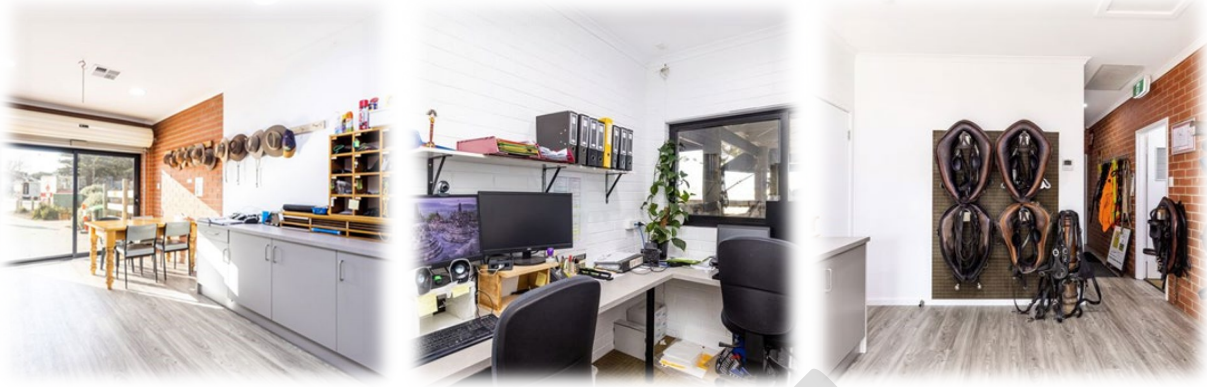
With the opening of the new Stables Complex in late 2023, a second merchandise store was incorporated into the building for visitors to walk through during the behind-the-scenes experiences and have the opportunity to purchase souvenirs upon departure. We anticipate more momentum with future sales with the opening of this secondary location.

The chart below denotes the trend in merchandise sales since the 2018/19 fiscal year. With the opening of the first merchandise store in December 2021 sales revenue showed a significant increase. We are anticipating the 2024/25 merchandise sales to increase again with the opening of the second merchandise store at the new Stables Complex.



The Merchandise Store, Staff Room, Office and Tack Storage





DRAFT

What we will do in 2024 – 2027

In 2024, the business plan was designed around operational set-up, long term strategies, and staff development with additions to Priority 2 emerging from the 2024 strategic meeting to be included in the 2025 review:

Priority 1: Team Development

Priority 2: Marketing & Promotion

Priority 3: The Experience & Offerings

Priority 4: Finance & Operational Growth

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: Team Development

Strategies to sustain and develop our humans and horses

The Authority has taken strategic steps towards successful development and support of the growing team to ensure efficient and effective management of all operations in a sustainable way.

1.1 Review Operational & Individual Needs & Skills		
Actions	Indicator	Target
New Staff Performance Process	Continual success and maintenance of horse operations	January 2025
Review & clarify staff roles across diverse and growing team	Success of expanding offerings at HDT sites	January 2025
Review Contingency plans for staff changeover with growing team	Smooth transitions of staff during leave periods	January 2025
Continue attraction and retention of staff for growing team	New staff acquired and current staff retained	January 2025
1.2 Succession Planning		
Actions	Indicator	Target
Review succession plan for Board Members	Succession Planning discussed at Board Meeting to ensure proactive approaches by members	May 2025
Review succession plan for Leadership Team	Process is understood and followed by Leadership Team effectively	May 2025

Review succession plan for HDT Team	Regular communication and transparency regarding succession planning processes	May 2025
Review succession plan for Horse team	Continual success and running of horse tram	Ongoing
1.3 Induction & Training		
Actions	Indicator	Target
Review and upgrade the induction experience	Documented Induction Process on File	February 2025
Develop staff support, training programs, recognition and career pathways	Feedback from Staff	February 2025
1.4 Enhancing Horse Fitness & Care		
Actions	Indicator	Target
Manage consistent horse training program	Decrease in injuries, fitness for operations is maintained, Improvement in horses performance metrics	July 2024 - complete July 2025
Work with mentors to develop trainers' skills and awareness	Regular evaluation of trainer's progress and skill development through performance reviews	Ongoing
Visit other facilities for training camps	Staff visit to training camp	Ongoing
Continued Staff Training for IT management of Horse Care and Maintenance	Successful integration of IT tools in staff induction and use in daily operations	July 2024 December 2024

Priority 2: Marketing & Promotion

Strategies to promote Victor Harbor, The Tram, and The Stables

The successful execution of this priority will see more visitors and groups engaging with what the Horse Drawn Tram offers.

2.1 Update Marketing Plan		
Actions	Indicator	Target
Development of Brand Style Guide for continuity across marketing & promotion	Brand Style Guide is uploaded to website	July 2025

	and sent to promotional partners	
Upgrade the website to clarify brand and functionality	Website is live, reflects Style Guide	January 2025
Upgrade social media strategy with staff	Regular social media marketing	Completed – updates ongoing
2.2 Take up promotional activities		
Actions	Indicator	Target
Update and implement new promotional plan to align with new offerings	Plan is documented on file to reflect suite of offerings at The Stables	Completed - Ongoing
Develop new strategic promotional partners	Ongoing Partnerships developed	Completed - Ongoing
2.3 Invest in targeted advertising		
Actions	Indicator	Target
Digital signage showcasing Victor Harbor and advertising HDT offers and experiences.	Advertisements showing offers	July 2025
Develop Media List	Media releases sent once per fortnight	May 2025
Develop Values Statement	Referred to on website and in advertisements	January 2025
2.4 Focus on marketing (2025 Update)		
Actions	Indicator	Target
Effective Website and SEO basics	Increase in website traffic and search engine rankings	July 2025
Design and Launch the Corporate Offer	Launch the corporate offer, gaining positive feedback and securing new clients or partnerships	May 2025
Target Adelaide Market	Secure new leads or partnerships from the Adelaide market	January 2026
Collaborate with Key Funding Partners	Form new strategic funding partnerships that contribute to funding growth and joint initiatives	December 2025
Increase Social media reach	Achieve a significant growth in social media followers and engagement	March 2025 January 2026 January 2027

Priority 3: Experiences & Offerings

Strategies to enhance visitors and locals experience of Victor Harbor through diverse experiences.

The successful execution of this priority will involve designing, rehearsing and launching new ways to interact with The Stables.

3.1 Identify the market possibilities		
Actions	Indicator	Target
Host official opening date for Stables opening with political dignitary as guest of honour.	Official Opening held at stables with esteemed guests in attendance and media coverage	June 2024 - Completed
Develop Offer Delivery Models	Delivery Models documented on file	July 2025
Develop specific marketing for The Stables	Appeal to target groups and develop upon experience offerings	May 2025
3.2 Design programs to suit chosen groups		
Actions	Indicator	Target
Develop School Programs (Wellness + Animal Interest + Leadership)	School participation in program and feedback from educators	January 2025
Develop Equine Assisted Learning (EAL) Programs (1:1 + Small Group)	Positive outcomes observed in participants of EAL programs	Completed
Develop Seniors Programs	Participation of seniors in programs	July 2025
Define 'Premium Offers' (Corporate Teambuilding & Leadership Development)	Successful launch and use of premium offers by corporate clients	January 2025
Develop new offerings for the Stables Facility	Introduction of new programs and experiences	January 2025
Develop Corporate offerings for the Stables Facility	Offerings developed ready for launch	Completed
Enhance support for team to develop and deliver experiences (horse work, presentation and media training + events)	Project Leaders for various projects	Initial support completed, ongoing support to be provided
Venue hires business model and processes	Model process developed and trialed event for process	January 2025

Priority 4: Finance and Operational Growth

Finance and structure for sustainability and growth

The Authority intends to maintain profitability and progressing projects that secure the future of the tram.

4.1 Operational Budget		
Actions	Indicator	Target
Prepare and submit Ops Budget, Capital Budget and Business Plan	Approval	April 2024
Manage Project Budgets	Approval	Ongoing
Set appropriate experience ticket costs for new programs	Consultation with Board and mentors	June 2024 – complete, review June 2025
Cost control and maintenance analysis	Regular check ins with Board	Ongoing
4.2 Build revenue from The Stables Experiences		
Actions	Indicator	Target
Set initial targets and projections for 'The Stables'	Measurable targets established	July 2024 January 2025
Monitor ROI for The Stables	Regularly track and analyse ROI	Ongoing
Report on financial value as well as cultural and community value	Comprehensive report on values within Business Plan	April 2025
Grow merch business arm	Increase in merchandise sales revenue	January 2025
4.3 Secure HR, Capital & Facilities		
Actions	Indicator	Target
Secure future grazing land for horses	Successful contract for lease or purchase of land	January 2026
Continue to recruit and develop skilled and committed team members	Analyse employee satisfaction and performance scores through regular performance evaluations	Ongoing
Enhance signage and wayfinding	Visitor feedback on ease of navigation	July 2024 – Achieved, review July 2025
Monitor capacity of core staff and support development	Regularly assess through	Ongoing

	performance reviews	
4.4 Build Strategic Framework		
Actions	Indicator	Target
Asset Management Plan	Implementation of regular review of plan	December 2024 – Achieved, review December 2025
Risk Assessment and Safety Plan	Implementation and regular review of plan	December 2024
Land and Environment Management Plan	Compliance and Implementation of Plan	December 2025
Horse Care Plan	Achievable maintenance of horse health, performance measures	December 2025
4.5 Funding and Sponsorship		
Actions	Indicator	Target
Acquittals and reporting on funding received	Submission of accurate funding acquittals and sponsorship reports	December 2025 December 2026
Seek out funding and sponsors for specific Programs, Events and aspects of HDT	Increase in the number of secured sponsorships	March 2026
Investigate State Education Funding	Proposal submitted for relevant funding agreement	July 2026

Patronage

VHHTA was delighted to receive the gracious acceptance of Her Excellency the Honourable Frances Adamson AC, Governor of South Australia, to become a patron of the Victor Harbor Horse Tram. This prestigious alliance marks a significant milestone for us, as we embark on a collaborative journey with Her Excellency to champion our beloved horse tram and invigorate our township.

Our vision encompasses a multifaceted partnership with Her Excellency, leveraging her esteemed position to bolster awareness and appreciation for the Victor Harbor Horse Tram. We eagerly anticipate her involvement in official openings and events, where her presence will undoubtedly lend an air of distinction and prestige. Through strategic collaboration, we aspire to amplify the cultural and historical significance of the horse tram, while simultaneously enhancing the vibrancy and allure of our township.

The addition of Her Excellency the Honourable Frances Adamson AC, Governor of South Australia as our Patron ignites a sense of anticipation and excitement, as we eagerly explore the myriad of strategic opportunities this new alliance may present.

On June 1, 2024, we were honoured to have Her Excellency the Honourable Frances Adamson AC, our Patron, as the guest of honour for the Official Opening Ceremony of the new Stables Complex. This historic occasion brought together the community, local MP, our Patron, staff, and cherished volunteers to celebrate the unveiling of the new stables. The event was further marked by a smoking ceremony led by local Ngarrindjeri Elder, Mr Mark Koolmatrrie, to bless the opening.

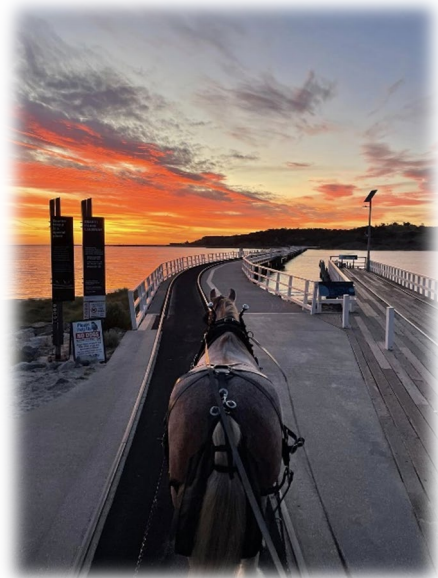


With the guidance and support of our Patron, we are poised to embark on an enriching journey of growth and prominence, further solidifying the Victor Harbor Horse Tram as a cherished gem of South Australia.

Sunrise Tram

We have recently launched a sunrise tram experience that operates on weekends during the summer. These events have garnered enthusiastic feedback and have sold out consistently. Participants are treated to a breathtaking view of the sunrise over the causeway, creating a memorable experience.

The positive response has encouraged us to consider expanding these offerings in the future. Overall, the sunrise tram has successfully enhanced our summer programming and attracted a diverse audience.



Equine Assisted Learning (EAL)

We are excited to announce that our Equine Assisted Learning (EAL) sessions are now open for booking at our newly established stables complex. A considerable number of our staff have completed comprehensive training and are now fully accredited Equine Assisted Teachers, ready to deliver a range of courses tailored to various proficiency levels, from beginner to advanced.

Our goal is to seamlessly integrate these innovative programs into our offerings, catering to a diverse audience that includes students, professionals, and equestrian enthusiasts. By harnessing the therapeutic and educational potential of interactions with horses, we aim to facilitate significant skill development and personal growth.

We envision our Equine Assisted Learning programs as transformative platforms for individuals seeking to enhance their abilities, whether in academic pursuits, professional endeavours, or simply fostering a deeper connection with these magnificent animals. Through immersive, hands-on experiences, participants will have the opportunity to cultivate a variety of skills while building meaningful connections with our equine companions.

As we continue to refine and expand upon these initiatives, we are excited about the prospect of empowering individuals from all walks of life to unlock their full potential in the enriching environment of our stables complex.

The sessions for Equine Assisted Learning are now open for booking.

Corporate Tour Program

We are in the process of developing a unique corporate offering that allows businesses to utilise the Stable Complex and its facilities for professional development. This initiative leverages our Equine Assisted Learning (EAL) programmes, providing companies with a distinctive edge that sets them apart from traditional training environments.

By incorporating the EAL framework, businesses can engage their teams in experiential learning that fosters personal growth and enhances professional skills. Our certified practitioners guide participants through interactive sessions that promote essential competencies such as teamwork, communication, and leadership, all while building a deeper connection with the horses and the natural environment.

The Stable Complex not only offers a serene and inspiring backdrop for these corporate activities but also ensures that participants can experience hands-on learning that is both impactful and memorable. This immersive approach enhances engagement and retention, making the training more effective.

Additionally, with our flexible offerings, companies can customise their experiences to align with specific learning goals, whether they aim to strengthen team dynamics, improve problem-solving abilities, or cultivate leadership qualities. As businesses increasingly seek innovative ways to invest in their workforce, the VHHTA's corporate offering stands out as a compelling choice.

By positioning the Stable Complex as a destination for professional development, the VHHTA not only supports the growth of local businesses but also contributes to the community's

economic vitality. This initiative promises to attract diverse clientele, providing a steady income stream and further reducing financial reliance on Council support.



The Progress of the 'Behind the Scenes' Experience Packages

The Victor Harbor Horse Tram Authority has hit the ground running with 'Behind the Scenes' Experiences that has taken several years of planning to finally unveil. The VHHTA offer 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 we foresee will allow higher margins, better returns and greater employment opportunities.

The new service can:

- 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
 - School groups
 - Senior groups
- Make it possible to market additional value add opportunities e.g. 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).

We are also actively pursuing the development of new and captivating experiences, such as corporate training groups, an intimate breakfast with the horses and sunrise sessions followed by a continental breakfast onsite, and more! We're continuously brainstorming and expanding our offerings to provide guests with even more unforgettable experiences to unveil. **throughout 2024.**

Since the birth of our Behind the Scenes experience we have welcomed several local and interstate community groups such as Probus Clubs, Volunteer Groups, Our local Council groups, various rotary groups locally and across SA. We have also given back to local community by providing this experience at a local-rate.

Website

We launched our brand-new Stables website, coinciding with the grand opening of our state-of-the-art stables complex. This modern digital platform enhances the customer experience with user-friendly navigation and an intuitive booking interface, making it easy for visitors to explore and make bookings online.

Looking ahead, we are set to unveil a brand-new Horse Tram website in January 2025. This site will integrate the Stables website and reflect our branding, including our signature colours. By aligning our online presence across all platforms, we aim to create a cohesive digital experience that strengthens and modernises our brand identity. Additionally, we are now collaborating with RAA to strengthen our marketing efforts.

Our commitment to innovation and customer satisfaction drives us to continuously enhance our online platforms. With the latest technologies and best practices in web design, we are excited to set new standards of excellence for the Horse Tram. Stay tuned as we embark on this exciting journey of digital transformation to better serve our valued patrons

Grazing Land

The VHHTA has been fortunate to secure the use of the land opposite the existing stables at Canton Place. This land, purchased by the City of Victor Harbor (CVH) in 2021, has since been leased to the VHHTA, marking a significant achievement in our ongoing efforts to secure more grazing land. With this lease, we now have an adequate acreage for the grazing of the Victor Harbor Horse Tram horses, ensuring compliance with the City of Victor Harbor's regulations regarding Environmental Sustainability.

We are committed to preserving and improving the health of the land where our Clydesdales reside. Over-grazing can lead to environmental damage and land degradation, which is why proper management is essential. Fortunately, the properties we currently utilise, including old Canton Place and Gillespie, offer numerous well-sized paddocks, allowing us to rotate land use and rest paddocks after grazing to promote regeneration.

To further enhance the land, we use professional seeding techniques using a mix designed to improve soil nutrition and encourage self-reseeding. By carefully selecting seed varieties and utilising biodynamic principles, we aim to maximise pasture capacity and maintain plant growth activity throughout the year. These practices not only increase the diversity of fodder species available to our horses but also promote soil health and microbial activity, ensuring the long-term sustainability of our grazing lands.

Currently, the VHHTA has access to a total of 10 hectares for grazing, which includes Gillespie (6.21 hectares), the original Canton Place site (1.9 hectares), and the newly acquired parcel of land (1.89 hectares). Our current horse team remains compliant with the CVH requirement of no more than two horses per hectare, accounting for the size and potential environmental impact of Clydesdales. However, as this lease will need renewal in the next few years, we are actively seeking new local land options to future-proof our horses' access to adequate grazing land.

In our pursuit of new land, we are in communication with SA Water and other landowners to establish collaborations and agreements for grazing rights. It is crucial that any new land secured be located close to our operations for practicality and to minimise risks associated with transportation. All properties currently utilised by the VHHTA are within proximity to each other, ensuring safe and efficient travel for our horses within fifty-kilometre speed zones.



Sponsorship Opportunities and Partnerships

With the new Causeway finished and opened, and the exciting new Stable Complex and Visitor Centre now completed, exciting opportunities for sponsorship have opened up for the VHHTA. We are excited to introduce a range of fresh sponsorship opportunities via our newly launched stables website. These opportunities cater to various levels of engagement, each accompanied by distinct benefits tailored to suit the needs and preferences of our potential sponsors.

The VHHTA has been very proud and grateful to work with current sponsors, as we work together to achieve our goals and make progress. Victor Harbor Isuzu sponsored the VHHTA's 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, extending our reach to a wider target audience.



The VHHTA has seen an increase 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 bonuses 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.

With the new stables officially opened, the VHHTA is humbled and honoured to have received sponsorship from SHED X, who graciously constructed the shed adjacent to the stables in 2024. We are also grateful to Mount Compass Quarry and Landscape Supplies for their generous support of the VHHTA.

We have also collaborated 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 dedicated to embracing principles of reusing, recycling, repurposing, and reducing wherever feasible. This commitment is driven by a straightforward rationale: by adopting these practices, the VHHTA not only demonstrates conscientious caring of the

environment and valuable resources but also achieves its goals with reduced financial expenditure. It's a logical approach that aligns with our values and goals.

The Victor Harbor Horse Tram is grateful for the approval granted to repurpose and utilise



select timbers salvaged from the old causeway, which underwent deconstruction and replacement in 2022. This significant permission not only facilitated the incorporation of an artistic and historical element within the new Stables Complex but also served as a tribute to a causeway with a rich legacy spanning over a century. Through the ingenious repurposing of these historic timbers, their story perseveres, breathing new life into the Stables Complex.

Installed within the new stables towards the end of 2023, these timbers have swiftly become a prominent feature, capturing the attention and admiration of our esteemed visitors. Serving multifaceted purposes, they adorn the entrance with their artistic allure, line the carpark with their rustic charm, and demarcate the perimeter with their sturdy presence. Each timber holds within it a piece of history, a testament to the enduring legacy of the Victor Harbor Horse Tram and its dedication to preserving the past while embracing the future.



The newly constructed training yard, intended for both the training of our cherished horses and for providing behind-the-scenes experiences, showcases a unique aspect. The fencing surrounding this entire area has been crafted using recycled railway steel sourced from the deconstructed causeway. This not only emphasises our commitment to sustainability through material recycling but also adds a delightful and distinctive feature to our stables.

The new Visitor Centre offers the VHHTA a second office area, requiring office equipment and furniture to ensure its functionality. The VHHTA has sourced two free desks, generously supplied by McConnell Dowell, 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 were 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 Visitor Centre and Stable Complex underwent transformation imbued with equine elegance, evoking an authentic horse-themed ambiance. To achieve this vision, the Victor Harbor Horse Tram Association (VHHTA) is committed to infusing every aspect with horse-inspired charm and character.

In a testament to our dedication to sustainability and honouring our equine companions, we have forged a partnership with a local plant nursery Charlie & Jack. Together, we source indoor plants that we lovingly name after beloved horses that have passed, creating a living tribute within our spaces.

Moreover, to infuse the space with a touch of nostalgia and innovation, we're embarking on an exciting upcycling journey. Utilising our old, unusable tack and harness, we're employing inventive and unconventional approaches to repurpose these materials. The VHHTA team is constantly brainstorming innovative ideas to integrate old harnesses into the new buildings, resulting in a plethora of imaginative concepts.

Anticipate encountering captivating features such as wagon wheel chandeliers adorning the stables, harnesses and hames tastefully displayed on the walls and repurposed as holders, and vintage horse collars repurposed in various creative ways.

With each detail meticulously crafted, the Visitor Centre and Stable Complex exudes distinct charm, paying homage to our rich equine heritage while embracing the spirit of innovation and sustainability.



Jay Jay



Thomas



Skye



Misty



Isabella

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.



We are excited to have partnered with SA Water to receive recycled water from the sewage treatment plant near the stables. This investment in recycled water will be used to irrigate our paddocks, with the goal of enhancing grazing for our horses sustainably.

In May, we plan to sow an eight-seed blend and utilize our own sourced fertilizer, derived from our horses, to further improve the grazing land. This investment highlights our commitment to recycling and reusing resources. Additionally, we have invested in a meter to monitor our water usage, and we will store the recycled water in our tanks.

Horse Tram Helping Humans

The Horse Tram takes great pride in its role in supporting the broader community, including organisations like the Women's & Children's Hospital Foundation 'Laklinyeri' Beach House, nestled in the scenic Encounter Lakes of Victor Harbor. This remarkable holiday retreat offers families a serene environment to unwind and create cherished memories. Specifically designed and equipped to cater to the needs of children with complex medical conditions and those in palliative care, it serves as a haven of comfort and respite.

As part of our commitment to giving back, the Horse Tram extends complimentary travel experiences to families staying at Laklinyeri. Each year, approximately twenty large, extended family groups benefit from this gesture. Although we have the option to invoice for these journeys, we opt instead to gift these experiences, allowing the Women's & Children's Hospital Foundation to allocate their financial resources towards supporting these families.

Additionally, the Horse Tram contributes to various charitable initiatives by donating gift vouchers for family tram rides. These vouchers are often included in raffle prizes, aiding in fundraising efforts for noble causes. Moving forward, the VHHTA remains dedicated to continuing its philanthropic efforts, ensuring ongoing support for the region and its families. This altruistic approach remains a cornerstone of the VHHTA Business Plan, underscoring our commitment to making a meaningful difference in the lives of those we serve.

PROUDLY SUPPORTING



Women's &
Children's Hospital
Foundation



The Victor Harbor Horse Tram Horse Team



Archie

At the Victor Harbor Horse Tram, we deeply value our horses and place high priority on their health and well-being, considering them integral members of our team. Some of our horses have been with us for many years, while others have joined our ranks more recently.

Archie, for example, has joined our family for this year. Since being trained to harness and given time to rest, we've been focusing on strengthening the bond between trainer and horse, a connection we're eager to showcase in our new behind-the-scenes experience. Archie has endeared himself to all our staff and is swiftly becoming a beloved figure in our behind-the-scenes interactions. As his fitness grows throughout the year, we also plan to introduce him to tram duties by the **end of 2025**.

Striving to expand our working horse team to **eleven members** marks an exciting milestone for the Victor Harbor Horse Tram. This expansion will enable us to implement a spelling regime, allowing our horses to enjoy meaningful breaks from tram duties. Currently, during the off-season, our horses work one morning or afternoon every two and a half days. In the busy season, lasting approximately four weeks, they work four out of five days. However, just like humans, horses require adequate rest and downtime to thrive. Introducing a spelling regime ensures our horses receive the rest they deserve. A larger team not only allows us to run three trams during peak

periods but also reduces turnaround times, increases revenue, and expands the number of tram journeys possible in a day. This enhanced efficiency is not achievable with our current team, as it would overburden our horses. With more horses available, we can safely and sustainably rotate them, reducing wait times for passengers and better meeting visitor demand.



Moreover, our expanded horse team enhances our Behind-the-Scenes Experiences and Equine-Assisted Learning (EAL) program. Previously, during peak tram days, we had limited horses available for visitors to interact with. However, with our new team, we can offer more well-rested horses for visitors to engage with, enhancing their experience.

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.

Additionally, a larger team mitigates the impact of any illness/injury on our horse team, ensuring that the workload remains manageable for all members. We're thrilled to have acquired talented, trainable, and highly recommended horses for a reasonable investment, underscoring the invaluable benefits of our team's expansion, servicing visitor demand at peak times.

			
Albert	Archie	Barney	Elliot
16 Years old 17'3 hands	8 Years old 16'3 hands	7 Years old 18 hands	13 Years old 17 hands
			
Finniss	Karni	Murray	Ned
11 Years old 16'3 hands	18 Years old 16'2 hands	14 Years old 17'2 hands	8 Years old 16'3 hands
			
Scotty	Norman	Rusty	
10 Years old 16'3 hands	11 Years old 16'2 hands	16 Years old 17 hands	

Updates to The Stables

Since opening, the Stables have continued to enjoy small updates to optimise the space.

This has included:

- Sliding wooden gates for horse stalls
- New paving for the outdoor space
- New storage shed adjacent to the Stables as donated by SHED-X
- Extra landscaping
- Grazing area portioned off into three paddocks with a runway coming from the top of Canton Place
- Set-up of round yard at the new stables

Furthermore, the VHHTA has made some notable capital purchases, including:

- Zero-turn mower
- Training sled
- New Oven



The Loss of Isabella

Isabella had been owned by Council since before the victor harbor horse tram authority was formed. A purebred Clydesdale, she was selected as a future tram prospect by Council. Since

the formation of the VHHTA Isabella had experienced good health and had received outstanding health assessments at her annual veterinary check-ups.

Isabella was as a clear favourite among the majority of the team and had begun to take on a prominent role in the brand new 'Behind the Scenes Experiences' that the VHHTA now offer. Isabella would have been performing harness demonstrations and spending time with visitors, all things that she enjoyed. Sadly, Isabella health took a sudden and unexpected turn for the worst in April 2024 and the VHHTA, following veterinary advice, made an end of life decision for Isabella

The VHHTA staff observed that Isabella was unwell in mid-February 2024. Seeking veterinary assistance, a local vet conducted examinations and arranged bloodwork and testing. Isabella was diagnosed with Ross River Virus and staff commenced close monitoring and carefully followed the vet's medical advice.

In early April, in coordination with the local vet, Isabella was admitted to Mt Torrens Veterinary Services due to her deteriorating health and refusal to eat. She was closely monitored for several days, receiving exceptional medical care. Despite all efforts, her health continued to decline. On Monday, April 15, the VHHTA was informed by the Veterinarian that Isabella had been euthanised due to her worsening condition, bleak prognosis and increased suffering.



Marketing Initiatives

South Aussie with Cosi's film crew recently visited The Stables to film a segment that aired on 4 June, receiving a positive response across the state. This was an excellent promotional opportunity for the VHHTA and marks the first of many marketing initiatives we hope to pursue in the future.



The VHHTA is prioritising marketing initiatives as Priority 2 of our Strategic Plan, and we have developed social media and advertising strategies and partnered with Tourism Accesserator to reach a broader audience in the near future. This will begin with targeted social media advertisements and promoting our easy booking platform on our new website.

The Future

The future holds boundless opportunities for the VHHTA, and we are filled with excitement for what lies ahead. Our goal is to enhance our self-reliance in the coming years, with the ultimate aim of achieving complete independence from Council contributions. Encouragingly, current trends indicate that we are already making progress in this direction.



Our 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 22-metre-long raceway, down the centre, offering the fabulous opportunity to host experiences, such as high teas 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 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 also hosts a second merchandise store. Given the success of the first merchandise store, the VHHTA is optimistic about the performance of the Visitor Centre store.



An important catalyst for expanding our services is the appeal that the new offerings hold for our local community, most of whom are already very familiar with the Horse Tram. Some tourists have shared with us that they specifically visit to observe and spend time with the tram horses at work. These new services align perfectly with this existing public interest, captivating the attention of locals as well as visitors from across the state and beyond.



The introduction of Behind-the-Scenes experiences adds another dimension to our offerings. These experiences can operate at the Stable Complex regardless of weather conditions or Horse Tram operations. Since these services are not impacted by the closure or cancellation of the Horse Tram, the VHHTA can now provide services and bookings with confidence, reliability, and sustainability. This ensures a steady income stream and presents an opportunity to reduce the VHHTA's financial dependence on Council support.

Expanding services beyond the core Horse Tram experience, such as the Behind-the-Scenes Experiences, creates a ripple effect of benefits. It reignites interest and draws attention back to the Horse Tram, reinforcing its status as an iconic attraction. While the Behind-the-Scenes Experience is still in its early stages, our commitment to service expansion remains unwavering.

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.



STATEMENT OF COMPREHENSIVE INCOME

	2024/25	2025/26
	Current Budget at Dec 2024	Proposed Budget
	\$	\$
OPERATING INCOME		
Ticket & Bookings Sales	916,000	926,000
Council Contribution	365,000	365,000
Other Income	287,000	469,000
Total Income	1,664,000	1,760,000
OPERATING EXPENSES		
Employee Costs	1,028,000	1,115,000
Materials Contract and Other Expenses	521,000	536,000
Depreciation, amortisation and impairment	91,000	109,000
Total Expenses	1,640,000	1,760,000
Operating Surplus (Deficit)	-15,000	-
Physical Resources Received Free of Charge		0
NET SURPLUS / (DEFICIT)	-15,000	0
KEY FINANCIAL INDICATOR		
Own Source Revenue	78%	79%
Operating Surplus Ratio	0.9%	0%
Net Financial Liabilities Ratio	7.6%	14%
Asset Renewal Funding Ratio	100%	100%

STATEMENT OF FINANCIAL POSITION

	2024/25	2025/26
	Current Budget at Dec 2024	Proposed Budget
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	44,000	37,000
Trade and Other Receivables	30,000	30,000
Inventories	-	-
Total Current Assets	<u>74,000</u>	<u>67,000</u>
NON-CURRENT ASSETS		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	364,000	364,000
Other Non-Current Assets	-	-
Total Non-Current Assets	<u>364,000</u>	<u>364,000</u>
TOTAL ASSETS	438,000	431,000
CURRENT LIABILITIES		
Trade and Other Payables	34,000	9,000
Short Term Provisions	84,000	84,000
Short Term Borrowings	19,000	-
Total Current Liabilities	<u>137,000</u>	<u>93,000</u>
NON-CURRENT LIABILITIES		
Long term Provisions	16,000	16,000
Long Term Borrowings	228,000	217,000
Total Non-Current Liabilities	<u>244,000</u>	<u>233,000</u>
TOTAL LIABILITIES	381,000	326,000
NET ASSETS	57,000	105,000
EQUITY		
Accumulated Surplus	57,000	105,000
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	-	-
New Capital	-	-
Total Equity	<u>57,000</u>	<u>105,000</u>

CASHFLOW STATEMENT

	2024/25	2025/26
	Current Budget at Dec 2024	Proposed Budget
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts		
User Charges	1,201,000	1,298,000
Other Income	461,000	461,000
Payments		
Operating Payments to Suppliers and Employees	-1,564,000	-1,693,000
GST Payments		
Net cash provided by (or used in) operating activities	98,000	66,000
CASHFLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets		
Sale of surplus assets	15,000	48,000
Payments		
Expenditure on renewal/replacement of assets	-28,000	-88,000
Expenditure on new/upgraded assets	-86,000	-3,000
Net cash provided by (or used in) investing activities	99,000	43,000
CASHFLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from borrowings	48,000	-
Payments		
Repayments of borrowings	-20,000	-11,000
Repayment on principle of leased assets	-34,000	-19,000
Net cash provided by (or used in) financing activities	-6,000	-30,000
NET INCREASE (DECREASE) IN CASH HELD	-7,000	-7,000
Cash & cash equivalents at beginning of period	51,000	44,000
CASH & CASH EQUIVALENTS AT END OF PERIOD	44,000	37,000

Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **5 February 2025**
From **Megan Whibley**
Subject **Draft Operating and Capital Budget 2025/26**
Report Number **6.2**

RECOMMENDATION

1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Draft Operating and Capital Budget 2025/26 Report.
2. That the Victor Harbor Horse Tram Authority Audit Committee advises the Victor Harbor Horse Tram Authority that it has reviewed the Draft Operating and Capital Budget 2025/26.

INFORMATION

Purpose

The purpose of this report is to provide the Victor Harbor Horse Tram Audit Committee with the Draft Operating and Capital Budget for 2025/6 and for the VHHTA Audit Committee to recommend the proposed budget to the VHHTA Board for endorsement.

Background

Operating Budget:

The financial performance for the current fiscal has remained resilient despite encountering unforeseen challenges such as horse illnesses/injuries and unexpected weather events impacting peak tourist periods. The opening of the new stables complex has also contributed to these fluctuations.

Capital Budget:

Given the VHHTA's ownership of assets and its responsibility for their maintenance and replacement, the VHHTA has established its own Capital Budget for this purpose. The Capital Budget is supported by borrowing funds through the LGFA, in alignment with the VHHTA Charter. This report will present an updated draft of both the Capital and Operating Budgets.

Commentary

The General Manager has formulated the draft operating budget for the 2025/26 fiscal year.

In the initial years following the establishment of the VHHTA, budgeting relied heavily on estimations of costs, many of which were challenging to predict accurately as they were previously integrated into Council budgets. Separating these costs, either fully or partially, over time has contributed to the evolving accuracy of our budgeting process.

As the VHHTA progresses towards independence as a Section 42 committee of the Council, the precision of our budget forecasts has continued to improve.

Efforts to increase the VHHTA's own-source revenue are ongoing, aimed at reducing reliance on funding from the City of Victor Harbor (CVH). The ability to operate a secondary business from our new facility, offering different services and experiences, will further bolster our own-source revenue.

While the CVH's financial contribution will remain consistent in the 2025/26 budget, it represents a decrease in real value when factoring in increases cost of living, and in the increase in costs and other expenses.

The updated draft Capital and Operating Budget 2025/26 is included within this report.

Draft Financial Statements 2025/26 are included as Attachment A to this report.

2025/26 Draft Operating Budget

The table below provides a summary of the draft budgeted expenses for 2025/26

Description		Amount
Employee costs	Salaries, superannuation & Workcover	\$1,079,300
Office and Administration costs	Travel, stationary, printing and communication Insurance & utilities	\$139,500
Maintenance	Building and equipment maintenance	\$46,000
Horse care	Feed, farrier and vet fees	\$112,800
Marketing	Advertising, promotions and souvenir purchases	\$101,000
Depreciation	Capital Asset Depreciation	\$90,900
Other Expenses	Committee costs, Consultants and Professional services, FBT, volunteer and staff amenities	\$134,000
Equipment Hire	Building and equipment hire	\$18,100
Corporate Support	IT, finance, records and administration	\$37,500
Total		\$1,759,100

The table below provides a summary of the draft budgeted income for 2025/26:

Description		Amount
Ticket Sales	Casual and group bookings	\$925,800
Other Income	Souvenir sales	\$170,700
	Behind the Scenes	\$207,300
	DIT Boom Gate Contract	\$45,000
	Council contribution	\$365,000
	Interest and other income/donations/sponsorship	\$45,300
Total		\$1,759,100

Key Financial Indicators	2021/22	2022/23	2023/24	2024/25	2025/26
Own Source Funding	52.5%	64%	68%	78%	79%

Capital Budget

The Victor Harbor Horse Tram Capital funding plan on the following page shows predicted the VHHTA capital spend for the next five-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.

Interest on the borrowings has been decreased to 4% annually. This will need monitoring and possible adjustment. This current financial year interest was set to 6%.

Funding plan

2025/26

2026/27

2027/28

2028/29

2029/30

CAPITAL NEW - Description					
IT equipment					
Tools	\$2,700	\$2,700	\$2,800	\$2,800	\$2,900
Tractor/mower/slasher					
Gater					
Work vehicle		\$55,000			
Recycled Water System					
Harness Equipment		\$5,500		\$5,800	
Equissage					
Horse Exercise machine/walker					
TOTAL – Capital New	\$2,700	\$7,500	\$2,500	\$7,500	\$2,500
CAPITAL REPLACEMENT- Description					
Float					\$29,600
Second Float			\$28,300		
Work Vehicle	\$58,000			\$61,300	
Harness Equipment	\$5,400		\$5,700		\$5,900
Spray unit		\$3,300			
Gater				\$17,400	
Work Ute			\$56,600		
Tractor/mower/slasher					\$41,400
Tools	\$2,700	\$2,800	\$2,800	\$2,900	\$3,000
IT Equipment	\$6,500		\$6,800		\$7,100
Total - Capital Replacement	\$72,600	\$6,100	\$100,200	\$81,600	\$87,000
TOTAL CAPITAL EXPENDITURE	\$75,300	\$69,400	\$103,000	\$90,300	\$90,000
Less: Income from sale of assets/tradeins	-\$48,000				
TOTAL CAPITAL TO BE FUNDED	\$27,300	\$69,400	\$103,000	\$90,300	\$90,000
Opening balance from previous year	\$133,946				
New Borrowings	\$27,300				
Interest	\$6,450				
Repayments	-\$40,087				
Closing Balance	\$127,609				

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 CVH) through initiatives that will generate own source revenue. 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 all factors have been considered. This risk is assessed as *low*.

Service Delivery – Some budget increases from 2024/25 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 2025/26 have been included to address risks to public and employee safety. This risk is assessed as *low*.

REFERENCES

VHHTA Budget 2024/25

Victor Harbor Horse Tram Authority Charter

BUDGET IMPLICATIONS

Excluding endorsed budgeted staff resources there are no budget implications in the 2025/26 VHHTA budget in receiving, noting and endorsing this Draft Operating Budget 2025/26.

Endorsement by the VHHTA Board and approval by Council of the Draft Operating Budget 2025/26 will impact as detailed in the draft budget at attachment A, with an operating deficit (contribution amount from CVH) of \$365,000.

CONSULTATION

VHHTA Board Members

SMP Chartered Accountants

Kate Edwards IgiQ



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF COMPREHENSIVE INCOME for the year ended 31/12/2024	Actual	Budget	Budget	Variance	Budget	Variance	Draft
	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000	BR1 to OB \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Budget 25/26 \$'000
INCOME							
User charges	756	1,581	1,586	5	1,568	(19)	1,664
Other income	20	101	96	(5)	96	-	96
Total Income	776	1,682	1,682	-	1,664	(19)	1,760
EXPENSES							
Employee Costs	466	1,031	1,031	-	1,028	(4)	1,115
Materials, Contracts and Other Expenses	269	571	570	(1)	521	(49)	536
Depreciation, amortisation & impairment	-	75	75	-	75	-	91
Finance Costs	3	20	21	1	16	(5)	18
	738	1,697	1,697	-	1,640	(58)	1,760
OPERATING SURPLUS / (DEFICIT)	38	(15)	(15)	-	24	39	-
Asset disposal & fair value adjustments	-	15	15	-	15	-	48
TOTAL COMPREHENSIVE INCOME	38	-	-	-	39	39	48



	Actual	Budget	Budget	Variance	Budget	Variance	Draft
	YTD 24/25	Original	Revised 1	BR1 to OB	Revised 2	BR2 to BR1	25/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
VICTOR HARBOR HORSE TRAM AUTHORITY							
STATEMENT OF CASH FLOWS							
for the year ended 31/12/2024							
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
User Charges	502	1,215	1,220	5	1,201	(19)	1,298
Other Income	294	466	461	(5)	461	-	461
Payments							
Employee costs	(445)	(991)	(991)	-	(991)	-	(1,079)
Materials, contracts & other expenses	(274)	(623)	(623)	-	(565)	58	(607)
Finance payments	-	(8)	(8)	-	(8)	-	(7)
Net Cash provided by (or used in) Operating Activities	77	59	59	-	98	20	66
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Grants specifically for new or upgraded assets	-	-	-	-	-	-	-
Sale of Assets	-	15	15	-	15	-	48
Capital Expenditure on renewal/replacement of assets	(8)	(27)	(28)	(1)	(28)	-	(88)
Capital Expenditure on new/upgraded assets	(24)	(46)	(46)	-	(86)	(40)	(3)
Net Cash provided by (or used in) Investing Activities	(32)	(58)	(59)	(1)	(99)	(40)	(43)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from Borrowings	-	59	48	(11)	48	-	-
Payments							
Repayment of Borrowings	-	(60)	(20)	40	(20)	-	(11)
Repayment of principle of leased assets	-	(16)	(34)	(18)	(34)	-	(19)
Net Cash used in Financing Activities	-	(17)	(6)	11	(6)	-	(30)
NET INCREASE (DECREASE) IN CASH HELD	45	(16)	(6)	10	(7)	(1)	(7)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	51	7	51	44	51	-	44
CASH & CASH EQUIVALENTS AT END OF PERIOD	96	(9)	45	54	44	(1)	37



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF FINANCIAL POSITION for the year ended 31/12/2024	Actual	Budget	Budget	Variance	Budget	Variance	Draft
	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000	BR1 to OB \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Budget 25/26 \$'000
ASSETS							
Current Assets							
Cash and cash equivalents	96	(9)	45	54	44	(1)	37
Trade & Other Receivables	9	18	30	12	30	-	30
Total Current Assets	105	9	75	66	74	(1)	67
Non-Current Assets							
Infrastructure, Property, Plant & Equipment	358	197	324	127	364	40	364
Total Non-Current Assets	358	197	324	127	364	40	364
TOTAL ASSETS	463	206	399	193	438	39	431
LIABILITIES							
Current Liabilities							
Trade & Other Payables	53	34	34	-	34	-	9
Short-term Provisions	84	7	84	(77)	84	-	84
Short-term Borrowings	54	19	19	-	19	-	-
Total Current Liabilities	191	60	137	(77)	137	-	93
Non-Current Liabilities							
Long-term Provisions	16	40	16	24	16	-	16
Long-term Borrowings	200	92	228	(136)	228	-	217
Total Non-Current Liabilities	216	132	244	(112)	244	-	233
TOTAL LIABILITIES	407	192	381	(189)	381	-	326
NET ASSETS	56	14	18	4	57	39	105
EQUITY							
Accumulated Surplus	56	14	18	4	57	39	105
TOTAL EQUITY	56	14	18	4	57	39	105



	Actual	Budget	Budget	Variance	Budget	Variance	Draft
VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF CHANGES IN EQUITY for the year ended 31/12/2024	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000	BR1 to OB \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	25/26 \$'000
ACCUMULATED SURPLUS							
Opening balance at beginning of financial year	18	14	18	4	18	-	57
Total comprehensive income for the year	38	-	-	-	39	39	48
Closing balance at end of period	56	14	18	4	57	39	105



VICTOR HARBOR HORSE TRAM AUTHORITY UNIFORM PRESENTATION OF FINANCES for the year ended 31/12/2024	Actual	Budget	Budget	Variance	Budget	Variance	Draft
	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000	BR1 to OB \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	25/26 \$'000
INCOME							
User Charges	756	1,581	1,586	5	1,568	(19)	1,664
Other Income	20	101	96	(5)	96	-	96
EXPENSES							
Employee Costs	(466)	(1,031)	(1,031)	-	(1,028)	4	(1,115)
Materials, Contracts and Other Expenses	(269)	(571)	(570)	1	(521)	49	(536)
Depreciation, amortisation & impairment	-	(75)	(75)	-	(75)	-	(91)
Finance Costs	(3)	(20)	(21)	(1)	(16)	5	(18)
OPERATING SURPLUS (DEFICIT)	38	(15)	(15)	-	24	39	-
NET OUTLAYS ON EXISTING ASSETS							
Capital Expenditure on Renewal and Replacement of Existing Assets	(8)	(27)	(28)	(1)	(28)	-	(88)
add back Depreciation, Amortisation and Impairment	-	75	75	-	75	-	91
add back Proceeds from Sale of Replaced Assets	-	15	15	-	15	-	48
	(8)	63	62	(1)	62	-	51
NET OUTLAYS ON NEW AND UPGRADED ASSETS							
Capital Expenditure on New and Upgraded Assets	(24)	(46)	(46)	-	(86)	(40)	(3)
add back Amounts Received Specifically for New and Upgraded Assets							
	(24)	(46)	(46)	-	(86)	(40)	(3)
ANNUAL NET IMPACT TO FINANCING ACTIVITIES (SUPLUS)/(DEFICIT)	6	2	1	(1)	-	(1)	48



VICTOR HARBOR HORSE TRAM AUTHORITY FINANCIAL INDICATORS for the year ended 31/12/2024	Actual	Budget	Budget	Variance	Budget	Variance	Draft
	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000	BR1 to OB \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	25/26 \$'000
Operating Surplus Ratio <i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>	4.9%	-0.9%	-0.9%		1.4%		0.0%
Net Financial Liabilities Ratio <i>being total liabilities less financial assets (excluding equity accounted investments in Authority business), divided by total operating revenue</i>	38.9%	10.9%	18.2%		18.4%		14.7%
Asset Renewal Funding Ratio <i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i> <i>The ideal ratio is 100%, where VHHTA is spending the amount required each year to renew and replace existing assets so they continue to operate optimally to meet the organisations objectives.</i>	29%	96%	100%		100%		121%
Own Source Funding	68%	78%	78%		79%		79%



VICTOR HARBOR HORSE TRAM AUTHORITY CAPITAL EXPENDITURE for the year ended 31/12/2024	Actual	Budget	Budget	Variance	Budget	Variance	Draft
	YTD 24/25 \$'000	Original \$'000	Revised 1 \$'000	BR1 to OB \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Budget 25/26 \$'000
IT equipment - New	-	5	5	-	5	-	-
Tools - New	-	6	6	-	6	-	3
Tractor/mower/slasher	-	-	-	-	-	-	-
Gater	-	-	-	-	-	-	-
Harness Equipment	3	10	10	-	10	-	-
Horse Exercise	-	25	25	-	25	-	-
Stables Roller Door	10	-	-	-	-	-	-
Chainsaw	2	-	-	-	-	-	-
Recycled Water System	10	-	-	-	40	40	-
Total - Capital New	24	46	46	-	86	40	3
CAPITAL REPLACEMENT							
Float	14	25	25	-	25	-	-
Second Float	-	-	-	-	-	-	-
Work Vehicle	-	-	-	-	-	-	58
harness Equipment	-	-	-	-	-	-	5
Tools - Replacement	-	-	-	-	-	-	3
IT Equipment - Replacement	-	3	3	-	3	-	7
Work in Progress	-	-	-	-	-	-	-
Tools - Replacement	14	28	28	-	28	-	73
	38	74	74	-	114	40	75



Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **5 February 2025**
From **Megan Whibley**
Subject **VHHTA Audit Committee Annual Review Report**
Report Number **7.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the VHHTA Audit Committee Self-Assessment Review Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee members complete individual responses to the VHHTA Audit Committee Self-Assessment Survey at attachment A to this report and provide those responses to the VHHTA General Manager.**
- 3. That the Victor Harbor Horse Tram Authority Audit Committee recommend that the General Manager provide a report to the Committee on the results of the assessment at the next meeting.**

INFORMATION

Purpose

The purpose of this report is for the VHHTA Audit Committee to undertake the annual review process, encompassing a self-assessment survey.

Background

Section 15.1 of the VHHTA Committee Terms of Reference states:

- 15.1 The Committee shall at least once a year, review its own performance in line with the purpose for establishing the Committee; and review its Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Authority for approval.

Section 15.2 also says:

- 15.2 These Terms of Reference shall be reviewed by the Authority annually.

The VHHTA Charter does not detail Audit Committee responsibilities, other than Audit Committee membership. The Local Government Act 1999, at Part 2, Section 126(4) does outline the functions of an Audit Committee. These functions are detailed in the VHHTA Audit Committee Terms of Reference.

Commentary

The VHHTA Audit Committee (AC) is required by its section 15.2 of its Terms of Reference to review its own performance annually. In order to comply with this requirement a process for self-review has been established.

The VHHTA process for Audit Committee Member self-review is as follows:

1. The Audit Committee Members annually review the Committee Assessment Review Survey, as provided at attachment A to this report, to ensure relevance to, and coverage of, the Committee's role, and in order to achieve a consistent baseline for Committee self-reflection.
2. The Audit Committee Members complete the self-assessment survey and provide their individual responses to the VHHTA General Manager (GM).
3. That the GM provide a report to the Committee on the results of the assessment at the next meeting. The GM report shall highlight strengths of the Audit Committee as well as identify areas for improvement and potential remedial action.

The survey will be provided to the Committee in an excel format for ease of completion and collation of responses, with a static word document version also provided at attachment A of this report.

RISK ASSESSMENT

Corporate Governance –The Audit Committee carries a governance risk by not meeting its responsibilities in accordance with the Audit Committee Terms of Reference. This risk will be mitigated by an annual process of self-review, and annual review of its Terms of Reference, ensuring regular review and compliance of Audit Committee responsibilities under the Local Government Act 1999.

BUDGET IMPLICATIONS

There are no budget implications associated with the Board receiving and noting the VHHTA Audit Committee Annual Review Report

VHHTA Audit Committee Annual Review

Self-Assessment Survey 2025

	Strongly Disagree	Disagree	Neutral	Agree
Members of the Committee understand their role and responsibilities				
The Committee reviews annually its terms of reference and recommends any necessary changes to the Board				
Committee members are independent of management, exercise their own judgement, voice their own opinions and act freely from any conflicts of interest				
The Committee collectively has sufficient skills, experience, time and resources to undertake its duties				
All Committee members demonstrate the highest level of integrity; including maintaining utmost confidentiality and identifying, disclosing and managing conflicts of interest				
There is a general understanding of the Authority, Local Government sector and external issues				
Committee Members attend meetings on a regular basis				
The Committee Chair runs meetings appropriately to ensure that the committee's workload is dealt with effectively				
The Committee works constructively as a team and works well with staff and individuals that attend meetings				
The Committee provides effective support to the Board in fulfilling its responsibility and adding value to the Authority				
The meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) and allow sufficient time for the discussion of substantive matters				
Meeting agendas and related background information is circulated in a timely manner				
The Committee receives information, presentations, or explanations considered necessary to fulfil its responsibilities				
Meeting agendas and supporting papers are well structured and well written				
Effective minutes are prepared, distributed and followed up				
Meetings allow Committee members to raise any issue they believe relevant				

Overall, the Committee is efficient and effective				
The Committee assures itself that responsibility is taken by appropriate parties for risk identification and control, with formal assurance through reporting that key risks are being adequately managed				
The Committee is satisfied that there is an effective program in place to ensure that risk management is an integral part of the way in which the Authority conducts business				
In monitoring the integrity of the financial statements of the VHHTA, the committee meets its requirements at S7.1 of the TOR				
In regards to Internal Controls and Management Systems, the Committee meets their duties under S7.2 of the TOR				
In regards to the External Audit Process, the Committee meets their requirements under S7.3 of the TOR				
The Committee meets with the external Auditor as needed, and at least once per year				
The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR				
The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR				
The committee reviews the effectiveness of the external audit in accordance with S7.3.5 and S7.3.6 of the TOR				
Management responds to external audit recommendations in a timely and appropriate manner				
Do you have any suggestions for improving any aspect of the Committee's performance, role or functions? Please provide details.				