



11 May 2021

Contact for Apologies: General Manager

Phone: (08) 8551 0720

Email: [horsetram@victor.sa.gov.au](mailto:horsetram@victor.sa.gov.au)

Website: [www.horsedrawntram.com.au](http://www.horsedrawntram.com.au)

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Dear Board Member

### **NOTICE OF MEETING**

Notice is hereby given pursuant to the Victor Harbor Horse Tram Authority Charter and Section 87(4) of the Local Government Act, 1999, as amended that a Special Meeting for the **Victor Harbor Horse Tram Authority** has been called for:-

**DATE:** Tuesday 11 May 2021

**TIME:** 3:00 pm

**PLACE:** Encounter Room

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

Yours faithfully

**Megan Whibley**

**General Manager**

Victor Harbor Horse Tram Authority

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



**1. Open Meeting/Welcome**

**2. Attendance**

Paul Brown (Chair)  
Nigel Catt  
Rachel Kennedy  
Natasha Hunt

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

Karen Rokicinski (Director Corporate and Customer Service CVH)

**3. Apologies**

Cr Carol Schofield AM

**4. Reports for Decision**

4.1 March Quarterly Budget review 2020/21 Report 3

**5. Discussion Items – No decision(s)**

Nil

**6. Correspondence Received**

Nil

**7. Urgent Business without Notice**

Nil



## 8. Confidential Reports

Nil

## Next Meeting

Tuesday 15 June 2021, 10:30am – Encounter Room

## Meeting Close

### **Please be advised**

- *That filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.*
  
- *To comply with COVID-19 physical distancing requirements, places in the public gallery are limited and will be filled on a 'first in' basis.*



Meeting **Victor Harbor Horse Tram Authority**  
Date **11 May 2021**  
From **Megan Whibley**  
Subject **March Quarterly Budget Review 2020/21**  
Report Number **4.1**

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## **RECOMMENDATION**

- 1. That the Victor Harbor Horse Tram Authority receive and note the March Quarterly Budget Review 2020/21 Report.**
- 2. That the Victor Harbor Horse Tram Authority endorse the March Quarterly Budget Review 2020/21 as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,400.**

## **INFORMATION**

### **Purpose**

The purpose of this report is for the Victor Harbor Horse Tram Authority (VHHTA) to endorse the March Quarterly Budget Review 2020/21.

### **Background**

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirement for regular budget reviews. Further, the Victor Harbor Horse Tram Authority are required by the Charter to provide reports on the financial position of the Authority each quarter:

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

This March budget review, is a review addressing the full extent of the COVID-19 effects on the 2020/21 financial year, which has seen unprecedented changes to service delivery across many industries, with the Victor Harbor Horse Tram being no exception.

## Commentary

The Victor Harbor Horse Tram Authority 2020/21 budget was prepared by the VHHTA utilising the software package 'Xero' which is used to manage Authority finances.

The 2020/21 budget was tracking well after COVID-19 but with a disappointing January income the Authority's ticket sales are less than predicted overall. With the increase in ticket prices at the beginning of March the short fall in ticket income is decreasing weekly and a break even budget is expected through savings in other areas and additional income.

The contract that the VHHTA entered into with the Department of infrastructure and Transport, to take over the wind monitoring and causeway closure management, has helped mitigate the income short fall and given us another income stream when the Horse tram is unable to operate.

Expenses have been lower for tram and paddock maintenance than expected, additionally offsetting the decrease in income.

The funds that are to be repaid by the Grant for the research project is also expected to be received either this financial year or early in the 2021/22 financial year. Due to the timing of receiving these grant funds being unknown, they have not been accounted for in either budget at this stage, and will be welcome additional income whenever those funds are received.

Going forward we are continuing to work with contractors involved with the new causeway build, with impacts of the construction resulting in adapting the horse tram service by shortening the length of tram trips and matching this change with price reductions leading into the July School Holidays. While this is not ideal, being able to continue to operate and generate even reduced levels of income is still the preferred outcome over the alternative of service suspension.

The March budget review is a further opportunity to revise the original budget and adjust it according to known information at this point in the financial year.

The March budget review 2020/21 for Board endorsement is provided at Attachment A.

## RISK ASSESSMENT

**Financial Management** – The VHHTA is on track to achieve a break even budget, not requiring any extra funding from the City of Victor Harbor despite Covid effects on international Travel and Causeway shut downs. The Board are continuing to find ways to generate own-source income outside of ticket sales to improve the bottom line into the future. The risk is assessed as **low**.

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

## **REFERENCES**

Victor Harbor Horse Tram Authority 2020/21 budget

Local Government (Financial Management) Regulations 2011

## **BUDGET IMPLICATION**

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at attachment A has remained the same as original 2020/21 budget of \$415,400.

## **CONSULTATION**

Kellie Knight-Stacey – Group Manager Governance and Finance, City of Victor Harbor

**Victor Harbor Horse Tram Authority**  
**Budget Review # 03 - 2020/21**



Income	Description	2020/21 Original Budget	2020/21 Current Budget	2020/21 YTD Actuals	Budget Remaining (\$)	Budget Remaining (%)	Budget Review # 03	Review Variance (\$)	Review Variance (%)	VarianceComments
Ticket Sales	Casual and Group bookings	438,000	438,000	260,061	177,939	41%	403,000	(35,000)	-8%	Ticket sales decreased due to lack of group sales and interstate visitors during peak season.
	Souvenir sales and donations/sponsorship	50,500	50,500	23,777	26,723	53%	30,000	(20,500)	-41%	Souvenir sales and donations has been positive but no sponsorship to date.
Other Income	Department of Infrastructure and Transport	0	0	20,474	(20,474)	0%	32,500	32,500	100%	\$12,000 still to come before end of financial year.
	Council Contribution	415,400	415,400	311,550	103,850	25%	415,400	0	0%	Tracking on Budget
<b>Total Income</b>		<b>903,900</b>	<b>903,900</b>	<b>615,862</b>	<b>288,038</b>	<b>32%</b>	<b>880,900</b>	<b>(23,000)</b>	<b>(0)</b>	
Expenses	Description	2020/21 Original Budget	2020/21 Current Budget	2020/21 YTD Actuals	Budget Remaining (\$)	Budget Remaining (%)	Budget Review # 03	Review Variance (\$)	Review Variance (%)	Comments
Employee Costs	Salaries, superannuation & workcover	565,900	565,900	406,684	159,216	28%	565,900	0	0%	Tracking to achieve budget
Administration	Travel, stationary, printing, communication, insurance, utilities, training and development, security, bank fees	61,600	61,600	43,174	18,426	30%	61,600	0	0%	Tracking to achieve budget
Maintenance	Building, tram, paddock and equipment maintenance	57,600	57,600	15,328	42,272	73%	17,500	(40,100)	-70%	Savings on Tram Reno.
	Horse Care - feed, farrier and vet fees	57,900	57,900	40,882	17,018	29%	57,900	0	0%	Tracking to achieve budget
Marketing	Advertising, promotions, and souvenir purchases	16,000	16,000	10,371	5,629	35%	12,000	(4,000)	-25%	Tracking to achieve budget
Other Expenses	Committee, cleaning, consultants, professional services, volunteer and staff amenities	42,900	42,900	58,430	(15,530)	-36%	60,000	17,100	40%	Research Projects being undertaken which will be offset by grants (timing to be determined) - \$23,400. Audit costs and financial statements underestimated in original budget - \$3,800
Administration charge	Rent on Assets	42,000	42,000	31,973	10,027	24%	42,000	0	0%	
<b>Net Surplus / (Deficit)</b>		<b>0</b>	<b>0</b>	<b>(36,535)</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	

Corporate Support	IT, Finance, Records and Administration	60,000	60,000	45,555	14,445	24%	64,000	4,000	7%	Provided by Council
<b>Total Expenses</b>		<b>903,900</b>	<b>903,900</b>	<b>652,396</b>	<b>251,504</b>	<b>28%</b>	<b>880,900</b>	<b>(23,000)</b>	<b>-3%</b>	